



Malwa Cotton Spinning Mills Ltd.

39th Annual Report

2014-15



THE MANAGEMENT

BOARD OF DIRECTORS : MR.JANGI LAL OSWAL (DIN00257644)
Chairman-cum-Managing Director
MR.RISHI OSWAL (DIN00202889)

MR.RAHUL OSWAL (DIN00257658)
MR.ARUN KUMAR AHLUWALIA (DIN06416335)
(Nominee of PNB)
MR.GYANESHWAR BANSAL (DIN01376659)
MR.SURINDER KUMAR VIG (DIN00764596)
Ms. NARINDER KAUR (DIN07142179)

AUDITORS : S.C. Vasudeva & Co., New Delhi

BANKERS : Punjab National Bank
State Bank of India
Vijaya Bank
The Jammu & Kashmir Bank Ltd.
IDBI Bank Ltd.
IFCI Ltd.

REGISTERED OFFICE : Industrial Area-‘A’,
Ludhiana-141003

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 LTD.

Reg. Off: INDUSTRIAL AREA "A", LUDHIANA- 141003
Ph: 0161-2224201 Fax: 0161-5013623, CIN NO: L17115PB1976PLC003702
Website: www.malwagroup.com; E-MAIL: company.secretary@malwagroup.com

NOTICE

NOTICE is hereby given that 39th Annual General Meeting of the members of MALWA COTTON SPINNING MILLS LIMITED will be held at the Registered Office of the Company at Oswal Knit India Ltd., 230, Industrial Area-A, Ludhiana on Wednesday, the 30th day of September, 2015 at 10.00 am to transact the following Businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March 2015 and Profit and Loss Account for the year ended on that date, together with Auditors' Report thereon.
2. To appoint Mr. Rishi Oswal (DIN: 00202889) as Director of the Company, who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To appoint Mr. Rahul Oswal (DIN: 00257658) as Director of the Company, who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2015-16 and to fix their remuneration:
"RESOLVED THAT pursuant to the provisions of Sections 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, if any and the Rules framed thereunder, as amended from time to time, and pursuant to the recommendation of the Audit Committee, M/s S.C. Vasudeva & Co., Chartered Accountants, Ludhiana (Firm Reg.No. 000235N), be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. To appoint Ms. Narinder Kaur (DIN: 07142179) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Narinder Kaur (DIN: 07142179), in respect of whom the Company has received a notice in writing from a Member proposing her as a candidate for the office of director under the provisions of Section 160 of the Companies Act, 2013, and who is eligible for appointment as an independent Director, be and is hereby appointed as an independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 44th Annual General Meeting of the Company in the calendar year 2020."
6. To Ratification of Remuneration to Cost Auditor and in this regard to consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Cost Records and Audit) Amendment Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable during the year 2015-16 to M/s. Khushwinder Kumar & Co., Cost Accountants as Cost Auditors having Firm Registration No.100123 appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2015-16 shall be at such remuneration as may be fixed by the Board of Directors of the Company."

Place: Ludhiana
Date: 30.05.2015

By Order of the Board

Pooja Damir Miglani
Company Secretary

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the company. Proxy Form, in order to be effective, must be delivered at the Regd. office of the Company atleast 48 hours before the scheduled time of the meeting. The blank Proxy Form is enclosed.**
A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of total share capital of company carrying voting rights. A Member holding more than ten percent of total share capital of Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person as shareholder.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of item nos. 5 and 6 of Special Business is annexed hereto and forms part of this Notice.
3. The Register of Members and Share Transfer Books of the company will remain closed from Sunday, the 27th September, 2015 to Tuesday, the 29th September, 2015 (both days inclusive).
4. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Share Transfer Agents of the company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants (DPs).
5. Members are requested to send their queries on the accounts and operations of the Company, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
6. Members are requested to bring their Attendance slips along with their copy of Annual Report to the Annual General Meeting.
7. Members may also note that the equity shares of the company have been included in the list of securities for compulsory trading in dematerialized form under ISIN No. INE 272B01015. Shareholders are, therefore, advised to dematerialize their shareholding to avoid inconvenience in future. They are requested to send their Dematerialization Request Form (DRF) through their Depository Participant (DP).
8. Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (D.P.) ID Number on all correspondence with the Company.
9. Details under clause 49 of the listing agreement with the Stock Exchange in respect of Directors seeking appointment/reappointment at the Annual General Meeting, forms integral part of notice. The Directors have furnished the requisite declarations for their appointment/reappointment.
10. The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit detail of PAN to their Depository Participants with whom they maintain their Demat Account(s). Members holding shares in physical form can submit their PAN to Company.
11. Relevant Documents referred to in the accompanying notice and the statements are available for inspection by the members at registered office of Company on all working days during business hours upto the date of Annual General Meeting.
12. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, Members have been provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services Ltd, on all resolutions set forth in this Notice
13. Notice of the 39th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slips is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 27th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.

