

# AMIT SPINNING INDUSTRIES LIMITED



**19<sup>th</sup> Annual Report**  
**//// 2010 - 2011**

**CLC**

**BOARD OF DIRECTORS**

S P Setia	(Non-Executive/Independent Chairman)
I.B. Maner	(Managing Director)
I M Aggrawala	(Non-Executive/Independent Director)
Ranjan Mangtani	(Non-Executive Director)
K Sankaramani	(Non-Executive Director)

**COMPANY SECRETARY**

Annu Chaudhary

**AUDITORS**

Sunil Jain & Co.  
Chartered Accountants  
New Delhi

**AUDIT COMMITTEE**

S P Setia (Chairman)  
I M Aggrawala  
Ranjan Mangtani

**REMUNERATION COMMITTEE**

S P Setia (Chairman)  
Ranjan Mangtani  
K Sankaramani

**SHARE TRANSFER & SHAREHOLDERS/INVESTORS  
GRIEVANCE COMMITTEE**

S P Setia (Chairman)  
Ranjan Mangtani  
K Sankaramani

**REGISTERED & CORPORATE OFFICE**

A-60, Okhla Industrial Area  
Phase-II, New Delhi-110020  
Tel.: 011-26387738  
Fax: 011-26385181  
Email [secretarial@clcindia.com](mailto:secretarial@clcindia.com)

**PLANT**

Gat No. 47 & 48, Sangavade Village  
Kolhapur – Hupari Road  
Taluka Karveer  
Dist. Kolhapur 416 202  
MAHARASHTRA  
Ph.: 0231 – 2676106/2676108/2676110  
Fax: 0231-2676164

**BANKERS**

AXIS Bank Limited  
UCO Bank

**INDEX**

	Page No.
Directors Report including Management Discussions & Analysis Report	1
Annexure 1 to Directors Report	3
Corporate Governance	4
Auditors Report	9
Balance Sheet	12
Profit & Loss Account	13
Cash Flow Statement	14
Schedules	15
Balance Sheet Abstract	26

● **19th AGM**

Date : September 19, 2011 Time: 10.30 A.M.

Venue : Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019

● Book Closure : From Thursday, September, 15, 2011 to Saturday, September 17, 2011.

Company's shares are listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

## NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of Amit Spinning Industries Limited will be held on **Monday the 19th day of September, 2011 at 10.30 A.M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019** to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date and the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Inder Mohan Aggrawala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution, as an **Ordinary Resolution** :

**"RESOLVED THAT** pursuant to the provisions of section 255,198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to requisite approvals as may be required from time to time, the consent of the Company be and is hereby accorded for appointment of Shri I B Maner as Managing Director of the company for a period of 5 years with effect from 1st September, 2011 on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting and with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration, subject to maximum limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

Place: New Delhi  
Date : August 08, 2011

**ANNU CHAUDHARY**  
**COMPANY SECRETARY**

### NOTES:

- A. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE LODGED WITH THE COMPANY AT IT'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- B. **Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 4 as required under Section 173 (2) of the Companies Act, 1956, is annexed hereto.**
- C. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 15th day of September, 2011 to Saturday the 17th day of September, 2011 (both days inclusive).
- D. All documents referred in the notice are open for inspection at the Registered Office of the Company between 10.00 A.M. to 1.00 P.M. on any working day upto the date of Annual General Meeting and also at the meeting.
- E. Members are requested to intimate the change, if any, to Registrars & Transfer Agents in their registered address immediately.
- F. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of their folios and send relevant share certificates to the Company.
- G. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.
- H. It will be appreciated that queries, if any, on accounts and operations of the Company are sent to the Corporate Office of the company ten days in advance of the meeting so that the information may be made readily available.
- I. As per provisions of the Companies Act, 1956, facility for making nomination is now available to the members in respect of the shares held by them.
- J. For any queries on the Depository System, members may contact any depository participant or the Share Department at the Registered Office of the Company.
- K. In terms of Clause 49 of the Listing Agreement, a brief resume of directors who retire by rotation at the ensuing Annual General Meeting and being eligible for re-appointed are given in Report on Corporate Governance forming part of Annual report.
- L. Securities and Exchange Board of India (SEBI) made it mandatory for the transferees to furnish copy of PAN card to the Company/RTA for registration of shares held in Physical Form.
- M. Members are requested to send queries to E-mail ID **secretarial@clcindia.com** which is being used exclusively for the purpose of redressing the complaint(s) of the investors.

