

AMIT SPINNING INDUSTRIES LIMITED



18th Annual Report
2009 - 2010

CLC

BOARD OF DIRECTORS

S P Setia (Non-Executive/Independent Chairman)
R Sampath (Managing Director)
I M Aggarwala (Non-Executive/Independent Director)
Ranjan Mangtani (Non Executive Director)
K Sankaramani (Non Executive Director)

COMPANY SECRETARY

Annu Chaudhary

AUDITORS

Sunil Jain & Co.
Chartered Accountants
New Delhi

AUDIT COMMITTEE

S P Setia (Chairman)
I M Aggarwala
Ranjan Mangtani

REMUNERATION COMMITTEE

S P Setia (Chairman)
Ranjan Mangtani
K Sankaramani

**SHARE TRANSFER & SHAREHOLDERS/INVESTORS
GRIEVANCE COMMITTEE**

S P Setia (Chairman)
Ranjan Mangtani
K Sankaramani

REGISTERED & CORPORATE OFFICE

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

PLANT

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

BANKERS

AXIS Bank Limited
UCO Bank

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● 18th AGM

Date : September 30, 2010 Time: 11.00 A.M.

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

● Book Closure : From Monday, September, 27, 2010 To Wednesday, September 29, 2010.

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

DIRECTORS' REPORT

Your Directors have great pleasure in presenting the 18th Annual Report together with Audited Statements of Accounts of the Company for the year ended March 31, 2010.

Financial Results:

(Rs. in Lakhs)

	2009-2010	2008-2009
Net Sales (Turnover)	7277.77	3076.84
Other Income	19.50	367.67
EBIDTA	325.43	(260.94)
Financial Charges	754.44	694.69
Depreciation	458.32	503.08
Misc. Expenses written off	12.60	12.60
Profit/(Loss) before tax (PBT)	(899.93)	(1471.31)
Provision for Current Tax	-	-
Provision for Deferred Tax	-	(49.49)
Fringe Benefit Tax	-	1.30
Short Provision of Tax	(0.09)	6.89
Net Profit/(Loss)	(899.84)	(1430.01)

MANAGEMENT DISCUSSION AND ANALYSIS

Global economy has shown slight recovery after the steep slowdown since 2008. The global economy is expected to grow by 4.2% in 2010 and projected to maintain growth in the coming years also. However the economy growth is depending upon demand in America and European Countries whose economy is showing convincing revival. There was tremendous relief to Indian industries over rescue packages introduced by the Indian government, the exports since November, 2009 showing sustainable recovery in spite of inflation, currency appreciation and uncertainty over sub normal monsoon.

The Indian Textile Industry plays very important role in our Country's Economy and earliest to come into existence in India, it accounts for 14 per cent of the total industrial production, contributes to nearly 12 per cent of the total exports and is the second largest employment generator after agriculture providing employment of 35 million people. The Indian textile industry is one of the largest in the world with a massive raw material and textile-manufacturing base and also currently India has the second highest spindleage in the world after China. Indian economy is largely dependent on the textile manufacturing and trade in addition to other major industries about 30 per cent of the exchange earning are on account of export of textiles and clothing alone.

Demand in America and European countries and in domestic market, the yarn production expecting to grow upto 8% in 2011 in Indian Economy. However, increase in input prices, rupee appreciation and withdrawal of refund on export cotton yarn may give negative impact on growth of textile exports.

Amit has utilized the opportunity offered by the global recession for introspection to identify areas of improvement. It is a great satisfaction that such initiatives have paid us more and strengthened the company accordingly expecting such events in future also. Amit is expecting bright future for Indian textile industry.

FINANCIAL ANALYSIS AND PERFORMANCE REVIEW :

Fiscal 2009-10 witnessed a significant improvement to increase in sales volume. The management with help of banks provided surplus cash flow for purchase of raw cotton, the Company has achieved impressive results, the turnover has been increased from Rs. 3444.52 lakhs to Rs. 7297.27 lakhs which reflects an growth of 111.85%

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.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

MANAGEMENT PERCEPTION ON OPPORTUNITIES, RISKS, CONCERN & OUTLOOK

India has rich resources of raw materials of textile industry and is one of the largest producers of cotton in the world. India is highly competitive in spinning sector and has presence in almost all processes of the value chain. In the recent past the Government also from time to time announces various policy measures to boost growth of the textile industry, The Indian textile industry is expected to pick-up and saw a strong growth in 2010. Moreover China themselves admit that their industry has lost the competitive edge in the last one year. With the rising demands from US and EU markets, the Indian Textile Industry have better prospects in the coming years.

Indian textile industry is highly fragmented in industry structure, and is led by small scale companies. The reservation of production for very small companies that was imposed with the intention to help out small scale companies across the country, led substantial fragmentation that distorted the competitiveness of industry. Smaller companies do not have the fiscal resources to enhance technology or invest in the high-end engineering of processes. Hence they lose in productivity. Despite various stimulus packages introduced by the Government, the textile industry has lost the competitive edge in the past one year with petroleum products & labour became costly, ultimately affecting the margins of the Indian textile industry which is also major concern for the growth of the industry.

The outlook for textile industry in India is very optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate. Textile industry is being modernized by an exclusive scheme, which has set aside \$5bn for investment in improvisation of machinery. India can also grab opportunities in the export market. The textile industry is anticipated to generate 12mn new jobs in various sectors more comfortability, the management is in process to extend its operations in Technical Textile to play role in both domestic as well as export market.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

It is needless to state that the success of an organization mainly depends on the human capital employed by them. The Company strives to provide opportunities and an environment, coupled with education and training to its employees enabling them to contribute to their fullest extent and develop their career with the growth of the organization.

Directors

Mr. Ranjan Mangtani and Mr. R Sampath retires by rotation and being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting. Brief resume of the Directors to be reappointed, nature of their expertise in specific functional areas, names of companies in which they hold directorship(s) and membership(s)/ chairmanship(s) of Board Committees, shareholding and relationships between directors, inter-se, as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges are provided in the Report on Corporate Governance.

Auditors

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

Cost Auditor

The Central Government had directed an audit of the Cost Accounts maintained by the Company in respect of textile business. The Central Government has approved the appointment of Shri Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants to conduct the audit of the Cost Accounts of the Company for the financial year ending 31st March, 2010 for the product "Textile".

Dividend

Your directors have not recommended any dividend for the year ended 31-03-2010 under review.

Fixed Deposits

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

Listing of Shares

Presently the Company shares are listed and traded at the Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India, Mumbai (NSE) and the Listing Fee has been paid till 31st March, 2011.

Corporate Governance

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

Particulars of Employees

The particulars required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, w.e.f. 17-4-2002 are not applicable to the Company during the year.

Auditors Report

The Auditors' Report read together with the Notes to Accounts is self-explanatory and do not call for any further explanation under Section 217 (3) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the annual accounts on a going concern basis.

Industrial Relations

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Conclusion

Your company enjoys a leadership position in domestic market with strong competitive advantage in export segment. The Company now stands at the cusp of the next phase of growth. We will continue to make investment and progress to further consolidate our leadership position.

Acknowledgments

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

On behalf of the BOARD OF DIRECTORS,

Place New Delhi
Date : August 9, 2010

S P SETIA
CHAIRMAN

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-10

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

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board consists of 5 Directors, out of which 2 are Independent Directors, 2 are Non-Executive Directors and one Executive Director. The Chairman of the Company is Non-Executive & Independent Director. The composition of the Board is in conformity with clause 49 of the listing agreement entered into stock exchange(s) and fulfilled the percentages in the said agreement.

During the year, five meetings of the Board of Directors were held and the gap between two meetings did not exceed four months (as stipulated by law in force). The respective dates on which the Board Meetings were held are 22nd April, 2009, 25th June, 2009, 27th July, 2009, 28th October, 2009 and 29th January, 2010. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below:

Directors	Category	No. of Board Meetings		No. of Directorships and Chairmanship(s) / Membership(s) of Board Committees of other companies			Attendance at last AGM held on 30-09-2009
		Held	Attended	Directorship#	Member##	Chairperson	Yes/No
Mr. S P Setia (Chairman)	Independent, Non-executive	5	4	1	-	-	Yes
Mr. R Sampath (Managing Director)	Executive	5	-	-	-	-	Yes
Mr. I M Aggarwala	Independent, Non-executive	5	5	1	-	-	No
Mr. Ranjan Mangtani	Non-executive	5	5	-	-	-	Yes
Mr. Krishnan Sankaramani	- do -	5	-	-	-	-	No

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

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

Information supplied to the Board

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

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

According to the Articles of Association, one-third of the directors retires by rotation and, if eligible, seeks re-appointment at the Annual General Meeting of Shareholders. As per Article 100 of the Articles of Association, Mr. Ranjan Mangtani and Mr. R. Sampath will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of the retiring directors in the ensuing Annual General Meeting, the brief details of aforesaid directors are as under:

Mr. Ranjan Mangtani (58) is Director of the Company since August 25, 2006. He is a Fellow Member of the Institute of Company Secretaries of India and Bachelor of Law. Before joining with the Company he was advisor to various corporate houses in Corporate Law and other Legal matters. He is a Director of CLC Technologies Pvt. Limited.

