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AMIT SPINNING INDUSTRIES LIMITED

AN ISO 9002 COMPANY

12th Annual Report 2002-2003

Quotes :

1. Success seems to be largely a matter of hanging on after others have let go.
– *William Feather*
2. Every great work, every great accomplishment, has been brought into manifestation through holding to the vision, and often just before the big achievement, comes apparent failure and discouragement.
– *Florence Scovel Shinn*
3. History has demonstrated that the most notable winners usually encountered heart breaking obstacles before they triumphed. They won because they refused to become discouraged by their defeats.
– *B. C. Forbes*



BOARD OF DIRECTORS

Shri. Bharat P. Shah	<i>Chairman & Managing Director</i>
Shri A.B. Shah	<i>Director</i>
Shri K.R. Choksey	<i>Director</i>
Shri. Y.R. Shah	<i>Director</i>
Shri. Pravin Shah	<i>Director</i>
Shri. Tushar Jani	<i>Director</i>
Shri. R. Sampath	<i>Technical Director</i>

Shri. Darshan Majmudar Chief Finance Officer & Company Secretary

AUDITORS

M/s. B.S. Mehta & Co.
Chartered Accountants, Mumbai

BANKERS

Bank of Baroda
Bank of India
State Bank of Mauritius Ltd.
Bank of Rajasthan Ltd.
Development Credit Bank Ltd.

FINANCIAL INSTITUTIONS

Industrial Development Bank of India.
SICOM Ltd.

REGISTERED & CORPORATE OFFICE

Lotus House, 5th Floor,
33-A, New Marine Lines,
Mumbai 400 020.
Tel. Nos.: 56315801- 6 lines
Fax Nos.: 56315808 / 9
E-mail:
asil@bom2.vsnl.net.in.

WORKS

Gat No.47 & 48, Sangavade Village,
Kolhapur -Hupari Road, Taluka-Karveer,
Dist. Kolhapur - 416 005.
Tel. No.: 0231-2676108, 2676106.
Fax No.: 0231-2676164
E-mail : klp_asil@sancharnet.in

WEBSITE

<http://www.amitgroup.com>

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AMIT SPINNING INDUSTRIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 12TH ANNUAL GENERAL MEETING OF THE MEMBERS OF **AMIT SPINNING INDUSTRIES LIMITED** WILL BE HELD AT Y. B. CHAVAN CENTRE, GEN. JAGANNATH BHOSALE MARG, NEXT TO SACHIVALAYA GYMKHANA, NARIMAN POINT, MUMBAI - 400 021 ON THURSDAY, THE 25TH DAY OF SEPTEMBER, 2003 AT 4.30 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 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 Pravin Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. Y. R. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Amit B. Shah who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

6. To consider and, if thought fit, to pass with or without modification the following Resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act") and all applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as "the Delisting Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Delisting Guidelines, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee constituted or to be constituted by the Board), or as may be prescribed or imposed by any authority while granting such approvals, permissions and which may be agreed to by the Board in its sole discretion, the consent of the company be and is hereby accorded to the Board to delist the Equity Shares of the Company from the Stock Exchanges at

Delhi (DSE), Ahmedabad (ASE) (hereinafter referred to as "the Delisting Stock Exchanges") on such terms and conditions and in such manner as may be considered desirable and expedient by the Board in its absolute discretion.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things including filing of applications and other documents with the Delisting Stock Exchanges, as it may in its absolute discretion deem necessary, expedient, usual or proper or desirable and to settle all questions, difficulties or doubts whatsoever that may arise in regard to the aforesaid voluntary delisting of the Equity Shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to this end and intent that the members shall be deemed to have given their approval expressly by the authority to this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers which may be so delegated by law, to any of its Committees or any Director or Officer of the Company, to give effect to the aforesaid Resolution.

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

DARSHAN MAJUMDAR
Chief Finance Officer
& Company Secretary

Place : Mumbai
Date : 27th June, 2003

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 LOTUS HOUSE, 5TH FLOOR, 33-A NEW MARINE LINES, MUMBAI 400 020 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 18/09/2003 TO 25/09/2003 (BOTH DAYS INCLUSIVE) FOR ANNUAL CLOSURE AS PER THE LISTING AGREEMENTS.
6. MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY ANY CHANGE OF ADDRESS TO THEIR DEPOSITORY PARTICIPANTS (DPs) IN RESPECT OF THEIR ELECTRONIC SHARE ACCOUNTS AND TO THE COMPANY'S R & T AGENT AT INTIME SPECTRUM REGISTRY LTD. C- 13, PANNALAL SILK MILL COMPOUND, LBS MARG, BHANDUP WEST, MUMBAI 400 078 IN RESPECT OF THEIR PHYSICAL SHARE FOLIOS, IF ANY.