14. PROCESS AND MANNER FOR E-VOTING:

The instructions for shareholders voting electronically are as under:

- (i) The voting period shall commence on Sunday, 27th September, 2015 at 9.30 A.M. and end on Tuesday, 29th September, 2015 at 05.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
- (iii) Click on “Shareholders” tab.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN 150905004 for Malwa Cotton Spinning Mills Limited to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xx) The Company has appointed Mr. Rajeev Bhambri, Practicing Company Secretary (Membership No. FCS – 4327 & C.P. No. 9491) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xxi) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxii) The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.malwagroup.com two (2) days of the passing of the resolutions at the 39thAGM of the Company to be held on Monday, 2nd Day of October, 2015.
15. The Ministry of Corporate Affairs (“MCA”) has vide Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively, taken a ‘Green Initiative in Corporate Governance’, by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors’ Report, Auditors’ Report, etc. and any other Notice/Documents, henceforth in electronic form in lieu of the paper form.

We strongly urge you to support your Company’s concern for this ‘Green Initiative’ by opting for electronic mode of communication. You are requested to please register your e-mail ID with your Depository Participant (DP), if you hold the Company’s shares in electronic form, under intimation to the Registrar & Share Transfer Agents through your registered e-mail ID. However, if you hold the shares in physical form then you may register your e-mail ID with Registrar & Share Transfer Agents of the Company by sending a letter under your Registered Signature at the below mentioned address:

MAS SERVICES LIMITED

Regd. Off-T-34, 2nd Floor,
Okhla Industrial Area, Phase-II,
New Delhi-110020 Phone: 011-26387281, 82, 83

Place: Ludhiana
Date: 30.05.2015

By Order of the Board

Pooja Damir Miglani
Company Secretary



EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 5

Ms. Narinder Kaur (holding DIN 07142179) joined the Board as an Additional woman Director on April 6th, 2015 pursuant to relevant provisions of Companies Act 2013, and hold office upto the date of the 44th Annual General Meeting of the Company. She has experience in Textiles.

The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013, from a Member proposing the candidature of her for the office of Independent Woman Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Ms Narinder Kaur as an Independent Woman Director of the Company for a period of five years pursuant to section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. She will not be liable to retire by rotation.

In the opinion of the Board of Directors, Ms. Narinder Kaur, the Independent Woman Director proposed to be appointed, fulfill the conditions specified in the Act and the Rules made there under. The Board considers that their continued association would be of immense benefit to the Company.

No Director, Key Managerial Personnel or their relatives, except Ms. Narinder Kaur, to whom the resolution relates/s is interested or concerned in the resolution.

The Board recommends the resolution set forth in item no. 5 for the approval of members.

ITEM NO.6

The board of directors has not approved the remuneration of M/s. Khushwinder Kumar & Co, Cost Auditor of the company at its board meeting held on 30-05-2015. It is pursuant to rule made in terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule under Companies (Audit and Auditors) Amendments Rules, 2014, and it is required to ratify the remuneration of cost auditor for the year 2015-16, but board has not approved the same. The board recommends resolution for delegation of authority to approve the remuneration of M/s. Khushwinder Kumar & Co, Cost Auditor. The resolution for ratification of cost auditor will be moved at any next meeting of shareholders to be held after this ensuing AGM.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the said Resolution.

By Order of the Board

Place: Ludhiana
Date: 30.05.2015

Pooja Damir Miglani
Company Secretary



Information pursuant to clause 49 of the Listing Agreement in respect of Directors seeking Appointment/ Re-appointment at the 39th Annual General Meeting:-

Name of Director	Mr. Rishi Oswal (00202889)	Mr. Rahul Oswal (00257658)	Ms. Narinder Kaur (07142179)
Date of Birth	26.11.1972	07.01.1974	01.08.1965
Expertise	Textile & Apparel Industry	Textile & Apparel Industry	Textiles
Qualification	Graduate	Graduate	Graduate
Shareholding in company	NIL	NIL	NIL
Relationship inter-se	Son of Mr. Jangi Lal Oswal	Son of Mr. Jangi Lal Oswal	Not Applicable
Directorship in other Companies	Malwa Industries Limited, Oswal Multimedia K.I.D Ltd, Malwa Capital and Finance Ltd, Jangi growth Fund Pvt. Ltd ., Rishi Growth Fund Pvt. Ltd ., Neelam Growth Fund Pvt Ltd , Oswal Exim Trade Limited, Malwa Corp Pvt. Ltd, Oswal Corp Ltd ., Oswal Wool & Allied Ltd	Malwa Industries Ltd, Oswal Corp. Ltd, Malwa Corp. Ltd, Oswal Multimedia K.I.D. Ltd	Malwa Industries Limited
Membership/ Chairman Ship in the Committees of the Board in other Companies	NIL	NIL	NIL



MALWA COTTON SPINNING MILLS LTD.

Regd. Off: INDUSTRIAL AREA "A", LUDHIANA- 141003
Ph: 0161-2224201 Fax: 0161-5013623, CIN NO: L17115PB1976PLC003702
Website: www.malwagroup.com; EMAIL: company.secretary@malwagroup.com

ATTENDANCE SLIP

Please fill in attendance slip and hand it over at the entrance of the factory.

Name and address of the shareholder

Folio No.:

No. of shares held:

I hereby record my presence at the Annual General Meeting of the Company held on Wednesday, the 30th day of September, 2015 at 10:00 a.m. at Oswal KnitIndia Limited, 230, industrial Area-A, Ludhiana.