Mr. Mangtani is Member of the Audit Committee, Remuneration Committee and Share Transfer & Shareholders/Investors Grievance Committee of the Company and does not hold any share of the Company.

Mr. Ranganathachari Sampath (64) is Director of the Company since 13th October, 2006 and became Managing Director of the Company w.e.f. 1st November, 2006. He is an Engineer in Textile Manufacturing and having 44 years experience in various textile mills.

3. Audit Committee

The Audit Committee of the Board consists of two Independent Directors and one non-executive director, namely Shri S P Setia, Chairman, Shri I M Aggarwala and Shri Ranjan Mangtani are members of the Committee. The members have the requisite accounting and related financial management expertise. The Composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment of the statutory auditor and the fixation of audit fees.
3. Reviewing the performance of statutory and internal audit team, adequacy of the internal control systems and other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements i.e. directors responsibility statement under Section 217 (2AA) of the Companies Act 1956, accounting policies and practices, compliances with listing and other legal requirements disclosure of related party transactions, implementation of various accounting standards issued by ICAI and draft audit report before submission to the board for approval.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Reviewing the function of the Whistle Blower Mechanism and weaknesses find out by the statutory auditors, management opinion on such weaknesses and solutions from time to time.
8. To look into the payment being made to the depositors, creditors and shareholders in case of dividend declared and reasons for substantial defaults/delay if due amount has not paid as per statutory due date.

During the year, five meetings of the Audit Committee were held on 22nd April, 2009, 25th June, 2009, 27th July, 2009, 28th October, 2009 and 29th January, 2010. The details of attendance of the each member at the Audit Committee are given herein below:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Shri S P Setia	5	4
Shri I M Aggarwala	5	5
Shri Ranjan Mangtani	5	5

4. Remuneration Committee

A Remuneration Committee of the Board has been constituted to review/recommend the remuneration package of the Managing Director/Director based on performance and defined criteria. The Remuneration Committee of the Board comprises one Independent and two Non-executive Directors, namely Shri S P Setia, Chairman, Shri Ranjan Mangtani, and Shri Krishnan Sankaramani are members of the Committee. During the year one committee meeting was held on 18th January, 2010 in which all members of the Committee were present.

The Remuneration of Managing Director is in compliance with the provisions of Schedule XIII of the Companies Act, 1956 and approved by members of the Company.

Details of remuneration paid to Directors for the financial year 2009-10 are as under:

Name of Director	Category	Sitting Fee for Board Meetings (Rs.)	Sitting Fee for Remuneration Committee Meetings (Rs.)	Sitting Fee for Audit Committee Meetings (Rs.)	Salaries and Perquisites p.a. (Rs.)	Total (Rs.)
Mr. S P Setia	Independent Non-Exec. Chairman	5100*	NIL	NIL	N.A.	5100
Mr. R Sampath	Executive	NIL	NIL	NIL	10,01,604	10,01,604
Mr. I M Aggarwala	Independent Non-Executive	6100*	NIL	NIL	N.A.	6100
Mr. Ranjan Mangtani	Non-Executive	NIL	NIL	NIL	N.A.	NIL
Mr. Krishnan Sankaramani	-do-	NIL	NIL	NIL	N.A.	NIL

* The Board of Directors at their meeting held on 29th January, 2010 approved the recommendations made by Remuneration Committee for increase of sitting fee from Rs. 1000/- to Rs. 2100/- per Board Meeting w.e.f. 29-1-2010.

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

Details of shares of the Company held by the Directors as on 31st March 2010

Name	No. of Shares Held	Name	No. of Shares Held
Mr. S P Setia	NIL	Mr. R Sampath	NIL
Mr. Ranjan Mangtani	NIL	Mr. I M Aggarwala	NIL
Mr. Krishnan Sankaramani	NIL		

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

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

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

The committee also reviews all investors' complaints and grievances of the Company. During the year the Company has received 10 complaints from the investors and has responded to the investors to their fullest satisfaction. There were no complaints outstanding as on 31st March 2010. Shri Rajesh Tripathi was the Compliance officer of the Company till 31st March, 2010 for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India.

During the year, four meetings of the Committee were held on 15th April, 2009, 02nd July, 2009, 01st October, 2009 and 04th January, 2010. The details of Attendance of each Member at the Share Transfer and Shareholders/Investors Grievance Committee:

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

6. General Body Meetings

(A) Annual General Meetings;

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

AGM	LOCATION	DATE & TIME	Special Resolution passed
15TH AGM	Gat. No. 47 & 48, Village Sangawade, Taluka Karveer, Kolhapur-Hupari Road, Dist. Kolhapur 416 202	11th August 2007 11.00 A.M.	None
16TH AGM	Lok Kala Manch, 20 Lodhi Institutional Area, Lodhi Road, New Delhi 110 003	12th August 2008 11.00 A.M.	No Special Resolution has been passed, however through ordinary resolution M/s. Sunil Jain & Co., Chartered Accountants, New Delhi has been appointed as Statutory Auditors in place of retiring auditors of the Company
17TH AGM	- do -	30th September 2009 12.00 Noon	

(B) Special Resolution passed through Postal Ballot:

No special resolution was passed through postal Ballot during the year (2009-10)

7. Code of Conduct

The Board of Directors has adopted the Code of Conduct and ethics for Directors, Senior Management and designated employees. The Code of Conduct has been communicated to the directors and designated employees of the Company and confirmed compliance with the code. The code has also been posted on the holding company's website www.spentex.net. The declaration in compliance with clause 49(I)(D)(ii) of the listing agreement is given herein below :

This is to declare that the company has receive affirmation of compliance with the applicable code of conduct from the directors and senior management personnel of the company in respect of the financial year 2009-10.

Place : New Delhi
Date : August 9, 2010

R. Sampath
Managing Director

8. Compliance

a. Mandatory Requirements:

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

b. Adoption of Non-Mandatory Requirements:

Although it is not mandatory, a Remuneration Committee of the Board is in place. Details of Remuneration Committee have been provided under section "Remuneration Committee".

9. Disclosures

- The disclosure relating to transactions of material nature with the related parties are disclosed in the financial statements.
- Company has fulfilled all Statutory Compliances and there were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years.
- Company has issued circular in connection with Whistle Blower Policy and no employee was denied to access to the Audit Committee.
- Pursuant to Clause 47(f) of the Listing Agreement, the Company has created a new E-mail ID secretarial@clcindia.com

exclusively for the purpose of registering complaints by investors and necessary follow up action by the company secretary/compliance officer.

10. Means of Communication

- Information on quarterly/half yearly/annual financial results and press releases on significant developments in the Company, have been submitted to the Stock Exchanges to enable them to put them on their websites and communicate to their members.
- The quarterly/half-yearly/annual financial results are published in English (The Financial Express/The Pioneer) and in Hindi (Jansatta/Veer Arjun/Hari Bhumi) newspapers.
- The Management Discussions and Analysis is included in Director's Report.
- Pursuant to Clause 51 of the Listing Agreement (relating to Electronic Data Information filing and Retrieval EDIFAR), the Company regularly filing the specific documents/ statements on website www.sebiedifar.nic.in, SEBI has discontinued EDIFAR site with effect from 01-04-2010 hence the last quarterly result could not be filed with SEBI EDIFAR. However the members can also view the same at BSE and NSE websites which the same posted by their officials.
- The financial results of the Company also posted on its holding company's website www.spentexindustries.com

