

28th
ANNUAL REPORT

2009-2010

OSWAL YARNS LIMITED

OSWAL YARNS LIMITED

BOARD OF DIRECTORS

Sh. Tej Paul Oswal
Chairman & Managing Director

Sh. Bharat Oswal
Sh. D.B.S Gill
Sh. Surinder Kumar Garg
Sh. Kulwant Rai Dhawan
Sh. Rajiv Jain

AUDITORS

Subash Vipam & Co.,
Chartered Accountants
161, Green Field,
Model Gram, Ludhiana
cascjain@gmail.com

ADVISORS

Ashok K. Singla & Associates,
(Company Secretaries)
BXX-1374, Krishna Nagar,
Ghumar Mandi, Civil Lines, Ludhiana-141001.
asingla_cs@yahoo.co.in

BANKERS

State Bank of India,
Civil Lines, Ludhiana

REGISTERED OFFICE & WORKS

Link Road, Industrial Area-A,
Ludhiana-141 003
Ph. 0161-2220177, 2224256, Fax - 2228755
E-mail:- oyllyarns@rediffmail.com

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
A-40, 2nd Floor, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall, New Delhi.
Ph: 011-41410592-93-94 Fax: 011-41410591
E-mail: delhi@linkintime.co.in

28TH ANNUAL GENERAL MEETING

Day : Saturday
Date : 18th September 2010
Time : 10.30 A.M
Place : CHICK.FI Restaurant
Metro Road, Jamalpur Colony,
Ludhiana.

NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of OSWAL YARNS LIMITED will be held on Saturday, September 18th, 2010 at 10.30 A.M at Chick.FI, Restaurant, Metro Road, Jamalpur Colony, Ludhiana to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as on March 31, 2010 and Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D.B.S. Gill, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To Appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

- 4 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-**

“RESOLVED THAT Sh. Bharat Oswal, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company.”

- 5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 269, Schedule XIII and under applicable provisions, if any, of the Companies Act, 1956, Mr. Bharat Oswal, be and is hereby appointed as Whole time Executive Director of the Company for a period of Five Years w.e.f. 1st August, 2010 to 31st July, 2015 at Nil remuneration and is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors and acceptable to Sh. Bharat Oswal”.

“RESOLVED FURTHER THAT Sh. Kulwant Rai Dhawan, Director of the Company be and is hereby authorised to execute an agreement on behalf of the Company with Sh. Bharat Oswal.”

By order of the Board of Directors
For Oswal Yarns Ltd.

Place : Ludhiana
Dated : August 20th, 2010

Sd/-
TEJ PAUL OSWAL
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY INSTEAD OF HIM/HER SELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST REACH THE COMPANY AT LEAST FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The members are requested to notify change in their address/mandate, if any, to the company immediately.
3. Members are requested to bring their copies of Annual Report at the Annual general meeting.
4. Members desiring any information on the accounts are requested to write to the Company at least 10 days prior to the date of the meeting enabling the management to keep the information ready.
5. Register of Members and Share Transfer Books of the Company will remain Closed from Thursday, the September 16th, 2010 to Saturday, the September 18th, 2010.

EXPLANATORY STATEMENT PURSUANT TO SECTION-173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4

Sh. Bharat Oswal was appointed as an Additional Director on the Board of the Company in the meeting of the Board of Directors held on 07.10.2009 to hold office upto the date of forthcoming Annual General Meeting. One of the Shareholders of the Company has proposed the name of Sh. Bharat Oswal for appointment as a Director of your Company pursuant to the provisions of Section 257 of the Companies Act, 1956.

MEMORANDUM OF INTEREST

None of the Directors except Sh. Tej Pal Oswal being the Father of Sh. Bharat Oswal and Bharat Oswal appointee himself are interested in this resolution.

ITEM NO. 5

The Board of Directors in its meeting held on 30th July, 2010 had appointed Sh. Bharat Oswal as an Whole time Executive Director of the Company w.e.f. 1st August, 2010 to 31st July, 2015 at Nil remuneration and other terms and conditions as mentioned in the resolution. His appointment is subject to the approval of the members hence, approval of members is solicited.

MEMORANDUM OF INTEREST

None of the Directors except Sh. Tej Pal Oswal being the Father of Sh. Bharat Oswal and Bharat Oswal appointee himself are interested in this resolution.

By order of the Board of Directors,
For Oswal Yarns Ltd.

Place : Ludhiana
Dated : August 20th, 2010

Sd/-
TEJ PAUL OSWAL
Managing Director

DIRECTORS REPORT

To
The Members
Oswal Yarns Limited

Your Directors present their Twenty Eighth Annual Report on the operations of the Company along with audited statements of accounts for the financial year ended as on March 31st, 2010.

PERFORMANCE REVIEW

Operating and other Income during 2009-2010 is Rs 331.37 Lacs as Compared to Rs. 279.59 Lacs of the previous year with an increase of 18.52%. The Company provided depreciation of Rs. 14.87 Lacs (Rs. 14.91 Lacs in the previous year). The Company has suffered loss of Rs 10.82 Lacs as compared to loss of Rs 13.47 Lacs in the previous year but earned cash profit of Rs. 4.05 as compared to Rs. 1.44 Lacs in the previous year. The loss was due to high cost of Material.

DIVIDEND

Due to loss, yours directors are unable to recommend the payment of dividend for the year under review.

DIRECTORS

During the year Sh. Bharat Oswal appointed as additional Director of the Company as on 07.10.2009. Mr. B.B. Gandhi Director, of the Company resigned from the Board as on 25.02.2010. The Board place on record the appreciation for the guidance rendered by him. Mr. Rajiv Jain appointed as additional Director of the Company as on 04.06.2010. Mr. Bharat Oswal is being appointed as a Whole time Executive Director of the Company at Nil Remuration.

