

OSWAL YARNS LIMITED

Link Road, Industrial Area – A
Ludhiana, 141003
Phones : 2220177, 2224256
email : oylyarns@rediffmail.com

09/10/2017

The Secretary
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001

Ref: Oswal Yarns Limited - Scrip Code - 514460

Sub: Annual Report

Dear Sir,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report for the Financial Year 2016-17 including Notice convening the (35th) Thirty Fifth Annual General Meeting of the Company.

This is for your information and records.

Thanking You,

For Oswal Yarns Limited


(Bharatt Oswal)
Director
DIN: 00469332

35th
ANNUAL REPORT

2016-2017

OSWAL YARNS LIMITED

OSWAL YARNS LIMITED

BOARD OF DIRECTORS

Sh. Tej Paul Oswal
Managing Director

Sh. Bharatt Oswal
Executive Director

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

AUDITORS

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

COMPANY SECRETARY

Mani Saggi

BANKERS

State Bank of India,
Civil Lines, Ludhiana

REGISTERED OFFICE & WORKS

Oswal House, Link Road, Industrial Area-A,
Ludhiana-141 003 (Pb.)
Ph. 0161- 2224256, 2228755
E-mail:- oilyarns@rediffmail.com

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase-I,
Near PVR Naraina, New Delhi.
Ph: 011-41410592-93-94 Fax: 011-41410591
E-mail: delhi@linkintime.co.in

35TH ANNUAL GENERAL MEETING

Day : Friday
Date : 29th September 2017
Time : 10.30A.M
Place : CHICK FI Restaurant
Metro Road, Jamalpur Colony,
Ludhiana-141010 (Pb.)

OSWAL YARNS LIMITED

NOTICE

NOTICE is hereby given that the 35th Annual General Meeting of the Members of OSWAL YARNS LIMITED will be held on Friday, 29th September, 2017 at 10.30 A.M at Chik FI Restaurant, Metro Road, Jamalpur Colony, Ludhiana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Mamta Jain (Holding DIN: 02328913) who retires by rotation at this meeting and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors of the Company in terms of Section 139 of the Companies Act, 2013 and fix their remuneration.

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

Sd/-

Place : Ludhiana
Dated : 29.07.2017

Bharatt Oswal
Director
DIN: 00469332

Notes :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on the poll instead of himself/ herself and such proxy need not be a member of the company. This instrument appointing the proxy duly completed should be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting. A blank proxy form is enclosed to the notice.
2. The Members holding shares 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. Register of Members and Share Transfer Books of the Company will remain Closed from Tuesday, the 26th September, 2017 to Friday, the 29th September, 2017 (both days inclusive).
4. In support of the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, the Company is sending the Annual Report 2016-17 electronically to its members whose email addresses are registered with the company's registrar/Depository Participant unless the member has specifically requested for physical copy of the report.
5. 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:

OSWAL YARNS LIMITED

Link Intime India Pvt. Ltd.
44, Community Centre, 2nd Floor, Naraina Industrial Area,
Phase-I , Near PVR Naraina, New Delhi.
Ph: 011-41410592-93-94 Fax: 011-41410591
E-mail: delhi@linkintime.co.in

6. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) to every participant in the securities market. Members holding shares in electronic form are requested to submit their PAN to the depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the company or the company's Registrar and Transfer Agent.
7. A separate sheet containing the complete details of the instructions for e-voting is being provided .
8. A roadmap to the AGM Venue is enclosed along-with the Notice.

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

Place : Ludhiana
Dated : 29.07.2017

Sd/-
Bharatt Oswal
Director
DIN: 00469332

INSTRUCTIONS FOR E VOTING FOR THE SHAREHOLDERS

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Tuesday , 26th September ,2017 at 9 A.M. and ends on Thursday, 28th September,2017 at 5P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd September,2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
"	Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
"	In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
"	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote,

provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Oswal Yarns Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android,Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non - Individual Shareholders and Custodians
 - " Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - " A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - " After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - " The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - " A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

DIRECTORS REPORT

To
The Members
Oswal Yarns Limited

Your Directors present the 35th Annual Report together with Audited Statements of Accounts for the financial year ended 31st March, 2017.

Financial Highlights

The summarized financial results of the company during the financial year 2016-17 are as under:

Particulars	2016-17	2015-16
Revenue from operations	433.95	420.06
Other Income	0.21	0.27
Total Revenue	434.16	420.33
Profit before Depreciation, Interest & Tax (PBDIT)	21.43	21.35
Less: Interest & Financial Expenses	18.05	17.53
Profit Before Depreciation & Tax (PBDT)	3.38	3.82
Less: Depreciation	3.50	3.56
Profit Before Exceptional & Extraordinary Items and Tax	(0.12)	0.26
Exceptional Items	1.48	(0.48)
Profit Before Tax (PBT)	1.36	(0.22)
Less: Provision for Tax	0.23	0.24
Profit For The Period and After Tax (PAT)	1.13	(0.46)
Earnings Per Share (Rs.)		
-Basic	0.03	(0.01)
-Diluted	0.03	(0.01)
Balance Available for Appropriation	1.13	(0.46)
Less: Proposed Dividend on Equity Shares	--	--
Tax on Proposed Dividend	--	--
Transfer to General Reserve	--	--
Surplus Carried to Balance Sheet	1.13	(0.46)

Dividend

To keep and conserve the profits and reserves for future expansion of the company the Board of Directors of the company has not recommended any dividend for the year 2016-2017.

Transfer to Reserves

NIL amount is transferred to the General Reserve. However an amount of Rs. 1,13,000 is proposed to be retained in the surplus.

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The highlights of the Company's performance are as under:

- " Revenue from operations increased from Rs. 420.06 Lakhs to Rs 433.95 Lakhs
- " PBDIT increased or increased from Rs. 21.35 Lakhs to Rs. 21.43 Lakhs
- " Profit before Tax increased from Rs. (0.22) Lakhs to Rs. 1.36 Lakhs
- " Net Profit increased from Rs. (0.46) Lakhs to Rs. 1.13 Lakhs

Corporate Governance Report and Management Discussion & Analysis

Management Discussion and Analysis Report, the Corporate Governance Report and certifications including compliance of conditions of corporate governance are attached as Annexure -1, 2 and 3 respectively and forms integral part of this report.

Share Capital

During the year, the Company has neither issued any Shares with or without differential rights nor issued any Sweat Equity shares. The Company has not purchased its own equity shares. The Paid up Equity Share Capital as on 31st March, 2017 stood at Rs. 4,01,00,000/- comprising of 40,10,000 Equity Shares of Rs. 10/- each. The shareholding pattern is given in the Corporate Governance Report forming part of this Report.

The Company has not issued or granted any stock option.

Number of Board Meetings

During the year 2016-17, 6 (six) meetings of the Board of Directors were convened and held. The details of such meetings are given in the Corporate Governance Report section of this Report.

Public Deposits

The Company has not accepted any deposits from the public during the financial year 2016-17. There has not been any outstanding or unpaid or unclaimed deposit at the end of the financial year 2016-17 in terms of Section 73 of the Companies Act, 2013 including rules framed therein.

Directors and Key Managerial Personnel

Ms. Mamta Jain (Holding DIN: 02328913), Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offer herself for re-appointment.

Declaration by Independent Directors

The independent directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 read with the listing agreement.

Significant and other material orders passed by the regulators or courts

There are no significant and other material orders passed by the regulators or courts or tribunals during the financial year 2016-17 which has an impact on the going concern status and operations of the company substantially.

Particulars of Loans, Guarantee or Investments

The Company has not given any loans, guarantee or made investments in terms of Section 186 of the Companies Act, 2013.

Material changes and commitments, if any, affecting the financial position of the company

There are no material changes affecting the financial position of the company which have occurred between the end of the financial year 2016-17 of the company to which the financial statements relate and the date of the directors report

Extract of Annual Return

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is enclosed as Annexure -4 and forms part of this Report.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a). that in the preparation of the annual financial statements for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that Directors' have prepared the annual accounts on a going concern basis;
- e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Selection & Remuneration Policy

The Board of Directors of your company on the recommendation of the Nomination & Remuneration Committee has framed a policy for selection and appointment of directors, key managerial personnel, senior management employees and their remuneration. The said policy is stated in the Corporate Governance Report as Annexure-2 and it forms part of this Directors Report.

Auditors

M/s SHSP and Associates, Chartered Accountants, Ludhiana (FRN 004267N) are proposed to be appointed as Statutory Auditors of the company at the ensuing Annual General Meeting of the company so as to hold office as such till the conclusion of 40th Annual General Meeting of the Company subject to ratification of appointment at every Annual General Meeting . They have confirmed their eligibility to the effect that their appointment, if made, at the ensuing Annual General Meeting would be within the prescribed limits under the Companies Act, 2013 and they are not disqualified for reappointment.

Auditors' Report

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

Conservation of Energy, technology Absorption and Foreign Exchange Earning and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed herewith as Annexure- 5 and forms part of this Report.

Secretarial Audit Report

The Board has appointed Mr. Vikas Rai Berry, Practicing Company Secretary as Secretarial Auditors of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 is enclosed as Annexure-6 to this report. The Secretarial Audit Report is self-explanatory and do not call for any further comments.

