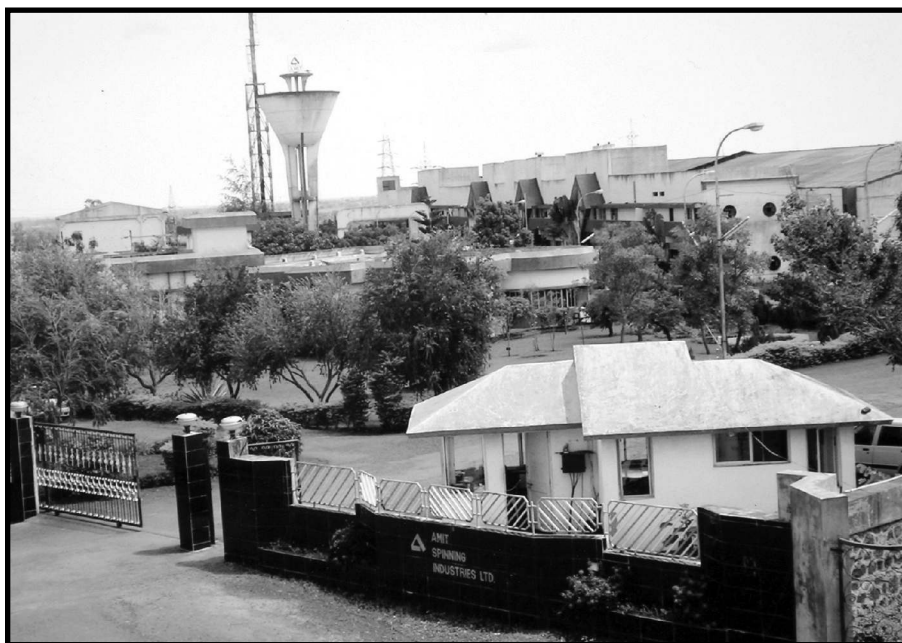


# AMIT SPINNING INDUSTRIES LIMITED



**22<sup>nd</sup> Annual Report**  
**2013 - 2014**

**CLC**

**BOARD OF DIRECTORS**

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

**REGISTERED & CORPORATE OFFICE**

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

**SECRETARY**

Priya Lohani

**AUDITORS**

Sunil Jain & Co.  
 Chartered Accountants  
 New Delhi

**AUDIT COMMITTEE**

S P Setia (Chairman)  
 Ranjan Mangtani  
 K Sankaramani

**NOMINATION AND REMUNERATION COMMITTEE**

S P Setia (Chairman)  
 Ranjan Mangtani  
 K Sankaramani

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

S P Setia (Chairman)  
 Ranjan Mangtani  
 K Sankaramani

**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

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- 22nd AGM**

Date : September 11, 2014 Time: 11.30 A.M.

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

- Book Closure : From Monday, September 8, 2014 to Thursday, September 11, 2014 (both days inclusive).

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 22nd Annual General Meeting of the Members of Amit Spinning Industries Limited will be held on **Thursday the 11th day of September, 2014 at 11.30 A.M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019** to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014, Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Ranjan Mangtani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors for a period of 4 years and fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession of the Ordinary Resolution adopted at the 5th Annual General Meeting of the Company held on 8th July, 1996 pursuant to the provisions of Section 293 (1)(d) of the Companies Act'1956/Section 180(1)(c) of the Companies Act 2013 or such other applicable provisions, if any, and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money, on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from and/or to be obtained from Company's bankers in the ordinary course of business) in excess of aggregate of paid up capital and free reserves i.e. reserves not set apart for any specific purpose as the Board may, from time to time deem necessary, provided that the sum or sums so borrowed and remaining outstanding (exclusive of interest) at any time shall not exceed in the aggregate Rs. 100 crores (Rupees One hundred Crore only).

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds and things and to take all such steps as may be necessary for the purpose of giving effect to this resolution.