Mr. D.B.S. Gill, Director, retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment as Director of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibilities statement, it is confirmed :

- i) That in the preparation of the annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards has been followed alongwith proper explanation relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affair of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors had prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of Listing Agreement with stock exchanges, adequate steps have been taken to ensure that all the provisions relating to corporate governance are duly complied with. A report on Corporate Governance alongwith the certificate of Corporate Governance received from Ashok K Singla and associates, Company Secretaries, Ludhiana is annexed hereto as an Annexure to this report.

FIXED DEPOSITS

During the year, the Company did not accept any Fixed Deposits.

AUDITORS' REPORT

The Auditors Report on the accounts of the company for the year have no qualification and required no comments.

AUDITORS

M/s Subash Vipam & Co., Chartered Accountants, Ludhiana, Auditors of the Company retire at the conclusion of the forthcoming Annual General meeting and being eligible, offer themselves for re-appointment.

PARTICULAR OF THE EMPLOYEES

Information pertaining to employees pursuant to section 217 (2A) of the Companies Act, 1956 is nil.

DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 regarding to conservation of energy, technology absorption, foreign exchange earning and outgo are given in Annexure A forming part of this report.

INDUSTRIAL RELATIONS

Industrial relations continued to remain harmonious throughout the year under review. The directors express their appreciation towards workmen for their co-operation and hope for cordial relations in the year to come.

LISTING FEES

The equity shares of the Company are listed at the Stock Exchanges at Ahmedabad, Bombay, Cochin, Delhi, Jaipur & Ludhiana. The Company has paid Annual listing fees to Ahmedabad, Cochin and Jaipur stock exchange upto the financial year 2005-06. The Annual listing fees to Bombay & Delhi Stock Exchange paid upto 2010-11. The listing fees with Ludhiana Stock Exchange is pending for 2007-08 & 2008-09.

ACKNOWLEDGEMENT

The Board of Directors take this opportunity to express their sincere thanks to the staff members and workers for their co-operation, hardwork, dedication and devotion.

The Board of Directors place on record their gratitude to State Bank of India for its valuable support lent to the Company.

The Directors express its sincere thanks to the shareholders and other business constituents for their continued support and cooperation.

By order of the Board of Directors
For Oswal Yarns Ltd.

Place : Ludhiana
Dated : August 20th, 2010

Sd/-
TEJ PAUL OSWAL
Chairman & Managing Director

ANNEXURE-A

Information as per section 217(1) (e) read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1998 and forming part of the Directors Report for the year ended 31st March, 2010

1. CONSERVATION OF ENERGY

- a) The management & conservation of energy remain one of the important areas of plant performance and is being continuously monitored.

OSWAL YARNS LIMITED

- b) Efficient energy conservation process has been exercised to get energy saving and to get maximum power factor.
- c) New areas are being continuously identified and suitable investment shall be made wherever necessary.

Total energy consumption and consumption per unit of production as per Form A of the annexure to the Rules in respect of industries specified in the Schedule thereof.

A. POWER & FUEL CONSUMPTION

	Current Year	Previous Year
1. ELECTRICITY		
a) Purchase		
Unit(KWH)	218800	240254
Total Amount(Rs)	1097076	1032880
Rate/Unit(Rs)	5.01	4.30
b) Own Generation		
Through Diesel Generator		
Units (KWH)	—	—
Total Amount (Rs.)	—	—
Cost per Unit (Rs.)	—	—
2. STEAM COAL		
Quantity	—	—
Total Cost (Rs)	—	—
Av. Rate/Tonnes(Rs)	—	—
3. RICE HUSK		
Quantity	—	—
Total Cost (Rs)	—	—
Av. Rate/Tonnes (Rs.)	—	—
4. FURNACE OIL	—	—
5. OTHER/INTERNAL GENERATION	—	—

II. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per form "B" of the Annexure to the rules

1. The Company is making continue efforts for developing of new yarns by blending different kinds of wools. This process generates cost effectiveness and increase productivity.

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Expenditure on R & D- The Cost incurred in R & D is included in revenue expenses.

	CURRENT YEAR	PREVIOUS YEAR
i) Capital	—	—
ii) Recurring	—	—
iii) Total	—	—
iv) Total R & D Expenditure as Percentage of total turnover	—	—

2. Technology absorption, adoption and innovation

- a) Efforts in brief made towards technology absorption adoption and innovation. : The company makes preventive maintenance of the machines.
- b) Benefits derived as result of the above efforts e.g product improvement, cost Reduction, Product development ,import Substitution etc. : The product quality is maintained at the reduced cost. Yarn produced by the company is an import substitute.
- c) The Company is developing new Yarns from time to time.

3. Imported Technology (Imported during the Last 5 Years)	—	—
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III. FOREIGN EXCHANGE EARNING AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export makers, for products and services and export plans:- The Company is making yarn which is an import substitute. Previously the customers used to import such yarns from China and other overseas market. However efforts will be made by the Company to develop export markets for export of its products.

Total Foreign Exchange earned and used:

	CURRENT YEAR	PREVIOUS YEAR
	Rs.	Rs.
Earned	—	—
Used	—	—

By order of the Board of Directors
For Oswal Yarns Ltd.

Sd/-

TEJ PAUL OSWAL

Chairman & Managing Director

Place : Ludhiana

Dated : August 20th, 2010

CORPORATE GOVERNANCE REPORT

The Corporate Governance Code was introduced by introduction of clause 49 of Listing Agreement with the Stock Exchange and as directed by Securities and Exchange Board of India. The Concept of Corporate Governance comprises mainly with regard to transparency, full disclosures, independent monitoring the state of affairs of the company and being fair to shareholders. Your Company has always believed in the concept of Good Corporate Governance involving transparency, independence, accountability, responsibility and fairness with a view to enhance shareholders value. Towards this end, in this year Annual Report, adequate steps have been taken to ensure that all mandatory and non-mandatory provisions of Corporate Governance as prescribed by the Securities and Exchange Board of India(SEBI) and as applicable to the Company through Listing Agreement complied with in its true spirit.

