

**29th**  
***ANNUAL REPORT***

**2010-2011**

**OSWAL YARNS LIMITED**

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**OSWAL YARNS LIMITED**

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**BOARD OF DIRECTORS**

Sh. Tej Paul Oswal  
Chairman & Managing Director

Sh. Bharatt Oswal  
Executive Director

Sh. D.B.S Gill  
Sh. Surinder Kumar Garg  
Sh. Kulwant Rai Dhawan

**AUDITORS**

Subash Vipan & 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

**29TH ANNUAL GENERAL MEETING**

Day : Wednesday  
Date : 28th September 2011  
Time : 10.30 A.M  
Place : CHICK.FI Restaurant  
Metro Road, Jamalpur Colony,  
Ludhiana.

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## OSWAL YARNS LIMITED

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### NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of OSWAL YARNS LIMITED will be held on Wednesday, September 28th, 2011 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, 2011 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. Kulwant Rai, 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 Special Resolution:-**

“RESOLVED that in accordance with the provisions of sections 198, 269, 309, 311 & 314 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent and approval of the Company be and is hereby accorded to reappointment of Mr. Tej Paul Oswal, Managing Director of the Company with effect from July 1, 2011 to June 30, 2016 at Nil remuneration with the liberty to the Board of Directors to alter or vary the terms and conditions of the said re-appointment so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, for the time being in force of any amendments and/or modifications that may here-in-after be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed between the Board of Directors and Mr. Tej Paul Oswal, Managing Director.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

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

“RESOLVED THAT Mr. Bharatt Oswal, who was appointed as whole time executive director of the company for a period of 5 years under the provisions of section 269 and Schedule XIII of the companies Act 1956, be and is hereby granted a remuneration Rs. 10000/- P. M. with effect from 01.04.2011.”

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

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

Sd/-

**TEJ PAUL OSWAL**  
Managing Director

Place : Ludhiana  
Dated : September 2, 2011

**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 holding share in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding share in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
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 Monday, the September 26th, 2011 to Wednesday, the September 28th, 2011.
6. Member holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificate to the Company/ Registrar and Transfer Agent.
7. The Ministry of Corporate affaris("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated April 21,2011 and April 29,2011, respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors Report, Auditors' Report, etc. and any other notice/documents, henceforth in electronic form in lieu of the paper form.

In case you wish to support your Company's concern to prevent global environment degradation, you are requested to please register your E-mail ID with your DP, if you hold the Company's shares in electronic form, under intimation to the Register & Transfer Agent through your registered E-mail ID. However, if you hold the shares in physical form then you may register your email ID with Registrar & Transfer Agent of the company by sending a letter under your Registered Signature at the below mentioned address.

**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**

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**OSWAL YARNS LIMITED**

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**EXPLANATORY STATEMENT PURSUANT TO SECTION-173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4**

It is proposed to re-appoint Mr. Tej Paul Oswal as Managing Director, for a period of five years from July 1, 2011 to June 30, 2016 at nil remuneration. He is associate with the Company since incorporation and worked as Managing Director from 11-8-1993. He has rich and vast experience in this industry more than fifty five years.

The Board recommended the resolution for its approval.

**MEMORANDUM OF INTEREST**

None of the Directors other than Sh. Tej Pal Oswal himself and Mr. Bharatt Oswal, being relative are interested in this resolution.

**ITEM NO. 5**

Mr. Bharatt Oswal was appointed as a Whole time executive Director with effect from 01.08.2010 to 31 July, 2015 for a period of five years at nil remuneration & shareholders approved his appointment in the 28th Annual General Meeting of members of the company held on 18th September, 2010. Later on, the Board of Directors considered and approved that Mr. Bharatt Oswal, whole time director of the company must be paid some remuneration keeping in the view the responsibility and fixed a remuneration Rs. 10000/- P.M. with effect from 01.04.2011. The Board recommended the resolution for its approval.

**MEMORANDUM OF INTEREST**

None of the Directors other than Mr. Bharatt Oswal himself and Mr. Tej Pal Oswal, being relative are interested in this resolution.

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

Sd/-

**TEJ PAUL OSWAL**  
Managing Director

Place : Ludhiana  
Dated : September 2, 2011

**DIRECTORS REPORT**

To  
The Members  
Oswal Yarns Limited

Your Directors present their Twenty Ninth Annual Report on the operations of the Company along with audited statements of accounts for the financial year ended as on March 31st, 2011.

**PERFORMANCE REVIEW**

Operating and other Income during 2010-2011 is Rs 496.69 Lacs as Compared to Rs. 331.37 Lacs in the previous year. The Company provided depreciation of Rs. 14.60 Lacs (Rs. 14.87 Lacs in the previous year). The Company has suffered a loss of Rs 12.43 Lacs as compared to loss of Rs 10.82 Lacs in the previous year but earned cash profit of Rs. 2.17 as compared to Rs. 4.05 Lacs in the previous year.

