

AMIT SPINNING INDUSTRIES LIMITED



21st Annual Report
■■■■ 2012 - 2013

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

AUDITORS

Sunil Jain & Co.
Chartered Accountants
New Delhi

AUDIT COMMITTEE

S P Setia (Chairman)
Ranjan Mangtani
K Sankaramani

REMUNERATION COMMITTEE

S P Setia (Chairman)
Ranjan Mangtani
K Sankaramani

**SHARE TRANSFER & SHAREHOLDERS/INVESTORS
GRIEVANCE 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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● 21st AGM

Date : September 30, 2013 Time: 3.30 P.M.

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

● Book Closure : From Wednesday, September 25, 2013 to Monday, September 30, 2013.

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 21st Annual General Meeting of the Members of Amit Spinning Industries Limited will be held on Monday the **30th day of September, 2013 at 3.30 P.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, 2013, 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 Mr. K. Sankaramani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

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

Sd/-
RANJAN MANGTANI
DIRECTOR

Place: New Delhi

Date : August 06, 2013

NOTES:

- A. **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 LODGED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- B. **The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 25th day of September, 2013 to Monday, the 30th day of September, 2013 (both days inclusive).**
- C. All documents referred in the notice are open for inspection at the Registered Office of the Company between 10.00 A.M. to 1.00 P.M. on any working day till the date of Annual General Meeting and also at the meeting.
- D. Members are requested to intimate the change, if any, in their registered address immediately.
- E. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.
- F. 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.
- G. As per provisions of the Companies Act, 1956, facility for making nomination is now available to the members in respect of the shares held by them.
- H. For any queries on the Depository System, members may contact any depository participant or the Share Department at the Registered Office of the Company.
- I. In terms of Clause 49 of the Listing Agreement, a brief resume of directors who are proposed to be re-appointed at this meeting is given in Corporate Governance.
- J. Members are requested to send queries to E-mail ID secretarial@clcindia.com which is being used exclusively for the purpose of redressing the compliant(s) of the investors.
- K. The Green Initiative introduced by the Ministry of Corporate Affairs vide its circular No. 18/2011 dated 29th April, 2011, members are requested to intimate e-mail address to facilitate to send Annual Report and other reports/notices through e-mail.

DIRECTORS' REPORT

Your Directors have great pleasure in presenting the 21st Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March 2013.

Financial Results:

(` in Lakhs)

	2012-2013	2011-2012
Net Sales (Turnover)	3,432.43	5764.75
Other Income	50.34	15.04
Financial Charges	202.36	628.50
Depreciation	454.17	462.99
Misc. Expenses written off	0	0
Profit/(Loss) before tax (PBT)	(305.20)	(3001.74)
Provision for Taxation	0	0
Net Profit/(Loss)	(305.20)	(3001.74)

FINANCIAL ANALYSIS AND PERFORMANCE REVIEW:

During the fiscal 2012-13 the turnover of the Company has decreased to Rs. 3,432.43 lakhs as compared to Rs. 5,764.75 lakhs in the previous year. Decline in turnover, has been primarily due to financial constraints including shortage in working capital and lacking of other financial support from its lenders. Consequently Company could not utilize its entire capacities; however despite difficulties, it has been able to reduce its net losses from Rs. 3001.74 lacs in the previous year to Rs. 305.20 lacs during the year under review, by handling operations efficiently and by taking job work. However, over the period it has eroded its net worth completely and it has been declared as a Sick Company under Sick Industrial Companies (Special Provisions) Act'1985 by Board for industrial and financial restructuring (BIFR) vide its order dated 18th July'2012.

MANAGEMENT DISCUSSION AND ANALYSIS

The Indian Textile Industry plays a major role in the economy of the Country and has become one of the largest in the world. According to industry estimates, the textile industry contributes about 14% to industrial production and 4% to the gross domestic product and 17% to the country's export earnings. The Textile Industry is a second largest employment provider and has been directly employing over 45 million people. Indian Textile Industry has emerged as a preferred sourcing destination for global buyers and is globally ranked as the fifth largest exporter of textile and its related products.

During the fiscal 2012-13 under review, due to lack of international demand the Indian Textile Industry saw lower export growth and further with volatility in rupee depreciation the textile industry had suffered a lot for the first two quarters. However from 3rd quarter on wards the cotton yarn prices started picking up and further with the Government of India allowing 100% FDI under automatic route and decrease in raw cotton prices facilitated the Indian Textile manufactures for increasing of its capacity of output and improvement in their strained margins to some extent.

Due to shortage in working capital Amit Spinning Industries Limited has suffered a lot and has not been able to run unit on its own. To meet current challenges which included fixed cost, overhead expenses, payment of lenders dues and to safe guard the employees interest, the unit has undertaken job work from middle of April, 2012, so as to save its inventory and transport cost, besides assuring constant minimum cash flow to meet above expenses.

The prevailing business scene still remains tough, however the Company has initiated a process of reviewing system and processes across the businesses with the objective of identifying scope of improvement of its sales volumes, for cost cutting and for higher value addition. Amit Spinning believes that with the collective efforts, the company should emerge stronger through adaptive learning which also can reassure relatively a sustained performance 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 manufactured 174455 MT of yarn on its own resources and 4983010 MT of yarn 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

Shortage in working capital due to lack of support from lenders, slump in yarn products demand, decline in cotton prices coincided with peak inventory season, has taken its toll on the Company. In such a difficult situation it has further been facing challenges like increase in labour cost, power tariff & fuel charges, increase in transportation and inventory carrying charges and running unit on job work basis, which are likely to impact its margins, unless due support is received from its lenders. Further, the Company has filed a Draft Rehabilitation Scheme (DRS) with Board for Industrial and Financial Restructuring (BIFR) for restructuring of its loans and outstanding; further it has been requesting its lenders for providing additional working capital facility, with that in place, your directors, believe that the unit will be in position to run on its own and consequently margins are also expected to be improved. Devaluation of Indian Rupee, as compared to U.S dollar, has also offered an opportunity to Amit Spinning to optimize its sales values and margins respectively on its exports to such countries.

Your directors further believe, with the increased customer satisfaction, increase in existing customer loyalty, constant offering by the Company of its value added products, constantly improving its product mix with an increase in awareness of Amit products and with the greater impetus on its exports, Sales volumes and margins are likely 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 is 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.

Directors

Your directors have not recommended any dividend for the year ended 31-03-2013 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. Krishan Sankaramani retires by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting. 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 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.

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 herein 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." Company had availed the professional services of M/s Jak Traders Pvt Ltd to assist it in realizing aforesaid claims within the agreed time period, and had provided them advances for its services, failing which it has become liable to refund such advances. Since it failed to refund the same, Company has initiated legal proceedings against M/s Jak Traders Pvt. Ltd.

Note No. 33 of the Financial Statement qualified by Auditors

"Deferred tax asset amounting to Rs.8,78,24,766 has been recognised upto 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 on 31st March 2013, 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 had directed for an audit of the Cost Accounts maintained by the Company in respect of textile business. The Central Government has approved the appointment of Shri Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants to conduct the audit of the Cost Accounts of the Company for the financial year ending 31st March, 2014 for the product "Textile".

Fixed Deposits

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

Listing of Shares

Presently the Company shares are listed and traded at the Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India, Mumbai (NSE) and the Listing Fee has been paid till 31st March, 2014.

Directors' Responsibility Statement

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

- i) in preparing the Annual Accounts for the year ended 31st March 2013 all the applicable Accounting Standards have been followed,
- ii) accounting policies were adopted and applied consistently and made judgements 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 2013,
- iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing / detecting fraud and irregularities has been taken and
- iv) the Annual Accounts have been prepared on a "going concern" basis.

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

On behalf of the BOARD OF DIRECTORS,

Place New Delhi
Date : May 27, 2013

Sd/-
S P SETIA
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2013.

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:

Electricity	Current year	Previous year
(Unit / ` in Lakhs)		
Purchased		
Total Units consumed	201.79	115.23
Total Amount	1459.74	781.23
Rate per Unit (Rs.)	7.23	6.78
Own Generation through Furnace Oil Generator Set		
Units (in lakhs)	NIL	NIL
Units per liter of Diesel Oil	N.A.	N.A.
Furnace Oil		
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	3.91	4.26

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 have brought in foreign exchange to the National Ex-chequer.
2. Earnings and Outgo : Particulars with regard to foreign exchange earnings and outgo appear in Schedule XXI Notes to accounts.

On behalf of the BOARD OF DIRECTORS,

Place New Delhi
Date : May 27, 2013

Sd/-
S P SETIA
CHAIRMAN

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13

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

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

The Company has 4 Directors out of which 3 are Independent/Non-executive Directors and one Executive Director. The Chairman of the Company is Non-Executive & Independent Director. The composition of the Board is in conformity with clause 49 of the listing agreement entered into by the Company with the stock exchange(s) and fulfilled the percentages in the said agreement.