BOARD OF DIRECTORS

The affairs of the company are managed by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company. The Managing Director manages the day to day operations of the Company. The Board of Directors has ideal composition with more than half the Directors being non-executive Directors. The Composition of Board meets the stipulated requirement of at least one third of the Board comprising of independent directors who have no professional and/or business relationship with the Company. The necessary disclosure regarding committee membership have been made by the directors.

During the year 2009-2010 the Company held Nine Board Meetings as against the minimum requirements of four meetings.

The names and the category of directors on the Board, their attendance at Board Meeting during the year and at last Annual General Meeting, as also the number of Directorships held by them in other Companies are given below :

Name of the Director	Category	Attendance Particulars		No of other Directorship/Committee chairmanship/ membership in other companies		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Tej Paul Oswal (w.e.f. 16.06.82)	Chairman	9	Yes	-	-	-
Mr. D.B.S Gill (w.e.f. 08.11.94)	NED	-	-	3	3	-
Mr. Surinder K. Garg (w.e.f. 27.02.98)	NED	9	Yes	-	-	-
Mr. B.B Gandhi * (w.e.f. 28.03.95 to 25.02.10)	NED	5	-	2	1	-
Mr. Kulwant Rai (w.e.f. 26.03.02)	NED	9	Yes	-	-	-
Mr. Bharat Oswal** (w.e.f. 07.10.09)	NED	4	-	1	-	-

* Mr. B.B. Gandhi Resigned from the Board as on 25.02.2010. The Board of Director place on record appreciation for the guidance given and services rendered by him.

** Mr. Bharat Oswal, son of Sh. Tej Pal Oswal, Managing Director of the Company is appointed as additional Director of the company as on 07.10.2009. He has rich and vast experience in spinning industries.

Mr. Rajiv Jain S/o Sh. Pawan Jain is also appointed as additional Director of the Company as on 04.06.2010. He has vast experience of 15 years in knitted cloth industry.

Audit Committee

Constitution as at 31.03.2010

Members

1. Mr. Surinder Kumar Garg (Chairman)
2. Mr. B.B Gandhi (upto 25.02.2010)
3. Mr. Kulwant R. Dhawan
4. Mr. D.B.S. Gill (w.e.f. 26.02.2010)

The Audit Committee has members with sound knowledge of Finance, Accounting and Law. The Committee deals with accounting matters, financial reporting and internal controls, the power and the role of the committee is as per guidelines laid in the listing agreement and as prescribed under the Companies Act, 1956. It reviews quarterly, half yearly and Annual financial reports/statements before these are submitted to the board.

In the financial year ended as on 31.03.2010, five meetings of Audit Committee were held.

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The attendance record of members of the Audit Committee is as under :-

Name of Director	Category	Meetings Attended
1. Mr. Surinder Kumar Garg	NED	5
2. Mr. B.B Gandhi	NED	4
3. Mr. Kulwant R. Dhawan	NED	5
4. D.B.S. Gill	NED	0

REMUNERATION COMMITTEE

The Constitution of the Remuneration Committee as on March 31, 2010.

Members

1. Mr. Surinder Kumar Garg (Chairman)
2. Mr. B.B Gandhi (upto 25.02.2010)
3. Mr. Kulwant R. Dhawan

Remuneration Committee has been formed in compliance with the provisions of listing Agreement. The Company has not paid Salary to any of the Director & no sitting fee was paid to Directors for attending meeting of Board of Directors/Audit Committee/ Remuneration Committee. One meeting has been held during the year and all the members of the Committee attended the meeting on 07.10.2009.

INVESTORS GRIEVANCE COMMITTEE

As a measure of good Corporate Governance and to specifically look into the redressal of the Shareholders and investors complaints, the three members Shareholders'/ Investors' Grievance Committee was constituted consisting of Sh. Tej Paul Oswal (Chairman), Mr. Surinder Kumar Garg and Mr. Kulwant Rai Dhawan. During the financial year 2009-2010 the Company has not received any Complaint and no Complaint was pending as on 31.03.2010. There is no pendency in respect of shares received for transfer during 2009-2010.

GENERAL BODY MEETINGS

The last three annual General Meetings of the Company were held as under :

Year	Venue	Day	Date	Time	No of Special Resolutions
2006-2007	Chik FI Restaurant Metro Road, Jamalpur Colony, Ludhiana.	Thursday	30.08.2007	10.00 A.M.	—
2007-2008	Chik FI Restaurant Metro Road, Jamalpur Colony, Ludhiana.	Friday	29.08.2008	10.30 A.M.	—
2008-2009	Chik FI Restaurant Metro Road, Jamalpur Colony, Ludhiana.	Saturday	19.09.2009	10.30 A.M.	—

DISCLOSURES

There are no materially significant related party transactions made by the Company with its Promoters, Directors, their relatives etc., that may have potential conflict with the interest of the company at large.

The Register of Contract containing the transaction in which directors are interested is placed before the board for its approval and disclosure of interest of Directors in other concerns, which is Nil.

Transaction with the related parties are disclosed in Note No. 13 of Notes on Accounts which is Nil.

During the last three years, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any other Statutory Authority for non compliance of any matter related to the Capital Market.

REGISTRAR & TRANSFER AGENTS

The work related to share transfer in terms of both physical & electronic mode is being dealt with by Link Intime India Pvt. Ltd., New Delhi. The contact particulars of the RTA is : Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi. Ph: 011-41410592-93-94 Fax: 011-41410591 Email: delhi@linkintime.co.in.