**DIVIDEND**

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

**DIRECTORS**

Mr. Kulwant Rai, 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. During the Year Mr. Rajiv Jain resigned from the Board as on 15.01.2011. The Board place an appreciation for the guidance rendered by him.

**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, 2011 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, 2011 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 Vipan & 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 2011-12. The listing fees with Ludhiana Stock Exchange is pending for 2007-08, 2008-09 & 2010-11

**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 : September 2, 2011

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, 2011**

**1. CONSERVATION OF ENERGY**

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

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**OSWAL YARNS LIMITED**

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- 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 |
|-------------------------------------|--------------|---------------|
| <b>1. ELECTRICITY</b>               |              |               |
| <b>a) Purchase</b>                  |              |               |
| Unit(KWH)                           | 226309       | 218800        |
| Total Amount( Rs)                   | 1213783      | 1097076       |
| Rate/Unit(Rs)                       | 5.36         | 5.01          |
| <b>b) Own Generation</b>            |              |               |
| Through Diesel Generator            |              |               |
| Units (KWH)                         | —            | —             |
| Total Amount (Rs.)                  | —            | —             |
| Cost per Unit (Rs.)                 | —            | —             |
| <b>2. STEAM COAL</b>                |              |               |
| Quantity                            | —            | —             |
| Total Cost (Rs)                     | —            | —             |
| Av. Rate/Tonnes(Rs)                 | —            | —             |
| <b>3. RICE HUSK</b>                 |              |               |
| Quantity                            | —            | —             |
| Total Cost (Rs)                     | —            | —             |
| Av. Rate/Tonnes (Rs.)               | —            | —             |
| <b>4. FURNACE OIL</b>               | —            | —             |
| <b>5. OTHER/INTERNAL GENERATION</b> | —            | —             |

**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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## OSWAL YARNS LIMITED

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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<br>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. Yam produced by the company is an import substitute.
- c) The Company is developing new Yarns from time to time.

|  |   |   |
|--|---|---|
| 3. Imported Technology<br>(Imported during the Last 5 Years) | - | - |
|--|---|---|

### 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<br>Rs. | PREVIOUS YEAR<br>Rs. |
|--------|---------------------|----------------------|
| Earned | -                   | -                    |
| Used   | -                   | -                    |

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

Sd/-

**TEJ PAUL OSWAL**

Chairman & Managing Director

Place : Ludhiana

Dated : September 2, 2011

### 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 2010-2011 the Company held Seven 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<br>(w.e.f. 16.06.82)         | Chairman | 7                      | Yes      | -  | -                    | -                      |
| Mr. Bharatt Oswal<br>(w.e.f. 07.10.09)          | ED       | 7                      | Yes      | -  | -                    | -                      |
| Mr. D.B.S Gill<br>(w.e.f. 08.11.94)             | NED      | 5                      | -        | 3  | 3                    | -                      |
| Mr. Surinder K. Garg<br>(w.e.f. 27.02.98)       | NED      | 7                      | Yes      | -  | -                    | -                      |
| Mr. Rajiv jain*<br>(w.e.f.04.06.10 to 15.01.11) | NED      | 3                      | Yes      | 1  | 1                    | -                      |
| Mr. Kulwant Rai<br>(w.e.f. 26.03.02)            | NED      | 7                      | Yes      | -  | -                    | -                      |

\* Mr. Rajiv Jain Resigned from the Board as on 15.01.2011. The Board of Director place on record appreciation for the guidance given and services rendered by him.

**Audit Committee**

Constitution as at 31.03.2011

Members

1. Mr. Surinder Kumar Garg (Chairman)
2. Mr. Kulwant R. Dhawan
3. Mr. D.B.S. Gill

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 31.03.2011, five meetings of Audit Committee were held.

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**OSWAL YARNS LIMITED**

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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. Kulwant R. Dhawan   | NED      | 5                 |
| 3. Mr. D.B.S. Gill         | NED      | 5                 |

**REMUNERATION COMMITTEE**

The Constitution of the Remuneration Committee as on March 31, 2011.

Members

1. Mr. Kulwant R. Dhawan (Chairman)
2. Mr. Surinder Kumar Garg
3. Mr. D.B.S. Gill

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 07.10.2010.

**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 2010-2011 the Company has received two Complaints and same were resolved. No Complaint was pending as on 31.03.2011. There is no pendency in respect of shares received for transfer during 2010-2011.

