

# **AMIT SPINNING INDUSTRIES LIMITED**



**26<sup>th</sup> Annual Report**  
**//// 2017 - 2018**

**BOARD OF DIRECTORS**

S P Setia	(Non-Executive / Independent Chairman)
Jitendra Chopra	(Managing Director)
Deepak Choudhari	(Joint Managing Director)
Sharmila Devi Chopra	(Non-Executive Director)
Shivani Gupta	(Non-Executive / Independent Woman Director)
Vijay Bhan Singh	(Non-Executive Director)

**AUDITORS**

Sunil Jain & Co.  
Chartered Accountants  
New Delhi

**CHIEF FINANCIAL OFFICER**

Shreyans Rajendra Choudhari

**COMPANY SECRETARY**

Aniruddha Badkatte

**BANKERS / ARC**

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

**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

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**26th AGM**

- Date : September 27, 2018 Time 11:30 A.M.
  - Venue : Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi - 110 019
  - Book Closure : Saturday, the 22nd September, 2018 to Thursday, the 27th September, 2018 (both days inclusive)
- Company's shares are listed on BSE Ltd. and National Stock Exchange of India Ltd.

## BOARD'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 26th Annual Report together with Audited Statements of Accounts of the Company for the year ended March 31, 2018.

**FINANCIAL RESULTS:**

The summarized financial results for the year ended March 31, 2018 as compared to the previous year are as follows:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Revenue from Operation	-	15.85
Other Income	0.19	0.76
Profit before depreciation, interest finance charges and tax (PBDIT)	(3,306.26)	(1,007.67)
Less: Interest and Finance Charges	86.17	1.86
Less: Depreciation	269.68	296.82
<b>Profit/(Loss) before Tax (PBT)</b>	<b>(3,662.11)</b>	<b>(1,306.34)</b>
Less : Tax Expense/Deferred Tax	0	0
<b>Profit/(Loss) after Tax (PAT)</b>	<b>(3,662.11)</b>	<b>(1,306.34)</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>(16.08)</b>
<b>Total Comprehensive Income</b>	<b>(3,662.11)</b>	<b>(1,322.42)</b>

**FINANCIAL ANALYSIS AND PERFORMANCE REVIEW**

Due to the financial constraints the company's operations remain suspended during the year under review resulting in decrease in revenue from operations in the current financial year ended 31st March, 2018 of Nil as compared to Rs. 15.85 Lakhs during the previous year ended 31st March, 2017. In addition to the above, the manufacturing unit situated at Kolhapur, Maharashtra stands 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, SICA has been repealed w.e.f 1st December, 2016, and such companies were allowed to approach (NCLT) within 180 days. Accordingly, the Company had 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 and Mr. Praveen Bansal was appointed as Interim Resolution Professional to exercise management powers of the Company, in accordance with applicable regulations under Insolvency and Bankruptcy Code, 2016.

Subsequently, NCLT has, vide its order dated 31st July, 2018 approved the resolution plan as submitted by Resolution Applicants for the Company pursuant to the Corporate Insolvency Resolution Process initiated as per the provisions of the Insolvency and Bankruptcy Code, 2016.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Indian textiles industry is one of the leading 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 was producing only Cotton Yarn with a capacity of 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 had been suspended since 11th August, 2015. 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.

**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 Resolution Plan 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.

#### **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 2017-18.

#### **TRANSFER TO 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, 2018 stands at Rs. 25,00,00,000/- and issued & paid up capital as on 31st March, 2018 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. Jitendra kumar Goutamchand Chopra has been appointed as an Additional Director and designated as Executive Managing Director on the Board of the Company with effect from 10th August, 2018.

Mr. Deepak Chaganlal Choudhari has been appointed as an Additional Director and designated as Executive Joint Managing Director on the Board of the Company with effect from 10th August, 2018.

Mrs. Sharmila Devi J Chopra has been appointed as a Woman Non-Executive Director on the Board of the Company with effect from 10th August, 2018.

Mr. Aniruddha Badkatte has been appointed as a Company Secretary of the Company with effect from 10th August, 2018.