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

DARSHAN MAJMUDAR
Chief Finance Officer
& Company Secretary

Regd. Office:

Lotus House, 5th Floor,
33-A New Marine Lines
MUMBAI 400 020

Date: 27th June, 2003

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned under Item 6 of the accompanying Notice dated 27th June, 2003.

Item No. : 6

As the Members are aware, the Company's Equity Shares have been listed for past several years on the Stock Exchanges at Mumbai (BSE), Delhi (DSE), Ahmedabad (ASE), & National Stock Exchange of India Ltd. (NSE), in order to provide the shareholders and investors with liquidity in trading of Company's Equity Shares. The bulk of the trading, however, takes place on BSE and NSE.

An analysis of the data of the last few years reveals that trading volume in the Company's Equity Shares on DSE & ASE ("the Delisting Stock Exchanges") is negligible and is disproportionate to the cost in terms of listing fees payable by the Company to these Stock Exchanges arising from expansion of BSE and emergence of NSE and their extensive networking and extension of terminals to various cities across the country where investors have access to on-line dealings in the Company's Equity Shares. As the Members are aware trading in the Equity Shares of the Company is permitted only in dematerialized to effective from July 17, 2000 in terms of the Notification issued by the Securities and Exchange Board of India (SEBI).

Considerable expenditure is required to be incurred by the Company by way of listing fees, charges for

advertisement in news paper under the various provisions of Listing Agreements, charges on postage and facsimile communications etc., with the aforesaid Stock Exchanges, without proportionate benefit being available to the shareholders of the Company by continued listing of the Equity Shares on the said Stock Exchanges.

In the circumstances, the Board of Directors of the Company at its Meeting held on 27/06/2003 has decided to seek voluntary delisting of the Company's Equity Shares from DSE & ASE subject to the company complying with the various provisions of SEBI (Delisting of Securities) Guidelines, 2003 ("the Delisting Guidelines") and obtaining necessary approvals, permissions and sanctions in this regard. The proposed voluntary delisting will further contribute to the cost reduction exercise initiated across the various functional areas by the Company.

The Delisting Guidelines have done away with the requirement of providing an exit option to the Members situated in the regions covered by the "Delisting Stock Exchanges", in cases where the securities continue to be listed on a stock exchange having nationwide trading terminals. For the purpose of the Delisting Guidelines, stock exchange having nationwide trading terminals means BSE, NSE and any other stock exchange, which may be specified by SEBI.

The Company's Equity Shares will continue to be listed on BSE and NSE having nationwide trading terminals, thereby giving opportunity to the investors to engage in free trading of the Company's shares.

As required by the Delisting Guidelines, a public announcement in respect of the proposed delisting will be published in due course and the delisting will become effective after all approvals, sanctions and permissions are received.

The proposed delisting of the Company's Equity Shares on the Delisting Stock Exchanges is not considered to be prejudicial to, or to affect adversely, the interest of the investors since trading facilities are available on the connectivity of BSE and NSE in most of the cities across the country.

The Directors commend the Special Resolution at Item 6 for approval by the Members.

No Director of the Company is concerned or interested in the said Resolution.

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

DARSHAN MAJMUDAR
Chief Finance Officer
& Company Secretary

Place : Mumbai
Date : 27th June, 2003

AMIT SPINNING INDUSTRIES LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors are presenting to you the 12th Annual Report of the company with the Audited Statement of Accounts for the year ended March 31, 2003.

