

30th
ANNUAL REPORT

2011-2012

OSWAL YARNS LIMITED

OSWAL YARNS LIMITED

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

30TH ANNUAL GENERAL MEETING

Day : Friday
Date : 28th September 2012
Time : 10.30 A.M
Place : CHICK.FI Restaurant
Metro Road, Jamalpur Colony,
Ludhiana.

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of OSWAL YARNS LIMITED will be held on Friday, September 28th, 2012 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, 2012 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. S.K. Garg, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To Appoint Auditors and fix their remuneration.

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 Wednesday, the September 26th, 2012 to Friday, the September 28th, 2012.
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.

OSWAL YARNS LIMITED

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

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

Sd/-

TEJ PAUL OSWAL
Managing Director

Place : Ludhiana
Dated : September 1st, 2012

DIRECTORS REPORT

To
The Members
Oswal Yarns Limited

Your Directors present their 30th Annual Report on the operations of the Company along with audited statements of accounts for the financial year ended as on March 31st, 2012.

PERFORMANCE REVIEW

Operating and other Income during 2011-2012 is Rs 461.00 Lacs as Compared to Rs. 496.69 Lacs in the previous year. The Company provided depreciation of Rs. 15.08 Lacs (Rs. 14.60 Lacs in the previous year). The Company has suffered a loss of Rs 12.26 Lacs as compared to loss of Rs 12.35 Lacs in the previous year but earned cash profit of Rs. 2.82 as compared to Rs. 2.17 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. S.K. Garg, 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, 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 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 2012-13. The listing fees with Ludhiana Stock Exchange paid upto 2009-10.

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 1st, 2012

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, 2012

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)	281064	226309
Total Amount(Rs)	1693866	1213783
Rate/Unit(Rs)	6.02	5.36
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.

OSWAL YARNS LIMITED

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 maintainance 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 Rs.	PREVIOUS YEAR 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 1st, 2012

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 2011-2012 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 (w.e.f. 16.06.82)	Chairman	7	Yes	-	-	-
Mr. Bharatt Oswal (w.e.f. 07.10.09)	ED	7	Yes	-	-	-
Mr. D.B.S Gill (w.e.f. 08.11.94)	NED	5	-	3	3	-
Mr. Surinder K. Garg (w.e.f. 27.02.98)	NED	7	Yes	-	-	-
Mr. Kulwant Rai (w.e.f. 26.03.02)	NED	7	Yes	-	-	-

Audit Committee

Constitution as at 31.03.2012

Members

1. Mr. Kulwant Rai Dhawan (Chairman)
2. Mr. Surinder Kumar Garg
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 31.03.2012, five meetings of Audit Committee were held.

OSWAL YARNS LIMITED

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, 2012.

Members

1. Mr. Surinder Kumar Garg (Chairman)
2. Mr. Kulwant R. Dhawan
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 10.10.2011.

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 2011-2012 the Company has received one Complaints and same were resolved. No Complaint was pending as on 31.03.2012. There is no pendency in respect of shares received for transfer during 2011-2012.

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
2008-2009	Chik FI Restaurant Metro Road, Jamalpur Colony, Ludhiana.	Saturday	19.09.2009	10.30 A.M.	–
2009-2010	Chik FI Restaurant Metro Road, Jamalpur Colony, Ludhiana.	Saturday	18.09.2010	10.30 A.M.	–
2010-2011	Chik FI Restaurant Metro Road, Jamalpur Colony, Ludhiana.	Wednesday	28.09.2011	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. 31 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: oyllyarns@rediffmail.com

GENERAL SHAREHOLDERS INFORMATION

Annual General meeting will be held on Friday, September 28, 2012 at 10.30 A.M. at Chick FI Restaurant, Metro Road, Jamalpur Colony, Ludhiana.

Financial Calendar	1.04.2011 to 31.03.2012
Date of Book Closure	26.09.2012 to 28.09.2012
Dividend	No Dividend Recommended for the year 2011-12
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 2012-13. The Listing Fees to Ahmdabad, Jaipur and Cochin Stock Exchange has been paid upto 2005-06. The Listing Fees with Ludhiana Stock Exchange is paid upto Financial Year 2009-10.