11. General Shareholder information

- The 18th Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019 on 30th September, 2010 at 11.00 A.M.
- **Financial Calendar (Tentative) :**
 Financial reporting for the Quarter ending June 30, 2010 : 9th August, 2010
 Financial reporting for the Quarter ending September 30, 2010 : before 15th November, 2010
 Financial reporting for the Quarter ending December 31, 2010 : before 15th February, 2011
 Financial reporting for the Quarter ending March 31, 2011 : before 15th May, 2011
 Alternatively
 Financial reporting for the Year ending March 31, 2011 : before 31st May, 2011
- Date of Book closure : From Monday the 26th September, 2010 to Wednesday the 29th September, 2010 (both days inclusive)
- Dividend Payment Date: Not Applicable.
- Unclaimed/Unpaid Dividend Not Applicable.
- Listing of Equity Shares on Stock Exchanges: The Bombay Stock Exchange Ltd., Mumbai (script code = 521076) and National Stock Exchange of India Ltd. Mumbai (script code = ASIL EQ).
- ISIN No. INE988A01026.
- The Annual Listing Fee has been paid till 31st March, 2011.
- Market Price Data : High/Low during each month in last financial year 2009-10 on BSE & NSE :

Month	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
The Bombay Stock Exchange Ltd. (BSE)												
High	2.20	2.58	3.42	2.62	2.58	3.08	2.85	4.09	3.70	3.62	2.90	2.40
Low	1.51	1.88	2.30	2.17	2.11	2.32	1.94	1.95	2.80	2.78	2.00	1.96
National Stock Exchange of India Ltd. (NSE)												
High	2.10	2.45	3.40	2.75	2.65	2.95	2.75	4.00	3.70	3.70	3.05	2.55
Low	1.90	1.80	2.60	2.20	2.15	2.30	1.90	1.85	2.80	2.80	2.30	1.95

- The Registrars and Transfer Agents of the Company: M/s. Link Intime India Pvt. Ltd. (formerly known as Intime Spectrum Registry Ltd.), C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400 078. Members are advised to contact M/s. Link Intime India Pvt. Ltd. for investor related issues. R & T Agents. Tel. No. 022 – 2594 6970 to 78 and Fax No. 022 – 2594 6969. E-mail ID mt.helpdesk@linkintime.co.in & sharad.patkar@linkintime.co.in. The Contact person Name is Mr. Sharad Patkar and Mobile No. **098217 54844**.
- Share Transfer System: The Company's shares are traded under compulsorily Demat mode. Shares in physical mode lodged for transfer are processed and returned to the shareholders within the stipulated time. In the recent amendment of Clause 11 of Listing Agreement, transfer of shares in physical mode required to furnish the PAN details. Members are requested to provide/send the PAN details along-with transfer deed(s)/share certificate(s).
- Distribution of shareholding as on 31.03.2010 :

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 to 500	16,359	88.22	26,91,444	6.54
501 to 1000	1075	5.80	9,38,222	2.28
1001 to 2000	493	2.66	7,99,582	1.94
2001 to 3000	205	1.10	5,36,088	1.30
3001 to 4000	85	0.46	3,10,373	0.75
4001 to 5000	100	0.54	4,78,130	1.16
5001 to 10000	106	0.57	8,04,936	1.96
10001 and above	120	0.65	3,46,10,892	84.07
TOTAL	18,543	100.00	4,11,69,667	100.00

➤ Category of Shareholders as on : **31.03.2010**

Category	Shares held	%age
Promoters	2,09,81,077	50.96
Financial Institutions/Insurance Companies/ Banks/Mutual Funds/Trust	9,51,372	2.31
NRIs/OCBs/Foreign Nationals	3,78,816	0.92
Body Corporate(s)	8,44,063	2.05
Public and Others	1,80,14,339	43.76
Total	4,11,69,667	100.00

- Dematerialization of shares: As on 31st March, 2010 the shares in demat form were 3,90,22,227 representing 94.79% of the total paid up capital.
- Due to erosion of more than 50% of peak net worth, the Company has filed reference with BIFR under Section 23(1) of Sick Industrial Companies (Special Provisions) Act, 1985.
- There were no outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity of the Company.
- The equity shares of the Company are frequently traded on The Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai.
- Plant: Gat. No. 47 & 48, Village Sangawade, Taluka Karveer, Kolhapur – Hupari Road, Dist. Kolhapur 416202.
- Address for Correspondence :

- | | |
|----------------------------------|--|
| 1. Registered & Corporate Office | A-60, Okhla Industrial Area, Phase II, New Delhi 110 020
Ph. 011 - 2638 7738, 4161 4999, Fax: 011 – 2638 5181.
Email: secretarial@clcindia.com; murthy@clcindia.com |
| 2. Registrars & Transfer Agents | M/s. Link Intime India Pvt. Ltd.
C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W) Mumbai 400 078.
Ph. No. 022 – 2594 6970 - 78 and Fax No. 022 – 2594 6969.
Shri Sharad Patkar, E-mail sharad.patkar@linkintime.co.in
mt.helpdesk@linkintime.co.in |
| Contact person | |
| 3. Compliance Officer | Ms. Annu Chaudhary, Company Secretary
Ph. 011 - 2638 7738, 4161 4999, Fax: 011 – 2638 5181.
Email: murthy@clcindia.com, secretarial@clcindia.com |

12. CEO/CFO Certification

To the Board of Directors of Amit Spinning Industries Limited

We, R Sampath, Chief Executive Officer and Managing Director and, S.A. Sutar, Asstt. Manager Accounts to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account, cash flow statements and all its schedules and notes to accounts and the Directors' Report for the financial year 2009-2010.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or contain statements that might be misleading.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. We are responsible for establishing and maintaining internal controls over financial reporting for the Company, and we have:
 - a) designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles;
 - b) evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting; and,
 - c) disclosed in this report any change in the Company's internal control over financial reporting that has materially affected the Company's internal control over financial reporting.
6. We have disclosed to the Company's auditors and the Audit Committee of the Company's Board of Directors:
 - a) deficiencies in the design or operation on internal controls, if any, and steps taken / proposed to be taken to rectify these deficiencies;
 - b) significant changes in internal controls over financial reporting, if any, during the year covered by this report.
 - c) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements, and
 - d) instances of significant fraud of which we are aware, if any, that involves management or other employees who have a significant role in the Company's internal controls system over financial reporting.

Place: New Delhi
Date: August 9, 2010

sd/-
R Sampath
Chief Executive Officer & Managing Director

sd/-
S.A. Sutar
Asstt. Manager Accounts

Auditors' Certificate on Corporate Governance

To the Member of

AMIT SPINNING INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by **AMIT SPINNING INDUSTRIES LIMITED**, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

As per the records maintained by the Company and noted by the Board of Directors/Share Transfer & Shareholders/Investors Grievance Committee, we state that during the year ended 31-03-2010 no investor grievance(s) is pending for a period exceeding one month against the Company.

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)

Sanchit Jain
Partner
Membership No. 511714

Place: New Delhi
Date: August 09, 2010

ANNEXURE-I TO THE DIRECTORS' REPORT

Information under Section 217(1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2010.

A. CONSERVATION OF ENERGY:

The Company constantly endeavors to keep track of developments in the modern technologies and takes every possible step within permissible financial resources. Relevant data in respect of energy consumption is as under:

		(Unit / Rs. in Lakhs)
	Current year	Previous year
Electricity		
Purchased		
Total Units consumed	213.66	98.50
Total Amount	1044.05	422.66
Rate per Unit (Rs.)	4.89	4.29
Own Generation through Furnace Oil Generator Set		
Units (in lakhs)	NIL	0.21
Units per liter of Diesel Oil	N.A.	0.06
Furnace Oil		
Consumed (Ltrs. in thousand)	NIL	4.61
Total Amount (Rs. In lakhs)	0.00	3.58
Rate per Ltr.	0.00	16.83
Cost/Unit (Rs.)		
Electricity Consumption (Units) per Kg. of Production of Yarn	3.66	4.47

B. TECHNOLOGY ABSORPTION :

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

RESEARCH & DEVELOPMENT (R&D) :

Research & Development is a continuous process in the Company. Through development of new value added products, the company is getting a competitive edge over its competitors. The Company is also continuing to identify improvements to processes through properly documented systems to strengthen yarn quality and improve productivity.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- a) Efforts : Upgrading machines with technologically advanced accessories and spares.
- b) Benefits : Higher output and improved quality of product
- c) Technology imported during the last 5 years: Technologically advance machinery for improved quality and productivity. .