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

**"RESOLVED THAT** in supersession of the Ordinary Resolution adopted at the shareholders meeting held on 8th May, 2006 under postal ballot procedures with respect mortgaging/ charging/leasing and/or selling of company properties on such terms and conditions pursuant to Section 293 (1)(a) of the Companies Act'1956/section 180(1)(a) of the Companies Act 2013 and such other applicable provisions and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force if any), the consent of the company be and is hereby accorded to the board of directors to mortgage/charge( by way of first/second manner or other subservient charge) and/or selling on such terms and conditions from time to time in such form/manner as may be agreed to between the Company and the lenders and/or Debenture Trustees, all the immovable and movable properties, present and future, pertaining to any one or more of the Company's Units and any other undertaking of the Company wheresoever situated, the whole or substantially the whole of anyone or more of the said undertakings of the Company, with the right to take over the management and concern of the undertaking(s) whose properties are agreed to be mortgaged and/or charged on certain events, to or in favour of any Financial Institutions, Banks and other lending Institutions, body corporate(s), firms or Funds, Trustees for Debentures, to secure their respective Rupee and Foreign Currency Loans or any other Financial Assistance lent/granted and advances or agreed to be lent, granted and advanced to the Company or the Debentures, Bonds or any other financial instruments issued and allotted or as may be issued by the Company and subscribed to or agreed to be subscribed to by such Institution(s)/Bank(s)/Fund(s), body corporate(s), Government/ other agencies or any other persons, of such amount or amounts not exceeding to Rs. 200 Crores in the aggregate on account of principal, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Trustees, costs, charges and other moneys payable by the Company to the respective Financial Institutions, Banks and other lending institutions and Debenture holders and/or Trustees under the Loan/ Subscription Agreement(s) entered into/to be entered into by the Company in respect of the said term loans, debentures or other financial instrument(s) and assistance.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds and things and to take all such steps as may be necessary for the purpose of giving effect to this resolution.

6. To consider and if thought fit to pass with or without modifications the following resolution as **Special Resolution**:

**"RESOLVED THAT** in supersession of the Ordinary Resolution adopted at the shareholders meeting held on 8th May, 2006 under postal ballot procedures with respect to providing guarantee/loans and/or security on such terms pursuant to section 372A of the Companies Act'1956/ Section 186 of the Companies Act, 2013 and such other applicable provisions and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force if any), the consent of the Company be and is hereby accorded in favour of Board of Directors to make loans or investments and to provide/give guarantee(s)/loan and/or security in connection to loan made by any other person/body corporate/subsidiary/step down

subsidiary/group/associated company as the Board of Directors may think fit for an amount not exceeding to Rs. 100.00 crores (Rupees one hundred crores only) notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under section 186 of the Companies Act, 2013.

**FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to Banking Committee of the Board of Directors of the Company.

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

**"RESOLVED THAT** pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the said Act and Clause 49 of the Listing Agreement, Mr. S P Setia (having DIN 00255049), a non-executive Independent Director of the Company, who was appointed as a Director, liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 consecutive years (i.e upto 27th Annual General Meeting)."

8. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (incorporation) Rules 2014 and other approvals as may be required from time to time, the draft regulations contained in the Articles of the Association submitted to this meeting be and are hereby approved and adopted in substitution /alteration and to the entire exclusion, of the regulations contained in the existing Articles of Association of the company.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things including taking 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**

Sd/-

**PRIYA LOHANI**

**Secretary**

Place: New Delhi

Date : August 11, 2014

**NOTES:**

- A. Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 4 to 8 as required under Section 102 (1) of the Companies Act, 2013, is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- C. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- D. The Register of Members and Share Transfer Books of the Company will be closed from Monday, the 8th day of September, 2014 to Thursday the 11th day of September, 2014 (both days inclusive) for the purpose of this Annual General Meeting.
- E. All documents referred in the accompanying notice are available for inspection at the Registered Office of the Company during working days between 10.00 A.M. to 1.00 P.M. till the date of Annual General Meeting and also at the meeting.
- F. Members are requested to intimate the change, if any, in their registered address immediately.
- G. Members/Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
- H. It will be appreciated that queries, if any, on accounts and operations of the Company are sent to the Registered 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, facility of nomination is available to the members in respect of the shares held by them.
- J. For any query 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 are proposed to be appointed/re-appointed at this meeting are provided in Corporate Governance Report, forming part of the 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, if any, at E-mail ID [secretarial@clcindia.com](mailto:secretarial@clcindia.com) which is being used exclusively for the purpose of redressing the complaint(s) of the investors.