N. The **Green Initiative** introduced by the Ministry of Corporate Affairs vide its circular No. 18/2011 dated 29th April, 2011, members are requested to intimate e-mail address to facilitate to send Annual Report and other reports/notices through e-mail.

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**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO. 4**

It is to inform to the Members of the Company that the Board of Directors have appointed Shri Ibrahim Balechand Maner, as Additional Director of the Company w.e.f. 22nd August, 2011 in terms of Section 260 of the Companies Act, 1956. Shri I B Maner holds office as Director until this Annual General Meeting and he is eligible for re-appointment. Notice have been received from member as required under Section 257 of the Companies Act, 1956, proposing his candidature as a non retiring Director of the Company.

Subject to requisite approvals as may be required from time to time, Shri I B Maner is also appointed as Managing Director of the Company for a period of 5 years with effect from 1st September, 2011 in place of Shri R Sampath who has resigned as Managing Director of the Company.

Shri Ibrahim Balechand Maner, s/o. Balechand Mohoddin Maner born on 17th December, 1957, has completed LTM in first division and is having 29 years rich experience across multiple functions in operations in Textile Spinning Manufacturing Sector. He is working with CLC family since 2006 and acting as unit head of the Company.

Terms & condition of appointment and remuneration payable to Shri I B Maner

**OVERALL REMUNERATION**

Subject to the provision of Section 198,269, & 309 and other applicable provisions, if any, of the Companies Act, 1956, remuneration payable to Chairman, Managing Director and Directors. in a financial year shall not exceed 10 % (ten percent) of the net profit of the company.

Wherein in any financial year, during the tenure of Shri I B Maner, if the Company has no profit or its profit are inadequate, the remuneration payable to Shri I B Maner will be according to Schedule XIII of the Companies Act, 1956.

Within the aforesaid ceiling, remuneration payable to I B Maner shall be as follows:

- I. Salary: Rs. 1,83,333/- (Rupees One lac Eighty Three thousand Three hundred and Thirty Three only) per month with an annual increase upto 40%.
- II. Perquisites:
  - a) Vehicle Maintenance charges upto 37500/- per month.
  - b) Medical Benefits: Reimbursement of medical expenses for himself and his family actually incurred during the continuance of his employment as per rules of the Company up to a limit of 15000 in a year.
  - c) Leave: 37 working days (Travelling time included) once in every year of service, with encashment of un-availed leave (PL) at the end of his tenure as per rules of the Company.
  - d) Leave Travel Assistance: once in every year of Service or as per rules of the Company up to 1,50,000 in a year.
  - e) Telephone connection at residence with STD & ISD facility and post paid mobile connection.
  - f) Company's contribution towards Provident Fund as per rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - g) Bonus, if any as per rules of the Company
  - h) Gratuity payable at a rate not exceeding half a month's Salary for each completed year of service.
  - i) No sitting fees shall be paid to them for attending meetings of Board of Directors/Committee of the Board.
  - j) He will not retires by rotation.

The Board/Committee of Directors, is further authorized to alter or vary the remuneration of Shri I B Maner for normal increments as per policy of the Company

In compliance with the provisions of sections 198,269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the terms of remuneration of Shri I B Maner as specified above are now being placed before the members for their approval.

None of Directors of the Company except for Shri I B Maner are interested in the resolution placed before the meeting directly or indirectly.

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

Place: New Delhi  
Date : August 08, 2011

**ANNU CHAUDHARY**  
**COMPANY SECRETARY**

## DIRECTORS' REPORT

Your Directors have great pleasure in presenting the 19th Annual Report together with Audited Statements of Accounts of the Company for the year ended March 31, 2011.