SIGNATURE OF THE SHAREHOLDERS OR PROXY

PROXY FORM

Name of the member(s) :

Registered Address:

DP. ID*:

Folio No. :

Client ID* :

No. of Share(s) held:

I/We, being the member/members of **MALWA COTTON SPINNING MILLS LIMITED**, hereby appoint:

1. Name _____ 2. Name _____ 3. Name _____
Address _____ Address _____ Address _____
E-mail id _____ E-mail id _____ E-mail id _____

Signature or failing him/her

Signature or failing him/her

Signature _____

Resolution No.	Resolution	I/We assent to the Resolution	I/We dissent to the Resolution
Ordinary Business		For	Against
1.	Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors.		
2.	To appoint Mr. Rishi Oswal (DIN: 00202889) as Director of the Company, who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.		
3.	To appoint Mr. Rahul Oswal (DIN: 00257658) as Director of the Company, who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.		
4.	Appointment of Statutory Auditor and fixing their remuneration.		
Special Business			
5.	Appointment of Ms. Narinder Kaur (DIN-07142179) as an Independent Director.		
6.	Ratify the remuneration of Cost Auditor for FY 2015-16		

as my/our proxy to attend and vote for me/us on my/our behalf at the 39th Annual General Meeting of the Company to be held on Wednesday, the 30th day of September, 2015 at 10:00 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Signed this ___ day of _____ 2015. Signature _____

* Applicable for investors holding shares in electronic form.

Affix
Revenue
Stamp

Notes:

- (i) A Member entitled to attend & vote at the meeting is entitled to appoint a proxy to attend & vote on poll instead of himself/herself.
- (ii) The proxy form duly signed across the revenue stamp of Re. 1/- should reach the Company's Regd. Office at least 48 hours before the scheduled time of the meeting.

DIRECTORS' REPORT

Dear Members,

The Directors of your Company are pleased to present their 39th Annual Report on the business of the Company together with the Audited Accounts of the Company for the year ended on 31st March, 2015.

1. FINANCIAL RESULTS

The Company's financial performance for the year under review along with previous years are given hereunder:

Particulars	(Rs Lacs)	
	2014-15	2013-14
Total Revenues	11201.69	18904.94
Profit/(loss) before interest & depreciation	(3403.16)	(4485.94)
Less :Financial Expenses	27.00	48.39
Profit/(loss) before depreciation	(3430.16)	(4534.33)
Less: Depreciation	257.50	331.34
Profit after depreciation and interest	(3687.66)	(4865.67)
Net profit/(loss) after tax	(3687.66)	(4865.67)
Amount transferred to General Reserve	--	--
Earning per Share (Basic)	(50.37)	(65.16)
Earning per Share (Diluted)	(20.32)	(42.59)

2. YEAR IN RETROSPECT

M/s Malwa Cotton Spinning Mills Ltd (MCSML), based on its audited balance sheet as at 31st March, 2013 had filed a reference under Sick Industrial Companies (Special provisions) Act 1985 and the reference was registered on 24th May, 2013 with Board for Industrial & Financial Reconstruction (BIFR).

The Company has recorded net loss before depreciation, interest & tax of Rs 3403.16 lac as compared to previous year loss before depreciation, interest & tax of Rs.4485.94 lac.

The performance of the Company deteriorated due to volatility and uncertainty in cotton prices, sudden glut in the synthetic yarn market, closure of dyeing units resulting in accumulation of fabric stock and above all undue delay in disbursing of need based funds by lenders in the past proved fatal & detrimental. Poor export demand and excess spinning capacity further resulted in accumulation of stock, hence crash of prices in the domestic market. Increase in power cost, high cost of labour and general increase in input costs resulted in poor performance of the company. These factors adversely affected the capacity utilization of the Company.

During the year, the Company has achieved total production of 36.59 lac kgs for all types of yarns compared to previous year's production of 66.48 lac kgs. The Cotton Yarn production was 4.63 lac kgs against 8.56 lac kgs in the previous year and other yarns production was 31.96 lac kgs against 57.92 lac kgs. in the previous year. Thread production of 10.71 lac kgs was also achieved by the company against 19.57 lac kgs in the previous year.

TURNOVER

During the year, your Company has recorded gross sales of Rs 11071.25 lac against Rs. 18838.16 lac in the previous year. The Company has achieved Yarn sale of Rs 5667.41 lac, Thread sale of Rs 5080.38 lac and others of Rs 323.46 lac in the current year ended on 31st March, 2015 against sale of Yarn Rs. 10306.65 lac, Thread Rs.7893.91 lac and others Rs. 637.60 lac in the previous year. Export of Yarn was at Rs.754.39 lac (CIF) against Rs. 677.56 lac (CIF) in the previous year.

BARNALA UNIT

The Barnala unit has achieved production of 18.37 lac kgs of Yarn and capacity utilization at minimal levels in the current year.

PAONTA SAHIB UNIT

The Paonta Sahib unit was operating at low capacity utilization and had production of 8.97 lac kgs of yarns.

MACHHIWARA UNIT

The Worsted Unit had achieved production of 9.25 lac kgs during the year and the unit was operating at low capacity utilization .

3. SHARE CAPITAL

The paid up Equity Share Capital as on 31st March,2015 was Rs 790.29 lacs and Preference Share Capital was Rs.2724.61 lacs. During the year under review, the Company has not:

- a) bought back any of its securities
- b) issued any Sweat Equity Shares
- c) issued any Bonus Shares to the existing shareholders of the Company
- d) issued any Equity Shares under the Employees Stock Option Plan during the year under review

4. DIVIDEND

No Dividend was declared for the current financial year due to loss incurred by the Company and accumulated losses.