During the year, four meetings of the Board of Directors were held and the gap between two meetings did not exceed four months (as stipulated by law in force). The respective dates on which the Board Meetings were held are 12th May, 2012, 9th August, 2012, 5th November, 2012 and 11th February, 2013. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below :

Directors	Category	No. of Board Meetings	No. of Directorships and Chairmanship(s) / Membership(s) of Board Committees of other companies			Attendance at Last AGM
		Attended	Directorship#	Member##	Chairperson	Yes/No
Mr. S P Setia (Chairman)	Independent, Non-executive	4	2	1	-	Yes
Mr. I.B. Maner (Managing Director)	Executive	-*	-	-	-	No
Mr. Ranjan Mangtani	Non-executive	4	-	-	-	Yes
Mr. Krishnan Sankaramani	- do -	-*	-	-	-	No

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

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

- Video/Tele Conferencing facilities are used to facilitate to the director(s) who are present at other locations to participate in the meetings

Details of shares held by the Non-Executive/Independent Directors as on 31st March, 2013

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

Information supplied to the Board

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

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

According to the Articles of Association, one-third of the directors retires by rotation and, if eligible, seeks re-appointment at the Annual

General Meeting of Shareholders. As per Article 100 of the Articles of Association, Shri K. Sankaramani will retire in the ensuing Annual General Meeting.

The Board has recommended the re-appointment of aforesaid retiring director in the ensuing Annual General Meeting. As per Clause 49 of the Listing Agreement, the brief details of the aforesaid director are indicated herein below:

Shri K. Sankaramani (50) s/o of Late Shri Sankara Anantha Krishnan is a director of the Company since 25th August, 2006. He is a Chartered Accountant with proven track record of handling accounts, financial matters and plant operations of large and medium scale manufacturing units. Shri K Sankaramani has been appointed as member of Audit Committee of the Company with effect from 2nd April, 2012. He is also member of Remuneration Committee and Share Transfer & Shareholders'/Investors' Grievance Committee of the Company and does not hold any share of the Company as on 31st March, 2013.

3. Audit Committee

The Audit Committee of the Board consists of three members Shri S P Setia (Non-Executive/Independent Chairman), Shri Ranjan Mangtani (Member) and Shri Krishnan Sankaramani (Member). The members have the requisite accounting and related financial management expertise. Statutory Auditors and Internal Auditors are invited to the meetings of Audit Committee and are presenting their periodical reports. The Composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement.

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

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

During the year, four meetings of the Audit Committee were held on 12th May, 2012, 9th August, 2012, 5th November, 2012 and 11th February, 2013. The details of attendance of the each member at the Audit Committee are given herein below:

Name of the Director	No. of Meetings Attended
Shri S P Setia	4
Shri Ranjan Mangtani	4
Shri K Sankaramani	-*

* Video/Tele Conferencing facilities are used to facilitate to the director(s) who are present at other locations to participate in the meetings.

4. Remuneration Committee

A Remuneration Committee of the Board has been constituted to review/recommend the remuneration package of the Managing Director/Whole Time Director(s) based on performance and defined criteria. The Remuneration Committee of the Board comprises one Independent and two Non-executive Directors, namely Shri S P Setia (Chairman), Shri Ranjan Mangtani (Member) and Shri Krishnan Sankaramani (member) of the Committee. No Remuneration Committee Meeting was held during the year.

Details of remuneration paid to Directors for the financial year 2012-13 are as under:

Name of Director	Category	Sitting Fee for Board Meetings(Rs.)	Sitting Fee for Remuneration Committee Meetings (Rs.)	Sitting Fee for Audit Committee Meetings (Rs.)	Salaries and Perquisites p.a. (Rs.)	Total (Rs.)
Mr. S P Setia	Non-Exec. Chairman	10,000	NIL	NIL	N.A.	40,000
Mr. I.B. Maner	Executive	NIL	NIL	NIL	2,59,583	2,59,583
Mr. Ranjan Mangtani	Non-Executive	NIL	NIL	NIL	NIL	NIL
Mr. Krishnan Sankaramani	- Do -	NIL	NIL	NIL	NIL	NIL

Shri Ranjan Mangtani and Shri K Sankaramani informed the Board of Directors that they would not take sitting fee till the company earns adequate profits, accordingly the Company is not paying sitting fee to them.

5. Share Transfer and Shareholders' / Investors Grievance Committee:

Share Transfer and Shareholders' / Investors' Grievance Committee of the Board comprises of three members, namely Shri S P Setia, Chairman, Shri Ranjan Mangtani and Shri Krishnan Sankaramani Members of the Committee.

The Committee members meet from time to time, inter alia, to approve issue of duplicate share certificates and overseas and review all matters connected with the transfer of securities. The Committee also reviews the performance of the Registrar and Transfer Agent besides supervising the mechanism of investor grievance redressal to ensure cordial investor relationship.

The committee also reviews all investors' complaints and grievances. During the year the Company has not received any complaint from the investors and SEBI/Stock Exchanges/MCA. There was no complaint outstanding as on 31st March 2013. Shri Bharat Kapoor, is the Compliance officer of the Company for complying in accordance with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India.

During the year, four meetings of the Committee were held on 5th April, 2012, 5th July, 2012, 5th October, 2012 and 4th January, 2013. The details of Attendance of each Member at the Share Transfer and Shareholders/Investors Grievance Committee:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. S P Setia	4	4
Mr. Ranjan Mangtani	4	4
Mr. Krishnan Sankaramani	4	NIL

6. General Body Meetings

A) Annual General Meetings;

Details of last three Annual General Meetings and the Special Resolutions passed thereat are as under:

AGM	LOCATION	DATE & TIME	SPECIAL RESOLUTION PASSED
18TH AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	30th September 2010 11.00A.M.	None
19TH AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	19th September 2011 10.30 A.M	No Special Resolution has been passed, however, ordinary resolution was passed for the approval of appointment of Mr. I.B. Maner as Managing Director of the Company for a period of 5 years and fixation of his remuneration.
20TH AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	28th September 2012 11.30A.M.	None

(B) Special Resolution passed through Postal Ballot:

No special resolution was passed through postal Ballot during the year 2012-13.

7. Code of Conduct

The Board of Directors has adopted the Code of Conduct and ethics for Directors, Senior Management and designated employees. The Code has also been posted on the holding company's website www.spentex.net. The declaration in compliance with Clause 49 I (D) (ii) of the Listing Agreement is given below:

To The Shareholders of Amit Spinning Industries Limited
Sub: Compliance with Code of Conduct in terms of Clause 49 I (D) (ii) of the Listing Agreement
 Dear Sirs,
 I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct as adopted by the Board of Directors for the year ended 31st March, 2013 in terms of Clause 49 I (D) (ii) of the Listing Agreement entered into with the Stock Exchange.

Sd/-
I.B. Maner
Managing Director

Place : New Delhi
Date : August 06, 2013

8. Compliance

a. Mandatory Requirements:

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49 of the Listing Agreement.

b. Adoption of Non-Mandatory Requirements:

Although it is not mandatory, a Remuneration Committee of the Board is in place. Details of Remuneration Committee have been provided in this report.

9. Disclosures

- The disclosure relating to transactions of material nature with the related parties are disclosed in the financial statements.
- Company has fulfilled all Statutory Compliances and there were no penalties, stricture imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years.
- Company has issued circular in connection with Whistle Blower Policy and no employee was denied to access to the Audit Committee.

- Pursuant to Clause 47(f) of the Listing Agreement, the Company has created E-mail ID secretarial@clcindia.com exclusively for the purpose of registering complaints/queries by investors. Pursuant to circular no CIR/OIAE/2/2011 dated June 3, 2011 issued by SEBI, the investors' complaints are processed in a centralized web based complaints redress system 'SCORES'.
- As per Green Initiative introduced by the Ministry of Corporate Affairs vide its circular No. 18/2011 dated 29th April, 2011, members are requested to intimate e-mail address to facilitate to send Annual Reports and other reports/notices through e-mail.

10. Means of Communication

- Information on quarterly/half yearly/annual financial results and press releases on significant developments in the Company, are submitted to the Stock Exchanges immediately after Board approves the same to enable stock exchanges to put the results on their websites and communicate to their members.
- The quarterly/half-yearly/annual financial results are published in English (The Pioneer) and in Hindi (The Pioneer and Hari Bhumi) newspapers and the same are also displayed on its holding company's website www.spentex.net
- The Management Discussions and Analysis is a part of Annual Report.