### Financial Results:

(Rs. in Lakhs)

	2010-2011	2009-2010
Net Sales (Turnover)	12549.64	7277.77
Other Income	76.39	19.50
<b>EBIDTA</b>		<b>325.43</b>
Financial Charges	761.18	754.44
Depreciation	459.48	458.32
Misc. Expenses written off	8.49	12.60
<b>Profit/(Loss) before tax (PBT)</b>	<b>(22.59)</b>	<b>(899.93)</b>
Provision for Current Tax	-	-
Provision for Deferred Tax	-	-
Fringe Benefit Tax	-	-
Short Provision of Tax	0.00	(0.09)
<b>Net Profit/(Loss)</b>	<b>(22.59)</b>	<b>(899.84)</b>

### FINANCIAL ANALYSIS AND PERFORMANCE REVIEW :

Fiscal 2010-11 witnessed a significant improvement in operations and there has been increase in sales volume. Its turnover has increased from Rs. 7277.77 lakhs to Rs. 12549.65 lakhs, year on year basis which reflects an growth of 72.44%. With the improved working, it has been able to reduce its losses considerably from 899.84 lacs during the previous year to Rs. 22.59 Lacs during the last year.

### MANAGEMENT DISCUSSION AND ANALYSIS

The Global textile industry has witnessed the growth of an astounding 25% during the last year and it is expected that it will continue to spearhead the growth in the coming years. Asian markets also continued to register positive growth in the fiscal 2010-11. Due to the demand from western countries, the exports crossed \$25 m. billion in 2010-11 and the trend was likely to continue for another 5 to 6 years.

The Indian Textile Industry plays very important role in our Country's Economy and it was earliest to come into existence in India. It accounts for 14 per cent of the total industrial production, contributes to nearly 12 per cent of the total exports and is the second largest employment generator after agriculture which provides employment of 35 million people. The Indian textile industry is one of the largest in the world with a massive raw material and textile-manufacturing base and also currently India has the second highest spindle age in the world after China. India has a share of 22 per cent in world cotton production, touching 312 lakh bales in 2010-11.

Introduction of Technical Textile to promote indigenous manufacture of technical textile to leverage global opportunities and cater to the domestic demand will play an important role in textile industry in the Eleventh Five Year Plan which has estimated the market size upto US\$ 10.6 billion in 2011-12. The Indian Government was also in process of setting up research centers to improve the growth of textile industry.

Amit has utilized the opportunity offered by the global recession for introspection to identify areas of improvement. It is a great satisfaction that such initiatives have paid us more and strengthened the company accordingly expecting such events in future also. Amit is expecting bright future for Indian textile industry.

### SEGMENT-WISE PERFORMANCE

Amit Spinning Industries Ltd. (ASIL) being a cotton yarn manufacturer has only one business segment. On the basis of geographical categorization of market, ASIL identified two segments i.e. exports and domestic.

### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has established adequate internal control systems, commensurate with its size and nature of business and such systems are periodically audited, verified and reviewed for their validity, considering the changing business scenario from time to time. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time.

### MANAGEMENT PERCEPTION ON OPPORTUNITIES, RISKS, CONCERN & OUTLOOK

Erratic demand, uncertain raw materials prices, foreign currency fluctuations vis a vis Indian rupee would certainly affect growth and profitability of the sector in short and long term. Another important issue is availability of quality cotton and the price of power. The availability of good quality power at reasonable prices is critical for sustainability of the industry. However, the cost of power has been continuously increasing, adding to the input cost pressure in the industry. We hope that power situation will improve in the coming year. The differentiated treatment for different sectors of textile industry in government policy needs correction. Raw Material security and demand creation in the domestic sector is a must. The integrated approach is required for the growth of the industry in the country. We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements and improved customer services to address reducing margin and working capital pressures.