1. FINANCIAL RESULTS

	For the year ended 31.3.2003 (Rs. in lacs)	For the year ended 31.3.2002 (Rs. in lacs)
Net Sales	8458.82	9874.42
Other Income	174.51	54.96
Profit before, interest, depreciation & write-offs	601.95	569.39
Interest & financial charges	932.21	914.19
Depreciation & write-offs	552.58	433.64
Profit/(Loss) before Tax	(882.84)	(778.44)
Provision for taxation	—	—
Profit/(Loss) after tax	(882.84)	(778.44)
Add: Balance As per last balance sheet	40.45	382.54
Deferred Tax Asset	405.55	436.35
Earlier year adjustment for Deferred Tax Liability	(875.35)	—
Profit/(Loss) available for appropriations	(1312.19)	40.45

2. APPROPRIATIONS

In view of losses your Directors regret inability to declare any dividend on equity as well as preference capital.

3. REVIEW OF OPERATIONS

The year under review continued to be bad. The market continued to be sluggish and cotton prices, which were initially low, rose much higher in the second half of the year, eroding the profitability. The mills with good liquidity and who had covered the cotton were better off than the mills who could not cover the cotton.

During the year under review the workers at the factory had gone on strike for wage related issues for long term settlement which is one of cause for the bad performance of the Company. The company has signed a long-term agreement with the workers.

The oil prices remained very much higher and it ended up giving us a higher power cost. The company has continued its expansion programme and it has reached a spindleage of 30672. We have gotten out of our main count range where fierce under-cutting in the prices was taking place. The company has moved to finer counts and have started supplying yarn to the reputed organizations.

4. OUTLOOK

In the beginning of the year, we have approached IDBI and our other Lenders for Corporate Debt Restructuring and hopefully this will come through, ending the financial constraints that the company is facing.

The monsoons seem to be satisfactory and the sowing, particularly in Gujarat, is higher. This should result into a steady cotton price. However, the outlook for the yarn market still is far from satisfactory and it will be a while before the yarn market improves substantially.

5. ISSUE OF SHARES

IDBI on Company's request has restructured the repayment shedule of their term loans and overdue interest and reduced the rate of interest from 16.5% to 14% p.a. As per terms of restructuring, the company has on 30th October, 2002 allotted to IDBI 10,90,000 Equity shares at par towards 50% of loss of interest.



6. DIRECTORS

During the period under review Mr. Amit Shah has resigned from the post of Joint Managing Director while he would be continuing as a Director. The Board commends great zeal and dedication with which Mr. Amit Shah served the Company as a Joint Managing Director and places on record the invaluable contribution made by him during his tenure.

In accordance with the Companies Act, 1956 and Articles of Association of the Company, Mr. Pravin Shah, Mr. Y. R. Shah, and Mr. Amit B. Shah Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA), of the Companies (Amendment) Act, 2000, the directors confirm.

- That in the preparation of the annual accounts, the applicable standards have been followed and there has been no material departure;
- That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit or loss of the Company for the aforesaid period.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual accounts have been prepared on a going concern basis.

8. CORPORATE GOVERNANCE

The Company's shares are listed on Mumbai, Delhi, Ahmedabad and National stock exchanges and have to comply with listing agreement requirements. The Company has complied in all material respects with the features of corporate governance as specified in the listing requirements.

A certificate of compliance from the Auditors together with a report on corporate governance forms part of this Report.

9. AUDIT COMMITTEE

The Company already has an Audit Committee consisting of 3 Non-executive Directors of the Company viz. Mr. K.R. Choksey, Mr. Pravin Shah, and Mr. Tushar Jani. Mr. K.R. Choksey is the chairman of the committee.

10. INFORMATION

Information pursuant to sub-section 1(e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is given in Annexure in Form "A" to this Report.

There is no employee in the Company whose salary exceeds Rs. 24 Lakhs per annum or Rs. 2 Lakhs per month. Hence information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules 1975, and forming part of the Directors' Report is not applicable to the Company.

Fixed Deposit accepted from the Shareholders and the Public stood at Rs. 45.71 lacs as on 31st March 2003 there were 26 unclaimed deposits amounting to Rs. 4.78 lacs.

11. AUDITORS

Your Company's auditors M/s. B.S. Mehta & Co. Chartered Accountants retire at the close of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

12. ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the contribution made by the employees towards the success of the Company. The directors are also thankful for the co-operation and assistances received from the financial institutions, banks, customers, Central and State Government departments and local authorities.

The Directors would also like to acknowledge the continued support of the Company's shareholders.

For and on behalf of the Board

Place: Mumbai
Date: June 27, 2003

BHARAT P. SHAH
Chairman & Managing Director