5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

6. DEPOSITS

The Company has not accepted any deposits from the public during the year under review and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) rules, 2014.

7. DIRECTORS

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

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual evaluation of its performance, the directors individually, as well as the evaluation of the working of its Committees. At the meeting of the Board all the relevant factors that are material for evaluating the performance of the individual Directors, the Board and its various committees were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Chairman and non-independent directors was also carried out by the independent Directors at their separate meeting. The Directors expressed their satisfaction with the evaluation process.

- b) Meetings

During the year four Board Meetings were convened and held. The details thereof are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

8. KEY MANAGEMENT PERSONNEL

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as an **Annexure -I** and forms an integral part of this report.

9. REMUNERATION POLICY

The Board on the recommendation of the Nomination and Remuneration Committee shall review and approve the remuneration payable to the Directors ,Key Managerial Personnel and Senior Management. The key provisions of Nomination and Remuneration policy are appended as an **Annexure-II** to the Board's report.

10. STATUTORY AUDITORS

M/s. S.C.VASUDEVA & Co.,(Firm Registration Number: 000235N) Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offered themselves for re-appointment. As required under the provision of Section 139 of the Companies Act, 2013, the Company has obtained a written confirmation from M/s. S.C.VASUDEVA & Co., and received a certificate from the above Auditors to the effect that their appointment, if made, would be in conformity with the limits specified in the said section.

11. 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) Due to recession there is delay in realization of debtors and the Company is settling with parties for its recovery and confident of recovery of debtors in respect of which balances were not confirmed and however the company has made a provision for doubtful debts for Rs.1691.28 lac in respect of these debtors during the year.

12. COST AUDIT

Cost audit for the financial year 2014-15 is not applicable to the Company as per Notification No.G.S.R.425[E] dated 30th June2014 issued by the Ministry Of Corporate Affairs, hence no cost auditor was appointed for cost audit purpose.

13. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act,2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s Rajeev Bhambri & Associates, a firm of Company Secretaries in practice (C.P.No 9491) to undertake the Secretarial Audit of the Company. The Secretarial audit report for the financial year ended 31st March, 2015 is annexed herewith as **Annexure-III** to this report. The Secretarial Audit report does not contain any qualification, reservation and adverse remarks.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Board Of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March,2015 and state :

- a) That in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b) That the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period.
- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the Directors have prepared the Annual Accounts on a going concern basis.
- e) That the Directors had laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. 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.

17. AUDIT COMMITTEE & RISK MANAGEMENT

The company has duly constituted Audit Committee, the scope of which is quite comprehensive and is in conformity with the provisions of the Companies Act, 2013 and revised clause 49 of the listing agreement. The composition of the Audit Committee is given in Corporate Governance Report.

All the recommendations of the Audit Committee were accepted by the Board.

RISK MANAGEMENT

The Audit Committee has also been assigned the responsibility for monitoring, and reviewing risk management. The Committee identifies, review and mitigate all elements of risks which the Company may be exposed to. The Board also reviews the risk management assessment and minimization procedures.

18. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has adopted Whistle Blower Policy/vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of Conduct and Ethics.

19. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

20. RELATED PARTY TRANSACTIONS

There was no contract or arrangement made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

21. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

22. DECLARATION BY INDEPENDENT DIRECTORS

Necessary declarations have been obtained from the Independent Directors under Section 149(7) of the Companies Act, 2013 except Mr Arun Kumar Ahluwalia.

23. INTERNAL FINANCIAL CONTROL SYSTEM

The Company has in place internal financial control system, commensurate with the size and complexity of its operations to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. The internal auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company. Based on the report of the internal auditor, respective departments undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

24. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure-IV**.

26. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

The Company has shut down the production activity during the year at Paonta Sahib unit.

Except closure of Paonta Sahib unit, No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which these financial statements relate on the date of this report.

27. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in form MGT-9 is annexed herewith as **Annexure –V**

28. ACKNOWLEDGEMENTS

The Board of Directors place on record its appreciation for the valuable assistance, support and guidance extended to the Company by the various Government Departments, Organisations and Agencies. The Company also acknowledges the support and co-operation received from dealers, Retailers, agents and other business partners for excellent support received from them. The Board also wishes 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.

Place: Ludhiana
Date : 30.05.2015

For and on behalf of Board

JANGI LAL OSWAL
Chairman-cum-Managing Director

ANNEXURE- I

The information required pursuant to Section 197 read with Rule 5 (1) and (2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished hereunder:

(i) Name of the Director/KMP and Designation	Remuneration in Fiscal 2015 Rs.in lacs	% increase in remuneration from previous year	Ratio of Remuneration of MRE*	Comparison of the remuneration of the KMP against the Performance of the Company	
				% of Net Profits	% of Turnover
Sh. Jangi Lal Oswal	Nil	Nil	Nil	N.A.	Nil
Sh. Anil Jain	8.17	Nil	6:1	N.A.	0.07
Ms. Pooja Damir Miglani	2.47	7.86	2:1	N.A.	0.02

Note: For this purpose, sitting fees paid to the Directors have not been considered as remuneration. *MRE-Median Remuneration of Employee based on annualized salary