**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 |
|-----------|---|----------|------------|------------|---------------------------|
| 2007-2008 | Chik FI Restaurant<br>Metro Road, Jamalpur Colony,<br>Ludhiana. | Friday   | 29.08.2008 | 10.30 A.M. | —                         |
| 2008-2009 | Chik FI Restaurant<br>Metro Road, Jamalpur Colony,<br>Ludhiana. | Saturday | 19.09.2009 | 10.30 A.M. | —                         |
| 2009-2010 | Chik FI Restaurant<br>Metro Road, Jamalpur Colony,<br>Ludhiana. | Saturday | 18.09.2010 | 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: olyarns@rediffmail.com

**GENERAL SHAREHOLDERS INFORMATION**

Annual General meeting will be held on Wednesday, September 28, 2011 at 10.30 A.M. at Chick FI Restaurant, Metro Road, Jamalpur Colony, Ludhiana.

|                           |  |
|---------------------------|--|
| Financial Calendar        | 1.04.2010 to 31.03.2011  |
| Date of Book Closure      | 26.09.2011 to 28.09.2011   |
| Dividend                  | No Dividend Recommended for the year 2010-11   |
| Listing on Stock Exchange | The Ludhiana Stock Exchange Ass. Ltd.<br>Bombay Stock Exchange Ltd.<br>Ahmedabad Stock Exchange Ltd.<br>The Delhi Stock Exchange Ass. Ltd.<br>The Jaipur Stock Exchange Ltd.<br>The Cochin Stock Exchange Ltd. |

The Company has paid Annual Listing Fees to Bombay and Delhi Stock Exchange upto 2011-12. 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 & 2010-11. The Company has paid listing fee to Ludhiana stock exchange for 2009-10.

The ISIN No. of the Company is INE670H01017. As on 31st March 2011, 2,04,900 shares of Rs.10/- each of the Company were in dematerialized form and the balance 38,05,100 shares were in physical form.

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**OSWAL YARNS LIMITED**

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Distribution of shareholding as on 31.03.2011

| Range of Shares | No of Shareholders | % of shareholders | No of shares held | % of shareholding |
|-----------------|--------------------|-------------------|-------------------|-------------------|
| 1-500           | 14541              | 97.887            | 1738200           | 43.347            |
| 501-1000        | 181                | 1.218             | 144100            | 3.594             |
| 1001-2000       | 64                 | 0.431             | 93000             | 2.319             |
| 2001-3000       | 23                 | 0.155             | 59100             | 1.474             |
| 3001-4000       | 15                 | 0.101             | 55400             | 1.382             |
| 4001-5000       | 7                  | 0.047             | 32100             | 0.800             |
| 5001-10000      | 10                 | 0.067             | 65700             | 1.638             |
| 10001 and above | 14                 | 0.094             | 1822400           | 45.446            |
| <b>Total</b>    | <b>14855</b>       | <b>100.00</b>     | <b>4010000</b>    | <b>100.00</b>     |

**Category of Share Holders as on 31.03.2011**

| Category         | No. of Shares  | % to Total Shares |
|------------------|----------------|-------------------|
| Promoters        | 1787600        | 44.58             |
| Bodies Corporate | 30300          | 0.76              |
| Indian Public    | 2000500        | 49.88             |
| NRI              | 191600         | 4.78              |
| <b>Total</b>     | <b>4010000</b> | <b>100</b>        |

By order of the Board of Directors  
For Oswal Yarns Ltd.Place : Ludhiana  
Dated : September 2, 2011Sd/-  
**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 2011, 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

Sd/-  
(Ashok Singla)  
Prop.

Place : Ludhiana  
Dated : September 2, 2011

**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, 2011 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 our 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2011 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 2011; and
  - b) in the case of the Profit & Loss account, of the loss for the year ended on that date.
  - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

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

**Place : Ludhiana  
Dated : September 2nd, 2011**

**(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 two person, maximum balance of which was Rs. 53.31 lacs and balance as at the year end was 53.31 lacs.
- b) The rate of interest and other terms and conditions in respect of loans taken are given by the company are in our opinion, prima facie not prejudicial to the interest of the Company;
- c) In respect of such loans where stipulations have been made, they have generally repaid the principal amounts as stipulated and have been regular in payment of interest, where applicable.
- d) In respect of such loans 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, 2011 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 : September 2nd, 2011**

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



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**OSWAL YARNS LIMITED**

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**BALANCE SHEET AS AT 31ST MARCH, 2011**

Amount in Rs.

| PARTICULARS   | SCHEDULES<br>NO. | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|---|------------------|---------------------|---------------------|
| <b>SOURCES OF FUNDS</b>                                     |                  |                     |                     |
| <b>Shareholders' Funds</b>                                  |                  |                     |                     |
| Share Capital   | '1'              | 40100000            | 40100000            |
| Reserves & Surplus  | '2'              | 2488528             | 3732157             |
| <b>Loan Funds</b>   |                  |                     |                     |
| Secured Loans   | '3'              | 3724780             | 1096779             |
| Unsecured Loans   | '4'              | 5331448             | 3200000             |
| <b>TOTAL</b>  |                  | <b>51644756</b>     | <b>48128936</b>     |
| <b>APPLICATION OF FUNDS</b>                                 |                  |                     |                     |
| <b>Fixed Assets</b>   |                  |                     |                     |
| Gross Block   | '5'              | 36956702            | 37146837            |
| Less Depreciation   |                  | 26521301            | 25649404            |
| Net Block   |                  | <b>10435401</b>     | <b>11497433</b>     |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>                 |                  |                     |                     |
| Inventories   |                  | 20495942            | 24038276            |
| Sundry Debtors  |                  | 26299522            | 13780939            |
| Cash & Bank Balances  |                  | 91499               | 272071              |
| Loans & Advances  |                  | 1354101             | 1327283             |
|   |                  | <b>48241064</b>     | <b>39418569</b>     |
| <b>Less : Current Liabilities &amp; Provisions</b>          | '7'              | <b>7031709</b>      | <b>2787066</b>      |
| Net Current Assets  |                  | <b>41209355</b>     | <b>36631503</b>     |
| <b>TOTAL</b>  |                  | <b>51644756</b>     | <b>48128936</b>     |
| Notes Forming Part of Accounts                              | '14'             |                     |                     |
| Schedule refer to herein form an integral part of accounts. |                  |                     |                     |

