

**FORM A**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

|    |   |   |
|----|---|---|
| 1. | Name of the Company                           | <b>Oswal Spinning and Weaving Mills Limited</b>   |
| 2. | Annual Financial Statement for the year ended | <b>31.03.2014</b>   |
| 3. | Type of Audit Observation                     | <p><b>Matters of Emphasis – Paragraphs inserted in Auditors Report of Financial Statements</b></p> <p>We draw attention to following notes to the financial statements:-</p> <p>a) Note No. 16 which describes that trade receivable of doubtful nature for more than three years against which no provision has been made.</p> <p>b) Note No. 29 which describes that during the year the Company has change rate of charging depreciation on Cotton Spinning Unit from the rate prescribed for continuous process plant to general plant and machinery as per rates specified in Schedule XIV of the Act.</p> <p>c) Note No. 30 (iii) which describes that Kotak Mahindra Bank Ltd. has issued a notice under section 13(2) of the SARFAESI Act, 2002 demanding Rs. 63.43 crores (calculated upto 04/04/2014) in respect of various commitments, defaults, penalties and interest thereon.</p> <p>d) Note No. 30 (iv) which describes that State Bank of Patiala (SBOP) has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 4.09 cr. (being NPV of Rs. 2.88 cr. of CRPS of Rs. 5.38 cr. and interest thereon).</p> <p>e) Note-30(v) which describes that IFCI has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 2347.02 lacs (Rs. 1269.82 lacs being amount of FITL and balance amount being interest thereon). IFCI has also filed a company petition with the Punjab and Haryana High Court under section 433, 434 &amp; 439 for Recovery of the above mentioned amount/winding up of the Company.</p> <p><b>Our opinion is not qualified in respect of the aforementioned matters.</b></p> |
|    |   | <p><b>a) Note No. 16 inserted in financial statements referred in Matter of Emphasis Paragraph</b></p> <p>The Company has not made provision for doubtful</p>   |

receivables of Rs. 92.92 lacs as the Company is taking effective steps for recovering the amount.

**b) Note No. 29 inserted in financial statements referred in Matter of Emphasis Paragraph**

During the year the Company has changed rate of charging in deprecation on Cotton Spinning Unit from the rate prescribed for continuous process plant to general plant and machinery as per rates specified in Schedule XIV of the Companies Act, so as to comply with the requirement of the Act.

**c) Note No. 30 (iii) inserted in financial statements referred in Matter of Emphasis Paragraph**

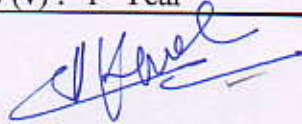
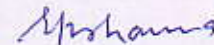

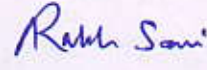
The Company has contested the demand of Kotak Mahindra Bank Limited as illegal and without any basis before the Hon. High Court of Punjab and Haryana, for which petition has been admitted on 29/05/2014 and further proceedings under section 13(4) of SARFAESI Act, 2002 has been stayed.

**d) Note No. 30 (iv) inserted in financial statements referred in Matter of Emphasis Paragraph**

The CRPS have already been issued by the Company to State Bank of Patiala. Further the Company had agreed to pay the NPV of CRPS because SBOP had informed the Company that they had waived the amount of Rs. 529.92 lacs being interest payable by the Company to SBOP. However, later on it has transpired that instead of waiving this amount of Rs. 529.92 lacs, SBOP has transferred the same to Kotak Mahindra Bank Limited (KMBL) vide assignment agreement dated 16.11.2007 thereby misleading the Company that they have waived the interest and thus violating the terms and conditions of the agreement that they had with the Company. On this ground the application of the bank is being contested by the Company in the DRT.

**d) Note No. 30 (v) inserted in financial statements referred in Matter of Emphasis Paragraph**

The Company is contesting the application in the DRT and Company petition in Punjab and Haryana High Court on the ground that by way of assignment of debt IFCI has assigned/transferred the entire dues including FITL of Rs. 1269.82 lacs payable by the Company to IFCI on 16.11.2007 in favour of Kotak Mahindra Bank Limited vide Assignment Agreement dated 16.11.2007 and after

|    |  |  |
|----|--|--|
|    |  | that nothing is due and payable by the Company to IFCI.  |
| 4. | Frequency of Observation   | <p><b>Whether appeared first time .... / repetitive .... / since how long period .....</b></p> <p>a) Note No. 16:- Repetitive from the Financial Year 2003-04.<br/> b) Note No. 29:- 1<sup>st</sup> Year<br/> c) Note No. 30 (iii) :- 1<sup>st</sup> Year<br/> d) Note No. 30 (iv) :- 1<sup>st</sup> Year<br/> e) Note No. 30 (v) :- 1<sup>st</sup> Year</p>   |
| 5. | <p>To be signed by-</p> <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• G.M. (Corporate) &amp; Company Secretary</li> <li>• CFO</li> <li>• Audit Committee Chairman</li> <li>• Auditor of the Company</li> </ul> | <p><b>Ashok Oswal</b> </p> <p><b>R.P. Sharma</b> </p> <p><b>The Company does not have CFO</b></p> <p><b>Pawan Kumar Bahl</b> </p> <p><b>Rakesh Soni (Partner)</b> <br/> M.NO.83142<br/> for Dass Khanna &amp; Company<br/> Chartered Accountant<br/> Firm Regn. No.000402N</p> |



**58<sup>th</sup>  
Annual Report  
2013-14**

**OSWAL SPINNING AND WEAVING MILLS LTD.**

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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### BOARD OF DIRECTORS

|                            |                   |
|----------------------------|-------------------|
| Shri Raj Paul Oswal        | Chairman          |
| Shri Ashok Oswal           | Managing Director |
| Shri Sambhav Oswal         | Director          |
| Shri Pawan Kumar Bahl      | Director          |
| Shri Raghubir Chand Singal | Director          |
| Dr. Yash Paul Sachdeva     | Director          |

### COMPANY SECRETARY

Shri R. P. Sharma

### AUDITORS

Dass Khanna & Co.  
LUDHIANA-141001.

### BANKERS

UCO Bank, Ludhiana.  
Kotak Mahindra Bank Ltd., Mumbai

### REGISTERED OFFICE

11 & 12, 1ST FLOOR,  
BLOCK-F, MAIN MARKET,  
NEAR ORIENT CINEMA,  
B.R.S. NAGAR,  
LUDHIANA - 141 012

### WORKS

G. T. Road, Doraha,  
Distt. Ludhiana -141 421.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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### NOTICE

Notice is hereby given that **58<sup>th</sup> Annual General Meeting** of the Members of Oswal Spinning and Weaving Mills Ltd. will be held on **Tuesday the 30<sup>th</sup> day of September, 2014 at 11.00 A.M. at Rotary Bhawan, Near Deepak Hospital, Sarabha Nagar, Ludhiana** to transact the following business:-

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2014, Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Sh. Raj Paul Oswal (DIN00084739) who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration. M/s Dass Khanna & Co., Chartered Accountants, retire and are eligible for reappointment.

#### **SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:  
RESOLVED that in accordance with the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act read with the Companies (Appointment and Qualification of Directors) Rules and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force), Sh. Pawan Kumar Bahl (DIN-00084818), be and is hereby appointed as an Independent Director of the Company, for a period of five years, not liable to retire by rotation.
5. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:  
RESOLVED that in accordance with the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act read with the Companies (Appointment and Qualification of Directors) Rules and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Yash Paul Sachdeva (DIN-02012337), be and is hereby appointed as an Independent Director of the Company, for a period of five years, not liable to retire by rotation.
6. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:  
RESOLVED that in accordance with the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act read with the Companies (Appointment and Qualification of Directors) Rules and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force), Sh. Raghbir Chand Singal (DIN-00739667), be and is hereby appointed as an Independent Director of the Company, for a period of five years, not liable to retire by rotation.
7. To ratify the appointment of Cost Auditors for the year 2014-15 by passing the following resolution as an Ordinary Resolution:  
"Resolved that, subject to such guidelines and approval as may be required from the Central Government the reappointment of Sh. Rishi Mohan Bansal, Cost Accountant of A-201, Twin

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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Towers, Lakhapur, Kanpur as Cost Auditors to audit the cost records of the Cotton Spinning Unit of the Company for the financial year 2014-2015 (From 01.04.2014 to 31.03.2015) on a remuneration of Rs.10,000/- plus Service Tax as applicable, be and is hereby rectified”

**BY ORDER OF THE BOARD OF DIRECTORS**

**PLACE: LUDHIANA**  
**DATED: 28.08.2014**

**(ASHOK OSWAL)**  
**MANAGING DIRECTOR**

### **NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday, September 27<sup>th</sup>, 2014 to Tuesday, September 30<sup>th</sup>, 2014** (both days inclusive).
3. Members are requested to bring their copies of Annual Report with them at the time of the meeting.
4. The Explanatory Statement pursuant to Section 102(1) of the Companies Act with respect to the Special Business set out in the Notice is enclosed as Annexure-I.
5. Any query relating to the Annual Accounts must be sent to the Registered Office of the Company at least 5 days before the date of meeting to enable the management to keep the information ready at the meeting.
6. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
7. All documents referred to in the accompanying notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting.
8. Members are requested to quote their Folio No./Client ID No. & DP ID No. and email while corresponding with the Company and also notify the change in registered address/residential status, if any.
9. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialise their shares.
10. Sh. Raj Paul Oswal (DIN-00084739) retires by rotation as Director of the Company and being eligible offers himself for reappointment at the ensuing Annual General Meeting. The information or details to be provided in this regard under the Corporate Governance Code are as under:-  
Sh. Raj Paul Oswal is 81 years of age. He is the Director of the Company since 30.05.1992. He is a Textile Graduate from Bradford (UK) and has industrial experience of more than 51 years. He is also a Director 6 other Companies. He is the member of Audit Committee, Share Transfer Committee and Investors Grievance Committee. He holds 1464330 Equity Shares in the Company.
11. The instructions for members for e-voting are enclosed as **Annexure-2**.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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### EXPLANATORY STATEMENT

Pursuant to Section 102(1) of the Companies Act, 2013

#### **Item Nos. 4 to 6**

Sh. Pawan Kumar Bahl, Dr. Yash Paul Sachdeva and Sh. Raghubir Chand Singal were appointed as Directors liable to retire by rotation, under Companies Act, 1956 by the Shareholders of the Company at the Annual General Meeting held on 26th March, 2011 and 26th June, 2012 and are liable to retire at Annual General Meetings in rotation. Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by Sh. Pawan Kumar Bahl, Dr. Yash Paul Sachdeva and Sh. Raghubir Chand Singal that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of the opinion that they fulfill the conditions specified in the Companies Act, 2013 and the rules made there under and are independent of the management. In terms of section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. The proposal for their appointment as Independent Director, not liable to retire by rotation, for a period of five years is placed before the shareholders for approval. The detailed profiles of Sh. Pawan Kumar Bahl, Dr. Yash Paul Sachdeva and Sh. Raghubir Chand Singal, their Directorship and Committee position held by them in other Companies are included separately in this Notice and Report on Corporate Governance forming part of the Annual Report. Accordingly, your Directors recommend the Resolutions (Item Nos. 4 to 6), relating to appointment of Sh. Pawan Kumar Bahl, Dr. Yash Paul Sachdeva and Sh. Raghubir Chand Singal as Independent Directors of the Company, not liable to retire by rotation, for a period of five years, for approval of the shareholders. Save and except Sh. Pawan Kumar Bahl, Dr. Yash Paul Sachdeva and Sh. Raghubir Chand Singal none of the Directors nor Key Managerial Personnel or relatives thereof are, in any way, interested in the above Resolutions.

The Company had received notices in writing from three members under the Companies Act along with requisite deposits of Rs.1.00 lakh each, signifying their intention to propose the appointment of all the three Directors as Independent Directors

#### **Brief Resume of the three Directors are given below:**

- 1) Sh. Pawan Kumar Bahl is 42 years of age. He is the Director of the Company since 20.03.2006. He is a practicing Chartered Accountant and has experience of more than 13 years. He is the Chairman/member of Audit Committee & Investors Grievance Committee. He is not on the Board of any other company. He does not hold any share in the Company.
- 2) Dr. Yash Paul Sachdeva is 51 years of age. He is a renowned Teacher in Accounting and Financial Management. He has obtained Master's Degree in Business Administration and Ph.D in Business Administration with specialization in Financial Management. He has 20 years Graduate and Post Graduate level teaching experience. At present, he is Professor Cum Head, Department of Business Management, Punjab Agricultural University, Ludhiana. He has functioned as Chairman of various Academic Committees of the Punjab Agricultural University. He has published various Research Articles and also authored a book on Stock Markets. He has been on the Editorial Boards of several Reputed Journals. His area of specialization is Accounting and Finance, Security Analysis and Portfolio Management. He has requisite qualifications and experience for his appointment as a Director of the Company. He does not hold any share in the Company. He is also Director of 6



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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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other Companies.

- 3) Sh. Raghuvir Chand Singal is 60 years of age. He is the Director of the Company w.e.f. 14.04.2008. Sh. Raghuvir Chand Singal is a Fellow Member of the Institute of Company Secretaries of India and also a Member of Institute of Costs and Works Accountants of India and Member of All India Management Association. He is the Founder Member of Ludhiana Stock Exchange and also remained its President from 2000 to 2001. He is also associated with ICSI and ICWA in various capacities. He is Director of Ludhiana Commodities Trading Services Ltd. He is a prolific writer and is contributing to various newspapers and Business Magazines. He has 36 years experience in Banking, Corporate Laws, Finance and Accounts etc. He is also Director of 11 other Companies. He is the member of Audit Committee, Investors Grievance Committee and Remuneration Committee. He holds 200 Equity Shares in the Company.

**Memorandum of Interest**

None of the Directors of the Company are concerned or interested in the resolutions except the three Directors viz, Sh. Pawan Kumar Bahl, Dr. Yash Paul Sachdeva and Sh. Raghuvir Chand Singal

**Item Nos. 7**

**Ratification of appointment of Cost Auditor:**

The Company has to appoint a Cost Auditor for Cotton Spinning Unit of the Company for the financial year 2014-15. Sh. Rishi Mohan Bansal is being appointed to do the Cost Audit work for the last many years and his work is quite satisfactory.

The Company has received a certificate dated 22.04.2014 from Sh. Rishi Mohan Bansal to the effect that he is eligible for appointment as Cost Auditor.

A proposal for appointment of Cost Auditor for 2014-15 was recommended by the Audit Committee to the Board. The Board appoint Sh. Rishi Mohan Bansal, Cost Accountant, A-201, Twin Towers, Lakhanpur, Kanpur as Cost Auditors subject to requisite approvals.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the appointment and remuneration payable to the Cost Auditors is to be ratified by the Shareholders. Hence this resolution is put for the consideration of the shareholders.

**Memorandum of Interest**

None of the Directors and Key Managerial personnel or relatives of them are interested in the above resolution. The Board of Directors recommends the resolution for your approval.