- (ii) The median remuneration of employees of the Company during the financial year was Rs.1.32 lac p.a.
- (iii) In the financial year, there was no increase in the median remuneration of employees;
- (iv) There were 2032 permanent employees on the rolls of the Company as on March 31, 2015;
- (v) Relationship between average increase in remuneration and Company performance:-
The following factors are considered while giving increase in the remuneration:
 - (a) Financial performance of the Company,
 - (b) Comparison with peer companies, and
 - (c) Industry benchmarking and consideration towards cost of living adjustment/inflation,
- (vi) Comparison of the remuneration of the Key Managerial Personnel(s) against the performance of the Company:- For the financial year 2014-15 Key Managerial Personnel were paid Nil and 0.10% of the net profit and turnover respectively of the Company.
- (vii) (a) Variation in market capitalization of the Company: The market capitalization as on 31st March, 2015 was Rs.826.07 lac (Rs 584.97 lacs as on 31st March, 2014);
(b) Price Earnings ratio of the Company was Nil as at 31st March, 2015 and was Nil as at 31st March, 2014;
(c) Percent increase or decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year:- There has not been any public offer by the Company in last year.
- (viii) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was Nil whereas the percentile increase in the managerial remuneration for the same financial year was Nil;
- (ix) The key parameters for the variable component of remuneration availed by the Executive Director and CEO is based on his performance and Company's performance- Not applicable
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:- Not applicable; and
- (xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and other employees.

ANNEXURE- II
Nomination and Remuneration Policy

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, NON-EXECUTIVE/INDEPENDENT DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL



General:

The remuneration / compensation / commission etc. to the Whole-time Director, Non-Executive/Independent Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the Rules made there under.

Increments to the existing remuneration / compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

The Committee does not propose to fix the actual amounts of remuneration that may be payable to each individual key managerial personnel or senior management personnel. However, the management, whilst fixing the remuneration of any such key personnel must consider the following:

The Industry practice for the same level of employment/office. Past performance/seniority of the concerned appointee. The nature of duties and responsibilities cast upon such person by reason of his holding that office. The remuneration should be such that it provides adequate incentive to the person to give his best to the Company and feel essence of high satisfaction with his employment. The perquisites to be given to Whole-time Directors/s, KMP & Senior Management Personnel will be as per industry practice and as may be recommended by the Committee to the Board.

REMUNERATION TO WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required, reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.

REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

Sitting fees:

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committees thereof as may be recommended by the Committee and approved by the Board provided that the amount of such fees shall not exceed amount prescribed in the behalf by the Central Government from time to time. So far as the Sitting fees are concerned, presently, for meetings of the various Committees, the same are at par for all the Committees.

ANNEXURE-III

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Malwa Cotton Spinning Mills Limited
230, Industrial Area - A,
Ludhiana.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Malwa Cotton Spinning Mills Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015 ('Audit Period') complied with the

statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to all labour & industrial laws, The Competition Act, 2012, all environmental laws.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified hence not applicable to the Company during the audit period).
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a) We have observed that Company is registered under Sick Industrial Companies (Special Provisions) Act, 1985
- b) Company has not paid Listing Fees to BSE, National Stock Exchange of India Limited, NSDL, CDSL and to RTA of Company for the Audit Period.
- c) The company has not redeemed its 9% Cumulative Redeemable Preference Shares of Rs.2750 lacs.
- d) The company has defaulted/delayed in payment of statutory dues including provident fund, employees' state insurance, income tax and VAT.
- e) The company has defaulted in payment/repayment of interest/principal on Cash credit/Term loans to IFCI Limited, IDBI Bank Limited, SIDBI, PNB, SBI, Vijaya Bank and J&K Bank.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate



notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously or by the majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period company's default in redemption of Preference shares, recalling of debt by Banks and default in payment of other statutory dues will have major negative bearing to run the Company's affairs.

Rajeev Bhambri & Associates
Company Secretary in whole time practice
C.P. No. 9491
Place: Ludhiana
Dated: 30/05/2015

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

'ANNEXURE A'

To,

The Members
Malwa Cotton Spinning Mills Limited
230, Industrial Area - A,
Ludhiana.

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

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Rajeev Bhambri & Associates
Company Secretary in whole time practice
C.P. No. 9491
Place: Ludhiana
Dated: 30.05.2015

ANNEXURE-IV
Information as required under Rule 8(3) of the Companies (Accounts) Rules,2014
(A). CONSERVATION OF ENERGY

The Company continues to accord priority for energy conservation.

- a) Some of the initiatives undertaken for conservation of energy are -
 - Use of energy efficient motors and 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.

- 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.

(B). TECHNOLOGY ABSORPTION

Efforts are being made in Technology Absorption.

a) RESEARCH AND DEVELOPMENT (R&D)

- Continuous efforts are being made for developing new products and to improve the existing products.
- With the ongoing efforts by R&D, benefits derived are –
 - i) Improvement in quality of its products.
 - ii) Development of specialized yarn
 - iii) Consistency in work performance.

b) 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.

c) Expenditure on R & D

(Rs. Lacs)

	2014-15	2013-14
a) Capital	-	-
b) Recurring	18.49	35.72
c) Total	18.49	35.72
d) Total R & D Expenditure as a percentage of turnover	0.17%	0.19%

d) 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 3 years : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports; initiatives taken to increase exports; development of new export market for products and services; and export plans.