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

		(Rs. in Lakhs)
	Current year	Previous year
Earnings	1686.02	804.11
Outgo	15.10	16.39

On behalf of the BOARD OF DIRECTORS,

Place New Delhi
Date : August 09, 2010

S P SETIA
CHAIRMAN

AUDITOR'S REPORT

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

1. We have audited the attached Balance Sheet of **AMIT SPINNING INDUSTRIES LIMITED** as at March 31, 2010 and also the related Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the auditing to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Attention is drawn to Notes 5 and 6 on Schedule XXII (Notes to the accounts) with respect to recoverability of amounts from certain debtors and loans and advances.
5. Without qualifying our opinion, attention is also drawn to Note 7 on Schedule XXII (Notes to the accounts) regarding preparation of accounts on a going concern basis due to reasons indicated therein.
6. Further to our comments referred to in paragraphs 3, 4 and 5 above, we report that: -
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) In the case Profit and Loss Account, of loss for the year ended on that date;
 - c) In case of Cash Flow Statement, of the cash flows for the year ended on that date

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

Sanchit Jain
Partner

Place New Delhi
Date : August 9, 2010

Membership No. 511714

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and the situation of its fixed assets.
- b) According to the information and explanations given to us, the Company has a procedure to carry out physical verification of fixed assets by the management, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books account.
- c) During the year, the Company has not disposed off substantial part of its fixed assets, so as to affect its going concern.
- ii) a) The company has conducted physical verification of inventory at reasonable intervals during the year.
- b) In our opinion and according to information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable having regard to the size of the Company and nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books account.
- iii) a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) As the Company has not granted any such loans, provisions of clause 4(iii)(b), (iii)(c) and (iii)(d) of the Order are not applicable to the Company.
- c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of 4(iii)(f) and (iii)(g) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for

the sale of goods and services. During the course of our audit, we have not observed any continuing major weaknesses in such internal controls.

- v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that particulars or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and
- b) during the year, there are no such transactions that made in pursuance of need to be entered in the register maintained under section 301 of the companies Act, 1956 and hence, the provisions of clause 4(v)(b) of the Order are not applicable to the Company.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) (a) According to the information and explanations given to us and records examined by us, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and others material statutory dues with the appropriate authority.
- (b) According to the information and explanations given to us, there are no arrears of undisputed statutory dues as on March 31, 2010, for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, details of dues of Excise Duty and Income Tax, which have not been deposited on account of any dispute are given below:

S.No.	Name of the Statute	Nature of the dues	Amount (in Rupees)	Period to which the amount relates	Forum where dispute pending
1	Central Excise Act, 1944	Excise duty and penalty	80,408	2001-02	Central Excise and Service Tax Appellate Tribunal
2	Central Excise Act, 1944	Excise duty	7,774,241	2004-05	Jurisdictional Officer, Central Excise
3	Central Sales Act, 1956	Sales Tax demand due to non-submission of C forms	10,19,645	2002-03	First Appellate Authority

- x) The accumulated losses at end of financial year are more than 50% of its net worth. The Company has not incurred cash loss before working capital changes during the financial year covered by our audit. However, the Company incurred cash loss before working capital changes of Rs. 1,87,58,956 in the immediately preceding financial year.
- xi) According to the information and explanations given to us and records examined by us, we are of the opinion that the Company has not defaulted in repayment of the dues to a financial institution or bank.
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us the Company is not a chit fund or Nidhi/ mutala benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us the Company is not a dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the order are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others and thus, the provisions of clause 4(xv) of the order are not applicable to the Company.
- xvi) In our opinion and according to information and explanations given to us, the term loans have been applied for the purpose for which these were raised.
- xvii) On the basis of overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, in our opinion the funds raised on short-term basis have not been used for long-term investment.
- xviii) According to the information and explanations given to us, during the period under reference the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, the Company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the order are not applicable to the Company.
- xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the year under reference. Therefore, the provisions of clause 4(xx) of the order are not applicable to the Company.
- xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no material fraud on or by the Company has been noticed or reported during the year under reference.

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

Sanchit Jain
Partner
Membership No. 511714

Place New Delhi
Date : August 9, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	AS AT March 31, 2010 Rupees	AS AT March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	205,848,335	205,848,335
Reserves & Surplus	II	47,601,665	47,601,665
		<u>253,450,000</u>	<u>253,450,000</u>
Loan Funds			
Secured loan	III	428,568,149	397,366,883
Unsecured loan	IV	440,528,019	454,050,687
TOTAL		<u><u>1,122,546,168</u></u>	<u><u>1,104,867,570</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	V	993,530,145	991,940,396
Less: Depreciation		567,462,499	523,392,201
Net Block		<u>426,067,646</u>	<u>468,548,195</u>
Investments	VI	23,231	23,231
Deferred Tax Asset		87,824,766	87,824,766
(Refer note 12 to Schedule XXII)			
Current Assets, Loans & Advances			
Inventories	VII	42,543,129	13,531,973
Sundry Debtors	VIII	147,264,560	86,645,217
Cash and Bank Balances	IX	5,019,228	1,930,567
Loans and Advances	X	310,030,997	281,297,802
	(A)	<u>504,857,914</u>	<u>383,405,559</u>
Less: Current liabilities and Provisions			
Liabilities	XI	229,884,365	80,870,648
Provisions	XII	6,835,444	6,729,798
	(B)	<u>236,719,809</u>	<u>87,600,446</u>
Net Current Assets	(A-B)	<u>268,138,105</u>	<u>295,805,113</u>
Miscellaneous Expenditure	XIII	1,747,230	3,905,090
(To the extent not written off or adjusted)			
Profit and Loss Account (Dr.)		338,745,190	248,761,175
TOTAL		<u><u>1,122,546,168</u></u>	<u><u>1,104,867,570</u></u>
Statement on Significant Accounting Policies	XXI		
Notes to Accounts	XXII		

The Schedules referred to above form an integral part of the Balance Sheet.

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

Sanchit Jain
Partner
Membership No. 511714

Place New Delhi
Date : 9th August, 2010

For and on behalf of Board of Directors

S P Setia
Chairman

R Sampath
Managing Director

Ranjan Mangtani
Director

Annu Chaudhary
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	2009-2010 Rupees	2008-2009 Rupees
INCOME			
Sales	XIV	727,777,005	307,683,951
Other Income	XV	1,950,442	36,767,098
Increase/(Decrease) in stocks	XVI	5,909,795	(11,122,822)
		<u>735,637,242</u>	<u>333,328,227</u>
EXPENDITURE			
Consumption Of Raw Materials	XVII	461,690,485	199,322,680
Cost of traded goods sold		3,887,744	8,351,564
Salaries, Wages & Benefits	XVIII	63,195,623	51,009,097
Manufacturing and Other Costs	XIX	175,580,044	101,999,487
Depreciation / Amortisation		45,832,078	50,307,549
Financial Charges	XX	75,444,298	69,468,697
		<u>825,630,272</u>	<u>480,459,073</u>
Profit / (Loss) Before Tax		(89,993,030)	(147,130,846)
Tax Expense			
Current Tax		-	-
Deferred Tax (net)		-	(4,949,300)
Fringe Benefit Tax		-	130,331
(Excess)/ Short Provision for Tax		(9,015)	689,063
		<u>(9,015)</u>	<u>(4,129,906)</u>
Profit / (Loss) After Tax		(89,984,015)	(143,000,940)
Balance Brought forward from Previous Year		(248,761,175)	(105,760,235)
Balance carried to Balance Sheet		<u>(338,745,190)</u>	<u>(248,761,175)</u>
Basic / Diluted Earnings per Share of Rs 5/- each (Refer note 11 of schedule XXII)		(2.19)	(3.47)
Statement on Significant Accounting Policies	XXI		
Notes to Accounts	XXII		

The Schedules referred to above form an integral part of the Profit & Loss account.

As per our report of even date

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

Sanchit Jain
Partner
Membership No. 511714

Place New Delhi
Date : 9th August, 2010

For and on behalf of Board of Directors

S P Setia
Chairman

R Sampath
Managing Director

Ranjan Mangtani
Director

Annu Chaudhary
Company Secretary

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET

	AS AT March 31, 2010 Rupees	AS AT March 31, 2009 Rupees
SCHEDULE I : SHARE CAPITAL		
Authorised		
5,00,00,000 Equity Shares of Rs. 5 each	250,000,000	250,000,000
	250,000,000	250,000,000
Issued Subscribed and paid up		
4,11,69,667 Equity Shares of Rs. 5 each, fully paid up (Previous Year 4,11,69,667)	205,848,335	205,848,335
TOTAL	205,848,335	205,848,335

SCHEDULE II : RESERVES AND SURPLUS

Capital Reserve :

State Subsidy	3,000,000	3,000,000
Securities Premium Account :		
Security Premium - opening balance	44,601,665	44,601,665
TOTAL	47,601,665	47,601,665

SCHEDULE III : SECURED LOANS

(a) From Banks (Scheduled) :		
— Term Loan*	333,423,578	297,164,609
(Includes Interest Accrued & due Rs.26.91 Lacs), (Previous Year Rs 24.05 Lacs)		
— Working Capital Borrowings	95,144,571	100,202,274
	428,568,149	397,366,883

* Payable within one year Rs.317.20 Lacs (Previous year 57.20 lacs)

- Note :**
1. Term Loan secured by first paripassu charge by on fixed assets of the company
 2. Working Capital borrowings are secured by first charge on all current assets of the company and second paripassu charge on fixed assets.