Particulars of Contracts or Arrangements with Related Parties

The company has not entered into any contract or arrangement or transactions with the related parties in terms of Section 188(1) of the Companies Act, 2013 during the year under review. Disclosure pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in form AOC -2 is attached as Annexure 7.

Risk Management Committee

The Company has Risk Management Committee comprising of Sh. Surinder Kumar Garg as Chairman with Smt. Manta Jain and Sh. Kulwant Rai Dhawan as member. It controls and manages various risks in the organization by identifying or assessing risks well in advance and taking steps to minimize those risks. Its main focus is the Identification and treatment of business risks.

Thus the Risk Management Policy of the company entails to identify, assess, monitor and mitigate various risks including those posing threat to the existence of the company and otherwise associated with the business of the company. Major risks identified are systematically discussed at the meetings of the Risk Management Committee, Audit Committee and Board of Directors of the company. The contents of Risk Management Policy have been included in Management Discussion and Analysis Report enclosed as Annexure-1 and forming part of this Report.

Corporate Social Responsibility (CSR)

The stipulation of formation of Corporate Social Responsibility Committee is not applicable to your company in terms of Section 135 of the Companies Act, 2013.

Formal Annual Evaluation

The Board of your company carries out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its various committees viz. Audit, Risk Management, Nomination & Remuneration and Stakeholders Relationships Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report enclosed as Annexure-2 of this Report.

Industrial Relations

Industrial relations remained cordial throughout the year under review.

Internal Control Systems and Audit

Your company has adequate internal control systems commensurate with the size and nature of the business. The company has engaged Berry Associates as its external independent agency to conduct internal audit of affairs of the company. The scope of their work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas. Internal Auditors findings are discussed and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis.

Audit Committee

The company has audit committee constituted by the Board of Directors in terms of Section 177 of the Companies Act, 2013 read with stipulations of the SEBI (LODR). It comprises of Smt. Mamta Jain as Chairperson with Sh. Kulwant Rai Dhawan and Surinder Kumar Garg as Member. The recommendations of the audit committee are accepted by the Board of Directors. The details of composition, scope of work & meetings of audit committee during the year under review are given in the Corporate Governance Report enclosed as Annexure-2 of this Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee constituted by the Board of Directors in terms of Section 178 of the Companies Act, 2013 read with stipulations of the SEBI (LODR) consists of Sh. Kulwant Rai Dhawan as Chairman with Sh. Surinder Kumar Garg and Smt. Mamta Jain as members. It identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, make recommendation to the Board for the appointment and removal of directors, key managerial personnel, senior management employees and their remuneration. It carries out evaluation of every director's performance. The details of composition, scope of work and meetings of

Nomination & Remuneration Committee are given in the Corporate Governance Report section of this Report.

Stakeholders Relationship Committee

The company has stakeholders relationship committee constituted by the Board of Directors in terms of Section 178 of the Companies Act, 2013 read with stipulations of the SEBI (LODR) 2015. It comprises of Sh. Tej Paul Oswal as Chairman with Sh. Surinder Kumar Garg and Sh. Kulwant Rai Dhawan as members. It inter-alia considers and resolves the grievances of the shareholders and investors. The details of composition, scope of work & meetings of stakeholders relationship committee during the year under review are given in the Corporate Governance Report enclosed as Annexure-2 of this Report.

Vigil Mechanism/Whistle Blower Policy

The company has a vigil mechanism /whistle blower policy to deal with instances of genuine concerns, fraud and mismanagement, if any. The detail of the vigil mechanism /whistle blower policy is explained in the Corporate Governance section of this report and has been uploaded on the website of the Company.

Subsidiaries/Joint Ventures and Associates

The company does not have any subsidiary/joint venture and associate company/concern.

Particulars of Employees

Information pertaining to employees in terms of Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Companies Act, 2013 is Nil.

Policy for Prevention of Sexual Harassment of Women at Work Place

Your Company has adopted a policy for prevention, prohibition and redressal of sexual harassment of women at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the financial year 2016-17, no complaint on sexual harassment was received by the company.

General

Your directors state that no amount is required to be transferred to Investor Education and Protection Fund. Further no fraud was reported to the Audit Committee /Board of Directors during 2016-17.

Listing

The equity shares of your company stand listed at the BSE Limited.

Acknowledgment

Your company expresses gratitude to the Lenders, Creditors, Shareholders, Government Department, Customers and Business Constituents for their cooperation and support.

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

Place: Ludhiana
Dated : 29.05.2017

Sd/-
Bharatt Oswal
Managing Director
Din: 00469332

Sd/-
Tej Paul Oswal
Managing Director
DIN: 00781144

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry Structure and Developments**

The company's business predominantly comprises of only one segment i.e. manufacturing and trading of knitted cloth. It falls under the single business segment of Textile industry.

India is the one of the world's largest producers of textiles and garments. The textile industry has made a major contribution to the national economy in terms of direct and indirect employment generation and foreign exchange earnings. However this segment of economy is suffering from the volatile macro-economic environment coupled with overall slackening of demand & cut throat competition in overseas market.

Review of Operations & Dividend

During the year under review, there has been marginal increase in the turnover and other income to Rs. 433.95 Lakhs as compared to Rs. 420.06 Lakhs in the previous year. Your company has earned Profit (before tax) of Rs. 1.36 lakhs as compared to loss of Rs. 0.22 lakhs in the previous year. The Net Profit (after tax) is placed at Rs. 1.13 lakhs as compared to Net Loss Rs. 0.46 lakhs in the previous year 2015-16.

Segment wise reporting of performance is not applicable to your company as its business falls under single business segment of Textile. No dividend has been recommended for the financial year 2016-17.

Outlook

The long term outlook for the industry is optimistic. The Government of Indian focus on stimulating Textile Industry is likely to result into positive operations for your company. Barring unforeseeable factors, your company expects to post improved performance.

SWOT**Strength**

1. Strategically located unit at Ludhiana with all infrastructural facilities
2. Strong core competence fundamentals of promoters
3. Easily accessible customer base.

Weakness

1. Working capital constraints due to financial losses
2. Volatile economic scenario
3. Rising input costs.

Opportunity

1. Macro economic conditions showing signs of improvement.
2. Expected softening of interest rates

Threats

1. Constraint in meeting fund requirements of the company towards working capital / other financial needs.
2. Competition from cheap imports.
3. Key managerial personnel/manpower leaving of company.

Management 's Perception of Risk & Risk Management Polciy

Your company is confident to counter the risk factors posing threat to company through Risk Management Policy. It envisages identifying, assessing, monitoring and mitigating the risks. Cheap imports, working capital constraints, rising input costs and volatile economic environment are identified to be major strategic and operating risks. The major risks so identified are systematically discussed at the meeting of the Risk Management Committee, Audit Committee and Board of Directors of the company. Your company is confident to counter perceived risk factors with proactive steps like infusion of need based funds as unsecured loans by the directors to ease working capital constraints, focussed customer oriented

structured production and process/products improvements for perpetuating market.

Internal Control System

Your company has adequate internal control system commensurate with the size and nature of business to ensure utilization and protection of assets, compliance with statues and proper recording of transactions. The company has engaged "Berry & Associates" as its external independent agency to conduct internal audit of affairs of the company. The scope of their work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas. Internal Auditors findings are discussed and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's expectations, estimates and projections may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.

Annexure-2

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Governance

Your Company's philosophy on corporate governance is to observe the principles of transparency, integrity and accountability in all dealings in pursuit of its overall organizational goals. The focus areas of your Company include compliances of statues, self-discipline, timely and transparent disclosures ,maximization of shareholders wealth and safety in operations.

2. Board of Directors

(a). Board Meetings

During the financial year 2016-17, 6 (six) Board Meetings were held on 27.05.2016, 29.07.2016, 29.10.2016, 12.12.2016, 28.01.2017 and 30.03.2017.

(b). Composition

The Board presently comprises of six directors. Two of them belong to promoters group while rest are non-executive independent / professional director. Mrs Mamta Jain is woman director on the Board of the company. The details of the Board composition ,attendance of directors at Board Meetings during 2016-17 and their attendance is given below :

Name of the Director	Attendance Particulars	No. of other Directorship/Committee Chairmanship/ membership in other companies			
		Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Tej Paul Oswal Executive Director, Chairperson, MD	6	Yes	-	-	-
Mr. Bharatt Oswal Executive Director	6	Yes	-	-	-
Mr. D.B.S Gill Non Executive- Independent Director	2	Yes	-	-	-
Mr. Surinder Kumar Garg Non Executive- Independent Director	6	Yes	1	-	--
Mr. Kulwant Rai Non Executive-Non Independent Director	6	Yes	-	-	--
Mrs. Mamta Jain Non Executive-Non Independent Director	5	Yes	-	-	--

(c). Information of Director being Re- appointed

A brief resume of the directors being appointed/re-appointed at the ensuing Annual General Meeting is furnished below:

Mrs. Mamta Jain (DIN 02328913) aged 44 years is the only women director in the company. She is not director in any other company. She is Chairperson of Audit Committee. She is also member of Nomination and Remuneration Committee and Risk Management Committee.

(d). Relationship amongst Directors

Sh. Bharatt Oswal, Executive Director is son of Sh. Tej Paul Oswal, Managing Director of the Company. Sh. Surinder Kumar Garg, Sh. Kulwant Rai, Sh. D.B.S. Gill and Smt. Mamta Jain are not related with each other /any director of the company.