MEANS OF COMMUNICATION

The quarterly Financial Results are published in prominent daily newspapers viz., The Financial World and Desh Sewak (Panjabi). The email ID of the Company is: olylarns@rediffmail.com

GENERAL SHAREHOLDERS INFORMATION

Annual General meeting will be held on Saturday, September 18, 2010 at 10.30 A.M. at Chick FI Restaurant, Metro Road, Jamalpur Colony, Ludhiana.

Financial Calendar	1.04.2009 to 31.03.2010
Date of Book Closure	16.09.2009 to 18.09.2010
Dividend	No Dividend Recommended for the year 2009-10
Listing on Stock Exchange	The Ludhiana Stock Exchange Ass. Ltd. Bombay Stock Exchange Ltd. Ahmedabad Stock Exchange Ltd. The Delhi Stock Exchange Ass. Ltd. The Jaipur Stock Exchange Ltd. The Cochin Stock Exchange Ltd.

The Company has paid Annual Listing Fees to Bombay and Delhi Stock Exchange upto 2010-11. The Listing Fees to Ahmdabad, Jaipur and Cochin Stock Exchange has been paid upto 2005-06. The Listing Fees with Ludhiana Stock Exchange is pending for the Financial Year 2007-08 and 2008-09.

The ISIN No. of the Company is INE670H01017. As on 31st March 2010, 1,60,000 shares of Rs.10/- each of the Company were in dematerialized form and the balance 38,50,000 shares were in physical form.

OSWAL YARNS LIMITED

Distribution of shareholding as on 31.03.2010

Range of Shares	No of Shareholders	% of shareholders	No of shares held	% of shareholding
1-500	14606	97.948	1746200	43.55
501-1000	176	1.180	140100	3.49
1001-2000	61	0.409	88900	2.22
2001-3000	23	0.154	59200	1.48
3001-4000	15	0.101	55400	1.38
4001-5000	7	0.047	32100	0.80
5001-10000	10	0.067	65700	1.64
10001 and above	14	0.094	1822400	45.44
Total	14912	100.00	4010000	100.00

Category of Share Holders as on 31.03.2010

Category	No. of Shares	% to Total Shares
Promoters	1787600	44.58
Bodies Corporate	29100	0.73
Indian Public	2000400	49.88
NRI	192900	4.81
Total	4010000	100

By order of the Board of Directors
For Oswal Yarns Ltd.Place : Ludhiana
Dated : August 20th, 2010Sd/-
TEJ PAUL OSWAL
Chairman & Managing Director

TO
THE MEMBERS
OSWAL YARNS LIMITED

CERTIFICATE OF CORPORATE GOVERNANCE

We have examined the compliance of the requirements of Corporate Governance by Oswal Yarns Limited for the year ended on 31, March 2010, as stipulated in clause 49 of the listing agreements of the said Company with Stock Exchanges.

The Compliance of the requirements is the responsibility of the management. Our examination has been limited to the procedures and implementation thereof, adopted by the company, for ensuring such compliance. The examination 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 requirements of corporate Governance as stipulated in the above mentioned listing agreements.

The above compliance, however, is not an assurance of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For ASHOK K. SINGLA & ASSOCIATES
Company Secretaries

Place : Ludhiana
Dated : August 20th, 2010

Sd/-
(Ashok Singla)
Prop.

AUDITORS' REPORT

To

The Members of,
Oswal Yarns Limited,

We have audited the attached Balance Sheet of M/s. Oswal Yarns Limited as at 31st March, 2010 and also the Profit and Loss Account and the cash flow statement 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit 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 statement. 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the 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.

Further to our comments in the Annexure referred to 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 purpose 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 and 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 and Profit and Loss Account and cash flow statement dealt with 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 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 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, 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 31st March 2010; and
 - b) in the case of the Profit & Loss account, of the profit for the year ended on that date.
 - c) In the cash of cash flow statement, of the cash flows for the year ended on that date.

**FOR SUBHASH VIPAN & CO.
CHARTERED ACCOUNTANTS**

**Place : Ludhiana
Dated : August 20th, 2010**

**(SUBHASH JAIN)
PARTNER
M. No. 85224**

ANNEXURE TO THE AUDITORS' REPORT

As required by the Companies' (Auditor's Report) Order, 2003 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as where considered appropriate, we report that :

- i. a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- b) The fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed by the management on such verification.
- c) The Company has not disposed off substantial part of Fixed Assets during the year.
- ii. a) The inventories have been physically verified by the management during the year at reasonable intervals.
- b) The Procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- iii. a) The Company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Company has taken loans during the year from one person, maximum balance of which was Rs. 55.35 lacs and balance as at the year end was 32.00 lacs.
- b) Loan taken were non-interest bearing and other terms and conditions in respect of loans taken or given by the Company are in our opinion, prima facie not prejudicial to the interest of the Company.
- c) According to information & explanation given to us, payment of principal amount in respect of aforesaid loans is regular. They do not bear any interest.
- d) In respect of such loans or taken by the Company, there are no overdue amounts.
- iv. There are adequate internal control procedures 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. No major weakness in internal control came to our notice.
- v. a) There were no transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- b) There were no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000 or more in respect of each party.
- vi. The Company has not accepted deposits under the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed thereunder.
- vii. The Company has an adequate internal audit system commensurate with its size and nature of its business.
- viii. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (D) of the Companies Act, 1956 in respect of the products manufactured by the Company.
- ix. a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, Employee State Insurance, Income-tax, Sales-tax, Wealth-tax Customs Duty, excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2010 for a period more than six months from the date they became payable.
- b) We have been informed that there were no disputed amount on account of Sale Tax/Custom Duty/Wealth tax/Excise duty/Cess which has not been paid.
- x. There were no accumulated losses of the Company. Further it has not incurred cash losses during the year under audit and in the immediate previous financial year.
- xi. The Company has not defaulted in repayment of its dues to financial institutions & banks.
- xii. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- xiv. The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of para 4 (xiv) are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. The Term Loan has been raised by the company.
- xvii. On the basis of our examination of the Cash flow statement, the funds raised on short-term basis have not been used for long-term investments, similarly, funds raised on long term basis have not been used for short term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. No debentures have been issued by the Company.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

**FOR SUBASH VIPAN & CO.
CHARTERED ACCOUNTANTS**

**Place : Ludhiana
Dated : August 20th, 2010**

**(SUBHASH JAIN)
PARTNER
M. No. 85224**

OSWAL YARNS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

Amount in Rs.