Since third quarter of fiscal 2010-11, overseas buyers are said to be turning to India more and more to meet their requirements and statistics support substantial growth in exports of textiles and clothing. Besides, textile industry is collaborating more frequently with international companies. Meanwhile, Indian government is making an effort to boost its textile industry.

The Indian textile sector is growing at an estimated rate of 10% per annum and it is expected to reach \$ 110 billion by the year 2015 with an export of \$ 45 billion. To sustain its growth, Indian textile industry requires an investment of \$ 24 billion by 2015.

### HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company and its management value the talent, commitment and dedication of its employees and acknowledge their contribution. Consequently, the employee turnover is negligible. Everyone in the Company is working as a team and is integral part of a family, sharing their ideas through Town Hall meeting, using intranet across the units and are instrumental in making Spentex, a globally admired company. Management of your Company believes that it is the integration of human resources and business strategy that has culminated in its success. High performance orientation is the pivot of the HR philosophy of the Company and all the HR policies and strategies are centered on the same.

Industrial Relations scenario of the unit is continues to be healthy.

**Directors**

Mr. Inder Mohan Agrawala retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Brief resume of the Director to be reappointed, nature of his expertise in specific functional areas, names of companies in which he hold directorship(s) and membership(s)/ chairmanship(s) of Board Committees, shareholding and relationships between directors, inter-se, as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is provided in the Report on Corporate Governance.

**Auditors**

The Auditors of the Company M/s. Sunil Jain & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**Directors' view on Auditors observations**

Directors' response to the various observations of the auditors even though explained wherever necessary through appropriate notes to accounts, is reproduced hereunder in compliance with the relevant legal requirements.

1. Schoeller Litvinov k.s (SLKS), a fellow subsidiary of the Company, had registered losses during the year and earlier financial years due to economic slowdown. This fellow subsidiary had submitted a re-organization plan dated 13-11-2009, seeking deferment of payment to Secured Creditors, and proportionate waiver of unsecured liabilities which has now been approved by the court. The Company believes that the reorganization plan, considering improvement in the global textile market, will turn around this subsidiary, so as to make good its losses in a foreseeable period of time and will also place this subsidiary in a position to repay the liabilities in due course. Accounts and other receivables amounting to Rs. 6,01,84,142 are due from SLKS as at March 31, 2011. Accordingly, provision against these Accounts and other receivables is not considered necessary at this stage.  
In view of developments company believes in future with the financial viability of SLKS such amounts would be realized within a reasonable period of time.
2. The Loans and Advances of the Company include a sum of Rs.1,93,46,572, being an amount receivable from Customs Department as drawbacks against the export sale pertaining to the period 1993 to September, 2004 when the unit was 100% Export Oriented Unit (EOU). The company has filed an application with the office of DGFT for the claim and on the basis of legal advice obtained, is sanguine of receiving the claim. In view of recent Government gazette notification restoring duty draw back, tax refunds on cotton yarn exports are expected to be realized in due course.
3. As on March 31, 2011, the accumulated losses of the Company have exceeded its net worth. In the opinion of the management, the Company's operations are affected by global business downturn which has resulted in reduction in demand, increase in input costs and shortage of working capital. The Company has also filed a reference with Board for Industrial and Financial Restructuring (BIFR) under section 23(1) of Sick Industrial Companies (Special Provisions) Act, 1985. However, based on recent performance and trends of the company and overall industry outlook, there is an increase in average selling prices of yarn, stability in production levels and reduction in procurement costs of raw materials. The company has started earning cash profits and the management believes that losses incurred in past would be made good. The financial statements have been prepared on a going concern basis on the strength of management's plan of revival including reorganization of business and restructuring of loan facilities under Corporate Debt Restructuring scheme.  
In view of current physical turnover, management believes to improve the company's performance such as introducing various cost measures and reorganization of business and restructuring of loan facilities.

**Cost Auditor**

The Central Government had directed an audit of the Cost Accounts maintained by the Company in respect of textile business. The Central Government has approved the appointment of Shri Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants to conduct the audit of the Cost Accounts of the Company for the financial year ending 31st March, 2011 for the product "Textile".