The ISIN No. of the Company is INE670H01017. As on 31st March 2012, 2,29,500 shares of Rs.10/- each of the Company were in dematerialized form and the balance 37,80,500 shares were in physical form.

OSWAL YARNS LIMITED

Distribution of shareholding as on 31.03.2012

Range of Shares	No of Shareholders	% of shareholders	No of shares held	% of shareholding
1-500	14507	97.90	1738200	43.347
501-1000	173	1.17	144100	3.594
1001-2000	65	0.44	93000	2.319
2001-3000	25	0.169	59100	1.474
3001-4000	15	0.101	55400	1.382
4001-5000	7	0.047	32100	0.800
5001-10000	11	0.074	65700	1.638
10001 and above	14	0.094	1822400	45.446
Total	14817	100.00	4010000	100.00

Category of Share Holders as on 31.03.2012

Category	No. of Shares	% to Total Shares
Promoters	1787600	44.58
Bodies Corporate	36100	0.90
Indian Public	1999600	49.86
NRI	186700	4.66
Total	4010000	100

By order of the Board of Directors
For Oswal Yarns Ltd.Place : Ludhiana
Dated : September 1st, 2012Sd/-
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 2012, 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 1st, 2012

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, 2012 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, These financial statement 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2012 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 2012; 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 1st, 2012**

**(SUBHASH JAIN)
PARTNER
M. No. 85224
F.R. No. 012898N**

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 39.72 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, 2012 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 have been applied for the purpose for which these were raised.
- 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 1st, 2012**

**(SUBHASH JAIN)
PARTNER
M. No. 85224
F.R. No. 012898N**

OSWAL YARNS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

Amount in Rs.

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	40,100,000.00	40,100,000.00
(b) Reserves and surplus	2	1,262,008.72	2,488,528.34
(c) Money received against share warrants		0.00	0.00
Share application money pending allotment		0.00	0.00
(3) Non-current liabilities			
(a) Long-term borrowings	3	4,156,142.00	5,605,489.00
(c) Deferred tax liabilities (net)		0.00	0.00
(c) Other long term liabilities		0.00	0.00
(d) Provision for gratuity	4	320,456.00	221,975.00
(4) Current liabilities			
(a) Short-term borrowings	5	4,916,926.74	3,300,859.46
(b) Trade payables	6	4,934,731.88	6,429,322.00
(c) Other current liabilities	7	391,284.00	370,462.95
(d) Short-term provisions	8	169,525.00	159,829.00
Total		10,412,467.62	10,260,473.41
II ASSETS		56,251,074.34	58,676,465.75
Non-current assets			
(1) (a) Fixed assets			
(i) Tangible assets	9	8,966,256.20	10,435,401.15
(ii) Intangible assets		0.00	0.00
(iii) Capital work-in-progress		0.00	0.00
(iv) Intangible assets under development		0.00	0.00
(b) Non-current investments		0.00	0.00
(c) Deferred tax assets (net)		0.00	0.00
(d) Long-term loans and advances	10	258,276.00	248,276.00
(e) Other non-current assets		0.00	0.00
(2) Current assets		9,224,532.20	10,683,677.15
(a) Current investments		0.00	0.00
(b) Inventories	11	14,242,884.60	20,495,942.55
(c) Trade Receivables	12	30,963,852.25	26,299,522.01
(d) Cash and cash equivalents	13	565,662.62	91,499.04
(e) Short-term loans and advances	14	1,254,142.67	1,105,825.00
(f) Other current assets		0.00	0.00
Total		47,026,542.14	47,992,788.60
III Significant accounting policies & other notes 22 to 32		56,251,074.34	58,676,465.75
Schedules referred to above and notes 1 to 32 attached there to form an integral part of Balance Sheet			

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/-
(BHARATT OSWALL)
WHOLE-TIME DIRECTOR