Mr. Shreyans Rajendra Choudhari has been appointed as a Chief Financial Officer of the Company with effect from 10th August, 2018.

Ms. Shifali has been appointed as compliance officer of the Company w.e.f 13th April, 2018 in place of Mr. Bharat Kapoor, who has resigned w.e.f 10th April, 2018.

Brief resume of the Directors 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 notice of 26th Annual General Meeting.

##### **(b) Number of Meetings of the Board**

Four 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, 2018, 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, 2018 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, 2018 and for transactions proposed to be entered into with related parties for the financial year 2018-19 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 website [www.spentex.net](http://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**

During the year under review, the company's operations remain suspended due to the financial constraints and in addition to the above, the manufacturing unit situated at Kolhapur, Maharashtra stands closed with effect from 1st July, 2017 after completion of applicable legal formalities.

NCLT has, vide its order dated 31st July, 2018 approved the resolution plan as submitted by Resolution Applicants for the Company pursuant to the Corporate Insolvency Resolution Process in respect of the Company under Insolvency and Bankruptcy Code, 2016.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS.**

NCLT has, vide its order dated 31st July, 2018 approved the resolution plan as submitted by Resolution Applicants for the Company pursuant to the Corporate Insolvency Resolution Process in respect of the Company under Insolvency and Bankruptcy Code, 2016.

**AUDITORS AND AUDITORS REPORT**

**(a) Statutory Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the rules framed thereunder, M/s Sunil Jain & Co., Chartered Accountants, (Firm Registration No. 002855N) was appointed as Statutory Auditor of the Company at the 22nd Annual General Meeting held on 11.09.2014, to hold office till the conclusion of the 26th Annual General Meeting to be held in the Calendar Year 2018, subject to ratification of their appointment at every annual general meeting. The terms of M/s Sunil Jain & Co., Chartered Accountants, will expire at the ensuing Annual General Meeting.

The Audit Committee and Board of Directors, at their meeting held on 10th August, 2018, have recommended the appointment of M/s Sanjay Vhanbatte & Company, Chartered Accountants, (Firm Registration No. 112996W) as statutory auditors of the Company in place of retiring Auditor, to hold office from the conclusion of 26th Annual General Meeting till

the conclusion of 31st Annual General Meeting. The Company has received a confirmation from M/s Sanjay Vhanbatte & Company, 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 the appointment. Their appointment is being placed for consideration of members in ensuing Annual General Meeting.

#### **Auditor's Report**

Statutory Auditors i.e, M/s Sunil Jain & Co., have submitted Auditors' Report on the accounts of the Company for the period ended 31st March 2018. The Auditor's Report read with Notes to Accounts is self-explanatory and does not call for any further explanation under Section 134 of the Companies Act, 2013. Directors' response to the various observations of the auditors made in their report, have been explained wherever necessary through appropriate notes to accounts

#### **(b) Cost Auditor:**

The Company having been declared as a sick company under repealed SICA and having not produced any yarn in the year 2017-18, 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. 9055) as Secretarial Auditor to carry out the secretarial audit for the financial year 2017-18.

The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith marked as Annexure 1 to this Report.

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

#### **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 annual return in Form MGT-9 as required under Section 92(3) of the Companies Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website [www.spentex.net](http://www.spentex.net)

#### **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 27th September, 2018

#### **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, 2018.

#### **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, the Company has an Internal Complaint Committee as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and, there were no complaint received during the year.

#### **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 Statutory Auditors has not found any instance of fraud committed against the Company by its employees or officers and accordingly, reporting to the Audit Committee or Central Government is not required.

#### **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 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.

#### **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 the company could not pay the Annual Listing Fee to BSE & NSE.