3. Audit Committee

Your company has audit committee comprising of Mrs. Mamta Jain as Chairperson with Sh. Kulwant Rai Dhawan and Surinder Kumar Garg as Member. The Statutory Auditors and Internal Auditors are permanent invitees to this Committee. All the recommendations of the audit committee were accepted by the Board of Directors. The terms of reference inter-alia include:

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- (ii) review and monitor the auditor's independence and performance and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments if any made or proposed to be made;
- (vi) valuation of undertaking or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management system;
- (viii) monitoring the end use of funds, as and when and if raised through public offers and related matters.

The Audit Committee met 4 (four) times during financial year 2016-17 on 27.05.2016, 29.07.2016, 29.10.2016 and 30.01.2017.

4. Vigil Mechanism/Whistle Blower Policy

The company has a vigil mechanism / whistle blower policy whereby any personnel who has genuine concerns and/or observes matters involving any alleged misconduct (not necessarily a violation of law), fraud and mismanagement, if any, can approach the Audit Committee without necessarily informing their supervisors. The company has provided protection to "whistle blowers" from unfair termination and other prejudicial employment practices. During the financial year 2016-17, there has not been any instance of fraud/misconduct etc. reported under this policy of the company.

5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee constituted by the Board of Directors consists of Sh. Kulwant Rai Dhawan as Chairman with Sh. Surinder Kumar Garg and Mrs. Mamta Jain as members. It identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, make recommendation to the Board for the appointment and removal of directors, key managerial personnel, senior management employees and their remuneration. It carries out evaluation of every director's performance. Other terms of reference include evaluation of:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

During the financial year 2016-17, 4(four) meetings of the Nomination and Remuneration Committee were held on 27.05.2016, 29.07.2016, 29.10.2016 and 30.01.2017

6. Stakeholder Relationship Committee

The company has Stakeholder Relationship Committee comprising of Sh. Tej Paul Oswal as Chairman with Sh. Surinder Kumar Garg and Sh. Kulwant Rai Dhawan as members. It inter-alia considers and resolves the grievances of the shareholders and investors viz. transfer of shares, non-receipt of shares/annual reports etc. & reviewing the reports of the Company's Registrar. The Stakeholders Relationship Committee met 4 (four) times during financial year 2016-17 on 27.05.2016, 29.07.2016, 29.10.2016 and 30.01.2017.

The company has designated oyllyarns@rediffmail.com as separate e-mail ID for redressal of investor's complaints and grievances. During the year 2016-17, 3 complaints were received. No complaint was pending as on 31.03.2017.

A secretarial Audit is carried out by Mr. Vikas Rai Berry, Practicing Company Secretary, to reconcile the admitted capital with NSDL & CDSL and total issued and listed capital. This audit is carried out in every quarter. The secretarial report confirms that total issued capital is in agreement with total number of shares in physical form and in dematerialized form with NSDL & CDSL.

7. Risk Management Committee

The company has Risk Management Committee comprising of Sh. Surinder Kumar Garg as Chairman with Mrs. Mamta Jain and Sh. Kulwant Rai Dhawan as members. It has put in place Risk Management Policy to identify, assess, monitor and mitigate various risks including those posing threat to the existence of the company and otherwise associated with the business of the company. Major risks identified are systematically discussed at the meetings of the Risk Management Committee, Audit Committee and Board of Directors of the company. The Risk Management Committee met 4 (four) times during financial year 2016-17 on 27.05.2016, 29.07.2016, 29.10.2016 and 30.01.2017.

8. General Body Meetings

The details of last three Annual General Meetings are as follows:

Year	Description
2015-16	34 th Annual General Meeting held on Friday, 23 rd September, 2016 at 10:30 A.M. at Chick Fi Restaurant, Metro Road, Jamalpur Colony, Ludhiana. No special resolution was passed in this Annual General Meeting.
2014-15	33 rd Annual General Meeting held on Wednesday, 30 th September, 2015 at 10:30 A.M. at Chick Fi Restaurant, Metro Road, Jamalpur Colony, Ludhiana. No special resolution was passed in this Annual General Meeting.
2013-14	32 nd Annual General Meeting held on Saturday, 27 th September, 2014 at 10:30 A.M. at Chick Fi Restaurant, Metro Road, Jamalpur Colony, Ludhiana. No special resolution was passed in this Annual General Meeting.

During the year under review, no resolution was passed through postal ballot.

Disclosures

During the year under review, there was no material significant transaction with the promoters, directors, management, their relatives etc. that may have potential conflict with the interest of the Company at large.

There has not been any non-compliance by the Company in respect of which penalties or strictures have been imposed by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The Company has not issued any GDRs/ADRs. The Company did not have any subsidiary company.

The disclosures as to Contingent liabilities and related party transactions are given in the Notes on Accounts annexed with the Balance Sheet and Profit & Loss Account.

The Company does not have any subsidiary/joint venture and associate company.

The Company has adopted Code of Conduct for its directors, key managerial personnel and senior managerial personnel. The Code of Conduct is available on the website of the company.

There are no loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 during the financial year 2016-17.

During the financial year 2016-17, Sh. Bharatt Oswal, Whole Time Director of the Company was paid remuneration of Rs. 1,20,000 (Previous Year 2015-16 Rs. 1,20,000) and it comprises of 1.3 times of median remuneration of the employees for the financial year 2016-17. There is no increase in the remuneration of any director during the financial year 2016-17. There is increase of 0.22% in the median remuneration of the employees during the financial year 2016-17. There are 9(only) employees on the rolls of the company.

As stated in the preceding paras, there is no increase in the remuneration of any managerial personnel. It is affirmed and confirmed that remuneration is as per the remuneration policy of the company.

9. Means of Communication

The Company communicated with the share holders at large through its Annual reports and by filing reports & returns with the statutory bodies like Stock Exchanges and on mca portal . The financial results are published in The Financial Express and DeshSewak.

10. General Information for Shareholders

1. 35th Annual General Meeting

Date :29.09.2017

Day-Friday

Time :10:30 A.M.

Venue :Chik fi Restaurant,Metro Road, Jamalpur , Industrial Area-A

Ludhiana-141010 (Punjab)

2. Financial Calendar 2016-17

First Quarter Results : Within 30 days from quarter ending 30th June, 2016

Second Quarter Results : Within 30 days from quarter ending 30th September, 2016

Third Quarter Results : Within 30 days from quarter ending 31st December, 2016

Fourth Quarter Results : Within 60 days from 31st March, 2017

3. Date of Book Closure

26.09.2017 to 29.09.2017 (both days inclusive)

4. Dividend Payment Date

Not Applicable as dividend is not being declared.

5. Listing & Stock Code

The equity shares of the Company are presently listed with the Bombay Stock Exchange Limited, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai- 400 001 vide script code no. 514460

6. Market Price Data

Financial Year 2016-17	Share Prices of the Company at BSE		BSE Sensex	
	High	Low	High	Low
Month				
April, 2016	1.78	1.58	26100.54	24523.20
May, 2016	1.51	1.26	26837.20	25057.93
June, 2016	1.49	1.36	27105.41	25911.33
July, 2016	1.56	1.56	28240.20	27034.14
August, 2016	1.58	1.51	28532.25	28627.97
September, 2016	2.08	1.65	29077.28	27716.78
October, 2016	2.18	1.98	28477.65	27488.30
November, 2016	2.39	2.08	28029.80	25717.93
December, 2016	3.10	2.50	26803.76	25753.74
January, 2017	4.03	3.25	27980.39	26447.06
February, 2017	4.89	3.96	29065.31	27590.10
March, 2017	3.90	3.53	29824.62	28716.21

7. Dematerialization of Shares, Registrar & Transfer Agent.

The equity shares of the Company are available for dematerialization through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 308100 Equity Shares comprising of 7.68% (approx.) of the total equity shares of the company are in dematerialized form as on 31.03.2017.

The International Securities Identification Number (ISIN) of the Company is INE670H01017. Link Intime India Pvt. Limited, 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, Near PVR Naraina, New Delhi is Registrar for depository services and STA for handling of physical share transfer work.

8. Share Transfer System

The dematerialized equity shares are directly transferred to the beneficiaries by the depositories.

The process of transfer/transmission/transposition etc. of equity shares in physical form including dispatch of the share certificates is completed within a period of fifteen days if the documents are in order in all respects. The Stakeholders Relationship Committee specifically looks into the re-dressal of shareholders complaints like transfer of equity shares and related matters.

9. Shareholding Pattern as on 31st March, 2017

Category	No. of Shares	%
Promoters Group	1814400	45.25
Non Promoter Group		
Corporate Bodies	37100	0.93
General Public	2158500	53.82
Total	4010000	100.00

10. Shareholding Distribution as on 31st March, 2017

Description	No. of Shareholders	%	No of Shares	%
Upto-5000	14588	99.81	2069828	51.62
5001-10000	13	0.09	90972	2.27
10001-above	15	0.10	1849200	46.11
Total	14616	100.00	4010000	100.00

11. Address for correspondence

Registered Office : Oswal House, Link Road, Industrial Area-A, Ludhiana-141003 (Pb.)
E-mail: oylyarns@rediffmail.com
Phone No.: 0161-2224256

Annexure-3**CERTIFICATIONS****DECLARATION BY THE CHIEF EXECUTIVE OFFICER AS PER LISTING REQUIREMENT**

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management, as approved by the Board, for the year ended 31st March, 2017.