Place : Ludhiana
Dated : September 1st, 2012

OSWAL YARNS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

PARTICULARS	Note No.	AS AT 31.03.2012	ASAT 31.03.2011
I. Revenue from operations	15	43,616,461.06	48,066,518.50
II. Other income	16	2,483,588.00	1,602,492.50
III. Total Revenue (I + II)		<u>46,100,049.06</u>	<u>49,669,011.00</u>
IV. Expenses:			
Cost of materials consumed	17	4,933,281.07	4,513,465.93
Purchase of finished products		32,725,589.79	40,241,445.02
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	2,396,405.41	375,971.06
Employee benefits expense	19	1,104,271.00	726,329.00
Finance costs	20	1,351,637.00	943,360.00
Depreciation	9	1,508,301.95	1,460,205.25
Other expenses	21	3,303,868.46	2,388,691.37
Total expenses		<u>47,323,354.68</u>	<u>50,649,467.63</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		-1,223,305.62	-980,456.63
VI. Exceptional items			
- Loss on sale of tangible fixed assets		0.00	254,722.10
VII. Profit before extraordinary items and tax (V - VI)		-1,223,305.62	-1,235,178.73
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		-1,223,305.62	-1,235,178.73
X. Tax expense:			
(1) Current tax		3,214.00	0.00
(3) Deferred tax		0.00	0.00
XI. Profit for the period from continuing operations (IX - X)		<u>-1,226,519.62</u>	<u>-1,235,178.73</u>
XII. (1) Basic		-0.31	-0.31
(2) Diluted		-0.31	-0.31
Earnings per equity share:			
XIII. Significant accounting policies	32		

Schedules referred to above and notes 1 to 32 attached there to form an integral part of Balance Sheet

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/-
(BHARATT OSWALL)
WHOLE-TIME DIRECTOR

Place : Ludhiana
Dated : September 1st, 2012

OSWAL YARNS LIMITED

NOTES ON ACCOUNT

(In Rupees)

	ASAT 31.03.2012		ASAT 31.03.2011	
	Number of shares	Amount	Number of shares	Amount
Note No. 1				
Share capital				
Authorized				
Equity shares of rupees 10/- each	4,250,000.00	42,500,000.00	4,250,000.00	42,500,000.00
Total	4,250,000.00	42,500,000.00	4,250,000.00	42,500,000.00
Issued				
Equity shares of rupees 10/- each	4,010,000.00	40,100,000.00	4,010,000.00	40,100,000.00
Total	4,010,000.00	40,100,000.00	4,010,000.00	40,100,000.00
Subscribed and fully paid				
Equity shares of rupees 10/- each	4,010,000.00	40,100,000.00	4,010,000.00	40,100,000.00
Total	4,010,000.00	40,100,000.00	4,010,000.00	40,100,000.00

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :

Equity shares of rupees 10/- each :

Particulars	No. of shares	Amount	No. of shares	Amount
Number of shares and amount at the beginning of the year	4,010,000.00	40,100,000.00	4,010,000.00	40,100,000.00
Add : Shares issued during the year	0.00	0.00	0.00	0.00
Number of shares and amount at the end of the year	4,010,000.00	40,100,000.00	4,010,000.00	40,100,000.00

Rights, preferences and restrictions attaching to each class of shares

Equity Shares: The company has one class of equity shares having a par value of Rs.10 per share. Every member present in person at a general meeting shall have one vote if a resolution is put to vote by a show of hand and on a poll every member shall have one vote in respect of each share held by such member. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

Shares in the company held by each shareholder holding more than 5 percent shares:

Name	Percentage of shares	Number of shares	Percentage of shares	Number of shares
Equity shares of rupees 10/- each :				
Tej paul Oswal	19.60	786,100.00	19.60	786,100.00
Tarsem Kumari Oswal	7.95	318,600.00	7.95	318,600.00
Bharatt Oswal	6.28	251,800.00	6.28	251,800.00

NOTES ON ACCOUNT

(In Rupees)

	ASAT 31.03.2012		ASAT 31.03.2011	
Note No. 2				
Reserves and surplus				
Surplus i.e. balance in statement of profit and loss				
As at the beginning of the year	2,488,528.34		3,732,157.07	
Add : transferred from statement of profit and loss	-1,226,519.62		-1,235,178.73	
	1,262,008.72		2,496,978.34	
Less : expenses relating to previous yaer	0.00	1,262,008.72	8,450.00	2,488,528.34
Total		1,262,008.72		2,488,528.34

Note No. 3

Long-term borrowings

I. Secured	31.03.2012	31.03.2011
Term loans from banks :		
Term Loan from ICICI BANK LTD	309,880.00	423,921.00
Less: Amount of Current Maturity	-125,508.00	-149,880.00
Total Secured Long Term Borrowings (I)	184,372.00	274,041.00

Nature of Security: Term loan facility is secured by hypothecation of Car.