PARTICULARS	SCHEDULES NO.	AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	'1'	40100000	40100000
Reserves & Surplus	'2'	3732157	4814324
Loan Funds			
Secured Loans	'3'	1096779	8118024
Unsecured Loans	'4'	3200000	1935000
TOTAL		48128936	54967348
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	'5'	37146837	37125473
Less Depreciation		25649404	24162114
Net Block		11497433	12963359
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	'6'	24038276	26647912
Sundry Debtors		13780939	18955604
Cash & Bank Balances		272071	886620
Loans & Advances		1327283	1312584
		39418569	47802720
Less : Current Liabilities & Provisions	'7'	2787066	5798731
Net Current Assets		36631503	42003989
TOTAL		48128936	54967348
Notes Forming Part of Accounts	'14'		
Schedule refer to herein form an integral part of accounts.			

As per our report of even date.
FOR SUBASH VIPAN & CO.
CHARTERED ACCOUNTANTS

For & on behalf of Board of
OSWAL YARN LIMITED

Sd/-
(SUBHASH JAIN)
PARTNER

Sd/-
(TEJ PAUL OSWAL)
MANAGING DIRECTOR

Sd/-
(SURINDER K. GARG)
DIRECTOR

Sd/-
(BHARAT OSWAL)
DIRECTOR

Place : Ludhiana
Dated : August 20th, 2010

OSWAL YARNS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Amount in Rs.

PARTICULARS	SCHEDULES NO.	AS AT 31.03.2010	AS AT 31.03.2009
INCOME			
Operating & Other Income	'8'	33137050	27959427
		33137050	27959427
EXPENDITURE			
Cost of goods/Raw material consumed	'9'	28695441	23658459
Manufacturing Expenses	'10'	1968026	1728285
Employment Costs	'11'	614111	594051
Administrative Expenses	'12'	542404	480891
Financial Expenses	'13'	859913	1113852
Depreciation	'5'	1487290	1490529
		34167185	29066067
		-1030135	-1106640
Less : Expenses Relating to previous years		17686	—
PROFIT BEFORE TAX		-1047821	-1106640
Less : FBT relating to earlier year		—	825
Provision for Gratuity		34347	231868
Provision for Fringe Benefit Tax		—	8251
		-1082168	-1347584
Add brought forward from Previous Year		3481316	4828899
Balance Carried to Balance Sheet		2399148	3481315
Notes Forming Part of Accounts	'14'		

As per our report of even date.
FOR SUBHASH VIPAN & CO.
CHARTERED ACCOUNTANTS

For & on behalf of Board of
OSWAL YARN LIMITED

Sd/-
(SUBHASH JAIN)
PARTNER

Sd/-
(TEJ PAUL OSWAL)
MANAGING DIRECTOR

Sd/-
(SURINDER K. GARG)
DIRECTOR

Sd/-
(BHARAT OSWAL)
DIRECTOR

Place : Ludhiana
Dated : August 20th, 2010

OSWAL YARNS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

Amount in Rs.

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
4250000 Equity Shares of Rs. 10/- each (Previous year 42,50,000 Equity shares of Rs. 10/-)	<u>42500000</u>	42500000
Issued, Subscribed & Paid Up		
4010000 Equity Shares of Rs. 10/- each (Previous year 4010000 Equity Shares of Rs. 10/-)	<u>40100000</u>	40100000
	<u>40100000</u>	<u>40100000</u>
SCHEDULE '2'		
RESERVES & SURPLUS		
General Reserve	1333009	1333009
Surplus in Profit & Loss Account	2399148	3481315
	<u>3732157</u>	<u>4814324</u>
SCHEDULE '3'		
SECURED LOANS		
a) BANKS - STATE BANK OF INDIA		
(i) Cash Credit Limit (Stocks)	1096779	5090097
ii) Cash Credit Limit (Book Debts.)	-	3027927
The above limits are secured by hypothecation of stocks of raw material, semi finished, finished goods and receivables also collaterally secured by equitable mortgage of factory land & building in the name of the Company further, secured by personal guarantee of one of the director.		
	<u>1096779</u>	<u>8118024</u>
SCHEDULE '4'		
UNSECURED LOANS		
From Director	3200000	1935000
	<u>3200000</u>	<u>1935000</u>

SCHEDULE '5'
Amount in (Rs.)

FIXED ASSETS AS AT 31ST MARCH, 2010

NAME OF ASSETS	GROSS BLOCK		DEPRECIATION		NET BLOCK		
	OPENING ADDITIONS BALANCE	SALE AS ON 31-03-2010	UPTO 31.3.2009	FOR THE WRITTEN YEAR BACK	UPTO 31.3.2010	AS ON 31.3.2010	AS ON 31.3.2009
LAND	2021309	-	-	-	-	2021309	2021309
BUILDING	2723751	-	1277213	91544	1368758	1354994	1446538
PLANT & MACHINERY	30988936	21364	21947889	1275912	23223801	7786499	9041047
FURNITURE & FIXTURE	57528	-	50260	1925	52185	5343	7268
VEHICLE	1333949	-	886752	117909	1004660	329289	447198
	37125473	21364	24162114	1487290	25649404	11497433	12963359
	37125473	-	22671585	1500784	24162113	12963359	14453889

OSWAL YARNS LIMITED

Amount in Rs.