**Dividend**

Your directors have not recommended any dividend for the year ended 31-03-2011 under review.

**Fixed Deposits**

During the year, your Company has not accepted any new deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

**Listing of Shares**

Presently the Company shares are listed and traded at the Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India, Mumbai (NSE) and the Listing Fee has been paid till 31st March, 2012.

**Corporate Governance**

As stipulated under Clause 49 of the Listing Agreement entered into with Stock Exchanges, a report on Corporate Governance is attached separately as a part of the Annual Report and the Management Discussion and Analysis (MD & A) is included in this report so that duplication and overlap between Directors' Report and a separate MD & A is avoided and the entire information is provided in a composite and comprehensive manner.

**Particulars of Employees**

The particulars required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, w.e.f. 17-4-2002 are not applicable to the Company during the year.

**Auditors Report**

The Auditors' Report read together with the Notes to Accounts is self-explanatory and do not call for any further explanation under Section 217 (3) of the Companies Act, 1956.

**Directors' Responsibility Statement**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- i) in preparing the Annual Accounts for the year ended 31st March 2011 all the applicable Accounting Standards have been followed,
- ii) accounting policies were adopted and applied consistently and 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 as at 31st March 2011,
- iii) proper and sufficient care 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 / detecting fraud and irregularities has been taken and
- iv) the Annual Accounts have been prepared on a "going concern" basis



**Industrial Relations**

The industrial relations during the year under review remained harmonious and cordial. Your directors wish to place on record their appreciation for the wholehearted co-operation received from all employees at unit of the Company.

**Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure I to the Directors' Report.

**Conclusion**

Your company enjoys a leadership position in domestic market with strong competitive advantage in export segment. The Company now stands at the cusp of the next phase of growth. We will continue to make investment and progress to further consolidate our leadership position.

**Acknowledgments**

The Directors take this opportunity to express their grateful appreciation for the whole hearted and sincere co-operation the Company had received from the various departments of Central and State Government, Bankers, Financial Institutions, Customers, Suppliers and Contractors as well as Members of the Company during the year under review of the Company. The Directors also wish to place on record the appreciation for the contribution made by all the employees at all levels and hope that with their continued commitment and dedication the Company could look forward to more profitable operations ahead.

On behalf of the BOARD OF DIRECTORS,

Place New Delhi  
Date : August 8, 2011

S P SETIA  
CHAIRMAN

**ANNEXURE TO THE DIRECTORS' REPORT**

Information under Section 217(1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2011.

**A. CONSERVATION OF ENERGY:**

The Company constantly endeavors to keep track of developments in the modern technologies and takes every possible step within permissible financial resources. Relevant data in respect of energy consumption is as under: (Unit / Rs. in Lakhs)

Electricity	Current year	Previous year
<b>Purchased</b>		
Total Units consumed	210.04	213.66
Total Amount	1080.93	1044.05
Rate per Unit (Rs.)	5.15	4.89
<b>Own Generation through Furnace Oil Generator Set</b>		
Units (in lakhs)	NIL	NIL
Units per liter of Diesel Oil	N.A.	N.A.
<b>Furnace Oil</b>		
Consumed (Ltrs. in thousand)	NIL	NIL
Total Amount (Rs. in lakhs)	NIL	NIL
Rate per Ltr.	0.00	0.00
Cost/Unit (Rs.)	0.00	0.00
Electricity Consumption (Units) per Kg. of Production of Yarn	3.95	3.66

**B. TECHNOLOGY ABSORPTION:**

Your Company has been, to the extent possible, using the latest Technology available in the Industry.