Particulars of Repayment: Repayable in 47 monthly instalments of Rs.12490/- w.e.f. 15 Sept, 2010
Amount of default in repayment of loan: NIL (Previous year : NIL),Period of continuing default in repayment of loan: NIL(Previous Year: NIL)

Default in payment of Interest : NIL (Previous year: NIL), Period of continuing default in payment of interest : NIL (Previous Year: NIL)

II. Unsecured	31.03.2012	31.03.2011
Inter-corporate Loans	0.00	0.00
Loans and advances from related parties	3,971,770.00	5,331,448.00
Total Unsecured Long Tterm Borrowings (II)	3,971,770.00	5,331,448.00

The unsecured loans are repayable after 12 months from the date of squaring up of bank dues. However, the company reserve the right to prepay the same earlier. During previous year also, the terms of repayment were same.

Amount of default in repayment of loan: NIL (Previous year : NIL),Period of continuing default in repayment of loan: NIL(Previous Year: NIL)

Default in payment of Interest : NIL (Previous year: NIL), Period of continuing default in payment of interest : NIL (Previous Year: NIL)

Total Long Term Borrowings (I+II)	4,156,142.00	5,605,489.00
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Note No. 4

NON CURRENT LIABILITIES

Long term provisions

Provision for gratuity	320,456.00	221,975.00
Total	320,456.00	221,975.00

NOTES ON ACCOUNT

(In Rupees)

	ASAT 31.03.2012	ASAT 31.03.2011
Note No. 5		
SHORT TERM BORROWINGS		
STATE BANK OF INDIA		
(i) Cash credit Limit (Stocks)	2,551,270.74	3,288,055.46
(ii) Cash credit Limit (Book Debts)	2,365,656.00	12,804.00
Total	4,916,926.74	3,300,859.46

() Nature of security and terms of sanction:**

Working capital limits are repayable on demand and secured by hypothecation of stocks of raw material, semi-finished, finished goods, and receivables, and collaterally secured by equitable mortgage of factory land & building in the name of company. Further secured by personal guarantee of one of the directors.

Default in payment of Interest : NIL (Previous year: NIL), Period of continuing default in payment of interest : NIL (Previous Year: NIL)

Note No. 6

Trade payables (Short Term)

- Due to micro, small and medium enterprises	0.00	0.00
- Due to others	4,934,731.88	6,429,322.00
Total	4,934,731.88	6,429,322.00

NOTE: a. The Company has not received any communication from any of its suppliers/ service providers, confirming whether or not they are registered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of any positive confirmation from the suppliers/ service providers, the information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 could not be determined.

Note No. 7

Other current liabilities	31.03.2012		31.03.2011	
a. Current maturities of long-term debt				
- ICICI Bank Ltd.		125,508.00		149,880.00
b. Advance from customers		0.00		6,598.95
c. Other payables				
- Employee benefits payable	138,035.00		110,938.00	
- Statutory dues Payable	127,741.00		103,046.00	
		265,776.00		213,984.00
Total		391,284.00		370,462.95

Note No. 8

Short-term provisions	31.03.2012	31.03.2011
Provision for Current income Tax	0.00	0.00
Provision for Expenses	169,525.00	159,829.00
Total	169,525.00	159,829.00

Schedules Forming Integral Part of the Balance Sheet as at 31st March, 2012
NOTE NO. 9 Fixed Asset