AS AT	AS AT
31.03.2010	31.03.2009

SCHEDULE '6'**CURRENT ASSETS, LOANS AND ADVANCES****INVENTORIES**

(As valued and certified by the Management)

Raw Materials	12798134	8089410
Finished Goods	3332858	3804228
Work in Process	-	217100
Stores & Spares	417467	530691
Trading Goods	7489817	14006483
	<u>24038276</u>	<u>26647912</u>

SUNDRY DEBTORS

(Unsecured considered goods unless otherwise stated)

Over Six Months	10722472	6295949
Others	3058467	12659655
	<u>13780939</u>	<u>18955604</u>

CASH AND BANK BALANCES

Cash in Hand	231957	851654
With Scheduled Banks on :		
Current Accounts	37951	34966
Book Debts	2163	-
	<u>272071</u>	<u>886620</u>

LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received	1051468	1028611
Security & Other Deposits	248276	248276
Income Tax (TDS)	25939	27947
Fringe Benefit Tax	1600	7750
	<u>1327283</u>	<u>1312584</u>
	39418568	47802720

OSWAL YARNS LIMITED

Amount in Rs.

ASAT	ASAT
31.03.2010	31.03.2009

SCHEDULE '7'**CURRENT LIABILITIES AND PROVISIONS****A. Current Liabilities**

Trade Creditors	294328	5323568
Advance from Customers	35780	10000
Other Liabilities	2190743	225044
	<hr/> 2520851	<hr/> 5558612

B. Provisions

Provision for Gratuity	266215	231868
Provision for Fringe Benefit Tax	-	8251
	<hr/> 2787066	<hr/> 5798731

SCHEDULE '8'**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT****OPERATING & OTHER INCOME**

	2009-10	2008-09
Sales	31930070	26810820
Spinning Charges Received	1206507	1067080
Sundry Balances written back	473	80228
Misc. Income	-	1299
	<hr/> 33137050	<hr/> 27959427

OSWAL YARNS LIMITED

Amount in Rs.

2009-10**2008-09**

SCHEDULE '9'**COST OF GOODS / RAW MATERIAL**

Opening Stock	2617221	13964389
Purchases	26199028	35811292
Less : Closing Stock	23620808	26117221
	28695441	23658459
	28695441	23658459

SCHEDULE '10'**MANUFACTURING EXPENSES**

Power Charges	1097076	1032880
Lubricant & Chemicals	118081	126544
Fuel	5817	16505
Consumeable Store	50877	66727
Dyes & Chemicals	18800	25475
Packing Expenses	146432	155216
Freight & Cartage	37221	32115
Machinery Repair	481159	264458
Electric Repair	8475	6776
Diesel & Oil	4088	1588
	1968026	1728285

SCHEDULE '11'**EMPLOYMENT COSTS**

Salaries	94800	90800
Wages	370630	360734
Bonus	43043	39588
E.S.I.	22139	21454
E.P.F.	63445	61469
L.W.W.	19687	19666
L.W.F.	367	340
	614111	594051

OSWAL YARNS LIMITED

Amount in Rs.

2009-10**2008-09**

SCHEDULE '12'**ADMINISTRATIVE & OTHER EXPENSES**

Printing & Stationery	37829	55623
Fees & Taxes	70154	49551
Telephone Expenses	39904	32857
Postage & Telegram	66474	66611
Insurance	38178	44209
Magzines & periodicals	1335	1113
Vehicle Maintenance	23250	4750
Conveyance	16481	10483
Audit Fee	14000	
Tax Audit Fees	4000	
	18000	
Sevice Tax thereon	1855	20225
Legal Expenses & Professional Charges	140406	112087
Building Repair	1730	5415
General Expenses	40992	36692
General Repair	-	1385
Electricity Expenses Office	30070	14144
House Tax	15746	15746
Membership Fees	-	10000
Computer Reapir & Maint.	-	-
	542404	480891

SCHEDULE '13'**FINANCIAL EXPENSES**

Bank Charges	29761	24069
Interest on Working Capital	829998	1089744
Interest on Fixed Loans	154	39
	859913	1113852

SCHEDULE '14'**A. SIGNIFICANT OF ACCOUNTING POLICIES :**

The accounts are prepared on the historical cost convention on accrual basis and on a going concern concept and significant accounting policies followed by the company are stated hereunder :

1. Fixed Assets : All fixed assets are stated at historical cost less depreciation.
2. Depreciation : Depreciation on fixed assets has been provided on pro-rate basis at the rates prescribed in schedule (XIV) of the companies Act, 1956 as under :
 - a) In respect of Shoddy Section : on written down value method basis.
 - b) In respect of Lambs Wool Section : on straight line method basis.
3. Inventories are valued at cost or net realisable value whichever is lower. The cost formula used in valuation of different categories are as under :
 - i) For Raw Material, Stores & Spares - FIFO Method
 - ii) For Finished/Traded Goods - Weighted average conversion cost.
4. Sales : Sale of goods is recognised at the point of despatch to the customers, sale excludes Vat.
5. Provision for gratuity has been made on the basis of calculation done by LIC of India.
6. BORROWING COSTS :

Specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.
7. ACCOUNTING FOR TAXES ON INCOME :

The accounting treatment followed for taxes on income is to provide for current tax and deferred tax. Current tax is the amount of income tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing differences.
8. Accounting policies not specifically referred to are consistent with generally accepted accounting practices.

B. NOTES TO ACCOUNTS

1. Contingent liabilities not provided for NIL (Previous year nil).
2. The balance in various parties are subject to confirmation and reconciliation.
3. Debtors include Rs. 896846.00 (Previous year Rs. 896846.00 which are disputed and are pending adjudication in court. No provisions has been made in respect of these debtors as the company is hopeful of recovery of these accounts.

