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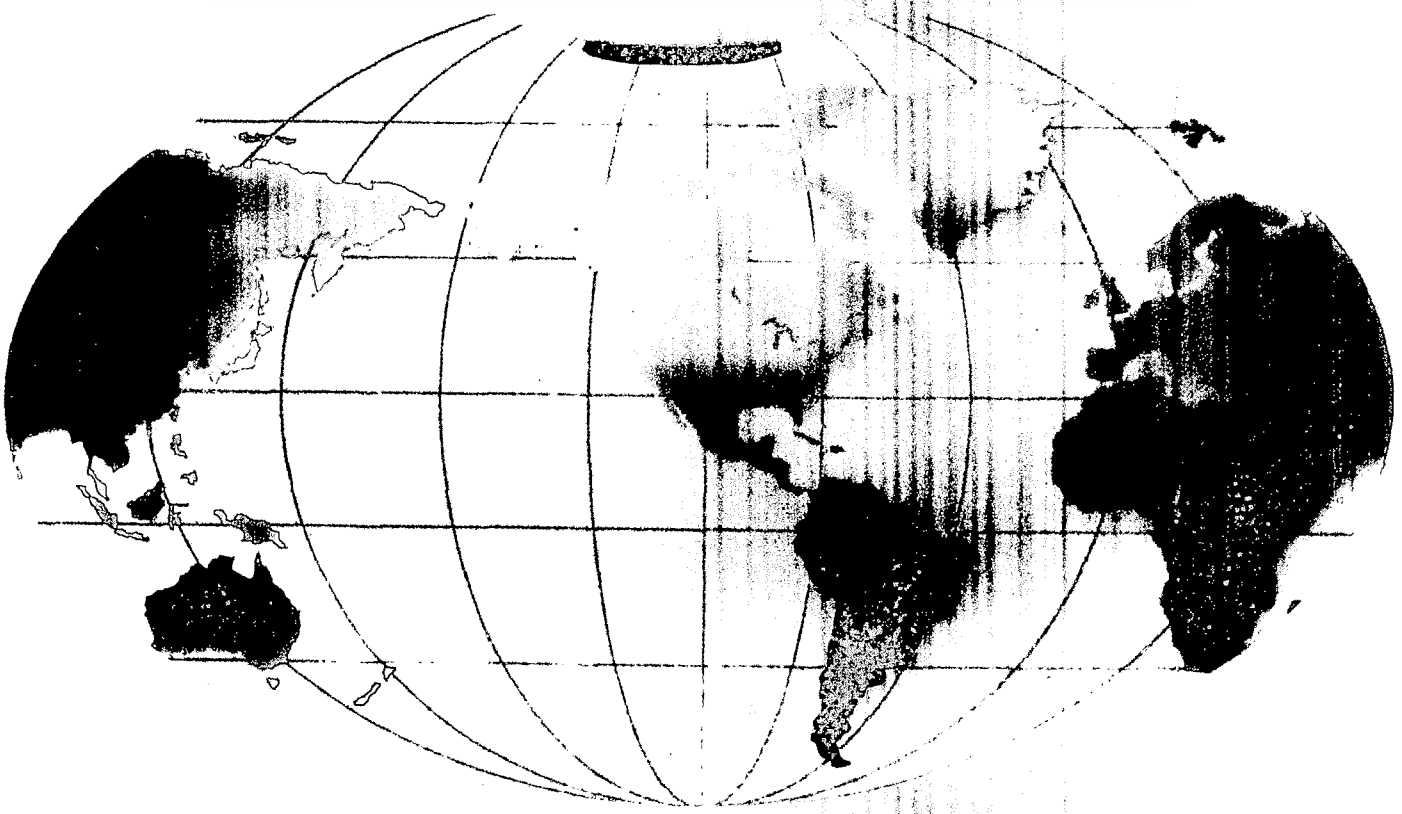
AMIT SPINNING INDUSTRIES LIMITED

