

OSWAL SPINNING AND WEAVING MILLS LTD

HEAD OFFICE & WORKS: G.T. ROAD,
DORAHA DISTRICT. LUDHIANA-141421.

Regd. Office: # 92, OSWAL ROAD, INDUSTRIAL AREA-A,
NEAR KWALITY CHOWK, LUDHIANA-141003.

E MAIL:- MAIL@OSWALCOTTON.COM

CIN: L17111PB1955PLC001884

OSWM/2016/

DATE:- 26.08.2016

Bombay Stock Exchange Limited
1St Floor, Rotunda Bldg.,
B.S. Marg, Fort,
Mumbai 400 001.

KIND ATTN.: MR. S. SUBRAMANIAN, DCS-CRD

REG: UN-AUDITED QUARTERLY FINANCIAL RESULTS FOR THE
QUARTER ENDED 30.06.2016

Sir,

Enclosed please find herewith Un-audited Quarterly Results for the Quarter ended 30.06.2016 alongwith a certified copy of the Auditors Limited Review Report on the same for your information and records.

Thanking you,

Yours faithfully,
FOR OSWAL SPINNING AND WEAVING MILLS LIMITED


MANAGING DIRECTOR

Encl:- As Above



P. C. Goyal & Co.,
CHARTERED ACCOUNTANTS
62-New Lajpat Nagar, Pakhowal Road, Ludhiana.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To
The Board of Directors
Oswal Spinning and Weaving Mills Limited,
Ludhiana

1. Introduction

We have reviewed the accompanying statements of unaudited financial results of Oswal Spinning and Weaving Mills Limited (the company) for the quarter ended 30th June, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

2. Scope of Review

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis Of Qualified Conclusion

The company has not provided for the accumulated interest (including penal interest) for the Quarter ended 30th June, 2016, amounting to Rs. 7000384.52/- (calculations subject to reconciliation with bank). Had the same been provided by the company, the financial results would have been affected in following regards, namely:

- i. *The Net Loss of the company for the quarter ended 30th June, 2016 would have been increased by Rs. 7000384.52/-. Consequently, the resultant figure of Net Loss would have been Rs.124.10 Lacs .*
- ii. *The EPS of the company would have been affected in following manner :*

Particulars	Present EPS	Resultant EPS
Basic	(0.06)	(0.14)
Diluted	(0.06)	(0.14)



Qualified Conclusion

Based on our review conducted as above, nothing except the above observation has come to our attention that causes us to believe that the accompanying statement of unaudited financial results read with notes thereon, prepared in accordance with accounting standards as referred under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

3. Emphasis of Matter

(i) Note 9(i) to the Unaudited Financial Results which describes that Gratuity Liability to employees has been made on accrual basis. The short/excess if any, as per revised accounting standard AS – 15 "Employee Benefits" would be made in the audited accounts at the year end. Accordingly we are unable to comment on the impact of the same on the results for the quarter ended on June 30, 2016..

(ii) Note 9(ii) to the Unaudited Financial Results which describes that Deferred Tax Asset/Deferred tax Liability will be made at year end. Accordingly we are unable to comment on the impact of the same on results for the quarter June 30, 2016.

(iii) Note 4 & 5 to the Unaudited Financial Results which describes that Kotak Mahindra Bank Limited (KMBL) had issued a Notice under section 13(2) of SARFAESI Act, 2002 demanding Rs. 63.43 Cr. from the Company (calculated upto 04.04.2014 i.e. Rs. 61.86 Cr. on account of term loan & Rs. 1.57 Cr. on account of EPC facility), in respect of various commitments, defaults, penalties and interest thereon, viz. The Company has contested this notice as illegal and without any basis before the Hon'ble Punjab and Haryana High Court.

During the proceedings, the Company pleaded that KMBL had itself admitted in their affidavit that the principal & interest amounts in respect of Term Loan had been paid & that the Term Loan account was standard. The only issue was that of alleged default of EPC Facility for an amount of Rs. 1.57 Cr., which the Company has paid with the right to recover the same from KMBL. The said writ petition was disposed off by Hon'ble High Court on 11.04.2016 purely on jurisdictional grounds. Aggrieved by this decision the company has filed Review Petition before the Hon'ble High Court, which is yet to be decided.