#### N. VOTING THROUGH ELECTRONIC MEANS

In accordance with provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner.

#### The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "AMIT SPINNING INDUSTRIES LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant "AMIT SPINNING INDUSTRIES LIMITED" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (xviii) The voting period begins on Friday, September 5, 2014 (9:00 AM) and ends on Saturday, September 6, 2014 (6:00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, August 8, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The shareholders can opt for only one mode of voting, i.e. either physically by attending AGM or e-voting. If any shareholders opt for e-voting, he/she will not be eligible to vote physically in AGM.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****ITEM NO. 4 to 6**

The members of the Company at their meeting held on 8th July, 1996 and 8th May, 2006 authorized Board of Directors of the Company by way of Ordinary Resolution under Section 293 (1)(d), 293(1)(a) and by way of Special Resolution under Section 372A of the Companies Act, 1956 to borrow money, mortgage/lease and/or sell the Company properties and provide guarantee/security and/or investment in any other group/associated companies/body corporate upto limit as mentioned in the respective resolutions. The limits prescribed in the said resolutions are already approved by the members by way postal ballot and subsequent shareholders meeting held on 8th July, 1996 and 8th May, 2006 respectively.

Since the notification of various sections under Companies Act, 2013, the Board can exercise aforesaid powers only with the approval of members of the Company by way of Special Resolution.

The members are hereby informed that the Company has borrowed money from banks/financial institutions for the purpose of ordinary course of business. Accordingly to safe guard the interest of the lenders, the Company has pledged/mortgaged its properties against the borrowed money. The resolution passed by the members on 8th July, 1996 and 8th May, 2006 respectively has since become redundant, because of Companies Act'2013 coming into operation and Company is now required to obtain fresh approval through special resolution under Section 180(1)(c) and 180(1)(a) under Companies Act, 2013. Keeping in view of company's business requirements and growth plans, Board of Directors proposed to continue the same limits approved by the members under postal ballot procedures and subsequent shareholders meeting held on 8th July, 1996 and 8th May, 2006 respectively.

The members are hereby further informed that the Company makes/has made investments and given Loans to the subsidiary companies and provided/Guarantee/Corporate guarantee on behalf of its subsidiaries and other group/associated/body corporate (hereinafter called associated Companies) as and when required to the Banks for the financial assistance provided by them to such associated Companies. The loans and investments made and guarantees issued by a holding company to or on behalf of its wholly owned subsidiary/step subsidiary companies were earlier exempted under the provisions of previous Companies Act, 1956 and whereas, as per Companies Act, 2013 the same has not been exempted, accordingly members permission is sought to enable the Board of Directors with powers, for continue to make or making further investment/loans/guarantees and providing securities whenever required upto the limit mentioned in the resolution in relation to such associated Companies.

The resolutions as at item No. 4, 5 and 6 are being proposed in view of the provisions contained in Section 180(1)(c), 180(1)(a) and 186 of Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company, and/ or their relatives may be deemed to be concerned or interested in the proposed resolution.

Your Directors recommend the Special Resolutions set out at Item No 4 to 6 of the Notice for the approval by the shareholders.

#### ITEM NO. 7:

Mr. S P Setia, an Independent Director is due for retiring by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Mr. Setia being eligible and offering himself for appointment, is proposed to be appointed/re-appointed as an Independent Director under Section 149 and other all applicable provisions of the Companies Act, 2013 to hold office for a term of 5 consecutive years (i.e upto the conclusion of 27th Annual General Meeting). As Mr. Setia is not disqualified from being appointed as director in terms of Section 164 of the Act, he has given his consent to act as a director.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Setia, for the office of Independent Director of the Company. The Company has received the declarations from aforesaid director that he meets with the criteria of Independent Director, as prescribed both under sub section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Brief resume of Mr. Setia, detailing the nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships/chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges is provided in the Corporate governance Report forming part of the Annual Report.