SCHEDULE IV : UNSECURED LOANS

From Bodies Corporate

- Spentex Industries Limited	440,528,019	454,050,687
(includes Interest Accrued and due above Rs. Nil) (Previous year Rs.77.76 lacs (net of TDS))		
	440,528,019	454,050,687

SCHEDULE V - FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Cost as at 01.04.2009	Additions for the year	Deletions/ Adjustments	Cost as at 31.03.2010	As on 31.03.2009	For the year	Deletions/ Adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land -										
- Freehold Land	5,017,299	-	-	5,017,299	-	-	-	-	5,017,299	5,017,299
Building										
- Factory Building	40,188,303	-	-	40,188,303	18,579,657	1,342,290	-	19,921,947	20,266,356	21,608,646
- Non Factory Building	115,730,572	-	-	115,730,572	18,664,193	1,886,161	-	20,550,354	95,180,218	97,066,379
Plant & Machinery	788,319,420	4,508,205	2,934,418	789,893,207	449,903,941	41,443,801	1,761,780	489,585,962	300,307,245	338,415,479
Furniture, Fixtures & Equipments	39,526,509	15,962	-	39,542,471	33,490,210	1,030,193	-	34,520,403	5,022,068	6,036,299
Vehicle	3,158,293	-	-	3,158,293	2,754,200	129,633	-	2,883,833	274,460	404,093
Total	991,940,396	4,524,167	2,934,418	993,530,145	523,392,201	45,832,078	1,761,780	567,462,499	426,067,646	468,548,195
Previous year	1,061,642,588	8,100,957	77,803,149	991,940,396	511,424,278	50,307,549	38,339,626	523,392,201	468,548,195	

	<u>AS AT</u> <u>March 31, 2010</u> <u>Rupees</u>	<u>AS AT</u> <u>March 31, 2009</u> <u>Rupees</u>
SCHEDULE VI : INVESTMENTS		
Non-Trade		
Long Term		
Unquoted (Equity Shares)		
250 shares of Shamrao Vitthal Co-Op Bank Ltd.	2,500	2,500
1 share of United Yarn of Rs. 31 each	31	31
Share of Lotus House Prem.Co-Op Housing Society	1,500	1,500
500 Shares of Datta Nagari Patsanstha	5,000	5,000
1,420 shares of Saraswat Co-Op Bank Ltd of Rs. 10/- each fully paid up	14,200	14,200
	<u>23,231</u>	<u>23,231</u>
SCHEDULE VII : INVENTORIES		
(As certified by the management)		
Raw Materials	26,421,801	1,842,421
Stores, Spares & Packing Materials	4,852,323	6,330,342
Work-in-process	7,940,469	3,048,809
Finished goods:		
Manufactured	2,639,967	1,902,101
Cotton Waste	688,569	408,300
	<u>42,543,129</u>	<u>13,531,973</u>
SCHEDULE VIII : SUNDRY DEBTORS -		
Unsecured		
Outstanding for over six months		
Considered Good		
Company under the same management		
- Schoeller Litvinov K.S.	72,788,857	80,341,220
Others	897,400	930,746
Considered doubtful	31,408,128	31,408,128
	<u>105,094,385</u>	<u>112,680,094</u>
Others		
Considered Good		
Company under the same management		
- Spentex Industries Limited	32,564,454	2,398,488
Others	41,013,849	2,974,763
Considered doubtful	-	-
	<u>178,672,688</u>	<u>118,053,345</u>
Less: Provision for doubtful debts	31,408,128	31,408,128
(Refer note 4 of schedule XII)	<u>147,264,560</u>	<u>86,645,217</u>
SCHEDULE IX : CASH & BANK BALANCES		
Cash in Hand	336,577	614,198
Balances with Scheduled Banks :		
In Current Account	1,319,328	56,829
In Fixed Deposit Account		
In Margin Account *	3,363,323	1,259,540
	<u>5,019,228</u>	<u>1,930,567</u>

* Having a lien by Banks

	AS AT March 31, 2010 Rupees	AS AT March 31, 2009 Rupees
SCHEDULE X : LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances given to employees	66,720	93,888
Advance Recoverable in Cash or Kind for value to be received	275,277,001	253,833,980
Less : Provision for Doubtful Advances	9,235,000	9,235,000
	266,042,001	244,598,980
Balance with Customs, Excise, Govt. Authorities	19,776,567	21,797,931
Balance with Sales Tax Authorities	15,126,438	3,687,961
Advance Income Tax/Tax Deducted at Source	7,598,635	9,291,445
Advance Fringe Benefit Tax	303,055	485,508
Deposits	393,656	393,656
Prepaid Expenses	723,925	948,433
	310,030,997	281,297,802
SCHEDULE XI : CURRENT LIABILITIES		
Sundry Creditors		
- Dues of Micro, Small & Medium enterprises (Refer note no. 2 of Schedule XXII)	-	145,209
- Others	97,487,767	16,602,847
- Credit Balance of AXIS Bank/ HDFC Bank	2,623,953	1,681,268
Other liabilities	129,772,645	62,441,324
	229,884,365	80,870,648
SCHEDULE XII : PROVISIONS		
Provision for Fringe Benefit Tax	273,890	485,358
Provision for Leave Encashment	1,192,066	1,093,074
Provision for Gratuity (Refer Note No.14 of Schedule XXII)	5,369,488	5,151,366
	6,835,444	6,729,798
SCHEDULE XIII : MISCELLANEOUS EXPENDITURE		
Deferred Revenue Expenses	2,109,372	3,369,372
Less : Written off for the year-Deferred Revenue Expenses	1,260,000	1,260,000
Balance Carried Forward (Refer note 15 of schedule XXII)	849,372	2,109,372
Deferred Gratuity Expenses	897,858	1,795,718
	1,747,230	3,905,090
SCHEDULE XIV : SALES		
Sales -(Gross)	2009-2010 Rupees	2008-2009 Rupees
- Yarn	603,959,952	259,875,921
- Waste	75,344,920	33,322,875
- Knitted Fabric	161,500	490,118
- Licenses	12,388,040	-
Conversion Charges	35,922,593	13,995,037
	727,777,005	307,683,951
Less : Excise Duty	-	-
Net Sales	727,777,005	307,683,951
SCHEDULE XV : OTHER INCOME		
Dividend from long term investments	4,335	4,335
Foreign Exchange Fluctuation Gain (net)	-	11,928,643
Interest Income (gross)	552,157	355,143
*Tax deducted at source Rs.17,379 (Previous year Rs.9,625)		
Sundry Balances Written Back	491,371	443,072
Export Incentives	57,920	22,668,668
Miscellaneous Income	844,659	1,367,237
Total	1,950,442	36,767,098