Interest, if any, on these amounts will be treated on receipt basis.
4. Loans & Advances include Rs. 940162/- paid on account of excise duty which the Company has disputed and has filed appeals with appropriate authorities. No provision for this amount has been made as the Company is hopeful of favourable decisions.
5. The previous year figures have been recast/regrouped wherever considered necessary to facilitate comparison.
6. There was no Small scale industrial undertaking(s) to whom company owes a sum exceeding Rs. 1.00 lac.
7. No provision for income tax has been made as there was no taxable income.

8. The Company has requested its suppliers to intimate whether they are registered under 'The Micro Small and Medium Enterprises Development Act, 2006.' Pending receipt of intimation from suppliers, the amount due to the suppliers under the said Act could not be determined.
9. In the opinion of Board of Directors, the current assets, loans and advances are having the value at which they are stated in the balance sheet, if realised in the ordinary course of business.
10. Stocks are as taken and valued by the management.

11. **Deferred Tax**

As a matter of prudence, Deferred Tax asset amounting to Rs. 3.62 Lacs (Previous year Rs. 3.50 Lacs) on account of timing difference in depreciation has not been recognised in accounts.

12. **Earning Per Share : (EPS)**

	<u>2009-2010</u>	2008-2009
Profit/Loss after tax	-1082168	-1347584
Weighted Average No. of Ordinary Share for Basis EPS	40100000	40100000
Nominal Value of Equity Share	10.00	10.00
Basic/Dilluted Earning Per Share	Negative	Negative

13. Related Party Disclosures in accordance with the Accounting Standard - 18.

(i) Transactions with Related Parties : NIL

14. The Company's business predominantly comprises of only one segment i.e. Manufacturing and Trading of Hosiery yarns/Cloth, therefore there is no separate reportable segment as required by AS-17 on Segment Reporting.

15. Additional information pursuant to provisions of part II of the schedule VI to Companies Act, 1956 to the extent relevant.

a) Particulars of capacity	Unit	Current Year	Previous Year
Licensed Capacity	Spindles	Not applicable	Not applicable
Installed Capacity : Non Worsted	Spindles	1920	1920
: Woollen	Spindles	1200	1200

The installed capacity is certified by the management and has not been verified by auditors, being a technical matter :

OSWAL YARNS LIMITED

b) Particulars of production, purchase, sales & stocks.

Particulars	Opening Stock		Production/Purchase/Trf.		Sales		Closing stock	
	Quantity (Kgs)	Value (Rs.)	Quantity (Kgs)	Value (Rs.)	Quantity (Kgs)	Value (Rs.)	Quantity (Kgs)	Value (Rs.)
Shoddy Yarns	46378.900	1656064.58	21626.000	998591.60	34981.000	1892225.00	33023.900	1405464.50
	(33126.000)	(964593.09)	(28044.900)	(1122361.84)	(14792.000)	(754401.00)	(46378.900)	(1656064.58)
Woollen Yarns	20537.000	2148163.22	34230.000	3451099.10	35650.000	4425350.00	19117.000	1927392.97
	(12045.000)	(1285187.79)	(51353.500)	(6862935.60)	(42861.500)	(6941575.00)	(20537.000)	(2148163.22)
Knitted Cloth	73451.345	13300787.000	129246.545	15624547.32	138743.270	22814054.40	63953.560	7014760.00
	(18705.244)	(2352309.00)	(171062.820)	(25878184.00)	(116316.740)	(15393149.00)	(73451.324)	(13300787.00)
Raw Wool	8917.990	705716.000	5621.594	391475.00	8437.340	639575.59	6101.594	475057.00
	20822.650)	2918695.00)	37375.990)	3963376.25)	40409.850)	5086898.00)	17788.790)	2046952.00)
Wool Waste	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00
	(5013.000)	(50680.00)	(0.000)	(0.00)	(5013.000)	(50680.00)	(0.000)	(0.00)
Polyster Yarn	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00
	(0.000)	(0.00)	(0.000)	(0.00)	(0.000)	(0.00)	(0.000)	(0.00)
Polyster Fibre	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00
	(4500.000)	(135720.00)	(0.000)	(0.00)	(4500.000)	(154108.00)	(0.000)	(0.00)
Shawls	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00
	(0.000)	(0.00)	(2000.000)	(210000.00)	(2000.000)	(214000.00)	(0.000)	(0.00)

(In brackets are the figures for the previous year)

OSWAL YARNS LIMITED

c) Raw Material Consumed	Current Year		Previous Year	
	Quantity	Value	Quantity	Value
Wollen Hosiery Waste	0.000	0.00	19183.000	247950.00
Raw Wool	5121.300	796882.90	9400.000	1733411.00
Wool Waste	45353.500	2389533.30	50756.300	3054670.60
Synthetic Waste	9018.900	230677.50	7300.000	166384.84

d) Value of imported and indigeneous materials consumed and percentage thereof :

1. Raw Material	Current Year		Previous Year	
	Value	%age	Value	%age
i) Indigeneous	3417093.70	100.00	5202416.54	100
ii) Imported	0.00	0.00	0.00	0.00
2. Stores & Spares				
i) Indigeneous	668917.30	100%	483204.43	100
ii) Imported	0.00	0.00	0.00	0.00

e) C.I.F. Value of Imports in respect of :