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

For & on behalf of Board of  
**OSWALYARN LIMITED**

Sd/-  
**(SUBHASH JAIN)**  
PARTNER

Sd/-  
**(TEJ PAUL OSWAL)**  
MANAGING DIRECTOR

Sd/-  
**(SURINDER K. GARG)**  
DIRECTOR

Sd/-  
**(BHARATT OSWAL)**  
WHOLE-TIME DIRECTOR

Place : Ludhiana  
Dated : Sptember 2nd, 2011

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**OSWAL YARNS LIMITED**

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**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Amount in Rs.

| PARTICULARS                                | SCHEDULES<br>NO. | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|--|------------------|---------------------|---------------------|
| <b>INCOME</b>                              |                  |                     |                     |
| Operating & Other Income                   | '8'              | <b>49669011</b>     | 33137050            |
|  |                  | <b>49669011</b>     | <b>33137050</b>     |
| <b>EXPENDITURE</b>                         |                  |                     |                     |
| Cost of goods/Raw material consumed        | '9'              | <b>45130882</b>     | 28695441            |
| Manufacturing Expenses                     | '10'             | <b>1803473</b>      | 1968026             |
| Employment Costs                           | '11'             | <b>690569</b>       | 614111              |
| Administrative Expenses                    | '12'             | <b>839941</b>       | 542404              |
| Financial Expenses                         | '13'             | <b>943360</b>       | 859913              |
| Depreciation                               | '5'              | <b>1460205</b>      | 1487290             |
|  |                  | <b>50868430</b>     | <b>34167185</b>     |
|  |                  | <b>-1199419</b>     | -1030135            |
| Less : Expenses Relating to previous years |                  | <b>8450</b>         | 17686               |
| <b>PROFIT BEFORE TAX</b>                   |                  | <b>-1207869</b>     | <b>-1047821</b>     |
| Less : FBT relating to earlier year        |                  | -                   | -                   |
| Provision for Gratuity                     |                  | <b>35760</b>        | 34347               |
| Provision for Fringe Benefit Tax           |                  | -                   | -                   |
|  |                  | <b>-1243629</b>     | -1082168            |
| Add brought forward from Previous Year     |                  | <b>2399148</b>      | 3481316             |
| Balance Carried to Balance Sheet           |                  | <b>1155519</b>      | <b>2399148</b>      |
| 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/-  
**(BHARATT OSWAL)**  
WHOLE-TIME DIRECTOR

Place : Ludhiana  
Dated : September 2nd, 2011

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**OSWAL YARNS LIMITED**

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**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Amount in Rs.

|   | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|---|---------------------|---------------------|
| <b>SCHEDULE '1'</b>   |                     |                     |
| <b>SHARE CAPITAL</b>  |                     |                     |
| <b>Authorised</b>   |                     |                     |
| 4250000 Equity Shares of Rs. 10/- each<br>(Previous year 42,50,000 Equity shares of Rs. 10/-)   | <b>42500000</b>     | <u>42500000</u>     |
| <b>Issued, Subscribed &amp; Paid Up</b>   |                     |                     |
| 4010000 Equity Shares of Rs. 10/- each<br>(Previous year 4010000 Equity Shares of Rs. 10/-)   | <b>40100000</b>     | 40100000            |
|   | <u>40100000</u>     | <u>40100000</u>     |
| <b>SCHEDULE '2'</b>   |                     |                     |
| <b>RESERVES &amp; SURPLUS</b>   |                     |                     |
| General Reserve   | <b>1333009</b>      | 1333009             |
| Surplus in Profit & Loss Account  | <b>1155519</b>      | 2399148             |
|   | <u>2488528</u>      | <u>3732157</u>      |
| <b>SCHEDULE '3'</b>   |                     |                     |
| <b>SECURED LOANS</b>  |                     |                     |
| a) <b>BANKS - STATE BANK OF INDIA</b>   |                     |                     |
| (i) Cash Credit Limit (Stocks)  | <b>3288055</b>      | 1096779             |
| ii) Cash Credit Limit (Book Debts.)   | <b>12804</b>        | -                   |
| 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. |                     |                     |
| b) ICICI Bank (Car Loan) Hypothecation of Car   | <b>423921</b>       | -                   |
|   | <u>3724780</u>      | <u>1096779</u>      |
| <b>SCHEDULE '4'</b>   |                     |                     |
| <b>UNSECURED LOANS</b>  |                     |                     |
| From Director   | <b>5331448</b>      | 3200000             |
|   | <u>5331448</u>      | <u>3200000</u>      |

