

AMIT SPINNING INDUSTRIES LIMITED



25th Annual Report
//// 2016 - 2017

CLC

BOARD OF DIRECTORS

S P Setia (Non-Executive / Independent Chairman)
 I. D. Desai (Manager)
 Shivani Gupta (Non-Executive / Independent Woman Director)
 K Sankaramani (Non-Executive Director)
 Vijay Bhan Singh (Non-Executive Director)

AUDITORS

Sunil Jain & Co.
 Chartered Accountants
 New Delhi

AUDIT COMMITTEE

S P Setia (Chairman)
 K. Sankaramani
 Shivani Gupta

NOMINATION AND REMUNERATION COMMITTEE

S P Setia (Chairman)
 K. Sankaramani
 Shivani Gupta

STAKEHOLDERS RELATIONSHIP COMMITTEE

S P Setia (Chairman)
 K. Sankaramani
 Shivani Gupta

REGISTERED & CORPORATE OFFICE

A-60, Okhla Industrial Area,
 Phase - II, New Delhi - 110020
 Tel : 011-2638 7738
 Fax : 011-26385181

REGISTRAR & TRANSFER AGENTS

M/s. RCMC Share Registry Pvt. Ltd.
 B-25/1, Okhla Industrial Area, Phase-II,
 Near Rana Motor, New Delhi - 110020
 Tel.: 011-26387320 Fax : 011-26387322

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 / ARC

AXIS Bank Limited
 JM Financial Asset Reconstruction
 Company Pvt. Ltd.

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25th AGM

- Date : September 25, 2017 Time 11:30 A.M.
 Venue : Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi - 110 019
- Book Closure : From Thursday September 21, 2017 to Monday, September 25, 2017 (both days inclusive).

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

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of **Amit Spinning Industries Limited** will be held on **Monday the 25th day of September, 2017 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 consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 including Balance Sheet of the Company as at 31st March, 2017, Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To ratify appointment of the Statutory Auditors of the Company for the financial year 2017-18 and to fix their remuneration.

SPECIAL BUSINESS:

3. 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 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) , Mr. Vijay Bhan Singh (DIN 07764296), who was appointed as an Additional Director by the Board of Directors of the Company pursuant to section 161(1) of the Companies Act, 2013 and Article 85 of the Article of Association of the company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member alongwith the requisite fee proposing his candidature for the office of director, be and is hereby appointed as Non Executive Director of the Company and who shall be liable to retire by rotation".

For & on behalf of the Board

Sd/-

Director

(Signed under the authority of Parveen Bansal, who has been appointed as Interim Resolution Professional by order of Principal Bench, National Company Law Tribunal dated August 1, 2017 under the provisions of Insolvency and Bankruptcy Code, 2016)

Place : New Delhi

Date : 17th August, 2017

NOTES:

- A. Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 3 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 Thursday, the 21st day of September, 2017 to Monday, the 25th day of September, 2017 (both days inclusive) for the purpose of this Annual General Meeting.
- E. All documents referred in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days of the Company between 10.00 A.M. to 1.00 P.M. upto 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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a brief resume of directors who are proposed to be appointed at this meeting is 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 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 intends to provide 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. However, the company has not paid the Annual Custodian Fee to the CDSL due to financial difficulties, the CDSL/NSDL have blocked the benpos and not provided the shareholders list, and the company is not in a position to conduct the e-voting process for the said meeting. Company has requested and assured the CDSL that the dues will be cleared, inspite of our request, CDSL has not provided the benpos.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 3:

Mr. Vijay Bhan Singh was appointed as an Additional Director on the position of Non-Executive Director of the Company on 27th March, 2017 by the Board of Directors of the Company and holds office upto the date of this Annual General Meeting. Mr. Singh (52 years) is Commerce Graduate and having rich experience in Accounts, finance and related matters.

The Company has received a notice in terms of Section 160 of the Companies Act, 2013 alongwith the amount of requisite deposit from a member signifying his intention to propose the appointment of Mr. Vijay Bhan Singh as a Director of the Company.

As required under Section 152 of the Companies Act, 2013, the Company has received a declaration from Mr. Vijay Bhan Singh that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Brief resume of Mr. Vijay Bhan Singh, nature of his expertise in specific functional areas are provided in the Corporate governance Report forming part of the Annual Report.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, except Mr. Vijay Bhan Singh is concerned or interested in the resolution set out in Item No. 3.

Board/ Interim Resolution Professional recommends the resolution in relation to appointment of Mr. Vijay Bhan Singh as a Director, for the approval by the shareholders of the Company.