Annual Report 1996-97



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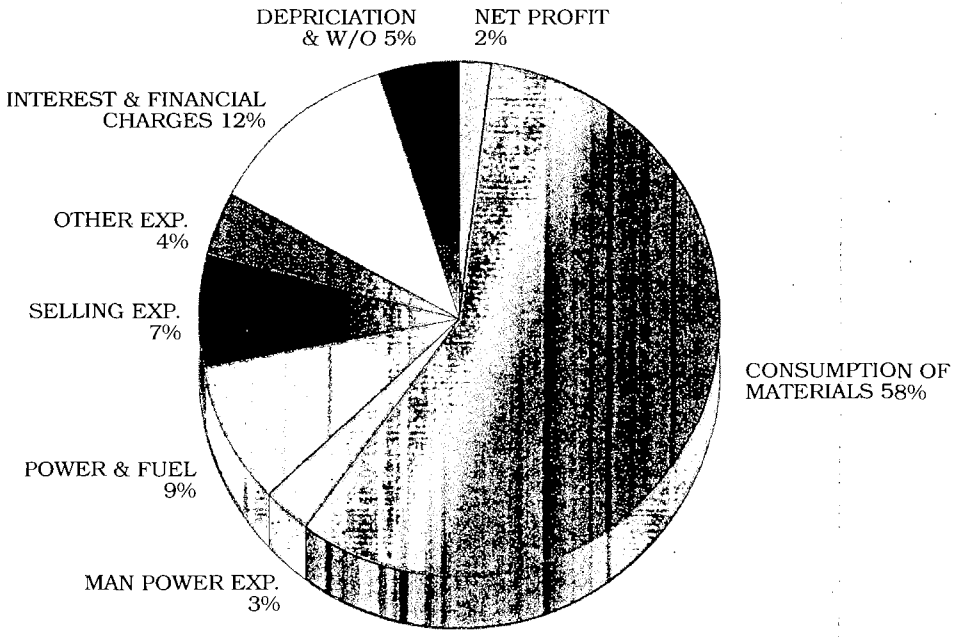
HOW RUPEE HAS BEEN SPENT DURING 1996-97



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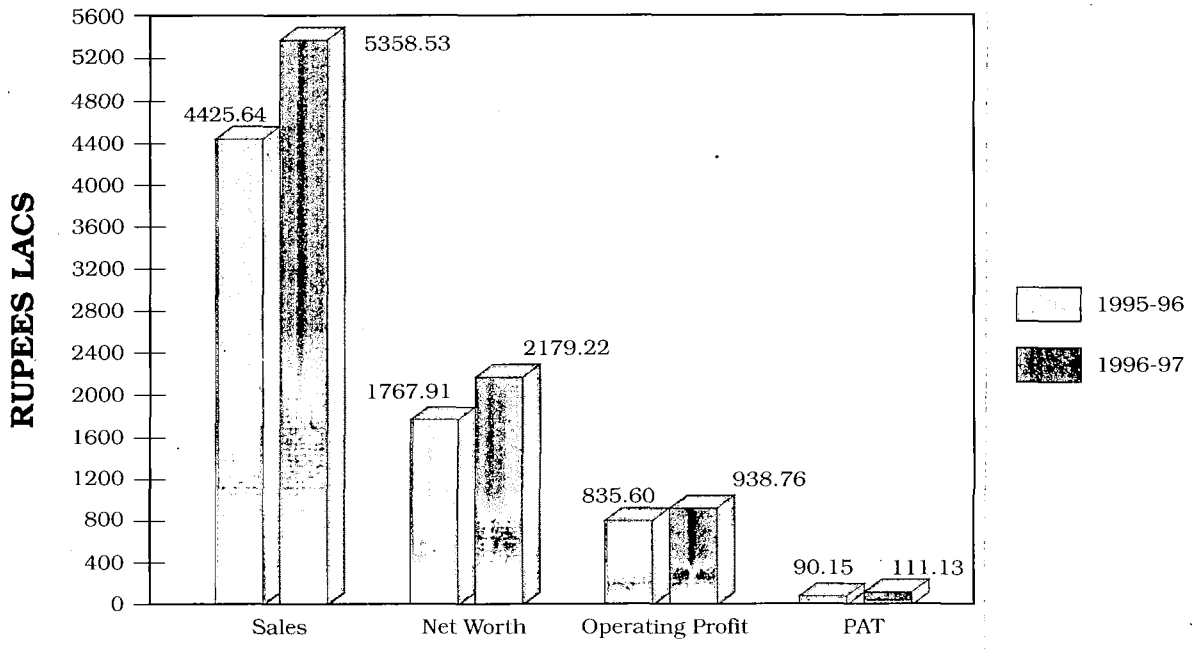