Sr. No	Particulars	Gross Block				Depreciaton			Net Block	
		Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deducti on during the year	WDV as on 31.03.2012	WDV as on 31.03.2011
I	Tangible Assets									
1	Land	0	0	0	-	0	0	-	-	2021309
2	Building	-	-	-	-	-	-	-	-	1,264,350
3	Plant and Machinery	30,158,378	-	-	30,158,378	-	-	-	30,158,378	6,307,047
4	Furnitures & Fixtures	-	-	-	-	-	-	-	-	3,441
5	Vehicle	-	-	-	-	-	-	-	-	839,255
	SUB TOTAL (A)	30,158,378	-	-	30,158,378	-	-	-	30,158,378	10,435,401
II	Intangible Assets									
	SUB TOTAL (B)									
III	Capital Work-in-progress									
	SUB TOTAL (C)									
IV	Intangible Assets Under Development									
	SUB TOTAL (D)									
	Total [A + B + C + D] (Current Year)	30,158,378	-	-	30,158,378	-	-	-	30,158,378	10,435,401
	Total [A + B + C + D] (Previous Year)	37,146,837	818,895	1,009,030	36,956,702	25,649,404	1,460,205	588,308	26,521,301	11,497,434

NOTES ON ACCOUNT

(In Rupees)

	ASAT 31.03.2012	ASAT 31.03.2011
Note No. 10		
Long-term loans and advances (unsecured considered good)		
Capital advances	10,000.00	0.00
Security deposits	248,276.00	248,276.00
Total	258,276.00	248,276.00

Note No. 11

Inventories		
Raw materials	5,932,969.00	9,580,085.07
Finished goods	2,465,815.00	3,012,265.23
Work in Process	0.00	267,438.66
Trading Goods	5,584,483.00	7,166,999.52
Consumables	259,617.60	469,154.07
Total	14,242,884.60	20,495,942.55

Inventory is taken and valued as certified by the management.

Mode of valuation:

Raw materials, work-in-progress, finished goods, consumables have been valued at lower of cost and net realizable value. The cost in respect of various items of inventory is computed as under :

- Raw materials at actual cost plus direct expenses incurred to bring the stock at its present position and location excluding VAT.
- Work-in-progress at raw material cost plus conversion cost depending upon the stage of completion.
- Finished goods at raw material cost plus conversion cost incurred to bring the goods up to their present condition and location.
- Consumables at actual cost plus direct expenses incurred to bring the stock at its present position and location excluding VAT.
- Waste has been valued at net realizable value.

Note No. 12

Trade receivables (unsecured considered good)	As at 31.03.2012	As at 31.03.2011
Outstanding for a period exceeding six months from the date they are due for payment.	7,487,961.51	19,126,686.96
Outstanding for a period not exceeding six months from the date they are due for payment.	23,475,890.74	7,172,835.05
Note: i. Most of the receivables are unconfirmed & also receivables include Rs. 896846/- (previous year 896846/- which are disputed & are pending adjudication in court. No provision has been made in respect of these and other unconfirmed receivables as the company is hopeful of recovery of these amounts. ii. Interest, if any, on the disputed amounts will be treated on receipt basis.		
Total	30,963,852.25	26,299,522.01

NOTES ON ACCOUNT

(In Rupees)

	ASAT 31.03.2012	ASAT 31.03.2011
Note No. 13		
Cash and cash equivalents		
Balances with banks in current/ cash credit accounts	229,262.98	31,664.98
Cash on hand (including imprest)	336,399.64	59,834.06
Total	565,662.62	91,499.04
Note No. 14		
Short-term loans and advances		
(unsecured considered good)		
To Others:		
Advances recoverable in Cash or in kind or for value to be received	266,177.67	134,415.00
Advance income tax (net of provision for income tax : Rs. 3,214.00 (Previous year: NIL)	47,803.00	31,248.00
Excise Duty (disputed)	940,162.00	940,162.00
Note: Company has paid excise duty which is disputed by it and has filed appeals with appropriate authority. No provision has been made as the company is hopeful of favorable decision.		
Total	1,254,142.67	1,105,825.00

NOTES ON ACCOUNT

(In Rupees)