#### **CONCLUSION**

Your company was going through challenging and difficult period due to market and financial constraints. The Resolution Applicants have submitted the Resolution Plans for the revival of the Company, out of which one Resolution Plan has been approved by the Committee of Creditors at their meeting held on 26th April, 2018 and the same was subsequently approved by the NCLT, vide its order dated 31st July, 2018. It is however expected, that with approval of Resolution Plan 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/-**

**S.P. Setia**

**Chairman**

**DIN : 00255049**

Place : New Delhi

Date : 10th August, 2018



**Annexure - 1 to the Director's Report**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018**

(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, 2018, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s Amit Spinning Industries Limited** as given in Annexure I for the financial year ended on 31st March, 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
- VI. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- VII. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- VIII. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- IX. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014); (N.A.)
- X. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (N.A.)
- XI. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- XII. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (N.A.) and
- XIII. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (N.A.)

**(i) OTHER APPLICABLE ACTS**

- (a) Factories Act, 1948
- (b) Payment Of Wages Act, 1936, and rules made there under,
- (c) The Minimum Wages Act, 1948, and rules made there under,
- (d) Employees' State Insurance Act, 1948, and rules made there under,
- (e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made there under,
- (f) The Payment of Bonus Act, 1965, and rules made there under,
- (g) Payment of Gratuity Act, 1972, and rules made there under.
- (h) The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975,
- (i) Food Safety and Standards Act, 2006, and rules made there under.
- (j) Environment (Protection) Act, 1986.

**We have also examined compliance with the applicable clauses of the following:**

1. Secretarial Standards issued by The Institute of Company Secretaries of India.
2. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
3. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called "SEBI Listing Regulations").

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

1. The Board of Directors of the Company is not constituted with proper balance of Executive Directors and Non-Executive Directors. There is no Executive Director on the Board of the Company. The composition of Independent Directors on the Board of Directors of the Company is in conformity with the requirements as stipulated under SEBI



Listing Regulations and the Companies Act, 2013 and rules framed there under.

2. The Company is required to appoint a Whole Time Company Secretary as per the provisions of Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI Listing Regulations, however, there is no Whole Time Company Secretary of the Company, during the financial year ended on 31st March, 2018.
3. Mr. Malpeddi Nagnath S, the Chief Financial Officer (CFO) of the Company has resigned w.e.f. 01st August, 2017 and no person has further been appointed as CFO of the Company under Section 203 of the Companies Act, 2013.
4. As per provisions of Companies Act, 2013 and Company rules 2014 read with various Regulations of SEBI Listing Regulations, 2015, the Company has constituted the Risk Management Committee, Stakeholders Relationship Committee, Audit Committee, Nomination & Remuneration Committee and uploaded applicable policies at Company's website.
5. The number of members of Audit Committee and Nomination and Remuneration Committee of the Company was less than three from 01st August, 2017 to 31st December, 2017 due to the resignation of Mr. K. Sankaramani, Independent Director of the Company, which was not in accordance with SEBI Listing Regulations and Section 177 and 178 of the Companies Act, 2013.
6. The company was unable to pay off the Listing Fees of National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) for the Financial Year 2016-2017 and 2017-18 due to financial constraints. The Company has received Letters, Reminders, E mails from the NSE & BSE for the payment of unpaid listing fees.
7. In view of adoption of IND-AS by the Company for the first time w.e.f 1st April, 2017, the Company has submitted the Financial Results for the quarter ended 30th June, 2017 on 23rd September, 2017 as against the due date of 14th September, 2017, hence the BSE Ltd. and National Stock Exchange Ltd. has imposed SOP (Standard Operating Procedure) fine for the non compliance of Regulation 33 of SEBI Listing Regulations. The Company has received letters, reminders from the stock exchanges for the payment of same with the statement that if the same would not be paid within stipulated time, then, the holding of the promoter and promoter group in other securities shall be freezed, in consequence.
8. The intimation of the Board Meeting of the Company held on 14th December, 2017 for the consideration and approval of unaudited Financial Results of the Company for the quarter ended on 30th September, 2017, was given to the stock exchanges on 12th December, 2017, however, as per regulation 29 of the SEBI Listing Regulations, the intimation shall be given atleast five days in advance (excluding the date of the intimation and the date of the meeting), therefore, the said regulation 29 of SEBI Listing Regulation was not being complied with. As per Company's representation, the Board Meeting was called by giving short notice with the consent of all concerned.
9. The Notice of the Board Meeting of the Company held on 17th August, 2017 has not been published in the newspapers as specified in the regulation 47 of the SEBI Listing Regulations.
10. The Company has not paid the Statutory Dues such as Employees Provident Fund (EPF) dues, Employee State Insurance (ESI) dues, Tax Deducted at Source (TDS) for the Financial Year 2016-2017 and 2017-18 and Statutory Returns in respect of dues has also not been filed.
11. The Company didn't provide intimation to the BSE Ltd. and the National Stock Exchange Ltd., in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, for the extension of trading window closure time period due to the adjournment of the Board Meeting to be held on 26th May, 2017 to 27th May, 2017.
12. The Consent of the Secretarial Auditor of the Company to act as Secretarial Auditor of the Company for the financial year ended on 31st March, 2018 has not been filed with the Registrar of Companies, NCT of Delhi & Haryana in e form MGT-14.
13. Adequate notice is given to all directors/Resolution Professional to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
14. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
15. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
16. The Company has well maintained all the Statutory Registers i.e. Register of Members, Register of Charges, Register of Directors Shareholding etc. mandatory to be maintained under Companies Act, 2013.
17. The Company had filed the petition before the National Company Law Tribunal (NCLT) under the Insolvency & Bankruptcy Code, 2016 and the NCLT vide its order dated 01st August, 2017 has accepted the petition and appointed Mr. Parveen Bansal as Resolution Professional for the Company. The Resolution Applicants have submitted the Resolution Plans for the revival of the Company, out of which one Resolution Plan has been approved by the Committee of Creditors at their meeting held on 26th April, 2018 and the same was subsequently approved by the NCLT, vide its order dated 31st July, 2018.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there were no specific events / actions having a major bearing on the company's affairs