For & on behalf of the Board

Sd/-

Director

(Signed under the authority of Parveen Bansal, who has been appointed as Interim Resolution Professional by order of Principal Bench, National Company Law Tribunal dated August 1, 2017 under the provisions of Insolvency and Bankruptcy Code, 2016)

Place : New Delhi

Date : 17th August, 2017

BOARD'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 25th Annual Report together with Audited Statements of Accounts of the Company for the year ended March 31, 2017.

FINANCIAL RESULTS:

The summarized financial results for the year ended March 31, 2017 as compared to the previous year are as follows:

(₹ in Lakhs)

Particulars	2016-2017	2015-2016
Revenue from Operation	15.85	38.98
Other Income	0.76	1.63
Profit before depreciation, interest finance charges and tax (PBDIT)	(1023.75)	(847.18)
Less: Interest and Finance Charges	1.86	309.38
Less: Depreciation	296.82	346.61
Profit/(Loss) before Tax (PBT)	(1322.43)	(1503.17)
Less : Tax Expense/Deferred Tax	0	0
Profit/(Loss) after Tax (PAT)	(1322.43)	(1503.17)

FINANCIAL ANALYSIS AND PERFORMANCE REVIEW

During the financial year 2016-17 under review, due to financial constraints and shortage of working capital the Company operations have remained suspended since 11th August, 2015 resulting in revenue from operations decreased in the current financial year ended 31st March, 2017 to Rs. 15.85 Lakhs as compared to Rs. 38.98 Lakhs during previous year ended 31st March, 2016.

Further, the manufacturing unit situated at Kolhapur, Maharashtra stand closed with effect from 1st July, 2017 in accordance with applicable legal provisions.

The Company was declared as a Sick Company under Section 3(1)(o) of SICA 1985., SICA has been repealed w.e.f. 1st December, 2016, and such companies were allowed to approach (NCLT) within 180 days. Accordingly, the Company has filed its petition before NCLT for resolution of default of payments to banks and other creditors and approval of Resolution Plan and NCLT has pronounced the commencement of a corporate insolvency resolution process, effective August 1, 2017 and Mr. Parveen Bansal, has been appointed as Interim Resolution Professional in accordance with applicable regulations under Insolvency and Bankruptcy Code, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Indian textiles industry is one of the oldest industries in India having evolved impressively from a domestic small scale industry to becoming a major employment and GDP contributor with a massive manufacturing base. It is also one of the largest and most important sectors of the Indian economy in terms of output, foreign exchange earnings thus contributing greatly to the exchequer. The Textile sector occupies a unique position as a self-reliant industry, with substantial value-addition at each stage of processing. It has vast potential for creation of employment opportunities in the agricultural, industrial, organized & decentralized sectors and 5.8 million cotton farmers, 40 to 50 million people engaged in textile related activities in rural and urban areas, particularly for un-educated, women & unskilled labour. Thus, the growth and all round development of this sector has a direct bearing on the development of the economy.

Amit Spinning has capacity to produce Cotton Yarn with 30672 spindles. During the period under review, the operations of Amit Spinning were badly affected due to shortage of Working Capital. Due to the financial constraints the Company operations have been suspended since 11th August, 2015 resulting in revenue from operations decreased in the current financial year ended 31st March, 2017 to Rs. 15.85 Lakhs as compared to Rs. 38.98 Lakhs during previous year ended 31st March, 2016.

As members of Amit Spinning are aware that the Company was declared as a Sick Company under Section 3(1)(o) of SICA 1985, from 1st December, 2016, SICA has been repealed and such companies were allowed to approach National Company Law Tribunal (NCLT) within 180 days. Accordingly, the Company has filed its petition before NCLT for resolution of its debts and approval of resolution plan

In addition to the above, the manufacturing unit situated at Kolhapur, Maharashtra stand closed with effect from 1st July, 2017 in accordance with applicable legal provisions due to shortage of working capital and closing of unit is a major jolt to the Company.

However, with due strategic focus on Company by the management towards arrangement of funds through various options, Amit Spinning is confident to re-start its manufacturing unit in near future.

MANAGEMENT PERCEPTION ON OPPORTUNITIES, RISKS, CONCERN & OUTLOOK

The Indian government has come up with the Revised Restructured Technology Up gradation Fund Scheme (RRTUFS), 10% capital subsidy to the specified technical textile machinery, allowing 100% FDI in the Indian textiles sector under the automatic route may increase the profits in the coming years, the future of the Indian textile industry looks promising,

buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players. Further, the Textile Ministry has also introduced a new textile policy to promote value additions which sets a target of doubling textile exports in next 10 years.