Further, the copy of the draft letter for aforesaid appointment of aforesaid director as an independent director, setting out the terms and conditions, is available for inspection by members at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel or their relatives other than the aforesaid Independent Director and his relatives, are in any way concerned or interested in the proposed resolution.

Your Directors recommend the ordinary resolutions set out at Item No 7 of the Notice for approval by the shareholders.

#### ITEM NO. 8:

The Members of the Company at their 13th Annual General Meeting held on 11th February, 2006 approved the amendment of the Articles of Association ("AoA") of the Company as presently in force. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the now applicable, Companies Act 2013 (Act).

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections, barring those provisions, which require sanction/ confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). With the implementation of the Act several regulations of the existing AoA of the Company require alteration or deletions, in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA, contains among others, provisions of Table 'F' of the Act which sets out the model articles of association for a company, limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- a). Existing definitions are appropriately modified to align with the provisions of the Companies Act, 2013
- b). New provisions relating to appointment of Chief Executive Officer and Chief Finance Officer, in addition to Manager and Company Secretary, have been incorporated;
- c). Existing articles have been streamlined and aligned with the Companies Act, 2013;
- d). Provisions of existing Articles of Association which are already part of statute in the Act have not been reproduced in the new draft of AOA as they would only lead to duplication and their non-inclusion makes the new AOA crisp, concise and clear and aids ease of reading and understanding;
- e). Provisions relating to e-voting, quorum, demand for poll and increase of maximum directorships have been brought in line with Companies Act, 2013;
- f). Provisions relating to quorum for the General Meeting and servicing of notices/documents as per the provisions of Companies Act, 2013, have been included.

Certain provisions of existing Articles of Association have been simplified by providing reference to relevant sections to the Companies Act, 2013 and the rules framed thereunder, to avoid repetition in its entirety.

The proposed new draft of AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, or otherwise, in the Special Resolution set out at Item No. 8 of the Notice.

Your Directors recommend the ordinary resolutions set out at Item No 8 of the Notice for approval by the shareholders.

## DIRECTORS' REPORT

Your Directors have great pleasure in presenting the 22nd Annual Report together with Audited Accounts of the Company for the year ended March 31, 2014.

**Financial Results:**

(₹ in Lakhs)

	2013-2014	2012-2013
Net Sales (Turnover)	2,638.57	3,482.76
Other Income	8.95	8.81
Financial Charges	396.52	202.36
Depreciation	410.33	454.17
Misc. Expenses written off	0	0
<b>Profit/(Loss) before tax (PBT)</b>	<b>(962.02)</b>	<b>(305.20)</b>
Provision for Taxation	0	0
<b>Net Profit/(Loss)</b>	<b>(962.02)</b>	<b>(305.20)</b>

**FINANCIAL ANALYSIS AND PERFORMANCE REVIEW:**

In view of financial constraints including shortage in working capital and lack of financial support from Company's lenders, the turnover of the Company has decreased to Rs. 2,638.57 lakhs in fiscal 2013-14 as compared to Rs. 3,482.76 lakhs in the previous year. The Company could not utilize its entire capacities, to safeguard the interest of the employees, the manufacturing unit is running under job work basis accordingly Company's losses increased to Rs. 962.02 lakhs as compared to Rs. 305.20 lakhs in the previous year.

**MANAGEMENT DISCUSSION AND ANALYSIS**

The cotton and textiles industry has an overwhelming presence in the Indian economy. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation and export earnings of the country. India has improved its ranking as per the recent data released by 'UN Comtrade' in Global Textiles as well as Apparel Exports. In Global Textiles Exports, India now stands at second position beating its competitors like Italy, Germany and Bangladesh, with China still retaining its top position. However, the contribution of the textile industry in terms of percentage to industrial production and export earnings is constant at 12% during the last three years and current year.

However as per the data available with the Textile Commissioner, 104 cotton/man-made fibre textiles mills (Non SSI) closed across the country during last three years. Out of 104 mills, 34 textile cases are registered with BIFR as on 31.12.2012.