Total Foreign Exchange earned and used :

(Rs Lac)

	2014-15	2013-14
Foreign Exchange earned (FOB)	729.30	659.60
Foreign Exchange used (CIF)	70.07	15.99

ANNEXURE-V

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L17115PB1976PLC003702
- ii) Registration Date:- 01.12.1976
- iii) Name of the Company:- MALWA COTTON SPINNING MILLS LIMITED
- iv) Category / Sub-Category of the Company:- Private
- v) Address of the Registered office:- Industrial Area-A, Ludhiana 141003 Contact:- 0161-2224201
- vi) Whether listed company:- Yes
- vii) Name, Address and Contact details of Registrar:- Mas Services Ltd.
Regd. Off:- T-34, 2nd Floor,
Okhla Industrial Area, Phase-II,
New Delhi 110020
Phone:- 011-26387281

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the company
1	Yarn	17111	45.50
2	Thread	17231	45.88

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and address of the company	Cin/gln	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
	Not Applicable				

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	6090	-	6090	0.08	6090	-	6090	0.08	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2580675	1542850	4123525	52.16	2580675	1542850	4123525	52.16	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-

Sub-total (A) (1):-	2586765	1542850	4129615	52.24	2586765	1542850	4129615	52.24	-
(2) Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other -- Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) AnyOther....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	700	0.01	-	-	700	0.01	-
b) Banks / FI	865427	370	865797	10.95	853138	370	853508	10.80	-0.15
c) Central Govt	14	-	14	-	14	-	14	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	865441	370	866511	10.96	853152	370	854222	10.81	-0.15
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	536835	91395	628230	7.95	563518	91395	654913	8.28	+0.33
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1775715	119622	1895337	23.98	1779278	119407	1898685	24.01	+0.03
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	361905	-	361905	4.58	343797	-	343797	4.35	-0.23
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	23430		23430	0.30	23796		23796	0.30	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing	-	-	-	-	-	-	-	-	-

Members									
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	2697885	211017	2908902	36.80	2710389	210802	2921191	36.94	-0.14
Total Public Shareholding (B)=(B)(1)+(B)(2)	3564025	211388	3775413	47.76	3563541	211872	3775413	47.76	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	6150091	1754937	7905028	100	6150306	1754722	7905028	100	0.00

B) Shareholding of Promoters-

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	APAAR VYAPAR LTD.	67400	0.85	0.56	67400	0.85	0.56	-
2	BAHUMULYA FINANCE LTD.	10250	0.13	0.13	10250	0.13	0.13	-
3	CROUSE INVESTMENT LTD.	228050	2.89	2.88	228050	2.89	2.88	-
4	EXCELLENT PRINTERS PVT LTD.	22500	0.28	0.28	22500	0.28	0.28	-
5	FAYETEE TRADING & INVESTMENT CO. LTD.	48550	0.61	0.61	48550	0.61	0.61	-
6	FIRST QUALITY INVESTMENT CO. LTD.	211400	2.68	2.42	211400	2.68	2.42	-
7	GARDEN INVESTMENT LTD.	64600	0.82	0.06	64600	0.82	0.06	-
8	GLORY HOLDING LTD.	248600	3.15	0.08	248600	3.15	0.08	-
9	ISKITA TRADERS LTD.	262800	3.32	0.00	262800	3.32	0.00	-
10	JAGDAMBA CHEMICALS PVT LTD.	20500	0.26	0.25	20500	0.26	0.25	-
11	JANGI GROWTH FUND PVT LTD.	466525	5.9	4.66	466525	5.9	4.66	-
12	KAMAL HOLDING COMPANY LTD.	179350	2.27	2.27	179350	2.27	2.27	-
13	MALWA CAPITAL & FINANCE LTD.	5000	0.06	0.06	5000	0.06	0.06	-
14	NORTH INDIA CARPET CO PVT LTD.	23000	0.29	0.29	23000	0.29	0.29	-
15	NEELAM GROWTH FUND PVT LTD.	357500	4.52	4.52	357500	4.52	4.52	-
16	NAGDEVI GROWTH FUND PVT LTD.	25500	0.32	0.07	25500	0.32	0.07	-
17	OSWEGO TRADING & INVESTMENT CO LTD.	181050	2.29	2.29	181050	2.29	2.29	-
18	OSWAL INTERMEDIATES PVT LTD.	13000	0.16	0.16	13000	0.16	0.16	-

19	OSWAL FIBRES PVT LTD.	6000	0.08	0.08	6000	0.08	0.08	-
20	OSWAL KNIT INDIA LTD.	367500	4.65	4.65	367500	4.65	4.65	-
21	OSWAL EXIM TRADE LTD.	23500	0.3		23500	0.3		-
22	PRUDENTIAL COMMERCIAL ENTERPRISES LTD.	301310	3.81	3.53	301310	3.81	3.53	-
23	PILLAR INVESTMENT CO LTD.	81240	1.03	1.03	81240	1.03	1.03	-
24	RISHI GROWTH FUND PVT LTD.	357500	4.52	4.52	357500	4.52	4.52	-
25	SHRI VIJAY VALLABH HOLDINGS LTD.	230850	2.92	2.65	230850	2.92	2.65	-
26	SVARNIM TRADE UDYOG LTD	27400	0.35	0.36	27400	0.35	0.36	-
27	S A GROWTH FUND PVT LTD	20000	0.25		20000	0.25		-
28	VAJRA INVESTMENT & TRADING CO LTD.	250650	3.17	2.92	250650	3.17	2.92	-
29	V S GROWTH FUND PVT LTD.	22000	0.28	0.03	22000	0.28	0.03	-
30	SH. JANGI LAL OSWAL	6090	0.08	0.08	6090	0.08	0.08	-
		4129615	52.24	41.43	4129615	52.24	41.43	-