The major factors hindering progress of the textiles industry are increase in the power costs, higher transaction costs, high cost of labour and general increase in input costs, thus the industry has to concentrate on cost reduction exercises and improvement in efficiency. Another key challenge presently is the Fiber/Raw Material cost, which is increasing abruptly and increase is not fully absorbed in the yarn prices and accordingly yarn spinners are hit the most in the entire textile chain.

Due to fluctuating prices and uncertainties in the foreign exchange market, increase in power cost, introduction of GST and lack of adequate working capital, the EBITA levels may remain stagnant during the year.

Further, to overcome the losses promptly in this challenging scenario, the Management is keeping a close watch on various threats/risks facing the company and taking all appropriate steps to restart of manufacturing unit.

With much awaited / impending approval of rehabilitation scheme of the Company by NCLT and with the continued support and co-operation of company's bankers, management believes that your Company would again resume production, optimally utilize capacities, and generate increasing sales volumes, margins in due course and the management is confident of a turnaround of the company in 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 not manufactured yarn due to suspension of operations of manufacturing unit.

SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As there are no subsidiaries/ associates / joint ventures of the Company, the provisions contained in Companies Act, 2013/SEBI (LODR) Regulations relating to subsidiaries are not applicable.

DIVIDEND

During the year under review, the Company has no distributable profits hence directors regret their inability to recommend any dividend for financial period 2016-17.

TRANSFER OF RESERVES

During the year, the Company has not transferred any amount to reserves.

SHARE CAPITAL

The Company's Authorized Share Capital as on 31st March, 2017 stands at Rs. 25,00,00,000/- and issued & paid up capital as on 31st March, 2017 stands at Rs. 20,58,48,335/- divided into 4,11,69,667 fully paid up equity shares of Rs.5/- each. During the year, under review, the Company has not issued any share(s). Further the Company has not issued any share with differential Voting Rights/Sweat Equity shares/under Stock Option Scheme (ESOS) earlier and during the year.

The Company has no scheme of provision of money for purchase of its own shares by employees or by trustees for the benefit of employees. Hence the details under rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 are not required to be disclosed.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Change in Directors and Key Managerial Personnel

Mr. Vijay Bhan Singh has been appointed as an Additional Non-Executive Director on the Board of the Company with effect from 27th March, 2017.

Mr. Ranjan Mangtani, Non-Executive Director has tendered his resignation w.e.f. closing hours of 10th November, 2016. During the year, the term of I.B. Maner as Managing Director has expired on closing hours of 31st August, 2016 and has resigned from directorship w.e.f. 10th November, 2016 keeping in view of financial difficulties of the Company, members of the Company have appointed Mr. I D Desai as Manager for a period of 3 years w.e.f. 1st September, 2016.

Further, during the year, under review, Ms. Priya Lohani, Company Secretary has resigned w.e.f. 22nd June, 2016 and Company has appointed Mr. Deepanshu Arora as Compliance Officer to the Company w.e.f. 9th August, 2016, he has also tendered his resignation and subsequently, Mr. Bharat Kapoor has been appointed as Compliance Officer of the Company w.e.f. 31st December, 2016 in place of Mr. Deepanshu Arora.

Mr. K. Sankaramani, Non Executive Director and Mr. Malpeddi Nagnath S, CFO have resigned w.e.f. 1st August, 2017.

Brief resume of the Director(s) proposed to be appointed/re-appointed, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership/chairmanships of the Board or its Committees, as stipulated under SEBI (LODR) Regulations entered into by the Company with stock exchanges in India, is provided in the Report of Corporate Governance forming part of the Annual Report.

(b) Number of Meetings of the Board

Five meetings of the Board were held during the year. The detailed information regarding meetings of the Board held

during the year is mentioned in the Corporate Governance Report which forms part to this report.

(c) Declaration by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations.

(d) Annual Evaluation by the Board

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

(e) Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is enumerated in the Corporate Governance Report. During the year, neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3) (c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them 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 March 31, 2017 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

None of the transactions with related parties falls under the scope of section 188(1) of the Act. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related parties transactions entered into by the Company with Holding Company/ Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Prior omnibus approval of the Audit Committee was obtained for Related Party Transactions for the year ended 31st March, 2017 and for transactions proposed to be entered into with related parties for the financial year 2017-18 were placed before the said committee and consent of the said committee was obtained.

The policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website www.spentex.net. None of the Directors has any pecuniary relationships or transactions vis-a-vis the Company. Since all related party transactions entered into by the Company were in ordinary course of business and were on an arm's length basis, form AOC - 2 is not applicable to the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

The operations of manufacturing unit situated at Kolhapur, Maharashtra remains closed with effect from 1st July, 2017 after completion of applicable legal formalities.

As the Company was declared as a Sick Company under Section 3(1)(o) of SICA 1985 and SICA has been repealed w.e.f 1st December, 2016, accordingly, the Company had filed its petition before NCLT under Insolvency and Bankruptcy Code, 2016 and NCLT has pronounced the order admitting the petition of the Company, and appointing Mr. Parveen Bansal, as an Interim Resolution Professional in accordance with applicable regulations under Insolvency and Bankruptcy Code, 2016. With this, corporate insolvency resolution process, against the Company Commences w.e.f 1st August, 2017.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS.

NCLT has, vide its order dated 1st August, 2017, admitted Company's petition under Insolvency and Bankruptcy Code, 2016 and has appointed Interim Resolution Professional and with that Corporate Insolvency Resolution Process in respect of the Company under IBC, 2016, commences.

AUDITORS AND AUDITORS REPORT**(a) Statutory Auditors**

At the 22nd Annual General Meeting held on 11.09.2014, M/s Sunil Jain & Co., Chartered Accountants, (Firm Registration No. 003855N) was appointed as Statutory Auditor of the Company to hold office till the conclusion of the 26th Annual General Meeting to be held in the Calendar Year 2018. In terms of the proviso to Section 139 of the Companies Act, 2013, the appointment of the Auditors shall be placed for ratification at every Annual General Meeting. Therefore, the appointment of M/s. Sunil Jain & Co., Chartered Accountants, as statutory auditors of the Company is placed for ratification by the shareholders. The Company has received a confirmation from M/s. Sunil Jain & Co., Chartered Accountants to the effect that their appointment, if made, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made there under and that they are not disqualified for re-appointment.

Further, the Statutory Auditors have submitted Auditors' Report on the accounts of the Company for the period ended 31st March 2017.

Directors' view on Auditor's Observations

Directors' response to the various observations of the auditors made in their report, have 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. 30 of the Financial Statement qualified by Auditors

The Company has not charged interest amounting to Rs.6,98,32,251. Further the company has not charged penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks to the statement of profit and loss account from the date of declaration of account as Non Performing Assets.

The management is of the opinion that since the lenders have categorized their outstanding debts from the Company and stopped charging interest on their debt, the management has decided not to provide interest on such loans for the current year and also reversed interest provided earlier years from the date of NPA.

Note No. 28 of the Financial Statement without qualifying, Auditors have drawn attention:

The outstanding balances of parties under the head trade payables and loans & advances and Banks and other deposits are subject to confirmation, reconciliation and consequential adjustments arising there from if any. The management, however, does not expect any material variations.

Note No. 29 of the Financial Statement without qualifying, Auditors have drawn attention:

As on March 31, 2017, the accumulated losses of the Company have far exceeded its net worth. In the opinion of the management, the Company's operations were in the earlier years affected by global business downturn which has resulted in reduction in demand, increase in input costs and shortage of working capital. Due to these factors, the Company had 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, dated 18.07.2012 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. The Company's accounts have become Non Performing Assets (NPA) with all the dealing banks and the company is also in receipt of NPA cum recall notice. Pending approval of DRS by OA/ BIFR, SICA has been repealed w.e.f 1/12/2016, and 6 months window has been provided to the Company to approach to National Company Law Tribunal (NCLT), as per section 4(b) of the SICA repeal act read with Sec. 252 of the Insolvency and Bankruptcy Code, 2016 to initiate Corporate Resolution Process under the code. Company is in the process of moving NCLT for resolution of its liabilities. In the meanwhile, Axis Bank has initiated recovery proceedings before DRT against the Company, however the same is being contested by the company. The company has submitted restructuring proposal proposing various alternative to the banks which is currently under discussion. With strong management focus on strategic initiatives on cost rationalization, optimum product mix and efficient plant operations, the management believes that accumulated losses would reasonably be paired in due course. Thus, on the strength of management's plan of revival including reorganization of business, these financial statements are prepared on a going concern basis.

As per management, the company has filed its petition before NCLT for resolution of its debts and approval of rehabilitation scheme and NCLT has pronounced the commencement of a corporate insolvency resolution process, against the Company w.e.f 1st August, 2017 in accordance with applicable regulations under Insolvency and Bankruptcy Code, 2016.