	2009-2010	2008-2009
	Rupees	Rupees
SCHEDULE XVI : INCREASE / (DECREASE) IN STOCKS		
Opening Stock :		
Finished goods	1,902,101	9,333,551
Work in process	3,048,809	6,352,748
Cotton Waste	408,300	795,733
	5,359,210	16,482,032
Closing Stock :		
Finished goods	2,639,967	1,902,101
Work in process	7,940,469	3,048,809
Cotton Waste	688,569	408,300
	11,269,005	5,359,210
Sub-Total	11,269,005	5,359,210
Increase/(Decrease) in Stock	5,909,795	(11,122,822)
SCHEDULE XVII : CONSUMPTION OF RAW MATERIALS		
Opening Stock	1,842,421	17,513,980
Add : Purchases	486,269,865	183,651,121
Less : Closing Stock	26,421,802	1,842,421
	461,690,485	199,322,680
SCHEDULE XVIII : SALARY, WAGES AND OTHER BENEFITS		
Wages, Salaries and Bonus	54,463,947	44,268,072
Contributions to Provident And Other Funds	5,176,292	4,625,134
Employees Welfare Expenses	3,555,384	2,115,891
	63,195,623	51,009,097
SCHEDULE XIX : MANUFACTURING AND OTHER COSTS		
Stores, Spares Consumption	12,925,149	5,567,746
Packing Material	10,363,045	4,658,303
Sub-contracting charges	4,820,928	2,110,749
Power, Fuel & Water	104,727,913	43,854,639
Rent	120,000	252,000
Rates & Taxes	479,288	274,267
Repairs & Maintenance :		
Plant & Machinery	2,104,206	974,540
Building	273,413	133,353
Others	235,680	164,676
	2,613,299	1,272,569
Insurance	614,139	1,204,267
Auditor's Remuneration :		
As Auditors	251,510	290,484
For Other Services	30,000	56,854
	281,510	347,338
Communication Expenses	565,290	449,275
Travelling and Conveyance	10,741,868	10,619,993
Legal and Professional charges	3,083,808	3,385,327
Selling & Other Expenses	2,705,142	662,147
Commission on sales	3,860,169	1,444,424
Freight Outward and Clearing Charges (net of recoveries)	5,721,895	6,858,817
Loss on Assets Sold / Discarded	57,638	15,808,937
Directors Sitting Fees	11,200	-
Deferred Revenue Expenses charged off	1,260,000	1,260,000
Investments Written off	-	708,000
Foreign Exchange Difference	9,113,757	-
Printing and Stationary Expenses	259,920	154,272
Other Expenses	1,254,086	1,106,417
	175,580,044	101,999,487

SCHEDULE XX : FINANCIAL CHARGES	2009-2010	2008-2009
Interest	Rupees	Rupees
- Interest on Term Loan	31,476,961	30,289,480
- Others	65,696,405	57,193,446
Bank Charges	<u>2,809,693</u>	<u>2,874,864</u>
	99,983,059	90,357,790
Less : Interest Income (Gross)*	24,538,761	20,889,093
*Tax deducted at source Rs.24,20,165 (Previous year Rs. 44,59,397)		
	<u><u>75,444,298</u></u>	<u><u>69,468,697</u></u>

SCHEDULE XXI

SIGNIFICANT ACCOUNTING POLICIES

1 SYSTEM OF ACCOUNTING

The Company follows the accrual system of accounting.

2 OVERALL VALUATION POLICY

The accounts have been prepared under the historical cost convention.

3 REVENUE RECOGNITION

Revenue on sale of goods is recognized on transfer of significant risks & rewards of ownership to the buyer and on reasonable certainty of the ultimate collection. Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable

4 VALUATION OF INVENTORY

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

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

Waste is valued at estimated net realisable value.

5 FIXED ASSETS

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

6 DEPRECIATION

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

7 FOREIGN CURRENCY TRANSACTIONS

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

The gain/losses arising on repayment and restatement of foreign exchange liabilities incurred to acquire fixed assets from a country outside India are adjusted in the carrying cost of fixed asset.

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

8 EMPLOYEE BENEFITS

a 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.

b Defined Benefit Plan

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

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

9 INVESTMENTS

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

10. BORROWING COST

Borrowing cost, less any income on the temporary investment out of these borrowings, that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as expense in the period in which they are incurred.

11. LEASES

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

12. TAXES ON INCOME

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

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

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

13. IMPAIRMENT OF ASSETS

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

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

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

Recoverable amount is determined

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

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

14. PROVISIONS AND CONTINGENCIES

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

SCHEDULE XXII : NOTES TO ACCOUNTS

1 Contingent Liabilities not provided for in respect of :

- a The following guarantees provided by the Company :

Serial No	Name of the Bank	As at 31.03.2010	As at 31.03.2009
1	AXIS BANK LTD	12,00,000	12,00,000
2	AXIS BANK LTD	1,90,000	1,90,000
3.*	Corporate guarantee given to Lehman Brothers Commercial Corporation Asia Limited, Hongkong (Lehman) and State Bank of India, Tokyo Branch (SBI) for loan extended to Spentex (Netherlands), B.V. USD 10.825 millions (previous year USD 10.825 millions)	48,59,34,250	47,12,00,000
	Total	48,73,24,250	47,25,90,000

*The Company has provided corporate guarantee for USD 42.50 million jointly with Spentex Industries Limited for the loan given to Spentex (Netherlands), B.V. by Lehman and SBI. The company has been legally advised that guarantee given to Lehman is no longer valid as Lehman did not comply with the terms and conditions of the loan agreement based on which guarantee was given.

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

S.No.	Description	As at 31.03.2010	As at 31.03.2009
1.	Electricity duty by Maharashtra State Government on units generated through captive power plant between the period April-2000 to April-2005 (writ petition pending before the Mumbai High Court)	1,43,55,000	1,43,55,000
2.	Demands from Excise Departments under appeal	78,54,649	78,54,649
3.	Demands from Sales Tax Authorities under appeal for FY 2002-03 not provided for.	10,19,645	-
	Total	2,32,29,294	2,22,09,649

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

Serial No.	Particulars	As at March 31, 2010	As at March 31, 2009
a.	Principal amount remaining and paid and interest due thereon	6,10,858	1,45,209
b.	Interest paid in terms of section 16	NIL	NIL
c.	Interest due and payable for the period of delay in payment	NIL	NIL
d.	Interest accrued and remaining unpaid	NIL	NIL
e.	Interest due and payable even in succeeding years	NIL	NIL -

As certified by the management based on the available information.

3. The Sundry Debtors include export receivables of Rs. 314.09 lakhs and Loans and advances include advances of Rs.92.35 lacs, for which the Company has made a provision for Doubtful Debts for the aforesaid amounts. The Company has also sought the permission of the Reserve Bank of India through its authorized dealer to write off these debts.
4. The outstanding balance as on March 31, 2010 in respect of certain Sundry debtors, Creditors, Loans & Advances and Bank and other deposits are subject to confirmation from the respective parties and consequential reconciliations/ adjustments arising there from, if any. The management, however, does not expect any material variations.
5. Schoeller Litvinov k.s (SLKS), a fellow subsidiary of the Company, had registered losses during the year and earlier financial years due to economic slowdown and restructuring costs etc. This fellow subsidiary had submitted a re-organization plan seeking deferment of payment to Secured Creditors, and proportionate waiver of unsecured liabilities which has now been approved by the court. The Company believes that the reorganization plan, considering improvement in the global textile market, will turn around this subsidiary, so as to make good its losses in a foreseeable period of time and will also place this subsidiary in a position to repay the liabilities in due course. Accounts and other receivables amounting to Rs. 7,27,88,857 is due from SLKS as at March 31, 2010. Accordingly, provision against these Accounts and other receivables is not considered necessary at this stage.
6. Loans and Advances of the Company include an amount of Rs.1,93,46,572, being an amount receivable from Customs Department as drawbacks against the export sale pertaining to the period 1993 to September, 2004 when the unit was 100% Export Oriented Unit (EOU). The company has filed a letter with the office of DGFT for the claim and on the basis of legal advise obtained, is sanguine of receiving the claiming within the year ended March 31, 2011.
7. As on March 31, 2010, accumulated losses of the Company have exceeded its net worth. In the opinion of the management, the Company's operations are affected by global business downturn which has resulted in reduction in demand, increase in input costs and shortage of working capital. The Company has also filed a reference with Board for Industrial and Financial Restructuring (BIFR) under section 23(1) of Sick Industrial Companies (Special Provisions) Act, 1985. However, based on recent performance and trends of the company and overall industry outlook, there is an increase in average selling prices of yarn, stability in production levels and reduction in procurement costs of raw materials, The management believes that losses incurred in past would be made good and the company would start earning cash profit in foreseeable future. The financial statements have been prepared on a going concern basis on the strength of management's plan of revival including reorganization of business and restructuring of loan facilities under Corporate Debt Restructuring scheme.
8. The Company has advanced certain loans to Body Corporates. On the basis of a legal opinion obtained by the Company, the management is of the view that the conditions as prescribed under section 372A of the Companies Act, 1956 are not violated.

9. Directors Remuneration

Particulars	Current Year	Previous Year
	Rupees	Rupees
Salary	865,265	875,970
Employer's contribution to Provident Fund	93,600	93,600
Perquisites (including estimated value of benefits)	42,739	53,400
Total	1,001,604	1,022,970
Director's sitting fees	11,200	-

Foot Note:

The liability in respect of gratuity and leave encashment is provided on the basis of actuarial certificate computed on group basis. Separate figures for individual employees are not available and have, therefore, not been taken into account for above computation.