**SCHEDULE '5'**  
**Amount in (Rs.)**

**FIXED ASSETS AS AT 31ST MARCH, 2011**

| NAME OF ASSETS      | GROSS BLOCK                  |        |                     | DEPRECIATION      |                                 |                   | NET BLOCK          |                    |
|---------------------|------------------------------|--------|---------------------|-------------------|---------------------------------|-------------------|--------------------|--------------------|
|                     | OPENING ADDITIONS<br>BALANCE | SALE   | AS ON<br>31-03-2011 | UPTO<br>31.3.2010 | FOR THE YEAR<br>WRITTEN<br>BACK | UPTO<br>31.3.2011 | AS ON<br>31.3.2011 | AS ON<br>31.3.2010 |
| LAND                | 2021309                      | -      | 2021309             | -                 | -                               | -                 | 2021309            | 2021309            |
| BUILDING            | 2723751                      | -      | 2723751             | 1368758           | 90644                           | 1459401           | 1264350            | 1354994            |
| PLANT & MACHINERY   | 31010300                     | 157108 | 30158378            | 23223801          | 1215838                         | 23851331          | 6307047            | 7786498            |
| FURNITURE & FIXTURE | 57528                        | -      | 57528               | 52185             | 1902                            | 54087             | 3441               | 5342               |
| VEHICLE             | 1333949                      | 661787 | 1995736             | 1004660           | 151821                          | 1156482           | 839254             | 329289             |
|                     | 37146837                     | 818895 | 36956702            | 25649404          | 1460205                         | 26521301          | 10435401           | 11497433           |
|                     | 37125473                     | 21364  | 37146837            | 24162113          | 1487290                         | 25649404          | 11497433           | 12963360           |

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**OSWAL YARNS LIMITED**

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Amount in Rs.

| AS AT      | AS AT      |
|------------|------------|
| 31.03.2011 | 31.03.2010 |

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

(As valued and certified by the Management)

|                 |                        |                 |
|-----------------|------------------------|-----------------|
| Raw Materials   | <b>9580085</b>         | 12798134        |
| Finished Goods  | <b>3012265</b>         | 3332858         |
| Work in Process | <b>267439</b>          | –               |
| Stores & Spares | <b>469154</b>          | 417467          |
| Trading Goods   | <b>7166999</b>         | 7489817         |
|                 | <b><u>20495942</u></b> | <u>24038276</u> |

**SUNDRY DEBTORS**

(Unsecured considered goods unless otherwise stated)

|                 |                        |                 |
|-----------------|------------------------|-----------------|
| Over Six Months | <b>19126687</b>        | 10722472        |
| Others          | <b>7172835</b>         | 3058467         |
|                 | <b><u>26299522</u></b> | <u>13780939</u> |

**CASH AND BANK BALANCES**

|                           |                     |               |
|---------------------------|---------------------|---------------|
| Cash in Hand              | <b>59834</b>        | 231957        |
| With Scheduled Banks on : |                     |               |
| Current Accounts          | <b>31665</b>        | 37951         |
| Book Debts                | <b>–</b>            | 2163          |
|                           | <b><u>91499</u></b> | <u>272071</u> |

**LOANS AND ADVANCES**

(Unsecured considered good unless otherwise stated)

|  |                       |                |
|--|-----------------------|----------------|
| Advances recoverable in cash or in kind<br>or for value to be received | <b>1105825</b>        | 1079007        |
| Security & Other Deposits  | <b>248276</b>         | 248276         |
|  | <b><u>1354101</u></b> | <u>1327283</u> |
|  | <b>48245476</b>       | 39418568       |

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**OSWAL YARNS LIMITED**

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Amount in Rs.

| AS AT      | AS AT      |
|------------|------------|
| 31.03.2011 | 31.03.2010 |

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

|                        |                      |               |
|------------------------|----------------------|---------------|
| Trade Creditors        | <b>6429322</b>       | 294328        |
| Advance from Customers | <b>6599</b>          | 35780         |
| Other Liabilities      | <b>373813</b>        | 2190743       |
|                        | <hr/> <b>6809734</b> | <hr/> 2520851 |

**B. Provisions**

|                        |                      |               |
|------------------------|----------------------|---------------|
| Provision for Gratuity | <b>221975</b>        | 266215        |
|                        | <hr/> <b>7031709</b> | <hr/> 2787066 |

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

|                              | <b>2010-11</b>        | 2009-10        |
|------------------------------|-----------------------|----------------|
| Sales                        | <hr/> <b>48056833</b> | <hr/> 31930070 |
| Spinning Charges Received    | <b>1602493</b>        | 1206507        |
| Sundry Balances written back | <b>9685</b>           | 473            |
|                              | <hr/> <b>49669011</b> | <hr/> 33137050 |

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**OSWAL YARNS LIMITED**

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Amount in Rs.