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

Place : Ludhiana
Dated : 29.07.2017

Sd/-
Tej Paul Oswal
Managing Director
DIN: 00781144

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATES

To
The Members of
Oswal Yarns Limited

We have examined the compliance of conditions of Corporate Governance by Oswal Yarns Limited ("the company") for the year ended on 31st March, 2017, as stipulated as per Listing Requirement of the Company with the Stock Exchanges.

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

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

We further state such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Vikas Rai Berry
Practising Company Secretaries

Place: Ludhiana
Dated: 29.07.2017

Sd/-
(Vikas Rai Berry)
Prop.
FCS No. 4013
CP No. 12365

CEO/CFO CERTIFICATION

The Board of Directors
Oswal Yarns Limited
Link Road, Industrial Area-A,
Ludhiana

In terms of the Listing Requirements we hereby certify that;

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statement together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the company and have not come any deficiencies in the design or operation of such internal control systems for the financial year ended 31st March, 2017.
- (d) We have indicated to the Auditors and the Audit Committee and that there had not been:
 - (i) significant changes in internal control during the financial year ended 31st March, 2017;
 - (ii) significant changes in accounting policies during the financial year ended 31st March, 2017; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

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

Place : Ludhiana
Dated : 29.07.2017

Sd/-
Tej Paul Oswal
Managing Director
DIN: 00781144

OSWAL YARNS LIMITED

Annexure- 4

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.**

i. REGISTRATION & OTHER DETAILS:

1.	CIN	L17111PB1982PLC005006
2.	Registration Date	16 th June, 1982
3.	Name of the Company	Oswal Yarns Limited
4.	Category/Sub-category of the Company	Public Limited Company having Share Capital
5.	Address of the Registered office & Contact details	Oswal House, Link Road Industrial Area- A, Ludhiana-141003, Phone: 0161-2224256, Fax: 0161-2228755, Email: oyllyarns@rediffmail.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Register & Transfer Agent, if any	Link Intime India Pvt. Ltd., 44 Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, Near PVR Naraina, New Delhi- 110028. Phone: 011-41410592,93,94, Fax: 011-41410591, Email: delhi@linkintime.co.in

ii. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated):-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Knitted Clothes	60.01	91.50%

iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
Nil					

iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

A. Category-wise Share Holding:-

Category of Share holder	No. of Shares held at the beginning of Year - 2016				No. of Shares held at the end of the Year - 2017				% Change During the year
	Demat	Physical	Total	% of total Share	Demat	Physical	Total	% of Total Share	
A. Promoters									
(1) Indian									
(a) Individuals / Hindu Undivided Family	0	1814400	1814400	45.25	0	1814400	1814400	45.25	0.00
(b) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d) Any Other (Specify)									
Sub Total (A)(1)	0	1814400	1814400	45.25	0	1814400	1814400	45.25	0.00
[2] Foreign									
(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Government	0	0	0	0.00	0	0	0	0.00	0.00

OSWAL YARNS LIMITED

(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (Specify) Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	0	1814400	1814400	45.25	0	1814400	1814400	45.25	0.00
(B) Public Shareholding									
[1] Institutions									
(a) Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c) Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
(d) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(g) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(h) Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Any Other (Specify) Sub Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
[2] Central Government/ State Government(s)/ President of India Sub Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
[3] Non-Institutions									
(a) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	222748	1712200	1934948	48.25	229147	1702500	1931647	48.17	0.08
(ii) Individual share holders holding nominal share capital in excess of Rs. 1 lakh	26000	10700	36700	0.92	26000	10700	36700	0.92	0.00
(b) NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
(c) Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(d) Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (Specify) Foreign Nationals	0	168100	168100	4.19	0	167800	167800	4.18	0.00
Hindu Undivided Family	5452	0	5452	0.14	5353	0	5353	0.13	0.00
Non Resident Indians (Non Repat)	7000	0	7000	0.17	7000	0	7000	0.17	0.00
Non Resident Indians (Repat)	9600	0	9600	0.24	9600	0	9600	0.24	0.00
Clearing Member	600	0	600	0.02	400	0	400	0.01	0.00
Bodies Corporate	26700	6500	33200	0.82	30600	6500	37100	0.92	0.14
Sub Total (B)(3)	298100	1904500	2195600	54.75	308100	1887500	2195600	54.75	0.00
Total Public Share holding(B)=(B)(1)+(B)(2)+(B)(3)	298100	1897500	2195600	54.75	308100	1897500	2195600	54.75	0.00
Total (A)+(B)	298100	3711900	4010000	100.00	308100	3701900	4010000	100.00	0.00
(C) Non Promoter - Non Public									
[1] Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
[2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
Total (A)+(B)+(C)	298100	3711900	4010000	100	308100	3701900	4010000	100	0.00

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B) Shareholding of Promoter-

Sr. No.	Shareholders' Name	Shareholding at the beginning of the Year			Shareholding at the end of the year			% Change in Share holding during the year
		No. of shares	% of total Shares of the Company	% of Share Pledged/ encumbered to the shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total share	
1	Tej Paul Oswal	886100	22.10	0	886100	22.10	0	0.00
2	Tarsem Kumari	318600	7.95	0	318600	7.95	0	0.00
3	Bharat B. Oswal	278600	6.94	0	278600	6.94	0	0.00
4	Suresh Oswal	144100	3.59	0	144100	3.59	0	0.00
5	Bharat B. Oswal-HUF	41550	1.04	0	41550	1.04	0	0.00
6	Suresh Oswal-HUF	41550	1.04	0	41550	1.04	0	0.00
7	Anju Oswal	69900	1.74	0	69900	1.74	0	0.00
8	Neena Oswal	34000	0.85	0	34000	0.85	0	0.00
	Total	1814400	45.25	0	1814400	45.25	0	0.00

C) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				
		There are no changes in Promoters Shareholding during the year			

D) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No.	Name Of the Shareholder	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Rajan Kumar	At the beginning of the year	13200	0.33	13200	0.33
		Date Reason 21/10/2016 Transfer	13200	0.33	Nil	Nil
		At the end of the year	Nil	Nil	Nil	Nil
2.	Bharat Bhushan Finance and Commodity Brokers	At the beginning of the year	12800	0.32	12800	0.32
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase	NIL	NIL	NIL	NIL
		At the end of the year	12800	0.32	12800	0.32
3.	Surekha Mahendra Khetani	At the beginning of the year	12800	0.32	12800	0.32
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /	NIL	NIL	NIL	NIL
		At the end of the year	12800	0.32	12800	0.32

OSWAL YARNS LIMITED

4.	Lalitaben Amritlal Shah	At the beginning of the year	2800	0.32	2800	0.32	
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase	NIL	NIL	NIL	NIL	
		At the end of the year	2800	0.32	2800	0.32	
5.	Lalita Jain	At the beginning of the year	10700	0.27	10700	0.27	
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase	NIL	NIL	NIL	NIL	
		At the end of the year	10700	0.27	10700	0.27	
6.	Gajjan Singh Thind	At the beginning of the year	9100	0.23	9100	0.23	
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase	NIL	NIL	NIL	NIL	
		At the end of the year	9100	0.23	9100	0.23	
7.	Neena Jain	At the beginning of the year	7900	0.20	7900	0.20	
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /	NIL	NIL	NIL	NIL	
		At the end of the year	7900	0.20	7900	0.20	
8.	Anju Jain	At the beginning of the year	7900	0.20	7900	0.20	
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase	NIL	NIL	NIL	NIL	
		At the end of the year	7900	0.20	7900	0.20	
9.	Jayant Share Broking	At the beginning of the year	7500	0.02	7500	0.02	
		Date	Reason				
		27/05/2016	Transfer	200	0.00	7700	0.19
		17/06/2016	Transfer	100	0.00	7800	0.19
		30/06/2016	Transfer	100	0.00	7900	0.20
		22/07/2016	Transfer	200	0.00	8100	0.20
		26/08/2016	Transfer	100	0.00	8200	0.20
		02/09/2016	Transfer	100	0.00	8300	0.21
		09/09/2016	Transfer	700	0.01	9000	0.22
		23/09/2016	Transfer	200	0.00	9200	0.23
		28/10/2016	Transfer	100	0.00	9300	0.23
		02/12/2016	Transfer	400	0.01	9700	0.24
		09/12/2016	Transfer	300	0.00	10000	0.24
		At the end of the year		10000	0.24	10000	0.24
		10.	Aditya R Aggarwal	At the beginning of the year	7400	0.18	7400
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase	NIL			NIL	NIL	NIL	
At the end of the year	7400			0.18	7400	0.18	
11.	Sunil Kumar C Mehta	At the beginning of the year	2920	0.0728	2920	0.0728	
		Date	Reason				
		08/04/2016	Transfer	700	0.02	3620	0.09
		15/04/2016	Transfer	200	0.00	3820	0.10
		13/05/2016	Transfer	200	0.00	4020	0.10
		20/05/2016	Transfer	200	0.00	4220	0.11
		27/05/2016	Transfer	200	0.00	4420	0.11
		09/09/2016	Transfer	100	0.00	4520	0.11
		16/09/2016	Transfer	100	0.00	4620	0.12
		28/10/2016	Transfer	400	0.00	5020	0.13
		25/11/2016	Transfer	150	0.00	5170	0.13
		06/01/2017	Transfer	100	0.00	5270	0.13
		13/01/2017	Transfer	200	0.00	5470	0.14
		03/02/2017	Transfer	2	0.00	5472	0.14
		10/02/2017	Transfer	2028	0.05	7500	0.19
		24/02/2017	Transfer	372	0.01	7872	0.20
		17/03/2017	Transfer	400	0.01	8272	0.21
At the end of the year		8272	0.21	8272	0.21		

OSWAL YARNS LIMITED

12. Anjul	At the beginning of the year	--	--		
	Date				
	Reason				
	21/10/16	Transfer	13200	0.33	13200 0.33
	At the end of the year		13200	0.33	13200 0.33

E) Shareholding of Directors and Key Managerial Personnel:-

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Tej Paul Oswal	886100	22.10	886100	22.10
2.	Bharatt Oswal	278600	6.94	278600	6.94

Note: There is no change in the Shareholding of Directors & KMP during the year.