1995-96 & 1996-97

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BOARD OF DIRECTORS & MANAGEMENT TEAM

BOARD OF DIRECTORS

Shri K. K. Sheth	*Chairman*
Shri B. P. Shah	*Vice Chairman & Managing Director*
Shri H. N. Udani	
Shri M. D. Vora	
Shri Uday S. Kotak	
Shri Y. R. Shah	
Shri D. K. Vartak	*Nominee Director (IDBI)*

MANAGEMENT TEAM

Shri R. Sampath	*President*
Shri M. M. Kamath	*Vice President (Finance) & Company Secretary*
Shri V. D. Mehta	*General Manager (Marketing)*

AUDITORS ◆ BANKERS

M/s. Nanubhai & Company Chartered Accountants Mumbai	Bank of Baroda Bank of India

REGISTERED OFFICE & WORKS

Gat No. 47 & 48, Sangavade Village,
Kolhapur-Hupari Road, Taluka-Karveer,
Dist. Kolhapur - 416 005.
Tel : 0231 676108 / 106
Fax : 0231 676164

CORPORATE OFFICE

Lotus House, 5th Floor
33-A, New Marine Lines
Mumbai - 400 020
Tel : 2005195 / 2093068
Fax : 2093043 / 2063243

Website : http://www.indiaxs.com/amit
E-mail : asil@bom2.vsnl.in.

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Contents	Page No.
Company and Management details	1
Notice of Annual General Meeting	3
Spinning Industry	5
Amit-Strengthening the base for the making of a world standard brand	6
Directors' Report and Annexure	7
Balance Sheet	10
Profit and Loss Account	11
Schedules and Notes to Accounts	12
Cash Flow Statement	21
Auditors' Report	22
Additional Shareholder's Information	24

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NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of the **AMIT SPINNING INDUSTRIES LIMITED** will be held at the Registered Office situated at Gat No. 47 & 48, Village Sangavade, Taluka Karveer, Dist. Kolhapur on Friday the 19th day of September,1997 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the financial year ended on that date together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Madhusudan D. Vora who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Uday S. Kotak who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

   RESOLVED THAT pursuant to provision of Section 146 of the Companies Act, 1956 and any other applicable provisions of the Act, if any, and subject to the approvals of Registrar of Companies, Maharashtra and subject to approval of members in their General Meeting and such other approvals, permissions as the case may be, the situation of the Registered Office of the Company be changed from mills site at Gat No. 47 & 48, Village Sangavade, Taluka Karveer, Dist. Kolhapur, Maharashtra to Lotus House, 5th Floor, 33-A New Marine Lines, Mumbai - 400 020.

   FURTHER RESOLVED THAT the Company Secretary be and is hereby authorised to do all such acts, deeds, matters and things as may be required to give effect to the said resolution.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. INSTRUMENTS OF PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT GAT NO. 47 & 48, VILLAGE SANGAVADE, KOLHAPUR - HUPARI ROAD, TALUKA KARVEER, DIST. KOLHAPUR NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.
3. MEMBERS DESIRING ANY INFORMATION ON THE ACCOUNTS AT THE ANNUAL GENERAL MEETING ARE REQUESTED TO WRITE TO THE COMPANY ATLEAST SEVEN DAYS IN ADVANCE, SO AS TO ENABLE THE COMPANY TO KEEP THE INFORMATION READY AT THE MEETING.
4. AS A MEASURE OF ECONOMY, COPIES OF THE ANNUAL REPORT WILL NOT BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.
5. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY SHALL REMAIN CLOSED FROM 16TH SEPTEMBER TO 23RD SEPTEMBER, 1997 (BOTH DAYS INCLUSIVE) FOR ANNUAL CLOSURE AS PER THE LISTING AGREEMENTS.