2010-11

2009-10

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

|                      |                 |          |
|----------------------|-----------------|----------|
| Opening Stock        | <b>23620808</b> | 26117221 |
| Purchases            | <b>41536862</b> | 26199028 |
| Less : Closing Stock | <b>20026788</b> | 23620808 |
|                      | <b>45130882</b> | 28695441 |
|                      | <b>45130882</b> | 28695441 |

**SCHEDULE '10'****MANUFACTURING EXPENSES**

|                       |                |         |
|-----------------------|----------------|---------|
| Power Charges         | <b>1213783</b> | 1097076 |
| Lubricant & Chemicals | <b>122029</b>  | 118081  |
| Fuel                  | <b>-</b>       | 5817    |
| Consumeable Store     | <b>72952</b>   | 50877   |
| Dyes & Chemicals      | <b>-</b>       | 18800   |
| Packing Expenses      | <b>139896</b>  | 146432  |
| Freight & Cartage     | <b>47031</b>   | 37221   |
| Machinery Repair      | <b>157329</b>  | 481159  |
| Electric Repair       | <b>15895</b>   | 8475    |
| Diesel & Oil          | <b>34558</b>   | 4088    |
|                       | <b>1803473</b> | 1968026 |

**SCHEDULE '11'****EMPLOYMENT COSTS**

|          |               |        |
|----------|---------------|--------|
| Salaries | <b>94800</b>  | 94800  |
| Wages    | <b>429320</b> | 370630 |
| Bonus    | <b>46479</b>  | 43043  |
| E.S.I.   | <b>24902</b>  | 22139  |
| E.P.F.   | <b>71347</b>  | 63445  |
| L.W.W.   | <b>23379</b>  | 19687  |
| L.W.F.   | <b>342</b>    | 367    |
|          | <b>690569</b> | 614111 |

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**OSWAL YARNS LIMITED**

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Amount in Rs.

2010-11

2009-10

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

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Printing & Stationery                 | 43361         | 37829         |
| Fees & Taxes                          | 63754         | 70154         |
| Telephone Expenses                    | 39343         | 39904         |
| Postage & Telegram                    | 68033         | 66474         |
| Insurance                             | 40885         | 38178         |
| Magzines & periodicals                | 890           | 1335          |
| Vehicle Maintenance                   | 8112          | 23250         |
| Conveyance                            | 35538         | 16481         |
| Audit Fee                             | 17000         |               |
| Tax Audit Fees                        | 4000          |               |
|                                       | <u>21000</u>  |               |
| Sevice Tax thereon                    | 2163          | 19855         |
| Legal Expenses & Professional Charges | 100394        | 140406        |
| Building Repair                       | 63499         | 1730          |
| General Expenses                      | 46396         | 40992         |
| General Repair                        | 272           | –             |
| Electricity Expenses Office           | 33297         | 30070         |
| House Tax                             | 15746         | 15746         |
| Loss on Sale of Fixed Assets          | 254722        | –             |
| Interest on TCS Late deposit          | 18            | –             |
| ESI Penailty                          | 1018          | –             |
| VAT Penailty                          | 1500          | –             |
|                                       | <u>839941</u> | <u>542404</u> |

**SCHEDULE '13'****FINANCIAL EXPENSES**

|                             |               |               |
|-----------------------------|---------------|---------------|
| Bank Charges                | 59741         | 29761         |
| Interest on Working Capital | 265658        | 829998        |
| Interest on Fixed Loans     | 23842         | 154           |
| Interest on Other Loans     | 594119        | –             |
|                             | <u>943360</u> | <u>859913</u> |



**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. 3.38 Lacs (Previous year Rs. 3.62 Lacs) on account of timing difference in depreciation has not been recognised in accounts.

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

|  | <u>2010-2011</u> | <u>2009-2010</u> |
|--|------------------|------------------|
| Profit/Loss after tax                                | <b>-1243629</b>  | -1082168         |
| Weighted Average No. of Ordinary Share for Basis EPS | <b>40100000</b>  | 40100000         |
| Nominal Value of Equity Share                        | <b>10.00</b>     | 10.00            |
| Basic/Dilluted Earning Per Share                     | <b>Negative</b>  | 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 releven.

| a) Particulars of capacity       | Unit     | <b>Current Year</b>   | Previous Year  |
|----------------------------------|----------|-----------------------|----------------|
| Licensed Capacity                | Spindles | <b>Not applicable</b> | Not applicable |
| Installed Capacity : Non Worsted | Spindles | <b>1920</b>           | 1920           |
| : Woollen                        | Spindles | <b>1200</b>           | 1200           |

