

September 27, 2018

**BSE Limited**

Corporate Realationship Deptt.  
1<sup>st</sup> Floor, New Trading Ring, Rotunda Bldg.  
P J Towers, Dalal Street  
Mumbai 400 001

Stock Code. 521076

**National Stock Exchange of India Ltd.**

Exchange Plaza  
Bandra Kurla Complex  
Bandar (E), Mumbai-400051

Stock Code: ASIL

Dear Sir/Madam,

**Sub: Submission of Annual Report for the financial year 2017-2018**

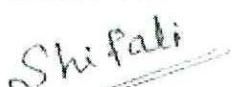
**Ref: Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the financial year 2017-18 duly approved and adopted by the members at the 26<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2018 as per the applicable provisions of the Companies Act, 2013.

Please take the above on record.

Thanking you,

Yours truly,  
For AMIT SPINNING INDUSTRIES LIMITED



**COMPLIANCE OFFICER**

Encl : as above.

# **AMIT SPINNING INDUSTRIES LIMITED**



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

## ANNUAL REPORT 2017 - 2018

**BOARD OF DIRECTORS**

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

**AUDITORS**

Sunil Jain & Co.  
Chartered Accountants  
New Delhi

**CHIEF FINANCIAL OFFICER**

Shreyans Rajendra Choudhari

**COMPANY SECRETARY**

Aniruddha Badkatte

**BANKERS / ARC**

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

**REGISTERED & CORPORATE OFFICE**

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

**REGISTRAR & TRANSFER AGENTS**

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

**PLANT**

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

**INDEX****Page No.**

Board's Report Including Management Discussions & Analysis Report	1
Annexures to Boards' Report	6
Corporate Governance	9
Auditor's Report	16
Balance Sheet	22
Statement of Profit & Loss	23
Cash Flow Statement	24
Notes	25

**26th AGM**

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

## ANNUAL REPORT 2017 - 2018

### BOARD'S REPORT

Dear Members,

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

#### **FINANCIAL RESULTS:**

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

(₹ in Lakhs)

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

#### **FINANCIAL ANALYSIS AND PERFORMANCE REVIEW**

Due to the financial constraints the company's operations remain suspended during the year under review resulting in decrease in revenue from operations in the current financial year ended 31st March, 2018 of Nil as compared to Rs. 15.85 Lakhs during the previous year ended 31st March, 2017. In addition to the above, the manufacturing unit situated at Kolhapur, Maharashtra stands closed with effect from 1st July, 2017 after completion of applicable legal formalities.

As the company was declared as a Sick Company under Section 3(1)(o) of SICA 1985, SICA has been repealed w.e.f 1st December, 2016, and such companies were allowed to approach (NCLT) within 180 days. Accordingly, the Company had filed its petition before NCLT for resolution of its debts and approval of rehabilitation scheme and NCLT has pronounced the commencement of a corporate insolvency resolution process, against the Company w.e.f 1st August, 2017 and Mr. Praveen Bansal was appointed as Interim Resolution Professional to exercise management powers of the Company, in accordance with applicable regulations under Insolvency and Bankruptcy Code, 2016.

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

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

Amit Spinning was producing only Cotton Yarn with a capacity of 30672 spindles. During the period under review, the operations of Amit Spinning were badly affected due to shortage of Working Capital. Due to the financial constraints the Company operations had been suspended since 11th August, 2015. In addition to the above, the manufacturing unit situated at Kolhapur, Maharashtra stand closed with effect from 1st July, 2017 in accordance with applicable legal provisions due to shortage of working capital and closing of unit is a major jolt to the Company.

#### **MANAGEMENT PERCEPTION ON OPPORTUNITIES, RISKS, CONCERN & OUTLOOK**

The Indian government has come up with the Revised Restructured Technology Up gradation Fund Scheme (RRTUFS), 10% capital subsidy to the specified technical textile machinery, allowing 100% FDI in the Indian textiles sector under the automatic route may increase the profits in the coming years, the future of the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players. Further, the Textile Ministry has also introduced a new textile policy to promote value additions which sets a target of doubling textile exports in next 10 years.

The major factors hindering progress of the textiles industry are Increase in the power costs, higher transaction costs, high cost of labour and general increase in input costs, thus the industry has to concentrate on cost reduction exercises

## AMIT SPINNING INDUSTRIES LIMITED

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and improvement in efficiency. Another key challenge presently is the Fiber/Raw Material cost, which is increasing abruptly and increase is not fully absorbed in the yarn prices and accordingly yarn spinners are hit the most in the entire textile chain. Due to fluctuating prices and uncertainties in the foreign exchange market, increase in power cost, introduction of GST and lack of adequate working capital, the EBITA levels may remain stagnant during the year.

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

With much awaited / impending approval of Resolution Plan of the Company by NCLT and with the continued support and co-operation of company's bankers, management believes that your Company would again resume production, optimally utilize capacities, and generate increasing sales volumes, margins in due course and the management is confident of a turnaround of the company in near future.

### SEGMENT-WISE PERFORMANCE

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

During the year under review, Company has not manufactured yarn.

### SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

### DIVIDEND

During the year under review, the Company has no distributable profits hence directors regret their inability to recommend any dividend for financial period 2017-18.

### TRANSFER TO RESERVES

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

### SHARE CAPITAL

The Company's Authorized Share Capital as on 31st March, 2018 stands at Rs. 25,00,00,000/- and issued & paid up capital as on 31st March, 2018 stands at Rs. 20,58,48,335/- divided into 4,11,69,667 fully paid up equity shares of Rs. 5/- each. During the year, under review, the Company has not issued any share(s). Further the Company has not issued any share with differential Voting Rights/Sweat Equity shares/under Stock Option Scheme (ESOS) earlier and during the year.

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

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### (a) Change in Directors and Key Managerial Personnel

Mr. Jitendra kumar Goutamchand Chopra has been appointed as an Additional Director and designated as Executive Managing Director on the Board of the Company with effect from 10th August, 2018.

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

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

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

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

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

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership/chairmanships of the Board or its Committees, as stipulated under SEBI (LODR) Regulations entered into by the Company with stock exchanges in India, is provided in the notice of 26th Annual General Meeting.

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

Four meetings of the Board were held during the year. The detailed information regarding meetings of the Board held during the year is mentioned in the Corporate Governance Report which forms part to this report.

#### (c) Declaration by Independent Directors

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

#### (d) Annual Evaluation by the Board

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

## ■ ■ ■ ■ ■ ANNUAL REPORT 2017 - 2018 ■ ■ ■ ■ ■

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in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **(e) Remuneration Policy**

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2018 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **RELATED PARTY TRANSACTIONS**

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

Prior omnibus approval of the Audit Committee was obtained for Related Party Transactions for the year ended 31st March, 2018 and for transactions proposed to be entered into with related parties for the financial year 2018-19 were placed before the said committee and consent of the said committee was obtained.

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

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

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

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

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

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

### **AUDITORS AND AUDITORS REPORT**

#### **(a) Statutory Auditors**

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

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

## AMIT SPINNING INDUSTRIES LIMITED

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the conclusion of 31st Annual General Meeting. The Company has received a confirmation from M/s Sanjay Vhanbatte & Company, Chartered Accountants to the effect that their appointment, if made, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made there under and that they are not disqualified for the appointment. Their appointment is being placed for consideration of members in ensuing Annual General Meeting.

### **Auditor's Report**

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

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

The Company having been declared as a sick company under repealed SICA and having not produced any yarn in the year 2017-18, the Companies (Cost Records and Audit Rules), 2014 is not applicable to the Company.

### **(c) Secretarial Auditor & Audit Report:**

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Company has appointed M/s. Lovenet Handa & Associate, Practicing Company Secretary (having CP No. 10753 & Membership No. 9055) as Secretarial Auditor to carry out the secretarial audit for the financial year 2017-18.

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

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

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

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

### **EXTRACT OF THE ANNUAL RETURN**

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

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

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

### **PARTICULARS OF EMPLOYEES**

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) & 5(3) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, shall be made available to any shareholder on a specific request made by him in writing on or before 27th September, 2018

### **DEPOSITS**

The Company has not accepted or renewed any deposit during the year and there are no outstanding and/or overdue deposits as at 31st March, 2018.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

### **RISK MANAGEMENT**

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

### **VIGIL MECHANISM**

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

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

### **HUMAN RESOURCES/INDUSTRIAL RELATIONS**

A fundamental concept embodied in the company's code of conduct is to provide working environment that motivate

## ■ ■ ■ ■ ■ ANNUAL REPORT 2017 - 2018 ■ ■ ■ ■ ■

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employees to be productive and innovative and provide opportunities for employee training and development to maximize personal potential and develop careers within the Company. The Company values the involvement of its employees and keep them informed on matters affecting them as employees and factors relevant to the company's performance and other employee related issues on a non discriminatory basis.

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

### **FRAUD REPORTING**

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

### **INFORMATION TECHNOLOGY**

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

### **CHANGE IN THE NATURE OF BUSINESS**

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

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **LISTING OF SHARES**

Presently Company's shares are listed and traded at the BSE Limited, Mumbai (BSE) and National Stock Exchange of India, Mumbai (NSE). Due to closure of the manufacturing unit situated at Kolhapur the company could not pay the Annual Listing Fee to BSE & NSE.

### **CONCLUSION**

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

### **Acknowledgements**

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

**For & on behalf of the Board**

Sd/-

S.P. Setia

Chairman

DIN : 00255049

Place : New Delhi

Date : 10th August, 2018

## AMIT SPINNING INDUSTRIES LIMITED

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

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

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

To,

The Members,

**Amit Spinning Industries Limited**

(CIN NO: L17100DL1991PLC171468)

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

#### (i) OTHER APPLICABLE ACTS

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

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

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

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

We further report that:

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

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

For Loveneet Handa & Associates  
(Practicing Company Secretary)

Sd/-

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

New Delhi  
August 10, 2018

## AMIT SPINNING INDUSTRIES LIMITED

### Annexure - I

#### Documents examined/verified while conducting secretarial audit:

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

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

### 'ANNEXURE A'

To,

The Members,

#### AMIT SPINNING INDUSTRIES LIMITED

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

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

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

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

For Loveneet Handa & Associates  
(Practicing Company Secretary)

Sd/-

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

New Delhi

August 10, 2018

## ANNUAL REPORT 2017 - 2018

### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2017-18

(As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### **1. Company's Philosophy on Corporate Governance**

The Company's philosophy on Corporate Governance encompasses to have a set of system and practices to ensure that the affairs of the Company are being managed in a manner which ensures accountability, transparency and fairness in all transaction in widest sense. This is ensured by carefully balancing the complex inter-relationship of Board of Directors and various departments such as Internal Audit, Finance, and Compliance and by conducting business with a firm commitment to values to enhance long term shareholders values.

#### **2. Board of Directors**

The Board of Directors of the Company comprises of 3 Directors with a Non Executive and Independent Chairman. Out of the 3 Directors 2 are non executive and independent Directors (including Women Director) and remaining one are non-executive Director. The composition of the Board is in conformity with requirements as stipulated under Regulation 17 of SEBI (LODR) Regulations 2015.

During the year under review, four meetings of the Board of Directors were held and the gap between two meetings did not exceed 120 days (as stipulated by law in force). The respective dates on which the Board Meetings were held are 26th May, 2017, 17th August, 2017, 14th December, 2017 and 9th February, 2018. 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 Meeting Attended	No. of Directorships and Chairmanship(s)/ Membership(s) of Board/Committees of other companies			Attendance at the last AGM
			Directorship #	Member ##	Chairperson	
Mr. S P Setia (Chairman)	Independent, Non-executive	1	5	1	1	Yes
Mr. Vijay Bhan Singh	Non Executive	3	-	-	-	No
Mrs Shivani Gupta	Woman Independent	1	5	-	-	No
Mr. I D Desai	Manager	1	-	-	-	No

# The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Private Limited Companies, Section 8 Companies.

## In accordance with Regulation 26 of SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 Memberships / Chairmanships of only the Audit Committees and Stakeholders Relationship Committees of all Public Listed Companies (excluding Amit Spinning Industries Limited) have been considered.

\* The Company had approached to National Company Law Tribunal ("NCLT") for initiating Corporate Insolvency Resolution Process under Insolvency & Bankruptcy Code, 2016 and Hon'ble NCLT, vide its order dated 01.08.2017, had admitted the petition and appointed Mr. Parveen Bansal as Resolution Professional. Accordingly, the powers of Board of Directors remain suspended and vested with Mr. Parveen Bansal, Resolution Professional. In view of that, Mr. Parveen Bansal has attended the meeting held 1st August, 2018 onwards. Subsequently, Hon'ble NCLT, Principal Bench, New Delhi has, vide its order dated 31st July, 2018, approved the resolution plan as submitted by Mr. Deepak Chaganlal Choudhari and Mr. Jitendra Kumar Chopra being the Resolution Applicants for ASIL.

#### **Details of shares held by the Non-Executive/Independent Directors/Manager as on 31st March, 2018**

Name	No. of Shares held	Name	No. of Shares held
Mr. S P Setia	Nil	Mr. Vijay Bhan Singh	Nil
Mrs. Shivani Gupta	Nil	Mr. I D Desai, Manager	Nil

#### **Information supplied to the Board**

1. Annual operating plans, budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the Board of Directors.
5. The information on recruitment and remuneration of senior officers just below the level of board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.

## AMIT SPINNING INDUSTRIES LIMITED

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6. Show cause, demand, prosecution notices and penalty notices, which are materially important.
7. Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems.
8. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
10. Details of joint venture or collaboration agreements.
11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

### **Post-meeting follow-up mechanism**

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for decisions taken / pending decisions of the Board and Committees. The draft minutes of the Board and its Committees are circulated to the members for their comments and then the minutes are entered in the minutes book within 30 days from the conclusion of the meeting. Directors suggestion if any, towards minutes of the previous meeting(s) being placed at the succeeding meeting of the Board for noting.

### **Code of Conduct for Independent Directors**

Pursuant to the provisions of sub section (6) of section 149 read with schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a "Code of Conduct" has been framed for Independent Directors reflecting underlying core values, commitment towards personal integrity, respect for the individual, transparency, fairness, accountability, etc being some of the key elements for achieving desired excellence. The code is available on the website [www.spentex.net](http://www.spentex.net)

### **Familiarization Programme for Independent Directors**

Pursuant to Regulation 25 of SEBI (LODR) Regulation, 2015, the Company has put in place a system to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the business and the on-going events relating to the Company. The Company has formulated a policy on familiarization programme for Independent Directors. The Policy is available on the website [www.spentex.net](http://www.spentex.net)

At the time of appointing a Director, a formal letter of appointment is given to him, inter alia explaining the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013 and Listing Regulations, 2015 and affirmation taken with respect to the same.

### **3. Audit Committee**

The Audit Committee consisted of two Non-Executive Independent Directors and one Non Executive Director, namely Mr. S P Setia (Non-Executive/Independent Chairman) and Mrs. Shivani Gupta (Non-Executive Independent Member) and Mr. Vijay Bhan Singh (Non- Executive 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.

During the year under review, Mr. Krishnan Sankaramani, Non Executive Director and member of Audit Committee resigned as the member of the Audit Committee on the conclusion of business hours of 1st August, 2017.

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. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon 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 and monitoring the auditor's independence and performance, and effectiveness of audit process;
7. Approval or any subsequent modification of transactions of the listed entity with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. To review the function of the Whistle Blower Mechanism.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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 26th May, 2017, 17th August, 2017, 14th December, 2017 and 9th February, 2018. The details of attendance of the each member at the Audit Committee are given herein below:

Name of the Director	No. of Meetings Attended
Mr. S P Setia	1
Mrs. Shivani Gupta	2
# Mr. Vijay Bhan Singh	1

- # The Audit Committee was re-constituted on 9th February, 2018 by appointing Mr. Vijay Bhan Singh, Non Executive Director, as the member of the Audit Committee in place of Mr. K. Sankaramani.

#### **4. Nomination and Remuneration Committee**

Nomination and Remuneration Committee of the Board has been constituted to review/recommend the remuneration package of the Managing Director/Whole Time Director(s)/Managers based on performance and defined criteria. The Nomination & Remuneration Committee of the Board comprises of Independent/Non-Executive Directors, namely Mr. S P Setia (Chairman- Independent Director), Mr. Krishnan Sankaramani (Member Non Executive Director) and Mrs. Shivani Gupta (Member-Independent Director).

**Details of remuneration paid to Directors for the financial year 2017-18 are as under:**

Name of Director	Category	Sitting Fee for Board Meetings (₹)	Sitting Fee for Remuneration Committee Meetings (₹)	Sitting Fee for Audit Committee Meetings (₹)	Salaries and Perquisites p.a. (₹)	Total (₹)
Mr. S P Setia	Non-Exec. Chairman	10,000	NIL	NIL	N.A.	10,000
Mrs. Shivani Gupta	Non- Executive	10,000	NIL	NIL	N.A.	10,000
Mr. Vijay Bhan Singh	Non- Executive	NIL	NIL	NIL	NIL	NIL
Mr. I D Desai	Manager	NIL	NIL	NIL	694,506	694,506

Mr. Vijay Bhan Singh, 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. The Committee was re-constituted on 9th February, 2018 by appointing Mr. Vijay Bhan Singh, Non Executive Director, as the member of the Audit Committee in place of Mr. K. Sankaramani.

#### **Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the annual evaluation has been made by the Board of its own performance, evaluation of the working of its Board Committees and of the Directors

## AMIT SPINNING INDUSTRIES LIMITED

individually. The evaluation has been conducted as per manner mentioned in the policy formulated by the Company for Selection and remuneration of Directors, KMP & Senior Management, recommended by the Nomination and Remuneration Committee and forms the part of Annual Report. The Policy is available on the website [www.spentex.net](http://www.spentex.net).

### 5. Stakeholders Relationship Committee:

The Committee was re-constituted on 9th February, 2018 by appointing Mr. Vijay Bhan Singh, Non Executive Director, as the member of the Audit Committee in place of Mr. K. Sankaramani.

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 2018. Ms. Shifali has been appointed as Compliance officer of the Company w.e.f 13th April, 2018 in place of Mr. Bharat Kapoor who has resigned from Compliance officer w.e.f 9th April, 2018.

During the year, three meetings of the Committee were held on 4th April, 2017, 5th July, 2017 and 5th October, 2017. The details of Attendance of each Member at the Stakeholders Relationship Committee:

Name of the Director	No. of Meetings Attended
Mr. S P Setia	2
Ms. Shivani Gupta	2
Mr. K Sankaramani	-

\*Mr. Parveen Bansal, who has been appointed as a Resolution Professional for conducting the Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 in terms of order of National Company Law Tribunal dated 1st August, 2017.

### 6. Risk Management Committee

The Company has framed Risk Management Policy to inform the Board about the Risk Management and Minimization procedures. Policy is disclosed and is available on the website [www.spentex.net](http://www.spentex.net)

### 7. Related Party Transactions

Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on materiality of Related Party Transactions The Policy is available on the website of the holding Company [www.spentex.net](http://www.spentex.net).

Pursuant to Regulation 23 of SEBI (LODR) Regulations, 2015 read with Section 188 of the Companies Act, 2013, all material Related Party Transactions are placed before the Audit Committee on quarterly basis and as per nature of the transactions there was no need to seek approval of the shareholders of the Company as such related party transactions are under the limit/exempted from such approval(s). The Audit Committee has granted omnibus approval for Related Party Transactions on yearly basis as per the particulars placed before the Committee.

### 8. Whistle Blower Policy

The Company has devised a Vigil mechanism pursuant to Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, all directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics.

This mechanism provides for adequate safeguards against victimization of director(s) / employee(s) who use such mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. No personnel have been denied access to the Audit Committee. The policy is uploaded on the website [www.spentex.net](http://www.spentex.net)

### 9. Code for prevention of insider-trading practices

In compliance with the SEBI (LODR) Regulation on prevention of insider trading, the company has instituted a comprehensive code of conduct for its Directors, management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the company can trade in the shares of the company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

### 10. General Body Meetings

#### (A) Annual General Meetings:

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

<b>AGM</b>	<b>LOCATION</b>	<b>DATE &amp; TIME</b>	<b>Special Resolution passed</b>
23rd AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	30th September, 2015 04:30 P.M.	None
24th AGM	-do-	27th September, 2016 12:00 Noon	None
25th AGM	-do-	25th September, 2017 11:30 A.M.	None

**(B) Special Resolution passed through Postal Ballot:**

No special resolution was passed through postal Ballot during the year 2017-18.

**11. 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 its holding company's website [www.spentex.net](http://www.spentex.net). The declaration in compliance with Clause (D) of Schedule V of the SEBI (LODR) Regulations, 2015 is given below:

To The Shareholders of Amit Spinning Industries Limited

**Sub: Declaration on Compliance with Code of Conduct as required under Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015**

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, 2018 in terms of Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

Sd/-

**I D DESAI  
MANAGER**

**12. Compliance**

**a. Mandatory Requirements:**

The Company is fully compliant with the applicable mandatory requirements of the Regulation 27 of SEBI (LODR) Regulation, 2015.

**b. Adoption of Non-Mandatory Requirements:**

Details of all the above mentioned committees i.e. Risk Management Committee, have been provided in this report.

**13. 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 Visual Mechanism/Whistle Blower Policy and no employee was denied the access to the Audit Committee.
- Pursuant to Regulation 6 (2) (d) of the Listing Regulation, 2015, the Company has created E-mail ID [secretarial@clcindia.com](mailto: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.

**14. 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 The Pioneer (English & Hindi) newspaper and the

## AMIT SPINNING INDUSTRIES LIMITED

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same are also displayed on its holding company's website [www.spentex.net](http://www.spentex.net)

### **15. General Shareholder information**

- The 26th Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019 on Thursday the 27th September, 2018 at 11.30 A.M.
- Financial Calendar (Tentative) :
 

Financial reporting for the Quarter ending June 30, 2018	: on or before 10th August, 2018
Financial reporting for the Quarter ending September 30, 2018	: on or before 15th November, 2018
Financial reporting for the Quarter ending December 31, 2018	: on or before 15th February, 2019
Annual Results for the Year ending March 31, 2019	: on or before 30th May, 2019
- Date of Book closure : Saturday the 22th September, 2018 to Thursday the 27th September, 2018 (Both days inclusive)
- Dividend Payment Date : Not Applicable.
- Unclaimed/Unpaid Dividend : Not Applicable.
- Listing of Equity Shares on Stock Exchanges: BSE Limited, Mumbai (scrip code = 521076) and National Stock Exchange of India Ltd., Mumbai (scrip code = ASIL).
- ISIN No. INE988A01026.
- Due to financial crises and closure of the manufacturing unit situated in Kolhapur, the Company has not paid Annual Listing Fee to BSE & NSE and Annual Custody Fees to NSDL & CDSL for the financial year 2017-18.
- Market Price Data : High/Low during each month in last financial year 2017-18 : at BSE & NSE

Month	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>BSE</b>												
<b>High</b>	1.32	1.42	1.07	0.78	0.72	0.69	Not Traded					
<b>Low</b>	1.07	1.02	0.69	0.75	0.72	0.69	Not Traded					
<b>NSE</b>												
<b>High</b>	1.05	1.05	0.85	0.80	0.70	Not Traded						
<b>Low</b>	0.85	0.75	0.65	0.65	0.70	Not Traded						

- The Registrars and Transfer Agents of the Company: RCMC Share Registry Pvt. Ltd., B-25/1, First Floor, Near Rana Motors, Okhla Industrial Area Phase 2, New Delhi-110020. Tel. No. 011-26387320 / 011-26387321 and Fax No.011-26387322. E-mail ID investor.services@rcmcdelhi.com.
- Contact person: Mr. Rakesh Kumar, Email : mdhair@rcmcdelhi.com 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 **31.03.2018**:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 to 5000	16396	94.50	3346257	8.13
5001 to 10000	406	2.34	656417	1.59
10001 to 20000	228	1.31	671332	1.63
20001 to 30000	130	0.75	650303	1.58
30001 to 40000	35	0.20	244300	0.59
40001 to 50000	36	0.21	343539	0.84
50001 to 100000	54	0.31	772887	1.88
100001 and above	66	0.38	34484236	83.76
<b>TOTAL</b>	<b>17,351</b>	<b>100.00</b>	<b>4,11,69,667</b>	<b>100.00</b>

- Category of Shareholders as on : **31.03.2018**

Category	Shares held	%age
Promoters	2,09,81,077	50.96
Financial Institutions/Insurance Companies/ Banks/Mutual Funds/Trust	678,242	1.65
NRIs/OCBs/Foreign Nationals	352,994	0.86
Body Corporate(s)	807,211	1.96
Public and Others	1,83,50,143	44.57
<b>Total</b>	<b>4,11,69,667</b>	<b>100.00</b>

## ANNUAL REPORT 2017 - 2018

- Dematerialization of shares: As on 31st March, 2018 the shares in demat mode were 3,91,05,922 representing 94.99% of the total paid up capital.
- 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 at BSE Limited and at 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 110020  
Ph. 011 - 26387738, 46598900, Fax: 011 - 26385181.  
Email: secretarial@clcindia.com;
2. Registrars & Transfer Agents RCMC Share Registry Private Ltd.  
B-25/1, Okhla Industrial Area, Phase-2,  
New Delhi- 110020. Ph. No. 011-26387320 / 011-26387321  
& Fax No. 011-26387322.  
Contact person Mr. Rakesh Kumar  
Email:mdhair@rcmcdehi.com & investor.services@rcmcdehi.com
3. Compliance Officer Ms. Shifali Gupta  
A-60, Okhla Industrial Area, Phase II, New Delhi 110020  
Ph. 011 - 26387738, 41598900, Fax: 011 - 26385181.  
Email : secretarial@clcindia.com;

### 16. CEO/CFO Certification

To,  
The Board of Directors  
Amit Spinning Industries Limited

Sub: **CEO/CFO Certificate**

We, Vijay Bhan Singh, Director and Ishwar Dhondiba Desai, Manager 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, 2018 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: 10.08.2018

Sd/-  
Vijay Bhan Singh  
Director

Sd/-  
ISHWAR DHONDBA DESAI  
Manager

## AMIT SPINNING INDUSTRIES LIMITED

### Certificate on Corporate Governance

(Pursuant to Clause E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members of **Amit Spinning Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Amit Spinning Industries Limited ('the Company'), for the financial year ended March 31, 2018, as stipulated in Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year ended March 31, 2018.

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

New Delhi

August 10, 2018

### INDEPENDENT AUDITOR'S REPORT

**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 March 31, 2018, the Statement of Profit and Loss, the statement of changes in equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, 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.

**Basis for Qualified Opinion**

We draw attention to:

- (i) Note No. 35, which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. Further majority of the banks have categorized borrowing of the company as Non performing Assets (NPA) and have sent recall notices u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 to the company. The Company moved to National Company Law Tribunal (NCLT) for resolution of its liabilities. Further, NCLT vide order dated 01.08.2017, has admitted the Company's petition and has appointed Resolution Professional for the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Resolution Applicant has submitted Resolution Plan duly approved by the Committee of Creditors (COC) to NCLT and the order of NCLT is reserved in this regard. On the basis of Resolution Plan submitted by the Company, these financial statements are prepared on a going concern basis.
- (ii) Note No. 36, which indicates that the company has not charged interest amounting to Rs.6,98,32,251 until March 31, 2017 and has stopped providing interest thereafter. Further, the company has also not charged penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks to the statement of profit and loss account from the date of declaration of accounts as non performing assets (NPA). Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss.
- (iii) Note No. 34, wherein it is stated that the balances of parties under the head trade payables, other liabilities and loans & advances which are subject to confirmation, reconciliation and consequential adjustments, if any.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid 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 of the state of affairs of the Company as at 31st March 2018, its loss and its cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we further report that:

- a. we have sought and except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e. The going concern matter described in sub-paragraph (i) under the Basis of Qualified Opinion above, in our opinion, may have an adverse effect on the functioning of the Company;
- f. on the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- g. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- h. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29 to the financial statements;
  - (ii) the Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise;
  - (iii) there has not been an occasion in case of the Company during the year under report to transfer any

## AMIT SPINNING INDUSTRIES LIMITED

sums to the Investor Education and Protection Fund; as such the question of delay in transferring such sums does not arise.

**For Sunil Jain & Co.**  
Chartered Accountants  
(Registration No. 003855N)

**Sanchit Jain**  
Partner  
Membership No. 511714

Place: New Delhi

Date: May 29, 2018

### **Annexure A of our report of even date to the members of Amit Spinning Industries Limited on the accounts of the company for the year ended 31st March, 2018**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are physically verified by the management according to a phased programmed designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets; as informed to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The company does not have any physical inventory. Accordingly, paragraph 2 of the Order is not applicable to the Company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. As the Company has not granted any such loans, provisions of clause 3(iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made and guarantees given.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013
- (vi) 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 (1) of Section 148 of the Companies Act, 2013 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.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is not regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities. The arrears of undisputed outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable are as under:

Name of Statute	Nature of Dues	Period to which it relates	Amount	Remarks
Employees Provident Fund Act	Employees Provident Fund	March, 2015 to August, 2017	1,54,44,464	Still Not paid as on date of our report
Employees State Insurance Act	Employees State Insurance	March, 2015 to August, 2017	14,14,764	
Income Tax Act, 1961	TDS	July, 2015 to August, 2017	71,697	
Finance Act, 1994	Service Tax	April, 2015 to August, 2016	294,872	
MVAT Act	MVAT	August, 2014 to December, 2015	2,039,286	
MVAT Act	CST	September, 2014 to June, 2016	1,646,283	
MVAT Act	TDS	October, 2014	3,691	
Professional Tax	Professional Tax	January, 2015 to June, 2017	12,18,575	
<b>Total</b>			<b>2,21,33,632</b>	

**ANNUAL REPORT 2017 - 2018**

(b) According to the information and explanations given to us, details of following government dues, 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 ₹)	Period to which the amount relates	Forum where dispute pending
1.	Maharashtra Value Added Tax, 2005	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, 2005	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

(viii) 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 loans or borrowing to a bank as infra. The Company did not have outstanding dues to any financial institution and debentures during the year under audit. The loan facilities as mentioned below 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:

(Figures in ₹)

Bankers	Type of Loan	Out Standing as on 31.3.2018	Period of Default
Axis Bank	Term Loan	11,19,52,183	More than 90 days
Axis Bank	FITL	56,17,448	
Axis Bank	WCTL	49,01,529	
Axis Bank	Short Term Loan	4,82,77,044	
Axis Bank	Cash Credit	4,98,07,861	
UCO Bank	WCTL	94,60,163	
UCO Bank	Cash Credit	6,42,85,976	
<b>Grand Total</b>		<b>29,43,02,205</b>	

\*The loan from JM Financial (Asset Reconstruction Company) is the loan transferred from UCO Bank.

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Sunil Jain & Co.**  
Chartered Accountants  
(Registration No. 003855N)

**Sanchit Jain**

Partner

Membership No. 511714

Place: New Delhi  
Date : May 29, 2018

## AMIT SPINNING INDUSTRIES LIMITED

### Annexure B to the Independent Auditor's Report of Even Date on the Standalone Financial Statements of Amit Spinning Industries Limited

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Amit Spinning Industries Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Qualified Opinion

*According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2018.*

## ■ ■ ■ ■ ■ ANNUAL REPORT 2017 - 2018 ■ ■ ■ ■ ■

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*The company did not have an appropriate internal control system for obtaining confirmation from certain parties included under the head trade payables, loans & advances and other current liabilities and its reconciliation/consequential adjustments, if any. Further, the company's internal financial controls over recovery of certain long outstanding claim receivables and advance balances are not adequate.*

*The company's internal financial controls were not operating effectively in respect of the above which may potentially impact the results of the company.*

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 standalone financial statements of the Company, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and we have accordingly issued a qualified opinion on the standalone financial statements.

**For Sunil Jain & Co.**

Chartered Accountants

(Registration No. 003855N)

**Sanchit Jain**

Partner

Membership No. 511714

Place: New Delhi

Date : May 29, 2018

**AMIT SPINNING INDUSTRIES LIMITED**

**BALANCE SHEET**

(Figures in ₹ )

	Particulars	Note No.	AS AT March 31, 2018	AS AT March 31, 2017	AS AT April 1, 2016
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	2	313,959,459	352,882,958	382,565,198	
Financial Assets					
(i) Investments	3	21,700	23,200	23,231	
(ii) Loans	4	-	217,316,863	217,566,863	
(iii) Others	5	2,803,837	71,869,426	75,256,976	
Other Non-Current Assets	6	444,406	2,595,690	8,971,038	
<b>Total Non-Current Assets</b>		<b>317,229,402</b>	<b>644,688,137</b>	<b>684,383,306</b>	
<b>Current Assets</b>					
Inventories	7	-	2,887,387	2,828,225	
Financial Assets					
(i) Trade Receivables	8	-	252	8,313,766	
(ii) Cash and Cash equivalents	9	2,438,021	20,851	499,699	
(iii) Others	10	322,408	131,726	4,879,642	
Other Current Assets	11	-	-	9,502,000	
<b>Total Current Assets</b>		<b>2,760,429</b>	<b>3,040,216</b>	<b>26,023,332</b>	
<b>TOTAL ASSETS</b>		<b>319,989,831</b>	<b>647,728,353</b>	<b>710,406,638</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity Share Capital	12	205,848,335	205,848,335	205,848,335	
Other Equity		(1,423,261,703)	(1,057,051,001)	(924,807,659)	
<b>Total Equity</b>		<b>(1,217,413,368)</b>	<b>(851,202,666)</b>	<b>(718,959,324)</b>	
<b>Non-Current Liabilities</b>					
Financial Liabilities					
(i) Borrowings	13	320,128,019	320,128,019	359,218,019	
(ii) Other Financial Liabilities	14	131,936,646	131,936,646	131,936,646	
Provisions	15	-	12,227,253	11,855,298	
<b>Total Non-Current Liabilities</b>		<b>452,064,665</b>	<b>464,291,918</b>	<b>503,009,963</b>	
<b>Current Liabilities</b>					
Financial Liabilities					
(i) Borrowings	16	164,972,565	162,370,881	163,964,475	
(ii) Trade Payables	17	653,371,986	650,340,349	562,502,019	
Other Current Liabilities	18	266,993,983	216,526,403	196,438,964	
Provisions	19	-	5,401,468	3,450,541	
<b>Total Current Liabilities</b>		<b>1,085,338,534</b>	<b>1,034,639,101</b>	<b>926,355,999</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>319,989,831</b>	<b>647,728,353</b>	<b>710,406,638</b>	
Significant accounting policies					

The accompanying notes are an integral part of these 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 29, 2018

For and on behalf of Board of Directors

Sd/-  
S P Setia

Sd/-  
Vijay Bhan Singh

Sd/-  
Shivani Gupta

Sd/-  
Ishwar Dhondiba Desai

**STATEMENT OF PROFIT AND LOSS**

(Figures in ₹ )

Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Income</b>			
Revenue from Operations	20	-	1,584,539
Other Income	21	19,371	75,988
<b>Total Income</b>		<b>19,371</b>	<b>1,660,527</b>
<b>Expenses</b>			
Cost of Materials Consumed	22	-	-
Purchase of Stock-in-Trade		-	1,471,722
Changes in inventories of Finished goods, Stock in Trade and Work-in-progress		-	-
Employee benefits expenses	23	31,579,080	38,514,000
Finance costs	24	8,616,684	186,398
Depreciation and Amortisation expenses	2	26,968,396	29,682,240
Other expenses	25	10,521,718	19,300,129
<b>Total Expenses</b>		<b>77,685,878</b>	<b>89,154,489</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(77,666,507)</b>	<b>(87,493,962)</b>
Exceptional Items	26	288,544,195	43,141,537
<b>Profit/(Loss) before tax</b>		<b>(366,210,702)</b>	<b>(130,635,499)</b>
Current Tax			
Deferred Tax			
<b>Income tax expenses</b>		-	-
<b>Profit/(Loss) for the year</b>		<b>(366,210,702)</b>	<b>(130,635,499)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	27	-	(1,607,843)
Income tax related to above		-	-
<b>Total Other Comprehensive Income</b>		-	<b>(1,607,843)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(366,210,702)</b>	<b>(132,243,342)</b>
<b>Earnings Per Share</b>			
Basic		(8.90)	(3.17)
Diluted		(8.90)	(3.17)
Significant accounting policies	1		

The accompanying notes are an integral part of these 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 29, 2018

Sd/-

S P Setia

Sd/-

Shivani Gupta

Sd/-

Vijay Bhan Singh

Sd/-

Ishwar Dhondiba Desai

**AMIT SPINNING INDUSTRIES LIMITED**

**CASH FLOW STATEMENT**

(Figures in ₹)

	For the year ending 31.03.2018	For the year ending 31.03.2017
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	(366,210,702)	(132,243,342)
Add/(Less):		
Depreciation	26,968,396	29,682,240
Loss on sale of Property, Plant and Equipment	3,355,103	-
Finance Costs	8,600,000	-
Fair Value loss / (gain) on investment	1,500	-
Extraordinary items (Net)	-	(44,053,841)
Provision/ (Reversal) for Gratuity	-	406,306
Provision for Leave Encashment	-	(47,923)
Miscellaneous balances written off	-	12,448,611
Provision for Doubtful Advance	288,544,195	-
Provision for Wages and Salaries	30,854,538	-
Interest expense	16,684	186,398
Interest Income	(19,371)	(75,988)
	358,321,045	(1,454,197)
<b>Operating profit before working capital changes</b>	<b>(7,889,657)</b>	<b>(133,697,539)</b>
<b>Working capital changes</b>		
(Increase) / decrease in inventories	2,887,387	(59,163)
(Increase) / decrease in trade and other receivables	(183,307)	19,012,985
Increase / (decrease) in trade and other payables	5,015,958	155,062,817
(Increase) / decrease in working capital	7,720,038	174,016,639
Cash generated from operating activities	(169,619)	40,319,100
Tax paid		(3,975)
<b>Cash used(-)/(+)generated from operating activities (a)</b>	<b>(169,619)</b>	<b>40,315,125</b>
<b>B. Cash Flow from Investing Activities</b>		
Interest received	1,789	75,988
<b>Cash used(-)/(+)generated in investing activities (b)</b>	<b>1,789</b>	<b>75,988</b>
<b>C. Cash Flow from Financing Activities</b>		
Repayment(-)/proceeds(+) of long term loan	-	(39,089,969)
Repayment(-)/proceeds(+) short term secured loan	2,585,000	(1,593,594)
Interest paid	-	(186,398)
<b>Cash used(-)/(+)generated in financing activities (c)</b>	<b>2,585,000</b>	<b>(40,869,961)</b>
<b>Net increase(+)/(-)decrease in cash and cash equivalents (a+b+c)</b>	<b>2,417,170</b>	<b>(478,848)</b>
Cash and cash equivalents opening balance	20,851	499,699
Cash and cash equivalents closing balance	2,438,021	20,851
<b>Reconciliation of Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents as per Balance Sheet (refer note 9)</b>	<b>2,438,021</b>	<b>20,851</b>
Balances with banks in Current Accounts	2,411,702	-
Cash in Hand	26,319	20,851
<b>Cash and Cash Equivalents as per Cash Flow Statement</b>	<b>2,438,021</b>	<b>20,851</b>

The accompanying notes are an integral part of these 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 29, 2018

For and on behalf of Board of Directors

Sd/-  
S P Setia

Sd/-  
Shivani Gupta

Sd/-  
Vijay Bhan Singh

Sd/-  
Ishwar Dhondiba Desai

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis for preparation of accounts**

The accounts have been prepared in accordance with IND AS and Disclosures thereon comply with requirements of IND AS, stipulations contained in Schedule- III (revised) as applicable under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, other pronouncements of ICAI, provisions of the Companies Act and Rules and guidelines issued by SEBI as applicable. Up to financial year ended on 31st March 2017, the company has prepared the accounts according to the Previous GAAP. The financial statements for the year ended 31st March 2018 are the first to have been prepared in accordance with IND AS. Opening balance sheet as on 1st April 2016 and 31st March 2017 have been presented as comparatives. The transition was carried out retrospectively as on the transition date which is 1st April 2016, and for any variation in the amounts represented in the comparative balance sheet vis-a-vis earlier presentation, reconciliation is given as part of notes. Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in revised Schedule - III to the Companies Act, 2013.

**1.2 Use of Estimates**

IND AS enjoins management to make estimates and assumptions related to financial statements that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to the year. Actual result may differ from such estimates. Any revision in accounting estimates is recognized prospectively in the period of change and material revision, including its impact on financial statements, is reported in the notes to accounts in the year of incorporation of revision.

**1.3 First time adoption of IND AS**

Being first time adoption of IND AS, the company has availed the following exemptions as granted under Appendix C & D of IND AS 101:

- i. Carrying values for all of its Property, Plant and Equipment, Intangible assets and Investment property as at the date of transition to IND AS, measured as per previous GAAP have been treated as their deemed costs as at the date of transition.
- ii. The cumulative translation difference at the date of transition is deemed to be zero being transferred to equity.

**1.4 Recognition of Income and Expenses**

- i. Sales have been recognized with the transfer of significant risk and rewards of ownership of the goods, with the company losing effective control or the right to managerial involvement thereon and the revenue (representing future economic benefit associated with the transaction) including cost incurred or to be incurred in respect of the transaction are measurable reliably and the recovery of the consideration is probable.
- ii. Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Sales are measured at the fair value of consideration received or receivable. Sales recognized is net of sales tax, service tax/GST, VAT intermediary sales, rebates and discount but gross of excise duty.
- iv. Other incomes have been recognized on accrual basis in financial statements except for cash flow information.

**1.5 Property, Plants and Equipments**

These tangible assets are held for use in production, supply of goods or services or for administrative purposes. These are recognized and carried under cost model i.e. cost less accumulated depreciation and impairment loss, if any which is akin to recognition criteria under erstwhile GAAP.

- i. Cost includes freight, duties, taxes and other expenses directly incidental to acquisition, bringing the asset to the location and installation including site restoration up to the time when the asset is ready for intended use. Such Costs also include Borrowing Cost if the recognition criteria are met.
- ii. When a major inspection/repair occurs, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of previous inspection/repair is derecognized.
- iii. Depreciation has been provided on straight line method in terms of expected life span of assets as referred to in Schedule II of the Companies Act, 2013. On the basis of technical advice, the Company has treated its spinning Process Plant as a Continuous Process Plant and has provided depreciation accordingly.
- iv. Components relevant to fixed assets, were significant are separately depreciated on straight line basis in terms of their life span assessed by technical evaluation in specific context.
- v. During sales of fixed assets any profit earned/loss sustained towards excess/shortfall of sale value vis-a-vis carrying cost of assets is accounted for in statement of profit & loss.

**1.6 Impairment of Non-Financial Assets**

- i. An asset is deemed impairable when recoverable value is less than its carrying cost and the difference between the two represents provisioning exigency.

- ii. Recoverable value is the higher of the 'value in use' and 'fair value as reduced by cost of disposal'.
- iii. Test of impairment of PPF are undertaken under Cash Generating Unit (CGU) concept based on indication of impairment, if any, from external and internal sources of information outlined in para 12 of Ind AS-36 at the end of each reporting period.

## 1.7 Financial Instruments

### i. Financial Assets

#### Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

#### Subsequent Measurement

For purpose of subsequent measurement financial assets are classified in two broad categories:

- Financial Assets at fair value
- Financial Assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss, or recognized in other comprehensive income.

A financial asset that meets the following two conditions is measured at amortized cost.

- **Business Model Test:** The objective of company's business model is to hold the financial asset to collect the contractual cash flows.
- **Cash Flow Characteristics Test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through OCI:-

- **Business Model Test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash Flow Characteristics Test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit and loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the entity has elected irrevocable option to present value changes in OCI.

#### Impairment of Financial Assets

The company assesses impairment based on expected credit losses (ECL) model at an amount equal to:

- 12 months expected credit losses, or
- Lifetime expected credit losses

Depending upon whether there has been a significant increase in credit risk since initial recognition.

However, for trade receivables, the company does not track the changes in credit risk. Rather, it recognizes impairment loss allowances based on lifetime ECLs at each reporting date, right from its initial recognition.

### ii. Financial Liabilities

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified as measured at amortized cost or fair value through profit and loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognized in statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of profit and loss.

## 1.8 Fair Value Measurement

The company measures financial instruments at fair value at each balance sheet date.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identified assets or liabilities
- Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **1.9 Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost includes purchase price, duties, transport & handing costs and other costs directly attributable to the acquisition and bringing the inventories to their present location and condition.

The cost in respect of raw materials, store and spares and packing material is determined under the Specific Identification of cost method.

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 realizable value.

#### **1.10 Employee Benefits**

##### **i. Short term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be incurred when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### **ii. Long term/Post Separation employee benefit plan**

###### **➤ 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.

###### **➤ 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 recognized 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.

#### **1.11 Income Tax and Deferred Tax**

The liability of company on account of Income Tax is computed considering the provisions of the Income Tax Act, 1961.

Deferred tax is provided using balance sheet approach on temporary differences at the reporting date as difference

## AMIT SPINNING INDUSTRIES LIMITED

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between the tax base and the carrying amount of assets and liabilities. Deferred tax is recognized subject to the probability that taxable profit will be available against which the temporary differences can be reversed.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 1.12 Provisions, Contingent Liability and Contingent Assets

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax, Excise etc.) pending in appeal / court for which no reliable estimate can be made and/or involves uncertainty of the outcome of the amount of the obligation or which are remote and poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

However, present obligation as a result of past event with possibility of outflow of resources, when reliable estimation can be made of the amount of obligation, is recognized in accounts in terms of discounted value, if the time value of money is material using a current pre-tax rate that reflects the risk specific to the liability.

No contingent asset is recognized but disclosed by way of notes to accounts.

### 1.13 Foreign Currency Translation

The company's financial statements are presented in INR, which is also the company's functional currency.

- i. Transactions in foreign currencies are recognized at rate of overseas currency ruling on the date of transactions. Gain/Loss arising on account of rise or fall in overseas currencies vis-à-vis functional currency between the date and that of payment is charged to Statement of Profit and Loss.
- ii. Monetary Assets in foreign currencies are translated into functional currency at the exchange rate ruling at the Reporting Date and the resultant gain or loss is accounted for in the Statement of Profit and Loss.
- iii. Non-Monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.
- iv. Impact of exchange fluctuation is separately disclosed in the notes to accounts.

### 1.14 Earnings Per Share

Basic Earnings per share is calculated by dividing:

- the net profit for the period attributable to equity shareholders
- by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share:

- the net profit for the period attributed to equity shareholders
- and the weighted average number of shares outstanding during the period
- is adjusted for the effects of all dilutive potential equity shares.

### 1.15 Borrowing Costs

Borrowing cost that are directly attributable to the acquisition, construction, or production of a \*qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale.

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. All other borrowing costs are recognized as expense in the period in which they are incurred.

\* A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

### 1.16 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**2. Property, Plant and Equipment as at March 31, 2018****Figures in ₹**

Particulars of Assets	Gross Block			Depreciation / Amortisation			Net Block		
	Balance as at 1 April, 2017	Additions	Disposals	Balance as at 31 March, 2018	Balance as at 1 April, 2017	for the year on disposal	Balance as at 31 March, 2018	W.D.V as at 31 March, 2018	W.D.V as at 31 March, 2017
Freehold Land	5,017,299	-	-	5,017,299	-	-	5,017,299	5,017,299	5,017,299
Buildings	159,511,720	-	22,173,678	137,338,042	64,762,899	4,153,922	10,218,575	58,698,246	78,639,796
Plant and Machinery	810,002,918	-	301,872	809,701,046	557,960,880	22,779,083	301,872	580,438,101	229,262,945
Furniture and Fixtures	8,026,614	-	3,628,981	4,397,633	7,784,971	23,513	3,628,981	4,179,503	218,130
Vehicles	1,727,172	-	5,000	1,722,172	1,641,062	5,000	1,636,062	86,110	86,110
Office equipment	25,147,005	-	6,251,318	18,895,687	24,399,988	11,888	6,251,318	18,160,508	735,179
<b>Total</b>	<b>1,009,432,728</b>	<b>-</b>	<b>32,360,849</b>	<b>977,071,879</b>	<b>656,549,770</b>	<b>26,968,386</b>	<b>20,405,746</b>	<b>663,112,420</b>	<b>313,959,459</b>
<b>Previous Year</b>	<b>1,009,432,728</b>	<b>-</b>	<b>-</b>	<b>1,009,432,728</b>	<b>626,867,530</b>	<b>29,682,240</b>	<b>-</b>	<b>656,549,770</b>	<b>352,882,958</b>
									<b>382,565,198</b>
									<b>-</b>

## AMIT SPINNING INDUSTRIES LIMITED

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### 3. Non-Current Investments

Particulars	Units (in absolute numbers)			Value		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Investments in Fully paid equity Instruments (Unquoted)						
Shares of Shamrao Vitthal Co-Op Bank of Rs 10 each	250	250	250	2,500	2,500	2,500
Share of United Yarn of Rs 31 each	-	-	1	-	-	31
Share of Lotus House Prem Co-op Soc.	-	1	1	-	1,500	1,500
Shares of Datta Nagari Patsanatha of Rs 10 each	500	500	500	5,000	5,000	5,000
Shares of Saraswat Co-op Bank Ltd of Rs 10 each	1,420	1,420	1,420	14,200	14,200	14,200
<b>Total</b>				<b>21,700</b>	<b>23,200</b>	<b>23,231</b>

### 4. Loans Non-Current Financial Assets

<b><u>Unsecured &amp; considered good</u></b>			
Inter Corporate Deposit:		-	217,316,863
<b><u>Unsecured &amp; considered doubtful</u></b>			
Inter Corporate Deposit:	217,316,863	-	-
Less: Provision for Doubtful Advances	(217,316,863)	-	-
	-	-	-
<b>Total</b>		<b>217,316,863</b>	<b>217,566,863</b>

### 5. Others Non-Current Financial Assets

<b><u>Unsecured &amp; considered good</u></b>			
Capital Advances		-	60,406,745
Security Deposits	2,803,837	2,803,837	2,803,837
Balance with Sales Tax Authorities	-	8,658,844	12,046,394
Unsecured & considered Doubtful Capital Advances	60,406,745	-	-
Balance with Sales Tax Authorities	8,658,844		
Other Loans and advances	9,235,000	9,235,000	9,235,000
Less: Provision for doubtful loans and advances	(78,300,589)	(9,235,000)	(9,235,000)
<b>Total</b>	<b>2,803,837</b>	<b>71,869,426</b>	<b>75,256,976</b>

### 6. Other Non-Current Assets

<b><u>Unsecured &amp; considered good</u></b>			
Claims Receivable with Excise & Custom Authorities		-	2,161,743
Margin Money	444,406	433,947	1,675,777
Others	-	-	5,774,144
<b>Total</b>	<b>444,406</b>	<b>2,595,690</b>	<b>8,971,038</b>

**ANNUAL REPORT 2017 - 2018**

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**7. Inventories**

	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Stores and spares (Valued at Cost )	-	2,887,387	2,828,225

**8. Trade Receivables**

	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Unsecured Debts			
- Considered good	-	252	8,313,766
- Considered doubtful	102,738,232	102,738,232	102,738,232
	102,738,232	102,738,484	111,051,998
Less: Allowances for bad and doubtful debts	(102,738,232)	(102,738,232)	(102,738,232)
<b>Total</b>	-	252	<b>8,313,766</b>

**9. Cash and Cash Equivalents**

	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Cash in Hand	26,319	20,851	69,223
Balance with Banks in Current Accounts	2,411,702	-	430,476
<b>Total</b>	<b>2,438,021</b>	<b>20,851</b>	<b>499,699</b>

**10. Others Current Financial Assets**

	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Unsecured & Considered good			
Prepaid Expenses	234,649	124,235	749,235
Balance with Income Tax Authorities	87,759	7,491	11,466
Balance with Customs and Excise Authorities	-	-	504,051
Others			3,614,890
<b>Total</b>	<b>322,408</b>	<b>131,726</b>	<b>4,879,642</b>

**11. Other Current Assets**

	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Other Claims Receivable	-	-	9,502,000

**AMIT SPINNING INDUSTRIES LIMITED**

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**12. Share Capital**

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	₹	Number	₹	Number	₹
<b>Authorised</b>						
Equity Shares of Rs 5 each with voting rights	50,00,000	250,00,000	50,00,000	250,00,000	50,00,000	250,00,000
<b>Issued</b>						
Equity Shares of Rs 5 each with voting rights	41,169,667	205,848,335	41,169,667	205,848,335	41,169,667	205,848,335
<b>Subscribed &amp; fully Paid up</b>						
Equity Shares of Rs 5 each with voting rights	41,169,667	205,848,335	41,169,667	205,848,335	41,169,667	205,848,335
<b>Total</b>	<b>41,169,667</b>	<b>205,848,335</b>	<b>41,169,667</b>	<b>205,848,335</b>	<b>41,169,667</b>	<b>205,848,335</b>

**(a) 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 31.03.2018		Equity Shares Year ending 31.03.2017		Equity Shares Year ending 31.03.2016	
	Number	₹	Number	₹	Number	₹
Equity Shares outstanding at the beginning of the year	41,169,667	205,848,335	41,169,667	205,848,335	41,169,667	205,848,335
Equity Shares Issued during the year	-	-	-	-	-	-
Equity Shares bought back during the year	-	-	-	-	-	-
Equity Shares outstanding at the end of the year	41,169,667	205,848,335	41,169,667	205,848,335	41,169,667	205,848,335

**(b) Rights, preferences and restrictions attached to Equity Shares**

- (i) The Company has one class of equity shares having a par value of Re.1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.
- (ii) Shares of the company are ordinarily transferable provided:
  - (a) Instrument of transfer is in form prescribed under the act & duly stamped and executed by/on behalf of transferor and transferee.
  - (b) Transferee consenting or replying affirmatively within specified period of his receipt of notice under Section 56(1) of Companies Act, 2013 issued by the Company in respect of application of transfer of registration of shares made by the transferor.
  - (c) Transferee is not of unsound mind.
  - (d) Company does not have any lien on shares under application of transfer.

**(c) Details of Equity Shares held by each shareholder holding more than 5% shares:**

Name of Shareholder	As at 31 March, 2018		As at 31 March, 2017		As at April 1, 2016	
Spentex Industries Limited	20,981,077	50.96	20,981,077	50.96	20,981,077	50.96
Smita Bharat Shah	3,482,009	8.46	3,482,009	8.46	3,482,009	8.46

**13. Long Term Borrowing**

Particular	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
<b>Secured</b>			
Term Loan from Banks	131,931,323	131,931,323	131,931,323
Less: Amount disclosed as 'other current liabilities'	(131,931,323)	(131,931,323)	(92,841,323)
	-	-	39,090,000
<b>Unsecured</b>			
Loans and advances from related parties	320,128,019	320,128,019	320,128,019
<b>Total</b>	<b>320,128,019</b>	<b>320,128,019</b>	<b>359,218,019</b>

13.1. Term Loans are secured by first paripassu 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.

**13.2. Maturity Profile and Default Status**

Bankers	Type of Loan	Outstanding as at March 31, 2018 ₹	Outstanding as at March 31, 2017 ₹	Outstanding as at April 1, 2016 ₹
Axis Bank	Term Loan (10% p.a.)	111,952,183	111,952,183	111,952,183
Axis Bank	FITL (10% p.a.)	5,617,448	5,617,448	5,617,448
Axis Bank	WCTL (10% p.a.)	4,901,529	4,901,529	4,901,529
JM Financial*	WCTL	9,460,163	9,460,163	9,460,163
<b>Grand Total</b>		<b>131,931,323</b>	<b>131,931,323</b>	<b>131,931,323</b>

\*The loan of JM Financial (Asset Reconstruction Company) is the loan transferred from UCO bank.

**Default Status:**

The last installment of the above loans was due for payment during financial year 2017-18. However, all the loan Accounts have become already Non Performing Asset (NPA) in the books of lenders and accordingly, the company has filed reference before National Company Law Tribunal (NCLT) for Corporate Insolvency Resolution under Insolvency and Bankruptcy Code, 2016.

**14. Other Non-Current Financial Liabilities**

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Contractually reimbursable expenses	35,986,063	35,986,063	35,986,063
Interest accrued but not due on borrowings	95,950,583	95,950,583	95,950,583
<b>Total</b>	<b>131,936,646</b>	<b>131,936,646</b>	<b>131,936,646</b>

**15. Long Term Provisions**

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
<b>Provision for employee benefits</b>			
Gratuity (funded)	-	11,700,886	11,295,592
Leave Encashment (unfunded)	-	526,367	559,706
<b>Total</b>	<b>-</b>	<b>12,227,253</b>	<b>11,855,298</b>

## AMIT SPINNING INDUSTRIES LIMITED

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### 16. Short Term Borrowings

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
<b>Secured</b>			
Working Capital Borrowings			
From Axis Bank	49,807,861	49,807,861	51,401,455
From JM Financial*	64,285,976	64,285,976	64,285,976
Other Short Term Loans			
From Axis Bank	48,277,044	48,277,044	48,277,044
Interim Finance**			
From Axis Bank	1,655,165	-	-
From JM Financial	946,519	-	-
<b>Total</b>	<b>164,972,565</b>	<b>162,370,881</b>	<b>163,964,475</b>

\*The loan of JM Financial (Asset Reconstruction Company) is the loan transferred from UCO bank.

\*\*Includes interest accrued but not due Rs 16,684.

- 16.1. Working Capital borrowings are secured by first charge on all current assets (both present and future) of the company and second paripassu charge on fixed assets. The loans are further secured by Corporate Guarantee of its holding company, Spentex Industries Limited. The account has been clasified as NPA and is admitted for Corporate Insolvency Resolution before NCLT.
- 16.2. Short Term Loan from Bank is secured by subservient charge on all current assets (both present and future) and movable fixed assets of the company. The loans are further secured by Corporate Guarantee of its holding company, Spentex Industries Limited and personal Guarantee of Shri Mukund Choudhary & Kapil Choudhary. Loan was repayable within 6 months from date of disbursement. Interest is payable monthly @ 13.40 % p.a. The account has been clasified as NPA and is pending for Corporate Insolvency Resolution before NCLT.
- 16.3. Interim Finance is being provided by the Financial Creditors (in their proportionate holding) to meet Corporate Insolvency Resolution Process (CIRP) cost during Insolvency Resolution Process. The rate of interest for the said loans is 20% p.a (linked to 3 months MCRL) compounded monthly. The Interim Finance shall be repaid at the end of tenor, or at the end of CIRP process, whichever is earlier after Resolution Plan is approved by NCLT in first priority.

### 17. Trade Payables

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Creditors for Goods and Services	653,371,986	650,340,349	562,502,019

### 18. Other Current Liabilities

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Current Maturities of Long Term debt	131,931,323	131,931,323	92,841,323
Interest accrued and due on borrowings	-	-	44,053,841
Credit Balance with Banks	-	52,140	-
Other payables :			
(i) Statutory remittances	4,275,412	4,090,812	14,925,188
(ii) Trade /security deposits received	367,411	367,411	360,411
(iii) Advances from customers	2,659,448	870,990	865,200
(iv) Wages and Salaries Payable	109,707,877	61,224,618	
(v) Others	18,052,512	17,989,109	43,393,001
<b>Total</b>	<b>266,993,983</b>	<b>216,526,403</b>	<b>196,438,964</b>

**ANNUAL REPORT 2017 - 2018**

**19. Short Term Provisions**

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
<b>Provision for employee benefits:</b>			
Bonus and Ex-gratia	-	4,704,079	2,739,580
Gratuity (Funded)	-	608,978	607,966
Leave Encashment (unfunded)	-	88,411	102,995
<b>Total</b>	<b>-</b>	<b>5,401,468</b>	<b>3,450,541</b>

**20. Revenue from Operations**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Sale of Products	-	1,584,539

**21. Other Income**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Interest Income	19,371	75,988

**22. Purchase of Stock-in-Trade**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Purchase of Stock-in-Trade	-	1,471,722

**23. Employee Benefits Expenses**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Wages & Salaries	31,578,320	31,446,078
Contribution to Provident and Other Funds	-	3,528,578
Staff welfare expenses	760	993,304
Directors remuneration	-	2,546,040
<b>Total</b>	<b>31,579,080</b>	<b>38,514,000</b>

**24. Finance Costs**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Interest Expenses	16,684	130,963
Bank Charges	-	55,435
Settlement Cost	8,600,000	-
<b>Total</b>	<b>8,616,684</b>	<b>186,398</b>

**AMIT SPINNING INDUSTRIES LIMITED**

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**25. Other Expenses**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Stores and Spares Consumption	2,723,225	1,390,579
Sub-Contracting Charges	1,085,121	1,457,044
Power, Fuel & Water	362,228	189,607
Rent	443,000	484,900
Repairs & Maintenance		
- Buildings	-	770
- Machinery	150,551	132,635
Insurance	226,746	625,000
Rates & Taxes	-	265,735
Communication Expenses	18,217	182,926
Miscellaneous Balances written off	-	12,448,611
Travelling and Conveyance	15,855	323,131
Loss on sale of Fixed Assets	3,270,603	-
Auditor's Remuneration:		
- As Auditors	358,200	276,000
Legal and Professional charges	285,545	344,302
Directors Sitting Fees	23,000	68,950
Printing and Stationary Expenses	8,348	473,275
Insolvency Resolution Expenses	1,394,476	-
Other Expenses	156,604	636,664
<b>Total</b>	<b>10,521,718</b>	<b>19,300,129</b>

**26. Exceptional Items**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Provision for Doubtful Advances	288,544,195	-
Interest written back	-	(44,053,841)
Prior Period Items	-	87,195,378
<b>Total</b>	<b>288,544,195</b>	<b>43,141,537</b>

**27. Other Comprehensive Income**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
<b>Items that will not be reclassified to Profit &amp; Loss</b>		
Remeasurements of defined benefit plans	-	1,607,843
Income tax related to above	-	-
<b>Total</b>	<b>-</b>	<b>1,607,843</b>

**28. Earning Per Share**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Net Profit After Tax	(366,210,702)	(130,635,499)
Weighted average number of Equity Shares outstanding	41,169,667	41,169,667
<b>Basic Earning Per Share (Face Value of ₹ 5 each)</b>	(8.90)	(3.17)
Add: Weighted number of potential equity shares on account of Employee Stock Options	-	-
Weighted average number of Equity Shares outstanding [inclusive dilutive ESOP shares outstanding]	-	-
<b>Diluted Earning Per Share (Face Value of ₹ 5 each)</b>	(8.90)	(3.17)

**29. Contingent Liabilities**

Contingent Liabilities not provided for in respect of -

- a. **The following guarantee is provided by/on behalf of the company:**

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
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)	70,56,27,625	70,16,15,880	71,71,56,250

The Company had provided corporate guarantee for jointly with Spentex Industries Limited for the loan given to Spentex (Netherlands), B.V. by State Bank of India, Tokyo Branch.

- b. **Claims against company not acknowledged as debts:**

S.No.	Descriptions	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
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	1,43,55,000
2.	Demands from MSEDCCL under appeal (including interest of Rs.3,82,53,158 previous year Rs. 3,82,53,158)	9,33,15,290	9,33,15,290	9,33,15,290
3.	Demands from Maharashtra Sales Tax Authorities under appeal for FY 2004-05 not provided for.	12,44,000	12,44,000	12,44,000
4.	Demands from Maharashtra Sales Tax Authorities under appeal for FY 2009-10 not provided for.	26,55,004	26,55,004	26,55,004
	<b>Total</b>	<b>11,15,69,294</b>	<b>11,15,69,294</b>	<b>11,15,69,294</b>

- c. There is gross default of Rs. 766,167 (previous year Rs.6,53,030) on account of TDS defaults being shown on the income tax website. The company, however, believes that these demands are rectifiable and upon filing the necessary correction statements, the demand would be significantly reduced and as such no provision is required for the same at this stage.

**AMIT SPINNING INDUSTRIES LIMITED**

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**30. Taxation**

**Break-up of deferred tax assets and deferred tax liabilities**

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
Deferred tax liability recognised due to timing difference due to:			
Depreciation and other differences in block of fixed assets	69,211,998	79,563,823	96,350,599
Total Deferred Tax Liabilities	69,211,998	79,563,823	96,350,599
Deferred tax asset recognised due to timing difference due to:			
Tax impact of provision for doubtful debts and other provisions	103,945,487	34,932,351	34,858,191
Tax impact of disallowances under section 43B of the Income tax Act, 1961	13,835,851	15,895,195	25,319,484
Realisation of tax impact of unabsorbed depreciation	156,661,488	184,272,067	181,765,755
Realisation of tax impact of carried forward losses	157,536,787	183,131,803	165,676,959
Total Deferred Tax Asset	451,337,242	418,231,417	407,620,389
Net Deferred Tax Asset/ (Deferred Tax Liability) (Credit)/ Charge to profit and loss account	<b>382,125,244</b>	<b>338,667,594</b>	<b>311,269,790</b>
	-	-	-

Note: In view of brought forward losses, deferred tax asset is not being recognized on prudence consideration.

**31. Disclosure required by Ind AS 19 - Employee Benefits**

Particulars	Current Year		Previous Year	
	Gratuity (Funded) ₹	Compensated Absences (unfunded) ₹	Gratuity (Funded) ₹	Compensated Absences (unfunded) ₹
<b>Components of Employer Expense</b>				
Current service cost			6,51,417	43,245
Interest Cost			8,92,767	49,703
Expected return on Plan assets			-	-
<b>Total expense recognised in the Statement of Profit &amp; Loss Account</b>			<b>39,92,216</b>	<b>43,21,655</b>
<b>Change in Defined Benefit Obligation (DBO) during the year</b>				
Obligation at period beginning			1,19,03,558	6,62,701
Current service cost			6,51,417	43,245
Interest Cost			8,92,767	49,703
Actuarial (gain)/ Loss			24,48,032	42,28,707
<b>Obligation at the Year end</b>			<b>1,23,09,864</b>	<b>6,14,778</b>
<b>Change in Plan Assets</b>				
Plan assets at period beginning, at fair value Expected return on Plan assets			-	Not Applicable

Particulars	Current Year		Previous Year	
	Gratuity (Funded) ₹	Compensated Absences (unfunded) ₹	Gratuity (Funded) ₹	Compensated Absences (unfunded) ₹
Actuarial gain/ (Loss)			-	
Contributions			-	
Benefits paid			-	
<b>Plan assets at the year end, at fair value</b>			-	
<b>Reconciliation of Present Value of the Obligation and Fair value of plan assets</b>				
Fair value of plan assets at the end of the year		-	-	
Present value of the defined benefit obligation at the end of the year			1,23,09,864	6,14,778
<b>Liability/ (Asset) Recognized in the Balance Sheet</b>			1,23,09,864	6,14,778
Comprising of:				
Current Liability			6,08,978	88,411
<b>Assumptions used to determine the benefit obligation</b>				
Discount Rate			7.50%	7.50%
Estimated rate of Return on Plan Assets			-	-
Expected rate of Increase in salary			2.50%	2.50%
Withdrawal rate (18 to 58 years)			2%	2%

Due to ongoing Corporate Insolvency Resolution Process under section 10 of the Insolvency and Bankruptcy Code, 2016 in the company, during the year the actuarial valuation is not carried out since all the employees (apart from 3) have been laid off. For the year FY 2017-18, wages and salaries of Rs. 3.16 Crores is charged to profit and loss statement making total dues outstanding to be paid for wages and salaries Rs. 10.97 Crores. The full and final settlement will be carried out in the due course of the resolution process and differential would be charged to profit and loss statement after the approval of Resolution Plan by NCLT.