Place : Mumbai,
Date : 3rd June, 1997

By the order of the Board
For **AMIT SPINNING INDUSTRIES LIMITED**

Regd. Office: Gat No: 47 & 48,
Village Sangavade, Kolhapur Hupari Road,
Taluka Karveer,
DIST. KOLHAPUR

M.M. KAMATH
Vice President-Finance
& Company Secretary

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EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

At present the Registered Office of the Company is situated at mills site Gat No, 47 & 48, Village Sangavade, Taluka Karveer, Dist Kolhapur, Maharashtra. The Company's Corporate Office is situated at Mumbai. For administrative convenience and for better interaction with the members, it will be more convenient and economical to manage the operations from Corporate Office. The Directors therefore consider that the Registered Office should be transferred to Corporate Office at Lotus House, 5th Floor, 33-A New Marine Lines, Mumbai 400 020.

Pursuant to provisions of Section 146 of the Companies Act, 1956 for transfer of Registered Office of the Company outside the local limits, approval of the members is required by way of special resolution. Hence the resolution.

None of the Directors are interested in this resolution.

Your Directors recommend for passing of the above resolution.

Place : Mumbai,
Date : 3rd June, 1997

By the order of the Board
For **AMIT SPINNING INDUSTRIES LIMITED**

Regd. Office: Gat No: 47 & 48,
Village Sangavade, Kolhapur Hupari Road,
Taluka Karveer,
DIST. KOLHAPUR

M.M. KAMATH
Vice President-Finance
& Company Secretary

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COTTON SPINNING INDUSTRY

On the eve of 50th anniversary of our freedom, our thoughts go back to the freedom movement. Gandhiji used the "Charkha"- a spinning wheel, effectively, to bring in the concept of- Swadeshi- self-reliance.

Cotton Spinning and weaving industry, has been an old and important industry. The muslin of Dhaka, was very famous; but with the British coming in, this industry was distroyed so that the British industry could thrive. Gandhiji realised that and brought in the Charkha and home spun.

However in the first forty years or so, Indian Industry was not modern and could not capture the position of eminence in the world market it so rightly deserved. All that changed in the nineties, and with the new economic policy, modernisation became the buzzword and today, Indian Spinning Industry holds the leadership position in the world.

From a paltry 2% share in the world cotton yarn trade, today India boasts of around 20% share in the world market. No longer the buyers think of India as supplier of coarse and low grade yarns. Today quality conscious buyers prefer Indian cotton yarn for its outstanding quality with competitive pricing. This has become possible because of modernisation of the existing spindlage in the spinning sector and with the coming in of 100% export oriented units.

All this has come at the right moment as major yarn exporting countries like China, Turkey, Egypt have become net importers and India is supplying cotton yarn to these countries. Of this Amit is contributing in the segment of count range 1-40s Ne.

Vital Export-Statistics for the year 1986 & 1996 **Quantity: Million Kgs.**

	1986	1996
Total Yarn Production	1253	1788
Cotton Yarn Export Quantity (Mn.Kg.)	16.50	403.81
Value (Rs. Mn.)	618.20	47599.78
Share of 100% EOUs	negl.	162.40
Value	negl.	19611.08
(Share in %)	negl.	41.20
No. of Spindles - million	26.02	31.75

COUNT-WISE COTTON YARN SHIPMENT **Thousand Tonnes**

	1991	1991 % share	1995	1995 % share	1996 Jan-Sept'	1996 Jan-Sept' % share
1-40s	103.30	86.06	203.42	83.41	250.29	87.46
41-60s	9.03	7.52	20.90	8.57	20.37	7.11
61s and above	7.70	6.42	19.55	8.02	15.51	5.43

Sources:

ICMF Handbook of Statistics on Cotton Industry, 26th edition
Textile Export Promotion Council

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AMIT

STRENGTHENING THE BASE FOR THE MAKING OF A WORLD STANDARD BRAND

Dear Members,

Let me take this as an opportunity to congratulate each one of you for the 50th anniversary of our Freedom. Being a citizen of this great country, it is a time for all of us to pause and reflect on the past 50 years.

Your company has started an effort to increase participation of the employees. We organised a 5 days seminar towards the end of May '97. Employees from all sections participated. The theme of the seminar was to create a mission and vision for next five years. **Mission & Vision 2002.** I am very proudly presenting here the mission statement created by the members of your family of Amit Spinning Industries Ltd.

MISSION STATEMENT:

We are manufacturers and exporters of quality cotton yarn, who delight customers and other stake holders.

We remain leader by being responsive, cost effective and an eco-friendly organisation through continuous improvement.

In terms of our mission statement your company has taken various steps which I would like to appraise you of.

1. To organise and improve the overall work environment we have adopted **Total Quality Management** (TQM) as our policy. Formal training has been given to the staff on various aspects of TQM.
2. To attest the already established world class quality standards, our company has begun the preparations of endorsing it with the ISO 9002 certification.
3. As a sincere attempt to strengthen our base we plan to appoint, Werner International, renowned textile consultants from USA to carry out a survey. The survey will help us find our current global status in terms of productivity and quality. On the basis of their suggestions ways of improvements will be worked out.
4. Individuals are the core of our company - to enhance their capacities and develop their personalities is our goal. As a part of this, various Human Resource Development programmes are being carried out. This will not only result in the increased output, but also increase their participation in the company.
5. In terms of cost effectiveness, two major areas are being identified and steps are being taken to bring down the cost in these areas. They are Interest and Power.
   - **Interest:** For the Financial Year 1995-96, interest cost as a percentage of sales was as high as around 11.5%. Currently the average cost of borrowing is around 13.5%. By constantly innovating different means of finance, in the long run the company has targeted to bring it down to 5% level.
   - **Power:** Power problem is being faced at two stages, cost incurred and losses incurred due to frequent power cuts. Innovation being the key word we are developing means and methods of saving power consumption and cost. One of the way to overcome the problem is to have our own power plant. The company has decided to put the furnace oil based 2.7 MW power generating plant. We are pleased to inform you that the plant is expected to begin its operations by March '98.
6. In the field of marketing, our products are well accepted in the international market. It is our endeavor to build our brand name and to create niche market for ourselves by meeting the specific needs of the customers.

We feel that this continuous improvement will result in a healthier bottom line and this infant organisation will grow into a strong and efficient organisation.

With Regards.

BHARAT P. SHAH
Managing Director

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DIRECTORS' REPORT

To the Members,

Your Directors' have pleasure in presenting to you the Sixth Annual Report of the Company with the audited statement of Accounts for the year ended 31st March,1997.

1. FINANCIAL RESULTS

Rs. in lacs

	For the year ended 31.3.97	For the year ended 31.3.96
Gross Revenue	**5,200.61**	4,689.25
Operating Profit	**963.77**	860.05
Interest	**602.66**	538.04
Profit before Depreciation and write-offs	**361.11**	322.01
Depreciation and Write-offs	**249.80**	231.86
Profit/ (Loss) before Tax	**111.31**	90.15
Provision for Taxation	—	—
Profit/ (Loss) after Tax	**111.31**	90.15

2. OPERATIONS

During the year under review, the turnover of your Company has increased by 10.90%, Operating Profit by 12.06% and Net Profit by 23.5%. This was achieved inspite of the increase in cost due to increase in the power tariff and increase in the cost of interest.

India has consolidated its position in supply of good quality yarn in the world mainly due to performance of EOUs in the yarn sector. Your Company is happy that it is maintaining high standard of quality and hence has been able to participate in this remarkable performance of yarn export of India in general and EOUs in particular. Your Company is recognised in different markets of the world as reliable supplier of good quality cotton yarn and as leader in its range of products.

During the year the Company has received status of Export House with effect from 1st April, 1996. Also the Company has received best unit award in safety and in house keeping category in Kolhapur zone.

Since there is a need to conserve the resources, your Directors have decided not to declare any dividend.

3. OUTLOOK FOR THE CURRENT YEAR

Due to high quality standard, we have been able to achieve better prices; however there is an increase in cotton prices, as well. The Company is planning to get a captive power plant during the current year in order to reduce overall power cost and dependency on outside power supply which results at times in lower capacity utilisation. Steps are being taken to reduce the overall interest cost. Recently the Company has raised $1.5 Mn FCNR(B) loan at very low cost. These funds have been utilised towards repaying the high cost borrowing of the Company. In this way the Company plans to reduce the impact of the increased power cost and interest cost and thereby increasing the profitability during the current year.

4. PREFERENCE SHARES

During the year the Company issued 3,00,000 16% Cumulative Preference Shares of Rs. 100/- each aggregating to Rs. 300 lacs.. This will augement the long term working capital requirements of the Company.

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