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

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## OSWAL YARNS LIMITED

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

| Particulars   | Opening Stock     |                    | Production/Purchase/Trf. |                    | Sales             |                    | Closing stock     |                   |
|---------------|-------------------|--------------------|--------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|
|               | Quantity<br>(Kgs) | Value<br>(Rs.)     | Quantity<br>(Kgs)        | Value<br>(Rs.)     | Quantity<br>(Kgs) | Value<br>(Rs.)     | Quantity<br>(Kgs) | Value<br>(Rs.)    |
| Shoddy Yarns  | <b>33023.900</b>  | <b>1405464.50</b>  | <b>16246.000</b>         | <b>732121.90</b>   | <b>9142.000</b>   | <b>493470.00</b>   | <b>40127.900</b>  | <b>1748501.32</b> |
|               | (46378.900)       | (1656064.58)       | (21626.000)              | (998591.60)        | (34981.000)       | (1892225.00)       | (33023.900)       | (1405464.50)      |
| Woollen Yarns | <b>19117.000</b>  | <b>1927392.97</b>  | <b>20762.000</b>         | <b>2067144.60</b>  | <b>27186.000</b>  | <b>3318111.00</b>  | <b>12693.000</b>  | <b>1263763.91</b> |
|               | (20537.000)       | (2148163.22)       | (34230.000)              | (3451099.10)       | (35650.000)       | (4425350.00)       | (19117.000)       | (1927392.97)      |
| Knitted Cloth | <b>63954.620</b>  | <b>7014760.000</b> | <b>250813.295</b>        | <b>37876561.60</b> | <b>271373.695</b> | <b>38973063.95</b> | <b>43394.220</b>  | <b>7166999.52</b> |
|               | (73451.345)       | (13300787.000)     | (129246.545)             | (15624547.32)      | (138743.270)      | (22814054.40)      | (63953.560)       | (7014760.00)      |
| Raw Wool      | <b>48739.244</b>  | <b>4582318.140</b> | <b>38022.610</b>         | <b>2759247.42</b>  | <b>62062.504</b>  | <b>5107681.47</b>  | <b>24699.350</b>  | <b>2387733.61</b> |
|               | (8917.990)        | (705716.000)       | (5621.594)               | (391475.00)        | (8437.340)        | (639575.59)        | (6101.594)        | (475057.00)       |
| Wool Waste    | <b>101620.000</b> | <b>8445270.900</b> | <b>10798.421</b>         | <b>592785.00</b>   | <b>39012.200</b>  | <b>2666149.90</b>  | <b>73406.221</b>  | <b>6371906.00</b> |
|               | (0.000)           | (0.000)            | (0.000)                  | (0.00)             | (0.000)           | (0.00)             | (0.000)           | (0.00)            |
| Cotton Yarn   | <b>0.000</b>      | <b>0.000</b>       | <b>20.000</b>            | <b>3617.00</b>     | <b>20.000</b>     | <b>4000.00</b>     | <b>0.000</b>      | <b>0.00</b>       |
|               | (0.000)           | (0.00)             | (0.000)                  | (0.00)             | (0.000)           | (0.00)             | (0.000)           | (0.00)            |

(In brackets are the figures for the previous year)

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**OSWAL YARNS LIMITED**

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| c) Raw Material Consumed | Current Year |            | Previous Year |            |
|--------------------------|--------------|------------|---------------|------------|
|                          | Quantity     | Value      | Quantity      | Value      |
| Wollen Hosiery Waste     | 0.000        | 0.00       | 0.000         | 0.00       |
| Raw Wool                 | 0.000        | 0.00       | 5121.300      | 796882.90  |
| Wool Waste               | 35335.000    | 2149743.90 | 45353.500     | 2389533.30 |
| Synthetic Waste          | 7953.000     | 124171.50  | 9018.900      | 230677.50  |

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

| 1. Raw Material    | Current Year |        | Previous Year |        |
|--------------------|--------------|--------|---------------|--------|
|                    | Value        | %age   | Value         | %age   |
| i) Indigeneous     | 2273915.40   | 100.00 | 3417093.70    | 100.00 |
| ii) Imported       | 0.00         | 0.00   | 0.00          | 0.00   |
| 2. Stores & Spares |              |        |               |        |
| i) Indigeneous     | 352310.10    | 100%   | 668917.30     | 100%   |
| ii) Imported       | 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 SUBASH VIPAN & CO.**  
 CHARTERED ACCOUNTANTS