**RESEARCH & DEVELOPMENT (R&D):**

- Specific areas in which R & D has been carried out by the Company : Continuing to identify improvements to processes through property documented systems to strengthen yarn quality, improve productivity and effective maintenance.
- Benefits derived as result of the above R & D : Meeting customer requirements and effective resource utilization
- Future plan of Action : Identifying measures to further improve productivity and there by contribution per unit of production.
- Expenditure on R&D : Nil

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

- Efforts : Upgrading machines with technologically advanced accessories and spares
- Benefits : Higher output and improved quality of product
- Technology imported during the last 5 years: None

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	Current year	Previous year
Earnings	4852.38	1686.02
Outgo	46.42	15.10

On behalf of the BOARD OF DIRECTORS,

Place New Delhi  
Date : August 08, 2011

S P SETIA  
CHAIRMAN

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-11**

(As required under Clause 49 of the Listing Agreements entered into with Stock Exchanges)

**1. Company's Philosophy on Corporate Governance**

The Company's philosophy on Corporate Governance is fostering greater accountability, transparency, responsibility, fairness and commitment to values in all spectrums of business through continual assessment of internal control mechanism vis-à-vis proactive risk management system for upholding ethos of corporate citizenship. Pre-emptive risk assessment and mitigation by using proper internal audit system, dynamic budgeting system with proper business planning and forecasting. The Company is committed to attend best-in-class higher levels disclosures to board and shareholders & society at large. The Company has a strong desire to enhance long-term shareholder value and respect minority rights in addition to complying with all complex and statutory requirements for Corporate Governance.

**2. Board of Directors**

The Company has 5 Directors, out of which 2 are Independent Directors, 2 are Non-Executive Directors and one Executive Director. The Chairman of the Company is Non-Executive & Independent Director. The composition of the Board is in conformity with clause 49 of the listing agreement entered into by the Company with the stock exchange(s) and fulfilled the percentages in the said agreement.

During the year, four meetings of the Board of Directors were held and the gap between two meetings did not exceed four months (as stipulated by law in force). The respective dates on which the Board Meetings were held are 11th May, 2010, 9th August, 2010, 29th October, 2010 and 31st January, 2011. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below

Directors	Category	No. of Board Meetings		No. of Directorships and Chairmanship(s) / Membership(s) of Board Committees of other companies			Attendance at last AGM held on 30-09-2010
		Held	Attended	Directorship#	Member##	Chairperson	Yes/No
Mr. S P Setia (Chairman)	Independent, Non-executive	4	4	1	-	-	Yes
Mr. I M Aggrawala	- do -	4	3	1	-	-	No
Mr. Ranjan Mangtani	Non-executive	4	4	1	-	-	Yes
Mr. Krishnan Sankaramani	- do -	4	-	-	-	-	No
Mr. R Sampath *** (Managing Director)	Executive	4	-	-	-	-	Yes

# The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Private Limited Companies, Section 25 Companies.

## In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees of all Public Limited Companies (excluding Amit Spinning Industries Limited) have been considered.

\*\*\* Mr. R Sampath resigned as Managing Director with effect from 01-04-2011.

**Details of shares held by the Non-Executive/Independent Directors as on 31st March, 2011**

Name	No. of Shares held	Name	No. of Shares held
Shri S P Setia	Nil	Shri I M Aggrawala	Nil
Shri Ranjan Mangtani	Nil	Shri K Sankaramani	Nil

**Information supplied to the Board**

- Annual operating plans, budgets, Capital budgets and updates from time to time.
- Quarterly results for the company and its operating divisions or business segments.
- Performance of manufacturing units and functioning of Key executives.
- Performance of Quality Standards and platform for decision making on quality.
- Image and credibility of the Company in the eyes of domestic and international buyers by consistent disclosure and transparency.
- Minutes of meetings of audit committee and other committees of the board, as also resolution passed by circulation.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Making of loans and investment of surplus funds.
- Details of joint venture or collaboration agreements.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Notices like show cause, demand, penalty which are materially important / effluent and material default in financial obligations to and by the company and also non-receipt of payments for goods sold by the Company.
- Any Significant development in Human Resources Labour problems and their proposed solutions, signing of wage agreements etc.
- Investments/sale in subsidiaries, assets which are not in normal course of business, foreign exchange exposures and steps taken by the management on exchange rate movement and adverse exchange ratio etc.
- Fulfillment of various statutory compliances/listing requirements.