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

S.No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at April 1, 2016 ₹
1.	Principal amount remaining and paid and interest due thereon	3,26,317	3,26,317	3,26,317
2.	Interest paid in terms of section 16	Nil	Nil	Nil
3.	Interest due and payable for the period of delay in payment	Nil	Nil	Nil
4.	Interest accrued and remaining unpaid	Nil	Nil	Nil
5.	Interest due and payable even in succeeding years	Nil	Nil	Nil

\* As certified by the management based on the available information.

## AMIT SPINNING INDUSTRIES LIMITED

### 33. Provisions

The trade receivables include export receivables of Rs. 102,738,232 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.

The Company during the year has made provision for Inter Corporate Deposits, Capital Advances and Advances recoverable from Government Authorities amounting to Rs. 288,544,195 since the same are not being recovered from a long time and shown this expense as "Exceptional Item". The Other Loans and Advances include advances of Rs.9,235,000 for which provision had also been made.

### 34. Outstanding balances

The outstanding balance as on March 31, 2018 in respect of certain Sundry Creditors, Loans & Advances and Bank and other deposits are subject to confirmation from the respective parties and consequential reconciliations/ adjustments arising there from, if any. The management, however, does not expect any material variations.

### 35. Going Concern

The Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. Further majority of the banks have categorized borrowing of the company as Non performing Assets (NPA) and have sent recall notices u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 to the company.

The Company moved to National Company Law Tribunal (NCLT) for resolution of its liabilities. Further, NCLT vide order dated 01.08.2017, has admitted the Company's petition and has appointed Resolution Professional for the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The company has submitted Resolution Plan duly approved by the Committee of Creditors (CoC) to NCLT and the order of NCLT is reserved in this regard. On the basis of Resolution Plan submitted by the Company, these financial statements are prepared on a going concern basis.

### 36. Interest on Loan

The company has not charged interest amounting to Rs.6,98,32,251 until March 31, 2017 and has stopped providing interest thereafter. Further, the company has also not charged penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks to the statement of profit and loss account from the date of declaration of accounts as non performing assets (NPA). Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss.

### 37. A. Related Party Disclosures

a. Related party where control exists:

Holding Company	:	Spentex Industries Limited
b. Other related parties in transaction with the company	:	
Fellow Subsidiary	:	Spentex (Netherlands), B.V.
Key Management Personnel	:	Mr. Suraj Prakash Setia Mrs. Shivani Gupta Mr. Vijay Bhan Singh Mr. Ishwar Dhondiba Desai

### B. Related Party Transactions as at March 31, 2018

(Figures in ₹)

Particulars	Holding Company	Other related Parties where Control exists	Key Management Personnel
<b>a. Profit &amp; Loss Statement*</b>			
Sale of goods/ services	-	-	-
	(-)	(-)	(-)
Sale of Packing Material & Spares	-	-	-
	(-)	(-)	(-)
Purchase of Spares	-	-	-

**ANNUAL REPORT 2017 - 2018**

(Figures in ₹)

Particulars	Holding Company	Other related Parties where Control exists	Key Management Personnel
Salaries	(-)	(-)	694,506
Directors sitting fees	(-)	(-)	(32,85,242)
	-	-	23,000
	(-)	(-)	(68,950)
<b>b. Balance Sheet*</b>			
Unsecured loans	32,01,28,019	-	-
	(32,01,28,019)	(-)	(-)
Trade Payable	30,64,47,251	-	-
	(43,66,64,971)	(-)	(-)
<b>b. Off-Balance Sheet Item*</b>			
Corporate Guarantees	-	70,56,27,625	
	(-)	(70,16,15,880)	(-)

\*Figures in bracket relates to previous year as on 31.03.2017.

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

38. The company is engaged only in Textile business and there is no separate reportable segments as per Ind AS 108.

**39. Foreign Exchange Disclosures**

	Current Year In (₹)	Previous Year In (₹)
Expenditure in Foreign Currency (On Accrual Basis)	-	-
Earnings in Foreign Currency (On Accrual Basis)		
FOB Value of Exports	-	-

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

**a) Raw Materials**

	Current Year		Previous Year	
	%	Value (₹)	%	Value (₹)
Imported	-	-	-	-
Indigenous	-	-	-	-
<b>Total</b>	-	-	-	-

**b) Stores, Spares and Packing Materials**

	Current Year		Previous Year	
	%	Value (₹)	%	Value (₹)
Imported	-	-	-	-
Indigenous	100.00%	27,23,225	100.00%	13,90,579
<b>Total</b>	<b>100%</b>	<b>27,23,225</b>	<b>100%</b>	<b>13,90,579</b>

**AMIT SPINNING INDUSTRIES LIMITED**

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**Reconciliation of Equity as at April 1, 2016**

Particulars	Notes	IGAAP ₹	Adjustments ₹	Ind AS ₹
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment		382,565,198	-	382,565,198
Financial Assets		23,231	-	23,231
(i) Investments		217,566,863	-	217,566,863
(ii) Loans		75,256,976	-	75,256,976
(iii) Others		8,971,038	-	8,971,038
Other Non-Current Assets				
<b>Total Non-Current Assets</b>		<b>684,383,306</b>	-	<b>684,383,306</b>
<b>Current Assets</b>				
Inventories		2,828,225	-	2,828,225
Financial Assets		8,313,766	-	8,313,766
(i) Trade Receivables		499,699	-	499,699
(ii) Cash and Cash equivalents		4,879,642	-	4,879,642
(iii) Others		9,502,000	-	9,502,000
Other Current Assets				
<b>Total Current Assets</b>		<b>26,023,332</b>	-	<b>26,023,332</b>
<b>TOTAL ASSETS</b>		<b>710,406,638</b>	-	<b>710,406,638</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		205,848,335	-	205,848,335
Other Equity		(924,807,659)	-	(924,807,659)
<b>Total Equity</b>		<b>(718,959,324)</b>	-	<b>(718,959,324)</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities		359,218,019	-	359,218,019
(i) Borrowings		131,936,646	-	131,936,646
(ii) Other Financial Liabilities		11,855,298	-	11,855,298
Provisions				
<b>Total Non-Current Liabilities</b>		<b>503,009,963</b>	-	<b>503,009,963</b>
<b>Current Liabilities</b>				
Financial Liabilities		163,964,475	-	163,964,475
(i) Borrowings		562,502,019	-	562,502,019
(ii) Trade Payables		196,438,964	-	196,438,964
Other Current Liabilities		3,450,541	-	3,450,541
Provisions				
<b>Total Current Liabilities</b>		<b>926,355,999</b>	-	<b>926,355,999</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>710,406,638</b>	-	<b>710,406,638</b>

**Reconciliation of Equity as at March 31, 2017**

Particulars	Notes	IGAAP ₹	Adjustments ₹	Ind AS ₹
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment		352,882,958	-	352,882,958
Financial Assets				
(i) Investments		23,200	-	23,200
(ii) Loans		217,316,863	-	217,316,863
(iii) Others		71,869,426	-	71,869,426
Other Non-Current Assets		2,595,690	-	2,595,690
<b>Total Non-Current Assets</b>		<b>644,688,137</b>	-	<b>644,688,137</b>
<b>Current Assets</b>				
Inventories		2,887,387	-	2,887,387
Financial Assets				
(i) Trade Receivables		252	-	252
(ii) Cash and Cash equivalents		20,851	-	20,851
(iii) Others		131,726	-	131,726
Other Current Assets		-	-	-
<b>Total Current Assets</b>		<b>3,040,216</b>	-	<b>3,040,216</b>
<b>TOTAL ASSETS</b>		<b>647,728,353</b>	-	<b>647,728,353</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		205,848,335	-	205,848,335
Other Equity		(1,057,051,001)	-	(1,057,051,001)
<b>Total Equity</b>		<b>(851,202,666)</b>	-	<b>(851,202,666)</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings		320,128,019	-	320,128,019
(ii) Other Financial Liabilities		131,936,646	-	131,936,646
Provisions		12,227,253	-	12,227,253
<b>Total Non-Current Liabilities</b>		<b>464,291,918</b>	-	<b>464,291,918</b>
<b>Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings		162,370,881	-	162,370,881
(ii) Trade Payables		650,340,349	-	650,340,349
Other Current Liabilities		216,526,403	-	216,526,403
Provisions		5,401,468	-	5,401,468
<b>Total Current Liabilities</b>		<b>1,034,639,101</b>	-	<b>1,034,639,101</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>647,728,353</b>	-	<b>647,728,353</b>

**AMIT SPINNING INDUSTRIES LIMITED**

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**Reserve Reconciliation**

Reserve & Surplus	As at March 31, 2017	As at March 31, 2016
<b>As per IGAAP</b>	<b>(1,057,051,001)</b>	<b>(924,807,659)</b>
Proposed Dividend (including Tax)	-	-
Fair value gain/(loss) on financial instruments	-	-
Depreciation & Amortisation	-	-
Employee Benefits - Actuarial gain/(loss) on long term defined benefits plan	-	-
Deferred tax impact	-	-
Others	-	-
<b>As per Ind AS</b>	<b>(1,057,051,001)</b>	<b>(924,807,659)</b>

**Profit Reconciliation for March 31, 2017**

Nature of Adjustment	For the year ended March 31, 2017
Profit as per erstwhile Indian GAAP	(132,243,342)
Other Income - Fair value gain on	-
Finance Cost - Accounting for financial assets and liabilities	-
Employee Benefits - Remeasurement of Defined Benefits Plans	1,607,843
Depreciation - Finance lease obligations	-
Other Expenses - Accounting for financial assets and liabilities	-
Deferred tax on above adjustments	-
<b>Profit as per Ind AS</b>	<b>(130,635,499)</b>

If undelivered, please return to :

**AMIT SPINNING INDUSTRIES LIMITED**

REGISTERED & CORPORATE OFFICE :  
A-60, Okhla Industrial Area, Phase-II,  
New Delhi - 110 020