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4150676	11664632	-	15815308
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4150676	11664632	-	15815308
Change in Indebtedness during the financial year				
* Addition	1749720	998721	-	2748441
* Reduction	-	-	-	-
Net Change	1749720	998721	-	2748441
Indebtedness at the end of the financial year				
i) Principal Amount	5900396	12663353	-	18563749
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	5900396	12663353	-	18563749

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD Manager Sh. Bharatt Oswal	Total Amount
		Whole time Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 1,20,000/-	Rs. 1,20,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission- as % of profit- others, specify...	Nil	Nil
5	Others, please specify	Nil	Nil
	Total (A)	Rs. 1,20,000/-	Rs. 1,20,000/-
	Ceiling as per the Act	Rs. 30,00,000/-	Rs. 30,00,000/-

OSWAL YARNS LIMITED

B. REMUNERATION TO OTHER DIRECTORS

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	Nil	Nil
	Fee for attending board committee meetings	Nil	Nil
	Commission	Nil	Nil
	Others, please specify	Nil	Nil
	Total (1)	Nil	Nil
2	Other Non-Executive Directors	Nil	Nil
	Fee for attending board committee meetings	Nil	Nil
	Commission	Nil	Nil
	Others, please specify	Nil	Nil
	Total (2)	Nil	Nil
	Total (B)=(1+2)	Nil	Nil
	Total Managerial Remuneration	Rs. 1,20,000/-	Rs. 1,20,000/-
	Overall Ceiling as per the Act	Rs. 30,00,000/-	Rs. 30,00,000/-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	Nil	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Description	Brief Punishment/	Details of Penalty / [RD / NCLT/ Compounding fees imposed	Authority if any COURT]	Appeal made, (give Details)
A. COMPANY						
Penalty				Nil		
Punishment				Nil		
Compounding				Nil		
B. DIRECTORS						
Penalty				Nil		
Punishment				Nil		
Compounding				Nil		
C. OTHER OFFICERS IN DEFAULT						
Penalty				Nil		
Punishment				Nil		
Compounding				Nil		

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

Place : Ludhiana
Dated : 29.07.2017

Sd/-
Bharatt Oswal
Director
Din: 00469332

Sd/-
Tej Paul Oswal
Managing Director
DIN: 00781144

Information as to Energy Conservation ,Technology Absorption , Foreign Exchange Earnings & Outgo**A.Conservation of Energy:****Steps Taken or Impact on Conservation of Energy:**

Energy conservation continues to be priority area of the management of your company. Steps taken in this regard includes stress on preventative maintenance, plugging of leakages and replacement of worn out wires.

Steps Taken for Utilizing Alternate Sources of Energy

No such steps were taken. However LED lights and the improvised ventilation system facilitate form part of steps taken for source of energy.

Capital Investment on Energy Conservation Equipments

No capital investment has been made on energy conservation equipments

Total energy consumption is given below :

Power and Fuel Consumption :

Description	Financial Year 2016-17	Previous Year 2015-16
Electricity Purchase Units (KWH)	89884	153802
Total Amount (Rs.)	636514	1305524
Rate/Unit (Rs.)	7.08	8.49
Own Generation/Steam Oil	Nil	Nil

B.Technology Absorption :

The technology used by the company is completely indigenous. It is continuously upgraded by inhouse efforts for product improvement and cost effectiveness.

No technology has been imported.

C. Foreign Exchange Earning and Outgo

There has not been any foreign exchange earning and outgo for and on behalf of the Board of Directors of Oswal Yarns Limited.

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

Place : Ludhiana
Dated : 29.07.2017

Sd/-
Bharatt Oswal
Director
Din: 00469332

Sd/-
Tej Paul Oswal
Managing Director
DIN: 00781144

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Oswal Yarns Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Oswal Yarns Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the Oswal Yarns Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial Year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; *
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; *
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;*
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and *
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Prevention of Sexual Harassment of Women at Workplace (Prohibition and Redressal) Act, 2013
- (vii) Factories Act, 1948
- (iv) Employees Provident Fund and Miscellaneous Provisions Act, 1952
- (v) Employees State Insurance Act, 1948

- (vi) Income Tax, 1961 and other indirect laws
 - (vii) Minimum Wages Act, 1948
 - (viii) Payment of Gratuity Act, 1972
 - (ix) Payment of Wages Act, 1936
- * Foreign Exchange Management Act, 1999 and the rules and regulations at Sub-para (iv), other acts/regulations /guidelines stated at sub-para (v) Serial Nos. (c) to (h) are not applicable to the Company for 2016-17 as there were no corporate decisions/ actions attracting these enactments regulations/guidelines.

I have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards issued by The Institute of Company Secretaries of India as applicable.
 - (ii) The listing agreement entered by the company with the Bombay stock exchanges .
- During the period under review & as confirmed to me by the management ,the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors ,woman director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, no major decisions have been taken which have a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

I further report that during the audit period , there were no instances of :

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

This report is to be read with our letter of even date which is annexed as Annexure "A" and forms an integral part of this report.

For Vikas Rai Berry
Practising Company Secretaries

Sd/-
(Vikas Rai Berry)
Prop.
FCS No. 4013
CP No. 12365

Place: Ludhiana
Dated: 29.07.2017

ANNEXURE 'A'

To,
The Members of
Oswal Yarns Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record including safe custody is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied on the judgment of statutory auditors and company management declaration with regard to tax laws and other compliances in the ambit of our audit.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. During the course of my examination of the books and records of the Company carried out in accordance with generally accepted practices in India, I have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed me of any such case.

For Vikas Rai Berry
Practising Company Secretaries

Sd/-
(Vikas Rai Berry)
Prop.

FCS No. 4013
CP No. 12365

Place: Ludhiana
Dated: 29.07.2017

FORM NO. AOC -2**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm's length basis

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Nil
2.	Nature of contracts/arrangements/transactions	Nil
3.	Duration of the contracts/arrangements/transaction	Nil
4.	Salient terms of the contracts or arrangements or transactions including the value, if any.	Nil
5.	Justification for entering into such contracts or arrangements or transactions'	Nil
6.	Date of approval by the Board	Nil
7.	Amount paid as advances, if any	Nil
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

Details of contracts or arrangements or transactions at Arm's length basis :

SL. No.	Particulars	Details
1	Name (s) of the related party & nature of relationship	Nil
2	Nature of contracts/arrangements/transaction	Nil
3	Duration of the contracts/arrangements/transaction	Nil
4	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
5	Date of approval by the Board	Nil
6	Amount paid as advances, if any	Nil

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

Place : Ludhiana
Dated : 29.07.2017

Sd/-
Bharatt Oswal
Director
Din: 00469332

Sd/-
Tej Paul Oswal
Managing Director
DIN: 00781144

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OSWAL YARNS LIMITED****Report on the Financial Statements**

1. We have audited the accompanying financial statements of Oswal Yarns Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company does not have any pending litigations as at March 31, 2017 which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2017
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note [29],

Place:- Ludhiana
Dated:- 29.05.2017

For Subash Vipam & Co.
Chartered Accountants
FRN: 012898N
Subhash Jain
Partner
M.No: 085224

Annexure A to Independent Auditors' Report

Referred to in paragraph [10 (f)] of the Independent Auditors' Report of even date to the members of Oswal Yarns Limited on the financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We were engaged to audit the internal financial controls over financial reporting of Oswal Yarns Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Ludhiana
Dated : 29.05.2017

FOR SUBHASH VIPAN & CO.
CHARTERED ACCOUNTANTS
Sd/-
(SUBHASH JAIN)
PARTNER
M. No. 085224
F.R. No. 012898N

Annexure B to Independent Auditors' Report

Referred to in paragraph [9] of the Independent Auditors' Report of even date to the members of Oswal Yarns Limited on the financial statements as of and for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, as disclosed in Note [9] to the financial statements, are held in the name of the Company.
- ii. The inventory have been conducted at reasonable intervals by the Management during the year. There were no material discrepancies noticed on physical verification of inventory as compared to book records.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	928540/-	F/Y 1995-1996	Supreme Court

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any

- instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it; the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 of the Act. The Company does not have any transactions with related parties under the provisions of Section 188 of the Act. Accordingly, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Subash Vipam & Co.
Chartered Accountants
FRN: 012898N**

**Place: Ludhiana
Dated: 29.05.2017**

**Subhash Jain
Partner
M.No: 085224**

OSWAL YARNS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2017

Amount in Rs.