**BY ORDER OF THE BOARD OF DIRECTORS**

**PLACE: LUDHIANA**

**DATED: 28.08.2014**

**(R. P. SHARMA)**  
**G.M. (CORPORATE) &**  
**COMPANY SECRETARY**

**Registered Office:**

11 & 12, 1st Floor; Block-F,  
Main Market, Near Orient Cinema,  
B.R.S. Nagar, Ludhiana.  
(CIN : L17111PB1955PLC001884)

## OSWAL SPINNING AND WEAVING MILLS LIMITED

### E-Voting

The instructions for members for voting electronically are as under:-

**In case of members receiving e-mail:**

1. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
2. Click on "Shareholders" tab.
3. Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
4. Now Enter your User ID
5. For CDSL: 16 digits beneficiary ID,
  1. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  2. Members holding shares in Physical Form should enter Folio Number registered with the Company
6. Next enter the Image Verification as displayed and Click on Login.
7. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
8. 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) <ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> </ul> |
| DOB#   | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.   |
| Dividend Bank Details#                                     | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <p style="text-align: center;">A) Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</p>  |

9. After entering these details appropriately, click on "SUBMIT" tab.
10. Members holding shares in physical form will then reach directly 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.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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11. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
12. Click on the EVSN for the relevant Oswal Spinning and Weaving Mills Limited on which you choose to vote.
13. 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.
14. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
15. 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. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
16. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
17. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - i) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - ii) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - iii) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - iv) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - v) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy**

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

The voting period begins on 24<sup>th</sup> September, 2014 at 10.00 a.m. and ends on 26<sup>h</sup> September, 2014 at 6.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 22<sup>nd</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

**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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).**

## OSWAL SPINNING AND WEAVING MILLS LIMITED

### DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the 58th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2014.

#### FINANCIAL HIGHLIGHTS

(Rs.in lacs)

| PARTICULARS                     | YEAR ENDED  | YEAR ENDED  |
|---------------------------------|-------------|-------------|
|                                 | 31.03.2014  | 31.03.2013  |
|                                 | (12 Months) | (15 Months) |
| Net Sales and Income            | 14593.77    | 15544.43    |
| Gross Profit                    | 963.54      | 1948.45     |
| Less:                           |             |             |
| i) Financial Expenses           | 512.31      | 744.37      |
| ii) Depreciation                | 98.20       | 504.36      |
| Profit before exceptional items | 353.03      | 699.72      |
| Exceptional items               | 315.81      | 0.00        |
| Profit before tax               | 37.22       | 699.72      |
| Provision for tax               | 0.00        | 0.00        |
| Net Profit                      | 37.22       | 699.72      |

#### PERFORMANCE REVIEW

During the year under report Cotton Spinning Unit of the Company produced 54.58 lacs kgs of Cotton Yarn at an Avg. count of Ne 22.32 as compared to previous year production of 66.59 lacs kgs. at an Avg. count of Ne 23.44. The previous year was of 15 months and year under report is of 12 months. So the production level has slightly improved as compared to previous year. The Company achieved total income of Rs. 14593.77 lacs as compared to 15544.43 lacs during the previous year. Gross profit was Rs. 963.54 lacs against gross profit of Rs. 1948.45 lacs during the previous year. Company's profit before exceptional items is Rs. 353.03 lacs and net profit after exceptional item is Rs. 37.22 lacs against net profit of Rs. 699.72 lacs during the previous year. The year under report was an adverse year for Cotton Spinning Industry. The main reason was the steep hike in cotton prices during the year under report as compared to previous year. The main cause of high prices of raw cotton was the export of substantial quantities of cotton under OGL. Speculators also played their part in keeping the cotton prices high. There was much volatility in cotton prices. This had serious adverse effect on Cotton Spinning Industry.

On the other hand, yarn prices remained subdued due to sluggish demand in the International market. During the year when China who is a major yarn importer stopped import of Cotton Yarn, the yarn prices further fell. So there was quite mis-match between raw material cost and price realisation of finished goods. All this resulted in adverse financial performance by the company. During the year under report prices of power and fuel and personnel expenses also increased. All these factors resulted in higher cost of production and these led to adverse financial performance by the Company.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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### **EXPORTS**

Your Company is producing high quality products conforming to international standards and the Cotton Spinning Unit has been awarded ISO 9001-2008 certification. The Company is supplying yarns in various countries and to some of the most reputed global yarn importers. Because of its exports performance, your Company has been awarded the status of a Star Export House by Government of India.

During the year under report, the Company made an export turnover of Rs.7672.86 lacs as compared to previous year's export turnover of Rs. 9499.61 lacs. Export Turnover was slightly better as compared to previous year of 15 months.

### **CURRENT YEAR'S OUTLOOK**

Your Company is manufacturing 100% grey cotton yarns for which the raw material is Cotton. Due to introduction of high yielding BT Cotton, raw cotton of different varieties is abundantly available in the country.

Though there was delay in onset of monsoon in the country but subsequently monsoon has been quite active in the cotton crop growing regions in the country. Areas under crop cultivation have increased as compared to previous season. The country is expecting bumper cotton crop during the ensuing season starting from September, 2014.

Due to expectation of bumper cotton crop not only in India but also major cotton growing countries like USA, Pakistan, China etc. the cotton prices have started declining. The Company expects to buy cotton at reasonable cost during the coming season. Demand of cotton yarn is also picking up in the International market. Demand for cotton yarn is also picking up in the the International market. China is also expected to restart import of cotton yarn. All these factors will help in increase in the price of yarn in the International market. Rupee-Dollar exchange rate is stable which is to the advantage of the Company.

Due to these factors the Company expects to show better financial performance during the current year as compared to that of the year under report

### **DIVIDEND**

Your Directors regret their inability to recommend any dividend for the year under report with a view to conserve its resources.

### **DIRECTORS**

Sh. Raj Paul Oswal is retiring by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Sh. Pawan Kumar Bahl, Sh. Raghubir Chand Singal and Dr. Yash Paul Sachdeva are the independent Directors of the Company. It is proposed to appoint them as independent Directors of the Company for a term of 5 years. They will not retire by rotation.

### **DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of the Companies Act your directors confirm that:-

- i) in the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the Directors have selected such accounting policies and applied them consistently and made

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2014 and of the profit of the Company for the year ended on that date;

- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the Annual Accounts on a going concern basis.

### **CORPORATE GOVERNANCE**

Your Company is committed to adopt good Corporate practices that will enable it to achieve its goal of creating an organization with increasing employee and customer satisfaction and shareholders value. A separate Report on Corporate Governance is attached as part of the Annual Report pursuant to Clause 49 of the Listing Agreement. The Auditors Certificate is included in the said Corporate Governance Report.

### **AUDITORS AND THEIR OBSERVATIONS**

M/s Dass Khanna & Co., Chartered Accountants, Ludhiana, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Report of the Auditors is self explanatory and also explained in the respective Notes on Accounts and hence does not call for any explanation or clarification by the Board.

### **COST AUDITOR**

The Company has appointed, Sh. Rishi Mohan Bansal as Cost Auditor for the Cotton Spinning Unit of the Company for the year 2014-15, and Central Government has also approved his appointment.

### **PUBLIC DEPOSITS**

During the year under report the Company did not invite or accept any Public Deposits within the meaning of Section 58-A of the Companies Act, 1956 and rules made there under.

As on 31<sup>st</sup> March, 2014, the outstanding deposits amounted to Nil and the overdue unclaimed deposits amounted to Nil.

### **LISTING**

The securities of the Company are listed at Ludhiana, Delhi, Ahmadabad, Mumbai and Calcutta Stock Exchanges. The Company has also applied for delisting of its shares from the stock exchanges at Ludhiana, Delhi, Calcutta and Ahmadabad and our applications are pending.

### **PARTICULARS OF EMPLOYEES**

The information as required under the Companies Act read with the Companies (Particulars of Employees) Rules, 1975 as amended is Nil.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

The information pursuant to the Companies Act read with Rules made thereunder is given in the **Annexure I** to this Report.

### **INDUSTRIAL RELATIONS**

The industrial relations remained peaceful and cordial throughout the year in the Company.

### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to offer their sincere thanks to various departments of the

## OSWAL SPINNING AND WEAVING MILLS LIMITED

Central and State Governments, Banks, Financial Institutions, Mutual Funds and Investors for their unstinted support and assistance. Your Directors also express their deep appreciation for the devoted and sincere services rendered by workers, staff and executives at all levels during the year and we are confident that your Company will continue to receive such co-operation from them in future also

**FOR AND ON BEHALF OF THE BOARD**

PLACE : LUDHIANA  
DATED : 28.08.2014

RAJ PAUL OSWAL  
CHAIRMAN

### ANNEXURE - I

**INFORMATION AS PER RULES MADE THEREUNDER AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

**A. CONSERVATION OF ENERGY**

Your Company has been making all out efforts to reduce energy consumption. For this purpose, it has taken the following measures:-

- a) The Company is maintaining ideal power factor more than 0.99.
- b) Relocation of power capacitors at load centers.
- c) Conversion of metallic fans to FRP fans in Humidification plant.
- d) Installation of Inverters in Autoconers for suction fan motors.
- e) Application of value engineering to optimize yield of end product.
- f) Optimizing use of air compressors by arresting air leakage and controlling pressure etc.

Particulars with respect to consumption of energy are given in **Form A** attached.

**B. TECHNOLOGY ABSORPTION**

As per **Form B** attached.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

|     |   |   |                                |
|-----|---|---|--------------------------------|
| i)  | Activities relating to Exports, Initiative taken to increase exports, Development of New Export Markets for products and export plans | The Company has made serious and concerted efforts to export its products during the year under report. It has created new overseas markets for its product in addition to consolidating its position in the existing overseas markets. |                                |
| ii) | Total Foreign Exchange used and earned  | <b>Current Year<br/>(Rs. In lacs)</b>   | Previous Year<br>(Rs. In lacs) |
| (a) | Foreign Exchange Earned   | <b>7515.95</b>  | 8665.47                        |
| (b) | Foreign Exchange Outgo  | <b>51.54</b>  | 145.86                         |

**OSWAL SPINNING AND WEAVING MILLS LIMITED**

**FORM-A**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION OF ENERGY**

| S.No.   | Particular                                 | 2013-14<br>(12 months) | 2012-13<br>(15 months) |
|---|--|------------------------|------------------------|
| <b>(A) POWER &amp; FUEL CONSUMPTION</b>                     |  |                        |                        |
| <b>1. ELECTRICITY</b>                                       |  |                        |                        |
| a)  | Purchased Units (000 KWH)                  | <b>15624.61</b>        | 20158.81               |
|   | Total Amount (Rs. In lacs)                 | <b>1176.62</b>         | 1297.88                |
|   | Rate/Unit (Rs.)                            | <b>7.53</b>            | 6.44                   |
| <b>2. OWN GENERATION</b>                                    |  |                        |                        |
| a)  | Through diesel generation<br>KWH (000 KWH) | <b>487.96</b>          | 526.76                 |
|   | Total Amount (Rs. In lacs)                 | <b>67.78</b>           | 61.04                  |
|   | Unit/Ltr. KWH                              | <b>3.56</b>            | 3.55                   |
|   | Cost/Unit (Rs.)                            | <b>13.89</b>           | 11.59                  |
| <b>(B) CONSUMPTION PER UNIT OF PRODUCTION ( 000 KWH/MT)</b> |  | <b>2951.83</b>         | 3106.36                |

**FORM-B**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

**A. RESEARCH AND DEVELOPMENT**

- i) The Company has carried out Research and Development in the area of Cotton Yarn for improvement in productivity, better efficiency and quality.
- ii) It has set up research and quality control facilities in Cotton Spinning Unit with equipment imported from Switzerland.

**BENEFITS DERIVED AS A RESULT OF ABOVE R&D**

- i) Improvement in the manufacturing process.
- ii) Better quality of products.
- iii) Increased productivity and reduction of wastes.

**EXPENDITURE ON RESEARCH & DEVELOPMENT**

- a) Capital (Rs.in lacs) NIL
- b) Recurring (Rs.in lacs) 0.25

**B. TECHNOLOGY ABSORPTION**

The Company has successfully implemented its Cotton Spinning Project based on Ring Spinning Technology with Plant & machinery imported from Rieter of Switzerland & Schlafhorst of Germany and it is continuously making an endeavor to adapt the process of production to the state of art technology.



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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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### MANAGEMENT DISCUSSION AND ANALYSIS

#### OVERVIEW

The Balance Sheet as at 31.03.2014 and Profit and Loss Account for the year ended on that date have been prepared as per the provisions of the Companies Act and prescribed Accounting Standards. Accounting Statements have been made on prudent and reasonable basis so as to reflect in a true and fair manner, state of affairs of the Company for the year ended on 31.03.2014

#### BUSINESS ORGANIZATION

The Company has a Cotton Spinning Unit. The unit is based on Ring Spinning Technology. It is manufacturing 100% grey cotton yarn. Our emphasis is on product quality conforming to international standards for complete consumer satisfaction. This has resulted in excellent overseas market for the yarns being produced in our Unit.

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

##### COTTON YARN

Cotton Spinning is one of the oldest industries and with the passage of time the industry has upgraded technology wise. Earlier, there was some uncertainty about availability of good quality cotton as it is an agricultural commodity subject to vagaries of weather, floods and pest/disease attack. However, with the introduction of BT Cotton these adverse factors have been mitigated to a large extent and the spinning industry is getting good quality cotton at reasonable rates. During the current cotton season which is ending in September, 2014 Country's crop size is estimated about 400 lacs bales.

The year under report was an adverse year for Cotton Spinning Industry. The main reason was the steep hike in cotton prices during the year under report as compared to previous year. The main cause of high prices of raw cotton was the export of substantial quantities of cotton under OGL. Speculators also played their part in keeping the cotton prices high. There was much volatility in cotton prices. This had serious adverse effect on Cotton Spinning Industry.

On the other hand, yarn prices remained subdued due to sluggish demand in the International market. During the year when China who is a major yarn importer stopped import of Cotton Yarn, the yarn prices further fell. So there was quite mis-match between raw material cost and price realisation of finished goods. All this resulted in adverse financial performance by the company. During the year under report prices of power and fuel and personnel expenses also increased. All these factors resulted in higher cost of production and these led to adverse financial performance by the Company.

##### STRENGTHS

- Unit operating on universally accepted ring spinning technology with properly maintained state of art plant & machinery.
- Excellent Testing Equipment, R&D facilities so as to ensure manufacture of high quality products.
- Company's products are firmly entrenched in the overseas markets.
- Committed work force and cordial industrial relations.

##### WEAKNESSES

- Limited range of products due to capacity constraints.
- Lack of value addition facilities.

##### OPPORTUNITIES

- Growing market for textiles and made ups.
- Emerging overseas markets.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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- Quota free regime with increased exports.

### THREATS

- Competitive exports markets.
- Cotton being an agricultural Commodity is subject to vagaries of weather resulting in fluctuation in its prices.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Sound financial and commercial practices are the bedrock of operations of the Company. The Company has adequate internal control systems for the business processes. These have been designed to provide reasonable assurance with regard to maintaining proper accounting controls, efficiency of operations, protecting assets from unauthorized use and losses, and ensuring reliability of financial and operational information. The internal control systems are supplemented by the Internal Auditors. The Audits are conducted to inter-alia, review the adequacy and effectiveness of internal controls and suggest improvements. The Company has an Audit Committee to review the adequacy of internal controls.

### RISK MANAGEMENT

The operations of the Company are subject to general business risks and competition in the industry especially in exports market. Foreign exchange fluctuations may have an impact on the business and financial results of the Company. The Company is trying to minimise the effect of these fluctuation by efficient foreign exchange management.

### OUTLOOK

Your Company is manufacturing 100% grey cotton yarns for which the raw material is Cotton. Due to introduction of high yielding BT Cotton, raw cotton of different varieties is abundantly available in the country.

So far the monsoon has been very good in the cotton growing regions in the country and areas under cotton cultivation have increased as compared to the previous season. The country is expecting bumper cotton crop during the coming season starting from September, 2014.

Due to expectation of bumper cotton crop not only in India but also major cotton growing countries like USA, Pakistan, China etc. the cotton prices have started declining. The Company expects to buy cotton at reasonable cost during the coming season. Demand of cotton yarn is also picking up in the International market. Demand for cotton yarn is also picking up in the International market. China is also expected to restart import of cotton yarn. All these factors will help in increase in the price of yarn in the International market. Rupee-Dollar exchange rate is stable which is to the advantage of the Company.