11. General Shareholder information

- The 21st Annual General Meeting will be held at Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019 on 30th September, 2013 at 3.30 P.M.
- Financial Calendar (Tentative) :
 Financial reporting for the Quarter ending June 30, 2013 : 6th August, 2013
 Financial reporting for the Quarter ending September 30, 2013 : before 15th November, 2013
 Financial reporting for the Quarter ending December 31, 2013 : before 15th February, 2014
 Annual Results for the Year ending 31st March 2014 : before 30th May, 2014
- Date of Book closure : Wednesday the 25th September, 2013 to Monday the 30th September, 2013 (both days inclusive)
- Dividend Payment Date: Not Applicable.
- Unclaimed/Unpaid Dividend Not Applicable.
- Listing of Equity Shares on Stock Exchanges: The Bombay Stock Exchange Ltd., Mumbai (scrip code = 521076) and National Stock Exchange of India Ltd. Mumbai (scrip code = ASIL).
- ISIN No. INE988A01026.
- The Annual Listing Fee has been paid to BSE & NSE and Annual Custody Fee has been paid to NSDL & CDSL for the year 2013-14.
- Market Price Data : High/Low during each month in last financial year 2012-13 : on BSE & NSE

Month	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
The Bombay Stock Exchange Ltd. (BSE)												
High	1.80	1.79	1.71	1.48	1.42	1.35	1.44	1.57	1.60	1.49	1.36	1.30
Low	1.54	1.50	1.21	1.24	1.22	1.17	1.25	1.33	1.26	1.25	1.10	1.01
National Stock Exchange of India Ltd. (NSE)												
High	1.50	1.50	1.45	1.40	1.45	1.40	1.40	1.55	1.60	1.40	1.30	1.10
Low	1.40	1.40	1.25	1.25	1.25	1.20	1.20	1.25	1.35	1.25	1.15	0.95

- The Registrars and Transfer Agents of the Company: M/s. Link Intime India Pvt. Ltd. , C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400078, Tel. No. 022 – 25963838 and Fax No. 022 – 25946969.
E-mail ID mt.helpdesk@linkintime.co.in & sharad.patkar@linkintime.co.in.
Contact person: Shri Sharad Patkar and Mobile No. 09821754844.
- Share Transfer System: The Company's shares are traded under compulsorily Demat mode. Shares in physical mode lodged for transfer are processed and returned to the shareholders within the stipulated time.
- Distribution of shareholding as on 31.03.2013 :

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 to 500	15,602	88.84	25,29,764	6.14
501 to 1000	1,004	5.72	8,68,470	2.11
1001 to 2000	405	2.31	6,57,253	1.60
2001 to 3000	158	0.90	4,15,850	1.01
3001 to 4000	79	0.45	2,86,191	0.70
4001 to 5000	94	0.54	4,49,831	1.09
5001 to 10000	101	0.57	7,58,679	1.84
10001 and above	118	0.67	3,52,03,629	85.51
TOTAL	17,561	100.00	4,11,69,667	100.00

➤ Category of Shareholders as on : 31.03.2013

Category	Shares held	%age
Promoters	2,09,81,077	50.96
Financial Institutions/Insurance Companies/Banks/Mutual Funds/Trust	6,78,242	1.65
NRIs/OCBs/Foreign Nationals	3,58,296	0.87
Body Corporate(s)	9,28,671	2.25
Public and Others	1,82,23,381	44.27
Total	4,11,69,667	100.00

- Dematerialization of shares: As on 31st March, 2013 the shares in demat form were 3,90,84,227 representing 94.93% of the total paid up capital.
- The Company has been declared as Sick Company under Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 on 18th July, 2012.
- There are no outstanding GDR/ADR/Warrant or any convertible instruments, conversion date and likely impact on equity of the Company.
- The equity shares of the Company are frequently traded on The Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai.
- Plant: Gat. No. 47 & 48, Village Sangawade, Taluka Karveer, Kolhapur – Hupari Road, Dist. Kolhapur 416005.

➤ Address for Correspondence :

1. Registered & Corporate Office
A-60, Okhla Industrial Area, Phase II, New Delhi 110 020
Ph. 011 - 2638 7738, 4161 4999, Fax: 011 – 2638 5181.
Email: secretarial@clcindia.com; murthy@clcindia.com
2. Registrars & Transfer Agents
M/s. Link Intime India Pvt. Ltd.
C-13, Panalal Silk Mills Compound, LB S Marg, Bhandup (W) Mumbai 400 078.
Ph. No. 022 – 25963838 and Fax No. 022 – 25946969
Shri Sharad Patkar, E-mail sharad.patkar@linkintime.co.in
mt.helpdesk@linkintime.co.in
3. Compliance Officer
Mr. Bharat Kapoor
Ph. 011 - 26387738, 41614999, Fax: 011 – 26385181
Email: murthy@clcindia.com, secretarial@clcindia.com

12. CEO/CFO Certification

To
The Board of Directors
Amit Spinning Industries Limited
Sub: CEO/CFO Certificate

We, I.B. Maner, Managing Director and Ravi Bhojwani, Dy. Manager Accounts to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditor and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee;
 - (i) significant changes in internal controls over financial reporting, during the year.
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - (iii) instances of significant fraud of which we have become aware, if any, and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: New Delhi
Date: May 27, 2013

Sd/-
I.B. Maner
Managing Director

Sd/-
Ravi Bhojwani
Dy. Manager Accounts

Auditors' Certificate on Corporate Governance

To the Member of

AMIT SPINNING INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by **AMIT SPINNING INDUSTRIES LIMITED**, for the year ended 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SUNIL JAIN & CO..**
Chartered Accountants
(Registration No. 003855N)

Sd/-

Sanchit Jain

Partner

Membership No. 511714

Place: New Delhi

Date: August 06, 2013

INDEPENDENT AUDITOR'S OPINION

To the members of **AMIT SPINNING INDUSTRIES LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Amit Spinning Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Attention is drawn to:

(a) Note No. 29 with respect to recoverability of amount of 1,93,46,572 in respect of duty drawbacks.

(b) Note No. 33 with respect to realizability of amount of 8,78,24,766 in respect of deferred tax asset.

We report that had the Company decided to write off the sums as mentioned above, the loss for the year would have been greater by Rs.10,71,71,338 and would have amounted to Rs.13,76,91,353 (as against the reported figure of Rs.3,05,20,015), with a consequential effect on Accumulated losses, Loans and Advances and Deferred Tax Asset.

Without qualifying our opinion, attention is also drawn to Note No.30 regarding preparation of accounts on a going concern basis due to reasons indicated therein.

Subject to our remarks above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-

section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Sunil Jain & Co.
Chartered Accountants
(Registration No. 003855N)
Sd/-
Sanchit Jain
Partner
Membership No. 511714

Place New Delhi
Date : May 27, 2013

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and the situation of its fixed assets.
- b) According to the information and explanations given to us, the Company has a procedure to carry out physical verification of fixed assets by the management, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books account.
- c) During the year, the Company has not disposed off substantial part of its fixed assets, so as to affect its going concern.
- ii) a) The company has conducted physical verification of inventory at reasonable intervals during the year.
- b) In our opinion and according to information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable having regard to the size of the Company and nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books account.
- iii) a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) As the Company has not granted any such loans, provisions of clause 4(iii)(b), (iii)(c) and (iii)(d) of the Order are not applicable to the Company.
- c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of 4(iii)(f) and (iii)(g) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing major weaknesses in such internal controls.
- v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that particulars or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and
- b) during the year, there are no such transactions made in pursuance of contracts or agreements entered in the register maintained under section 301 of the companies Act, 1956, exceeding the value of Rupees Five Lakhs in respect of any party during the year and hence, the provisions of clause 4(v)(b) of the Order are not applicable to the Company.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) (a) According to the information and explanations given to us and records examined by us, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and others material statutory dues with the appropriate authority.
- (b) According to the information and explanations given to us, there are no arrears of undisputed statutory dues as on 31st March 2013,

for a period of more than six months from the date they become payable.

(c) According to the information and explanations given to us, details of dues of Excise Duty, which have not been deposited on account of any dispute are given below:

S.No.	Name of the Statute	Nature of the dues	Amount (in Rupees)	Period to which the amount relates	Forum where dispute pending
1	Maharashtra Value Added Tax	Sales Tax and penalty	8,44,000 (net of payment of Rs.2,00,000 under protest)	2004-05	First Appellate Authority
2	Employee's Provident Fund and Miscellaneous Provisions Act, 1952	Damages and Interest	- (net of payment of Rs.15,94,349 under protest)	2003-06	BIFR

- x) The accumulated losses at end of financial year are more than 50% of its net worth. There was no cash loss in the year under audit whereas the Company incurred cash loss before working capital changes Rs.18,18,94,013 during the preceding financial year.
- xi) According to the information and explanations given to us and records examined by us, we are of the opinion that the Company has defaulted in repayment of the dues to a bank as infra. The Company did not have outstanding dues to any financial institution and did not have outstanding debentures during the year.

(` in lacs)

Bankers	Type of Loan	Out Standing as on 31.3.2012	Overdue Interest	Overdue Principal	Default status
Axis Bank	Term Loan (10% p.a.)	1,970.75	50.06	74.69	The overdue principal and interest as on 31.03.2013 has not been paid till balance sheet date.
Axis Bank	FITL(10% p.a.)	98.66	2.53	3.73	The overdue principal and interest as on 31.03.2013 has not been paid till balance sheet date.
Axis Bank	WCTL(10% p.a.)	86.26	2.21	3.05	The overdue principal and interest as on 31.03.2013 has not been paid till balance sheet date.
UCO Bank	WCTL	106.75	19.36	24.89	The overdue principal and interest as on 31.03.2013 has not been paid till balance sheet date.
Grand Total		2,262.42	74.17	106.35	

Further, as informed to us, the loan facilities availed from UCO Bank as working capital term loan (outstanding balance as on 31.3.2013 amounting to Rs.1.07 crores) and cash credit facilities (outstanding balance as on 31.3.2013 amounting to Rs.7.15 crores) have become non-performing asset (NPA) for the lender as the company has not paid the dues within 90 days of payments being falling due.

- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us the Company is not a chit fund or Nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the order are not applicable to the Company.
- xv) According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year under audit, are not prejudicial to the interest of the Company.
- xvi) In our opinion and according to information and explanations given to us, the term loans have been applied for the purpose for which these were raised.
- xvii) On the basis of overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, in our opinion the funds raised on short-term basis have not been used for long-term investment.
- xviii) According to the information and explanations given to us, during the period under reference the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, the Company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the order are not applicable to the Company.
- xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the year under audit. Therefore, the provisions of clause 4(xx) of the order are not applicable to the Company.
- xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no material fraud on or by the Company has been noticed or reported during the year under audit.

For Sunil Jain & Co.
Chartered Accountants
(Registration No. 003855N)
Sd/-
Sanchit Jain
Partner
Membership No. 511714

Place New Delhi
Date : May 27, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

(Figures in `)

Particulars	Note No.	AS AT	AS AT
		31st March 2013	31st March 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	20,58,48,335	20,58,48,335
(b) Reserves and surplus	3	(62,40,93,383)	(59,35,73,368)
(c) Money received against share warrants		-	-
		(41,82,45,048)	(38,77,25,033)
2 Share application money pending allotment			
		-	-
3 Non-current liabilities			
(a) Long-term borrowings	4	49,14,39,702	52,83,18,235
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	5	13,19,36,646	13,19,36,646
(d) Long-term provisions	6	1,05,13,031	91,74,696
		63,38,89,380	66,94,29,578
4 Current liabilities			
(a) Short-term borrowings	7	11,47,11,226	9,70,38,947
(b) Trade payables		27,84,07,744	31,54,42,788
(c) Other current liabilities	8	8,61,14,693	7,01,36,477
(d) Short-term provisions	9	52,08,863	69,80,448
		48,44,42,525	48,95,98,661
		70,00,86,857	77,13,03,205
TOTAL			
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	10	29,17,40,703	33,52,41,177
(b) Non-current investments	11	23,231	23,231
(c) Deferred tax assets (net)		8,78,24,766	8,78,24,766
(d) Long-term loans and advances	12	3,29,71,905	2,55,14,572
(e) Other non-current assets	-	-	-
		41,25,60,605	44,86,03,746
2 Current assets			
(a) Current investments	-	-	-
(b) Inventories	13	1,15,55,490	3,29,20,721
(c) Trade receivables	14	1,39,89,120	4,51,51,413
(d) Cash and cash equivalents	15	7,45,437	25,44,458
(e) Short-term loans and advances	16	26,12,36,205	24,20,82,868
(f) Other current assets	-	-	-
		28,75,26,252	32,26,99,459
		70,00,86,857	77,13,03,205
TOTAL			

See accompanying notes forming part of the financial statements

As per our report of even date

For **SUNIL JAIN & CO.**
Chartered Accountants
(Registration No. 003855N)

Sd/-
Sanchit Jain
Partner
Membership No. 511714
Place New Delhi
Date : May 27, 2013

For and on behalf of Board of Directors

Sd/-
S P Setia
Chairman

Sd/-
I.B. Maner
Managing Director

Sd/-
Ranjan Mangtani
Director

Sd/-
K. Sankaramani
Director

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(Figures in `)

Particulars	Note No.	Year ending 31st March 2013	Year ending 31st March 2012
I. Revenue from operations	17	34,82,76,954	57,64,75,151
II. Other income	18	8,81,394	15,04,372
III. Total Revenue (I + II)		34,91,58,348	57,79,79,523
IV. Expenses:			
Cost of materials consumed	19	1,06,78,908	45,55,23,530
Purchases of Stock-in-Trade		36,94,098	2,60,51,039
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	2,31,96,070	4,58,87,580
Employee benefits expense	21	8,28,38,975	5,77,96,067
Finance costs	22	2,02,35,915	6,28,49,524
Depreciation and amortization expense	10	4,54,17,320	4,62,98,830
Other expenses	23	19,36,17,077	12,93,19,899
Total expenses		37,96,78,362	82,37,26,469
V. Profit before exceptional and extraordinary items and tax (III-IV)		(3,05,20,015)	(24,57,46,946)
VI. Exceptional items		-	(5,44,23,615)
VII. Profit before extraordinary items and tax (V - VI)		(3,05,20,015)	(30,01,70,561)
VIII. Extraordinary Items	-		
IX. Profit before tax (VII- VIII)		(3,05,20,015)	(30,01,70,561)
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI Profit (Loss) for the period from continuing operations (VII-VIII)		(3,05,20,015)	(30,01,70,561)
XII Profit/(loss) from discontinuing operations	-		
XIII Tax expense of discontinuing operations	-		
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		(3,05,20,015)	(30,01,70,561)
XV Profit (Loss) for the period (XI + XIV)		(3,05,20,015)	(30,01,70,561)
XVI Earnings per equity share:			
(1) Basic		(0.74)	(7.29)
(2) Diluted		(0.74)	(7.29)

See accompanying notes forming part of the financial statements.

As per our report of even date

For **SUNIL JAIN & CO.**
Chartered Accountants
(Registration No. 003855N)

Sd/-
Sanchit Jain
Partner
Membership No. 511714

Place New Delhi
Date : May 27, 2013

For and on behalf of Board of Directors

Sd/- S P Setia Chairman	Sd/- I.B. Maner Managing Director	Sd/- Ranjan Mangtani Director	
Sd/- K. Sankaramani Director			

CASH FLOW STATEMENT FOR YEAR ENDED 31st March 2013

(Figures in `)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
A. Cash flow from operating activities:		
Net (loss)/profit before tax but after exceptional/ extraordinary items	(3,05,20,015)	(30,01,70,561)
Adjustments for:		
Depreciation	4,54,17,320	4,62,98,830
Interest Expense	2,02,35,915	6,28,49,524
Interest Income	(10,69,358)	(7,00,441)
Income from Investment - Dividends	(3,960)	(4,260)
(Profit)/ Loss on sale of fixed assets	0	61,474
Miscellaneous Expenditure written off	-	-
Provision for Gratuity	12,30,853	14,03,133
Provision/ (Reversal) for Leave Encashment	1,07,482	(2,22,606)
Miscellaneous balances written Back	(33,26,031)	(1,65,938)
Provision for Bad Debts	0	84,53,244
Unrealised Foreign Exchange loss/ (gain)	15,636	3,03,588
	6,26,07,857	11,82,76,548
Operating profit before working capital changes	3,20,87,842	(18,18,94,013)
Adjustments for changes in working capital :		
(INCREASE)/DECREASE in Sundry Debtors	3,11,46,657	11,36,26,562
(INCREASE)/DECREASE in Other Receivables	(2,58,31,585)	(9,07,44,308)
(INCREASE)/DECREASE in Inventories	2,13,65,231	10,02,97,854
INCREASE/(DECREASE) in Trade and Other Payables	(80,74,989)	20,18,42,798
	1,86,05,313	20,18,42,798
Cash generated from/ (used in) operations	5,06,93,155	14,31,28,893
Direct Taxes (Paid) / Received (net)	(7,79,085)	9,98,563
Extraordinary /exceptional Item (Expense)/ Income	-	(5,44,23,615)
	(7,79,085)	(5,44,23,615)
Net cash from / (used in) operating activities	4,99,14,070	8,97,03,841
B. Cash flow from Investing activities:		
Purchase of fixed assets	(1916846)	(9,96,933)
Proceeds from Sale of fixed assets	0	70,597
Interest Received	10,69,358	7,00,441
Dividend Received	3,960	4,260
	(8,43,528)	(2,21,635)
Net cash from/ (used in) investing activities	(8,43,528)	(2,21,635)
C. Cash flow from financing activities:		
Proceeds/ (Repayment) of term loans (net)	(3,78,32,827)	(8,17,41,550)
Proceeds/ (Repayment) of short term borrowings (net)	62,44,885	23,76,576
Proceeds/ (Repayment) of Unsecured Loans	-	-
Interest Paid	(1,92,81,621)	(2,58,27,940)
	(5,08,69,563)	(10,51,92,914)
Net cash used in financing activities	(5,08,69,563)	(10,51,92,914)
Net Increase/ (Decrease) in Cash & Cash Equivalents	(17,99,020)	(1,57,10,708)
Cash and Cash Equivalents at the Beginning of the Year	25,44,458	1,82,55,166
Cash and Cash Equivalents at the End of the Year	7,45,437	25,44,458
Increase/(Decrease) in Cash/Cash Equivalents	(17,99,021)	(1,57,10,708)
Cash and cash equivalents comprise:		
Cash in hand	92,135	1,71,264
Balance in Current Accounts	65,741	69,584
Balance in Fixed Deposit Accounts	5,87,561	23,03,610
	7,45,437	25,44,458