For & on behalf of Board of  
**OSWALYARN LIMITED**

Sd/-  
**(SUBHASH JAIN)**  
 PARTNER

Sd/-  
**(TEJ PAUL OSWAL)**  
 MANAGING DIRECTOR

Sd/-  
**(SURINDER K. GARG)**  
 DIRECTOR

Sd/-  
**(BHARATT OSWAL)**  
 WHOLE-TIME DIRECTOR

Place : Ludhiana

Dated : September 2nd, 2011

**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     | 1                 |   |   |   |   |            |   |   |       |   |   |   |  |   |   |   |
|   | 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   |                     |   |   |                          |       |   | 8                  | 6                     | 7 | 6 | 5     |                   |   |   |   |   |            |   | 8 | 6     | 7 | 6 |   |  |   |   |   |
| Source of Funds   |                     |   |   |                          |       |   |                    |                       |   |   |       |                   |   |   |   |   |            |   |   |       |   |   |   |  |   |   |   |
| Paid-up Capital   |                     |   |   | Reserve & Surplus        |       |   |                    | Secured Loans         |   |   |       | Unsecured Loans   |   |   |   |   |            |   |   |       |   |   |   |  |   |   |   |
| 4   |                     |   |   | 0                        | 1     | 0 | 0                  | 2                     |   |   |       | 4                 | 8 | 9 | 3 |   |            |   | 7 | 2     | 5 | 5 |   |  | 3 | 3 | 1 |
| Application of Funds  |                     |   |   |                          |       |   |                    |                       |   |   |       |                   |   |   |   |   |            |   |   |       |   |   |   |  |   |   |   |
| Net Fixed Assets  |                     |   |   | Investments              |       |   |                    | Net Current Assets    |   |   |       | Misc. Expenditure |   |   |   |   |            |   |   |       |   |   |   |  |   |   |   |
| 1   |                     |   |   | 0                        | 4     | 3 | 5                  | N I L                 |   |   |       | 4                 |   |   |   | 1 | 2          | 0 | 9 | 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                      |       |   |                    |                       |   |   |       |                   |   |   |   |   |            |   |   |       |   |   |   |  |   |   |   |
| 4   |                     |   |   | 9                        | 6     | 6 | 9                  | 5                     |   |   |       | 0                 | 9 | 1 | 3 | - |            |   |   | 1     | 2 | 4 | 4 |  |   |   |   |
|   |                     |   |   | Earning 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 |   |   |   |            |   |   |       |   |   |   |  |   |   |   |

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**OSWAL YARNS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

|   | (Rs. in Thousand) |                  |
|---|-------------------|------------------|
|   | 31st March, 2011  | 31st March, 2010 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>   |                   |                  |
| Net Profit before tax and extraordinary items   | -1243.62          | -1082.17         |
| Add : Adjustment for  | 1460.20           | 1487.29          |
| Depreciation  |                   |                  |
| Foreign Exchange Investments  |                   |                  |
| Interest / Dividend   | 883.62            | 830.15           |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>  | <b>1100.20</b>    | <b>1235.27</b>   |
| Adjustment for  |                   |                  |
| Trade & other receivable  | -12545.40         | +5159.96         |
| Inventories   | +3542.33          | +2609.63         |
| Trade Payable   | + 4244.64         | -3011.66         |
| <b>CASH GENERATED FROM OPERATIONS</b>   | <b>-3658.23</b>   | <b>5993.02</b>   |
| Interest Paid   | -883.62           | 830.15           |
| Direct Tax Paid   | -4541.85          | -                |
| <b>Cash Flow before extraordinary items</b>   |                   | <b>5163.05</b>   |
| Extraordinary Items :   |                   |                  |
| Public Issue Expenses   |                   |                  |
| Recovery out of public issue expenses   |                   |                  |
| <b>Net cash from operating activities</b>   | <b>-4541.85</b>   | <b>5163.05</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>   |                   |                  |
| Purchase of Fixed Assets  | 818.89            | -21.36           |
| Sale of Fixed Assets  | 420.72            | -                |
| Acquisitions of Companies (As per Annexure)   | -                 | -                |
| Purchase of investments   | -                 | -                |
| Sale of Investments   | -                 | -                |
| Interest Received   | -                 | -                |
| Dividend Received   | -                 | -                |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>   |                   |                  |
| Proceeds from issue of Share  | -                 | -                |
| Repayment of long term borrowing  | -                 | -                |
| Repayment of Finance Lease  | -                 | -                |
| Short Term Loans  | +4759.44          | -5756.24         |
| <b>Dividend Paid</b>  |                   |                  |
| Objective for raising the Capital :   |                   |                  |
| The Company capital during 1994-95 for implementation of plant for the manufacture of lambs Wool/Angora blended yarn. |                   |                  |
| Net Cash used in financing activities   | 4361.27           | 5777.60          |
| Net Increase in Cash and Cash Equivalents   | -180.58           | +614.55          |
| <b>Cash and Cash equivalents as at 1st April (Opening Balance)</b>  | <b>272.07</b>     | <b>886.62</b>    |
| <b>Cash and Cash equivalents as at 31st March (Closing Balance).</b>  | <b>94.49</b>      | <b>272.07</b>    |

For &amp; on behalf of the Board

Place : Ludhiana (TEJ PAUL OSWAL) (SURINDER KUMAR GARG) (BHARATT OSWALL)  
Dated : September 2nd, 2011 MANAGING DIRECTOR DIRECTOR WHOLE-TIME 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, 2011 and found the same to be drawn in accordance therewith.

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

Place : Ludhiana  
Dated : September 2nd, 2011

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 29th Annual General Meeting held on Wednesday, the 28th September, 2011 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 29th Annual General Meeting of the Company to be held on Wednesday, the 28th September, 2011 and at any adjournment thereof.

As witness my/our hand(s) this ----- day of ----- 2011.

(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 29TH 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.

**BOOK POST**  
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LUDHIANA - 141 003

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