	FOR THE YEAR ENDED 31.03.2012	ASAT YEAR ENDED 31.03.2011
Note No. 15		
Revenue from operations		
a. Sale of Manufacturing/Trading		
- Sale	43,611,732.01	48,056,833.42
Other operating revenues		
- Amounts Written Back	4,729.05	9,685.08
Total	43,616,461.06	48,066,518.50
Note No. 16		
Other income		
Spinning Charges Received	2,455,700.00	1,602,492.50
Interest income	26,179.00	0.00
Rebate & Discount	1,709.00	0.00
Total	2,483,588.00	1,602,492.50
Note No. 17		
Cost of materials consumed		
Cost of Goods/Raw materials		
Opening stock of raw materials	9,580,085.07	12,798,134.00
Add: Purchase of raw materials	1,286,165.00	1,295,417.00
	10,866,250.07	14,093,551.00
Less: Sale of raw materials	0.00	0.00
Less: Closing stock	5,932,969.00	9,580,085.07
Total	4,933,281.07	4,513,465.93
Note No. 18		
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock:		
Finished Goods	10,179,264.75	10,822,674.47
W.I.P.	267,438.66	0.00
	10,446,703.41	10,822,674.47
Less Closing Stock		
Finished Goods	8,050,298.00	10,179,264.75
W.I.P.	0.00	267,438.66
	8,050,298.00	10,446,703.41
Total	2,396,405.41	375,971.06
Note No. 19		
Employee benefits expense		
Salaries	104,700.00	94,800.00
Wages	512,938.00	429,320.00
Bonus	49,891.00	46,479.00
Leave With Wages	32,146.00	23,379.00
E.S.I. Employer's Contribution	35,144.00	24,902.00
Gratuity	98,481.00	35,760.00
Employees LIC Contribution	50,000.00	0.00
E.P.F. Employer's Contribution	100,393.00	71,347.00
Directors' remuneration	120,000.00	0.00
Labour Welfare Fund	578.00	342.00
Total	1,104,271.00	726,329.00

OSWAL YARNS LIMITED

NOTES ON ACCOUNT

(In Rupees)

	FOR THE YEAR ENDED 31.03.2012	ASAT YEAR ENDED 31.03.2011
Note No. 20		
Finance costs		
Interest paid on borrowings from bank and others	1,241,376.00	883,619.00
Other Borrowings Cost	110,261.00	59,741.00
Total	1,351,637.00	943,360.00
Note No. 21		
Other expenses		
Manufacturing Expenses		
Electric Charges	1,693,866.00	1,213,783.00
Lubricant & Chemicals	209,772.00	122,028.88
Consumable Store	139,342.00	72,952.29
Packing Expenses	218,886.00	139,895.60
Freight & Cartage	34,180.39	47,031.00
Machinery Repair	360,178.27	157,328.93
Electric Repair	36,309.52	15,895.50
Diesel & Oil	17,442.60	34,557.99
	2,709,976.78	1,803,473.19
Less Job Work Expenses	134,819.67	0.00
SUB-TOTAL	2,575,157.11	1,803,473.19
Auditors remuneration		
- Audit Fees Incl. S/Tax	19,101.00	18,751.00
- Tax Audit Fees Incl. S/Tax	4,494.00	4,412.00
Fees and Taxes	78,916.00	63,754.00
Legal and professional charges	161,827.78	100,393.51
Printing & Stationery	106,681.00	43,361.00
Telephone Expenses	36,490.00	39,343.00
Postage & Telegram	65,320.00	68,033.00
Vat	206.00	0.00
Insurance	35,579.00	40,885.00
News Paper & Periodicals	1,382.00	890.00
Vehicle Repair & Maintenance	33,270.00	8,112.00
Conveyance	44,519.20	35,537.70
Building Repair	73,123.00	63,499.00
General Expenses	45,959.97	46,395.57
TCS/TDS	332.00	272.00
ESI Penalty	0.00	1,018.00
VAT Penalty	1,500.00	1,500.00
Electricity Expenses Office	0.00	33,297.00
House Tax	15,746.40	15,746.40
Interest on VAT/TCS Late deposite	54.00	18.00
Computer Expenses	1,990.00	0.00
General Repair	2,220.00	0.00
Total	3,303,868.46	2,388,691.37

NOTES ON ACCOUNT

(In Rupees)

	FOR THE YEAR ENDED 31.03.2012	ASAT YEAR ENDED 31.03.2011
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Note No. 22

a. Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities	NIL	NIL
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	560000	0
Total	560000	0

Note No. 23

Earnings Per Share

Particulars	31.03.2012	31.03.2011
1. Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders	-1226519.62	-1235178.73
2. Weighted Average number of Equity Shares used as denominator for calculating EPS	4010000	4010000
3. Basic Earnings per share	-0.31	-0.31
4. Diluted Earnings per share	-0.31	-0.31
5. Face Value per Equity share	10	10

Note No. 24

Segment Reporting:

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.