See accompanying notes forming part of the financial statements

As per our report of even date

For **SUNIL JAIN & CO.**
Chartered Accountants
(Registration No. 003855N)

Sd/-
Sanchit Jain
Partner
Membership No. 511714
Place New Delhi
Date : May 27, 2013

For and on behalf of Board of Directors

Sd/- S P Setia Chairman	Sd/- I.B. Maner Managing Director	Sd/- Ranjan Mangtani Director
Sd/- K. Sankaramani Director		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 : SIGNIFICANT ACCOUNTING POLICIES

(a) SYSTEM OF ACCOUNTING

The Company follows the accrual system of accounting.

(b) OVERALL VALUATION POLICY

The accounts have been prepared under the historical cost convention.

(c) REVENUE RECOGNITION

Revenue on sale of goods is recognized on transfer of significant risks & rewards of ownership to the buyer and on reasonable certainty of the ultimate collection. Sales are net off sales tax, trade discounts and sales returns. Job work income is recognized when the finished goods are accepted by the principal.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable

(d) VALUATION OF INVENTORY

Inventories are valued at lower of cost and net realisable value.

The cost in respect of raw materials, store and spares and packing material is determined under the Specific Identification of cost method. Cost is net of credit under CENVAT scheme, wherever applicable.

The cost in respect of work-in-progress and finished goods is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

The cost in respect of the inventory produced (whether own production or on job work basis) is valued on the basis of labour and a proportion of manufacturing overheads based on normal operating capacity.

Waste is valued at estimated net realisable value.

(e) FIXED ASSETS

All fixed assets are stated at original cost less depreciation. Cost includes freight, duties (net of CENVAT), taxes and other incidental expenses relating to acquisition and installation.

(f) DEPRECIATION

Depreciation has been provided on straight-line method in accordance with the rates prescribed under Schedule XIV to the Companies Act, 1956. On the basis of technical advice, the Company has treated its spinning Process Plant as a Continuous Process Plant and has provided depreciation accordingly.

(g) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. All monetary items denominated in foreign currency are translated at year end rates. Exchange differences arising on such transactions and also exchange differences arising on the settlement of such transactions are adjusted in the profit and loss account.

In case of forward contracts the premium or discount on all such contracts arising at the inception of each contract is recognized / amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of such contract is recognized as income or expense for the period.

(h) EMPLOYEE BENEFITS

i. Defined Contribution Plan

The company's contributions to recognized Provident Fund and Labour Welfare Fund are charged to profit and loss account on accrual basis.

ii. Defined Benefit Plan

Gratuity - The Gratuity plan, a defined benefit plan, provides a lump sum payment to vested employees, at the retirement or termination of employment, an amount based on the respective employees' last drawn salary and the years of employment with the Company. The liability with regard to Gratuity plan is accrued based on the actuarial valuation at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss is recognised immediately in the statement of profit and loss as income or expense. The Company has employees' Gratuity fund managed by Life Insurance Corporation of India ("LIC").

Compensated Absences – The Company provides for the encashment of absence or absences with pay based on policy of the Company in this regard. The employees are entitled to accumulate such absences subject to certain limits, for the future encashment or absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measured the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an independent actuarial valuation.

(i) INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

(j) BORROWING COST

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as expense in the period in which they are incurred.

(k) LEASES

The company has taken premises on lease. Lease rental in respect of operating lease arrangement are charged to Profit and Loss Account.

(l) TAXES ON INCOME

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit/(loss) for the year.

A provision is made for the current tax based on tax liability computed in accordance with the relevant tax rates and tax laws. Deferred tax assets are recognized for all deductible timing differences and carried forward to the extent it is reasonably certain that future taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

(m) IMPAIRMENT OF ASSETS

At each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a) the provision for impairment, if any, required; or
- b) the reversal, if any, required of impairment loss recognised in previous period.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined

- a) In the case of an individual asset, on the higher of the net selling price and the value in use.
- b) In the case of a cash-generating unit, on the higher of the cash generating units net selling price and value in use.

(Value in use is determined on the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

(n) GOVERNMENT GRANT

Government grants of the nature of promoter's contribution are credited to capital reserve and treated as part of shareholder's funds.

(o) PROVISIONS AND CONTINGENCIES

The company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Note 2 Share Capital

Share Capital	As at 31st March 2013		As at 31st March 2012	
	Number		Number	
Authorised				
Equity Shares of Rs 5/- each with voting rights	5,00,00,000	25,00,00,000	5,00,00,000	25,00,00,000
Issued				
Equity Shares of Rs 5/- each with voting rights	4,11,69,667	20,58,48,335	4,11,69,667	20,58,48,335
Subscribed & fully Paid up				
Equity Shares of Rs 5/- each with voting rights	4,11,69,667	20,58,48,335	4,11,69,667	20,58,48,335
Total	4,11,69,667	20,58,48,335	4,11,69,667	20,58,48,335

2.(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Equity Shares Year ending 31.03.2013		Equity Shares Year ending 31.03.2012	
	Number		Number	
Equity Shares outstanding at the beginning of the year	4,11,69,667	20,58,48,335	4,11,69,667	20,58,48,335
Equity Shares Issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	4,11,69,667	20,58,48,335	4,11,69,667	20,58,48,335

2.(ii) Details of Equity Shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31st March 2013		As at 31st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Spentex Industries Limited	2,09,81,077	50.96	2,09,81,077	50.96
Smita Bharat Shah	34,82,009	8.46	34,82,009	8.46

(Figures in `)

Note 3 Reserve & Surplus

	As at 31st March 2013	As at 31st March 2012
a. Capital Reserves		
Opening Balance	30,00,000	30,00,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	30,00,000	30,00,000
b. Securities Premium Account		
Opening Balance	4,46,01,665	4,46,01,665
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Closing Balance	4,46,01,665	4,46,01,665
c. Surplus/ (Deficit) in Statement of Profit and Loss		
Opening balance	(64,11,75,033)	(34,10,04,472)
(+) Net Profit/(Net Loss) For the current year	(3,05,20,015)	(30,01,70,561)
Closing Balance	(67,16,95,048)	(64,11,75,033)
Total	(62,40,93,383)	(59,35,73,368)

Note 4 Long Term Borrowings

Secured

From banks	22,62,42,203	25,72,52,544
Less - Amount disclosed as 'other current liabilities'	5,49,30,520	4,90,62,328
	17,13,11,683	20,81,90,216

Unsecured

Loans and advances from related parties	32,01,28,019	32,01,28,019
	32,01,28,019	32,01,28,019

Total

	49,14,39,702	52,83,18,235
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4.1 Term Loans are secured by first pari passu charge by on fixed assets of the company, both present and future. The loans are further secured by Corporate Guarantee of its holding company, Spentex Industries Limited.