10 Segment Reporting

The Company's operation relates only to Textile Segment and, thus, has only one reportable segment.

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

Serial No.	Particulars	Period ended 31.03.2010	Period ended 31.03.2009
1	Net Profit / (Loss) For the year	(89,984,008)	(143,000,940)
2	Number of Equity shares Outstanding	41,169,667	41,169,667
3	Basic and Diluted earnings Per Share	(2.19)	(3.47)
4	Nominal value per share	5	5

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

12. Taxation

Break-up of deferred tax assets and deferred tax liabilities

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Deferred tax liability recognised due to timing difference due to:		
Depreciation and other differences in block of fixed assets	92,287,945	119,815,226
Others (net)	-	7,510,879
Total Deferred Tax liabilities	92,287,945	127,326,105
Deferred tax asset recognised due to timing difference due to:		
Tax impact of provision for doubtful debts and advances	12,436,797	-
Tax impact of disallowances under section 43B of the Income tax Act, 1961	2,305,740	-
Realisation of tax impact of unabsorbed depreciation and brought forward losses	165,370,075	215,150,771
Total Deferred Tax Asset	180,112,612	215,150,771
Net Deferred Tax Asset/ (Deferred Tax Liability)	87,824,666	87,824,666
(Credit)/ Charge to profit and loss account	-	(4,949,300)

Notes :

Deferred tax asset has been recognised upto 30th June, 2008. Afterwards, in view of brought forward losses, the Company has decided to not recognise any further deferred tax asset.

13 Related Party Disclosures

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

Relationships :

- | | |
|-----------------------------|---|
| a. Holding Company | Spentex Industries Limited |
| b. Fellow subsidiary | Schoeller Litvinov, K.S., Spentex (Netherlands), B.V. |
| c. Key Management Personnel | Mr. R. Sampath- Managing Director |

Particulars	Holding Company	Other related Parties Where Control exists	Key Management Personnel
Sale of goods/ services	247,755,683	-	-
	(134,908,392)	(20,682,366)	(-)
Purchase of Goods	10,780,964	-	-
	(11,078,258)	(-)	(-)
Purchase of fixed assets	4,338,923	-	-
	(6,114,510)	(-)	(-)
Interest Paid	50,394,557	-	-
	(42,443,103)	(-)	(-)
Remunerations	-	-	1,001,604
	(-)	(-)	(1,022,970)
Loan taken	196,543,497	-	-
	(346,248,835)	(-)	(-)
Loan Repaid	183,475,447	-	-
	(278,205,174)	(-)	(-)
Outstanding balance at year end			
Unsecured loans	440,528,019	-	-
	(454,050,687)*	(-)	(-)
Corporate Guarantee Given	-	485,934,250	-
	(-)	(471,192,250)	(-)
Trade and other debtors	32,564,454	72,788,857	-
	(2,398,488)	(80,341,220)	(-)
Trade Payable	110,730,583	-	-
	(44,426,287)	(-)	(-)

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

* Includes interest payable

14. Employee Benefits

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

Reconciliation of Opening and Closing balances of the Present Value of Defined Benefit Obligation

	Current Year		Previous Year	
	Gratuity (Funded)	Compensated Absences (unfunded)	Gratuity (Funded)	Compensated Absences (unfunded)
	Rupees	Rupees	Rupees	Rupees
Components of Employer Expense				
Current service cost	755,099	105,832	796,855	115,620
Interest Cost	706,242	87,206	584,575	113,071
Expected return on Plan assets	302,195	-	274,820	-
Actuarial (gain)/ Loss	(941,024)	(94,046)	(528,922)	(401,759)
Total expense recognised in the Statement of Profit & Loss Account	218,122	98,992	577,688	(173,068)
Change in Defined Benefit Obligation (DBO) during the year ended March 31, 2010				
Obligation at period beginning (April 1, 2009)	8,852,277	1,093,074	8,374,019	1,619,734
Current service cost	755,099	105,832	796,855	115,620
Interest Cost	706,242	87,206	584,575	113,071
Actuarial (gain)/ Loss	(941,024)	(94,046)	(528,922)	(401,759)
Benefits Paid	(428,730)	-	(374,250)	(353,592)
Obligation at the Year end (March 31, 2010)	8,943,864	1,192,066	8,852,277	1,093,074
Change in Plan Assets				
Plan assets at period beginning, at fair value	3,700,911	Not Applicable	3,003,496	Not Applicable
Expected return on Plan assets	302,195		274,820	
Actuarial (gain)/ Loss	-		(14,183)	
Contributions	-		811,028	
Benefits paid	(428,730)		(374,250)	
Plan assets at the year end, at fair value	3,574,376		3,700,911	
Reconciliation of Present Value of the Obligation and Fair value of plan assets				
Fair value of plan assets at the end of the year	3,574,376	-	3,700,911	-
Present value of the defined benefit obligation at the end of the year	8,943,864	1,192,066	8,852,277	1,093,074
Liability/ (Asset) Recognized in the Balance Sheet	5,369,488	1,192,066	5,151,366	1,093,074
Assumptions used to determine the benefit obligation				
Discount Rate	8%	8%	8%	8%
Estimated rate of Return on Plan Assets	8.31%	-	9.15%	-
Expected rate of Increase in salary	3%	3%	3%	3%
Withdrawal rate (18 to 60 years)	2%	2%	2%	2%

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

Notes : As per Transitional Provisions as contained in AS-15 (Revised), the Company has decided to amortize the total gratuity expenses of Rs.44.89 Lacs arising due to first time adoption of the revised accounting standard over a period not exceeding five years beginning with the year of adoption of the standard, the same is being amortized on year to year basis as 8.97 lacs per year. As on 31.3.2010, a liability of Rs.8,97,858 remains to be written off.

15. Deferred Revenue Expenditure

The Company has incurred Rs. 109 lacs as deferment charges for the rescheduling of term loan during prior years; the same is being amortized over the period of nine years. Accordingly, during the year, the company has charged Rs.12.60 lacs to the statement of profit and loss account as current year charge and Rs.8.49 lacs has been carried forward to subsequent years.

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

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

Sanchit Jain
Partner
Membership No. 511714

Place New Delhi
Date : 9th August, 2010

For and on behalf of Board of Directors

S P Setia **R Sampath** **Ranjan Mangtani**
Chairman Managing Director Director

Annu Chaudhary
Company Secretary

**ADDITIONAL INFORMATION PURSUENT TO PARAGRAPH 3 AND 4 OF PARA II OF
SCHEDULE VI OF THE COMPANIES ACT, 1956**

1 Production Capacity

Product	Unit	This Year	Previous Year
		Installed	Installed
Cotton yarn	Spindles	30,672	30,672
Knitting Machines	Machines	4 Nos	4 Nos

1. As Certified by the Management
2. The Cotton yarn Spinning Industry has been delicensed

2 Particulars in respect of Opening Stock, Sales & Closing Stock etc.

a. Production, Sales and Stock- Manufactured Goods

Product	Opening Stock		Production	Sales		Closing Stock	
	Kgs	Value (Rs.)	Kgs	Kgs	Value (Rs.)	Kgs	Value (Rs.)
Cotton Yarn	17,438	1,902,101	5,090,209	5,084,622	610,884,253	23,025	2,639,967
Previous Year	97,020	10,996,087	2,201,360	2,280,942	251,364,619	17,438	1,902,101
Cotton Waste	16,892	408,300	1,962,829	1,963,163	75,344,924	16,558	688,569
Previous Year	22,797	795,733	868,822	874,727	33,322,873	16,892	408,300

b. Production, Sales and Stock- Traded Goods

Product	Opening Stock		Purchases		Sales		Closing Stock	
	Kgs	Value (Rs.)	Kgs	Value (Rs.)	Kgs	Value (Rs.)	Kgs	Value (Rs.)
Cotton Yarn	-	-	30,827	3,887,744	30,827	3,851,349	-	-
Previous Year	-	-	82,943	8,351,564	82,943	9,001,425	-	-

	2009-10 In Rupees	2008-09 In Rupees
a CIF Value of Imports		
Raw Materials	-	-
Stores Spares & Components	202,929	898,607
Capital Goods	-	1,423,414
	(A) 202,929	2,322,021
b Expenditure in Foreign Currency (On Accrual Basis)		
Commission	1,510,628	1,639,253
	(B) 1,510,628	1,639,253
	(A+B) 1,713,557	3,961,274
C Earnings in Foreign Currency (On Accrual Basis)		
FOB Value of Exports	168,602,292	80,411,233

