

AMIT SPINNING INDUSTRIES LIMITED



22nd Annual Report
2013 - 2014

CLC

BOARD OF DIRECTORS

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

REGISTERED & CORPORATE OFFICE

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

SECRETARY

Priya Lohani

AUDITORS

Sunil Jain & Co.
Chartered Accountants
New Delhi

AUDIT COMMITTEE

S P Setia (Chairman)
Ranjan Mangtani
K Sankaramani

NOMINATION AND REMUNERATION COMMITTEE

S P Setia (Chairman)
Ranjan Mangtani
K Sankaramani

STAKEHOLDERS RELATIONSHIP COMMITTEE

S P Setia (Chairman)
Ranjan Mangtani
K Sankaramani

PLANT

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

BANKERS

AXIS Bank Limited
UCO Bank

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● 22nd AGM

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

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

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

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

NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things including taking all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

Sd/-

PRIYA LOHANI
Secretary

Place: New Delhi

Date : August 11, 2014

NOTES:

- A. Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 4 to 8 as required under Section 102 (1) of the Companies Act, 2013, is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- C. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- D. The Register of Members and Share Transfer Books of the Company will be closed from Monday, the 8th day of September, 2014 to Thursday the 11th day of September, 2014 (both days inclusive) for the purpose of this Annual General Meeting.
- E. All documents referred in the accompanying notice are available for inspection at the Registered Office of the Company during working days between 10.00 A.M. to 1.00 P.M. till the date of Annual General Meeting and also at the meeting.
- F. Members are requested to intimate the change, if any, in their registered address immediately.
- G. Members/Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
- H. It will be appreciated that queries, if any, on accounts and operations of the Company are sent to the Registered Office of the company ten days in advance of the meeting so that the information may be made readily available.
- I. As per provisions of the Companies Act, facility of nomination is available to the members in respect of the shares held by them.
- J. For any query on the Depository System, members may contact any depository participant or the Share Department at the Registered Office of the Company.
- K. In terms of Clause 49 of the Listing Agreement, a brief resume of directors who are proposed to be appointed/re-appointed at this meeting are provided in Corporate Governance Report, forming part of the Annual Report.
- L. Securities and Exchange Board of India (SEBI) made it mandatory for the transferees to furnish copy of PAN card to the

Company/RTA for registration of shares held in Physical Form.

M. Members are requested to send queries, if any, at E-mail ID secretarial@clcindia.com which is being used exclusively for the purpose of redressing the complaint(s) of the investors.

N. VOTING THROUGH ELECTRONIC MEANS

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

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

In case of members receiving e-mail:

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

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

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

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

In case of members receiving the physical copy:

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

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

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

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

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

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

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

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

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

ITEM NO. 7:

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

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

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

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

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

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

ITEM NO. 8:

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

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

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

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

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

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

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

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

DIRECTORS' REPORT

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

Financial Results:

(` in Lakhs)

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

FINANCIAL ANALYSIS AND PERFORMANCE REVIEW:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

SEGMENT-WISE PERFORMANCE

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

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

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

MANAGEMENT PERCEPTION ON OPPORTUNITIES, RISKS, CONCERN & OUTLOOK

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

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

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

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

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

HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company and its management value the talent, commitment and dedication of its employees and acknowledge their contribution. Consequently, the employee turnover is negligible. Everyone in the Company is working as a team and is an integral part of a family, sharing their ideas through Town

Hall meeting, using intranet across the units and are instrumental in making your Company, a globally admired company. Management of your Company believes that it is the integration of human resources and business strategy that has culminated in its success. High performance orientation is the pivot of the HR philosophy of the Company and all the HR policies and strategies are centered on the same.

Industrial Relations scenario of the unit continues to be healthy.

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

Dividend

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

Corporate Governance

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

Directors

Mr. Ranjan Mangtani retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Pursuant to applicable provisions and Section 149, 150 and 152 of Companies Act, 2013 Mr. S P Setia, Independent Director and Chairman of the Company has been appointed as Independent Director for a period of five years effecting from the ensuing the Annual General Meeting. The brief resume of the Director to be reappointed, detailing nature of his expertise in specific functional areas, names of companies in which he hold directorship(s) and membership(s)/ chairmanship(s) of Board Committees, shareholding and relationships between directors, inter-se, as stipulated in Clause 49 of the Listing Agreement entered into with Stock Exchanges is provided in the Report on Corporate Governance.

Auditors

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

Auditors Report

The Auditors' Report read together with the Notes to Accounts is self-explanatory and do not call for any further explanation under Section 217 (3) of the Companies Act, 1956, except for the responses in respect of some observations as mentioned here in below.

Directors' view on Auditors observations

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

Note No. 29 of the Financial Statement qualified by Auditors

"The Loans and Advances of the Company include a sum of Rs. 1,93,46,572 being an amount receivable from Customs Department as drawbacks against the export sale pertaining to the period 1993 to September, 2004 when the unit was 100% Export Oriented Unit (EOU). The company has earlier filed an application with the office of DGFT for the claim and made significant efforts for receiving the claim. The Company has filed claim against Jak Traders Private Ltd. for recovery of the claims."

Note No. 33 of the Financial Statement qualified by Auditors

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

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

"As on March 31, 2014, the accumulated losses of the Company have exceeded its net worth. In the opinion of the management, the Company's operations are affected by global business downturn which has resulted in reduction in demand, increase in input costs and shortage of working capital. The Company has also filed a reference with Board for Industrial and Financial Restructuring (BIFR) under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985 for determination of sickness and measures to be adopted for rehabilitation. The BIFR, vide its order, declared the Company as Sick under Section 3(1)(o) of SICA, 1985 and appointed UCO Bank as Operating Agency (OA) under section 17(3) to prepare Rehabilitation Scheme for the Company. Further, due to shortage of capital, the Company has worked on job-work basis only during the current year. However, on the strength of an undertaking from Board of Directors to turn around the financial position of the Company, these financial statements are prepared on a going concern basis."

Cost Auditor

The Central Government has approved the appointment of Shri Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants to conduct the audit of the Cost Accounts of the Company for the financial year ending 31st March, 2014 for the product "Textile". Company has approached Cost Audit Department for seeking exemption for not conducting the Cost Audit due to declaration of company as sick under SICA 1985.

Fixed Deposits

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

Listing of Shares

Presently the Company shares are listed and traded at the Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India, Mumbai (NSE) and the Listing Fee has been paid till 31st March, 2015.

Directors' Responsibility Statement

Your Directors hereby state and confirm that:

- i) in preparing the Annual Accounts for the year ended 31st March 2014 all the applicable Accounting Standards have been followed,
- ii) accounting policies were adopted and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014,
- iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Companies Act for safeguarding the assets of the Company and for preventing / detecting fraud and irregularities has been taken and
- iv) the Annual Accounts have been prepared on a "going concern" basis.

Particulars of Employees

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Conclusion

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

Acknowledgments

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

On behalf of the BOARD OF DIRECTORS,

Sd/-

**S P SETIA
CHAIRMAN**

Place New Delhi

Date : August 11, 2014

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2014.

A. CONSERVATION OF ENERGY:

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

- a. Energy conservation measures taken

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

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

(Unit / ` in Lakhs)

Electricity	Current year	Previous year
Purchased		
Total Units consumed	180.09	201.79
Total Amount	1296.59	1459.74
Rate per Unit (Rs.)	7.20	7.23
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	3.52	3.91

B. TECHNOLOGY ABSORPTION:

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

RESEARCH & DEVELOPMENT (R&D):

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

On behalf of the BOARD OF DIRECTORS,

Sd/-

**S P SETIA
CHAIRMAN**

Place New Delhi

Date : August 11, 2014

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-14

(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 requisite percentages of independent/non-executive directors as per the said agreement.

During the year under review, 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 27th May, 2013, 6th August, 2013, 11th November, 2013 and 12th February, 2014. 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 of the listing agreement, Memberships / Chairmanships of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies (excluding Amit Spinning Industries Limited) have been considered.

- Video/Tele Conferencing facilities are used for all meetings except 12th February, 2014 to facilitate the director(s) participation in the said meetings who otherwise were present at other locations.

Details of shares held by the Non-Executive/Independent Directors as on 31st March, 2014

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 retire by rotation and, if eligible, they can seek re-appointment at the Annual General Meeting of Shareholders. As per Article 100 of the Articles of Association, Mr. Ranjan Mangtani will retire in the ensuing Annual General Meeting and being eligible he has given his consent for re-appointment. Further, as per provisions of Companies Act, 2013, Mr. S P Setia, Independent Director and Non-executive Chairman of the Company is proposed to be appointed an Independent Director for a period of five years on conclusion of ensuing Annual General Meeting.

The Board has recommended the appointment/re-appointment of aforesaid director(s) 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:

Mr. S.P. Setia (72) s/o Late Shri Jagan Nath Setia is director of the Company since March 17, 2009. He is a Science Graduate and Gold Medalist in Textiles. Shri Setia is having rich experience in textile industry and providing consultancy services to textile industry since 1962. Shri Setia is director in Filatex India Limited, RRA Textiles Private Limited, S.P. Setia & Associates Private Limited, Parameshwari Fabrics Private Limited, Trident Corporation Limited and Rainbow Integrated Texpark Ltd. Shri Setia is also a member in Audit Committee and Compensation Committee of Trident Corporation Limited.

Mr. Setia is a Chairman of the Company and also Chairman of Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee of the Board of Directors of the Company. He does not hold any share in the Company as on 31st March, 2014.

Mr. Ranjan Mangtani (62) S/o of Late Shri Manghan Das Vishan Das Mangtani is a director of the Company since 25th August, 2006. He is a Fellow Member of the Institute of Company Secretaries of India and Bachelor of Law. Before joining the Company he was advisor to various corporate houses in Corporate Law and other Legal matters. He is a Director of CLC Technologies Pvt. Limited.

Mr. Mangtani is Member of the Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee of the Company and does not hold any share of the Company.

3. Audit Committee

The Audit Committee of the Board consists of three members Mr. S P Setia (Non-Executive/Independent Chairman), Mr. Ranjan Mangtani (Member) and Mr. 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 for presenting their periodical reports. The Composition of the Audit Committee meets all the requirements of provisions of the Companies Act, 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 as per provisions of 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 27th May, 2013, 6th August, 2013, 11th November, 2013 and 12th February, 2014. 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 for all meetings except for meeting held on 12th February, 2014 to facilitate the director(s) to participate in the meetings who were otherwise present at other locations.

4. Nomination And Remuneration Committee

A Nomination and 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 Nomination and Remuneration Committee of the Board comprises of one Independent and two Non-executive Directors, namely Mr. S P Setia (Chairman), Mr. Ranjan Mangtani (Member) and Mr. 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 2013-14 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	34,91,412	34,91,412
Mr. Ranjan Mangtani	Non-Executive	NIL	NIL	NIL	NIL	NIL
Mr. Krishnan Sankaramani	- Do -	NIL	NIL	NIL	NIL	NIL

Mr. Ranjan Mangtani and Mr. K Sankaramani had 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. Stakeholders Relationship Committee:

Stakeholders Relationship Committee of the Board comprises of three members, namely Mr. S P Setia, Chairman, Mr. Ranjan Mangtani and Mr. Krishnan Sankaramani as Members of the Committee.

The Committee members meet from time to time, inter alia, to approve issue of duplicate share certificates and oversea 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 2014. Ms. Priya Lohani, is the Asst. Company Secretary/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, 2013, 5th July, 2013, 4th October, 2013 and 6th January, 2014. The details of Attendance of each Member at the Stakeholders Relationship Committee:

Name of the Director	No. of Meetings Attended
Mr. S P Setia	4
Mr. Ranjan Mangtani	4
Mr. Krishnan Sankaramani	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
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 11.30 A.M.	None
21ST AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	30th September 2013 3.30 P.M.	None

(B) Special Resolution passed through Postal Ballot:

No special resolution was passed through postal Ballot during the year 2013-14.

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, 2014 in terms of Clause 49 I (D) (ii) of the Listing Agreement entered into with the Stock Exchange.

Place : New Delhi
Date : August 11, 2014

Sd/-
I.B. Maner
Managing Director

8. Compliance

a. Mandatory Requirements:

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

b. Adoption of Non-Mandatory Requirements:

Although it is not mandatory, a Nomination & Remuneration Committee of the Board is in place. Details of Nomination & 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 the 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.
- The Management Discussions and Analysis is communicated as a part of Annual Report.

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

11. General Shareholder information

- The 22nd Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A – 81, Chittaranjan Park, New Delhi - 110019 on 11th September, 2014 at 11.30 A.M.
- Financial Calendar (Tentative) :

Financial reporting for the Quarter ending June 30, 2014	:	11th August, 2014
Financial reporting for the Quarter ending September 30, 2014	:	on or before 15th November, 2014
Financial reporting for the Quarter ending December 31, 2014	:	on or before 15th February, 2015
Annual Results for the Year ending March 31, 2015	:	on or before 30th May, 2015
- Date of Book closure : Monday the 8th September, 2014 to Thursday the 11th September, 2014 (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 2014-15.
- Market Price Data : High/Low during each month in last financial year 2013-14 : on BSE & NSE

Month	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
The Bombay Stock Exchange Ltd. (BSE)												
High	1.14	1.10	1.15	Not traded	1.10	1.09	0.97	0.71	0.68	0.58	0.54	0.40
Low	0.99	1.03	1.15	Not traded	1.14	0.96	0.68	0.64	0.51	0.48	0.39	0.36
National Stock Exchange of India Ltd. (NSE)												
High	0.95	Not traded	NT	0.90	0.75	0.45	0.55	0.60	0.50	0.55	0.45	0.35
Low	0.95	Not traded	NT	0.80	0.50	0.45	0.40	0.50	0.45	0.50	0.35	0.30

- 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: Mr. Sharad Patkar and Mobile No. 09821754844.
- Share Transfer System: The Company's shares are traded under compulsorily D-mat mode. Shares in physical mode lodged for transfer are processed and returned to the shareholders within the stipulated time.
- Distribution of shareholding as on 31.03.2014 :

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 to 500	15536	88.90	25,16,562	6.11
501 to 1000	990	5.67	8,56,162	2.08
1001 to 2000	401	2.29	6,50,846	1.58
2001 to 3000	157	0.90	4,09,978	1.00
3001 to 4000	75	0.43	2,70,983	0.66
4001 to 5000	95	0.54	4,54,230	1.10
5001 to 10000	103	0.59	7,78,172	1.89
10001 and above	118	0.68	3,52,32,734	85.58
TOTAL	17,475	100.00	4,11,69,667	100.00

➤ **Category of Shareholders as on : 31.03.2014**

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	3,53,796	0.86
Body Corporate(s)	8,29,268	2.01
Public and Others	1,83,27,284	44.52
Total	4,11,69,667	100.00

- Dematerialization of shares: As on 31st March, 2014 the shares in demat form were 3,90,87,027 representing 94.94% 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 Ms. Priya Lohani
Ph. 011 - 26387738, 41614999, Fax: 011 – 26385181
Email: priya@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, 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, 2014 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 26, 2014

Sd/-
I.B. Maner
Managing Director

Sd/-
Ravi Bhojwani
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 2014, 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 11, 2014

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, 2014, 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") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.20,33,73,207 (as against the reported figure of Rs.9,62,01,869), 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.

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, 2014;

(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 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013..
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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 26, 2014

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 March 31, 2014, 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	10,44,000 (net of payment of Rs.2,00,000 under protest)	2004-05	First Appellate Authority
2	Maharashtra Value Added Tax	Sales Tax and penalty	9,64,390 (net of payment of Rs.16,90,614 by way of adjustment of refund)	2009-10	First Appellate Authority

- x) The accumulated losses at end of financial year are more than 50% of its net worth. The Company incurred cash loss before working capital changes amounting to Rs. 1,35,91,753 in the year under audit whereas there was no cash loss 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 31.3.2014	Overdue Interest	Overdue Principal	Default status
Axis Bank	Term Loan (10% p.a.)	1615.08	13.70	81.38	The overdue principal as on 31.03.2014 has not been paid till balance sheet date. However, the interest has been paid (Except interest of Rs.2,73,582 on term loan of Rs.16.15 crores)
Axis Bank	FITL (10% p.a.)	80.86	0.69	4.05	
Axis Bank	WCTL (10% p.a.)	70.90	0.60	3.30	
UCO Bank	WCTL	122.95	35.56	37.39	The Account has become NPA and the matter is before BIFR for restructuring.
Grand Total		1889.80	50.55	126.13	

Further, as informed to us, the loan facilities availed from UCO Bank as working capital term loan (outstanding balance as on 31.3.2014 amounting to Rs.1.23 crores) and cash credit facilities (outstanding balance as on 31.3.2014 amounting to Rs.8.28 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 26, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

(Figures in `)

Particulars	Note No.	AS AT 31st March 2014	AS AT 31st March 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	20,58,48,335	20,58,48,335
(b) Reserves and surplus	3	(72,02,95,252)	(62,40,93,383)
(c) Money received against share warrants		-	-
		(-51,44,46,917)	(41,82,45,048)
2 Share application money pending allotment			
		-	-
3 Non-current liabilities			
(a) Long-term borrowings	4	45,07,98,019	49,14,39,702
(b) Deferred tax liabilities (Net)	-	-	-
(c) Other Long term liabilities	5	13,19,36,646	13,19,36,646
(d) Long-term provisions	6	1,37,05,273	1,05,13,031
		59,64,39,938	63,38,89,380
4 Current liabilities			
(a) Short-term borrowings	7	11,30,60,414	11,47,11,226
(b) Trade payables		34,22,88,468	27,84,07,744
(c) Other current liabilities	8	9,14,52,838	8,61,14,693
(d) Short-term provisions	9	52,68,945	52,08,863
		55,20,70,664	48,44,42,525
TOTAL		63,40,63,685	70,00,86,857
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	10	25,70,39,749	29,17,40,703
(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	88,17,652	66,97,709
(e) Other non-current assets	13	2,62,74,196	2,62,74,196
		37,99,79,594	41,25,60,605
2 Current assets			
(a) Current investments	-	-	-
(b) Inventories	14	59,03,376	1,15,55,490
(c) Trade receivables	15	66,51,213	1,39,89,120
(d) Cash and cash equivalents	16	16,35,805	7,45,437
(e) Short-term loans and advances	17	23,98,93,698	26,12,36,205
(f) Other current assets	-	-	-
		25,40,84,091	28,75,26,252
TOTAL		63,40,63,685	70,00,86,857

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)

For and on behalf of Board of Directors

Sd/-
Sanchit Jain
Partner
Membership No. 511714
Place New Delhi
Date : May 26, 2014

Sd/-
S P Setia
Chairman

Sd/-
I.B. Maner
Managing Director

Sd/-
K. Sankaramani
Director

Sd/-
Ranjan Mangtani
Director

Sd/-
Priya Lohani
Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(Figures in `)

Particulars	Note No.	Year ending 31st March 2014	Year ending 31st March 2013
I. Revenue from operations	18	26,38,57,017	34,82,76,954
II. Other income	19	8,95,157	8,81,394
III. Total Revenue (I + II)		26,47,52,174	34,91,58,348
IV. Expenses:			
Cost of materials consumed	20	-	1,06,78,908
Purchases of Stock-in-Trade		-	36,94,098
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	1,66,011	2,31,96,070
Employee benefits expense	22	9,62,06,735	8,28,38,975
Finance costs	23	3,96,52,199	2,02,35,915
Depreciation and amortization expense	10	4,10,33,147	4,54,17,320
Other expenses	24	18,38,95,951	19,36,17,077
Total expenses		36,09,54,043	37,96,78,362
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(9,62,01,869)	(3,05,20,015)
VI. Exceptional items		-	-
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		(9,62,01,869)	(3,05,20,015)
VIII. Extraordinary Items		-	-
IX. Profit / (Loss) before tax (VII- VIII)		(9,62,01,869)	(3,05,20,015)
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI Profit / (Loss) for the period from continuing operations (IX-X)		(9,62,01,869)	(3,05,20,015)
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		(9,62,01,869)	(3,05,20,015)
XV Profit (Loss) for the period (XI + XIV)		(9,62,01,869)	(3,05,20,015)
XVI Earnings per equity share:			
(1) Basic		(2.34)	(0.74)
(2) Diluted		(2.34)	(0.74)

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 26, 2014

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

Sd/-
Priya Lohani
Secretary

CASH FLOW STATEMENT FOR YEAR ENDED 31st March 2014

(Figures in `)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
A. Cash flow from operating activities:		
Net (loss)/profit before tax but after exceptional/ extraordinary items	(9,62,01,869)	(3,05,20,015)
Adjustments for:		
Depreciation	4,10,33,147	4,54,17,320
Interest Expense	3,96,52,199	2,02,35,915
Interest Income	(8,28,412)	(10,69,358)
Income from Investment - Dividends	(1,980)	(3,960)
Provision for Gratuity	28,55,558	12,30,853
Provision/ (Reversal) for Leave Encashment	3,36,684	1,07,482
Miscellaneous balances written Back	(3,15,465)	(33,26,031)
Unrealised Foreign Exchange loss/ (gain)	(1,21,614)	15,636
	8,26,10,117	6,26,07,857
Operating profit before working capital changes	(1,35,91,753)	3,20,87,842
Adjustments for changes in working capital :		
(INCREASE)/DECREASE in Sundry Debtors	74,59,520	3,11,46,657
(INCREASE)/DECREASE in Other Receivables	1,77,59,100	4,42,611
(INCREASE)/DECREASE in Inventories	56,52,114	2,13,65,231
INCREASE/(DECREASE) in Trade and Other Payables	6,22,37,250	9,31,07,985
	9,31,07,985	(1,54,92,476)
Cash generated from/ (used in) operations	7,95,16,232	6,95,49,864
Direct Taxes (Paid) / Received (net)	14,63,464	(7,79,085)
Extraordinary /exceptional Item (Expense)/ Income	-	-
	14,63,464	-7,79,085
Net cash from / (used in) operating activities	8,09,79,696	6,87,70,779
B. Cash flow from Investing activities:		
Purchase of fixed assets	(63,32,193)	(19,16,846)
Interest Received	8,28,412	10,69,358
Dividend Received	1,980	3,960
	(55,01,801)	-8,43,528
C. Cash flow from financing activities:		
Proceeds/ (Repayment) of term loans (net)	(3,82,78,849)	(3,78,32,827)
Proceeds/ (Repayment) of short term borrowings (net)	57,06,354	1,36,62,372
Interest Paid	(4,20,15,033)	(1,92,81,621)
	(7,45,87,528)	(4,34,52,076)
Net Increase/ (Decrease) in Cash & Cash Equivalents	8,90,368	2,44,75,176
Cash and Cash Equivalents at the Beginning of the Year	7,45,437	25,44,458
Cash and Cash Equivalents at the End of the Year	16,35,805	7,45,437
Increase/(Decrease) in Cash/Cash Equivalents	8,90,368	(17,99,021)
Cash and cash equivalents comprise:		
Cash in hand	1,12,939	92,135
Balance in Current Accounts	61,873	65,741
Balance in Fixed Deposit Accounts	14,60,993	5,87,561
	16,35,805	7,45,437

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)

For and on behalf of Board of Directors

Sd/-
Sanchit Jain
Partner
Membership No. 511714

Sd/-
S P Setia
Chairman

Sd/-
I.B. Maner
Managing Director

Sd/-
Ranjan Mangtani
Director

Place New Delhi
Date : May 26, 2014

Sd/-
K. Sankaramani
Director

Sd/-
Priya Lohani
Secretary

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 2014		As at 31st March 2013	
	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 31.03.2014		Equity Shares Year ending 31.03.2013	
	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 2014		As at 31st March 2013	
	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 2014	As at 31st March 2013
a. Capital Reserves		
Opening Balance	30,00,000	30,00,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>30,00,000</u>	<u>30,00,000</u>
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	<u>4,46,01,665</u>	<u>4,46,01,665</u>
c. Surplus/ (Deficit) in Statement of Profit and Loss		
Opening balance	(67,16,95,048)	(64,11,75,033)
(+) Net Profit/(Net Loss) For the current year	<u>(9,62,01,869)</u>	<u>(3,05,20,015)</u>
Closing Balance	<u>(76,78,96,917)</u>	<u>(67,16,95,048)</u>
Total	<u>(72,02,95,252)</u>	<u>(62,40,93,383)</u>

Note 4 Long Term Borrowings
Secured - Term loans

From banks	18,39,25,073	21,88,24,716
Less - Amount disclosed as 'other current liabilities'	<u>5,32,55,073</u>	<u>4,75,13,033</u>
	13,06,70,000	17,13,11,683

Unsecured

Loans and advances from related parties	32,01,28,019	32,01,28,019
	<u>32,01,28,019</u>	<u>32,01,28,019</u>
Total	<u>45,07,98,019</u>	<u>49,14,39,702</u>

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 31.3.2014	Overdue Principal	Installment				Default status
				F.Y. 14-15	F.Y. 15-16	F.Y. 16-17	F.Y. 17-18	
Axis Bank	Term Loan (10% p.a.)	16,01,38,574	81,38,574	3,60,00,000	3,87,00,000	4,27,00,000	3,46,00,000	The overdue principal as on 31.03.2014 has not been paid till balance sheet date.
Axis Bank	FITL (10% p.a.)	80,17,499	4,05,499	17,92,000	19,40,000	21,40,000	17,40,000	
Axis Bank	WCTL (10% p.a.)	70,30,000	3,30,000	16,00,000	17,00,000	19,00,000	15,00,000	
UCO Bank	WCTL	87,39,000	37,39,000	12,50,000	12,50,000	12,50,000	12,50,000	The Account has become NPA and the matter is before BIFR for restructuring.
Grand Total		18,39,25,073	1,26,13,073	4,06,42,000	4,35,90,000	4,79,90,000	3,90,90,000	

Note 5 Other Long Term Liabilities

	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
(i) Contractually reimbursable expenses	3,59,86,063	3,59,86,063	3,59,86,063
(ii) Interest accrued but not due on borrowings	<u>9,59,50,583</u>	<u>9,59,50,583</u>	<u>9,59,50,583</u>
Total	<u>13,19,36,646</u>	<u>13,19,36,646</u>	<u>13,19,36,646</u>

(Figures in `)

	<u>As at 31st March 2014</u>	<u>As at 31st March 2013</u>
Note 6 Long Term Provisions		
Provision for employee benefits		
Gratuity (funded)	1,18,47,780	89,92,222
Leave Encashment (unfunded)	18,57,493	15,20,809
Total	<u>1,37,05,273</u>	<u>1,05,13,031</u>

Note 7 Short Term Borrowings

Repayable on demand:

Secured

Working Capital Borrowings

From banks	11,30,60,414	11,47,11,226
Total	<u>11,30,60,414</u>	<u>11,47,11,226</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	5,32,55,073	4,75,13,033
Interest accrued and due on borrowings	2,20,64,653	1,47,07,487

Other payables :

(i) Statutory remittances	11,71,882	18,89,529
(ii) Trade /security deposits received	99,930	63,871
(iii) Advances from customers	3,69,712	12,61,982
(iv) Others	1,44,91,587	2,06,78,791
Total	<u>9,14,52,838</u>	<u>8,61,14,693</u>

Note 9 Short Term Provisions

(a) Provision for employee benefits:

Bonus and Ex-gratia	46,11,172	45,30,595
Gratuity (Funded)	5,67,790	5,89,527
Leave Encashment (unfunded)	89,983	88,741
Total	<u>52,68,945</u>	<u>52,08,863</u>

Note 10 Fixed Assets

(Figures in `)

Fixed Assets	Gross Block			Accumulated Depreciation				Net Block		
	Balance as at 1st April 2013	Additions	Disposals	Balance as at 31st Mar 2014	Balance as at 1st April 2013	Depreciation charge for the year	On disposals	Balance as at 31st Mar 2014	Balance as at 1st April 2013	Balance as at 31st Mar 2014
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	2,39,48,817	13,42,290	-	2,52,91,107	1,62,39,486	1,48,97,196
Non Factory Building	11,57,30,572	-	-	11,57,30,572	2,62,08,837	18,86,161	-	2,80,94,998	8,95,21,735	8,76,35,574
Plant and Equipment	80,00,67,792	59,58,427	-	80,60,26,219	62,24,11,758	3,72,65,341	-	65,96,77,099	17,76,56,034	14,63,49,120
Furniture and Fixtures	80,26,616	-	-	80,26,616	66,94,253	2,17,371	-	69,11,624	13,32,363	11,14,992
Vehicles	17,27,172	-	-	17,27,172	17,27,172	-	-	17,27,172	-	-
Office equipment	2,47,73,244	3,73,766	-	2,51,47,010	2,27,99,458	3,21,984	-	2,31,21,442	19,73,786	20,25,568
Total	99,55,30,998	63,32,193	-	1,00,18,63,191	70,37,90,295	4,10,33,147	-	74,48,23,442	29,17,40,703	25,70,39,749
Previous Year	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

(Figures in `)

As at 31st March 2014

As at 31st March 2013

Note 11 Non-Current Investments
Non-Trade Investments (Refer B below)
(a) Investment Properties

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
	2014	2013			2014	2013	
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 2014

As at 31st March 2013

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 Sales Tax Authorities	84,23,796	63,03,853
Doubtful Loans and advances	92,35,000	92,35,000
Less: Provision for doubtful loans and advances	92,35,000	92,35,000
Total	88,17,652	66,97,709

Note 13 Other Non Current Assets

Balance with Custom Authorities	2,05,00,052	2,05,00,052
Other Claims Receivable	57,74,144	57,74,144
Total	2,62,74,196	2,62,74,196

Note 14 Inventories

a. Raw Materials (Valued at Cost)	2,37,620	2,37,620
b. Work-in-progress (Valued at Cost)	8,08,400	9,65,248
c. Finished goods (Valued at Cost or NRV whichever is lower)		
Manufactured	-	9,163
on Job Work	-	-
Waste	2,93,802	2,93,802
	2,93,802	3,02,965
d. Stock-in-trade (Valued at Cost or NRV whichever is lower)	-	-
e. Stores and spares (Valued at Cost)	45,63,552	1,00,49,657
Total	59,03,374	1,15,55,490

	<u>As at 31st March 2014</u>	<u>As at 31st March 2013</u>
(Figures in `)		
Note 15 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	2,45,546	24,033
Others	36,48,693	1,13,29,726
	<u>38,94,239</u>	<u>1,13,53,759</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	27,56,974	26,35,360
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>27,56,974</u>	<u>26,35,360</u>
Total	<u><u>66,51,213</u></u>	<u><u>1,39,89,120</u></u>
Note 16 Cash and cash equivalents		
a. Balances with banks:		
In current accounts	61,873	65,741
In margin accounts	14,60,993	5,87,561
b. Cash on hand	1,12,939	92,135
	<u>16,35,805</u>	<u>7,45,437</u>
Note 17 Short-term loans and advances		
Loans and Advances		
Unsecured, considered good		
Security Deposits	19,53,951	1,17,21,619
Loans and Advances to Employees	10,662	-
Prepaid Expenses	12,28,674	10,60,134
Balance with Customs and Excise Authorities	72,00,325	69,53,125
Balance with Provident Fund Authorities (under protest)	-	15,94,349
Balance with Sales Tax Authorities	68,11,266	85,58,687
Balance with Income Tax Authorities	25,61,751	40,25,215
Inter-corporate deposits (unsecured)	21,75,66,863	22,26,01,078
Others	25,60,205	47,21,998
	<u>23,98,93,698</u>	<u>26,12,36,205</u>
	<u>For the year ended 31st March 2014</u>	<u>For the year ended 31st March 2013</u>
Note 18 Revenue from Operations		
Sale of products	4,74,079	4,58,52,981
Sale of services	26,29,77,208	29,73,90,111
Other operating revenues	4,05,730	50,33,862
Less:		
Excise duty	-	-
Total	<u><u>26,38,57,017</u></u>	<u><u>34,82,76,954</u></u>
18.1 Other Operating Income comprises of:		
Export Incentives	-	16,65,443
Sundry Balances Written back	3,15,465	33,26,031
Sale of old material/ testing charges	90,265	42,388
	<u>4,05,730</u>	<u>50,33,862</u>

	For the year ended 31st March 2014	For the year ended 31st March 2013
(Figures in `)		
Note 19 Other Income		
Interest Income	8,28,412	10,69,358
Dividend Income	1,980	3,960
Foreign Exchange Fluctuation Gain (net)	64,765	(1,91,924)
Total	8,95,157	8,81,394
Note 20 Cost of Materials Consumed		
Opening Stock	2,37,620	30,52,556
Add : Purchases	-	78,63,972
Less : Closing Stock	2,37,620	2,37,620
Total	-	1,06,78,908
Note 21 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening 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
	12,68,213	2,44,64,283
Closing Stock :		
Finished goods	-	9,163
Work in process	8,08,400	9,65,248
Cotton Waste	2,93,802	2,93,802
Sub-Total	11,02,202	12,68,213
Increase/ (Decrease) in Stock	1,66,011	2,31,96,070
Note 22 Employee Benefit Expenses		
(a) Wages & Salaries	8,40,22,385	7,24,37,786
(b) Contributions to Provident Fund & Other Funds	90,30,820	75,09,721
(c) Staff welfare expenses	31,53,530	28,91,467
Total	9,62,06,735	8,28,38,975
Note 23 Finance Expenses		
Interest expense:		
(i) Term Loans	2,18,65,218	2,52,29,596
(ii) Others	1,72,11,737	1,49,73,603
Other borrowing costs	5,75,244	1,98,067
	3,96,52,199	4,04,01,266
Less-Interest Income	-	2,01,65,351
Total	3,96,52,199	2,02,35,915
Note 24 Other Expenses		
Stores and Spares Consumption	2,77,52,674	1,97,15,807
Packing Material	(55,048)	9,01,413
Sub-Contracting Charges	1,14,89,494	1,15,07,409
Power, Fuel & Water	13,08,99,754	14,71,31,660
Rent	6,14,000	3,950
Repairs & Maintenance - Buildings	2,38,932	3,74,465
Repairs & Maintenance - Machinery	27,51,592	31,33,813
Repairs & Maintenance -Others	1,76,742	92,741
Insurance	5,10,760	6,32,203
Rates & Taxes	15,75,244	3,66,059
Communication Expenses	4,50,074	5,08,006

(Figures in `)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Travelling and Conveyance	19,17,152	17,86,978
Auditor's Remuneration:		
As Auditors	2,69,664	2,45,660
Legal and Professional charges	22,84,094	30,19,059
Selling & Other Expenses	9,24,581	8,91,341
Commission on sales	-	64,318
Freight Outward and Clearing Charges (net of recoveries)	8,530	5,41,233
Loss on Assets Sold / Discarded	-	-
Directors Sitting Fees	44,944	42,472
Provision for Bad Debts	-	-
Printing and Stationary Expenses	4,57,712	3,37,922
Other Expenses	15,85,057	23,20,568
Total	18,38,95,951	19,36,17,077

Note No. 25: Contingent Liabilities

Contingent Liabilities not provided for in respect of –

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

(Figures in `)

Particulars	As at 31.03.14	As at 31.03.13
Corporate guarantee given to 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)	64,82,01,000	58,75,81,000
Total	64,82,01,000	58,75,81,000

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 31.03.14	As at 31.03.13
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 MSEDCL under appeal (including interest of Rs.3,15,27,267, previous year Rs. 2,71,71,220)	7,44,57,939	6,53,12,579
3.	Demands from Excise Departments under appeal/ revision	-	63,28,638
4.	Demands from Maharashtra Sales Tax Authorities under appeal for FY 2004-05 not provided for.	12,44,000	12,44,000
5.	Demands from Maharashtra Sales Tax Authorities under appeal for FY 2009-10 not provided for.	26,55,004	-
6.	Demands from EPF Department for the period 02/2003 to 11/2006 not provided for.	-	15,94,349
	Total	9,27,11,943	8,88,34,566

Note No.26

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

(Figures in `)

S.No.	Particulars	As at 31st March 2014	As at 31st March 2013
a.	Principal amount remaining and paid and interest due thereon	8,14,102	8,53,161
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.27

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.28

The outstanding balance as on March 31, 2014 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.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 March 31, 2014, the accumulated losses of the Company have far 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, dated 18.07.2012 declared the Company as sick under section 3(1)(o) of SICA, 1985 and appointed UCO Bank as Operating Agency (OA) under section 17(3) to prepare Rehabilitation Scheme for the Company. Further, due to shortage of capital, the company has worked on job-work basis only during the current year. However, on the strength of management's plan of revival including reorganization of business, 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	263,921,782 (342,518,779)	- (5,566,251)	263,921,782 (348,085,030)
Segment Results	(54,323,649) (-7,921,601)	- (209,297)	(54,323,649) (-7,712,304)
Unallocated corporate expense (Net)	- (-)	- (-)	3,056,414 (3,645,113)
Operating Profit	- (-)	- (-)	(57,380,063) (-11,357,418)
Finance Charges	- (-)	- (-)	39,652,199 (20,235,915)
Interest income	- (-)	- (-)	828,412 (1,069,358)
Dividend income	- (-)	- (-)	1,980 (3,960)
Profit/(Loss) before Prior period items and Tax	- (-)	- (-)	(96,201,869) (-30,520,015)
Exceptional Items	- (-)	- (-)	- (-)

DESCRIPTION	TEXTILE-MANUFACTURING	TEXTILE-TRADING	TOTAL
Tax Expense	-	-	-
	(-)	(-)	-
Profit/(Loss) after tax and Exceptional Items	-	-	(96,201,869)
	(-)	(-)	(-30,520,015)
OTHER INFORMATION			
Segment Assets	323,846,224	1,300,396	324,626,081
	(383,846,224)	(1,178,782)	(385,025,006)
Unallocated corporate assets	-	-	309,437,604
	(-)	(-)	(315,061,851)
Total Assets	-	-	634,063,685
	(-)	(-)	(700,086,857)
Segment liabilities	565,672,964	-	565,672,964
	(625,995,770)	(-)	(625,995,770)
Unallocated corporate liabilities	-	-	68,390,720
	(-)	(-)	(74,091,088)
Total Liabilities	-	-	634,063,685
	(-)	(-)	(700,086,857)
Capital expenditure incurred during the year	6,332,193	-	6,332,193
	(1,916,846)	(-)	(1,916,846)

B) GEOGRAPHICAL SEGMENT REPORTING:

(Figures in `)

DESCRIPTION	REVENUE	ASSETS
Domestic	263,451,287	632,763,289
	(336,959,517)	(698,908,075)
Outside India	-	1,300,396
	(6,283,575)	(1,178,782)
Current Year	263,451,287	634,063,685
Previous Year	(343,243,092)	(700,086,857)

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
		31.03.2014	31.03.2013
1	Net Profit / (Loss) For the year	(96,201,869)	(30,520,015)
2	Number of Equity shares Outstanding	41,169,667	41,169,667
3	Basic and Diluted earnings Per Share	(2.34)	(0.74)
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	53,087,193	63,087,193
Total Deferred Tax liabilities	53,087,193	63,087,193
Deferred tax asset recognised due to timing difference due to:		
Tax impact of provision for doubtful debts and advances	34,599,729	34,599,729
Tax impact of disallowances under section 43B of the Income tax Act, 1961	11,940,411	7,205,362
Realisation of tax impact of unabsorbed depreciation	137,938,660	132,220,955
Realisation of tax impact of carried forward losses	39,919,158	28,684,268
Total Deferred Tax Asset	224,397,958	202,710,314
Net Deferred Tax Asset/ (Deferred Tax Liability)	170,555,713	139,623,121
(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. The management expects that the company will turn around after revival scheme is sanctioned by BIFR and shall start earning taxable profits and realizing the Deferred Tax Asset already recognized in the balance sheet.

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	26,29,77,208	-	-
	(32,37,52,364)	(-)	(-)
Sale of Packing Material & Spares	1,28,95,601	-	-
	(1,49,04,614)	(-)	(-)
Purchase of Goods	-	-	-
	(76,36,582)	(-)	(-)
Purchase of Spares	8,25,733	-	-
	(4,32,860)	(-)	(-)
Purchase of fixed assets	37,63,904	-	-
	(18,00,000)	(-)	(-)
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)	(-)	(-)
Trade and other debtors	2,45,546	-	-
	(24,033)	(-)	(-)

Particulars	Holding Company	Other related Parties where Control exists	Key Management Personnel
Trade Payable	22,83,94,733	-	-
	(15,09,43,275)	(-)	(-)
Corporate Guarantees	-	64,82,01,000	-
	(-)	(58,75,81,000)	(-)

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	10,27,787	3,48,421	9,10,226	2,62,385
Interest Cost	10,86,928	1,46,469	8,89,199	1,25,639
Expected return on Plan assets	1,05,327	-	2,50,225	-
Actuarial (gain)/ Loss	9,14,825	1,21,753	15,53,980	1,04,785
Total expense recognised in the Statement of Profit & Loss Account	29,14,213	6,16,643	31,03,150	4,92,809
Change in Defined Benefit Obligation (DBO) during the year				
Obligation at period beginning	1,19,44,268	16,09,550	1,04,89,903	14,82,166
Current service cost	10,27,787	3,48,421	9,10,226	2,62,385
Interest Cost	10,86,928	1,46,469	8,89,199	1,25,639
Actuarial (gain)/ Loss	9,14,825	1,21,753	15,53,980	1,04,785
Benefits Paid	(17,32,402)	(2,78,717)	(18,99,040)	(3,65,425)
Obligation at the Year end	1,32,41,406	19,47,476	1,19,44,268	16,09,550
Change in Plan Assets				
Plan assets at period beginning, at fair value	23,62,519	Not Applicable	27,28,534	Not Applicable
Expected return on Plan assets	1,05,327	-	2,50,225	-
Actuarial gain/ (Loss)	-	-	30	-
Contributions	90,392	-	12,82,770	-
Benefits paid	(17,32,402)	-	(18,99,040)	-
Plan assets at the year end, at fair value	8,25,836	-	23,62,519	-
Reconciliation of Present Value of the Obligation and Fair value of plan assets				
Fair value of plan assets at the end of the year	8,25,836	-	23,62,519	-
Present value of the defined benefit obligation at the end of the year	1,32,41,406	19,47,476	1,19,44,268	16,09,550
Liability/ (Asset) Recognized in the Balance Sheet Comprising of:	1,24,15,570	19,47,476	95,81,749	16,09,550
Current Liability	5,67,790	89,983	5,89,527	88,741
Non-Current Liability	1,18,47,780	18,57,493	89,92,222	15,20,809
Experience adjustment on plan assets and liabilities				
Experience adjustment on plan assets	18,55,468	12,07,051	-	-
Experience adjustment on plan liabilities	(51,381)	11,994	2,42,918	62,820
Assumptions used to determine the benefit obligation				
Discount Rate	9.10%	9.10%	8.50%	8.50%
Estimated rate of Return on Plan Assets	6.75%	-	8.15%	-
Expected rate of Increase in salary	3%	3%	3%	3%
Withdrawal rate (18 to 58 years)	2%	2%	2%	2%

The estimates of future salary increase, considered in actuarial assumptions take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Note No.36

Previous period figures given in brackets have been regrouped and restated wherever considered necessary.

Note No.37 Foreign Exchange Disclosures

(Figures in `)

CIF Value of Imports	2013-14	2012-13
Raw Materials	-	-
Stores Spares & Components	8,10,278	2,25,087
Capital Goods	-	-
(A)	8,10,278	2,25,087
Expenditure in Foreign Currency (On Accrual Basis)		
Foreign Travel Expenses	2,51,220	-
(B)	2,51,220	-
(A+B)	10,61,498	2,25,087

Earnings in Foreign Currency (On Accrual Basis)		
FOB Value of Exports	-	62,83,575

Value of Imported and Indigenous Raw Materials, Stores Spares and Packing Material Consumed

a) Raw Materials

	2013-14		2012-13	
	%	Value (`)	%	Value (`)
Imported	-	-	0.00%	-
Indigenous	-	-	100.00%	1,06,78,908
	-	-	100.00%	1,06,78,908

b) Stores, Spares and Packing Materials

	2013-14		2012-13	
	%	Value (`)	%	Value (`)
Imported	2.93%	8,10,278	1.42%	2,92,742
Indigenous	97.07%	2,68,87,348	98.58%	2,03,,24,478
	100%	2,76,97,626	100.00%	2,06,17,220

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

Sd/-
Sanchit Jain
Partner
Membership No. 511714
Place New Delhi
Date : May 26, 2014

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		Sd/- Priya Lohani Secretary

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 22nd Annual General Meeting of the Company on Thursday, the 11th day of September, 2014 at 11:30 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019

.....
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 22nd Annual General Meeting of the Company to be held on Thursday, the 11th day of September, 2014 at 11.30 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019

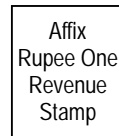
Signed this day of 2014.

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