4.2 Maturity Profile

Bankers	Type of Loan	Out Standing as on 31.3.2013	Overdue Interest	Overdue Principal	Installment					Default status
					F.Y. 13-14	F.Y. 14-15	F.Y. 15-16	F.Y. 16-17	F.Y. 17-18	
Axis Bank	Term Loan (10% p.a.)	197074736	5005898	7468838	32600000	36000000	38700000	42700000	34600000	The overdue principal and interest as on 31.03.2013 has not been paid till balance sheet date.
Axis Bank	FITL (10% p.a.)	9865810	253121	372689	1628000	1792000	1940000	2140000	1740000	The overdue principal and interest as on 31.03.2013 has not been paid till balance sheet date.
Axis Bank	WCTL (10% p.a.)	8626494	221988	304506	1400000	1600000	1700000	1900000	1500000	The overdue principal and interest as on 31.03.2013 has not been paid till balance sheet date.
UCO Bank	WCTL	10675163	1936163	2489000	1250000	1250000	1250000	1250000	1250000	The overdue principal and interest as on 31.03.2013 has not been paid till balance sheet date.
Grand Total		226242203	7417170	10635033	36878000	40642000	43590000	47990000	39090000	

Note 5 Other Long Term Liabilities

	As at 31st March 2013	As at 31st March 2012
(i) Contractually reimbursable expenses	3,59,86,063	3,59,86,063
(ii) Interest accrued but not due on borrowings	9,59,50,583	9,59,50,583
Total	13,19,36,646	13,19,36,646

(Figures in `)

Note 6 Long Term Provisions
Provision for employee benefits

	<u>As at 31st March 2013</u>	<u>As at 31st March 2012</u>
Gratuity (unfunded)	89,92,222	77,61,369
Leave Encashment (unfunded)	15,20,809	14,13,327
Total	<u>1,05,13,031</u>	<u>91,74,696</u>

Note 7 Short Term Borrowings

Repayable on demand:

Secured

Working Capital Borrowings

From banks	11,47,11,226	9,70,38,947
Total	<u>11,47,11,226</u>	<u>9,70,38,947</u>

7.1 Working Capital borrowings are secured by first charge on all current assets (both present and future) of the company and second pari-passu charge on fixed assets. The loans are further secured by Corporate Guarantee of its holding company, Spentex Industries Limited.

Note 8 Other Current Liabilities

Current Maturities of Long Term debt	5,49,30,520	4,90,62,328
Interest accrued and due on borrowings	72,90,000	4,25,250

Other payables :

(i) Statutory remittances	18,89,529	17,77,257
(ii) Trade /security deposits received	63,871	43,033
(iii) Advances from customers	12,61,982	13,90,290
(iv) Others	2,06,78,791	1,74,38,319
Total	<u>8,61,14,693</u>	<u>7,01,36,477</u>

Note 9 Short Term Provisions

(a) Provision for employee benefits:

Bonus and Ex-gratia	45,30,595	55,29,127
Gratuity (Funded)	5,89,527	13,82,482
Leave Encashment (unfunded)	88,741	68,839
Total	<u>52,08,863</u>	<u>69,80,448</u>

Note 10 Fixed Assets

(Figures in `)

Fixed Assets	Gross Block			Accumulated Depreciation				Net Block		
	Balance as at 1st April 2012	Additions	Disposals	Balance as at 31st Mar 2013	Balance as at 1st April 2012	Depreciation charge for the year	On disposals	Balance as at 31st Mar 2013	Balance as at 1st April 2012	Balance as at 31st Mar 2013
Tangible Assets										
Freehold Land	50,17,299	-	-	50,17,299	-	-	-	-	50,17,299	50,17,299
Buildings:										
Factory Building	4,01,88,303	-	-	4,01,88,303	2,26,06,527	13,42,290	-	2,39,48,817	1,75,81,776	1,62,39,486
Non Factory Building	11,57,30,572	-	-	11,57,30,572	2,43,22,676	18,86,161	-	2,62,08,837	9,14,07,896	8,95,21,735
Plant and Equipment	79,83,79,110	16,88,682	-	80,00,67,792	58,07,73,914	4,16,37,844	-	62,24,11,758	21,76,05,196	17,76,56,034
Furniture and Fixtures	80,26,616	-	-	80,26,616	64,71,788	2,22,465	-	66,94,253	15,54,828	13,32,363
Vehicles	17,27,172	-	-	17,27,172	17,27,172	-	-	17,27,172	-	-
Office equipment	2,45,45,080	2,28,164	-	2,47,73,244	2,24,70,898	3,28,560	-	2,27,99,458	20,74,182	19,73,786
Total	99,36,14,152	19,16,846	-	99,55,30,998	65,83,72,975	4,54,17,320	-	70,37,90,295	33,52,41,177	29,17,40,703
Previous Year	99,31,11,816	9,96,933	4,94,597	99,36,14,152	61,24,36,671	4,62,98,830	3,62,526	65,83,72,975	38,06,75,145	33,52,41,177

(Figures in `)

	As at 31st March 2013	As at 31st March 2012
Note 11 Non-Current Investments		
Non-Trade Investments (Refer B below)		
Investment in Equity instruments	23,231	23,231
Total	23,231	23,231
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	23,231	23,231

Name of the Body Corporate	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (`)		Whether stated at Cost Yes/No
	2013	2012			2013	2012	
Investment in Equity Instruments							
Shares of Shamrao Vitthal Co-Op Bank of Rs 10 each	250	250	Unquoted	Fully paid-up	2,500	2,500	Yes
Share of United Yarn of Rs 31 each	1	1	Unquoted	Fully paid-up	31	31	Yes
Share of Lotus House Prem Co-op Soc.	1	1	Unquoted	Fully paid-up	1,500	1,500	Yes
Shares of Datta Nagari Patsanstha of Rs 10 each	500	500	Unquoted	Fully paid-up	5,000	5,000	Yes
Shares of Saraswat Co-op Bank Ltd of Rs 10 each	1,420	1,420	Unquoted	Fully paid-up	14,200	14,200	Yes
Total					23,231	23,231	

(Figures in `)

	As at 31st March 2013	As at 31st March 2012
Note 12 Long Term Loans and Advances		
Unsecured, considered good		
a. Security Deposits	3,93,856	3,93,856
b. Other loans and advances		
Balance with Custom Authorities	2,05,00,052	1,93,46,572
Balance with Sales Tax Authorities	63,03,853	-
Other Claims Receivable	57,74,144	57,74,144
Doubtful Loans and advances	92,35,000	92,35,000
Less: Provision for doubtful loans and advances	92,35,000	92,35,000
Total	3,29,71,905	2,55,14,572

Note 13 Inventories

a. Raw Materials (Valued at Cost)	2,37,620	30,52,556
b. Work-in-progress (Valued at Cost)	9,65,248	1,50,67,962
c. Finished goods (Valued at Cost or NRV whichever is lower)		
Manufactured	9,163	63,46,670
on Job Work		-
Waste	2,93,802	14,40,969
	3,02,965	77,87,639
d. Stock-in-trade (Valued at Cost or NRV whichever is lower)	-	16,08,682
e. Stores and spares (Valued at Cost)	1,00,49,657	54,03,882
Total	1,15,55,490	3,29,20,721

(Figures in `)

	<u>As at 31st March 2013</u>	<u>As at 31st March 2012</u>
Note 14 Trade Receivable		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good		
Due from Spentex Industries Limited	24,033	-
Others	1,13,29,726	3,70,61,404
	<u>1,13,53,759</u>	<u>3,70,61,404</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	26,35,360	80,90,008
Unsecured, considered doubtful	10,27,38,232	10,27,38,232
Less: Provision for doubtful debts	10,27,38,232	10,27,38,232
	<u>26,35,360</u>	<u>80,90,008</u>
Total	<u><u>1,39,89,120</u></u>	<u><u>4,51,51,413</u></u>

Note 15 Cash and cash equivalents

a. Balances with banks:

In current accounts	65,741	69,584
In margin accounts	5,87,561	23,03,610

b. Cash on hand

	92,135	1,71,264
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	<u>7,45,437</u>	<u>25,44,458</u>
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Note 16 Short-term loans and advances

Loans and Advances

Unsecured, considered good

Security Deposits	1,17,21,619	1,01,84,236
Loans and Advances to Employees	-	48,018
Prepaid Expenses	10,60,134	10,21,873
Balance with Customs and Excise Authorities	69,53,125	84,70,794
Balance with Provident Fund Authorities (under protest)	15,94,349	-
Balance with Sales Tax Authorities	85,58,687	2,07,73,905
Balance with Income Tax Authorities	40,25,215	32,46,130
Inter-corporate deposits (unsecured)	22,26,01,078	19,63,83,235
Others	47,21,998	19,54,677
	<u>26,12,36,205</u>	<u>24,20,82,868</u>

**For the year ended
31st March 2013**

**For the year ended
31st March 2012**

Note 17 Revenue from Operations

Sale of products	4,58,52,981	57,50,42,606
Sale of services	29,73,90,111	-
Other operating revenues	50,33,862	14,32,545
Less:		
Excise duty	-	-
Total	<u><u>34,82,76,954</u></u>	<u><u>57,64,75,151</u></u>

17.1 Other Operating Income comprises of:

Export Incentives	16,65,443	12,11,714
Sundry Balances Written back	33,26,031	1,65,938
Sale of old material/ testing charges	42,388	54,893
	<u>50,33,862</u>	<u>14,32,545</u>