Note No. 25

EXPENDITURE IN FOREIGN CURRENCY	0	0
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Note No. 26

EARNING IN FOREIGN EXCHANGE	0	0
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Note No. 27

**CONSUMPTION OF IMPORTED AND INDIGENOUS
RAW MATERIALS**

Particulars	31.03.2012	31.03.2011
Indigenous	4933281.1	4513465.9
% of Total Consumption	100.00%	100.00%
Imported	0.00	0.00
% of Total Consumption	0%	0%
Total	4933281.1	4513465.9
Stores & spare		
Indigenous	770256.1	508101.2
% of Total Consumption	100.00%	100.00%
Imported	194231.70	0.00
% of Total Consumption	0%	0%
Total	964487.8	508101.2

NOTES ON ACCOUNT

(In Rupees)

	FOR THE YEAR ENDED 31.03.2012	ASAT YEAR ENDED 31.03.2011
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Note No. 28

Balances of various parties are subject to confirmation. However, in the opinion of the Board of Directors, all the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, except as expressly stated otherwise.

Note No. 29

Deferred Tax

As a matter of prudence, deferred tax assets amounting to Rs. 3.64 Lacs (Previous year Rs. 3.38 Lacs) on account of timing difference in depreciation has not been recognised in accounts.

Note No. 30

Previous year figures have been grouped or regrouped wherever necessary to make the figures comparable.

Note No. 31

RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

1. List of Related Parties where controls exists and related parties with whom transactions have taken place:

Nature of Relation

KEY MANAGEMENT PERSONNAL

Sh. Tej Paul Oswal

Sh. Bharatt Oswal

2. Transactions during the year with related parties :N.A.

		Amount Current Year	Amount Previous Year
Key Management Personnel			
Sh. Tej Paul Oswal	Opening Balance of Loan	3387092	320000
	Loan Received	0	0
	Loan Bal. O/S at yr. End	2532978	3387092
	Interest	387939	378168
Sh. Bharatt Oswal	Director Remuneration	129200	0
	Opening Balance of Loan	1944356	0
	Loan Received	0	2114356
	Loan Bal. O/S at yr. End	1438792	1944356
	Interest	160484	215951

NOTE NO. 32**Significant Accounting Policies**

Following significant accounting policies are being followed by the company:-

- a) **Basis of preparation and presentation of financial statements**
These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) of the Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the said Act.
- b) **Inventories** 3
Raw materials, work-in-progress, finished goods, consumables have been valued at lower of cost and net realizable value. The cost in respect of various items of inventory is computed as under :
- Raw materials at actual cost plus direct expenses incurred to bring the stock at its present position and location excluding VAT.
- Work-in-progress at raw material cost plus conversion cost depending upon the stage of completion.
- Finished goods at raw material cost plus conversion cost incurred to bring the goods up to their present condition and location.
- Consumables at actual cost plus direct expenses incurred to bring the stock at its present position and location excluding VAT.
- Waste has been valued at net realizable value.
- c) **Revenue Recognition**
Sale of Products & services: Sales are recognised when all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree associated with ownership.
- d) **Fixed Assets**
Fixed Assets have been stated at original cost including any attributable costs relating to acquisition and installation thereof and duties and taxes less modvat/cenvat credit and value added tax credit, if any, and less depreciation up to date.
Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets are recognised in the Statement of Profit and Loss.
- e) **Depreciation**
Depreciation on fixed assets has been provided on pro-rata basis at the rates and in the manner specified in Schedule - XIV to the Companies Act, 1956 as under:-
i. In respect of shoddy section: on written down value method basis
ii. In respect of lambs wool section : on straight line method basis
- f) **Earnings Per Share**
"Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented. For any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors."