Unfortunately, M/s Amit Spinning Industries Limited is one among the 34 textile cases which is registered with BIFR due to shortage in working capital requirement. However, to meet current challenges which include fixed cost, overhead expenses, payment of lenders dues and to safeguard the employee's interest, unit is running on job work basis.

It is very difficult for the Company to overcome the losses promptly in this challenging scenario where labour cost and other costs are increasing at a rapid rate but still Company is in process of reviewing its objectives and tools to find a better way ahead to increase its turnover, reduce its costs and achieve a higher value addition so that it come out with the positive result in the near future.

**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.

During the year under review, Company has manufactured 5123.08 MT of yarn on job work basis against the 4983.01 MT of yarn in the previous year on job work basis.

**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**

Rebounding of economic growth in key export destinations, the Indian Textile Industry is reasonably expected to bounce back its margins from negative to stable. Indian Yarn manufacturers are further likely to be benefited in the Fiscal 2014-15 due to decreased yarn exports from China and simultaneous increase in demand for its exports in overseas market and as well as in domestic market, which will in turn improve the fortunes of textile sector.

Further, Government has approved a debt restructuring package to help loss making textile mills which is to be administered on case by case basis by the banks in accordance with the prudential norms of the Reserve Bank of India. Also, BIFR's reliefs / concessions etc. to be given to units / companies on the revival packages will prove beneficial for Sick Companies like Amit Spinning Industries Limited.

Devaluation of Indian Rupee has continued to offer an opportunity of short term benefit to Textile Industry to optimize its day to day sales volumes and margins, by increased exports. Continued subsidy benefits under the revised TUF scheme, focus market scheme and reinstating of export incentives, are further likely to help Amit Spinning to improve its margins.

As per the latest official figure, while total industrial production contracted to 0.21% in Apr-Nov'2013, Textile sector output rose to 3.7%. To encourage exports including export of processed clothes, incentives are available under the Foreign Trade Policy namely Interest subvention scheme, Market Access Initiative (MAI), Market Development Assistance(MDA)Schemes and Focus Market & Focus Product Schemes. The Ministry of Textiles has adopted four pronged strategy for Textiles exports namely to organize and support larger textiles trade shows, skill development initiatives, compliance programmes and duty drawback schemes. A provision of Rs.500 crore has been made in the 12th plan for introducing a scheme for Integrated Processing Development.

The factors like formation of Stable Government, increase in demand of cotton yarn in domestic market and talk of economic reforms of new Government, have already improved market sentiments and the same is showing some recovery signs and further with the support of company bankers, your directors believe that sales volumes are reasonably expected to be increased and consequently margins are also expected to be strengthened in due course.

**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 an integral part of a family, sharing their ideas through Town



Hall meeting, using intranet across the units and are instrumental in making your Company, 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 continues to be healthy.

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.

#### **Dividend**

Your directors have not recommended any dividend for the year ended 31-03-2014 under review.

#### **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.

#### **Directors**

Mr. Ranjan Mangtani retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Pursuant to applicable provisions and Section 149, 150 and 152 of Companies Act, 2013 Mr. S P Setia, Independent Director and Chairman of the Company has been appointed as Independent Director for a period of five years effecting from the ensuing Annual General Meeting. The brief resume of the Director to be reappointed, detailing 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 entered into 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 for a period of four financial years.

#### **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, except for the responses in respect of some observations as mentioned here in below.

#### **Directors' view on Auditors observations**

Directors' response to the various observations of the auditors made in their report, has been explained wherever necessary through appropriate notes to accounts, however pertinent notes are reproduced hereunder in compliance with the relevant legal requirements and wherever required further explanation is furnished:

#### **Note No. 29 of the Financial Statement qualified by Auditors**

"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 earlier filed an application with the office of DGFT for the claim and made significant efforts for receiving the claim. The Company has filed claim against Jak Traders Private Ltd. for recovery of the claims."

#### **Note No. 33 of the Financial Statement qualified by Auditors**

"Deferred tax asset amounting to Rs.8,78,24,766 has been recognized up till 30th June, 2008. Afterwards, in view of brought forward losses, the Company has decided to not recognise any further deferred tax asset on prudence consideration."