(iv) Note 6 to the Unaudited Financial Results which describes that State Bank of Patiala (SBOP) has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 4.09 Cr. (being NPV of Rs. 2.88 Cr. of CRPS of Rs. 5.38 Cr. and interest thereon). These CRPS have already been issued by the Company to the Bank. Further the Company had agreed to pay the NPV of CRPS because SBOP had informed the Company that they had waived the amount of Rs. 5.29 Cr. being interest payable by the Company to SBOP. However, later on it has transpired that instead of waiving this amount of Rs. 5.29 Cr., SBOP has transferred the same to Kotak Mahindra Bank Limited (KMBL) vide assignment agreement dated 16.11.2007 thereby misleading the Company that they have waived the interest and thus violating the terms and conditions of the agreement that they had with the Company. On this ground the application of the bank is being contested by the Company in the DRT.



(v) Note 7 to the Unaudited Financial Results which describes that IFCI has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 2347.02 lacs (Rs. 1269.82 lacs being amount of FITL and balance amount being interest thereon). IFCI has also filed a company petition with the Punjab and Haryana High Court under section 433, 434 & 439 for Recovery of the above mentioned amount/winding up of the Company. The Company is contesting the application in the DRT and Company petition in Punjab and Haryana High Court on the ground that by way of assignment of debt IFCI has assigned/transferred the entire dues including FITL of Rs. 1269.82 lacs payable by the Company to IFCI on 16.11.2007 in favour of Kotak Mahindra Bank Limited vide Assignment Agreement dated 16.11.2007 and after that nothing is due and payable by the Company to IFCI.

(vi) Note 8 to the Unaudited Financial Results which describes that UCO Bank has issued Demand Notice dated 16.05.2016 U/S 13(2) of SARFESI Act, 2002 demanding an amount of Rs. 16,82,99,951.49 (including interest calculated upto 30.09.2015). The company filed its objections vide letter dated 14.07.2016 under Section 13(3A) of SARFESI Act, 2002 in which the company has contested bank's demand notice and also raised counter claim of Rs. 73 crore against the Bank. In spite of this, UCO bank has initiated proceedings U/S 13(4) of SARFESI Act, 2002 in respect of land & building measuring 500 sq. yards at Ind. Area, Ludhiana owned by Oswal Spinning Ltd.

Our conclusion is not modified in respect of these matters.

PLACE: LUDHIANA
DATED: 26.08.2016

FOR P.C GOYAL & CO.
Chartered Accountants

FRN:002368N


CA P.C GOYAL

Partner

M.No.080377



OSWAL SPINNING AND WEAVING MILLS LIMITED
REGD. OFFICE : # 92, OSWAL ROAD, INDUSTRIAL AREA-A
NEAR KWALITY CHOWK, LUDHIANA-141003

(RS. IN LACS)