g) Impairment of Assets

The Company has considered all the external sources of information and internal sources of information indicating whether an individual asset or a cash-generating unit of the company has impaired. On the basis of those sources of information, no indication of a potential impairment loss is present, as such no formal estimate of recoverable amount has been made at the balance sheet date.

h) Employee Benefits

i. Contribution to Provident Fund and ESI is made in accordance with the provisions of their respective acts and is recognised in the statement of profit & loss.

ii. Leave with Wages

Provision for leaves, if any, is made on the basis of leaves accrued to the employees during the year.

iii. Gratuity

Liability for gratuity is provided through a policy taken from Life Insurance Corporation of India (LIC) by a trust formed for the purpose. The liability is provided on the basis of actuarial valuation made by LIC as at the close of the year to cover the year's liability and such liability is charged to the profit and loss account.

i) Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

j) Accounting for Taxes on Income

Tax Expense comprise current and deferred tax. Provision for current tax is made in accordance with the provisions of Income Tax Act, 1961. Deferred Tax resulting from timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty by convincing evidence that sufficient future taxable income will be available against which such deferred tax

k) Provisions and Contingent Liabilities

Provisions are recognised for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

l) Accounting policies not specifically referred to are consistent with generally accepted accounting practices

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

Sd/-
(SUBHASH JAIN)
PARTNER

Sd/-
(TEJ PAUL OSWAL)
MANAGING DIRECTOR

For & on behalf of Board of
OSWAL YARN LIMITED

Sd/-
(BHARATT OSWAL)
WHOLE-TIME DIRECTOR

Place : Ludhiana
Dated : September 1st, 2012

OSWAL YARNS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	(Rs. in Thousand)	
	31st March, 2012	31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax Extraordinary Item	1226.52	-1243.62
Add: Adjustment for		
Depreciation	1508.30	1460.20
Foreign Exchange Investments		
Interest/Dividend	1241.37	883.62
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1523.15	1100.20
Adjustment for		
Trade & Other Receivable	-4822.64	-12545.40
Inventories	+6253.05	+3542.33
Trade Payable	-1365.59	+4244.64
CASH GENERATED FORM OPERATION	+1587.97	-3658.23
Interest Paid	-1241.37	-883.62
Direct Tax Paid	-	-
Cash Flow before extraordinary Item	+346.60	-4541.85
Extraordinary Item :		
Public Issue Expenses		
Recovery out of public issue expenses		
Net cash from Operating Activities	+346.60	-4541.85
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	39.15	818.89
Sale of fixed assets	0.00	420.72
Acquisitions of Companies(As per Accexure)		
Purchase of Investments		
Sale of Investments		
Interest Received	-	-
Dividend Received		
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Shares		
Repayment long term borrowings	-	1449.34
Repayment of Finance Lease		
Short term loans	+1616.06	+4759.44
Dividend Paid		
Objectiv for raising the Capital: The Company Capital during 1994-95 for implementation of Plant for the manufacture of lambs Wool/Angoora blended yarn		
Net Cash used in financing activities	+127.57	-4361.27
Net Increase in cash and cash equivalents	+474.17	-180.58
Cash and Cash equivalents as at 1st April(Opening Balance)	91.49	272.07
Cash and Cash equivalents as at 31st March(Closing Balance)	565.66	91.49

For & on behalf of the Board

Place : Ludhiana
Dated : September 1st, 2012

(TEJ PAUL OSWAL)
MANAGING DIRECTOR

(BHARATT OSWALL)
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,2012 and found the same to be drawn in accordance therewith.

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

Place : Ludhiana
Dated : September 1st, 2012

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 30th Annual General Meeting held on Friday, the 28th September, 2012 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 30th Annual General Meeting of the Company to be held on Friday, the 28th September, 2012 and at any adjournment thereof.

As witness my/our hand(s) this ----- day of ----- 2012.

(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 30TH 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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(PRINTED MATTER)

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OSWAL YARNS LIMITED
Regd. Office : Link Road, Industrial Area - 'A',
LUDHIANA - 141 003

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