NIL

NIL

f) Expenditure in foreign Currency

NIL

NIL

g) Earnings in Foreign Exchange

NIL

NIL

As per our report of even date.
FOR SUBHASH VIPAN & CO.
 CHARTERED ACCOUNTANTS

For & on behalf of Board of
OSWAL YARN LIMITED

Sd/-
(SUBHASH JAIN)
 PARTNER

Sd/-
(TEJ PAUL OSWAL)
 MANAGING DIRECTOR

Sd/-
(SURINDER K. GARG)
 DIRECTOR

Sd/-
(BHARAT OSWAL)
 DIRECTOR

Place : Ludhiana
 Dated : August 20th, 2010

OSWAL YARNS LIMITED

16. THE INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. Registration Details																														
Registration No.													5	0	0	6	State Code	1	6											
Balance Sheet Date			3	1	-	0	3	-	2	0	1	0																		
			Date			Month			Year																					
II. Capital raised during the Year (Amount in Rs. Thousands)																														
Public Issue				Right Issue				Bonus Issue				Private Placement																		
N I L				N I L				N I L				N I L																		
III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)																														
Total Liabilities							Total Assets																							
5							0	9	1	6	5								0	9	1	6								
Source of Funds																														
Paid-up Capital				Reserve & Surplus				Secured Loans				Unsecured Loans																		
4				0	1	0	0	3				7	3	2	1				0	9	7	3			2	0	0			
Application of Funds																														
Net Fixed Assets				Investments				Net Current Assets				Misc. Expenditure																		
1				1	4	9	7	N I L				3				6	6	3	1	N I L										
Accumulated Losses																														
N I L																														
IV. Performance of Company (Amount in Rs. Thousands)																														
Turnover				Total Expenditure				+/-Profit/Loss Before				Profit After Tax																		
Tax																														
3				3	1	3	7	3				4	2	1	9	-				1	0	8	2	-			1	0	8	2
Eaming per Share in Rs.							Dividend Rate %																							
0							.	0	0	N I L																				
V. Generic Names of Three Principal Products/Services of Company(As per Monetary Terms)																														
a)	Item Code No.	5	1	.	0	6																								
	Product Discription	S	H	O	D	D	Y	Y	A	R	N																			
b)	Item Code No.	5	1	.	0	8																								
	Product Discription	W	O	O	L	L	E	N	Y	A	R	N																		
c)	Item Code No.	6	0	.	0	1																								
	Product Discription	K	N	I	T	T	E	D	C	L	O	T	H																	

OSWAL YARNS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	(Rs. in Thousand)	
	31st March, 2010	31st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	-1082.17	-1339.33
Add : Adjustment for	1487.29	1490.53
Depreciation		
Foreign Exchange		
Investments		
Interest / Dividend	830.15	1089.78
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1235.27	1240.98
Adjustment for		
Trade & other receivable	+5159.96	+7018.89
Inventories	+2609.63	-12527.80
Trade Payable	-3011.66	+5029.36
CASH GENERATED FROM OPERATIONS	5993.02	761.43
Interest Paid	830.15	1089.78
Direct Tax Paid	-	8.25
Cash Flow before extraordinary items	5163.05	-336.60
Extraordinary Items :		
Public Issue Expenses		
Recovery out of public issue expenses		
Net cash from operating activities	5163.05	-336.60
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-21.36	-
Sale of Fixed Assets		
Acquisitions of Companies (As per Annexure)	-	-
Purchase of investments		
Sale of Investments		
Interest Received	-	-
Dividend Received		
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Share	-	-
Repayment of long term borrowing	-	-17.78
Repayment of Finance Lease	-	-
Short Term Loans	-5756.24	+209.75
Dividend Paid		
Objective for raising the Capital :		
The Company capital during		
1994-95 for implementation of plant for the		
manufacture of lambs Wool/Angoor		
blended yarn.		
Net Cash used in financing activities	5777.60	191.97
Net Increase in Cash and Cash Equivalents	+614.55	+144.63
Cash and Cash equivalents as at 1st April (Opening Balance)	886.62	1031.25
Cash and Cash equivalents as at 31st March (Closing Balance).	272.07	886.62

For & on behalf of the Board

Place : Ludhiana	(TEJ PAUL OSWAL)	(SURINDER KUMAR GARG)	(BHARAT OSWAL)
Dated : August 20th, 2010	MANAGING DIRECTOR	DIRECTOR	DIRECTOR

AUDITOR'S CERTIFICATE

We have verified the above cash flow statement of **Oswal Yarns Limited** derived from the audited annual financial statements for the year ended 31st March, 2010 and found the same to be drawn in accordance therewith.

For **SUBASH VIPAN & CO.**
Chartered Accountants

Place : Ludhiana
Dated : August 20th, 2010

Sd/-
(SUBHASH JAIN)
PARTNER

OSWAL YARNS LIMITED

OSWAL YARNS LIMITED

Registered Office : Link Road, Industrial Area - 'A', Ludhiana - 141 003.

ATTENDANCE SLIP

(Please Complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at the 28th Annual General Meeting held on Saturday, the 18th September, 2010 at 10.30 A.M. at Chick.FI Restaurant, Metro Road, Jamalpur Colony, Ludhiana.

NAME OF SHAREHOLDER/PROXY* -----L. F.-----

ADDRESS -----

NO. OF SHARES HELD -----

SIGNATURE OF SHAREHOLDEDR/PROXY*

*Strike out whichever is not applicable

OSWAL YARNS LIMITED

Registered Office : Link Road, Industrial Area - 'A', Ludhiana - 141 003.

PROXY FORM

I/We -----

of -----

of OSWAL YARNS LIMITED, hereby appoint -----

of -----

or failing him/her -----

of -----

as my/our Proxy to attend and vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company to be held on Saturday, the 18th September, 2010 and at any adjournment thereof.

As witness my/our hand(s) this ----- day of ----- 2010.

(Date)

(Month)

L. F. No. -----

Signature

Affix a Re. 1/- Revenue Stamp
--

Note

The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member."

FOR THE KIND ATTENTION OF MEMBERS,

THE MEMBERS ARE CORDIALLY INVITED TO ATTEND THE 28TH ANNUAL GENERAL MEETING AS THEIR PRESENCE SHALL CERTAINLY ADD VALUE TO THE BUSINESS TO BE TRANSACTED. IT MAY KINDLY BE NOTED THAT NO GIFTS SHALL BE DISTRIBUTED AT THE MEETING.

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