PARTICULARS	Note No.	AS AT 31.03.2017	AS AT 31.03.2016
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
a) Share capital	1	40100000	40100000
b) Reserves and surplus	2	-1750614	-1861414
c) Money received against share warrants		<u>0</u>	<u>0</u>
2) Share application money pending allotment		<u>0</u>	<u>0</u>
3) Non-current liabilities			
a) Long-term borrowings	3	12756951	11951658
b) Deferred tax liabilities (net)		<u>0</u>	<u>0</u>
c) Other long term liabilities		<u>0</u>	<u>0</u>
d) Long-term provisions	4	<u>212374</u>	<u>341009</u>
4) Current liabilities			
a) Short-term borrowings	5	5567194	3612610
b) Trade payables	6	592789	59422
c) Other current liabilities	7	595856	634374
d) Short-term provisions	8	<u>129153</u>	<u>144852</u>
Total		<u>58203703</u>	<u>54982511</u>
II. ASSETS			
1) Non-current assets			
a) Fixed assets			
i) Tangible assets	9	5243742	5583966
ii) Intangible assets		<u>0</u>	<u>0</u>
iii) Capital work-in-progress		<u>0</u>	<u>0</u>
iv) Intangible assets under development		<u>0</u>	<u>0</u>
b) Non-current investments		<u>0</u>	<u>0</u>
c) Deferred tax assets (net)	29	<u>0</u>	<u>0</u>
d) Long-term loans and advances	10	248276	248276
e) Other non-current assets		<u>0</u>	<u>0</u>
2) Current assets			
a) Current investments		<u>0</u>	<u>0</u>
b) Inventories	11	32486689	31194987
c) Trade Receivables	12	18955466	16843408
d) Cash and Bank Balances	13	240411	79174
e) Short-term loans and advances	14	1029119	1032700
f) Other current assets		<u>0</u>	<u>0</u>
Total		<u>58203703</u>	<u>54982511</u>

III. Significant accounting policies & other notes 22 to 34

Schedules referred to above and notes 1 to 34 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
OSWAL YARNS LIMITED

Sd/-
(SUBHASH JAIN)
PARTNER

Sd/-
(TEJ PAUL OSWAL)
MANAGING DIRECTOR

Sd/-
(BHARATT OSWAL)
WHOLE-TIME DIRECTOR

Place : Ludhiana
Dated : 29.05.2017

OSWAL YARNS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2017

Amount in Rs.

PARTICULARS	Note No.	AS AT 31.03.2017	AS AT 31.03.2016
I. Revenue from operations	15	43395128	42006962
II. Other income	16	21042	27033
III. Total Revenue (I +II)		43416170	42033995
IV. Expenses:			
Cost of materials consumed	17	1029488	1598027
Purchase of Stock-in-Trade		38535166	41885144
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	-1213789	-7629868
Employee benefits expense	19	1158851	1245940
Finance costs	20	1805073	1752506
Depreciation & Amortization expense	9	349624	356270
Other expenses	21	1763901	2799350
Total expenses		43428314	42007369
V. Profit (Loss) before exceptional and extraordinary items and tax (III - IV)		-12145	26626
VI. Exceptional items			
Add : Profit on sale of tangible fixed assets		19500	0
Less/Add : Provision for Gratuity not longer required		128635	48593
VII. Profit (Loss) before extraordinary items and tax (V -VI)		135990	-21967
VIII. Extraordinary items		-	-
IX. Profit (Loss) before tax (VII - VIII)		135990	21967
X. Tax expense:			
1) Current tax		23355	23757
2) Deferred tax		0	0
XI. Profit (Loss) for the period (IX-X)		112635	-45724
Earnings per equity share:			
1) Basic		0.03	-0.01
2) Diluted		0.03	-0.01
Significant accounting policies	34		

Schedules referred to above and notes 1 to 34 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
OSWAL YARNS LIMITED

Sd/-
(SUBHASH JAIN)
PARTNER

Sd/-
(TEJ PAUL OSWAL)
MANAGING DIRECTOR

Sd/-
(BHARATT OSWAL)
WHOLE-TIME DIRECTOR

Place : Ludhiana
Dated : 29.05.2017

NOTES ON ACCOUNT

(In Rupees)

	ASAT 31.03.2017		ASAT 31.03.2016	
Note No. 1				
Share capital				
	Number of Shares	Amount	Number of Shares	Amount
Authorized				
Equity shares of rupees 10/- each	4250000	42500000	4250000	42500000
Total	4250000	42500000	4250000	42500000
Issued subscribed and paid up				
Equity shares of rupees 10/- each fully paid	4010000	40100000	4010000	40100000
Total	4010000	40100000	4010000	40100000

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	4010000	40100000	4010000	40100000
Add : Shares issued during the year	0	0	0	0
Number of shares and amount at the end of the year	4010000	40100000	4010000	40100000

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	22	886100	22	886100
Tarsem Kumari Oswal	8	318600	8	318600
Bharatt Oswal	7	278600	7	278600

NOTES ON ACCOUNT

(In Rupees)

	ASAT 31.03.2017		ASAT 31.03.2016	
Note No. 2				
Reserves and surplus				
Surplus i.e. balance in statement of profit and loss				
Balance as at the beginning of the year	-1861414		-1815690	
Add : transferred from statement of profit and loss	112635		-45724	
	<u>-1748779</u>		<u>-1861414</u>	
Less : Additional Amt. of Depreciation (As per Schedule II of the Companies Act., 2013)	0		0	
	<u>-1748779</u>		<u>-1861414</u>	
Less : FBT/TDS/Income Tax	1835	-1750614	0	-1861414
Total		-1750614		-1861414

Note No. 3				
Long-term borrowings				
I. Secured				
Term loans from banks(Rupee Loans) :				
i. Term Loan from ICICI BANK LTD	272398		414544	
Less: Amount of Current Maturity	<u>178800</u>	93598	<u>178800</u>	235744
ii. Term Loan from SBI	60804		123522	
Less: Amount of Current Maturity	<u>60804</u>	0	<u>72240</u>	51282
Total Secured Long Term Borrowings (I)		93598		287026

(i) Nature of Security: Term loan facility is secured by hypothecation of Car.
Particulars of Repayment: Repayable in 60 monthly instalments of Rs.14900/- w.e.f. 01 Jan., 2014

(ii) Nature of Security: Term loan facility is secured by hypothecation of Car.
Particulars of Repayment: Repayable in 60 monthly instalments of Rs.6019/- w.e.f. 28 Feb., 2013

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				
Inter-corporate Loans		0		
Loans and advances from related parties		12663353		11664632
Total Unsecured Long Term Borrowings (II)		12663353		11664632

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. Rate of interest is 9%.

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)		12756951		1195165
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OSWAL YARNS LIMITED

(In Rupees)

	ASAT 31.03.2017	ASAT 31.03.2016
Note No. 4		
Long term provisions		
Provision for gratuity	212374	341009
Total	212374	341009

	ASAT 31.03.2017	ASAT 31.03.2016
Note No. 5		
SHORT TERM BORROWINGS		
Loans Repayable on demand		
STATE BANK OF INDIA		
(i) Cash credit Limit (Stocks)	4333503	3295704
(ii) Cash credit Limit (Book Debts)	1233691	316906
Total	5567194	3612610

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

(**) 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	0
- Due to others	592789	59422
Total	592789	59422

NOTE: 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	31.03.2017	31.03.2016
a. Current maturities of long-term debt		
- ICICI Bank Ltd.	178800	178800
- State Bank of India	60804	72240
b. Advance from customers	0	0
c. Other payables		
- Employee benefits payable	171339	183464
- Statutory dues Payable	184913	199870
	356252	383334
Total	595856	634374

Note No. 8

Short-term provisions	31.03.2017	31.03.2016
Provision for Current income Tax(Net of TDS)	19147	21535
Provision for Expenses	110006	123317
Total	129153	144852

Schedules Forming Integral Part of the Balance Sheet as at 31st March, 2017

NOTE NO. 9: Fixed Asset (In Rupees)

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Value at the beginning	Addition during the year	Deduction during the year	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2017	WDV as on 31.03.2016
I.	Tangible Assets									
	a) Land	2021309.00	0.00	0.00	2021309.00	0.00	0.00	0.00	2021309.00	2021309.00
	b) Building	2723751.00	0.00	0.00	2723751.00	85600.00	0.00	1987728.54	736022.46	821622.46
	c) Plant and Machinery	30240671.00	9400.00	0.00	30250071.00	23717.32	0.00	28617872.37	1632198.63	1646515.95
	d) Furnitures & Fixtures	57527.72	0.00	0.00	57527.72	54651.08	0.00	54651.08	2876.64	2876.64
	e) Vehicle	3111991.06	0.00	422000.00	2689991.06	240306.34	422000.00	1838655.72	851335.34	1091641.68
	SUB TOTAL (A)	38155249.78	9400.00	422000.00	37742649.78	349623.66	422000.00	32498907.71	5243742.07	5583965.73
II	Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	SUB TOTAL (B)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III.	Capital Work-in-progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	SUB TOTAL (C)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV.	Intangible Assets Under Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	SUB TOTAL (D)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total [A+B+C+D] (Current Year)	38155249.78	9400.00	422000.00	37742649.78	349623.66	422000.00	32498907.71	5243742.07	5583965.73
	Total [A+B+C+D] (Previous Year)	38149849.78	5400.00	0.00	38155249.78	356249.90	0.00	32571284.05	5583965.73	5934835.63