Due to these factors the Company expects to show better financial performance during the current year as compared to that of the year under report.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial relations were cordial throughout this year. Training Programs directed towards skill upgradations continued during the year under report.

### CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's Objectives, estimates and expectations may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factor that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, in which the Company operates, changes in the Govt. regulations, tax laws and other incidental factors.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

### CORPORATE GOVERNANCE REPORT

In compliance with the requirement for providing a "Report on Corporate Governance" as per Clause 49 of the Listing Agreement of the Stock Exchanges as applicable, your directors present the Company's Report on Corporate Governance as under:-

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance is based on the ideology that for a Company to succeed in the long run it has to maintain high standards of corporate conduct towards its employees, customers, shareholders and society. The Company's Corporate Governance philosophy is not only to keep checks and balances but also envisages attainment of highest levels of transparency and accountability to create an Organization with increasing employee and customer satisfaction and shareholders value. So your Company continues to follow procedures and practices of Corporate Governance which encompass the Company's functioning at all levels.

#### 2. BOARD OF DIRECTORS

As at 31.03.2014, the Board of Directors of the Company comprised of 6 Directors out of which 3 were Promoter Directors and 3 were Independent directors.

The Composition, Attendance and Directorship/Committee Membership of the Board of Directors of the Company are as under:-

| S. No. | Name of the Director      | Designation       | Category                              | No. of Board Meetings Attended | Attendance at Last AGM | Total No. of Directorships in other companies | Total No. of Committee Memberships | Total No. of Board Chairmanships | Total No. of Committee Chairmanships |
|--------|---------------------------|-------------------|---------------------------------------|--------------------------------|------------------------|---|------------------------------------|----------------------------------|--------------------------------------|
| 1.     | Sh. Raj Paul Oswal        | Chairman          | Non-Executive/<br>Promoter Director   | 3                              | Yes                    | 6   | 3                                  | 1                                | 1                                    |
| 2.     | Sh. Ashok Oswal           | Managing Director | Executive/<br>Promoter Director       | 4                              | Yes                    | 2   | 2                                  | -                                | -                                    |
| 3.     | Sh. Sambhav Oswal         | Director          | Non-Executive/<br>Promoter Director   | 3                              | Yes                    | 3   | -                                  | -                                | -                                    |
| 4.     | Sh. Pawan Kumar Bahl      | Director          | Non-Executive<br>Independent Director | 4                              | Yes                    | -   | 3                                  | -                                | 3                                    |
| 5.     | Sh. Raghubir Chand Singal | Director          | Non-Executive<br>Independent Director | 3                              | Yes                    | 11  | 3                                  | -                                | -                                    |
| 6.     | Dr. Yash Paul Sachdeva    | Director          | Non-Executive<br>Independent Director | 4                              | Yes                    | 6   | 4                                  | -                                | -                                    |

#### BOARD PROCEDURE

It has always been the policy of the Company that in addition to matters which are statutorily required to be approved by the Board, all policy/planning matters, major decisions including Quarterly results, financial restructuring, capital expenditure proposals, mortgages, etc. are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigations feedback, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

#### NO. OF BOARD MEETINGS HELD AND DATES ON WHICH HELD:

During the year Board met 4 times i.e. on 30.05.2013, 12.08.2013, 16.11.2013 and 25.02.2014. The intervening gap between two Board Meetings was well within the maximum prescribed gap of 4 months.

#### 3. COMMITTEES OF THE BOARD

During the year under report the Board had Four Committees i.e. Audit Committee, Share Transfer Committee, Investors Grievance Committee and Remuneration Committee.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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### A. AUDIT COMMITTEE

#### i) BROAD TERMS OF REFERENCE

The terms of reference of Audit Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as under the Companies Act.

#### ii) COMPOSITION OF THE COMMITTEE

As on 31.03.2014, the following Directors were the members of the Audit Committee:-

|                                     |   |                                    |
|-------------------------------------|---|------------------------------------|
| 1. Sh. Pawan Kumar Bahl, Chairman   | : | Non-Executive Independent Director |
| 2. Sh. Raghbir Chand Singal, Member | : | Non-Executive Independent Director |
| 3. Sh. Raj Paul Oswal, Member       | : | Non-Executive Promoter Director    |

#### iii) Meetings / Attendance

During the financial year under report, Audit Committee met 4 times i.e 30.05.2013, 12.08.2013, 16.11.2013 and 25.02.2014. The attendance of the members of the Committee is given below:-

| Committee Members        | Category                           | No. of Committee Meetings attended |
|--------------------------|------------------------------------|------------------------------------|
| Sh. Pawan Kumar Bahl     | Non-Executive Independent Director | 4                                  |
| Sh. Raj Paul Oswal       | Non-Executive Promoter Director    | 3                                  |
| Sh. Raghbir Chand Singal | Non-Executive Independent Director | 3                                  |

The Chairman of Audit Committee was present at the Annual General Meeting of the Company held on 21.09.2013

The Company Secretary acted as the Secretary of the Audit Committee.

### B. SHARE TRANSFER COMMITTEE

The Company has a Committee of Directors titled as Share Transfer Committee to deal with registration of share transfers, issue of duplicate share certificates and related matters. Sh. Raj Paul Oswal and Sh. Ashok Oswal are members of the Committee. The Committee meets frequently to dispose of the above matters effectively and expeditiously. During the year under report Share Transfer Committee held 23 meetings.

### C. INVESTORS GRIEVANCE COMMITTEE

The Company has an Investors Grievance Committee to redress the grievances of investors. It consists of 4 directors namely Sh. Pawan Kumar Bahl, Sh. Raj Paul Oswal, Sh Ashok Oswal and Sh. Raghbir Chand Singal. Sh. Pawan Kumar Bahl, Non-Executive Independent Director is the Chairman of the Committee. The Company attends to Investors grievances/ correspondence expeditiously and usually a reply is sent within 15 days of receipt of letter except in the cases that are constrained by dispute or legal impediment. The total complaints received during the year were 4 which were resolved. There was no outstanding complaint as on 31st March, 2014.

### REMUNERATION COMMITTEE

The Company has constituted Remuneration Committee in line with the Companies Act and Clause 49 of the Listing Agreements. The Remuneration Committee Comprises of three members namely Sh. Pawan Kumar Bahl, Sh. Raghbir Chand Singal and Dr. Yash Paul Sachdeva. Sh.

## OSWAL SPINNING AND WEAVING MILLS LIMITED

Pawan Kumar Bahl, is the Chairman of the said Committee. All these members are Non-Executive Independent Directors of the Company.

### D. GENERAL BODY MEETINGS

i) The details of the last three Annual General Meetings are as under:-

| Financial Year | Location   | Date       | Time       |
|----------------|--|------------|------------|
| 2009-10        | G.T. Road, Jugiana, Ludhiana                                 | 26.03.2011 | 11.00 A.M. |
| 2010-11        | Rotary Bhawan, Near Deepak Hospital, Sarabha Nagar, Ludhiana | 26.06.2012 | 09.30 A.M. |
| 2012-13        | Rotary Bhawan, Near Deepak Hospital, Sarabha Nagar, Ludhiana | 21.09.2013 | 11.00 A.M. |

#### 2009-10

No Special Resolution was passed.

#### 2010-11

Special Resolution was passed for the reappointment of Sh. Ashok Oswal as Managing Director of the Company for a period of 5(Five) years w.e.f. 01.05.2012 without any remuneration.

#### 2012-13

No Special Resolution was passed.

ii) Special resolution passed last year through postal ballot.

No Special resolution was passed during the financial year ended 31.03.2013 through postal ballot.

iii) Proposal of Special Resolution through postal ballot Presently,

No Special resolution is proposed to be conducted through postal ballot.

### 4. DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS FOR THE YEAR ENDED ON 31.03.2014

During the year under Report, no remuneration was paid to any Director. However, sitting fee of Rs. 500/- was paid to Sh. Pawan Kumar Bahl, Sh. Raghubir Chand Singal and Dr. Yash Paul Sachdeva, the three Independent Directors, in respect of each meeting of the Board /Committees of the Board attended by them. Total amount paid/payable to these Directors as sitting fee was Rs. 9,000/- during the year under report.

### 5. COMPLIANCE OFFICER

Sh. R.P. Sharma, Company Secretary, is the Compliance Officer.

### 6. DISCLOSURES

- None of the transactions with any of the related parties were in conflict with the interests of the Company at large.
- There has been no case of any penalties/strictures imposed on the Company by Stock Exchange(s), or SEBI or any other statutory authority, on any matters related to capital markets during the last 3 years.
- The Company has not adopted a whistle blower policy. However, no person of the Company has been denied access to the Audit Committee.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance. As regards Non-Mandatory requirements, the Company will endeavor to implement them to the extent possible.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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**7. MANAGING DIRECTOR'S CERTIFICATE**

The Managing Director of the Company has furnished the requisite certificate to the Board of Directors under Clause 49 of the Listing Agreement.

**8. MEANS OF COMMUNICATION**

| Quarterly/Half Yearly Results             | Published in the Leading National and vernacular News Papers |
|---|--|
| Whether MD & A is a part of Annual Report | Yes  |

**9. SHAREHOLDER INFORMATION**

**A. Annual General Meeting**

Date : 30<sup>th</sup> September, 2013  
Time : 11:00 A.M.  
Venue : Rotary Bhawan, Near Deepak Hospital, Sarabha Nagar, Ludhiana.

**B. FINANCIAL CALENDER FOR THE YEAR 2014-15**

|   |                    |
|---|--------------------|
| Financial Reporting for the quarter ending June, 2014     | 28th August, 2014  |
| Financial Reporting for the quarter ended September, 2014 | Mid November, 2014 |
| Financial Reporting for the quarter ending December, 2014 | Mid February, 2015 |
| Financial Reporting for the quarter ending March, 2015    | Mid May, 2015      |

**C. REGISTRARS AND SHARE TRANSFER AGENT (FOR BOTH PHYSICAL AND DEMAT SEGMENTS)**

M/s. Beetal Financial & Computer Services (P) Ltd.,  
Beetal House, 3rd Floor, 99 Madangir, BH-Local Shopping Complex,  
Near Dada Harsukhdas Mandir, New Delhi-110062.  
Tel: 011-29961281, 29961282; Fax: 011-29961284  
E mail:- beetal\_99@sify.com, beetal@rediffmail.com

**D. SHARE TRANSFER SYSTEM**

Shares lodged for Transfer are normally processed within 15 days from the date of receipt.

**E. INVESTORS CORRESPONDENCE**

All queries of investors regarding the Company's Shares in Physical/Demat form may be sent to Registrar & Share Transfer Agent at the address mentioned above or to the Company at the following address:-

M/s Oswal Spinning and Weaving Mills Ltd.  
Registered Office: 11 & 12, 1st Floor; Block-F, Main Market,  
Near Orient Cinema, B.R.S. Nagar, Ludhiana-141012.  
Phone: 0161-2463182, 83, 84  
Fax: 0161-2463181.  
E-mail: mail@oswalcotton.com

## OSWAL SPINNING AND WEAVING MILLS LIMITED

### F. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31.03.2014

| Sr. | Category No.                                   | No. of Shares held | Percentage of Shareholding |
|-----|--|--------------------|----------------------------|
| A   | Promoters and Associates                       | 33909045           | 37.18                      |
| B   | Banks, Financial Institutions and Mutual Funds | 14461211           | 15.86                      |
| C   | Indian Public                                  | 42636140           | 46.75                      |
| D   | NRI/OCB/FII's                                  | 194704             | 0.21                       |
|     | <b>Total</b>                                   | <b>91201100</b>    | <b>100.00</b>              |

### G. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014

| NO. OF SHARES HELD | NUMBER OF HOLDERS | %AGE TO TOTAL NO.OF HOLDERS | NUMBER OF SHARES | %AGE OF TOTAL EQUITY |
|--------------------|-------------------|-----------------------------|------------------|----------------------|
| UP TO 5000         | 29130             | 99.33                       | 8270554          | 9.07                 |
| 5001 TO 10000      | 103               | 0.35                        | 749268           | 0.82                 |
| 10001 TO 20000     | 37                | 0.12                        | 508195           | 0.56                 |
| 20001 TO 30000     | 14                | 0.05                        | 350433           | 0.38                 |
| 30001 TO 40000     | 3                 | 0.01                        | 100664           | 0.11                 |
| 40001 TO 50000     | 2                 | 0.01                        | 92446            | 0.10                 |
| 50001 TO 100000    | 8                 | 0.03                        | 592621           | 0.65                 |
| 100001 AND ABOVE   | 29                | 0.10                        | 80536919         | 88.31                |
| <b>TOTAL</b>       | <b>29336</b>      | <b>100.00</b>               | <b>91201100</b>  | <b>100.00</b>        |

### H. LISTING ON STOCK EXCHANGES

Company's equity shares are listed at the following stock exchanges:-

- 2) Bombay Stock Exchange Limited, Mumbai.
- 3) Ludhiana Stock Exchange Limited, Ludhiana.
- 4) Ahmadabad Stock Exchange Limited, Ahmadabad.
- 5) Delhi Stock Exchange Limited, New Delhi.
- 6) The Calcutta Stock Exchange Limited, Kolkata.

Due to lack of trading, the Company has applied to stock exchanges at Ludhiana, Delhi, Ahmadabad and Calcutta for delisting of its Company's shares from these Stock Exchanges.

### I. DEMATERIALISATION OF SHARES

As per notification issued by the Securities and Exchange Board of India (SEBI), the trading in the Company's shares is permitted only in Dematerialised form w.e.f. 30.04.2001. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd., (CDSL).

Shares Dematerialisation Record:- The following data indicate the extent of Dematerialisation of Company's shares as on 31.03.2014

|                                   |   |          |   |                                     |
|-----------------------------------|---|----------|---|-------------------------------------|
| No. of Shares Dematerialised      | : | 55467292 | : | 60.82% of total Share Capital       |
| No. of shareholders in Demat form | : | 7344     | : | 25.04% of total No. of shareholders |

## OSWAL SPINNING AND WEAVING MILLS LIMITED

**J. OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

The Company has not issued any GDRs/ADRs/Warrants or any other Convertible instruments.

**K. DETAIL OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS**

The Company has not raised any public funding in the last three years.