For **Loveneet Handa & Associates**  
(Practicing Company Secretary)

Sd/-

**Loveneet Handa**  
FCS NO: 9055  
C.P No: 10753

New Delhi  
August 10, 2018

**Annexure - I****Documents examined/verified while conducting secretarial audit:**

- (a) Books ,Papers, as per Section 2 (12) of Companies Act, 2013,"book and paper" and "book or paper" include books of account, deeds, vouchers, writings, documents, minutes and registers maintained on paper or in electronic form. (Registers Maintained by RTA)
- (b) Memorandum of association
- (c) Articles of association
- (d) Certificate of Incorporation
- (e) Audited balance sheet(s)
- (f) Statutory Registers maintained by the Company i.e. Register of Members/ Register of Charges/ Register of Directors Shareholding/ Register of Contract/ Register of Investment, Register of Director Shareholdings, Register of Contracts of the Co. and firms in which directors etc are interested, Common Seal Register etc.
- (g) Minutes of the Board meetings, Annual General Meeting, Stakeholders Relationship Committee Meeting, and Audit Committee Meeting, Nomination & Remuneration Committee Meeting.
- (h) Notice of calling Annual General Meeting along with the explanatory statement.
- (i) Copy of documents related to the appointment/Resignation of Statutory Auditor of the company
- (j) Copy of Internal Audit Report given by Internal Auditor appointed u/s 138 of Companies Act, 2013.

**Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.**

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**'ANNEXURE A'**

To,

The Members,

**AMIT SPINNING INDUSTRIES LIMITED**

A-60 Okhla Industrial Area, Phase II, New Delhi-110020

Our report of even date is to be read along with this letter.

- 1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
- 7. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- 8. We believe that audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.
- 9. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

**NOTE: It is stated that compliance of all the applicable provisions of the companies act 2013, is the responsibility of the management our examination of test check basis was limited to the procedures followed by the company for ensuring the compliance with the provision. We state that such compliance is neither an assurance as to the viability of the company nor the efficiency of effectiveness with which the management has conducted its affairs.**

For **Loveneet Handa & Associates**  
(Practicing Company Secretary)

**Sd/-**

**Loveneet Handa**

**FCS NO: 9055**

**C.P No: 10753**

**New Delhi**

**August 10, 2018**