#### **Note No. 30 of the Financial Statement without qualifying Auditors, have drawn attention as under:**

"As on March 31, 2014, 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 15 of Sick Industrial Companies (Special Provisions) Act, 1985 for determination of sickness and measures to be adopted for rehabilitation. The BIFR, vide its order, declared the Company as Sick under Section 3(1)(o) of SICA, 1985 and appointed UCO Bank as Operating Agency (OA) under section 17(3) to prepare Rehabilitation Scheme for the Company. Further, due to shortage of capital, the Company has worked on job-work basis only during the current year. However, on the strength of an undertaking from Board of Directors to turn around the financial position of the Company, these financial statements are prepared on a going concern basis."

#### **Cost Auditor**

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, 2014 for the product "Textile". Company has approached Cost Audit Department for seeking exemption for not conducting the Cost Audit due to declaration of company as sick under SICA 1985.

#### **Fixed Deposits**

The Company has not accepted any deposit under Companies (Acceptance of Deposit) Rules and other applicable provisions of the Companies Act, 1956/Companies Act, 2013 during the year and there are no outstanding and/or overdue deposits as at 31st March, 2014.

#### **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, 2015.

#### **Directors' Responsibility Statement**

Your Directors hereby state and confirm that:

- i) in preparing the Annual Accounts for the year ended 31st March 2014 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 2014,
- iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Companies Act 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.

#### **Particulars of Employees**

Since none of the employee of the Company was getting remuneration, as prescribed in terms of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, no particulars were required to be given herein.

#### **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 is presently going through financial difficulties and has been facing many challenges due to shortage of working capital and lacking of other financial support from its lenders. It has already been declared as a Sick Company under Sick Industrial Companies (Special Provisions) Act, 1985 by BIFR vide its order dated 18th July 2012, and UCO Bank has been appointed as an Operating Agency to work out DRS for the Company in consultation with the Company and other lenders. It is however expected, no sooner Company gets BIFR approval for its DRS, it would be in better position to augment its production and sales, by utilizing its capacities optimally. In the meanwhile to meet its day to day expenses, fixed expenses and expenses relating to Employees/workers, it is undertaking job work from other yarn manufacturers.

**Acknowledgments**

The Directors take this opportunity to express their grateful appreciation for the whole hearted and sincere co-operation the Company has 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 their 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,**

Sd/-

**S P SETIA  
CHAIRMAN**

Place New Delhi

Date : August 11, 2014

**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, 2014.

**A. CONSERVATION OF ENERGY:**

During the year under review continuous efforts were being made to ensure optimum utilization of fuel and electricity and reduction of energy costs.

a. Energy conservation measures taken

Continuous installation and development of fuel efficient equipment and accessories, resulting in lower consumption of power.

b. Relevant data in respect of energy consumption is as below:

(Unit / ` in Lakhs)

<b>Electricity</b>	<b>Current year</b>	<b>Previous year</b>
<b>Purchased</b>		
Total Units consumed	180.09	201.79
Total Amount	1296.59	1459.74
Rate per Unit (Rs.)	7.20	7.23
<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)	0.00	0.00
Rate per Ltr.	0.00	0.00
Cost/Unit (Rs.)		
Electricity Consumption (Units) per Kg. of Production of Yarn	3.52	3.91

**B. TECHNOLOGY ABSORPTION:**

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

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

1. 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.
2. Benefits derived as result of the above R & D : Meeting customer requirements and effective resource utilization
3. Future plan of Action: Identifying measures to further improve productivity and there by contribution per unit of production.
4. Expenditure on R&D : Nil

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

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

1. Efforts: Significant exports to various countries round the globe on very competitive prices could bring in anivassaged, provided the Company got adequate working capital and financial support alongwith sanction of restructuring scheme from BIFR, in due course.
2. Earnings and Outgo : Particulars with regard to foreign exchange earnings and outgo appear in Note No. 37.

**On behalf of the BOARD OF DIRECTORS,**

Sd/-

**S P SETIA  
CHAIRMAN**

Place New Delhi

Date : August 11, 2014