	For the year ended 31st March 2013	For the year ended 31st March 2012
(Figures in `)		
Note 18 Other Income		
Interest Income	10,69,358	7,00,441
Dividend Income	3,960	4,260
Foreign Exchange Fluctuation Gain (net)	(1,91,924)	7,99,672
Total	8,81,394	15,04,372
Note 19 Cost of Materials Consumed		
Opening Stock	30,52,556	5,83,50,915
Add : Purchases	78,63,972	40,02,25,171
Less : Closing Stock	2,37,620	30,52,556
Total	1,06,78,908	45,55,23,530
Note 20 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock :		
Finished goods	79,55,352	4,39,32,493
Work in process	1,50,67,962	1,67,54,319
Cotton Waste	14,40,969	96,65,051
	2,44,64,283	7,03,51,863
Closing Stock :		
Finished goods	9,163	79,55,352
Work in process	9,65,248	1,50,67,962
Cotton Waste	2,93,802	14,40,969
Sub-Total	12,68,213	2,44,64,283
Increase/ (Decrease) in Stock	2,31,96,070	4,58,87,580
Note 21 Employee Benefit Expenses		
(a) Wages & Salaries	7,24,37,786	4,99,72,109
(b) Contributions to Provident Fund & Other Funds	75,09,721	53,45,783
(c) Staff welfare expenses	28,91,467	24,78,174
Total	8,28,38,975	5,77,96,067
Note 22 Finance Expenses		
Interest expense:		
(i) Term Loans	2,52,29,596	2,81,76,946
(ii) Others	1,49,73,603	5,12,95,079
Other borrowing costs	1,98,067	9,63,229
	4,04,01,266	8,04,35,254
Less-Interest Income	2,01,65,351	1,75,85,730
Total	2,02,35,915	6,28,49,524
Note 23 Other Expenses		
Stores and Spares Consumption	1,97,15,807	1,30,82,653
Packing Material	9,01,413	71,84,191
Sub-Contracting Charges	1,15,07,409	26,96,103
Power, Fuel & Water	14,71,31,660	7,92,44,959
Rent	3,950	7,33,506
Repairs & Maintenance - Buildings	3,74,465	2,62,648
Repairs & Maintenance - Machinery	31,33,813	18,63,628
Repairs & Maintenance -Others	92,741	1,35,559
Insurance	6,32,203	8,20,918
Rates & Taxes	3,66,059	6,69,336
Communication Expenses	5,08,006	5,17,953

(Figures in `)

	For the year ended 31st March 2013	For the year ended 31st March 2013
Travelling and Conveyance	17,86,978	15,30,861
Auditor's Remuneration:		
As Auditors	2,45,660	2,45,660
Legal and Professional charges	30,19,059	18,53,381
Selling & Other Expenses	8,91,341	9,42,582
Commission on sales	64,318	3,62,465
Freight Outward and Clearing Charges (net of recoveries)	5,41,233	52,38,469
Loss on Assets Sold / Discarded	-	61,474
Directors Sitting Fees	42,472	68,200
Provision for Bad Debts	-	84,53,244
Printing and Stationary Expenses	3,37,922	2,25,078
Other Expenses	23,20,568	31,27,032
Total	19,36,17,077	12,93,19,899

Note No. 24: Contingent Liabilities

Contingent Liabilities not provided for in respect of –

a. The following guarantees provided by/ on behalf of the company:

(Figures in `)

S.No.	Particulars	As at 31.03.13	As at 31.03.12
1.	Corporate guarantee given to Lehman Brothers Commercial Corporation Asia Limited, Hongkong (Lehman) and State Bank of India, Tokyo Branch (SBI) for loan extended to Spentex (Netherlands), B.V. USD 10.825 millions (previous year USD 10.825 millions)	58,75,81,000	54,12,50,000
	Total	58,75,81,000	54,12,50,000

The Company has provided corporate guarantee jointly with Spentex Industries Limited for the loan given to Spentex (Netherlands), B.V. by Lehman and SBI. The company believes that guarantee given to Lehman is no longer valid as Lehman did not comply with the terms and conditions of the loan agreement based on which guarantee was given. Accordingly, the figures for current and previous year do not include the portion of the guarantee relating to the loan from Lehman Brothers.

b. Claims against company not acknowledged as debts:

(Figures in `)

S.No.	Description	As at 31.03.13	As at 31.03.12
1.	Electricity duty by Maharashtra State Government on units generated through captive power plant between the period Apr-2000 to Apr-2005 (petition pending before the Supreme Court)	1,43,55,000	1,43,55,000
2.	Demands from MSEDCCL under appeal (including interest of Rs.2,71,71,220, previous year Rs. 2,37,73,251)	6,53,12,579	5,82,32,830
3.	Demands from Excise Departments under appeal/ revision	63,28,638	64,09,046
4.	Demands from Maharashtra Sales Tax Authorities under appeal for FY 2004-05 not provided for.	10,44,000	10,44,000
5.	Demands from EPF Department for the period 02/2003 to 11/2006 not provided for.	15,94,349	15,94,349
	Total	8,86,34,566	8,16,35,225

Note No.25

Disclosure in accordance with section 22 of Micro, Small and Medium Enterprise Development Act, 2006:

(Figures in `)

S.No.	Particulars	As at 31st March 2013	As at 31st March 2012
a.	Principal amount remaining and paid and interest due thereon	8,53,161	2,61,728
b.	Interest paid in terms of section 16	NIL	NIL
c.	Interest due and payable for the period of delay in payment	NIL	NIL
d.	Interest accrued and remaining unpaid	NIL	NIL
e.	Interest due and payable even in succeeding years	NIL	NIL

As certified by the management based on the available information.

Note No.26

The Sundry Debtors include export receivables of Rs. 1027.38 lakhs and Loans and advances include advances of Rs.92.35 lacs, for which the Company has made a provision for Doubtful Debts for the aforesaid amounts. The Company has also sought the permission of the Reserve Bank of India (RBI) through its authorized dealer to write off these debts. However, pending approval from RBI, the management has decided not to write off the said amounts from books of account.

Note No.27

The outstanding balance as on 31st March 2013 in respect of certain Sundry debtors, Creditors, Loans & Advances and Bank and other deposits are subject to confirmation from the respective parties and consequential reconciliations/ adjustments arising therefrom, if any. The management, however, does not expect any material variations.

Note No.28

Schoeller Litvinov k.s (SLKS), a fellow subsidiary of the Company, had registered losses during the year and earlier financial years due to economic slowdown. This fellow subsidiary had submitted a re-organization plan, dated 13.11.2009, seeking deferment of payment to Secured Creditors, and proportionate waiver of unsecured liabilities which has now been approved by the court. Subsequently, in another reorganization plan, the court has ordered to substantially write off the unsecured creditors including the liability towards to the company. Accordingly, the company has made a provision for bad debt for Rs.5,44,23,615, due from SLKS as an exceptional item during 2011-12. However, pending approval from RBI, the management has decided not to write off the said amounts from books of account.

Note No.29

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 Limited for recovery of the claims.

Note No.30

As on 31st March 2013, 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.

Note No. 31: Segmental Reporting

In accordance with Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified two business segments viz. Textile Manufacturing and Textile Trading. Further, two geographical segments by location of customers have been considered as secondary segments viz, Within India and Outside India . The segment wise disclosure are as follows:

A. Business Segment Reporting

(Figures in `)

DESCRIPTION	TEXTILE-MANUFACTURING	TEXTILE-TRADING	TOTAL
Segment Revenue			
Total Revenue	34,25,18,779 (55,26,49,459)	55,66,251 (2,46,25,274)	34,80,85,030 (57,72,74,822)
Segment Results	(79,21,601) (-18,11,34,290)	2,09,297 (-75,514)	(77,12,304) (-18,12,09,804)
Unallocated corporate expense (Net)	- (-)	- (-)	36,45,113 (23,92,319)
Operating Profit	- (-)	- (-)	(1,13,57,418) (-23,80,25,737)
Finance Charges	- (-)	- (-)	2,02,35,915 (6,28,49,524)

DESCRIPTION	TEXTILE-MANUFACTURING	TEXTILE-TRADING	TOTAL
Interest income	-	-	10,69,358
	(-)	(-)	(7,00,441)
Dividend income	-	-	3,960
	(-)	(-)	(4,260)
Profit/(Loss) before Prior period items and Tax	-	-	(3,05,20,015)
	(-)	(-)	(-24,57,46,946)
Exceptional Items	-	-	-
	(-)	(-)	(-5,44,23,615)
Tax Expense	-	-	-
	(-)	(-)	-
Profit/(Loss) after tax and Exceptional Items	-	-	(3,05,20,015)
	(-)	(-)	(-30,01,70,561)
OTHER INFORMATION			
Segment Assets	38,38,46,224	11,78,782	38,50,25,006
	(48,13,30,488)	(82,55,398)	(48,95,85,886)
Unallocated corporate assets	-	-	31,50,61,851
	(-)	(-)	(28,97,80,972)
Total Assets	-	-	70,00,86,857
	(-)	(-)	(77,93,66,858)
Segment liabilities	62,59,95,770	-	62,59,95,770
	(60,82,74,850)	(-)	(60,82,74,850)
Unallocated corporate liabilities	-	-	7,40,91,088
	(-)	(-)	(17,10,92,007)
Total Liabilities	-	-	70,00,86,857
	(-)	(-)	(77,93,66,858)
Capital expenditure incurred during the year	19,16,846	-	19,16,846
	(9,96,933)	(-)	(9,96,933)