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

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	N.A.			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
	At the end of the year				

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

S.No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase/decrease during the year	No. of shares	% of total shares of the company
1	IFCI LTD	580668	7.35	-	580668	7.35
2	ISHVARLAL BABU LAL BHAVSAR	262800	3.32	-	262800	3.32
3	V SREE VENKATESWARLU	247800	3.13	-	247800	3.13
4	IDBI BANK LTD.	230507	2.91	-	230507	2.91
5	PUNEET WALIA	89150	1.13	-	89150	1.13
6	VISHNU PRASAD SHARMA	75000	0.95	-	75000	0.95
7	HEM SECURITIES LIMITED	59196	0.75	-	59196	0.75
8	MAJ RAVINDER DUTTA	55000	0.70	-	55000	0.70
9	SNEHALATHA SINGHI	54184	0.69	-	54184	0.69
10	Jitendra Jayantilal Doshi	50005	0.63	-	50005	0.63

E) Shareholding of Directors and Key Managerial Personnel:

SN	Name	Shareholding		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning(01.04.2014)/ end of the year(31.03.2015)					No. of shares	% of total shares of the company
		No. of shares	% of total shares of the company					
A	Directors							
1.	Mr. Jangi Lal Oswal	6090	0.07	01.04.2014	0	Nil movement during the year	6090	0.07
		6090	0.07	31.03.2015				
2.	Surinder Kumar Vig	11098	0.14	01.04.2014	0	Nil movement during the year	11098	0.14
		11098	0.14	31.03.2015	0			
B	KMPs							
3.	Ms Pooja Damir Miglani	-	-	01.04.2014	-	-	-	-
				31.03.2015	-	-	-	-
4.	Sh Anil Jain	-	-	01.04.2014	-	-	-	-
		-	-	31.03.2015	-	-	-	-

V. INDEBTEDNESS –

Indebtedness of the Company including interest outstanding/accrued but not due for payment
Rs.Lacs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	28876.77	447.00	-	29323.77
ii) Interest due but not paid	2083.57	-	-	2083.57
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	30960.34	447.00	-	31407.34
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	100.46	-	-	100.46
Net Change	100.46	-	-	100.46
Indebtedness at the end of the financial year				
i) Principal Amount	28776.31	447.00	-	29223.31
ii) Interest due but not paid	2083.57	-	-	2083.57
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	30859.88	447.00	-	31306.88

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

Sl.no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Sh Janji Lal Oswal	

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

B. REMUNERATION TO OTHER DIRECTORS:

S. No.	Particulars of Remuneration	Name of Directors					Total Amount Rs.
1.	Independent Directors						
	- Fee for attending board/ committee meetings.						-
	- Commission						-
	- Others, please specify						-
	Total (1)						-
2.	Other Non-Executive Directors	Sh.Rishi Oswal	Sh Rahul Oswal	Sh.Gyaneshwar Bansal	Sh Arun Kumar Ahluwalia	Sh Surinder Kumar Vig	
	- Fee for attending board committee meetings	-	-	4000	-	12000	16000
	- Commission	-	-	-	-	-	-
	- Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	4000	-	12000	16000
	Total (B)=(1+2)	-	-	4000	-	12000	16000
	Total Managerial Remuneration						16000
	Overall Ceiling as per the Act						N.A.

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

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total Rs.Lacs
			Ms Pooja Damir Miglani	Sh Anil Jain	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Not Applicable	2.47	8.17	10.64
			-	-	-
			-	-	-
2.	Stock Option				N.A.
3.	Sweat Equity				N.A.

4.	Commission - as % of profit - others, specify...	N.A.			
5.	Others, please specify	N.A.			
	Total	-	2.47	8.17	10.64

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

TYPE	Section of the Companies Act	Brief Description	Details of Penalty/Punishment	Authority	Appeal made If any
A .COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B .DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
A .OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments

The Indian textile industry is one the largest and oldest sectors in the country and among the most important in the economy in terms of output, investment and employment. The sector employs nearly 35 million people and after agriculture, is the second-highest employer in the country. With direct linkages to the rural economy and the agriculture sector, it has been estimated that one of every six households in the country depends on this sector, either directly or indirectly, for its livelihood.

Opportunities and Threats

A strong raw material production base, a vast pool of skilled and unskilled personnel, cheap labor, good export potential and low import content are some of the salient features of the Indian textile industry. This is a traditional, robust, well-established industry, enjoying considerable demand in the domestic as well as global markets.

In the international market, India has been facing severe competition from other countries like Taiwan, South Korea, China and Japan. The high cost of production of the Indian industry is a serious adverse factor. The cotton yield per hectare of land is very low in India. This results in high cost and price. Further, being largely dependent on the climatic factors, the total raw cotton production is subject to wide fluctuation causing serious problems for the mills in respect of the supply of this vital raw material. The power cuts, infrastructural problems, lack of finance, exorbitant rise in raw material prices and production costs and pending labor law reforms resulted in hindrance to the growth of the industry.