**L. MARKET PRICE DATA\***

The month High, Low, Closing prices of Company's equity shares at BSE and comparison between closing price variation of Company's shares and BSE Sensex variation in percentage is as under :-

| MONTH          | SHARE PRICE OF THE COMPANY |              |               |                                  | BSE SENSEX    |              |               |                                  |
|----------------|----------------------------|--------------|---------------|----------------------------------|---------------|--------------|---------------|----------------------------------|
|                | HIGHEST (Rs.)              | LOWEST (Rs.) | CLOSING (Rs.) | % CHANGE OVER LAST MONTH CLOSING | HIGHEST (Rs.) | LOWEST (Rs.) | CLOSING (Rs.) | % CHANGE OVER LAST MONTH CLOSING |
| APRIL 2013     | 2.46                       | 1.50         | 1.81          | 9.70                             | 19622.68      | 18144.22     | 19504.18      | 3.55                             |
| MAY 2013       | 2.20                       | 1.90         | 2.00          | 10.49                            | 20443.62      | 19451.26     | 19760.30      | 1.31                             |
| JUNE 2013      | 1.91                       | 1.51         | 1.56          | -2.20                            | 19860.19      | 18467.16     | 19395.81      | -1.84                            |
| JULY 2013      | 1.54                       | 1.54         | 1.93          | 23.72                            | 20351.06      | 19126.82     | 19345.70      | -0.26                            |
| AUGUST 2013    | 1.92                       | 1.91         | 2.13          | 10.36                            | 19569.20      | 17448.71     | 18619.72      | -3.75                            |
| SEPTEMBER 2013 | 2.03                       | 1.80         | 2.20          | 3.27                             | 20739.69      | 18166.17     | 19379.77      | 4.08                             |
| OCTOBER 2013   | 2.20                       | 1.82         | 2.00          | -9.09                            | 21205.44      | 19264.72     | 21164.52      | 9.21                             |
| NOVEMBER 2013  | 1.93                       | 1.82         | 2.00          | 0.00                             | 21321.53      | 20137.67     | 20791.93      | -1.76                            |
| DECEMBER 2013  | 1.91                       | 1.77         | 1.96          | -2.00                            | 21483.74      | 20568.70     | 21170.68      | 1.82                             |
| JANUARY 2014   | 1.96                       | 1.77         | 1.83          | -6.63                            | 21409.66      | 20343.78     | 20513.85      | -3.10                            |
| FEBRUARY 2014  | 1.83                       | 1.80         | 1.92          | 4.92                             | 21140.51      | 19963.12     | 21120.12      | 2.96                             |
| MARCH 2014     | 1.92                       | 1.64         | 1.80          | -6.25                            | 22467.21      | 20920.98     | 22386.27      | 5.99                             |

\*Source:- Data has been taken from the Website of the Bombay Stock Exchange. The Company does not have any other sources for verification of data

**M. UNCLAIMED DIVIDEND**

There were no unclaimed dividends etc. to be transferred by the Company to the Investor Education and Protection Fund, as at 31st March, 2014 pursuant to the Companies Act.

**N. PLANT LOCATION OF THE COMPANY**

G.T. Road,  
Village Doraha,  
Distt. Ludhiana-141 421.  
PUNJAB.  
Phone: 01628-258755, 258756.

**O. DEPOSITORY SERVICES**

For guidance on depository services, shareholders may write to the Company or respective Depositories.



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**OSWAL SPINNING AND WEAVING MILLS LIMITED**

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**P. CEO CERTIFICATION**

AS required under Clause 49 of the Listing Agreement, a certificate duly signed by the CEO was placed at the meeting of the Board of Directors held on 30.05.2014.

**Q. SECTERIAL AUDIT FOR RECONCILIATION OF CAPITAL**

The Securities and Exchange Board of India has directed vide circular No. D&CC/FITTC/CIR-16/2002 dated 31.12.2002 that all issuer Companies shall submit a Certificate of Capital Integrity, Reconciling the total shares held in both the depositories viz. NSDL and CDSL and in physical form with the total issued/paid-up capital.

The said certificates duly certified by a practicing Company Secretary have been submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of the each quarter.

**MANAGING DIRECTOR'S DECLARATION**

Pursuant to the requirement of Clause of 49 of the Listing Agreement, I hereby confirm that all Board Members and Senior management personnel (as defined in abovesaid clause 49) of the Company have affirmed compliance with 'Code of Conduct for Board and Senior Management Personnel' for the year ended 31.03.2014.

**PLACE: LUDHIANA**  
**DATED: 28.08.2014**

**ASHOK OSWAL**  
**(MANAGING DIRECTOR)**

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**OSWAL SPINNING AND WEAVING MILLS LIMITED**

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**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE REPORT**

The Members of  
OSWAL SPINNING AND WEAVING MILLS LTD.

We have examined the compliance of conditions of corporate governance by Oswal Spinning and Weaving Mills Ltd. for the year ended 31.03.2014 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of condition of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information & according to 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 that 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 & ON BEHALF OF DASS KHANNA & CO.  
CHARTERED ACCOUNTANTS,  
(Firm Regn. No. 000402N)**

**PLACE: LUDHIANA  
DATE: 28.08.2014**

**(RAKESH SONI)  
PARTNER  
M. No. 83142**

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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### Independent Auditors' Report

To,

The Members of

**OSWAL SPINNING AND WEAVING MILLS LIMITED**

#### Report on Financial Statements

We have audited the accompanying financial statements of OSWAL SPINNING AND WEAVING MILLS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial

statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Opinion

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified Opinion paragraph, the 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:*

- a) *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;*
- b) *In the case of the Statement of Profit and Loss, of the profit for the period ended on that date.*
- c) *In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.*

#### Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

a) We draw attention to Note-16 to the financial statements which describes the doubtful nature of the Trade Receivables to the extent of Rs. 92,91,903.00 receivable for more than 3 years against which no provision for doubtful debts has been made by the company. However, The company is taking requisite steps to recover the amount.

b) We draw attention to Note-29 to the financial statements which describes that during the year the Company has changed rate of charging depreciation on cotton spinning unit from the rate prescribed for Continuous Process Plant to General Plant and Machinery as per rates specified in Schedule XIV of the Companies Act, 1956. Consequently the difference of Depreciation relating to earlier years amounting to Rs.1,26,16,898.42/- has been provided during the year as an Exceptional Item. Had the depreciation been provided as per previous rate then the depreciation for the period on cotton spinning unit would have been Rs.2,25,66,538/- instead of Rs. 98,20,049/-. The Company's records indicate that had the depreciation been provided as previous rate :-

- i. The Profit would have been Rs.35,92,603.40/- as against the reported figure of Rs. 37,22,194.40/-.
- ii. Balance of Surplus would have been Rs 5,95,15,484.20- as against the reported figure of Rs. 5,96,45,075.20/-.

## OSWAL SPINNING AND WEAVING MILLS LIMITED

iii. Fixed Assets (excluding Capital Work-in-progress) would have been Rs.17,27,61,591.70/- as against the reported figure of Rs.17,28,91,182.70/-

c) We draw attention to Note-30(iii) to the financial statements which describes that Kotak Mahindra Bank Ltd. has issued a notice under section 13(2) of the SARFAESI Act, 2002 demanding Rs. 63.43 crores (calculated upto 04/04/2014) from the Company in respect of various commitments, defaults, penalties and interest thereon, which the Company has contested illegal and without any basis before the Hon. High Court of Punjab and Haryana, for which petition has been admitted on 29/05/2014 and further proceedings under section 13(4) of SARFAESI Act, 2002 has been stayed.

d) We draw attention to Note-30(iv) to the financial statements which describes that State Bank of Patiala (SBOP) has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 4.09 cr. (being NPV of Rs. 2.88 cr. of CRPS of Rs. 5.38 cr. and interest thereon). These CRPS have already been issued by the Company to the Bank. Further the Company had agreed to pay the NPV of CRPS because SBOP had informed the Company that they had waived the amount of Rs. 5.29 cr. being interest payable by the Company to SBOP. However, later on it has transpired that instead of waiving this amount of Rs. 5.29 cr., SBOP has transferred the same to Kotak Mahindra Bank Limited (KMBL) vide assignment agreement dated 16.11.2007 thereby misleading the Company that they have waived the interest and thus violating the terms and conditions of the agreement that they had with the Company. On this ground the application of the bank is being contested by the Company in the DRT.

e) We draw attention to Note-30(v) to the financial statements which describes that IFCI has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 2347.02 lacs (Rs. 1269.82 lacs being amount of FITL and balance amount being interest thereon). IFCI has also filed a company petition with the Punjab and Haryana High Court under section 433, 434 & 439 for Recovery of the above mentioned amount/winding up of the Company. The Company is contesting the application in the DRT and Company petition in Punjab and Haryana High Court on the ground that by way of assignment of debt IFCI has assigned/transferred the entire dues including FITL of Rs. 1269.82 lacs payable by the Company to IFCI on 16.11.2007 in favour of Kotak

Mahindra Bank Limited vide Assignment Agreement dated 16.11.2007 and after that nothing is due and payable by the Company to IFCI.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except as specifically mentioned in Point 11 of the Annexure;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from the Directors as on 31st March 2014, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

**FOR DASS KHANNA & CO.,  
CHARTERED ACCOUNTANTS  
(Firm Regn No. 000402N)**

**PLACE : LUDHIANA  
DATED : 30.05.2014**

**(RAKESH SONI)  
PARTNER  
M.NO. 83142**

## OSWAL SPINNING AND WEAVING MILLS LIMITED

### ANNEXURE TO THE AUDITOR'S REPORT

**The Annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of the Our Report of even date to the members of OSWAL SPINNING AND WEAVING MILLS LIMITED on the accounts of the company for the period ended 31st March, 2014.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) All the assets have not been physically verified by the management during the period but there is a regular programme of verification, which, in our opinion, is reasonable, having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, the company has not disposed off substantial part of fixed assets and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the period by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) The company has taken loan from four companies and 17 other parties covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the period was Rs.5,27,10,698/62 and the period end balance of loans was Rs.4,91,10,698/62
  - (b) The rate of interest and other term and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
  - (c) According to information and explanations given to us, the parties from whom loans and advances in the nature of loans have been taken, the interest and principal amounts are being repaid as stipulated.
  - (d) The company has not granted loan to companies covered in the register maintained under section 301 of the Companies Act, 1956. So Para No. e, f, g are not applicable.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) As per information & explanations given to us and in our opinion, the transactions entered into by the company with parties covered u/s 301 of the Act exceeding five lakh rupees in a financial period have been made at prices which are prima facie reasonable.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
  7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except Sale Tax penalty amounting to Rs.135000/- demanded in year 2000-2001 which is disputed in Sale Tax Appellate Authority.
10. The accumulated losses of the company are not more than its net worth. The company has not incurred cash losses during the financial period covered by our audit and immediately preceding financial period.
11. We are unable to express an opinion on term loan from Kotak Mahindra Bank Limited as information regarding repayment terms have not been provided to us by the company. In case of all other term loans, the company has not defaulted in repayment of dues to banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the period.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made preferential allotment of shares during the period to parties covered in the register maintained under section 301 of the Act.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the period.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the period, nor have we been informed of such case by the management.

**FOR DASS KHANNA & CO.,  
CHARTERED ACCOUNTANTS  
(Firm Regn No. 000402N)**

**PLACE : LUDHIANA  
DATED : 30.05.2014**

**(RAKESH SONI)  
PARTNER  
M.NO. 83142**

## OSWAL SPINNING AND WEAVING MILLS LIMITED

### BALANCE SHEET AS AT 31ST MARCH 2014

| PARTICULARS                                 | NOTE NO. | AS AT<br>31.03.2014<br>(Rs.)   | AS AT<br>31.03.2013<br>(Rs.) |
|---|----------|--|------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>            |          |  |                              |
| <b>1 Shareholders' funds</b>                |          |  |                              |
| (a) Share capital                           | 3        | <b>261,960,630.00</b>  | 261,960,630.00               |
| (b) Reserves & surplus                      | 4        | <b>5,96,45,075.20</b>  | 58,195,300.80                |
| <b>2 Non-current liabilities</b>            |          |  |                              |
| (a) Long-term borrowings                    | 5        | <b>9,29,56,828.53</b>  | 92,488,289.42                |
| (b) Long-term provisions                    | 6        | <b>88,59,849.00</b>  | 7,401,815.00                 |
| <b>3 Current liabilities</b>                |          |  |                              |
| (a) Short-term borrowings                   | 7        | <b>16,60,67,182.92</b>   | 114,751,629.30               |
| (b) Trade payables                          | 8        | <b>11,98,58,070.45</b>   | 79,462,696.01                |
| (c) Other current liabilities               | 9        | <b>3,56,18,680.28</b>  | 153,443,629.57               |
| (d) Short-term provisions                   | 10       | <b>57,85,985.00</b>  | 6,691,868.00                 |
| <b>TOTAL</b>                                |          | <b><u>75,07,52,301.38</u></b>  | <u>774,395,858.10</u>        |
| <b>II. ASSETS</b>                           |          |  |                              |
| <b>1 Non-current assets</b>                 |          |  |                              |
| (a) Fixed Assets                            | 11       |  |                              |
| (i) Tangible assets                         |          | <b>172891182.70</b>  | 165,919,515.96               |
| (ii) Capital work-in-progress               |          | --   | 20,907,295.81                |
| (b) Non-current investments                 | 12       | <b>37,89,100.00</b>  | 3,789,100.00                 |
| (c) Long-term loans and advances            | 13       | <b>5,15,70,955.00</b>  | 51,800,629.30                |
| (d) Other non-current assets                | 14       | <b>22,31,340.00</b>  | 3,464,095.00                 |
| <b>2 Current Assets</b>                     |          |  |                              |
| (a) Inventories                             | 15       | <b>17,28,55,979.31</b>   | 164,375,500.87               |
| (b) Trade receivables                       | 16       | <b>23,23,72,001.98</b>   | 225,047,649.78               |
| (c) Cash and Bank Balances                  | 17       | <b>2,04,61,936.27</b>  | 17,706,203.13                |
| (d) Short-term loans and advances           | 18       | <b>4,38,93,187.76</b>  | 49,893,004.97                |
| (e) Others current assets                   | 19       | <b>5,06,86,618.36</b>  | 71,492,863.28                |
| <b>TOTAL</b>                                |          | <b><u>75,07,52,301.38</u></b>  | <u>774,395,858.10</u>        |
| <b>III. Significant Accounting Policies</b> |          |  |                              |
|   | 2        | The accompanying notes are an integral part of these financial statements. |                              |

(R. P. SHARMA)  
G.M. (Corp.) & Company Secretary

For and on behalf of the Board  
(SAMBHAV OSWAL)  
Director

(ASHOK OSWAL)  
Managing Director

This is the Balance Sheet  
referred to in our report of even date

**FOR Dass Khanna & Co.**  
Chartered Accountants  
(Firm Regn.no 000402N)

Place : Ludhiana  
Dated : 30.05.2014

(RAKESH SONI)  
Partner  
M.NO.83142

## OSWAL SPINNING AND WEAVING MILLS LIMITED

### PROFIT & LOSS STATEMENT FOR THE PERIOD ENDING 31st MARCH 2014

| PARTICULARS   | Note No. | CURRENT YEAR<br>(Rs.)           | PREVIOUS YEAR<br>(Rs.)  |
|---|----------|---------------------------------|-------------------------|
| <b>A. INCOME</b>  |          |                                 |                         |
| I. Revenue from operations  | 20       | <b>1,36,71,65,548.29</b>        | 1,482,913,494.41        |
| II. Other income  | 21       | <b>9,22,11,567.77</b>           | 71,530,379.53           |
| III. <b>Total Revenue (I+II)</b>  |          | <b><u>1,45,93,77,116.06</u></b> | <u>1,554,443,873.94</u> |
| <b>IV. EXPENSES:</b>  |          |                                 |                         |
| Cost of materials consumed  | 22       | <b>85,72,71,017.37</b>          | 888,450,661.92          |
| Purchases of stock-in-trade   | 23       | <b>21,39,86,853.00</b>          | 163,917,548.68          |
| Changes in inventories of finished goods<br>work-in-progress and stock-in-trade | 24       | <b>-1,95,30,999.00</b>          | -44,863,843.00          |
| Employee Benefits Expenses  | 25       | <b>8,00,39,619.92</b>           | 87,619,233.58           |
| Financial Expenses  | 26       | <b>5,12,13,195.66</b>           | 74,436,826.42           |
| Depreciation and amortization   | 11       | <b>98,20,049.66</b>             | 50,436,595.96           |
| Other expenses  | 27       | <b>23,12,74,506.30</b>          | 264,475,133.42          |
| <b>Total</b>  |          | <b><u>1,42,40,74,242.91</u></b> | <u>1,484,472,156.98</u> |
| V. Profit before exceptional and extraordinary items and tax(III-IV)            |          | <b>3,53,02,873.15</b>           | 69,971,716.96           |
| VI. Exceptional Items   | 28       | <b>3,15,80,678.75</b>           | 0.00                    |
| VII. Profit before extraordinary (V-VI)   |          | <b>37,22,194.40</b>             | 69,971,716.96           |
| VIII. Extraordinary items   |          | <b>0.00</b>                     | 0.00                    |
| V. Profit before Tax  |          | <b>37,22,194.40</b>             | 69,971,716.96           |
| VI. Tax expense:  |          | <b>0.00</b>                     | 0.00                    |
| <b>VII. Profit for the period</b>   |          | <b><u>37,22,194.40</u></b>      | <u>69,971,716.96</u>    |
| VIII. Earing per equity share:  |          |                                 |                         |
| (1) Basic   |          | <b>0.04</b>                     | 0.77                    |
| (2) Diluted   |          | <b>0.02</b>                     | 0.39                    |
| IX. Significant Accounting Policies   | 2        |                                 |                         |

The accompanying notes are an integral part of these financial statements.

**(R. P. SHARMA)**  
G.M. (Corp.) & Company Secretary

For and on behalf of the Board  
**(SAMBHAV OSWAL)**  
Director

**(ASHOK OSWAL)**  
Managing Director

This is the Profit & Loss Statements  
referred to in our report of even date

**FOR Dass Khanna & Co.**  
Chartered Accountants  
(Firm Regn.no 000402N)

Place : Ludhiana  
Dated : 30.05.2014

**(RAKESH SONI)**  
Partner  
M.NO.83142



## OSWAL SPINNING AND WEAVING MILLS LIMITED

### CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2014

| PARTICULARS  | CURRENT YEAR         | PREVIOUS YEAR        |
|--|----------------------|----------------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>                              |                      |                      |
| Net Profit before Tax as per Profit & Loss Statement                       | 3722194.40           | 69971716.96          |
| <b>Adjustment for :</b>  |                      |                      |
| Depreciation   | 22436948.08          | 50436595.96          |
| Transferred from Revaluation Reserve                                       | (2272420.00)         | (258230.16)          |
| Finance Cost   | 51213195.66          | 74436826.42          |
| Profit on sale of fixed assets   | (82190448.00)        | (20035337.01)        |
| Interest Received  | (2648358.31)         | (1585680.25)         |
| <b>Operating Profit before Working Capital Changes</b>                     | <b>(9738888.17)</b>  | <b>172965891.92</b>  |
| <b>Adjustment for :</b>  |                      |                      |
| Short Term Loans & Advances  | 5999817.21           | 18391568.29          |
| Long Term Provisions   | 1458034.00           | 898499.00            |
| Other non current assets   | 1232755.00           | (3184095.00)         |
| Inventories  | (8480478.44)         | (58876126.87)        |
| Trade receivables  | (7324352.20)         | (72407702.78)        |
| Other current assets   | 20806244.92          | 1428730.72           |
| Long Term Loans and Advances   | 229674.30            | (34071409.30)        |
| Trade Payables   | 40395374.44          | (7968663.82)         |
| Other current liabilities  | (117824949.29)       | (24488758.04)        |
| Short term provisions  | (905883.00)          | 1337501.00           |
| <b>Cash generated from Operations</b>                                      | <b>(74152651.23)</b> | <b>(5974564.88)</b>  |
| Direct Tax paid  | 0.00                 | 0.00                 |
| <b>Net Cash (used in) operating activities</b>                             | <b>(74152651.23)</b> | <b>(5974564.88)</b>  |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                              |                      |                      |
| Purchase of Fixed Assets   | (10904290.76)        | (43178360.95)        |
| Sale of Fixed Assets   | 84593420.00          | 22221428.06          |
| Interest Received  | 2648358.31           | 1585680.25           |
| Net Cash (used in)/from Investing activities                               | 76337487.55          | (19371252.64)        |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                              |                      |                      |
| Long-Term Borrowings (Net)   | 468539.11            | 2851181.80           |
| Sort-Term Borrowings (Net)   | 51315553.62          | 61752038.30          |
| Finance Cost   | (51213195.66)        | (74436826.42)        |
| <b>Net Cash (used in) Financing activities</b>                             | <b>570897.07</b>     | <b>(9833606.32)</b>  |
| <b>Net (decrease) in cash &amp; cash equivalents (A+B+C)</b>               | <b>2755733.39</b>    | <b>(35179423.84)</b> |
| <b>Opening Balance of Cash and cash equivalents</b>                        | <b>17706203.13</b>   | <b>52885626.97</b>   |
| <b>Closing Balance of Cash and cash equivalents</b>                        | <b>20461936.52</b>   | <b>17706203.13</b>   |
| The accompanying notes are an integral part of these financial statements. |                      |                      |

(R. P. SHARMA)  
G.M. (Corp.) & Company Secretary

For and on behalf of the Board  
(SAMBHAV OSWAL)  
Director

(ASHOK OSWAL)  
Managing Director

This is the Cash Flow Statement  
referred to in our report of even date

FOR Dass Khanna & Co.  
Chartered Accountants  
(Firm Regn.no 000402N)

Place : Ludhiana  
Dated : 30.05.2014

(RAKESH SONI)  
Partner  
M.NO.83142

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

#### **1. GENERAL INFORMATION**

Oswal Spinning and Weaving Mills Limited is a public company incorporated in India under the provisions of the Companies Act, 1956. The Company is engaged in the business of manufacturing & trading of Cotton Yarn and Trading of Blankets.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Accounting Conventions**

The company's financial statements have been prepared in accordance with the historical cost convention on accrual basis of accounting, as applicable to going concern, in accordance with Generally Accepted Accounting Principles (GAAP) in India, mandatory Accounting Standards prescribed in The Companies (Accounting Standards) Rules 2006, issued by Central Government, in consultation with the provisions of Companies Act, 1956 to the extent applicable. The financial statements are presented in Indian Rupees.

All assets and liabilities have been classified as current or non current, as per company's normal operating cycle and other criteria set out in the Revised Schedule VI of Companies Act, 1956.

##### **B. Use of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provision for doubtful debts, employees benefits, provision for income tax, the useful lives of depreciable fixed assets and provision for impairment.

##### **C. Revenue Recognition**

###### **1 Sales :-**

Sales Revenue is recognised on dispatch of goods net of trade discount and sales tax when :

- (i) All the significant risks and rewards of ownership have been transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership.
- (ii) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods.

###### **2 Export Benefits :-**

The Revenue in respect of Export benefits is recognised on post export basis at the rate, at which the entitlement accrues. Such amount is included under the head sales

- 3 Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### **D. Fixed Assets**

- Fixed assets are stated at cost of acquisition inclusive of inward freight, duties & taxes & incidental expenses related to acquisition, net of depreciation to date except Land at Jugiana which was acquired before 01-04-1987 and has been stated at revalued amount.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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- Capital work in progress includes, cost of assets at site and pre-operative expenditure, pending allocation to fixed assets.

### **E. Inventory Valuation**

Inventories are valued at cost or net realizable value whichever is lower except scrap at net realisable value. The cost formula used for valuation of inventories are:-

- 1 In respect of raw material on specific identification method i.e. specific costs are attributed to identified items of inventory.
- 2 In case of stores and spares at FIFO basis plus direct expenses.
- 3 In respect of work in process at raw material cost plus conversion cost depending on stage of completion.
- 4 Finished goods are valued at weighted average of raw material cost plus conversion cost, packing cost and other overheads incurred to bring the inventory to their present condition and location.

### **F. Depreciation**

- (i) Depreciation has been provided in accordance with Schedule XIV of the Companies Act, 1956. The Depreciation has been provided on SLM.
- (ii) Depreciation on addition to assets costing Rs. 5000/- or below has been charged on 100% basis.

### **G. Taxes on Income**

The accounting treatment followed for taxes on income is to provide for current tax and deferred tax. Current tax is the amount of tax payable in respect of taxable income for a period. Deferred tax is the effect of timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal on one or more subsequent periods. Deferred Tax Assets on unabsorbed depreciation or carry forward of losses under tax laws are not recognised, unless there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. In other cases deferred tax assets is recognised and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### **H. Retirement Benefits**

- i) Short Term Employee Benefits :  
Short Term Employee benefits are recognised on an undiscounted basis in the Profit & Loss Statement of the year in which the related service is rendered.
- ii) Post Employment Benefits :
  - a) Provident Fund  
Benefits to employees are provided for by contribution to Provident and other funds in accordance with provisions of Employee Provident Fund and Miscellaneous Provisions Act, 1952 , the payment of which are accounted for on accrual basis.
  - b) Gratuity  
Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the end of the period.

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## OSWAL SPINNING AND WEAVING MILLS LIMITED

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c) **Leave With Wages**

Provision for leave with wages is made on the basis of actuarial valuation as at the end of the period.

**I. Foreign Currency Transactions**

- (i) All foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Assets & Liabilities related to Foreign Currency transactions remaining unsettled during the period are converted into rupees at exchange rates prevailing on the balance sheet date, except those covered by the forward contracts. Gain or Losses on transaction of current assets and current liabilities is adjusted in the profit and loss statement for the year.
- (ii) Exchange difference on Forward exchange contract is recognised in the Statement of Profit & Loss in the reporting period in which the exchange rate changes. Profit or Loss arising on cancellation or renewal of such contract is recognised as income or expense in the period in which such Profit or Loss arises.

**J. Impairment of Assets**

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

**K. Contingent Liabilities**

Contingent liability is disclosed in case of:

- a) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- b) a possible obligation, unless the probability of outflow in settlement is remote.

**L. Investments**

Long term investments are considered "at Cost" on individual investment basis, unless there is a decline, other than temporary, in value thereof, in which case adequate provision is made against such diminution in the value of investments.

**M. Borrowing Costs**

Borrowing costs that are directly attributable to acquisition or construction of qualifying assets, are treated as part of cost of capital assets. Other borrowing costs are treated as expenses for the period, in which they are incurred.

**N. Earning Per Share**

Basic earning per share is calculated by dividing the net profit or loss for the period, attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

**O. Operating Lease**

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Lease rentals paid for such leases are recognised as an expense on systematic basis over the term of lease.

## OSWAL SPINNING AND WEAVING MILLS LIMITED

| PARTICULARS   | AS AT<br>31.03.2014<br>(Rs.) | AS AT<br>31.03.2013<br>(Rs.) |
|---|------------------------------|------------------------------|
| <b>3. SHARE CAPITAL</b>   |                              |                              |
| <b>(a) AUTHORISED</b>   |                              |                              |
| 225000000 Equity Shares of Re 1/- each  | 225,000,000.00               | 225,000,000.00               |
| 175000000 0.1% Cumulative Redeemable Preference Shares of Re. 1/- each  | 175,000,000.00               | 175,000,000.00               |
|   | <u>400,000,000.00</u>        | <u>400,000,000.00</u>        |
| <b>(b) ISSUED</b>   |                              |                              |
| (i) 91223375 Equity Shares of Re 1/- each fully paid up   | 91,223,375.00                | 91,223,375.00                |
| (ii) 171031450 0.1% Cumulative Redeemable Preference Shares of Re.1/- each fully paid up  | 171,031,450.00               | 171,031,450.00               |
|   | <u>262,254,825.00</u>        | <u>262,254,825.00</u>        |
| <b>(c) SUBSCRIBED &amp; PAID UP</b>   |                              |                              |
| (i) 91201100 Equity Shares of re 1/- each fully paid up   | 91,201,100.00                | 91,201,100.00                |
| Less: Calls in Arrear   | 180,250.00                   | 180,250.00                   |
| Less: Allotment Money in Arrear   | 91,670.00                    | 91,670.00                    |
| <b>Net Subscribed Equity Share Capital</b>  | <u>90,929,180.00</u>         | <u>90,929,180.00</u>         |
| <br>(ii) 171031450 0.1% Cumulative Redeemable Preference Shares of Re. 1/- each fully paid up   |                              |                              |
|   | 171,031,450.00               | 171,031,450.00               |
| (Redeemable in five equal installments starting from 11th year from date of allotment i.e 12.11.2007. However, the company has the option to redeem them earlier at their Net Present Value.) |                              |                              |
| <b>TOTAL</b>  | <u>261,960,630.00</u>        | <u>261,960,630.00</u>        |
| <b>(d) Reconciliation of the number of shares</b>   |                              |                              |
| Particulars   | As on 31st March 2014        | As on 31st March 2013        |
|   | No.of Shares                 | No.of Shares                 |
| Opening Equity Shares   | 91,201,100.00                | 91,201,100.00                |
| Addition during the Period.   | 0.00                         | 0.00                         |
| Closing Equity Shares   | <u>91,201,100.00</u>         | <u>91,201,100.00</u>         |
| Opening Cumulative Redeemable Preference Shares   | 171,031,450.00               | 171,031,450.00               |
| Addition during the Period.   | 0.00                         | 0.00                         |
| Closing Cumulative Redeemable Preference Shares   | <u>171,031,450.00</u>        | <u>171,031,450.00</u>        |

## OSWAL SPINNING AND WEAVING MILLS LIMITED

### (e) Shareholders holding more than 5% of share capital.

| (i) Equity Shares             |                    | As on 31st March 2014 |                    | As on 31st March 2013 |  |
|-------------------------------|--------------------|-----------------------|--------------------|-----------------------|--|
| Name of Shareholder           | No. of Shares held | % of Holding          | No. of Shares held | % of Holding          |  |
| Oswal Cottex Exports Ltd.     | 13,217,700.00      | 14.49                 | 13,217,700.00      | 14.49                 |  |
| Sidhant Investments Pvt. Ltd. | 7,538,400.00       | 8.27                  | 7,538,400.00       | 8.27                  |  |
| Oswal Spinning Ltd.           | 6,000,000.00       | 6.58                  | 6,000,000.00       | 6.58                  |  |
| Kotak Mahindra Bank Ltd.      | 13,593,900.00      | 14.91                 | 13,593,900.00      | 14.91                 |  |
| Life Insurance Corp. of India | 6,807,000.00       | 7.46                  | 6,807,000.00       | 7.46                  |  |
| Kanika Alloys Pvt Ltd.        | 13,226,900.00      | 14.50                 | 13,226,900.00      | 14.50                 |  |
| <b>(ii) Preference Shares</b> |                    |                       |                    |                       |  |
| IFCI Ltd.                     | 99,730,160.00      | 58.32                 | 99,730,160.00      | 58.32                 |  |
| State Bank of Patiala         | 53,794,490.00      | 31.45                 | 53,794,490.00      | 31.45                 |  |

### (f) Rights, preferences and restrictions attached to shares

**Equity Shares:** The company has one class of equity shares having a par value of Re.1 per share. Each shareholder is eligible for one vote per share held. 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.

**0.1% Cumulative Redeemable preference shares:** 171,031,450, 0.1% Cumulative Redeemable preference shares of Re.1 each were issued in November 2007, redeemable in five equal installments starting from 11th year from date of allotment i.e 12.11.2007. However, the company has the option to redeem them earlier at their Net Present Value.

#### 4. RESERVES & SURPLUS

| PARTICULARS                           | AS AT                 | AS AT                 |
|---------------------------------------|-----------------------|-----------------------|
|                                       | 31.03.2014            | 31.3.2013             |
|                                       | (Rs.)                 | (Rs.)                 |
| (a) Capital Reserve                   |                       |                       |
| Opening Balance                       | 0.00                  | 6,009,600.00          |
| Less : Transfer to surplus            | 0.00                  | 0.00                  |
|                                       | <u>0.00</u>           | <u>6,009,600.00</u>   |
| (b) Securities Premium Reserve        | 117,082,720.00        | 117,082,720.00        |
| (c) Capital Revaluation Reserve       |                       |                       |
| Opening Balance                       | 3,318,384.84          | 3,576,615.00          |
| Less : Deduction during the period    | 2,272,420.00          | 258,230.16            |
|                                       | <u>1,045,964.84</u>   | <u>3,318,384.84</u>   |
| (d) Surplus                           |                       |                       |
| Opening Balance                       | -62,205,804.04        | -138,187,121.00       |
| Add: Addition During the period       | 3,722,194.40          | 69,971,716.96         |
| Add: Transferred from capital reserve | 0.00                  | 6,009,600.00          |
|                                       | <u>-58,483,609.64</u> | <u>-62,205,804.04</u> |
| <b>TOTAL</b>                          | <b>59,645,075.20</b>  | <b>58,195,300.80</b>  |

## OSWAL SPINNING AND WEAVING MILLS LIMITED

### 5. LONG-TERM BORROWINGS

| PARTICULARS  | AS AT 31.03.2014<br>(Rs.) |                     | AS AT 31.03.2013<br>(Rs.) |                      |
|--|---------------------------|---------------------|---------------------------|----------------------|
|  | NON CURRENT               | CURRENT             | NON CURRENT               | CURRENT              |
| (a) Term Loans   |                           |                     |                           |                      |
| From Banks (Secured)                                       |                           |                     |                           |                      |
| (i) Kotak Mahindra Bank Limited*                           | 0.00                      | 0.00                | 0.00                      | 82,302,104.37        |
| (ii) From banks(Unsecured) **                              | 3,729,720.91              | 1,497,095.00        | 2,661,181.80              | 1,701,185.12         |
| (b) Loans and advances from related parties<br>(Unsecured) |                           |                     |                           |                      |
| (i) From Others ***  | 49,110,698.62             | 0.00                | 49,710,698.62             | 0.00                 |
| (c) Other Loans and Advances<br>(Unsecured)                |                           |                     |                           |                      |
| (i) From Others ***  | 40,116,409.00             | 0.00                | 40,116,409.00             | 0.00                 |
| <b>TOTAL</b>   | <b>92,956,828.53</b>      | <b>1,497,095.00</b> | <b>92,488,289.42</b>      | <b>84,003,289.49</b> |

Kotak Mahindra Bank Ltd. has issued a notice under section 13(2) of the SARFAESI Act, 2002 demanding Rs. 63.43 crores (calculated upto 04/04/2014) in respect of various commitments, defaults, penalties and interest thereon, which the Company has contested illegal and without any basis before the Hon. High Court of Punjab and Haryana, for which petition has been admitted on 29/05/2014 and further proceedings under section 13(4) of SARFAESI Act, 2002 has been stayed. \*\*

#### Vehicle Loans

| Particulars                | Installment Amt. | Interest Rate | No. of Inst. Paid | No. of Inst. Due |
|----------------------------|------------------|---------------|-------------------|------------------|
| HDFC Bank Ltd. (21117798)  | 110,400.00       | 8.95 % P.A.   | 12                | 12               |
| HDFC Bank Ltd. (23131501)  | 8,150.00         | 11.36 % P.A.  | 12                | 21               |
| ICICI Bank Ltd. (26550708) | 16,555.00        | 12.50 % P.A.  | 12                | 14               |
| ICICI Bank Ltd. (26550713) | 16,331.00        | 11.50 % P.A.  | 12                | 14               |
| UCO Bank Ltd. (3961)       | 11,986.00        | 12.50 % P.A.  | 12                | 42               |
| UCO Bank Ltd. (3923)       | 10,934.00        | 12.50 % P.A.  | 12                | 40               |
| HDFC Bank Ltd. (24634217)  | 9,434.00         | 14.00 % P.A.  | 10                | 26               |
| HDFC Bank Ltd. (24634043)  | 8,135.00         | 14.00 % P.A.  | 10                | 26               |
| HDFC Bank Ltd. (24633872)  | 8,135.00         | 14.00 % P.A.  | 10                | 26               |
| HDFC Bank Ltd. (24444010)  | 34,180.00        | 14.00 % P.A.  | 10                | 26               |
| HDFC Bank Ltd. (27464874)  | 28,675.00        | 10.00 % P.A.  | 2                 | 58               |

\*\*\* Interest free unsecured loans not to be repaid till all the loans from banks have been repaid or 31.03.2018 whichever is later. However they have been given the right to exercise the option to convert these Unsecured Loans into Equity Shares.

### 6. LONG TERM PROVISION

Provision for employee benefits.

|                    |                     |                     |
|--------------------|---------------------|---------------------|
| - Gratuity         | <b>6,131,307.00</b> | 4,722,381.00        |
| - Leave with Wages | <b>2,728,542.00</b> | 2,679,434.00        |
| <b>TOTAL</b>       | <b>8,859,849.00</b> | <b>7,401,815.00</b> |

## OSWAL SPINNING AND WEAVING MILLS LIMITED

| PARTICULARS  | AS AT                        |    | AS AT                        |    |
|--|------------------------------|----|------------------------------|----|
|  | 31.03.2014                   |    | 31.03.2013                   |    |
|  | Rs.                          | P. | Rs.                          | P. |
| <b>7. SHORT TERM BORROWINGS</b>                                    |                              |    |                              |    |
| <b>Loans repayable on demand</b>                                   |                              |    |                              |    |
| Loans and advances from Banks                                      |                              |    |                              |    |
| (Secured)  |                              |    |                              |    |
| - Export Packing Credit*   | 114,490,290.00               |    | 94,484,969.00                |    |
| (Interest Rate 10.75%)   |                              |    |                              |    |
| - Cash Credit*   | 21,415,642.74                |    | 20,266,660.30                |    |
| (Interest Rate 15.25%)   |                              |    |                              |    |
| (Aggregate amount of loan guaranteed by directors is Rs.114490290) |                              |    |                              |    |
| (Unsecured)Bank overdrafts   | <u>3,01,61,250.18</u>        |    | <u>0.00</u>                  |    |
| <b>TOTAL</b>   | <u><b>166,067,182.92</b></u> |    | <u><b>114,751,629.30</b></u> |    |

\* Secured by :-

- First charge on current assets including receivables of the company
- Second charge on the fixed assets of the Cotton Spinning Unit of the company present and future.
- Exclusive first charge on one Auto Coner Machine at Cotton Spinning Unit of Company.

|  |                              |  |                             |  |
|--|------------------------------|--|-----------------------------|--|
| <b>8. TRADE PAYABLES</b>   |                              |  |                             |  |
| Total Outstanding to Small,Medium & Micro enterprises *              | 0.00                         |  | 0.00                        |  |
| Total Outstanding to other than Small,<br>Medium & Micro enterprises | <u>119,858,070.45</u>        |  | <u>79,462,696.01</u>        |  |
| <b>TOTAL</b>   | <u><b>119,858,070.45</b></u> |  | <u><b>79,462,696.01</b></u> |  |

\*The company has not received information from vendors regarding their status under the Micro,Small and Medium Enterprises Development Act,2006 and hence disclosure relating to amounts unpaid as at the period end together with interest paid/payable under this Act have not been given.

|   |                             |  |                              |  |
|---|-----------------------------|--|------------------------------|--|
| <b>9. OTHER CURRENT LIABILITIES</b>                 |                             |  |                              |  |
| (a) Current maturities of long-term debt            | 0.00                        |  | 82,302,104.37                |  |
| (b) Current maturities of finance lease obligations | 1,497,095.00                |  | 1,701,185.12                 |  |
| (c) Other Payables                                  |                             |  |                              |  |
| i) Statutory Duties & Taxes                         | 1,652,366.00                |  | 1,361,884.00                 |  |
| ii) Employee Benefits                               | 9,569,922.78                |  | 8,809,109.91                 |  |
| iv) Advance from customers                          | 2,011,985.08                |  | 6,864,367.00                 |  |
| v) Securities Received                              | 199,054.40                  |  | 186,734.40                   |  |
| vi) For Expenses                                    | 15,688,257.02               |  | 11,318,244.77                |  |
| vii) For Sale of Land                               | <u>5,000,000.00</u>         |  | <u>40,900,000.00</u>         |  |
| <b>TOTAL</b>  | <u><b>35,618,680.28</b></u> |  | <u><b>153,443,629.57</b></u> |  |



## OSWAL SPINNING AND WEAVING MILLS LIMITED

| PARTICULARS  | AS AT                |                 | AS AT                |                  |                  |                         |                  |                  |                  |                  |
|--|----------------------|-----------------|----------------------|------------------|------------------|-------------------------|------------------|------------------|------------------|------------------|
|  | 31.03.2014           |                 | 31.03.2013           |                  |                  |                         |                  |                  |                  |                  |
|  | Rs.                  | P.              | Rs.                  | P.               |                  |                         |                  |                  |                  |                  |
| <b>10. SHORT-TERM PROVISIONS</b>   |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| Provision for Employee benefits.   |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| -Gratuity  | 4,084,805.00         |                 | 4,978,879.00         |                  |                  |                         |                  |                  |                  |                  |
| -Leave with Wages  | 1,701,180.00         |                 | 1,712,989.00         |                  |                  |                         |                  |                  |                  |                  |
| <b>TOTAL</b>   | <b>5,785,985.00</b>  |                 | <b>6,691,868.00</b>  |                  |                  |                         |                  |                  |                  |                  |
| <b>11. FIXED ASSETS</b>  |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
|  | GROSS BLOCK          |                 |                      | DEPRECIATION     |                  | NET BLOCK               |                  |                  |                  |                  |
| PARTICULARS  | As on                | Addition        | Sale/                | As on            | As on            | Provided                | Sale/            | As At            | As At            | As At            |
|  | 01.04.2013           | during          | Adj.                 | 31.03.2014       | 01.04.2013       | during                  | Adj.             | 31.03.2014       | 31.03.2014       | 31.03.2013       |
|  | (Rs.)                | (Rs.)           | (Rs.)                | (Rs.)            | (Rs.)            | (Rs.)                   | (Rs.)            | (Rs.)            | (Rs.)            | (Rs.)            |
| Land   | 28668640             | 0               | 2402972              | 26265668         | 0                | 0                       | 0                | 0                | 26265668         | 28668640         |
| Buildings  | 142034324            | 29281565        | 0                    | 171315889        | 76063880         | 4227814                 | 388389           | 79903305         | 91412584         | 65970444         |
| Plant and Equipment  | 664355548            | 250046          | 0                    | 664605594        | 605778992        | 3539482-13005287        | 622323761        | 42281833         | 58576556         | 58576556         |
| Furniture and Fixtures   | 2987109              | 40933           | 0                    | 3028042          | 2457272          | 136443                  | 0                | 2593715          | 434327           | 529837           |
| Office Equipment   | 10593666             | 399528          | 0                    | 10993194         | 6688106          | 431169                  | 0                | 7119275          | 3873919          | 3905560          |
| Vehicles   | 16592840             | 1839515         | 0                    | 18432355         | 8324360          | 1485141                 | 0                | 9809501          | 8622854          | 8268480          |
| <b>TOTAL</b>   | <b>865232126</b>     | <b>31811587</b> | <b>2402972</b>       | <b>894640741</b> | <b>699312610</b> | <b>9820049-12616898</b> | <b>721749557</b> | <b>172891184</b> | <b>165919517</b> | <b>165919517</b> |
| <b>PREVIOUS YEAR</b>   | <b>828141154</b>     | <b>41487388</b> | <b>4396416</b>       | <b>865232126</b> | <b>651086341</b> | <b>50436594</b>         | <b>2210325</b>   | <b>699312610</b> | <b>165919517</b> | ---              |
| <b>Capital Work in Progress</b>  |                      |                 |                      |                  |                  |                         |                  | <b>0</b>         | <b>20907296</b>  |                  |
|  | AS AT                |                 | AS AT                |                  |                  |                         |                  |                  |                  |                  |
|  | 31.03.2014           |                 | 31.03.2013           |                  |                  |                         |                  |                  |                  |                  |
|  | Rs.                  | P.              | Rs.                  | P.               |                  |                         |                  |                  |                  |                  |
| <b>12. NON CURRENT INVESTMENT</b>  |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| <b>OTHER INVESTMENTS (AT COST)</b>   |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| <b>INVESTMENTS IN EQUITY INSTRUMENTS</b>   |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| <b>ASSOCIATES (UNQUOTED)</b>   |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| 342160 Equity shares of Oswal Worsted Spinners Ltd. of Rs. 10/-each fully paid up. | 3,789,100.00         |                 | 3,789,100.00         |                  |                  |                         |                  |                  |                  |                  |
| <b>OTHERS (UNQUOTED)</b>   |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| 10000 Equity Shares of Oswal Agroils Ltd of Rs. 10/-each fully paid up.            | 100,000.00           |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| Less: Provision for diminution in the value of investments                         | 100,000.00           | 0.00            | 0.00                 |                  |                  |                         |                  |                  |                  |                  |
| <b>TOTAL</b>   | <b>3,789,100.00</b>  |                 | <b>3,789,100.00</b>  |                  |                  |                         |                  |                  |                  |                  |
| Aggregate amount of unquoted investments.  |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| <b>13. LONG-TERM LOANS AND ADVANCES</b>  |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| Unsecured, considered good   |                      |                 |                      |                  |                  |                         |                  |                  |                  |                  |
| - Capital Advances   | 38,635,315.00        |                 | 38,864,989.30        |                  |                  |                         |                  |                  |                  |                  |
| - Security Deposits  | 12,935,640.00        |                 | 12,935,640.00        |                  |                  |                         |                  |                  |                  |                  |
| <b>TOTAL</b>   | <b>51,570,955.00</b> |                 | <b>51,800,629.30</b> |                  |                  |                         |                  |                  |                  |                  |

## OSWAL SPINNING AND WEAVING MILLS LIMITED

| PARTICULARS   | AS AT<br>31.03.2014 |                       | AS AT<br>31.03.2013 |                       |
|---|---------------------|-----------------------|---------------------|-----------------------|
|   | Rs.                 | P.                    | Rs.                 | P.                    |
| <b>14. OTHER NON-CURRENT ASSETS</b>   |                     |                       |                     |                       |
| Unsecured, considered good  |                     |                       |                     |                       |
| - Non-Current portion of Fixed Deposits (Refer Note-17)   |                     | <b>2,231,340.00</b>   |                     | 3,464,095.00          |
| <b>TOTAL</b>  |                     | <b>2,231,340.00</b>   |                     | <b>3,464,095.00</b>   |
| <b>15. INVENTORIES</b>  |                     |                       |                     |                       |
| STOCK & STORES  |                     |                       |                     |                       |
| (Taken as valued and certified by the Management)   |                     |                       |                     |                       |
| Raw Materials   |                     | <b>28,083,738.00</b>  |                     | 40,346,929.60         |
| Work In Process   |                     | <b>41,026,402.00</b>  |                     | 38,694,372.00         |
| Finished Goods  |                     | <b>39,410,506.00</b>  |                     | 33,296,958.00         |
| Stock in Trade  |                     | <b>54,933,700.31</b>  |                     | 42,814,527.00         |
| Stores & Spares   |                     | <b>8,658,558.31</b>   |                     | 7,445,887.27          |
| Others(Waste)   |                     | <b>743,075.00</b>     |                     | 1,776,827.00          |
| <b>TOTAL</b>  |                     | <b>172,855,979.31</b> |                     | <b>164,375,500.87</b> |
| <b>16. TRADE RECEIVABLES</b>  |                     |                       |                     |                       |
| i) Outstanding for a period exceeding six months from the date they became due                            |                     |                       |                     |                       |
| - Unsecured, considered good  |                     | <b>82,935,148.00</b>  |                     | 40,465,080.50         |
| - Doubtful  |                     | <b>9,291,903.00</b>   |                     | 9,811,654.40          |
| ii) Other Debts   |                     |                       |                     |                       |
| - Unsecured, considered good  |                     | <b>140,144,950.98</b> |                     | 174,770,914.88        |
| <b>TOTAL</b>  |                     | <b>232,372,001.98</b> |                     | <b>225,047,649.78</b> |
| <b>17. CASH AND BANK BALANCES</b>   |                     |                       |                     |                       |
| Cash and Cash Equivalents   |                     |                       |                     |                       |
| - Balances with Scheduled Banks in Current Accounts   |                     | <b>912,678.27</b>     |                     | 6,665,449.57          |
| - Cash in Hand & Imprest Balances   |                     | <b>9,131,457.00</b>   |                     | 6,371,180.68          |
| - Draft and cheque in hand  |                     | <b>6,930,215.00</b>   |                     | 2,300,000.00          |
| Other Bank Balances   |                     | <b>5,718,926.00</b>   |                     | 5,833,667.88          |
| Less: Fixed Deposits maturing after 12 months transferred to other Non-Current assets. (Refer to Note-14) |                     | <b>2,231,340.00</b>   |                     | 3,464,095.00          |
| <b>TOTAL</b>  |                     | <b>3,487,586.00</b>   |                     | <b>2,369,572.88</b>   |
| <b>TOTAL</b>  |                     | <b>20,461,936.27</b>  |                     | <b>17,706,203.13</b>  |
| <b>18. SHORT TERM LOAN AND ADVANCES</b>   |                     |                       |                     |                       |
| Unsecured, consider good  |                     |                       |                     |                       |
| Others  |                     |                       |                     |                       |
| - Prepaid Expenses  |                     | <b>2,207,207.00</b>   |                     | 6,282,949.75          |
| - Advance to Suppliers  |                     | <b>8,577,579.40</b>   |                     | 14,619,905.59         |
| - Prepaid Taxes   |                     | <b>4,330,983.00</b>   |                     | 3,213,940.84          |
| - Others  |                     | <b>28,777,418.36</b>  |                     | 25,776,208.79         |
| <b>TOTAL</b>  |                     | <b>43,893,187.76</b>  |                     | <b>49,893,004.97</b>  |
| <b>19. OTHER CURRENT ASSETS</b>   |                     |                       |                     |                       |
| Unsecured, consider good  |                     |                       |                     |                       |
| - Others  |                     | <b>50,686,618.36</b>  |                     | 71,492,863.28         |
| <b>TOTAL</b>  |                     | <b>50,686,618.36</b>  |                     | <b>71,492,863.28</b>  |

## OSWAL SPINNING AND WEAVING MILLS LIMITED

| PARTICULARS                                       | AS AT                 |    | AS AT                 |    |
|---|-----------------------|----|-----------------------|----|
|   | 31.03.2014            |    | 31.03.2013            |    |
|   | Rs.                   | P. | Rs.                   | P. |
| <b>20. REVENUE FROM OPERATIONS</b>                |                       |    |                       |    |
| <b>SALES (GROSS)</b>                              |                       |    |                       |    |
| Domestic  |                       |    |                       |    |
| - Cotton Yarn                                     | 349,025,313.00        |    | 284,524,471.50        |    |
| - Blankets  | 157,879,211.00        |    | 120,180,093.00        |    |
| - Miscellaneous                                   | <u>92975,410</u>      |    | <u>128247,896.00</u>  |    |
|   | <u>599,879,934.00</u> |    | <u>532,952,460.50</u> |    |
| Export  |                       |    |                       |    |
| - Cotton Yarn                                     | 767285614.29          |    | 949961033.91          |    |
|   | <u>767,285,614.29</u> |    | <u>949,961,033.91</u> |    |
| <b>TOTAL</b>                                      | <u>1367165548.29</u>  |    | <u>1482913494.41</u>  |    |
| <b>21. OTHER INCOME</b>                           |                       |    |                       |    |
| Interest Received (Gross)                         | 2,648,358.31          |    | 1,585,680.25          |    |
| Exchange Fluctuation on Export Sales              | 0.00                  |    | 42,655,867.01         |    |
| Miscellaneous Income                              | 7,372,761.46          |    | 6,879,514.57          |    |
| Sundry Balances Written Back                      | 0.00                  |    | 373,980.69            |    |
| Profit on Sale of Fixed Assets                    | <u>82,190,448.00</u>  |    | <u>20,035,337.01</u>  |    |
| <b>TOTAL</b>                                      | <u>92,211,567.77</u>  |    | <u>71,530,379.53</u>  |    |
| <b>22. COST OF MATERIALS CONSUMED</b>             |                       |    |                       |    |
| Opening Stock of Raw Material (Raw Cotton)        | 40,346,929.60         |    | 21,024,693.00         |    |
| Add : Purchases of Raw Cotton                     | 845,007,825.77        |    | 907,772,898.52        |    |
|   | <u>885,354,755.37</u> |    | <u>928,797,591.52</u> |    |
| Less : Closing Stock of Raw Material (Raw Cotton) | <u>28,083,738.00</u>  |    | <u>40,346,929.60</u>  |    |
| <b>TOTAL</b>                                      | <u>857,271,017.37</u> |    | <u>888,450,661.92</u> |    |
| <b>23. PURCHASE OF STOCK IN TRADE</b>             |                       |    |                       |    |
| - Blankets  | 179,334,470.00        |    | 110,431,525.00        |    |
| - Cotton Yarn                                     | <u>34,652,383.00</u>  |    | <u>53,486,023.68</u>  |    |
| <b>TOTAL</b>                                      | <u>213,986,853.00</u> |    | <u>163,917,548.68</u> |    |
| <b>24. CHANGE IN INVENTORIES</b>                  |                       |    |                       |    |
| <b>(a) OPENING STOCK</b>                          |                       |    |                       |    |
| Finished Goods                                    | 35,073,785.00         |    | 15,003,866.00         |    |
| Work in progress                                  | 38,694,372.00         |    | 31,985,095.00         |    |
| Stock of stock in trade                           | <u>42,814,527.00</u>  |    | <u>24,729,880.00</u>  |    |
| <b>TOTAL (A)</b>                                  | <u>116,582,684.00</u> |    | <u>71,718,841.00</u>  |    |
| <b>(b) CLOSING STOCK</b>                          |                       |    |                       |    |
| Finished Goods                                    | 40,153,581.00         |    | 35,073,785.00         |    |
| Work in progress                                  | 41,026,402.00         |    | 38,694,372.00         |    |
| Stock of stock in trade                           | <u>54,933,700.00</u>  |    | <u>42,814,527.00</u>  |    |
| <b>TOTAL (B)</b>                                  | <u>136,113,683.00</u> |    | <u>116,582,684.00</u> |    |
| <b>TOTAL (A-B)</b>                                | <u>-19,530,999.00</u> |    | <u>-44,863,843.00</u> |    |
| <b>25. EMPLOYEE BENEFITS EXPENSE</b>              |                       |    |                       |    |
| Salaries, Wages & Other Allowances                | 69,561,635.57         |    | 76,433,273.97         |    |
| Staff & Labour Welfare                            | 5,720,886.62          |    | 6,359,628.26          |    |
| Contribution to Employees State Insurance         | 1,811,893.73          |    | 1,724,790.35          |    |
| Contribution to Employees Provident Fund          | <u>2,945,204.00</u>   |    | <u>3,101,541.00</u>   |    |
| <b>TOTAL</b>                                      | <u>80,039,619.92</u>  |    | <u>87,619,233.58</u>  |    |

## OSWAL SPINNING AND WEAVING MILLS LIMITED

| PARTICULARS                   | AS AT<br>31.03.2014    |    | AS AT<br>31.03.2013    |    |
|-------------------------------|------------------------|----|------------------------|----|
|                               | Rs.                    | P. | Rs.                    | P. |
| <b>26. FINANCE COST</b>       |                        |    |                        |    |
| Bank Charges                  | 8,416,713.50           |    | 8,688,826.38           |    |
| Interest on                   |                        |    |                        |    |
| - Suppliers                   | 10,666,814.42          |    | 7,630,709.34           |    |
| - Term Loans                  | 0.00                   |    | 28,202,745.14          |    |
| - Working Capital             | 31,573,204.17          |    | 29,430,813.29          |    |
| - Others                      | 556,463.57             |    | 483,732.27             |    |
| <b>TOTAL</b>                  | <b>51,213,195.66</b>   |    | <b>74,436,826.42</b>   |    |
| <b>27. OTHER EXPENSES</b>     |                        |    |                        |    |
| Packing Material              | 1,39,99,586.32         |    | 1,76,50,618.99         |    |
| Power and Fuel                | 12,70,80,875.74        |    | 13,61,67,890.16        |    |
| Oil & Lubricants              | 15,09,484.92           |    | 15,17,911.38           |    |
| Repairs to Buildings          | 17,42,962.29           |    | 24,04,340.43           |    |
| Repairs to Machinery          | 1,20,74,051.15         |    | 1,89,10,475.99         |    |
| Electric Repair & Maintenance | 37,60,839.51           |    | 45,45,354.80           |    |
| General Repair                | 6,80,459.33            |    | 10,56,557.04           |    |
| Postage, Telegram & Telephone | 21,08,791.04           |    | 29,07,972.95           |    |
| Insurance                     | 23,51,946.00           |    | 21,40,449.00           |    |
| Rates & Taxes                 | 7,32,300.00            |    | 10,36,055.79           |    |
| Rent                          | 3,16,155.00            |    | 1,97,778.00            |    |
| Lease Rent                    | 27,43,200.00           |    | 34,29,000.00           |    |
| Printing & Stationery         | 4,95,746.60            |    | 5,87,880.80            |    |
| Legal & Professional Charges  | 7,67,775.25            |    | 9,85,409.00            |    |
| Vehicles Expenses             |                        |    |                        |    |
| - Scooters                    | 92,042.04              |    | 99,602.89              |    |
| - Cars                        | 26,04,827.68           |    | 36,35,575.88           |    |
| - Four Wheelers               | 2,47,846.09            |    | 2,62,977.23            |    |
| Traveling Expenses            |                        |    |                        |    |
| - Directors                   | 32,91,952.53           |    | 36,19,610.71           |    |
| - Others                      | 29,71,019.59           |    | 49,74,336.52           |    |
| Auditors Remuneration         |                        |    |                        |    |
| - Audit Fee                   | 2,19,500.00            |    | 2,78,085.00            |    |
| - Tax Audit Fees              | 65,500.00              |    | 1,17,250.00            |    |
| - Certification fee           | 10,000.00              |    | 16,889.00              |    |
| - Service Tax                 | 36,462.00              |    | 39,824.00              |    |
| -Reimbursement of Expenses    | 41,041.00              |    | 1,06,602.00            |    |
| Cost Audit Expenses           | 31,039.00              |    | 33,488.00              |    |
| Packing & Forwarding Expense  | 2,27,67,982.75         |    | 3,01,41,186.57         |    |
| Commission                    | 1,97,56,201.72         |    | 2,32,88,303.08         |    |
| Rebate & Discount             | 21,07,136.66           |    | 18,22,225.34           |    |
| Sales Promotion               | 14,500.00              |    | 1,31,003.52            |    |
| Advertisement                 | 79,168.00              |    | 1,09,014.00            |    |
| Other General Expenses        | 65,74,114.09           |    | 22,61,465.35           |    |
| <b>Total</b>                  | <b>23,12,74,506.30</b> |    | <b>26,44,75,133.42</b> |    |

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### 28. Exceptional items

| PARTICULARS   | Current Period<br>(Rs.) | Previous Period<br>(Rs.) |
|---|-------------------------|--------------------------|
| Excess Interest provided on Term Loan reversed          | -24,18,586.37           | 0.00                     |
| Status holder Scheme benefits w/off                     | 2,13,82,366.70          | 0.00                     |
| Depreciation relating to Previous Years (Refer Note 33) | 1,26,16,898.42          | 0.00                     |
| <b>TOTAL</b>  | <b>3,15,80,678.75</b>   | <b>0.00</b>              |

29. During the year the Company has changed rate of charging depreciation on cotton spinning unit from the rate prescribed for Continuous Process Plant to General Plant and Machinery as per rates specified in Schedule XIV of the Companies Act, 1956. Consequently the difference of Depreciation relating to earlier years amounting to Rs.1,26,16,898.42/- has been provided during the year as an Exceptional Item. Had the depreciation been provided as per previous rate then the depreciation for the period on cotton spinning unit would have been Rs.2,25,66,538/- instead of Rs. 98,20,049/-. The Company's records indicate that had the depreciation been provided as previous rate :-

- i. The Profit would have been Rs.35,92,603.40/- as against the reported figure of Rs. 37,22,194.40/-.
- ii. Balance of Surplus would have been Rs 5,95,15,484.20- as against the reported figure of Rs. 5,96,45,075.20
- iii. Fixed Assets (excluding Capital Work-in-progress) would have been Rs.17,27,61,591.70/- as against the reported figure of Rs.17,28,91,182.70/-

### 30. CONTINGENT LIABILITIES NOT PROVIDED FOR

- i) For Foreign Bills Discounted against Letters of Credit Rs. 110771230/- (Previous Year Rs. 1106603638)
- ii) Bank Guarantee outstanding – Rs. 8.00 lacs.
- iii) Kotak Mahindra Bank Ltd. has issued a notice under section 13(2) of the SARFAESI Act, 2002 demanding Rs. 63.43 crores (calculated upto 04/04/2014) from the Company in respect of various commitments, defaults, penalties and interest thereon, which the Company has contested as illegal and without any basis before the Hon. High Court of Punjab and Haryana, for which petition has been admitted on 29/05/2014 and further proceedings under section 13(4) of SARFAESI Act, 2002 has been stayed.
- iv) State Bank of Patiala (SBOP) has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 4.09 cr. (being NPV of Rs. 2.88 cr. of CRPS of Rs. 5.38 cr. and interest thereon). These CRPS have already been issued by the Company to the Bank. Further the Company had agreed to pay the NPV of CRPS because SBOP had informed the Company that they had waived the amount of Rs. 5.29 cr. being interest payable by the Company to SBOP. However, later on it has transpired that instead of waiving this amount of Rs. 5.29 cr., SBOP has transferred the same to Kotak Mahindra Bank Limited (KMBL) vide assignment agreement dated 16.11.2007 thereby misleading the Company that they have waived the interest and thus violating the terms and conditions of the agreement that they had with the Company. On this ground the application of the bank is being contested by the Company in the DRT.
- v) IFCI has filed an application before the Debts Recovery Tribunal (DRT) Chandigarh for recovery of an amount of Rs. 2347.02 lacs (Rs. 1269.82 lacs being amount of FITL and balance amount being interest thereon). IFCI has also filed a company petition with the Punjab and Haryana High Court under section 433, 434 & 439 for Recovery of the above mentioned amount/winding up of the Company. The

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Company is contesting the application in the DRT and Company petition in Punjab and Haryana High Court on the ground that by way of assignment of debt IFCI has assigned/transferred the entire dues including FITL of Rs. 1269.82 lacs payable by the Company to IFCI on 16.11.2007 in favour of Kotak Mahindra Bank Limited vide Assignment Agreement dated 16.11.2007 and after that nothing is due and payable by the Company to IFCI.