### Disclosure of Appointment/Re-appointment of Directors at the Annual General Meeting

According to the Articles of Association, one-third of the directors retires by rotation and, if eligible, seeks re-appointment at the Annual General Meeting of Shareholders. As per Article 100 of the Articles of Association, Mr. I.M. Aggrawala will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of the retiring Director(s) in the ensuing Annual General Meeting; the brief details of aforesaid directors are as under :

**Mr. I. M. Aggrawala** (64) is Director of the Company since January 29, 2009. He holds degree in B. Tech Textiles and has rich experience in textile industry and providing consultancy services to textile industry since 1967. He is Managing Director of M/s Techno Textiles (P) Ltd, M/s ASK India (P) Ltd, M/s Technolinks Texfab (P) Ltd. He is Director in M/s Ashnoor Textiles Mills Limited and M/s Patanjali Natural Colorama (P) Limited.

Mr. Aggrawala is Member of Audit Committee of the Company and does not hold any share of the Company as on 31st March, 2011.

### 3. Audit Committee

The Audit Committee of the Board consists of two Independent Directors and one non-executive director, namely Shri S P Setia (Chairman) Shri I M Aggrawala (member) and Shri Ranjan Mangtani (member). The members have the requisite accounting and related financial management expertise. Statutory Auditors and Internal Auditors are inviting to the meetings of Audit Committee and presenting their periodical reports. The Company Secretary acts as Secretary to the Audit Committee. The Composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The terms of reference / powers of the Audit Committee include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment of the statutory auditor and the fixation of audit fees.
3. Reviewing the performance of statutory and internal audit team, adequacy of the internal control systems and other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements i.e. directors responsibility statement under Section 217 (2AA) of the Companies Act, accounting policies and practices, compliances with listing and other legal requirements disclosure of related party transactions, implementation of various accounting standards issued by ICAI and draft audit report before submission to the board for approval.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Reviewing the function of the Whistle Blower Mechanism and weaknesses find out by the statutory auditors, management opinion on such weaknesses and solutions from time to time.
8. To look into the payment being made to the depositors, creditors and shareholders in case of dividend declared and reasons for substantial defaults/delay if due amount has not paid as per statutory due date.

During the year, four meetings of the Audit Committee were held on 11th May, 2010, 9th August, 2010, 29th October, 2010 and 31st January, 2011. The details of attendance of the each member at the Audit Committee are given herein below:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Shri S P Setia	4	4
Shri I M Aggarwala	4	3
Shri Ranjan Mangtani	4	4

### 4. Remuneration Committee

A Remuneration Committee of the Board has been constituted to review/recommend the remuneration package of the Managing Director/Director based on performance and defined criteria. The Remuneration Committee of the Board comprises one Independent and two Non-executive Directors, namely Shri S P Setia (Chairman), Shri Ranjan Mangtani (Member) and Shri Krishnan Sankaramani (member) of the Committee. During the year one committee meeting was held on 11th May, 2010 in which all members of the Committee were present.

Details of remuneration paid to Directors for the financial year 2010-11 are as under

Name of Director	Category	Sitting Fee for Board Meetings(Rs.)	Sitting Fee for Remuneration Committee Meetings (Rs.)	Sitting Fee for Audit Committee Meetings (Rs.)	Salaries and Perquisites p.a. (Rs.)	Total (Rs.)
Mr. R Sampath	Executive	NIL	NIL	NIL	11,90,542	11,90,542
Mr. Ranjan Mangtani	Non-Executive	NIL	NIL	NIL	N.A.	NIL
Mr. Krishnan Sankaramani	- Do -	NIL	NIL	NIL	N.A.	NIL
Mr. S P Setia	Non-Exec. Chairman	8,400	NIL	NIL	N.A.	8,400
Mr. I M Aggrawala	Ind. Director	6,300	NIL	NIL	N.A.	6,300