OSWAL YARNS LIMITED

NOTES ON ACCOUNT

(In Rupees)

	AS AT 31.03.2017	AS AT 31.03.2016
Note No. 10		
Long-term loans and advances (unsecured considered good)		
Security deposits	248276	248276
Total	248276	248276

Note No. 11

Inventories

Raw materials	3611571	3472811
Finished goods	7501358	8212029
Work in Process	0	61316
Trading Goods	21290330	19304554
Stores & Spares	83430	144277
Total	32486689	31194987

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 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.
- Stores & spares 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	As at 31.03.2017	As at 31.03.2016
(unsecured considered good)		
Outstanding for a period exceeding six months from the date they are due for payment.	8480581	9640027
Outstanding for a period not exceeding six months from the date they are due for payment.	10474885	7203381
Total	18955466	16843408

OSWAL YARNS LIMITED

Note No. 13

Cash and Bank Balances	As at 31.03.2017	As at 31.03.2016
Cash and cash equivalents		
Balances with banks in current accounts	24204	11988
Cash on hand (including imprest)	216207	67186
Total	240411	79174

Note No. 14

Short-term loans and advances	As at 31.03.2017	As at 31.03.2016
(unsecured considered good)		
To Others:		
Advances recoverable in Cash or in kind or for value to be received	100579	104160
Advance income tax (net of provision for income tax : Rs. 0 (Previous year: 0)	0	0
Excise Duty (disputed)	928540	928540
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	1029119	1032700

OSWAL YARNS LIMITED

NOTES ON ACCOUNT

(In Rupees)

	FOR THE YEAR ENDED 31.03.2017	ASAT YEAR ENDED 31.03.2016
Note No. 15		
Revenue from operations		
a. Sale of Products	43393077	42005695
b. Other operating revenues		
- Amounts Written Back	2051	1267
Total	43395128	42006962
Note No. 16		
Other income		
Interest income	21042	27033
Total	21042	27033
Note No. 17		
Cost of Goods/Raw materials		
Opening stock of raw materials	3472811	3475427
Add: Purchase of raw materials	1168248	1595411
	4641059	5070838
Less: Sale of raw materials	0	0
Less: Closing stock	3611571	3472811
Total	1029488	1598027
Note No. 18		
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock:		
Finished Goods/Trading Goods	27516583	19948031
W.I.P.	61316	0
	27577899	19948031
Less Closing Stock		
Finished Goods/Trading Goods	28791688	27516583
W.I.P.	0	61316
	28791688	27577899
TOTAL	-1213789	-7629868
Note No. 19		
Employee benefits expense		
Salaries	180770	175035
Wages	539480	628660
Bonus	75600	86030
Leave With Wages	35150	38875
E.S.I. Employer's Contribution	39921	43880
Labour & Staff Welfare	16200	15260
LIC Contribution	35000	10000
E.P.F. Employer's Contribution	114570	125720
Directors' remuneration	120000	120000
Labour Welfare Fund	2160	2480
Total	1158851	1245940

OSWAL YARNS LIMITED

NOTES ON ACCOUNT

(In Rupees)

	FOR THE YEAR ENDED 31.03.2017	ASAT YEAR ENDED 31.03.2016
Note No. 20		
Finance costs		
Interest paid on borrowings from bank and others	1762149	1713074
Other Borrowings Cost	42924	39432
Total	1805073	1752506
Note No. 21		
Other Expenses		
Manufacturing Expenses:-		
Electric Charges	636514	1305524
Lubricant & Chemicals	175127	234361
Consumable Store	54258	47855
Packing Expenses	160912	167996
Freight & Cartage	52205	40830
Machinery Repair	25458	307687
Electric Repair	2105	2826
SUB-TOTAL	1106579	2107079
Auditors remuneration		
- Audit Fees	20000	20000
- Tax Audit Fees	5000	5000
- Certification Charges	11000	8500
	36000	33500
Service Tax	5400	4825
	41400	38325
Fees and Taxes	50846	58740
Legal and professional charges	180437	207344
Printing & Stationery	48588	57472
Telephone Expenses	20957	22020
Postage & Courier	62910	62715
Insurance	44378	48483
News Paper & Periodicals	5420	4930
Vehicle Repair & Maintenance	22945	7787
Conveyance	60380	46400
Building Repair	15960	9295
General Expenses	29599	55082
General Repair	7700	8751
VAT Penalty & Intt.	8004	5722
Electricity Expenses Office	23587	24663
House Tax/Property Tax	28324	28324
VAT Assessment	3838	963
Computer Expenses	2050	5255
Total	1763901	2799350

NOTES ON ACCOUNT

(In Rupees)

Note No. 22

a. Contingent liabilities and commitments

(i) Contingent liabilities: Nil

Note No. 23

Earnings Per Share

(In Rupees)

Particulars	31.03.2017	31.03.2016
1. Net Profit after tax as per statement of Profit & Loss attributable to Equity Shareholders	112635	-45724
2. Weighted Average number of Equity Shares used as denominator for calculating EPS	4010000	4010000
3. Basic Earnings per share	0.03	-0.01

Note No. 24

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	31.03.2017	31.03.2016
Indigenous	1029488	1598027
% of Total Consumption	100	100
Imported	0	0
% of Total Consumption	0	0
Total	1029488	1598027
Stores & spare		
Indigenous	417860	760725
% of Total Consumption	100	100
Imported	0	0
% of Total Consumption	0	0
Total	417860	760725

"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 The details of specified Bank Notes (SBN) held and transacted during the period from 8th November ,2016 to 30th December, 2016 is as follows:-

Particulars	SBN	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	335,500	51,533	387,033
Add : Permitted receipts	-	190,000	190,000
Less : Permitted Payments	-	101,685	101,685
Less : Amount Deposit in Bank	335,500	-	335,500
Closing as on 30.12.2016	-	139,848	139,848

"Note No. 30

Deferred Tax

As a matter of prudence, deferred tax assets amounting to Rs. 0.24 Lacs (Previous year Rs. 0.13 Lacs) on account of timing difference in depreciation has not been recognised in accounts.

"Note No. 31" Previous year figures have been grouped or regrouped wherever necessary to make the figures comparable"

Note No. 32. Employee Benefits:

i) The summarized position of Post-employment benefits and long term employee benefits recognized in the profit & Loss account and Balance Sheet as required in accordance with Accounting Standard - 15 (Revised) are as under :-

(a) Changes in the present value of the obligation :

Particulars	As At 31.03.2017	As At 31.03.2016
1. Present value of obligation as at the beginning of the period	566052	584956
2. Current Service Cost	35048	40412
3. Interest Cost	45284	46796
4. Net actuarial (-) gain/loss recognised in the period	-156784	-9189
5. Present value of obligation as at the end of the period	489600	566052
6. Current liability of obligation as at the end of the period	277226	225043
7. Non-current liability of obligation as at the end of the period	212374	341009

(b) Expenses recognised during the period :

Particulars	As At 31.03.2017	As At 31.03.2016
1. Current service cost	35048	40412
2. Interest cost	45284	46796
3. Net actuarial (-) gain/loss recognised in the period	-156784	-9189
4. Expenses to be recognised in the statement of Profit & Loss	-76452	78019
5. Net effect of prior period adjustment for accrued gratuity	-19921	-22440
6. Expenses recognised in the statement of profit and loss	-96373	55579

(c) Actuarial assumptions:

1. Discount rate	8%	8%
2. Salary growth rate	7%	7%
3. Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate
4. Withdrawal rate	1% to 3% depending on age	1% to 3% depending on age

NOTE NO. 33

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 :

Key Management Personnel	Amount Current Year	Amount Previous Year
Sh. Tej Paul Oswal		
Opening Balance of Loan	5655973	5104669
Loan Received	458269	0
Loan Bal. O/S at yr. End	6114242	5655973
Interest	509188	612560
Sh. Bharatt Oswal		
Opening Balance of Loan	6008659	5516878
Loan Received	540452	600000
Loan Repaid	0	700000
Loan Bal. O/S at yr. End	6549111	6008659
Interest	544947	657534
Director Remuneration	133400	133400

NOTE NO. 34

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 (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

b) Inventories

Raw materials, work-in-progress, finished goods, stores & spares have been valued at 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.
- Stores & spares 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 the basis of useful life and in the manner specified in Schedule - II to the Companies Act, 2013 as under:-
- 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) Provident Fund and ESI
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. Amt. of borrowing cost which is capitalized is nil as their is no addition to qualifying assets during the year.
- 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 can be realised.
- k) Accounting policies not specifically referred to are consistent with generally accepted accounting practices**

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

Sd/-
(SUBHASH JAIN)
PARTNER

As per our report of even date.

Sd/-
(TEJ PAUL OSWAL)
MANAGING DIRECTOR

**For & on behalf of Board
OSWAL YARN LIMITED**

Sd/-
(BHARATT OSWALL)
WHOLE-TIME DIRECTOR

Place : Ludhiana
Dated : 29.05.2017

OSWAL YARNS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL, 2016 TO 31ST MARCH, 2017 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	(Amount in Rs.)	
	31st March, 2017	31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation	135,990	(21,967)
Add: Adjustment for		
Depreciation	349,624	356,270
Profit on sale of Fixed Asset	(19,500)	
Gratuity Provision no longer required	(128,635)	-
Interest paid	1,762,149	1,713,074
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,099,628	2,047,377
Adjustment for working capital:		
Increase / (Decrease) in Long term provisions	-	48,593
Increase / (Decrease) in Trade payables	533,367	(13,125)
Increase / (Decrease) in Other current liabilities	(38,518)	93,889
Increase / (Decrease) in Short-term provisions	(13,311)	(11,613)
Decrease / (Increase) in Inventories	(1,291,702)	(7,286,325)
Decrease / (Increase) in Trade receivables	(2,112,058)	3,951,102
Decrease / (Increase) in Short-term loans and advances	3,581	22,463
CASH GENERATED FORM OPERATION	(819,013)	(1,147,639)
Interest Paid	(1,762,149)	(1,713,074)
Direct Tax Paid	(27,578)	(23,757)
Cash Flow before extraordinary Item	(2,608,740)	(2,884,470)
Net cash from Operating Activities	(2,608,740)	(2,884,470)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(9,400)	(5,400)
Sale of fixed assets	19,500	-
Net cash used in investing activities	10,100	(5,400)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of long term borrowings	805,293	858,673
Receipt of Short term loans	1,954,583	1,862,814
Net Cash received in financing activities	2,759,876	2,721,487
Net (decrease) / increase in cash and cash \ equivalents (A + B + C)	161,237	(168,383)
Cash and Cash equivalents as at 1st April(Opening Balance)	79,174	247,558
Cash and Cash equivalents as at 31st March(Closing Balance)	240,411	79,174

For & on behalf of Board

Place : Ludhiana
Dated : 29-05-2017

Sd/-
(TEJ PAUL OSWAL)
MANAGING DIRECTOR

Sd/-
(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, 2017 and found the same to be drawn in accordance therewith.

For SUBASH VIPAN & CO.
Chartered Accountants

Place : Ludhiana
Dated : 29-05-2017

Sd/-
(SUBHASH JAIN)
PARTNER

OSWAL YARNS LIMITED

OSWAL YARNS LIMITED

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

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

CIN : L17111PB1982PLC005006
 Name of the Company : Oswal Yarns Limited
 Regd. Office : Oswal House Link Road Industrial Area- A, Ludhiana-141003 (Punjab)
 Name of the Member(s) :
 Regd. Address :
 Email Id :
 Folio No./Client Id :
 DP Id :
 No. of Shares Held :

I/We, being the member(s) ofShares of the above named Company, hereby appoint:

- 1) Name : _____
 Address : _____
 Email : _____
 Signature : _____
 or failing him/her
- 2) Name : _____
 Address : _____
 Email : _____
 Signature : _____
 or failing him/her
- 3) Name : _____
 Address : _____
 Email : _____
 Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th ANNUAL GENERAL MEETING of the Company to be held on Friday, 29th September, 2017 at 10:30 A.M at Chick-FI Restaurant, Metro Road, Jamalpur Colony, Ludhiana and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

ORDINARY BUSINESS(S):

- 1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon.
- 2. To appoint a Director in place of Ms. Mamta Jain (Holding DIN: 02328913) who retires by rotation at this meeting and being eligible, offers herself for re-appointment.
- 3. To appoint Statutory Auditors of the Company in terms of Section 139 of the Companies Act, 2013 and fix their remuneration.

Signed this _____ day of _____, 2017



Signature of the Shareholder(s) _____ Signature of Proxyholder(s) _____

Notes:

- 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 2. This form should be signed as per specimen signature registered with RTA/ DP.

OSWAL YARNS LIMITED

**ATTENDANCE SLIP
35th ANNUAL GENERAL MEETING**

Time : Friday, 29th September, 2017 at 10:30 A.M
Place : Chick-FI Restaurant, Metro Road, Jamalpur Colony, Ludhiana-141010 (Pb.)

FULL NAME OF THE FIRST SHAREHOLDER _____

Joint Shareholders, if any _____

Father's/Husband's Name _____

Address in full _____

FULL NAME(S) OF THE PERSON ATTENDING THE MEETING AS A PROXY/SHAREHOLDER(S)

I/We hereby record my/our presence at the 35th Annual General Meeting held on Friday, 29th September, 2017 at 10:30 A.M at Chick-FI Restaurant, Metro Road, Jamalpur Colony, Ludhiana-141010 (Pb.).

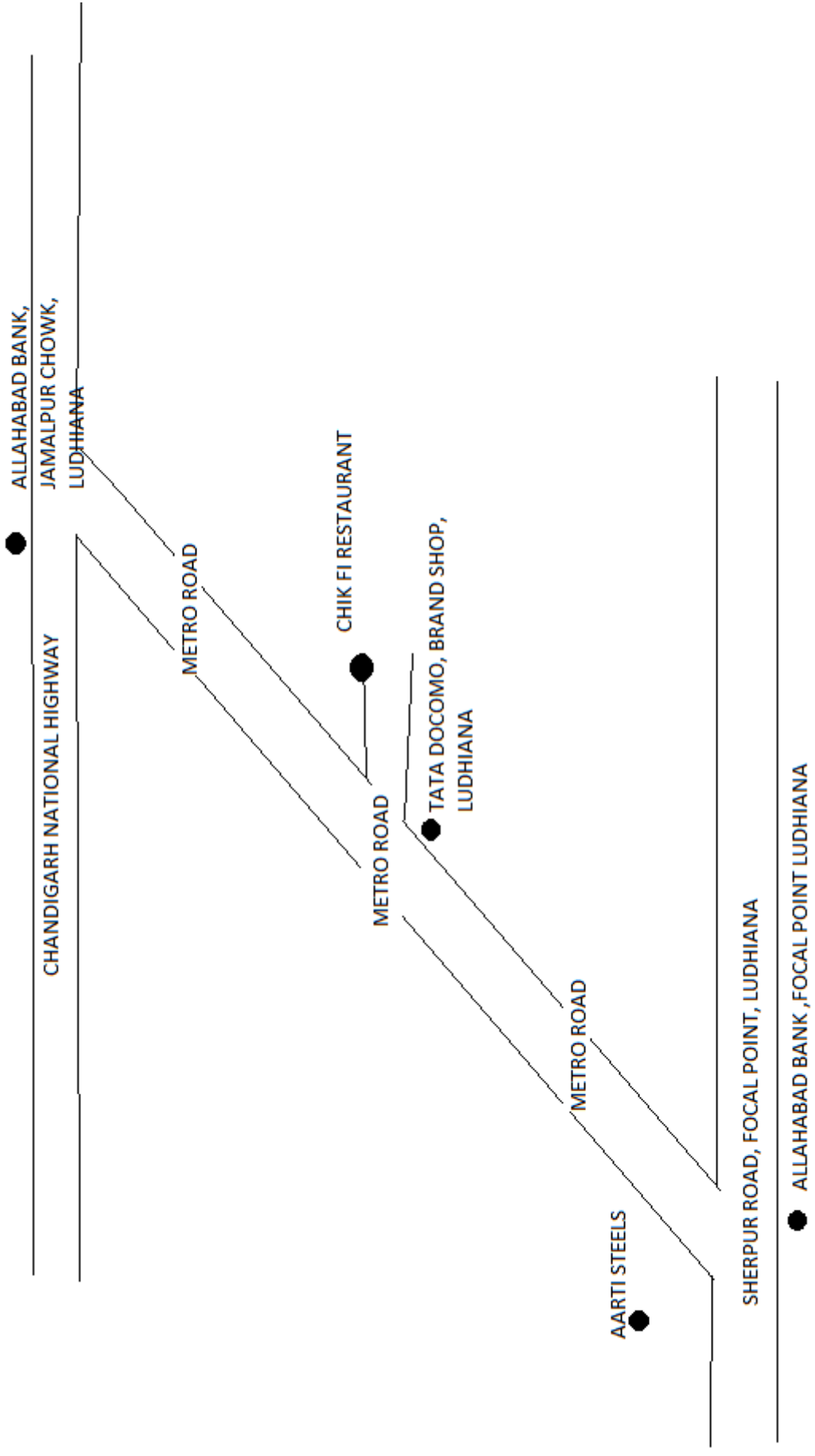
Folio No. / DP-Id : _____

Client-Id: _____

No. of Shares held: _____

Signature(s)
: _____

Members may please note that the Auditorium Authorities do not permit carrying of bags/articles/snack packets etc. inside the meeting hall. The Company will not make any arrangements for safe keeping of articles etc. outside the Hall. Members may make their own arrangements which shall be solely at their risk and cost and the Company will in no way be responsible for any loss/theft of articles etc.



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OSWAL YARNS LIMITED

Regd. Office : Oswal House, Link Road, Industrial Area - 'A',
LUDHIANA - 141 003 (Punjab)

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