Note No. 31 of the Financial Statement without qualifying, Auditors have drawn attention:

The company has advanced an amount of Rs.27,77,23,608/- as Inter Corporate Deposit and Capital Advances without any repayment schedule and interest free. The management is however hopeful of recovering the same in full. Auditors have relied upon the assertions given by the management as to the recoverability of the said amounts.

(b) Cost Auditor:

The Company having been declared as a sick company under repealed SICA and having not produced any yarn in the year 2016-17, the Companies (Cost Records and Audit Rules), 2014 is not applicable to the Company.

(c) Secretarial Auditor & Audit Report:

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Company has appointed M/s. Loveneet Handa & Associate, Practicing Company Secretary (having CP No. 10753 & Membership No. F-9055) as Secretarial Auditor

to carry out the secretarial audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 in Form MR-3 is annexed herewith as Annexure I to this Report in compliance with the provisions of Section 204 of the Companies Act, 2013.

The qualifications/observations/remarks made by the Secretarial Auditors and management's view thereon are given in their Report attached hereto.

(d) Internal Auditors

During the year, Dr. Sunil Kumar Gupta is Internal Auditor of the Company pursuant to section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014. However he has tendered his resignation w.e.f. 25th July, 2017.

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.

EXTRACT OF THE ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure-2 to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As there is no operation/production during the year under review, the information as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014 is not applicable.

PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) & 5(3) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, shall be made available to any shareholder on a specific request made by him in writing on or before 25th September, 2017.

DEPOSITS

The Company has not accepted or renewed any deposit during the year and there are no outstanding and/or overdue deposits as at 31st March, 2017.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, Guarantees and Investments covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RISK MANAGEMENT

A Risk Management Committee has been constituted to oversee the risk management process in the Company as required under the Companies Act, 2013 and SEBI (LODR) Regulations. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Risk Management Policy has also been hosted on the website of the company

VIGIL MECHANISM

The Company has framed and implemented a vigil mechanism named as Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy are provided in the Corporate Governance Report and also hosted on the website of the Company.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

A fundamental concept embodied in the company's code of conduct is to provide working environment that motivate employees to be productive and innovative and provide opportunities for employee training and development to maximize personal potential and develop careers within the Company. The Company values the involvement of its employees and keep them informed on matters affecting them as employees and factors relevant to the company's performance and other employee related issues on a non discriminatory basis.

The Board of Directors place on record the active, dedicated and valuable contribution made by employees of the Company at all levels with regard to the affairs of the Company. The Industrial relations remained cordial within the Company.

FRAUD REPORTING

During the year no fraud has been reported to the Audit Committee / Board.

INFORMATION TECHNOLOGY

Information Technology continues to be an integral part of your company's business strategy. The Company is working on SAP platform integrating its business processes, financial parameters, customer transactions and people, effectively on real time basis.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the company.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated under SEBI (LODR) Regulations 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.

LISTING OF SHARES

Presently Company's shares are listed and traded at the BSE Limited, Mumbai (BSE) and National Stock Exchange of India, Mumbai (NSE). Due to closure of the manufacturing unit situated at Kolhapur and non approval of Rehabilitation Scheme by concerned authority the company has not paid the Annual Listing Fee for the last three financial year to BSE & NSE and company would be in a position to pay the same only after infusion of funds pursuant and subsequent to approval of Rehabilitation Scheme.

CONCLUSION

Your company is presently going through challenging and difficult period due to market and financial constraints. NCLT has pronounced to initiate the commencement of a corporate insolvency resolution process w.e.f 1st August, 2017 pursuant to an application filed by the Company for resolution of its debts and approval of rehabilitation scheme and Mr. Parveen Bansal, has been appointed as Interim Resolution Professional, who shall be exercising management powers of the Company, in accordance with applicable regulations under Insolvency and Bankruptcy Code, 2016. It is however expected, that on approval of rehabilitation scheme by NCLT, It would be in a better position to augment its production and sales by utilizing its capacities optimally.

Acknowledgements

Your Directors place on record their sincere thanks to bankers, financial institutions business associates, consultants, customers, suppliers, contractors and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on the Company.

For & on behalf of the Board

Sd/-

DIRECTOR

(Signed under the authority of Parveen Bansal, who has been appointed as Interim Resolution Professional by order of Principal Bench, National Company Law Tribunal dated August 1, 2017 under the provisions of Insolvency and Bankruptcy Code, 2016)

Place : New Delhi

Date : 17th August, 2017

Annexure - 1 to the Director's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

Amit Spinning Industries Limited

(CIN NO: L17100DL1991PLC171468)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Amit Spinning Industries Limited (hereinafter called the Company)**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: