



THE MANAGEMENT

- BOARD OF DIRECTORS** : MR.JANGI LAL OSWAL
Chairman-cum-Managing Director
MR.SANJAY KUMAR SUROYA (Nominee of IDBI)
MR.RISHI OSWAL
MR.RAHUL OSWAL
MR.G.BANSAL
MR.SURINDER KUMAR VIG
MR.NEM CHAND JAIN
MR.T.HARI KRISHNAN
- AUDITORS** : S.C.Vasudeva & Co., New Delhi
- BANKERS** : Punjab National Bank
State Bank of India
Vijaya Bank
The Jammu & Kashmir Bank Ltd.
IDBI Bank
IFCI Ltd.
- REGISTERED OFFICE** : Industrial Area - 'A',
Ludhiana - 141 003
- WORKS** : i) Village Harigarh,
Raikot Road, Barnala (Punjab)
ii) Village Patlian,
Paonta Sahib (Himachal Pradesh)
iii) Village Harian, Kohara-Machhiwara Road,
Distt. Ludhiana (Punjab)

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MALWA COTTON SPINNING MILLS LIMITED

NOTICE

Notice is hereby given that the THIRTY FOURTH ANNUAL GENERAL MEETING of the Members of Malwa Cotton Spinning Mills Limited will be held in the premises of Oswal Knit India Ltd , 230 Industrial Area-A, Ludhiana on Saturday, the 25th September, 2010 at 9.30 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Rishi Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rahul Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2010-11 and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge the movable and immovable properties of the Company both present and future situated at Delhi, Dehradun, Kanpur, Bhilwara and Kolkata which are mortgaged in favour of Punjab National Bank (PNB), State Bank of India (SBI), IFCI Ltd (IFCI), IDBI Bank Ltd (IDBI), Vijaya Bank (VB), The Jammu & Kashmir Bank Ltd (JKB) and Small Industrial Development Bank of India(SIDBI) and/or the whole or any part of the undertaking(s) of the Company together with the power to take over management of the business and concern of the Company in certain events of defaults (whether such power is contained in the documents creating the mortgage/charge or otherwise) in favour of the following :

PNB , SBI, IFCI , IDBI, VB, JKB and SIDBI to secure their restructured Fund Based and Non-Fund Based Working Capital Facilities of Rs.107.50 Crore and

Export Bills Limit of Rs.45.00 Crore their existing Term Loans & Working Capital Term Loans & fresh Term Loans/FITL/WCTL for Rs.172.48 Crore on Ist Pari-Passu Charge basis together with interest at respective rates, additional interest, liquidated damages, compound interest, commitment charges, of the Loan Agreement(s) as amended from time to time."

"RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

By order of the Board

Place : Ludhiana
Dated : 28.05.2010

DINESH GUPTA
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING, THE BLANK PROXY FORM IS ENCLOSED.
2. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting as proposed in Item No. 2 & 3 of the Notice is also being annexed hereto respectively and forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 24.09.2010 to 25.09.2010 (both days inclusive).
4. Members holding shares in physical form are requested to notify the change in their addresses, if any, to the Registrar & Transfer Agent/Company immediately quoting their Folio Number(s). However, members holding shares in electronic mode may notify the change in the address, if any, to their respective Depository Participants.
5. Members desiring any information, as regards Accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the Information ready.



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6. The copies of relevant documents can be inspected at the Registered Office of the company on any working day between 10.30 AM to 12.30 PM.
7. Members are requested to bring their copy of Annual Report along with them at the Annual General Meeting.
8. INFORMATION REQUIRED PURSUANT TO CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTORS RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING AS PROPOSED IN ITEM NO.2 AND 3 OF THE NOTICE IS AS UNDER :

Mr. Rishi Oswal

Rishi Oswal is the Director of the Company. He has experience of over 16 years in the textile and apparel industry. He is a commerce graduate .He is the Managing Director of Malwa Industries Ltd and is with the company since its incorporation and involved in strategic planning and mapping the future growth of Malwa Industries Limited. His date of Birth is 26.11.1972 and date of appointment is 29.07.1994. He holds the position of Managing Director/Director on the board of the following companies:

Malwa Industries Ltd.
Oswal Multimedia K.I.D. Ltd.
Malwa Capital and Finance Ltd.
Jangi Growth Fund Pvt.Ltd.
Neelam Growth Fund Pvt. Ltd.
Rishi Growth Fund Pvt. Ltd.
Oswal Dreamz Ltd.
Malwa Corp. Ltd.
Oswal Corp. Ltd.
Sunnycott Holdings Ltd.,Cyprus
Third Dimension Apparels LLC,Jordon
Emmetre Tintolavanderie Industrial S.R.I.,Italy
Malwa Millennium Designs Ltd.

Mr Rahul Oswal

Rahul Oswal is the director of the company. He has experience of 14 years in textile and apparel business. He is a commerce graduate. His date of birth is 07.01.1974 and date of appointment is 29.07.1994. He holds the position of Executive Director/Director on the board of the following companies:

Malwa Industries Ltd.
Oswal Multimedia K.I.D. Ltd.
Malwa Corp. Ltd.
Oswal Corp. Ltd.
Oswal Exim Trade Ltd.
Oswal Dreamz Ltd.

By order of the Board

Place : Ludhiana
Dated : 28.05.2010

DINESH GUPTA
Company Secretary

ANNEXURE TO THE NOTICE

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

ITEM NO.5 OF THE SPECIAL BUSINESS

The members are informed that your company has approached its lenders for restructuring of term loan/ Working capital facility under CDR mechanism through PNB (Monitoring Institution). The CDR Cell, Mumbai has approved the proposal for restructuring and the Banks/lenders (i.e. PNB, SBI, IFCI, IDBI,VB, J & K Bank and SIDBI) asked the company to create charge on restructured fund based/non-fund based/short term loan facility of Rs.107.50 crore, export bills limits of Rs.45 crore, working capital term loan facility of Rs.25 crore & existing WCTL of Rs. 21.29 crore and FITL facility of Rs. 36.52 crore, SIDBI for its Term loan of Rs.2 crore, IFCI for its Term loan of Rs.70.28 crore, IDBI for its Term loan of Rs.16.37 crore & SBI for its Term loan of Rs.1.02 crore. It needs to create/modify charge on all the immovable properties of the company to secure their credit facility(ies)/Term loans. Accordingly, members' approval is solicited for the same pursuant to section 293(1)(a) of the Companies Act, 1956.

MEMORANDUM OF INTEREST

None of the Directors is interested in this resolution.

Regd. Office
Industrial Area 'A'
Ludhiana
Dated : 28.05.2010

By order of the Board

DINESH GUPTA
Company Secretary



DIRECTORS' REPORT

Dear Members,

The Directors of your Company are pleased to present their 34th Annual Report on the business of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2010.

(Rs. Lac)

FINANCIAL RESULTS	2009-10	2008-09
Profit/(Loss) before financial expenses & depreciation	1707.08	(477.89)
Financial expenses	2855.33	3007.71
Depreciation	581.22	738.07
Profit/(Loss) before tax	(1729.47)	(4223.67)
Profit/(Loss) for the year after tax adjustments	(1724.98)	(4371.88)

YEAR IN RETROSPECT

The company has recorded profit/(loss) before depreciation, interest & tax of Rs.1707.08 lac as compared to previous year Rs. (477.89) lac.

Indian textile industry is passing through difficult period due to global recession, reductions in inventories by global retail giants, less export orders, higher price of raw materials like cotton and infrastructure bottlenecks such as power, transportation and higher financial cost etc. Due to global financial meltdown, growth of the Indian textile industry was adversely affected and sustainability is the need of the hour in the times of adversity. Exporters were finding it difficult to convert inquiries into orders as they have been adversely hit by rising raw material prices and the rupee appreciation.

The Board is pleased to inform that the restructuring proposal sanctioned under Corporate Debt Restructuring is implemented, but there was delay in the release of additional funds as per restructuring scheme. Profitability of your company has improved in comparison to previous year, but capacity utilization and production has decreased due to delay in release of funds as per scheme, power cuts, labour shortage and adverse textile scenario.

During the year, the company has achieved total production of 205 lac kgs for all types of yarns compared to previous year's production of 222 lac kgs. The cotton yarn production was 114 lac kgs against 121 lac kgs in the previous year and other yarns production was 91 lac kgs against 101 lac kgs in the previous year. Thread production was 34 lac kgs against 40 lac kgs in the previous year.

TURNOVER

During the year, your company has recorded gross sales of Rs.43241 lac against Rs. 45890 lac in the previous year. The company has achieved yarn sale of Rs. 23344 lac, Thread sale of Rs.10850 lac and others of Rs.9047 lac in the current year ending 31st March, 2010 against sale of yarn Rs. 25245 lac, Thread Rs.11226 lac and others Rs.9419 lac respectively in the previous year. Export of yarn was at Rs. 4312 lac (CIF) against Rs.9371 lac (CIF) in the previous year.

BARNALA UNIT

The Barnala unit has achieved production of 111.37 lac kgs of Yarn and capacity utilization of 85% in the current year. The plant is equipped with latest technology machines to meet the demand of domestic as well as international markets.

PAONTA SAHIB UNIT

The Paonta Sahib unit was operating at capacity utilization of 86 % and had production of 81.65 lac kgs of yarns.

MACHHIWARA UNIT

The company's strength lies in value added products. The unit had achieved production of 34 lac kgs of value added products during the year.

The capacity utilisation of Worsted unit was 35% and is below the optimum level due to seasonality of the products, shortage of labour, power, tight liquidity and low demand. The unit had achieved production of 11.97 lac kgs of yarn.

FIXED DEPOSITS

The Company has not accepted/renewed any deposits from the public during the year under review under section 58A of the Companies Act, 1956.

INDUSTRIAL RELATIONS

Your company has cordial relations with employees and no man-day was lost during the year. The company is very thankful to its employees for the wholehearted support in achieving optimum level of efficiency.

COMPLIANCE OF LISTING AGREEMENT

The equity shares of the Company are listed at The Bombay Stock Exchange and National Stock Exchange. The Company has paid annual listing fee up to 31st March, 2011.



CORPORATE GOVERNANCE

As per Clause 49 of the Listing agreement, a separate Report on Corporate Governance together with Management Discussion and Analysis and certificate from Company's Auditors is annexed and forms part of the report.

AUDITORS

M/s. S.C.Vasudeva & Co., auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offered themselves for re-appointment.

AUDITORS' REPORT

The Auditors' Report on the Accounts is self-explanatory and required no comments except i) non-disclosure of segment results separately in respect of sewing thread segment in accordance with Accounting Standard (AS)-17. Results of the operations of the sewing thread segment is compiled to the extent it could be computed from the books of account, however results of the textile segment (yarn & sewing thread) is disclosed as per Accounting Standard (AS)-17. ii) the company is confident of recovery of debtors in respect of which balances were not confirmed and therefore, no provision has been made for doubtful debts in respect of these debtors as doubtful amount can not be ascertained at this stage.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement pursuant to the provision of section 217(2AA) of the Companies Act, 1956 is attached as per Annexure 'C' and forms part of the report.

DIRECTORS

Sh. Rishi Oswal and Rahul Oswal retire at the ensuing Annual General Meeting and are eligible for appointment as Directors subject to retirement by rotation. They offer themselves for the re-appointment.

Sh.Rattan Singh, nominee of IFCI Ltd ceased to be Director of the company. The Board places on record its appreciation for the services rendered during his tenure as Director of the Company.

Sh. T.Hari Krishnan, nominee of IFCI Ltd, was appointed as Director on the Board of the company. He is welcome on the board.

Sh.Satish Kumar Mohla, nominee of PNB ceased to be Director of the company. The Board places on record its appreciation for the services rendered during his tenure as Director of the Company.

Sh. Nem Chand Jain, nominee of PNB, was appointed as Director on the Board of the company. He is welcome on the board.

ACKNOWLEDGEMENT

The Board of Directors place on record its appreciation for the valuable assistance, support and guidance extended to the company by the Financial Institutions and Banks. The company also acknowledges the support and co-operation received from dealers, retailers and agents for promoting various products of the company. The Board also wish to express its deep gratitude for the continued support from its shareholders and the employees and appreciate the co-operation and unstinted support extended to the company.

DISCLOSURE OF PARTICULARS

Statement of particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 is attached as per Annexure 'A'

Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earning and outgo is given in Annexure 'B' forming part of this Report.



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ANNEXURE 'A' TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES

Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and Forming Part of Directors' Report for the year ended 31.03.2010.

Name	Age	Date of Employment	Qualification	No. of years Experience	Designation & Nature of Duties	Remuneration (Rs.Lac)	Last Employment held	Designation with last employer	Period of Service with last employer (Years)
Mr.Jangi Lal Oswal	58	09.04.1980	B.A. IInd Year	39	Chairman-cum- Managing Director	25.94	Oswal Woollen Mills Limited	Commercial Manager	9

1. The appointment of Mr. Jangi Lal Oswal is on contractual basis.
2. Mr. Jangi Lal Oswal is related to Mr. Rishi Oswal and Mr. Rahul Oswal, Directors of the Company.
3. The remuneration includes salary, cash allowances/and perquisite value of other non cash perquisites.

For and on behalf of the Board

JANGI LAL OSWAL
Chairman-cum-Managing Director

Place : Ludhiana
Dated : 28.05.2010

ANNEXURE 'B' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

I. CONSERVATION OF ENERGY

The company continues to accord high priority to energy conservation.

- a) Some of the initiatives undertaken for conservation of energy
 - Use of energy efficient motors and modernization of various machines.
 - Improvement in power factors by providing capacitor on different load centers.
 - Electronic Soft start units with Power Saving features installed at various machines.
 - Installation of flat belt, flat pulley & FRP fans at humidification plant.
 - Energy efficient lighting system and modernize mechanical devices.
- b) Further proposed and investment for reduction of energy consumption.
 - Modernization/replacement of obsolete plant & machinery.
- c) Overall impact of measures of above resulting in energy saving.
 - Not ascertainable precisely.
- d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule.

FORM A

(Disclosure of particulars with respect to conservation of energy)

A. POWER AND FUEL CONSUMPTION

		2009-10	2008-09
1. Electricity			
a) Purchased			
Units	Lac Units	927.47	974.71
Total Amount	Rs. Lac	3971.12	3958.24
Rate/Unit	Rs.	4.28	4.08
b) Own generation			
Through diesel Generator			
Units	Lac Units	31.55	16.79
Unit/Litre		3.39	3.39
Rate/Unit	Rs.	8.73	8.90



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Steam			
Quantity	Tonnes	82043.46	82374.27
Total Cost	Rs.Lac	668.16	791.78
Rate/Per Ton	Rs./Tonne	814.39	961.19
B CONSUMPTION PER UNIT OF PRODUCTION			
Electricity	Per Tonne in unit	4678.26	4469.05
Steam	Per kg of Fibre/Yarn Dyed	13.04	12.52

II. TECHNOLOGY ABSORPTION

Efforts are being made in Technology Absorption as per Form B.

FORM - B

RESEARCH AND DEVELOPMENT (R&D)

1. Continuous efforts are being made for developing new products and to improve the existing products.
2. With the ongoing efforts by R&D, benefits derived are -
 - A. Improvement in quality of its products.
 - B. Development of specialized yarn
 - C. Consistency in work performance.
3. Future plan of action
The company is doing R&D on continuous basis to improve the quality of existing products and introduction of new products.
4. Expenditure on R & D

	2009-10	(Rs. Lac) 2008-09
a) Capital	0.00	0.56
b) Recurring	69.60	71.63
c) Total	69.60	72.19
d) Total R & D Expenditure as a percentage of turnover	0.16%	0.16%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation.
 - Absorption and adaptation of new indigenous technology are being made.
2. Benefit derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
 - Not ascertainable.
3. Information regarding technology imported during the last 5 years : Nil

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports; initiatives taken to increase exports; development of new export market for products and services; and export plans.
- b) Total Foreign Exchange earned and used :

	2009-10	(Rs.Lac) 2008-09
Foreign Exchange earned (FOB)	4212.97	9077.80
Foreign Exchange used (CIF)	517.65	396.55

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 it is hereby confirmed:

1. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board

Place : Ludhiana
Dated : 28.05.2010

JANGI LAL OSWAL
Chairman-cum-Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments

The Indian Textile industry is highly fragmented sector. Industry is fully vertically integrated across the whole value chain and interconnected with various operations. Textile Industry comprises small-scale, medium-scale, large-scale, non-integrated, spinning, weaving, finishing, and apparel-making firms and enterprises. The organized Mill Sector comprises of spinning Mills, and Composite Mills where spinning, weaving, and processing activities are done.

India is the largest producer of Jute, the 2nd largest producer of Silk, the 3rd largest producer of Cotton and Cellulosic Fibre/Yarn and 5th largest producer of Synthetic Fibers/Yarn.

The textile industry is one of the leading sectors in the Indian economy as it contributes nearly 14 percent to the total industrial production. The textile industry in India is claimed to be the biggest revenue earners in terms of foreign exchange among all other industrial sectors in India.

Opportunities & Threats

Indian textile industry has made a distinct position globally, alluring the globe towards the 'World of Indian textiles'. This has happened mainly due to high availability of skilled economical labour, availability of all kinds of fibers like silk, cotton, wool and even high quality synthetic fibers and flexibility of the readymade garment industry in terms of sizes, fabric variety, quantity, quality and cost. Most of the international brands have started procuring most of their fabrics from India.

The textile industry is facing tough competition from other developing countries, especially China. Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world. The industry has to make balance between price and quality, the demand & supply and to comply with environmental Laws.

Future Outlook

Growth rate of Domestic Textile Industry is 6-8% per annum. The Indian textile industry has large, potential domestic and international Market. The Increased Disposable Income and Purchasing Power of Indian Customer open new market opportunities. Market is gradually shifting towards Branded Readymade Garment. Also, emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft and other segments of the industry. The industry is capable to cater global needs as well as domestic needs.

India has great advantage in Spinning Sector and has a presence in all process of operation and value chain.

Risks & Concerns

The Indian textile Industry is highly dependent on Cotton. Lack of Technological Development affects the productivity and other activities in whole value chain. Weak Infrastructure resulted in higher transportation time and transaction time at Ports. The industry, as compared to other countries, is at disadvantage due to power shortage, higher power cost & interest costs etc. The cost of power for the Indian textile industry has been found to be the highest among the competitors. Red-tapism is also hindrance in the development of textile industry.

Reducing- borrowing costs, power tariff, freight charges and also reducing the transaction costs will infuse efficiency into the entire production chain. Though situation has improved in the last couple of years, but still there is enough scope for improvement. Proper raw material management can also go a long way in improving the efficiency of the existing production chain. Managing all this will require putting

in place a well carved out strategy to face the global market.

Internal Control System and their adequacy

The company has a proper and adequate system of internal control commensurate with the size of the Company. The Company is also having Internal Audit Department, which ensures adherence to all internal control policies and procedures.

The Audit Committee of Board of Directors continuously reviews the adequacy of internal controls.

Financial/operational Performance (Rs. Lac)

Particulars	2009-10	2008-09
Turnover & Other Income	43763	45955
PBDIT	1707	(478)
Interest & Financial Charges	2855	3008
Depreciation	581	738
Profit/(Loss) before Tax	(1729)	(4224)
Profit/(Loss) after Tax	(1725)	(4372)
Earning Per Share (Rs.)	(29.54)	(69.78)

Human Resources/Industrial Relations

Human resource is the most significant and valuable asset of the Company. Industrial relations at all units of the company remained cordial and peaceful during the year. Every member of the company contributes to the company's growth and reputation.

For and on behalf of the Board

Place : Ludhiana
Dated : 28.05.2010

Jangi Lal Oswal
Chairman Cum Managing Director



REPORT ON CORPORATE GOVERNANCE

This report on Corporate Governance forms part of the Annual Report. Your Company is striving to adopt the best practices of Corporate Governance. This section, besides being in compliance of the mandatory Listing Agreement, gives an insight into the process of functioning of the company.

1. Company's Philosophy

- Quality People
- Product Quality a way of life
- Integrated diversification/product range expansion
- Faith in individual potential and respect for human values
- Accepting change as a way of life.

2. Board of Directors

(a) Board Meeting:

During the financial year 2009-2010, the Board met nine times on the following dates

- 11th April, 2009
- 20th June, 2009
- 30th June, 2009
- 27th July, 2009
- 31st July, 2009
- 31st October, 2009
- 30th December, 2009
- 30th January, 2010
- 29th March, 2010

(b) Composition:

The Board of Directors comprises of a Chairman and Managing Director and seven Non-Executive Directors including Nominee Directors. Five are Independent Directors out of Board strength of Eight Directors. The composition of Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges and exceeds the percentages prescribed in the said Agreements.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship/Chairmanship in Indian Public Limited Companies is given as follows:-

S. No.	Name of the Directors	Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at last AGM	No. of directorship held in other companies	No. of Board Committee membership held in other companies	No. of Board Chairmanship held in other companies
1	Mr.Jangi Lal Oswal Chairman-cum-Managing Director	Non-Independent, Executive	9	9	No	6	-	1
2	Mr.Rishi Oswal	Non-Independent, Non-Executive	9	1	No	7	-	-
3	Mr.Rahul Oswal	Non-Independent, Non-Executive	9	7	Yes	6	-	-
4	Mr.G. Bansal	Non-Executive, Independent	9	6	Yes	-	-	-
5	Mr.Sanjay Kumar Suroya	Nominee of IDBI, Non-Executive, Independent	9	7	No	1	-	-
6	Mr.S.K.Mohla *	Nominee of PNB, Non-Executive, Independent	5	1	No	-	-	-
7	Mr.Nem Chand Jain*	Nominee of PNB, Non-Executive, Independent	4	2	-	-	-	-
8	Mr.Rattan Singh**	Nominee of IFCI, Non-Executive, Independent	5	3	No	1	-	-
9	Mr.Surinder Kumar Vig	Non-Executive Independent	9	9	No	-	-	-
10	Mr.T.Hari Krishnan**	Nominee of IFCI, Non-Executive, Independent	4	4	No	-	-	-

Mr.Rishi Oswal and Mr.Rahul Oswal are related to Mr.Jangi Lal Oswal. None of the other Directors is related to any other Director of the Company.

* Mr.Nem Chand Jain was appointed as nominee of PNB in place of Mr. S K. Mohla w.e.f. 31.10.2009

** Mr.T.Hari Krishnan was appointed as nominee of IFCI Ltd. in place of Mr. Rattan Singh w.e.f. 31.10.2009



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3. AUDIT COMMITTEE

The Audit Committee comprises of five Non-Executive Independent Directors, namely Mr. G. Bansal, Chairman, Mr.T.Hari Krishnan, Mr.Sanjay Kumar Suroya, Mr. Nem Chand Jain and Mr.Surinder Kumar Vig. All the members of audit committee possess financial/accounting experience. The composition of audit committee meets the requirement of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. Mr.Dinesh Gupta is the secretary to the Audit Committee. The terms of reference of the Audit Committee are, as contained in section 292A of the Companies Act, 1956, and also as contained in Corporate Governance Clause of the Listing Agreement.

The Audit Committee met four times during the financial year 2009-10 on the following dates:-

- 30th June, 2009 - 31st July, 2009
- 31st October, 2009 - 30th January, 2010

The attendance of present and past members of the Audit Committee during the financial year 2009-10:-

Name	No.of meeting attendend
Mr.Sanjay Kumar Suroya	3
Mr.G.Bansal	4
Mr.T.Hari Krishnan*	2
Mr.Surinder Kumar Vig	4
Mr.Rattan Singh#	2
Mr.Nem Chand Jain**	-

* Appointed as member of Audit Committee w.e.f. 31.10.2009.

Ceased to be member of the Audit Committee w.e.f. 31.10.2009.

** Appointed as member of Audit Committee w.e.f. 29.03.2010.

4. DIRECTORS'REMUNERATION:

The Company pays remuneration to Chairman and Managing Director as approved by the Board of Directors and the members of the Company in the Extraordinary General Meeting held on 29th April, 2008.

i) Chairman and Managing Director: (Rs. Lac)

Name	Designation	Salary and allowances	Other Perks	Contribution to Provident & other fund	Gross Salary
Mr.Jangi Lal Oswal	Chairman-cum-Mg. Director	24.00	-	1.94	25.94

ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings.

Detail of sitting fee paid to Non-executive Directors during the financial year 2009-10 was as below:-

Name of Non-Executive Directors	Sitting Fee (Rs.)
Mr.Sanjay Kumar Suroya	10000.00
Mr.Nem Chand Jain	2000.00
Mr.Satish Kumar Mohla	1000.00
Mr.G.Bansal	10000.00
Mr.Rishi Oswal	1000.00
Mr.Rahul Oswal	7000.00
Mr.Rattan Singh	5000.00
Mr.Surinder Kumar Vig	13000.00
Mr.T.Hari Krishnan	6000.00
Total	55000.00

5. SHAREHOLDING OF DIRECTORS AS ON 31.03.2010

The shareholdings of Directors in the Equity Share of the Company is given as follows:-

Name of Director	Number of Shares held
Mr.Jangi Lal Oswal	6090
Mr.Surinder Kumar Vig	11098

6. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE:

To look into the redressal of investors 'complaints on various issues, the company constituted a Shareholders/Investors Grievances Committee. The members of the committee are Mr.Rahul Oswal, Mr.G.Bansal and Mr.Surinder Kumar Vig. The Chairman of Committee is Mr Rahul Oswal, a Non- Executive Director. During the year, a meeting of the Committee was held on 31.10.2009 and same was attended by Mr.Rahul Oswal and Mr.G. Bansal. Mr.Dinesh Gupta, Company Secretary of the Company, is the Compliance Officer for this Committee.

During the year 2009-10, the Company has received 14 complaints. The complaints are related to non-receipt of Annual Reports, non receipt of dividend, dematerialisation of shares etc. All the complaints have been duly resolved by the company. No complaint was pending as on 31st March, 2010.

7. GENERAL BODY MEETINGS:

i) General Meeting

a) Annual General Meeting

Details of Meeting	Date of Meeting	Time of Meeting	Venue of Meeting
2006-07	29.09.2007	9.30 AM	In the premises of Mohan Dai Oswal Cancer Treatment & Research Foundation, G.T. Road, Sherpur, Ludhiana.
2007-08	25.09.2008		
2008-09	26.09.2009		

A Special Resolution was passed in the last Annual General Meeting. The resolution was passed with requisite majority.

b) Extraordinary General Meeting

An Extraordinary General Meeting was held on 5th May, 2009, and Special Resolution was passed for Preferential Allotment of Equity Shares Warrants to the Promoters. The resolution was passed with requisite majority.

ii) Postal Ballot

No postal Ballot was conducted during the year.

8. DISCLOSURES:

There was no material/significant transaction with the directors or the management and their relatives etc. that has any potential conflict with interest of the Company. Also there has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or



MALWA COTTON SPINNING MILLS LIMITED

Securities Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.

Further, the Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company may also take up the non-mandatory requirements of Clause 49 in due course of time.

9. MEANS OF COMMUNICATION:

The company communicates with the shareholders at large through its Annual Reports, Publication of financial results, press release in leading newspapers viz., Business Line (English) and Des Sewak (Punjabi)

General information for Shareholder

i) 34th Annual General Meeting

Date : 25.09.2010
Time : 9.30 A.M.
Venue : Oswal Knit India Limited,
230, Industrial Area 'A',
Ludhiana -141003 (Punjab)

As required under Clause 49(IV) G (i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking re-appointments at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of AGM to be held on 25th September,2010.

ii) Financial Calendar : 2010-11 (Tentative)

Adoption of Quarterly Results Ended :-	Date of Submission to Stock Exchange
30th June,2010	2nd week of August,2010
30th September,2010	" " November,2010
31st December,2010	" " February,2011
31st March,2011	Last Week of May,2011

iii) Book Closure Date : 24.09.2010 to 25.09.2010 (both days inclusive)

iv) Dividend :

No Dividend was recommended for the year 2009-10.

v) Listing :

The securities of the Company are listed on the following Stock Exchanges :-

1. Bombay Stock Exchange Limited, Mumbai (BSE) 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai - 400 001
2. The National Stock Exchange of India Limited (NSE), " Exchange Plaza" Bandra-Kurla Complex, Bandra (East), Mumbai

The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the financial year 2010-11.

vi) Stock Code

BSE : 502995

NSE : MALWA COTT

vii) Market Price Data (NSE) : (Rs.)

Month	High	Low
April,09	30.40	16.10
May,09	34.00	22.20
June,09	44.85	30.95
July,09	31.00	24.00
August,09	34.00	30.55
September,09	48.95	33.00
October,09	48.50	38.45
November,09	41.15	35.45
December,09	43.45	38.00
January,10	51.10	37.10
February,10	41.75	35.65
March,10	39.90	34.15

viii) Unclaimed Dividend

There is no unclaimed dividend pending with the company.

ix) Registrar & Share Transfer Agent:

Name & Address : M/s Mas Services Pvt. Ltd
T-34, 2nd Floor, Okhla
Industrial Area, Phase-II
NEW DELHI-110020

Phone Number : +91 11 26387281-82

Fax Number : +91 11 26387384

E-Mail : mas_serv@yahoo.com

x) Share Transfer Systems:

58.97% of the share of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with M/s Mas Services Pvt. Ltd at the above mentioned address. Transfer of shares in physical form is normally processed within ten to fifteen days from the date of receipt if the documents are complete in all respects.



MALWA COTTON SPINNING MILLS LIMITED

xi) Shareholding as on March 31,2010

a) Distribution of equity shares as on 31st March, 2010

No. of Shares	No. of Accounts	% of Total Accounts	Holding	% to Capital
Up to 500	6984	91.00	867236	11.79
501-1000	321	4.18	262719	3.57
1001-2000	177	2.31	260907	3.55
2001-3000	49	0.64	119749	1.63
3001-4000	31	0.40	108518	1.48
4001-5000	19	0.25	88880	1.21
5001-10000	38	0.50	280909	3.82
10001 & above	55	0.72	5366110	72.95
Total	7674	100.00	7355028	100.00

b) Categories of Equity shareholders as on 31st March, 2010

Category	Numbers of Shares	Percentage
Promoters	3579615	48.67
Mutual Funds and UTI	700	0.01
Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/ Non-Government Institutions	1044112	14.20
Private Corporate Bodies		
Indian Public	748284	10.17
NRIs/OCBs	1959261	26.64
Shareholding by Custodian (HSM Group)	18356	0.25
FII's (including FDR, GDR & Foreign Shareholdings)	4700	0.06
	Nil	Nil
Total	7355028	100.00

xii) Dematerialisation of shares :

The Company's shares are compulsorily traded in dematerialised form and are available on both depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CSDL). These represents

58.97% of the shares capital are in dematerialised form as on March 31, 2010.

The Company's shares are regularly traded on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, in electronic form Under Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE 272B01015**.

xiii) Plant locations:

Company's plants are located at :-

1. Village Harigarh, Raikot Road, Distt. Barnala, (Punjab)
2. Village Patlian, Teh. Paonta Sahib, Distt. Sirmour (Himachal Pradesh)
3. Village Harrian, Kohara-Machhiwara Road, Distt. Ludhiana (Punjab)

xiv) Address for correspondence:

Registered Office : Industrial Area 'A',
Ludhiana - 141003

Telephone : 0161-2224201-209

Fax : 0161-5013623,5026778

Designated

E-mail address for

Investor Services : company.secretary@malwagroup.com

Name of

Compliance Officer: Mr. Dinesh Gupta,
Company Secretary

Telephone Nos. : 0161-2224201-209

I, Jangi Lal Oswal, Chairman & Managing Director of Malwa Cotton Spinning Mills Ltd. declare that all the Board Members and Senior Management personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2010.

Place: Ludhiana
Dated : 28.05.2010

Jangi Lal Oswal
Chairman & Managing Director

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To
The Members of
Malwa Cotton Spinning Mills Limited, Ludhiana.
We have examined the compliance of conditions of corporate governance by Malwa Cotton Spinning Mills Ltd., for the year ended on 31st March,2010 as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchanges.
The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors and management, we certify that the company has complied with the

conditions of corporate governance as stipulated in clause 49 of the above mentioned listing agreement.
We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders Investors Grievance Committee.
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 S.C.VASUDEVA & CO.
Chartered Accountants
Firm Reg. No. 00235N

Place : Ludhiana
Dated : 28.05.2010

(SANJIV MOHAN)
Partner
M.No.86066



AUDITOR'S REPORT

To

The Members,
M/s Malwa Cotton Spinning Mills Limited, Ludhiana.

1. We have audited the attached Balance sheet of M/s Malwa Cotton Spinning Mills Ltd. as at 31st March 2010 and also the Profit and loss account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
 - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except *non-disclosure of segment results separately in respect of sewing thread segment in accordance with the requirements of Accounting Standard (AS) -17 on " Segment Reporting" notified by The Companies (Accounting Standards) Rules, 2006.*
 - e) On the basis of the written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, *subject to Note No.24 (Notes on Accounts) regarding non confirmation of balances of sundry debtors and advances aggregating to Rs.4177.58 lac and no provision has been made for doubtful debts and advances in respect of these debtors and advances, the said accounts read together with the*

significant accounting policies, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of balance sheet, of the state of affairs of the company as at 31st March, 2010;
- ii) in the case of profit and loss account, of the loss for the year ended on that date; and
- iii) in the case of cash flow statement, of the cash flows for the year ended on that date

For S.C.VASUDEVA & CO.
Chartered Accountants
Firm Reg. No. 00235N

Place : Ludhiana
Dated : 28th May, 2010

(SANJIV MOHAN)
Partner
M.No.86066

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3)

- (1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. The discrepancies noticed, as such physical verification of fixed assets which were not material, have been dealt in the books of account. In our opinion the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and nature of its business.
c) According to information and explanations given to us, the company has not disposed off substantial part of its fixed assets during the year.
- (2) a) According to the information and explanations given to us, the inventories have been physically verified by the management at the close of the year. In our opinion the frequency of verification is reasonable.
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 as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and nature of its business.
c) In our opinion, the company is maintaining proper records of inventory. As explained to us, no discrepancies were noticed on physical verification of inventory as compared to the book records.
- (3) a) According to the information and explanations given to us, the company has not granted loans secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4 (iii) (b) (c) and (d) of the above said order are not applicable to the company.
b) According to the information and explanations given to us, the company has not taken loans secured or unsecured from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.



MALWA COTTON SPINNING MILLS LIMITED

- Accordingly the provisions of clause 4 (iii) (f) and (g) of the above said order are not applicable to the company.
- (4) According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (5) According to the information and explanations given to us, the company has not entered into any contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register maintained under that section.
- (6) According to the information and explanations given to us, the company has not accepted any deposits from public. Therefore, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (7) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (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. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (9) (a) According to the information and explanations given to us and on an examination of the records of the company, we are of the opinion that the company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other applicable statutory dues with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2010, for a period of more than six months from the date of they becoming payable.
- (b) According to the information and explanations given to us, the disputed statutory dues aggregating to Rs. 311.54 lac that have not been deposited on account of matters pending before the appropriate authorities in respect of sales tax and excise duty are given below:

Name of the Statute	Nature of the Dues	Disputed Amount (Rs. Lac)	Forum where dispute is pending
The Punjab General Sales Tax Act, 1948	Sales Tax	58.83	The Hon'ble High Court of Punjab and Haryana, Chandigarh
The Central Sales Tax Act, 1956	Central Sales Tax	4.53	The Hon'ble High Court of Punjab and Haryana, Chandigarh
The Central Sales Tax Act, 1956	Central Sales Tax	98.60	The Deputy Excise & Taxation Commissioner (Appeals), Patiala.
The Punjab Value Added Tax Act, 2005	Value Added Tax	89.77	The Deputy Excise & Taxation Commissioner (Appeals), Patiala.
Central Excise Act, 1944	Excise Duty	3.87	Custom, Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	6.75	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Excise Duty	3.50	Joint Secretary, Deptt. of Revenue
Central Excise Act, 1944	Excise Duty	27.85	Additional Commissioner, Chandigarh
The Finance Act, 1994 (Chapter V)	Service Tax	2.30	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Excise Duty	11.91	Assistant Commissioner of Central Excise (Appeals)
The Finance Act, 1994 (Chapter V)	Service Tax	3.63	Deputy Commissioner, Sangrur

- According to information and explanation given to us, there are no disputed statutory dues pending in respect of Income Tax, Service Tax, Wealth Tax and Cess..
- (10) In our opinion and according to the information and explanations given to us, the accumulated losses at the end of financial year are more than fifty percent of its net worth. Further, the company has incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
- (11) In our opinion and according to the information and explanations given to us, during the year the company has not defaulted in repayment of dues to banks and financial institutions.
- (12) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the above said order are not applicable to the company.
- (13) According to the information and explanations given to us, the company is not a chit fund, or a nidhi/mutual benefit fund/ society. Accordingly, the provisions of clause 4 (xiii) of the above said order are not applicable to the company.
- (14) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the company.
- (15) According to the information and explanations given to us, the company has given guarantee for loans taken by others from banks and financial institutions. In our opinion and according to the information and explanations given to us, the terms and conditions of such guarantee are not prima-facie prejudicial to the interest of the company.
- (16) According to the information and explanations given to us, the company has applied the term loans for the purpose for which the loans were taken.
- (17) In our opinion and according to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (18) The company has allotted 550,000 equity shares on conversion of equivalent number of equity shares warrants to the companies covered in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanation given to us, the Price at which equity shares has been issued are not prima-facie prejudicial to the interest of the company.
- (19) According to the information and explanations given to us, the company has not issued debentures during the year. Accordingly, the provisions of clause 4(xix) of the above said order are not applicable to the company.
- (20) According to the information and explanations given to us, the company has not raised money by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the above said order are not applicable to the company.
- (21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period covered by our audit.

For S.C.VASUDEVA & CO.
Chartered Accountants
Firm Reg. No. 00235N

Place : Ludhiana
Dated : 28th May, 2010

(SANJIV MOHAN)
Partner
M.No.86066



MALWA COTTON SPINNING MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedule No.	As at 31.03.2010 Rs. Lac		As at 31.3.2009 Rs. Lac
I. SOURCES OF FUNDS				
(1) Shareholder's Fund				
(a) Share Capital	01	3459.90	3404.90	
(b) Reserves and Surplus	02	1941.15	2086.15	
(c) Equity share warrants		<u>82.50</u>	<u>—</u>	5491.05
(2) Loan Funds				
(a) Secured Loans	03		22645.35	19448.91
TOTAL			<u>28128.90</u>	<u>24939.96</u>
II. APPLICATION OF FUNDS				
(1) Fixed Assets				
(a) Gross Block	04	28587.52	28542.98	
(b) Less: Depreciation		<u>22103.20</u>	<u>21559.16</u>	
(c) Net Block		6484.32	6983.82	
(d) Capital Work in Progress	05	<u>13.99</u>	<u>45.42</u>	7029.24
(2) Investments				
	06		999.89	999.89
(3) Current Assets, Loans and Advances				
(a) Inventories	07	12395.31	10588.42	
(b) Sundry Debtors	08	13060.05	12847.03	
(c) Cash and Bank Balances	09	339.94	402.33	
(d) Loans and Advances	10	<u>2310.12</u>	<u>2471.31</u>	
	(A)	<u>28105.42</u>	<u>26309.09</u>	
(4) LESS : Current Liabilities and Provisions				
(a) Current Liabilities		8963.85	9227.11	
(b) Provisions		<u>961.59</u>	<u>896.89</u>	
	(B)	<u>9925.44</u>	<u>10124.00</u>	
Net Current Assets (A-B)			18179.98	16185.09
Profit and Loss Account		7316.72	5591.74	
Less: Shown as deduction from General Reserves as per contra		<u>4866.00</u>	<u>4866.00</u>	<u>725.74</u>
TOTAL			<u>28128.90</u>	<u>24939.96</u>
NOTES ON ACCOUNTS	20			

As per our separate report of even date.

For S.C.VASUDEVA & CO.
Chartered Accountants
Firm Reg. No. 00235N

SANJIV MOHAN
Partner
M. No. 86066

DINESH GUPTA
Company Secretary

G. MAKKAR
Sr. Vice President
(Finance)

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-Managing
Director

Place : Ludhiana
Dated : 28.05.2010



MALWA COTTON SPINNING MILLS LIMITED

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

Particulars	Schedule No.	Current Year Rs. Lac	Previous Year Rs. Lac
INCOME			
Gross Turnover		43241.40	45890.10
Less: Excise Duty related to sale		—	3.85
Turnover		43241.40	45886.25
Other Income	12	521.80	68.76
EXPENDITURE			
Raw Material Consumed	13	27626.75	29000.39
Manufacturing Expenses	14	8057.44	8493.32
Personnel Expenses	15	4787.06	4518.33
Administrative and Other charges	16	925.45	1030.21
Financial Expenses	17	2855.33	3007.71
Selling Expenses	18	1224.45	1713.38
(Increase)/Decrease in Work in Process and Finished Goods	19	(565.03)	1677.27
Depreciation		581.22	738.07
Profit/(Loss) for the year before Tax		(1729.47)	(4223.67)
Provision for Taxation			
- Fringe benefit Tax		—	32.00
- Deferred Tax		—	105.18
Wealth Tax for earlier year		—	0.29
Income Tax for earlier year		(4.49)	10.74
Loss after Tax Adjustment		(1724.98)	(4371.88)
Balance Brought Forward		(5591.74)	(1219.86)
Balance Carried to Balance Sheet		(7316.72)	(5591.74)
Earning per share (Equity share Nominal Value Rs.10/- each)			
Basic		(29.54)	(69.78)
Diluted/(Anti-dilutive)		(5.59)	(20.76)
NOTES ON ACCOUNTS	20		

As per our separate report of even date.

For S.C.VASUDEVA & CO.
Chartered Accountants
Firm Reg. No. 00235N

SANJIV MOHAN
Partner
M. No. 86066

DINESH GUPTA
Company Secretary

G. MAKKAR
Sr. Vice President
(Finance)

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-Managing
Director

Place : Ludhiana
Dated : 28.05.2010



MALWA COTTON SPINNING MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Current Year Rs. Lac	Previous Year Rs. Lac
A. Cash Flow From Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(1729.47)	(4223.67)
Adjustment For		
Provision for doubtful debts	21.96	78.40
Depreciation	581.22	738.07
Profit on Sale of Fixed Assets(Net)	(409.21)	(3.89)
Sundry Balances Written off	2.13	2.03
Interest Charged	2452.93	2752.40
Interest Income	(21.25)	(17.55)
Dividend Income	(0.88)	(1.75)
Operating Profit Before Working Capital Changes	897.43	(675.95)
Adjustment For :		
(Increase)/Decrease in Inventories	(1806.89)	2506.35
(increase)/Decrease in Trade and Other Recivables	(275.01)	(1053.42)
(Increase)/Decrease) in Trade Payables and Other	(185.06)	(78.61)
Cash Generated from Operating Activities	(1369.53)	698.36
(Taxpaid)/Refund	(28.82)	(32.84)
Net Cash From Operating Activites	(1398.35)	665.52
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(79.15)	(128.45)
Proceeds from sale of fixed Assets	438.07	30.80
Proceeds from sale of Investment	-	(2.00)
Interest Received	21.25	17.55
Dividend Recived	0.88	1.75
Net Cash From Investing Activities	381.05	(80.35)
C. Cash Flow From Financing Activities		
Poceeds form issue of Equity share Capital	192.50	400.00
Poceeds form Long Term Borrowing(net)	3982.46	390.47
Proceeds from Short Term Borrowing(net)	(786.02)	1525.87
Interest Paid	(2434.03)	(2937.14)
Net Cash form Financing Activities	954.91	(620.81)
Net Increase/(Decrease) In Cash & Cash Equivalents(A+B+C)	(62.39)	(35.64)
Cash & Cash Equivalents As on 01.04.2009 (Opening Balance)	402.33	437.97
Cash & Cash Equivalents As on 31.03.2010 (Closing Balance)	339.94	402.33

As per our separate report of even date.

For S.C.VASUDEVA & CO.
Chartered Accountants
Firm Reg. No. 00235N

SANJIV MOHAN
Partner
M. No. 86066

DINESH GUPTA
Company Secretary

G. MAKKAR
Sr. Vice President
(Finance)

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-Managing
Director

Place : Ludhiana
Dated : 28.05.2010



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

Particulars	As at 31.03.2010 Rs. Lac	As at 31.03.2009 Rs. Lac
1. SHARE CAPITAL		
AUTHORISED		
1,50,00,000 Equity Shares of Rs.10/- each	1500.00	1500.00
30,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	<u>3000.00</u>	<u>3000.00</u>
	4500.00	4500.00
ISSUED		
73,55,028 Equity Shares of Rs. 10/- each (Previous Year 68,05,028)	735.51	680.51
10,00,000 9% Cumulative Redeemable Preference Share of Rs.100/- each	1000.00	1000.00
17,50,000 9% Cumulative Redeemable Preference Shares of Rs.100/- each	<u>1750.00</u>	<u>1750.00</u>
	3485.51	3430.51
SUBSCRIBED AND PAID-UP		
73,55,028 Equity Shares of Rs.10/- each (Previous year 68,05,028) Less: Calls in arrears by others	735.51 <u>0.22</u> 735.29	680.51 <u>0.22</u> 680.29
10,00,000 9% Cumulative Redeemable Preference Shares of Rs.100/- each (See Note No.10)	1000.00	1000.00
17,24,610 9% Cumulative Redeemable Preference Shares of Rs.100/- each (See Note No.10)	<u>1724.61</u>	<u>1724.61</u>
	3459.90	3404.90
2. RESERVES AND SURPLUS		
CAPITAL RESERVE		
Central Investment Subsidy	15.00	15.00
Capital Redemption Reserve	250.00	250.00
Capital Subsidy	30.00	30.00
SHARE PREMIUM ACCOUNT		
As per last account	1591.15	1254.64
Add : Received during the year	<u>55.00</u>	<u>336.51</u>
	1646.15	1591.15
RESERVE FOR BAD AND DOUBTFUL DEBTS AND ADVANCES		
As per last account	200.00	300.00
Less : Provision for doubtful debts	<u>200.00</u>	<u>100.00</u>
	-	200.00
GENERAL RESERVE		
As per last account	4866.00	4866.00
Less : Debit balances in Profit and loss account shown as per contra	<u>4866.00</u>	<u>4866.00</u>
	1941.15	2086.15



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

Particulars	As at 31.03.2010 Rs. Lac	As at 31.03.2009 Rs. Lac
3. SECURED LOANS		
(a) LOANS AND ADVANCES FROM BANKS		
WORKING CAPITAL BORROWINGS	6573.85	7359.87
(b) OTHER LOANS & ADVANCES		
TERM LOANS FROM FINANCIAL INSTITUTIONS & BANKS	15889.84	11095.92
(c) INTEREST ACCURED & DUE ON ABOVE	181.66	993.12
	22645.35	19448.91

SECURITY

- (i) For Term loans / WCTL/FITL :
- Primary - Pari-passu first charge on fixed assets of the company (present and future)
 - Collateral - Pari-passu second charge on the current assets of the company
- (ii) For Working Capital :
- Primary - Pari-passu first charge on the current assets of the company
 - Collateral - Pari-passu second charge on fixed assets of the company (present and future)
- (iii) Exclusive securities :
- IFCI/IDBI : The 7,86,700 Equity Shares of promoters pledged & 7,56,150 Equity Shares physically held with IFCI/IDBI.
 - PNB/SBI : Equitable Mortgage of properties at Ludhiana & Barnala on Pari Passn basis to secure its enhanced WC Limits with PNB/SBI exclusively.
- (iv) Pledge of 14,86,765 equity shares of Promoters as Additional Collateral security for entire CDR debts (Existing and fresh) to be shared by all CDR lenders on pari-passu basis.
- EM of 5 IPs at Kolkata, Bhilwara, Kanpur, Dehradun and Delhi as additional collateral security for entire CDR debts (Existing & fresh) to be shares by all CDR Lenders on Pari-Passn basis.
- (v) Personal Guarantee of three promoter Directors of the company.

4. FIXED ASSETS

(Rs. Lac)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Sale/ Adjust- ments	As at 31.03.2010	As at 01.04.2009	For the year	Sale/ Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
A. TANGIBLE										
1. FREE HOLD LAND	342.05	-	24.06	317.99	-	-	-	-	317.99	342.05
2. BUILDING	6258.06	1.92	18.64	6,241.34	2200.30	165.80	16.97	2349.13	3892.21	4057.7
3. PLANT AND MACHINERY	20825.67	43.95	-	20,869.62	18469.16	352.95	-	18822.11	2047.51	2356.51
4. FURNITURE AND FITTINGS	477.38	7.75	-	485.13	417.02	12.71	-	429.73	55.40	60.36
5. VEHICLES	525.17	39.31	23.34	541.14	428.48	26.91	20.21	435.18	105.96	96.69
B. INTANGIBLE										
COMPUTER SOFTWARE	114.65	17.65	-	132.30	44.20	22.85	-	67.05	65.25	70.45
TOTAL (A+B)	28542.98	110.58	66.04	28587.52	21559.16	581.22	37.18	22103.20	6484.32	6983.82
PREVIOUS YEAR	28506.94	117.56	81.52	28542.98	20875.70	738.07	54.61	21559.16	6983.82	

Intangible assets are not internally generated.



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

Particulars	As at 31.03.2010 Rs. Lac	As at 31.03.2009 Rs. Lac
5. CAPITAL WORK IN PROGRESS		
Building under construction	13.99	12.83
Machinery under erection	–	32.59
	<u>13.99</u>	<u>45.42</u>
6. INVESTMENTS (AT COST)		
Long Term Investments		
a. Government Securities		
	0.21	0.21
b. Trade (Unquoted)		
- 96,30,700 equity shares of Rs.10/- each fully paid up of M/s Malwa Industries Limited	963.07	963.07
c. Others (Quoted)		
43,759 Equity Shares of Rs.10/- each fully paid up of M/s. Vardhman Textiles Ltd	19.61	19.61
- 2,55,000 Equity Shares of Rs. 10/- each fully paid up of M/s Mukerian Papers Limited	119.00	119.00
Less : Allowance for diminution in value of investment	<u>119.00</u>	–
d. Others (Unquoted)		
- 1,95,000 Equity Shares of Rs. 10/- each fully paid up of M/s Manipur Vanaspati & Allied Industries Limited	19.50	19.50
Less : Allowance for diminution in value of investment	<u>19.50</u>	–
- 21,28,000 Equity Shares of Rs. 10/- each fully paid up of M/s Oswal Foods Limited	536.28	536.28
Less : Allowance for diminution in value of investment	<u>536.28</u>	–
- 1,50,000 Equity Shares of Rs. 10/- each fully paid up of M/s Oswal Knit India Limited	15.00	15.00
- 3,50,000 Equity Shares of Rs. 10/- each fully paid up of M/s Karnataka Oswal Oil Palms Limited	35.00	35.00
Less : Allowance for diminution in value of investment	<u>35.00</u>	–
- 20,000 Equity Shares of Rs.10/- each fully paid up of M/s Shivalik Solid Waste Management Ltd.	2.00	2.00
	<u>999.89</u>	<u>999.89</u>
NOTES		
1. Aggregate value of Quoted Investments	19.61	19.61
2. Aggregate value of Unquoted Investments	980.28	980.28
3. Market value of Quoted Investments	123.40	21.00



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

Particulars	As at 31.03.2010 Rs. Lac	As at 31.03.2009 Rs.Lac
7. INVENTORIES (At cost or net realisable value whichever is less)		
Raw Material	2044.41	1054.42
Work in Process	3377.71	2445.86
Finished Goods	6256.18	6404.42
Stores and Spares	608.82	661.23
Material in transit	108.19	22.49
	<u>12395.31</u>	<u>10588.42</u>
8. SUNDRY DEBTORS (Considered Good unless otherwise stated)		
a) Debtors outstanding for a period exceeding six months		
Secured	25.30	23.30
Unsecured [(Includes debts considered doubtful Rs.552.38 Lac) (Previous Year Rs. 330.43 Lac)]	5807.99	5736.48
	<u>5833.29</u>	<u>5759.78</u>
Less: Allowance for doubtful debts	552.38	330.43
b) Others		
Unsecured	7779.14	7417.68
	<u>13060.05</u>	<u>12847.03</u>
9. CASH AND BANK BALANCES		
Cash in Hand	34.91	43.18
Cheques in Hand	273.97	290.42
With Scheduled Banks		
In Current Accounts	31.06	68.73
	<u>339.94</u>	<u>402.33</u>
10. LOANS AND ADVANCES (Unsecured considered good unless otherwise stated) Advances recoverable in cash or in kind or for value to be received [Includes advances considered doubtful Rs.175.33 Lac (Previous year Rs.175.33 Lac)]	2162.50	2345.31
Less: Allowance for doubtful advances	175.33	175.33
Advance Income Tax	57.26	56.35
Balance with Excise Authorities	265.69	244.98
	<u>2310.12</u>	<u>2471.31</u>
11. (a) CURRENT LIABILITIES		
Acceptances	4584.80	4586.85
Sundry Creditors		
-Dues of Micro, Small and Medium Enterprises	-	-
-Others	2855.25	3292.12
Trade deposits and advances	25.30	23.30
Other Liabilities	1479.60	1324.84
Interest accrued but not due	18.90	-
	<u>8963.85</u>	<u>9227.11</u>
(b) PROVISIONS		
(a) Provision for Taxation	-	32.40
(b) Provision for employee benefit scheme :		
Gratuity	626.76	531.40
Leave Encashment	334.83	333.09
	<u>961.59</u>	<u>864.49</u>
	<u>9925.44</u>	<u>10124.00</u>



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

Particulars	Current Year Rs. Lac	Previous Year Rs. Lac
12. OTHER INCOME		
Interest received (Gross) [TDS Rs. 3.67 Lac; (Previous Year Rs.3.63 Lac)]	21.25	17.55
Dividend on long term investments (other than trade)	0.88	1.75
Insurance claims received.	25.50	25.95
Profit on sale of fixed assets	409.27	3.89
Exchange difference in forward cover	25.80	5.85
Miscellaneous	39.10	13.77
	<u>521.80</u>	<u>68.76</u>
13. RAW MATERIAL CONSUMED		
Opening Stock	1054.42	1980.05
Add : Purchases	28616.74	28074.76
	29671.16	30054.81
Less: Closing Stock	2044.41	1054.42
	<u>27626.75</u>	<u>29000.39</u>
14. MANUFACTURING EXPENSES		
Power and fuel	4941.14	4923.45
Oil and Lubricants	73.28	73.24
Stores Consumed	346.28	458.78
Dyeing Charges	1061.27	1189.28
Machinery Repairs	13.58	19.90
Electric Repairs	38.18	64.22
Packing Material and Charges	1290.62	1497.13
Others	293.09	267.32
	<u>8057.44</u>	<u>8493.32</u>
15. PERSONNEL EXPENSES		
Salaries, Wages and Bonus	4039.37	3819.74
Contribution to Provident and other funds	446.68	437.49
Staff Welfare	153.65	153.94
Gratuity	147.36	107.16
	<u>4787.06</u>	<u>4518.33</u>
16. ADMINISTRATIVE AND OTHER CHARGES		
Rent	120.22	123.32
Rates and Taxes	29.65	28.05
Directors' Sitting Fee	0.55	0.43
Directors' Travelling	15.24	4.08
Managerial Remuneration	25.94	25.94
Insurance	54.19	62.83
Auditors' Remuneration:		
As Audit Fee	3.97	3.97
As Tax Audit Fee	0.44	0.45
As Certification Charges	-	1.13
Reimbursement of Expenses	0.47	0.33
Legal and Professional Charges	68.78	78.90
Travelling and Conveyance	228.41	196.10
Vehicle Maintenance	30.07	27.66
Motor car maintenance	25.76	33.62
Printing and Stationery	37.81	42.37
Postage, Telegram and Telephones	56.91	65.79
Miscellaneous(includes provision for wealth tax Rs. NIL ; Previous Year Rs. 0.40 Lac)	91.74	92.94
General Repairs	37.22	35.88
Charity and Donation	0.49	0.43
Building Repairs	66.67	98.82
Allowance for Doubtful Debts	21.96	78.40
Others	8.96	28.77
	<u>925.45</u>	<u>1030.21</u>



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

Particulars	Current Year Rs. Lac	Previous Year Rs. Lac
17. FINANCIAL EXPENSES		
INTEREST		
Term Loans	1284.88	1047.75
Working Capital (Net) (See note No. 20)	620.63	913.52
Others	547.42	791.13
BANK AND OTHER CHARGES	402.40	255.31
	<u>2855.33</u>	<u>3007.71</u>
18. SELLING EXPENSES		
Forwarding and Octroi	937.21	1347.78
Commission to selling agents	139.78	230.93
Rebate and Discount	29.57	20.10
Advertisement	48.98	21.63
Others	68.91	92.94
	<u>1224.45</u>	<u>1713.38</u>
19. (INCREASE)/DECREASE IN WORK IN PROCESS AND FINISHED GOODS		
Opening Stock		
Work-in-Process	2445.86	2372.40
Finished Goods	6404.42	7888.35
	<u>8850.28</u>	<u>10260.75</u>
Add: Purchases	218.58	266.80
Less : Closing Stock		
Work-in-Process	3377.71	2445.86
Finished Goods	6256.18	6404.42
	<u>(565.03)</u>	<u>1677.27</u>



20. NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention

The accounts are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in sub section (3C) of section 211 and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as on the date of its financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialize.

C) Revenue Recognition

(i) The revenue in respect of sales is recognized when:

- a) All significant risks and rewards of ownership is transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- b) No significant uncertainty exists regarding the amount of consideration that will be derived for the sale of goods.

(ii) Interest in respect of bank deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest from customers and insurance claim received is recognized provided the ability to assess the ultimate collection with reasonable certainty is not lacking at the time of raising of any claim. Revenue recognition in both these cases i.e. interest from customers & insurance claims is postponed to the extent of uncertainty involved.

(iii) The revenue in respect of export benefit is recognized on post export basis at the rate at which the entitlement accrues.

d) Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation.

e) Intangible Assets

Intangible fixed assets are stated at historical cost less accumulated amount of amortization

f) Depreciation

- (i) Depreciation on Plant and Machinery and Building is provided on straight line method and on the other assets on written down value method in accordance with and in the manner specified in schedule XIV to the Companies Act, 1956.
- (ii) Depreciation at 100% is provided on assets costing Rs.5,000/- or below acquired during the year.

g) Amortization

Intangible assets are amortized on straight line method. These assets are amortized over their estimated useful life.

h) Inventories

Inventories are valued at cost or net realisable value whichever is lower. The cost formula adopted in respect of items of inventories is as under:

- Raw material At weighted average cost plus direct expenses
- Finished goods At raw material cost plus conversion cost and excise duty if applicable
- Work in process At raw material cost plus conversion cost depending upon the stage of completion
- Stores and spares At weighted average cost
- Material in transit At invoice price plus other expenses if applicable

i) Investments

Long term investments are stated at cost less allowance, if any, for diminution in value which is other than temporary.

j) Cenvat

Cenvat credit on excise duty paid goods is accounted for by reducing the purchase cost of related goods.

k) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of the qualifying asset are capitalized as part of the cost of the qualifying asset. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which these are incurred.

l) Expenditure incurred during construction period

Indirect expenditure incurred during the construction period attributable to bringing the assets to its working condition for its intended use is added to the cost of fixed asset.

m) Foreign Currency Transactions

- i) Foreign currency transaction is recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction except export sale effected in foreign currency which is recorded at exchange rate applicable on the date of negotiation of export invoice, such rate approximates the actual rate at the date of transaction.
- ii) Monetary items denominated in foreign currency are reported using the closing rate.
- iii) Non-monetary items, which are carried in terms of historical cost denominated in foreign currency are reported at the exchange rate as at the date of transaction.
- iv) Exchange differences arising on the settlement of monetary items or on reporting the monetary items at rates different from those at which they are initially recorded during the period or reported in previous financial statements are recognised as income or expenses in the period in which they arise.



The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. Exchange difference in such a contract is recognized in the statement of profit and loss account in the reporting period in which the exchange rates change. Profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

n) Employees' Benefits

a) Short Term Employee Benefits

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the Profit and Loss Account of the year in which the related service is rendered.

b) Post Employment Benefits:

i) Defined Contribution Plans:

Provident Fund:

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is recognised as an expense to the profit and loss account.

ii) Defined Benefit Plans

(1.1) Gratuity:

Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the close of the year.

(1.2) Leave Encashment:

Provision for leave encashment is made on the basis of actuarial valuation as at the close of the year.

(c) The actuarial gain/loss is recognized in statement of profit and loss account.

o) LEASES:

Assets acquired on lease wherein significant risk and rewards incident to ownership are retained by lessor are classified as operating leases. Lease rent paid for such leases are recognized as expense on systematic basis over the term of lease

p) 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. For the purpose of computing diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average of number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

q) Accounting for Taxes on Income

i) Provision for taxation for the year comprises of current tax and deferred tax.

ii) Current tax is the amount of income tax determined to be payable in respect of taxable income for the year. Deferred tax is the tax effect of timing difference between taxable income and accounting income for a period that originate in one period and is capable of reversal in one or more subsequent periods.

Deferred tax asset except relating to unabsorbed depreciation or brought forward of losses is recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax in respect of unabsorbed depreciation or brought forward losses under tax laws is recognized when there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

r) 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 assets exceeds its recoverable amount is provided in the books of account.

s) Provision and Contingent Liabilities

i) Provisions are recognized for liability that can be measured by using a substantial degree of estimation if -

- a) there is a present obligation arising as a result of past event
- b) it is probable that an outflow of resources embodying economic benefits is expected to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

ii) Contingent liability is disclosed in the case of :

- a) a present obligation that arises from past events
 - i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
 - ii) a reliable estimate of the amount of the obligation cannot be made.
- b) a possible obligation, that arises from past events and existence of which will be confirmed only by the occurrence or non occurrence of one more uncertain future events not wholly within the control of the enterprise.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR

- a) Bank Guarantees and letters of credit outstanding Rs.4118.80 lac (Previous Year Rs. 4171.29 lac). There is no likelihood of any outflow on account of the issuance of such Bank Guarantees. The Letter of credits are issued against normal non-fund facilities and additional out flow is not expected.
- b) Guarantees given by Company on behalf of others Rs. 3850 lac (Previous Year Rs.4350 lac). There is no likelihood of any outflow on account of the issuance of such Guarantees.
- c) Export Bills discounted with Banks against irrevocable letters of credit Rs.1229.53 lac (Previous Year Rs 3989.58 lac. There is no likelihood of any



MALWA COTTON SPINNING MILLS LIMITED

- outflow on account of such Export Bills discounted with Banks against irrevocable letters of credit.
- d) Claims against company not acknowledged as debts Rs.1.16 lac (Previous Year Rs. 1.16 lac). There is no likelihood of any outflow on account of such Claims.
 - e) Arrears of fixed cumulative dividend in respect of Redeemable Preference Shares Rs. 2820lac (Previous Year Rs. 2575 lac)
3. Estimated amount of contracts remaining to be executed on capital account Rs. 486.61 lac (Previous Year Rs.456.11 lac) (Net of advances).
 4. Building includes Rs. 41.18 lac towards consideration value representing ownership of commercial flats . This amount is inclusive of value of 10 fully paid-up equity shares of Rs.50/- each total valuing Rs. 500/- of Raheja Chambers Premises Co-Operative Society Ltd., Mumbai.
 5. The Company has executed excise duty bond aggregating to Rs. 1670 Lac (Previous Year Rs.1670 Lac) in favour of President of India under the Central Excise Act, 1944. There is no likelihood of any outflow on account of executed excise duty bond.
 6. Cenvat receivable shown under the head advances recoverable in cash or in kind includes Rs. 20.98 lac (Previous Year Rs.20.98 lac) not allowed by the authorities. The Company has contested and filed an appeal for the recovery of the above amount. Pending decision thereof no provision has been made in this regard.
 7. The Company has contested the additional demands of excise duty, service tax and sales tax amounting to Rs. 392.98 lac (Gross) (Previous year Rs. 244.00 lac). Out of this a sum of Rs.81.44 lac (Previous Year Rs. 81.44 lac) has been deposited with the concerned authorities under protest. No provision has been made in the books of account as company is confident to get desired relief at the appellate level. The said amount stands included in advances receivable in cash or in kind for value to be received.
 8. The Company is entitled to benefit under Duty Entitlement Pass Book (DEPB)/ Focus Market Scheme (FMS)/Duty Drawback on export sales made during the year. DEPB benefit can be availed as input duty credit or can be transferred in the open market. The Company has realised a sum of Rs.335.49 lac (Previous Year Rs.600.61 lac) in respect of export entitled benefits during the year and said amount has been accounted for and shown under head turnover. A sum of Rs 83.95 lac (Previous Year Rs. 151.96 lac) being the value of entitlement for export made upto 31.03.2010, yet to be received/sold has also been accounted as part of turnover, as there exists no uncertainty regarding the amount of consideration realizable or its ultimate collection. This treatment is in accordance with the opinion of the Expert Advisory Committee of the Institute of Chartered

Accountants of India as published in January 2001 issue of its Journal.

9. On 27th July, 2009, the company had allotted 11,00,000 Convertible equity share warrants on preferential basis as per SEBI guidelines carrying option to the holder of warrants to subscribe to one equity share of Rs.10 each at premium of Rs.10 per share for every warrant held within a period of 18 months from the date of allotment. On 29th March, 2010, the company has allotted out of above for cash 5,50,000 equity shares of Rs.10 each at premium of Rs.10 on conversion of equivalent number of equity share warrants. The proceeds received for such issue has been utilized for the purpose it was issued.
10. The preference share shall be redeemable in eight installment at a premium of 5% as per following schedule.

Years	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	Total
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Principal Amount

Rs.Cr.	0.80	1.64	1.64	2.73	4.09	5.45	5.45	5.45	27.25
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The earliest date of redemption is 30th September,2011.

11. Disclosure regarding the foreign currency exposure of the company.

- a) The company has entered into forward contracts to hedge its risk associated with fluctuations in foreign currency transactions. The company does not use forward contracts for speculative purpose. There are two forward contracts for USD 1.76 lac against export outstanding as at the close of the year.
- b) The foreign currency exposures remaining unhedged at the year end,

Particulars	Amount	
	Current Year	Previous Year
Against Debtors & Export [In US Dollars (million)]	0.084	0.113
Equivalent approximate in Rs. Lac	38.03	57.50

12. The summarized position of post-employment benefits and long term employee benefits recognized in the profit and loss account and balance sheet in accordance with AS[15] is as under:-

- (a) Changes in the present value of the defined benefit obligation.

Particulars	(Rs. Lac)			
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of obligation as at beginning of the year	627.50	333.09	639.87	395.82
Interest Cost	50.24	24.91	45.99	28.64
Current Service Cost	81.06	94.77	68.50	98.57
Benefits Paid	(72.79)	(80.09)	(129.96)	(75.61)
Actuarial Loss/(gain) on obligations	23.88	(37.85)	3.10	(114.33)
Present value of obligation as at close of the year	709.89	334.83	627.50	333.09



MALWA COTTON SPINNING MILLS LIMITED

	(Rs. Lac)	
	Current Year	Previous Year
	Gratuity (Funded)	Gratuity (Funded)
Fair Value of Plan Assets as at beginning of the year	96.10	148.73
Expected return on plan assets	7.71	10.70
Contribution	52.00	66.00
Benefits Paid	(72.79)	(129.06)
Actuarial (Loss)/gain on obligations	0.11	(0.27)
Fair Value of Plan Assets as at close of the year.	83.13	96.10

Reconciliation of the change in Fair Value of Plan Assets in respect of unfunded leave encashment is not applicable.

	(Rs. Lac)			
	Current Year		Previous Year	
	Gratuity (Funded)	Leave Encashment (Un funded)	Gratuity (Funded)	Leave Encashment (Un funded)
Estimated present value of obligations as at the end of the year	709.89	334.83	627.50	333.09
Fair value of Plan Assets as at the end of the year	83.13	-	96.10	-
Unfunded Net (Liability) Assets recognized in Balance Sheet	626.76	334.83	(531.40)	(333.09)

	(Rs. Lac)			
	Current Year		Previous Year	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Un unded)
Current Service Cost	81.06	94.77	68.50	98.57
Interest Cost	50.24	24.91	45.99	28.64
Expected return on Plan Assets	7.71	-	(10.70)	-
Net Actuarial (Gain)/Loss recognized in the year	23.77	(37.85)	3.37	(114.33)
Total expenses recognized in profit and loss account	147.36	81.83	107.16	12.88

(e) The principal actuarial assumptions used as at the balance sheet date (expressed as weighted average):

	(Rs. Lac)			
	Current Year		Previous Year	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount Rate	8%	8.5%	8%	8%
Expected rate of return Plan Assets	9%	-	9.13%	-
Expected rate of salary increase	5%	5%	5%	5%
Method Used	Projected unit credit method	Projected unit credit method	Projected unit credit method	Projected unit credit method

f) The estimated of future salary increases considered in acturial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market. The above information is certified by actuary.

g) The financial assumption considered for the calculations are as under:

Discount Rate: The discount rate has been chosen by refrence to market yield on government bonds as on date of valuation.

Expected Rate of Return: In case of gratuity, the actual return has been taken.

Salary increase: On the basis of past data provided by the company.

h) Short term leave encashment liability as on 31.03.2010 Rs.121.16 lac (Previous year Rs.101.77 lac).

During the year the company has recognized an expense of Rs. 119.05 lac as contribution to provident fund (Previous year Rs. 117.10 lac)

i) The plan assets are maintained with Life Insurance Corporation of India (LIC). The details of Investments maintained by LIC are not available with the company and have not been disclosed.



MALWA COTTON SPINNING MILLS LIMITED

13. Segment Reporting

Segment information as required by Accounting Standard (AS)-17 on "Segment Reporting" issued by the Companies (Accounting Standard) Rules, 2006 has been compiled on the basis of the financial statements and is disclosed below:

The Company has identified two segments as reportable segments viz. Yarn and Thread. The yarn segment comprises manufacturing of various types of yarns and yarn processing activities. The thread segment comprises sewing thread and other industrial thread.

a) Primary Segment Information :-

Revenue	Yarn		Thread		Total (Rs. Lac)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
External sales	32389.67	34658.55	10851.73	11231.55	43241.40	45890.10
Inter-segment sales	8693.80	9024.26	925.39	1097.89	9619.19	10122.15
Other income	466.83	32.99	7.04	10.62	473.87	43.61
Total revenue	41550.30	43715.80	11784.16	12340.06	53334.46	56055.86
Segment results*	2091.64			-	2091.64	(142.44)
Unallocated corporate expenses (Net)					965.78	1073.52
Operating profit					1125.86	(1215.96)
Interest expense					2855.33	3007.71
Tax - Current tax					(4.49)	11.03
- Deferred tax & Adjustment					-	105.18
- Fringe Benefit tax					-	32.00
Losses from ordinary activities					(1724.98)	(4371.88)
Extra-ordinary loss/(income)					-	-
Net Profit/(Loss)					(1724.98)	(4371.88)
Other Information						
Segment Assets	25089.19	22804.11	9230.69	10250.37	34319.88	33054.48
Unallocated corporate assets					1283.75	1283.74
Total Assets					35603.62	34338.22
Segment Liabilities	8890.91	9240.77	1034.53	850.83	9925.44	10091.60
Unallocated corporate Liabilities					22645.35	19481.31
Total Liabilities					32570.79	29572.91
Capital Expenditure	45.71	64.61	0.16	0.29	45.87	64.90
Unallocated Capital Expenditure					64.71	52.66
Total Capital Expenditure					110.58	117.56
Depreciation					518.75	675.46
Non-Cash expenses other than depreciation					-	-

* Also Includes result of Thread segment

Segment Revenue and Expenses

Segment revenue comprises sales to external customer and inter-segment sales. Segment expenses comprises expenses that are directly attributable to the segment and expenses relating to transactions with other segment of the enterprise.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist of cash and bank balances, debtors, inventories and fixed assets. Segment liabilities include all operating liabilities and consist of creditors and other liabilities. Segment assets and liabilities do not include deferred income taxes.

Inter Segment Transfer

Inter segment transfer are accounted for at prevailing market prices. These transfers are eliminated on consolidation.

b) Secondary segment information

	(Rs. Lac)	
	Current Year	Previous Year
i) Revenue (external turnover)		
Within India	38929.78	36519.53
Outside India	4311.62	9370.57

ii) Other items of secondary segment information are not applicable to the company.

14. Related Party Disclosures

Details of transactions entered into with the related parties during the year as required by Accounting Standard (AS) - 18 on "Related Party Disclosures" notified by the Companies (Accounting Standards) Rules 2006 are as under :-

Particulars	(Rs. Lac)	
	Current Year	Previous Year
Managerial Remuneration	25.94	25.94

b) Disclosure of Related Parties with whom Business transactions took place during the year :

1. Key Management Personnel : Mr.Jangi Lal Oswal

15. The company has leased facilities under cancelable and non cancelable operating leases agreements with the lease terms ranging from less than year to later than one year but not later than five years which are subject to renewal at mutual consent thereafter. The lease rent expenses recognized during the year amounting to Rs.120.22 lac. The future minimum lease payment under non cancelable operating leases for each of the following period:

i) not later than one year	Rs. 23.60 lac
ii) later than one year but not later than five years	Rs. 198.16 lac



MALWA COTTON SPINNING MILLS LIMITED

16. (a) Deferred Tax Liability/Asset (net) as on 31st March, 2010 is as follows:

Particulars	(Rs. Lac)
Deferred tax liability arising on account of timing difference due to Depreciation	1080.19
Less : Deferred tax assets arising on :	
i) Unabsorbed depreciation (to the extent of deferred tax liability)	1080.19
ii) Expenditure allowable on payment basis	1308.07
Net Deferred tax Asset	<u>1308.07</u>

The company has not recognized the deferred tax asset amounting to Rs. 1308.07 lac being the asset arising on account of expenditure allowable on payment basis. In the opinion of management sufficient future taxable income would not be available against which such deferred tax asset can be realized.

17. **Earning Per Share**

	(Rs. Lac)	
	Current Year	Previous Year
Profit/(Loss) for the year attributable to Equity shares	(1724.98)	(4371.88)
Less: Preference dividends for the cumulative preference shares	286.89	325.38
(i) Add:Increased earning on account of interest saving on dilutive potential equity shares (Net of Taxes)	194.54	180.75
Total (ii)	<u>(1817.33)</u>	<u>(4516.51)</u>
Weighted average number of equity shares (Nos.)	6809549	6731969
Weighted average number of equity shares that would be issued on conversion on dilutive potential equity shares (Nos.)	25717233	15027041
Total (iv)	<u>32526782</u>	<u>21759010</u>
Basic Earning per share of Rs.10/- each (Rs.) (i/iii)	(29.54)	(69.78)
Diluted Earning per share of Rs. 10/- each (Rs.) (ii/iv)	(5.59)	20.76)

18. In accordance with Accounting of Accounting Standard (AS) 28 on "Impairment of Assets" issued by the Companies (Accounting Standard) Rule 2006, the company has assessed as on balance sheet date, whether there are any indications (listed on 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.

19. Managerial Remuneration paid to the Chairman-cum-Managing Director amounting to Rs. 25.94 lac. This represents the minimum remuneration approved by the members in accordance with the provisions of schedule XIII to the Companies Act, 1956. The details are as under:-

Particulars	(Rs. Lac)	
	Current Year	Previous Year
Salary and Allowances	24.00	24.00
Contribution to Provident Fund	1.94	1.94
	<u>25.94</u>	<u>25.94</u>

- Remuneration does not include contribution to gratuity fund which are actuarially determined on a overall basis.
 - The above said remuneration has been approved by the shareholders in its meeting held on 29.04.2009 and is the minimum remuneration to be paid in case of no profit or profits are inadequate.
20. The interest paid in respect of working capital borrowings has been netted against interest received from customers.
21. The useful life of intangible assets has been estimated to be 5 years and such assets are being amortized on straight-line method @ 20%.
22. The Company has identified Micro Enterprises and Small Enterprises on the basis of information made available. There are no dues to Micro and Small Enterprises, that are reportable under the Micro, Small and Medium Enterprises Development Act,2006.
23. Creditors and Debtors are shown net of advances.
24. Sundry debtors and advances balances amounting to Rs. 4177.58 lac are subject to confirmation.
25. In the opinion of the Board of Directors, the Current Assets and Loans and Advances are having the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.
26. Previous year's figures have been regrouped / recasted to make them comparable with the current year figures wherever necessary.
27. Schedules 1 to 20 forms an integral part of the Balance Sheet and Profit and Loss Account and have been duly authenticated as such.



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

21. THE INFORMATION REQUIRED BY PARA 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

Particulars	Current Year		Previous Year	
	Quantity Kgs Lac	Value Rs. Lac	Quantity Kgs Lac	Value Rs. Lac
A. SALES (Gross)				
Yarn	168.52	23344.51	190.54	25244.64
Threads	36.37	10850.20	39.37	11226.29
Raw Material	82.25	7784.75	115.20	7650.96
Others		1261.94	-	1768.21
		<u>43241.40</u>		<u>45890.10</u>
B. RAW MATERIAL CONSUMED				
Cotton	168.83	11785.12	271.55	18123.04
Man made Fibre	147.66	15241.36	97.30	9823.72
Others	-	600.27	-	1053.63
		<u>27626.75</u>		<u>29000.39</u>
C. TRADING GOODS PURCHASED				
Others	-	35.00	-	41.32
D. VALUE OF OPENING AND CLOSING STOCK OF GOODS PRODUCED & TRADED IN				
Opening Stock				
Yarn	6.85	922.44	14.12	2545.10
Thread	18.79	5277.37	18.59	5087.10
Others	-	204.61	-	256.15
Closing Stock				
Yarns	7.66	1399.91	6.85	922.44
Thread	16.50	4625.04	18.79	5277.37
Others	-	231.23	-	204.61
E. CAPACITY				
Licensed Capacity		N.A		N.A.
Installed Capacity		143856 Spindles		143856 Spindles

Note :

The installed capacity is as certified by the management but not verified by the auditors being a technical matter.



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

Particulars	Current Year		Previous Year					
	Quantity Kgs Lac	Value Rs. Lac	Quantity Kgs Lac	Value Rs. Lac				
F. ACTUAL PRODUCTION								
Yarn*	204.99		222.02					
Thread	34.13		39.62					
* includes goods processed for others and captive consumption for Thread Production.								
G. C.I.F. VALUE OF IMPORTS								
Raw Material		452.40		315.73				
Consumables		35.09		39.42				
Capital Goods		-		0.52				
H. EXPENDITURE IN FOREIGN CURRENCY								
Commission		13.59		29.09				
Travelling		10.45		6.21				
Others		6.12		5.58				
I. EARNING IN FOREIGN EXCHANGE								
FOB Value of Exports		4212.97		9077.80				
J. VALUE OF IMPORTED & INDIGENOUS RAW MATERIALS, STORES & SPARES CONSUMED & PERCENTAGE THEREOF.								
ITEM	INDIGENOUS		PERCENTAGE		IMPORTED		PERCENTAGE	
	Current Year Rs. Lac	Previous Year Rs. Lac	Current Year	Previous Year	Current Year Rs. Lac	Previous Year Rs. Lac	Current Year	Previous Year
1) Raw Material	26911.39	28267.51	97.41	97.47	715.36	732.88	2.59	2.53
2) Component, Stores & Spares	319.12	440.37	92.16	95.99	27.16	18.41	7.84	4.01

As per our separate report of even date

For S.C.VASUDEVA & CO.
Chartered Accountants
Firm Reg. No. 00235N

SANJIV MOHAN
Partner
M. No. 86066

DINESH GUPTA
Company Secretary

G. MAKKAR
Sr. Vice President
(Finance)

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-Managing

Place : Ludhiana
Dated : 28.05.2010



MALWA COTTON SPINNING MILLS LIMITED

SCHEDULES TO THE ACCOUNTS

22. INFORMATION REQUIRED AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

A. Registration Details			
Registration No.	3702	State Code	16
Balance Sheet Date	31st March, 2010		
B. Capital Raised during the year (Rs. Lac)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Issue	63.49
C. Position of Mobilisation and Deployment of Funds (Rs. Lac)			
Total Liabilities	28128.90	Total Assets	28128.90
SOURCE OF FUNDS			
Paid-up-Capital	3459.90	Reserves & Surplus	1941.15
Secured Loans	22645.35	Equity Share Warrants	82.50
APPLICATION OF FUNDS			
Net Fixed Assets	6498.31	Investments	999.89
Deferred Tax Assets	Nil	Net Current Assets	18179.98
Miscellaneous Expenditure	Nil	Accumulated Losses	2450.72
D. Performance of Company (Rs. Lac)			
Total Turnover	43763.20	Total Expenditure	45492.67
Profit/(Loss) Before Tax	(1729.47)	Profit/(Loss) After Tax	(1724.98)
Earning Per Share (Rs.)	(29.54)	Preference Dividend Rate (%)	9.00%
E. Generic Names of Principal Products/Services of Company (As per Monetary Terms)			
Item Code No. (ITC Code)	55.11	Product Description	Acrylic Yarn
Item Code No. (ITC Code)	52.05	Product Description	Cotton Yarn
Item Code No. (ITC Code)	55.11	Product Description	Polyester Viscose Yarn
Item Code No. (ITC Code)	52.04	Product Description	Cotton Sewing Thread
Item Code No. (ITC Code)	54.01	Product Description	Polyester Sewing Thread

Place : Ludhiana
Dated: 28.05.2010

DINESH GUPTA
Company Secretary
(Finance)

G. MAKKAR
Sr. Vice President

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-Managing
Director



MALWA COTTON SPINNING MILLS LIMITED

MALWA COTTON SPINNING MILLS LIMITED

Regd. Office : Industrial Area - 'A',
LUDHIANA

ATTENDANCE SLIP

(To be handedover at the entrance of the meeting hall)

I hereby record my/our presence at the Thirty-Fourth Annual General Meeting held on Saturday, the 25th September, 2010 at 9.30 A.M. in the premises of Oswal Knit India Limited, 230, Industrial Area 'A', Ludhiana - 141003 (Punjab).

Full Name of Shareholder/Proxy* attending the Meeting _____

Folio No. /DP ID No. and Client ID No. _____ No. of Shares _____

Signature of Shareholder/Proxy

* Delete whichever is not applicable.

(Member/Proxy attending the Meeting must fill in this attendance slip and hand it over at the entrance of the Meeting hall).

..... ✂ (TEAR HERE) ✂ ✂

MALWA COTTON SPINNING MILLS LIMITED

Regd. Office : Industrial Area - 'A',
LUDHIANA

PROXY FORM

Folio No. _____ No. of Shares held _____

DP ID No. and Client ID No. _____

I/We _____

of _____ in the district of _____

being a Member(s) of the above named Company hereby appoint

Mr. / Ms. _____ of _____

in the district of _____ or failing him/her

Mr. / Ms. _____ of _____ in the district of

..... as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held on Saturday, the 25th September, 2010 at 9.30 A.M. and at any adjournment thereof.

Signed this _____ day of _____, 2010.

Affix Re. 1/-
Revenue
Stamp

Signature of Shareholder

Notes :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend & vote on poll instead of himself/herself.
2. The Proxy form, in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting. The Proxy need not be a member of the Company.

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MALWA COTTON SPINNING MILLS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. Lac)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Share Capital	3459.90	3404.90	3341.41	3341.41	3341.41	3341.41	3283.00	3283.00	3283.00	1558.39
Reserves	2023.65	2086.15	5495.77	6087.79	5432.85	4244.98	3267.46	6037.44	6602.91	8515.35
Net Worth*	3032.83	4765.31	8837.19	9429.20	8774.26	7586.39	6550.46	9320.44	9885.91	10713.74
Fixed Assets (Gross)	28601.51	28588.40	28541.47	28220.17	27966.00	27545.99	27386.15	27229.28	26765.86	25950.52
Depreciation	22103.20	21559.16	20875.70	19977.91	18914.98	17672.65	16383.02	14988.16	13606.14	12120.44
Net Block	6498.31	7029.24	7665.77	8242.26	9051.02	9873.34	11003.13	12241.12	13159.72	13830.08
Investments	999.89	999.89	997.89	999.64	1093.83	1205.91	1205.91	2599.76	2599.76	2718.76
Net Current Assets	18179.98	16185.09	17600.93	18490.34	18732.16	16152.74	14595.87	13809.89	12734.80	12696.10
Net Assets Employed	25678.18	24214.22	26369.77	27732.24	29038.08	27771.94	27060.62	28697.18	28570.35	29350.68
Book Value Per Equity Share (Rs.)	41.23	70.03	143.23	152.82	142.21	122.96	117.26	166.85	176.98	191.80
Gross Income	43763.20	45958.86	44994.84	42415.14	38059.29	36452.81	36285.74	35993.80	36860.69	39001.73
Export Sales (FOB)	4212.97	9077.80	8479.00	8223.58	7133.26	7383.20	11573.78	13618.63	12339.88	14671.15
Gross Profit/(Loss)	(1148.25)	(3485.60)	704.26	2052.98	286.96	1760.41	(1574.52)	806.44	(254.01)	8.18
Depreciation	581.22	738.07	903.13	1112.89	1260.46	1318.17	1442.45	1382.02	1539.31	1618.86
Profit/(Loss) Before Tax	(1729.47)	(4223.67)	(198.87)	940.09	1602.50	442.24	(3016.97)	(575.58)	(1793.32)	(1610.68)
Profit/(Loss) After Tax	(1724.98)	(4371.88)	(180.25)	518.74	1188.62	748.15	(1108.03)	(335.35)	(1761.29)	(1611.28)
Earning Per Share (Rs.)	(29.54)	(69.78)	(8.82)	2.71	13.51	6.90	(25.88)	(11.58)	(36.48)	(31.11)
Cash Earning Per Share (Rs.)	(21.01)	(58.81)	5.82	20.74	33.94	29.42	(0.06)	13.16	(8.92)	(2.14)

*Includes equity share warrants application money Rs. 82.50 lac.