31. In the opinion of the Board of Directors, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise.
32. Confirmation of balances, whether in debit or credit from parties have not been obtained. As such their effect on Profit & Loss Statement cannot be reflected.
33. Based on a revaluation report, land at Jugiana was revalued as on 1st April, 1987, which resulted an increase in gross block of Rs.1,17,69,380/-. During the year the Revaluation Reserve has been reversed for Rs. 2272420/- towards sale of land
34. Trade Receivables includes amount of Rs. 92.92 lacs (Previous year Rs. 98.12 lacs), which are outstanding for more than 3 years for which no provision has been made for doubtful receivables as company is taking effective steps for recovering the amount.
35. **Deferred Tax Liability (net)**

In compliance with AS-22, the components of deferred tax, which are not recognised, subject to consideration of prudence, are as under :

|  | <b>Amounts in Rs.</b> |                     |
|--|-----------------------|---------------------|
| <b>Particulars</b>   | <b>31.03.2014</b>     | <b>31.03.2013</b>   |
|  | <b>(Rs.)</b>          | <b>(Rs.)</b>        |
| <b>Deferred Tax Liabilities</b>  |                       |                     |
| - Difference on account of Depreciation between books and Income Tax Act (A) | <u>0.00</u>           | <u>0.00</u>         |
| <b>Deferred Tax Assets</b>   |                       |                     |
| - Difference on account of Depreciation between books and Income Tax Act     | 4056722.71            | 12785629.53         |
| - Expenses Deductible on payment basis                                       | 719563.67             | 3281183.86          |
| - Unabsorbed Depreciation  | 4909101.59            | 82673655.45         |
| - Business Losses (B)  | <u>0.00</u>           | <u>6850860.00</u>   |
| Surplus of Deferred Tax Assets   | <u>9685387.96</u>     | <u>105591328.84</u> |
| Net Increase/(Decrease) in Deferred Tax Assets                               | <b>-95905940.88</b>   | 45522362.16         |

36. Earning Per Share- The numerators and denominators used to calculate Basic and Diluted Earning per Share.

|  | <b>As At</b>       | <b>As At</b>      |
|--|--------------------|-------------------|
| <b>Particulars</b>   | <b>31.03.2014</b>  | <b>31.03.2013</b> |
|  | <b>Rs.</b>         | <b>Rs.</b>        |
| 1 Net Profit as per Statement of Profit and Loss Attributable to the Equity Shareholders (A) | <b>3722194.40</b>  | 69971716.96       |
| 2 Basic/Weighted average no. of Equity Shares outstanding during the year for :-             |                    |                   |
| a) Basic Earning per Share (B)   | <b>90929180.00</b> | 90929180.00       |

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|   |                                  |         |                     |              |
|---|----------------------------------|---------|---------------------|--------------|
|   | b) Diluted Earning per Share     | (C)     | <b>180428207.62</b> | 181028207.62 |
| 3 | Nominal Value of Share Rs.       |         | <b>1.00</b>         | 1.00         |
| 4 | Earning Per Share (As per AS-20) |         |                     |              |
|   | a) Basic                         | (A / B) | <b>0.04</b>         | 0.77         |
|   | b) Diluted                       | (A / C) | <b>0.02</b>         | 0.39         |

### 37. PREVIOUS YEAR FIGURES

During the year ended 31 March 2014 the Revised Schedule VI notified under the Companies Act, 1956, is applicable to the company. The company has reclassified previous year figures to confirm to this year's classification.

38. Detail of transactions entered into with the related parties during the year as required by Accounting Standard (AS)-18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India are as under:

#### A) List of Related parties with whom transactions entered into:

##### Associate:

- Oswal Worsted spinners Ltd.

##### Enterprises over which Key Management personnel are able to exercise Significant influence :

- Vallabh Trading and Mercantile Pvt. Ltd.

- Oswal Impex Pvt. Ltd.

- Smt. Satyawati Oswal Trust

| B) Transactions with the related parties     |           |   |                          |                                       | (In Rs.) |
|--|-----------|---|--------------------------|---------------------------------------|----------|
| Name of Transaction during the period        | Associate | Enterprises over which KMP exercise Significant influence | Key Management Personnel | Relatives of Key Management Personnel |          |
| Sales  | -         | 0.00  | -                        |                                       | -        |
| Purchase                                     | -         | 0.00  | -                        |                                       | -        |
| Rent Received                                | -         | 12000.00  | -                        |                                       | -        |
| Loan Raised                                  | -         | 0.00  | -                        |                                       | -        |
| Loan Repaid                                  | -         | 0.00  | -                        |                                       | -        |
| Expenses paid on behalf of above enterprises | -         | 1746629.00  | -                        |                                       | -        |

#### C) Key Management Personnel

(i) Sh. Raj Paul Oswal (ii) Sh. Ashok Oswal (iii) Sh. Sambhav Oswal

### 39 Staff Retirement Benefits (Defined Benefit Plan)

a) The Company has complied with Accounting Standard (AS-15 Revised) required to be so compiled by the Companies (Accounting Standards) Rules, 2006 w.e.f. 01.07.2009.

b) The summarised position of post-employment benefits and long term employee benefits recognised in the Balance Sheet and Statement of Profit and Loss as required in accordance with Accounting Standard (AS) 15 are as under :

## OSWAL SPINNING AND WEAVING MILLS LIMITED

| Particulars  | As At<br>31.03.2014    |                     | As At<br>31.03.2013    |                     |
|--|------------------------|---------------------|------------------------|---------------------|
|  | Gratuity<br>(Unfunded) | Leave<br>(Unfunded) | Gratuity<br>(Unfunded) | Leave<br>(Unfunded) |
| <b>1 <u>Changes in present value of obligations</u></b>      |                        |                     |                        |                     |
| Present Value of obligations as at beginning of the period   | 9701260                | 2679434             | 8166167                | 2158466             |
| Interest Cost  | 843869                 | 220232              | 817235                 | 183498              |
| Current Service Cost   | 1359924                | 1125778             | 1330258                | 1277925             |
| Benefit paid   | (855952)               | (518603)            | (482928)               | (758190)            |
| Actuarial (Gain)/Loss on obligations                         | (832989)               | (778299)            | (129472)               | (182265)            |
| Present Value of obligations as at end of the period         | 10216112               | 2728542             | 9701260                | 2679434             |
| <b>2 <u>Changes in present value of Plan Assets</u></b>      |                        |                     |                        |                     |
| Fair Value of plan assets at the beginning of the period     | -                      | -                   | -                      | -                   |
| Expected Return on Plan Assets                               | -                      | -                   | -                      | -                   |
| Contribution   | -                      | -                   | -                      | -                   |
| Withdrawal   | -                      | -                   | -                      | -                   |
| Actuarial Gain/(Loss) on Plan Assets                         | -                      | -                   | -                      | -                   |
| Fair Value of plan assets at the end of the period           | -                      | -                   | -                      | -                   |
| <b>3 <u>Fair Value of Plan Assets</u></b>                    |                        |                     |                        |                     |
| Fair Value of Plan Assets at the beginning of the period     | -                      | -                   | -                      | -                   |
| Actual Return on Plan Assets                                 | -                      | -                   | -                      | -                   |
| Contribution   | -                      | -                   | -                      | -                   |
| Benefits Paid  | -                      | (518603)            | -                      | (758190)            |
| Fair Value of plan assets at the end of the period           | -                      | -                   | -                      | -                   |
| Present Value of obligation at the end of the period         | 10216112               | 2728542             | 9701260                | 2679434             |
| Funded Status  | (10216112)             | (2728542)           | (9701260)              | (2679434)           |
| <b>4 <u>Actuarial Gain/Loss Recognised</u></b>               |                        |                     |                        |                     |
| Actuarial Gain/Loss on Obligations                           | 832989                 | 778299              | 129472                 | 182265              |
| Actuarial Gain/Loss on Plan Assets                           | -                      | -                   | -                      | -                   |
| Total (Gain)/Loss for the period                             | (832989)               | (778299)            | (129472)               | (182265)            |
| Actuarial Gain/Loss recognised in the period                 | (832989)               | (778299)            | (129472)               | (182265)            |
| Unrecognised Actuarial (Gain)/Loss at the end of the period  | -                      | -                   | -                      | -                   |
| <b>5 <u>Amount to be Recognised in the Balance Sheet</u></b> |                        |                     |                        |                     |
| Present Value of obligation at the end of the period         | 10216112               | 2728542             | 9701260                | 2679434             |
| Fair Value of plan assets at the end of the period           | -                      | -                   | -                      | -                   |
| Funded Status  | (10216112)             | (2728542)           | (9701260)              | (2679434)           |
| Unrecognised Actuarial (Gain)/Loss at the end of the period  | -                      | -                   | -                      | -                   |



## OSWAL SPINNING AND WEAVING MILLS LIMITED

|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Net Asset/(Liability) Recognised in the Balance Sheet        | 10216112    | 2728542     | 9701260     | 2679434     |
| <b>6 Expenses recognised in statement of profit and loss</b> |             |             |             |             |
| Current Service Cost   | 1359924     | 1125778     | 1330258     | 1277925     |
| Interest Cost  | 843869      | 220232      | 817235      | 183498      |
| Expected Return of Plan Assets                               | -           | -           | -           | -           |
| Actuarial (Gain)/Loss recognise in the period                | (832989)    | (778299)    | (129472)    | (182265)    |
| Expenses recognised in statement of Profit and Loss          | 1370804     | 567711      | 2018021     | 1279158     |
| <b>7 Key Assumptions</b>                                     |             |             |             |             |
| Mortality Table  | IAL 2006-08 | IAL 2006-08 | IAL 2006-08 | IAL 2006-08 |
|  | Ultimate    | Ultimate    | Ultimate    | Ultimate    |
| Attrition Rate   | 30.00% p.a. | 30.00% p.a. | 30.00% p.a. | 30.00% p.a. |
| Imputed Rate of interest                                     | 09.10% p.a. | 09.10% p.a. | 08.25% p.a. | 08.25% p.a. |
| Salary Rise  | 10.00% p.a. | 10.00% p.a. | 10.00% p.a. | 10.00% p.a. |
| Return on Plan Assets  | N.A.        | N.A.        | N.A.        | N.A.        |
| Remaining Working Life                                       | 27.63 Years | 27.63 Years | 26.95 Years | 26.95 Years |

#### 40. Segment Reporting

##### A Primary Business Segment

The Company operates in only one business segment viz. "Cotton Spinning", which is reportable segment in accordance with the requirements of Accounting Standard (AS)-17 on "Segment Reporting", issued by The Institute of Chartered Accountants of India.

##### B Geographical Segment: Secondary

Geographic segment is based on location of customer and comprise of two segments namely Export Market and Domestic Market & accordingly revenue is allocated as under:-

|                     |                     |
|---------------------|---------------------|
|                     | Rs.                 |
| (a) Export Market   | <b>767285614.29</b> |
| (b) Domestic Market | <b>599879934.00</b> |

The company has common fixed assets for producing goods for domestic and overseas market, hence separate figures for fixed assets/addition to fixed assets cannot be furnished.

41. In accordance with the Accounting Standard (AS)-28 on "Impairment of Assets", the Company has assessed as on the balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly, no impairment loss has been provided in the books of account

#### 42. Information pursuant to AS-19 issued by ICAI relating to operating Lease.

|  |                |                        |                   |
|--|----------------|------------------------|-------------------|
| i) The future minimum lease payment                                    | Not Later than | Later than 1Year       | Later than 5 Year |
| under non-cancelable operating lease                                   | 1 Year         | not later than 5 Years |                   |
| Office Building  | 2743200        | 1143000                | -                 |
| ii) Lease rent debited to Statement of Profit & Loss during the period | 2743200        |                        |                   |

## OSWAL SPINNING AND WEAVING MILLS LIMITED

Amounts in Rs.

| Particulars                        | Current<br>Period | Previous<br>Period |
|------------------------------------|-------------------|--------------------|
| <b>43. C.I.F. value of Imports</b> |                   |                    |
| Machinery                          |                   |                    |
| - Machinery Spares                 | 3425328.00        | 6891210.00         |
| <b>Total</b>                       | <b>3425328.00</b> | <b>6891210.00</b>  |

| <b>44 Expenditure in Foreign Currency</b> |                   |                   |
|---|-------------------|-------------------|
| Travelling Expenses                       | 677467.00         | 1159495.00        |
| Commission                                | 4477009.00        | 6535980.00        |
| <b>Total</b>                              | <b>5154476.00</b> | <b>7695475.00</b> |

| <b>45 Bifurcation of Materials and Store &amp; Spare Consumed</b> |                     |                     |                   |                    |
|---|---------------------|---------------------|-------------------|--------------------|
| Particulars   | Indigenous          |                     | Percentage        |                    |
|   | Current<br>Period   | Previous<br>Period  | Current<br>Period | Previous<br>Period |
| i) Item   |                     |                     |                   |                    |
| a) Raw Materials  | 857271017.37        | 888450661.92        | 100.00%           | 100.00%            |
| b) Stores & Spares  | 10268204.00         | 13051976.00         | 75.00%            | 65.45%             |
| <b>Total</b>  | <b>867539221.37</b> | <b>901502637.92</b> |                   |                    |

| Particulars        | Imported          |                    | Percentage        |                    |
|--------------------|-------------------|--------------------|-------------------|--------------------|
|                    | Current<br>Period | Previous<br>Period | Current<br>Period | Previous<br>Period |
| ii) Item           |                   |                    |                   |                    |
| a) Raw Materials   | 0.00              | 0.00               | -                 | -                  |
| b) Stores & Spares | 3425328.00        | 6891210.00         | 25.00%            | 34.55%             |
| <b>Total</b>       | <b>3425328.00</b> | <b>6891210.00</b>  |                   |                    |

| <b>46 Earning in Foreign Currency</b> |                   |                    |
|---------------------------------------|-------------------|--------------------|
| Particular                            | Amounts in Rs.    |                    |
|                                       | Current<br>Period | Previous<br>Period |
| F.O.B. value of Export                | 751594882.00      | 866547455.00       |

For and on behalf of the Board

(R. P. SHARMA)  
G.M. (Corp.) &  
Company Secretary

(SAMBHAV OSWAL)  
Director

(ASHOK OSWAL)  
Managing Director

FOR Dass Khanna & Co.  
Chartered Accountants  
(Firm Regn.no 000402N)

Place : Ludhiana  
Dated : 30.05.2014

(RAKESH SONI)  
Partner  
M.NO.83142

**OSWAL SPINNING AND WEAVING MILLS LIMITED**

(REGD. OFFICE: 11 & 12, 1ST FLOOR; BLOCK-F, MAIN MARKET,  
NEAR ORIENT CINEMA, B.R.S. NAGAR, LUDHIANA - 141 012)

**PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a Member/ Members  
of Oswal Spinning and Weaving Mills Limited hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_  
as my/our proxy to vote for me/us on my/our behalf at the 58th Annual General Meeting of the Company to be held on Tuesday the 30<sup>th</sup> day of September, 2014 at 11.00 A.M. and at any adjournment thereof.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_

Signature \_\_\_\_\_  
Address \_\_\_\_\_  
Folio No. \_\_\_\_\_  
Client ID No. \_\_\_\_\_  
D.P. ID No. \_\_\_\_\_



NOTE: The Proxy form duly signed across revenue stamp of Rs. 1/- should reach the Company's office atleast 48 hours before the time of meeting.

----- CUT HERE -----

**OSWAL SPINNING AND WEAVING MILLS LIMITED**

(REGD. OFFICE: 11 & 12, 1ST FLOOR; BLOCK-F, MAIN MARKET,  
NEAR ORIENT CINEMA, B.R.S. NAGAR, LUDHIANA - 141 012)

**ATTENDANCE SLIP**

Member attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the the 58th Annual General Meeting of the above named Company being held at Rotary Bhawan, Near Deepak Hospital, Sarabha Nagar, Ludhiana at 11.00 A.M. on Tuesday the 30<sup>th</sup> September, 2014.

\_\_\_\_\_  
Full Name of the Member  
(IN BLOCK LETTERS)

Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

\_\_\_\_\_  
Full Name of Proxy/Representative  
(IN BLOCK LETTERS)

\_\_\_\_\_  
Signature

**Through Courier/ Regd. Post**  
(PRINTED MATTER)

If undelivered please return to :

**OSWAL SPINNING AND WEAVING MILLS LIMITED**  
11 & 12, 1ST FLOOR; BLOCK-F, MAIN MARKET,  
NEAR ORIENT CINEMA, B.R.S. NAGAR, LUDHIANA - 14 10 12