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016

PARTICULARS	QUARTER ENDED		YEAR ENDED	
	30 JUNE 2016 UNAUDITED	31 MARCH 2016 AUDITED	30 JUNE 2015 UNAUDITED	31 MARCH 2016 AUDITED
1 INCOME FROM OPERATIONS				
a Sales/Income from operations	18.85	(23.21) *	1973.41	3433.62
b Other operative income	0.00	16.76	10.77	28.63
Total Income from operations (net)	18.85	(6.45)	1984.18	3462.25
2 EXPENDITURE				
a Cost of material consumed	0.00	-7.38 **	1243.84	1905.14
b Purchase of stock in trade	0.00	0.81	135.60	206.93
c Changes in inventories of finished goods, work in progress and stock in trade	18.10	0.00	563.01	1284.47
d Employee benefits expense	13.48	17.94	165.57	306.15
e Depreciation and amortization expense	15.13	19.57	16.97	70.85
f Other expenses	18.33	79.93	448.30	737.98
Total expenses	65.04	118.25	2573.29	4511.52
3 Profit from operations before other income, finance costs and exceptional items	(46.19)	(124.70)	(589.11)	(1049.27)
4 Other income	0.00	0.00	0.00	0.00
5 Profit from ordinary activities before finance costs and exceptional items	(46.19)	(124.70)	(589.11)	(1049.27)
6 Finance costs	7.91	(11.91)	101.15	229.40
7 Profit/ (loss) from ordinary activities after Finance costs but before exceptional items	(54.10)	(112.79)	(690.26)	(1278.67)
8 Exceptional Items	0.00	0.00	0.00	0.00
9 Profit/ (loss) from ordinary activities before Tax	(54.10)	(112.79)	(690.26)	(1278.67)
10 Tax expense	0.00	0.00	0.00	0.00
11 Net Profit/ (loss) from Ordinary activities after tax	(54.10)	(112.79)	(690.26)	(1278.67)
12 Extraordinary items (net of tax expense)	0.00	0.00	0.00	0.00
13 Net Profit/ (loss) for the Period	(54.10)	(112.79)	(690.26)	(1278.67)
14 Other comprehensive income/(expense)	0.00	0.00	0.00	0.00
15 Total comprehensive income/(loss) for the period	(54.10)	(112.79)	(690.26)	(1278.67)
16 Paid-up equity share Capital (face value of Re.1/-per equity share)	909.29	909.29	909.29	909.29
17 (I) Earning per share (before extraordinary items)				
(a) Basic	(0.06)	(0.12)	(0.76)	(1.41)
(b) Diluted	(0.06)	(0.12)	(0.76)	(1.41)

* Amount relates to rate differences in sales of earlier period.

** Amount relates to reversal of input taxes of purchases of earlier period.




[Handwritten Signature]

NOTES :

1. The above audited results were reviewed by the Audit Committee and were approved by the Board of Directors at their meeting held on 26.08.2016.
2. Previous year/period's figures have been regrouped/rearranged recasted wherever necessary.
3. As the Company's business activity primarily falls within a single business segment, provision relating to segment reporting is not applicable.
4. Kotak Mahindra Bank Limited (KMBL) had issued a Notice under section 13(2) of SARFAESI Act, 2002 demanding Rs. 63.43 Cr. from the Company (calculated upto 04.04.2014 i.e. Rs. 61.86 Cr. on account of term loan & Rs. 1.57 Cr. on account of EPC facility), in respect of various commitments, defaults, penalties and interest thereon, viz. The Company has contested this notice as illegal and without any basis before the Hon'ble Punjab and Haryana High Court.
5. During the proceedings, the Company pleaded that KMBL had itself admitted in their affidavit that the principal & interest amounts in respect of Term Loan had been paid & that the Term Loan account was standard. The only issue was that of alleged default of EPC Facility for an amount of Rs. 1.57 Cr., which the Company has paid with the right to recover the same from KMBL. The said writ petition was disposed off by Hon'ble High Court on 11.04.2016 purely on jurisdictional grounds. Aggrieved by this decision the company has filed Review Petition before the Hon'ble High Court, which is yet to be decided.
6. State Bank of Patiala (SBOP) has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 4.09 Cr. (being NPV of Rs. 2.88 Cr. of CRPS of Rs. 5.38 Cr. and interest thereon). These CRPS have already been issued by the Company to the Bank. Further the Company had agreed to pay the NPV of CRPS because SBOP had informed the Company that they had waived the amount of Rs. 5.29 Cr. being interest payable by the Company to SBOP. However, later on it has transpired that instead of waiving this amount of Rs. 5.29 Cr., SBOP has transferred the same to Kotak Mahindra Bank Limited (KMBL) vide assignment agreement dated 16.11.2007 thereby misleading the Company that they have waived the interest and thus violating the terms and conditions of the agreement that they had with the Company. On this ground the application of the bank is being contested by the Company in the DRT.
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9. i). Gratuity has been provided on accrual basis as per The Payment of Gratuity Act, 1972.
ii). Deferred tax Asset/ Deferred Tax Liability will be made at year end.

By Order of the Board,
For OSWAL SPINNING AND WEAVING MILLS LTD.


(ASHOK OSWAL)
MANAGING DIRECTOR

PLACE: LUDHIANA
DATED: 26.08.2016