4 Raw Materials and Components Consumed :

Description	2009-10		2008-09	
	Kgs	Value (Rs.)	Kgs	Value (Rs.)
Cotton	7,104,008	459,784,832	2,936,317	192,727,233

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

a) Raw Materials

	2009-10		2008-09	
	%	Value (Rs.)	%	Value (Rs.)
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	461,690,485	100.00%	199,322,680
	100.00%	461,690,485	100.00%	199,322,680

b) Stores, Spares and Packing Materials

	2009-10		2008-09	
	%	Value (Rs.)	%	Value (Rs.)
Imported	0.87%	202,929	8.79%	898,607
Indigenous	99.13%	23,085,265	91.21%	9,327,442
	100.00%	23,288,194	100.00%	10,226,049

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2010

	<u>For the year ended</u> <u>31.03.2010</u>	<u>For the year ended</u> <u>31.03.2009</u>
A. Cash flow from operating activities:		
Net (loss)/profit before tax but after exceptional/ extraordinary items	(89,993,030)	(147,130,846)
Adjustments for:		
Depreciation	45,832,078	50,307,549
Interest Expense	75,444,298	69,468,698
Interest Income	(552,157)	(355,143)
Income from Investment - Dividends	(4,335)	(4,335)
Loss on sale of fixed assets	57,638	15,808,937
Investment written off	-	708,000
Miscellaneous Expenditure written off	1,260,000	1,260,000
Provision for Gratuity	1,115,982	810,193
Provision for Leave Encashment	98,992	(721,028)
Miscellaneous balances written Back	(491,371)	(443,072)
Unrealised Foreign Exchange loss/ (gain)	7,884,227	(8,422,495)
Non cash prior period item	-	(45,414)
	<u>130,645,352</u>	<u>128,371,890</u>
Operating profit before working capital changes	40,652,322	(18,758,956)
Adjustments for changes in working capital :		
(INCREASE)/DECREASE in Sundry Debtors	(68,977,570)	73,611,710
(INCREASE)/DECREASE in Other Receivables	(30,471,445)	(51,193,086)
(INCREASE)/DECREASE in Inventories	(29,011,156)	27,746,854
INCREASE/(DECREASE) in Trade and Other Payables	89,065,167	(66,980,625)
	<u>(39,395,004)</u>	<u>(66,980,625)</u>
Cash generated from/ (used in) operations	1,257,318	(35,574,103)
Direct Taxes (Paid) / Received (net)	1,672,810	(2,943,528)
Extraordinary /exceptional Item (Expense)/ Income	-	-
	<u>1,672,810</u>	<u>(2,943,528)</u>
Net cash from / (used in) operating activities	2,930,128	(38,517,631)
B. Cash flow from investing activities:		
Purchase of fixed assets	(4,524,167)	(8,100,957)
Proceeds from Sale of fixed assets	1,589,000	23,226,000
Interest Received	415,144	355,143
Dividend Received	4,335	4,335
	<u>4,335</u>	<u>4,335</u>
Net cash from/ (used in) investing activities	(2,515,688)	15,484,521
C. Cash flow from financing activities:		
Proceeds/ (Repayment) of term loans (net)	35,973,433	(7,456,911)
Proceeds/ (Repayment) of short term borrowings (net)	(5,057,703)	11,051,193
Repayment of Vehicle loans	-	(37,102)
Proceeds/ (Repayment) of Unsecured Loans	(5,746,668)	93,467,661
Interest Paid	(22,494,842)	(93,137,698)
	<u>(22,494,842)</u>	<u>(93,137,698)</u>
Net cash used in financing activities	2,674,220	3,887,144
Net Increase/ (Decrease) in Cash & Cash Equivalents	3,088,660	(19,145,967)
Cash and Cash Equivalents at the Beginning of the Year	1,930,567	21,076,534
Cash and Cash Equivalents at the End of the Year	5,019,228	1,930,567
Increase/(Decrease) in Cash/Cash Equivalents	3,088,660	(19,145,967)
Cash and cash equivalents comprise:		
Cash in hand	336,577	614,198
Balance in Current Accounts	1,319,328	56,829
Balance in Fixed Deposit Accounts	3,363,323	1,259,540
	<u>5,019,228</u>	<u>1,930,567</u>

Notes :

- 1 The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
 - 2 Figures in brackets indicate cash outgo.
 - 3 Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
- Statement on Significant Accounting Policies XXI
Notes to Accounts XXII

The Schedules referred to above form an integral part of the Cash Flow Statement
As per our report of even date

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

For and on behalf of Board of Directors

Sanchit Jain
Partner
Membership No. 511714

S P Setia
Chairman

R Sampath
Managing Director

Ranjan Mangtani
Director

Place New Delhi
Date : 9th August, 2010

Annu Chaudhary
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS :

Registration No. 171468 State Code 55
 CIN L17100DL1991PLC171468
 Balance Sheet Date 31-03-2010

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue Rights Issue
 NIL NIL
 Bonus Issue Private Placement
 NIL NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities Total Assets
 1122546 1122546

SOURCES OF FUNDS :

Paid up Capital Reserves and Surplus
 205848 47602
 Secured Loans Unsecured Loans
 428568 440528

APPLICATION OF FUNDS (Amount in Rs. Thousands)

Net Fixed Assets Investments
 426068 23
 Net Current Assets Miscellaneous Expenditure
 268138 1747
 Accumulated Loss
 338745

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover (Including Other Income) Total Expenditure
 735637 825630
 Profit before tax Profit after tax
 -89993 -89984
 Earning per Share in Rs. Dividend rate
 -2.19 NIL

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As Per Monetary Terms)

Item Code NO. (ITC Code) 520500
 Product Description COTTON YARN

N O T I C E

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Amit Spinning Industries Limited will be held on Thursday the **30th day of September, 2010 at 11.00 A.M.** at **Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019** to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date and the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Ranjan Mangtani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. R Sampath, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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

Place: New Delhi
Date : August 09, 2010

ANNU CHAUDHARY
COMPANY SECRETARY

NOTES:

- A. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE LODGED WITH THE COMPANY AT IT'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- B. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 27th day of September, 2010 to Wednesday the 29th September, 2010 (both days inclusive).
- C. All documents referred in the notice are open for inspection at the Registered Office of the Company between 10.00A.M. to 1.00 P.M. on any working day upto the date of Annual General Meeting and also at the meeting.
- D. Members are requested to intimate the change, if any, to Registrars & Transfer Agents in their registered address immediately.
- E. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of their folios and send relevant share certificates to the Company.
- F. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.
- G. It will be appreciated that queries, if any, on accounts and operations of the Company are sent to the Registered Office of the company ten days in advance of the meeting so that the information may be made readily available.
- H. As per provisions of the Companies Act, 1956, facility for making nomination is now available to the members in respect of the shares held by them.
- I. For any queries on the Depository System, members may contact their depository participant or the Share Department at the Registered Office of the Company.
- J. In terms of Clause 49 of the Listing Agreement, a brief resume of directors who retire by rotation at the ensuing Annual General Meeting and being eligible for re-appointed are given in Report on Corporate Governance forming part of Annual report.
- K. Securities and Exchange Board of India (SEBI) made it mandatory for the transferees to furnish copy of PAN card to the Company/RTA for registration of shares held in Physical Form.
- L. Members are requested to send queries to E-mail ID **secretarial@clcindia.com** which is being used exclusively for the purpose of redressing the compliant(s) of the investors.

AMIT SPINNING INDUSTRIES LIMITED

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

ATTENDANCE SLIP

DP ID

Regd. Folio No.

Client ID

No. of Shares held

I certify that I am a registered Member/Proxy for the registered member of the Company. I hereby record my presence at the 18th Annual General Meeting of the Company on Thursday the 30th September, 2010 at 11.00 A.M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019.

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

.....
Signature of Member/Proxy

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

AMIT SPINNING INDUSTRIES LIMITED

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

PROXY FORM

I/We of being a member/members of the above named Company hereby appoint Mr./Mrs./Ms. or failing of as my/our Proxy to attend and vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held on Thursday the 30th September, 2010 at 11.00 A.M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019..

Signed this day of 2010.

Signature

DPID & Client ID No.

Folio No.

No of Shares held



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

Book - Post

If undelivered please return to :

AMIT SPINNING INDUSTRIES LIMITED

REGISTERED & CORPORATE OFFICE :

A-60, Okhla Industrial Area, Phase-II,

New Delhi - 110 020