B) GEOGRAPHICAL SEGMENT REPORTING:

(Figures in `)

DESCRIPTION	REVENUE	ASSETS
Domestic	33,69,59,517	69,89,08,075
	(54,97,30,100)	(70,77,78,187)
Outside India	62,83,575	11,78,782
	(2,53,12,506)	(7,15,88,671)
Current Year	34,32,43,092	70,00,86,857
Previous Year	(57,50,42,606)	(77,93,66,858)

Note No. 32: Earnings per share

Information on Earning Per Share as per Accounting Standard 20 on "Earnings Per Share" issued by the Institute of Chartered Accountants of India:

Sl. No.	Particulars	Period ended	Period ended
		31.03.2013	31.03.2012
1	Net Profit / (Loss) For the year	(3,05,20,015)	(30,01,70,561)
2	Number of Equity shares Outstanding	4,11,69,667	4,11,69,667
3	Basic and Diluted earnings Per Share	(0.74)	(7.29)
4	Nominal value per share	5	5

Note: As informed by the management, there are no Potential Dilutive Equity Shares.

Note No. 33

Break-up of deferred tax assets and deferred tax liabilities

(Figures in `)

	Current Year	Previous Year
Deferred tax liability recognised due to timing difference due to:		
Depreciation and other differences in block of fixed assets	6,30,87,193	7,34,77,357
Total Deferred Tax liabilities	6,30,87,193	7,34,77,357
Deferred tax asset recognised due to timing difference due to:		
Tax impact of provision for doubtful debts and advances	3,45,99,729	3,45,99,729
Tax impact of disallowances under section 43B of the Income tax Act, 1961	72,05,362	31,43,140
Realisation of tax impact of unabsorbed depreciation and carried forward losses	16,09,05,223	16,18,07,539
Total Deferred Tax Asset	20,27,10,314	19,95,50,407
Net Deferred Tax Asset/ (Deferred Tax Liability)	13,96,23,121	12,60,73,050
(Credit)/ Charge to profit and loss account	-	-

Deferred tax asset amounting to Rs.8,78,24,766 has been recognised upto 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.34: Related Party Disclosures

Related Party Disclosures in terms of Accounting Standard 'AS-18' Issued by the Institute of Chartered Accountants of India.

Relationships:

- | | |
|-----------------------------|-----------------------------|
| a. Holding Company | Spentex Industries Limited |
| b. Fellow subsidiary | Spentex (Netherlands), B.V. |
| c. Key Management Personnel | Mr. S.P. Setia- Chairman |

(Figures in `)

Particulars	Holding Company	Other related Parties where Control exists	Key Management Personnel
Sale of goods/ services	32,37,52,364	-	-
	(46,20,67,527)	(-)	-
Sale of Packing Material & Spares	1,49,04,614		
	-		
Purchase of Goods	76,36,582	-	-
	(1,12,55,871)	(-)	(-)
Purchase of Spares	4,32,860		
	-		
Purchase of fixed assets	18,00,000	-	-
	(2,25,675)	(-)	(-)
Interest Paid	-	-	-
	(3,37,05,533)	(-)	(-)
Directors sitting fees	-	-	42,472
	(-)	(-)	(68,200)
Loan taken	-	-	-
	(-)	-	-
Loan Repaid and Advances given	-	-	-
	(-)	(-)	(-)
Outstanding balance at year end			
Unsecured loans	32,01,28,019	-	-
	(32,01,28,019)	-	-

Particulars	Holding Company	Other related Parties where Control exists	Key Management Personnel
Trade and other debtors	24,033	-	
	-	(-)	-
Trade Payable	15,09,43,275	-	-
	(15,35,70,993)	-	-
Corporate Guarantees	-	-	-
	-	-	-

Note :Related party relationship is as identified by the Company and relied upon by the auditors.

Note No.35 Employee Benefits

Consequent upon the adoption of Accounting Standard on Employee Benefits AS-15 (Revised) Issued by the Institute of Chartered Accountants of India, as required by the Standard the following disclosures are made:

Reconciliation of Opening and Closing balances of the Present Value of Defined Benefit Obligation (Figures in `)

	Current Year		Previous Year	
	Gratuity (Funded)	Compensated Absences (unfunded)	Gratuity (Funded)	Compensated Absences (unfunded)
Components of Employer Expense				
Current service cost	9,10,226	2,62,385	8,27,114	2,20,221
Interest Cost	8,89,199	1,25,639	8,99,882	1,43,144
Expected return on Plan assets	2,50,225	-	3,11,438	-
Actuarial (gain)/ Loss	15,53,980	1,04,785	11,28,667	2,13,383
Total expense recognised in the Statement of Profit & Loss Account	31,03,150	4,92,809	25,44,234	5,76,648
Change in Defined Benefit Obligation (DBO) during the year ended 31st March 2013				
Obligation at period beginning (April 1, 2012)	1,04,89,903	14,82,166	1,02,84,364	16,35,933
Current service cost	9,10,226	2,62,385	8,27,114	2,20,121
Interest Cost	8,89,199	1,25,639	8,99,882	1,43,144
Actuarial (gain)/ Loss	15,53,980	1,04,785	11,28,667	2,13,383
Benefits Paid	(18,99,040)	(3,65,425)	(26,50,124)	(7,30,415)
Obligation at the Year end (31st March 2013)	1,19,44,268	16,09,550	1,04,89,903	14,82,166
Change in Plan Assets				
Plan assets at period beginning, at fair value	27,28,534	Not	39,26,128	Not
Expected return on Plan assets	2,50,225	Applicable	3,11,438	Applicable
Actuarial gain/ (Loss)	30	-	(8)	-
Contributions	12,82,770	-	11,41,100	-
Benefits paid	(18,99,040)	-	(26,50,124)	-
Plan assets at the year end, at fair value	23,62,519	-	27,28,534	-
Reconciliation of Present Value of the Obligation and Fair value of plan assets				
Fair value of plan assets at the end of the year	23,62,519	-	27,28,534	-
Present value of the defined benefit obligation at the end of the year	1,19,44,268	16,09,550	1,04,89,903	14,82,166
Liability/ (Asset) Recognized in the Balance Sheet Comprising of:	95,81,749	16,09,550	77,61,369	14,82,166
Current Liability	5,89,527	88,741	-	68,839
Non-Current Liability	89,92,222	15,20,809	77,61,369	14,13,327
Assumptions used to determine the benefit obligation				
Discount Rate	8.50%	8.50%	8.75%	8.75%
Estimated rate of Return on Plan Assets	8.15%	-	9.36%	-
Expected rate of Increase in salary	3%	3%	3%	3%
Withdrawal rate (18 to 58 years)	2%	2%	2%	2%

AMIT SPINNING INDUSTRIES LIMITED

Regd. Office : A-60, Okhla Industrial Area, Phase II, New Delhi 110 020

ATTENDANCE SLIP

DP ID

Regd. Folio No.

Client ID

No. of Shares held

I certify that I am a registered Member/Proxy for the registered member of the Company. I hereby record my presence at the 21st Annual General Meeting of the Company on Monday, the 30th day of September, 2013 at 3:30 P.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019

.....
Name of the Member/Proxy (in BLOCK LETTERS)

.....
Signature of Member/Proxy

Note : Please complete this attendance slip and hand it over at the **Entrance of the Meeting Hall**

AMIT SPINNING INDUSTRIES LIMITED

Regd. Office : A-60, Okhla Industrial Area, Phase II, New Delhi 110 020

PROXY FORM

I/We of being a member/members of the above named Company hereby appoint Mr./Mrs./Ms. of or failing him/her of as my/our Proxy to attend and vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on Monday, the 30th day of September, 2013 at 3.30 P.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019

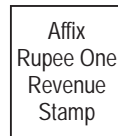
Signed this day of 2013.

Signature

DPID & Client ID No.

Folio No.

No. of Shares held



Note : THIS FORM DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

Book - Post

If undelivered, please return to :
AMIT SPINNING INDUSTRIES LIMITED
REGISTERED & CORPORATE OFFICE :
A-60, Okhla Industrial Area, Phase-II,
New Delhi - 110 020