Future Outlook

The future outlook for the industry looks promising, rising income levels in both urban and rural markets will ensure a rising market for the cotton fabrics considered a basic need in the realm of economic reforms. Proper attention has been given to the development of the textiles industry by the government. Total outlay on the development of textile industry as envisaged in the Union Budget 2015 -2016 is of Rs. 3523.32crore mainly for, Technology Up-gradation Fund Scheme , Human Resource Development, Integrated Textiles Parks etc

Risks and concerns

The textile industry is reeling under manifold problems. The Sickness is widespread in the cotton textile industry. After the engineering industry, the cotton textile industry has the highest incidence of sickness. The plant and machinery and technology employed by a number of units are obsolete. The need today is to make the industry technologically up-to-date rather than expand capacity as such. it is of utmost importance that the whole industry is technologically updated. Not many companies would be able to find resources internally and will have to depend on financial institutions and other sources.

Internal Control System and their adequacy

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal Audit in the organization is an independent appraisal activity and it measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board.

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

Financial/operational Performance

Particulars	(Rs.Lac)	
	2014-15	2013-14
Turnover & Other Income	11201.69	18904.94
PBDIT	(3403.16)	(4485.94)
Financial Charges	27.00	48.39
Depreciation	257.50	331.34
Profit/(Loss) before Tax	(3687.66)	(4865.67)
Profit/(Loss) after Tax	(3687.66)	(4865.67)
Earnings Per Share (Rs.)	(50.37)	(65.16)



Human Resources/Industrial Relations

The Company continues to lay emphasis on building and sustaining an excellent organization climate. Industrial Relations at all units of the Company remained cordial and peaceful during the year.

Health and Safety Measures

The Company has health and workplace safety programmes in place and has established policies and procedures aimed at ensuring compliance with applicable legislative requirements. The manufacturing operations are conducted to ensure sensitivity towards environment and to help minimize waste by encouraging “Green” practices. Efficient management and use of renewable resources is encouraged. The Company believes that the health and safety of workers and persons residing in the vicinity of its plants is fundamental to the business. The Company considers its commitment for the identification of and elimination or control of the workplace hazards for protection of all is of utmost importance.

Cautionary Statement

Statements in this report on Management Discussion and Analysis, describing the Company’s objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

Place: Ludhiana
Date : 30.05.2015

For and on behalf of Board

JANGI LAL OSWAL
Chairman-cum-Managing Director

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

As per Clause 49 of Listing Agreement entered with Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) in India and some of best practices followed on Corporate Governance, this report, being a part of Annual Report, ensures that the Company has complied with all the regulations which cast upon the Board of Directors and the Audit Committee, onerous responsibilities to improve the Company's operating efficiencies. This report ensures fairness, transparency and integrity of the management of Malwa Cotton Spinning Mills Limited. Corporate Governance Report besides being in compliance of Listing Agreement gives an insight into the functioning of Company and it meets its obligations to provide timely and balanced disclosures of all material information concerning the Company to all stakeholders.

COMPANY'S PHILOSOPHY:

- Faith in individual potential and respect for Human Values.
- Accepting change as a way of life.
- Assignment of authority and responsibility to Board of Directors and its Committees and executive management, senior management, employees etc.
- Comply with legal and ethical responsibilities.
- Maintain high level of transparency
- Timely flow of information to Board and its Committees to enable them to discharge their functions effectively.

2. BOARD OF DIRECTORS

a) Size & Composition of Board

The Board is in conformity with clause 49 of listing agreement and the composition as on 31.03.2015 was as under:

Category	No. of directors
Chairman cum Managing Director(WTD)	1
Non-Executive Independent Directors (including Nominee Director),	3
Non-Executive, Promoter Directors	2
TOTAL	6

The Chairman of the Board of Directors is a Whole-Time-Director.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies. The detail of the Composition of the Board, number of directorship and committee position held by each of the directors are given here under:

Name of Directors	Date of appointment	Category	No. of Directorship Held in Indian Public Limited Companies (Including MCSML)	Committee(s) position (Including MCSML)	
				Member	Chairman
Mr. Jangi Lal Oswal	09.04.1980	Managing Director	9	1	-
Mr. Rishi Oswal	29.07.1994	Director	8	2	1
Mr. Rahul Oswal	29.07.1994	Director	6	2	2
Mr. Gyaneshwar Bansal	18.08.1992	Director	1	3	-
Mr. Surinder Kumar Vig	31.01.2008	Director	5	4	1
Mr. Arun Kumar Ahluwalia	20.10.2012	Nominee Director	0	-	-

DIRECTORS' PROFILE

Sr. No.	Name of the Director	Profile	Membership/Chairmanship in Committees
1	Mr. Jangi Lal Oswal	Mr Jangi Lal Oswal is a Graduate and have more than 40 years experience in textile industry.	1
2	Mr. Rishi Oswal	Mr. Rishi Oswal is a commerce graduate having 20 years experience in Textile and Apparel Industry. He is the Managing Director of Malwa Industries Ltd.	1
3	Mr. Rahul Oswal	Mr. Rahul Oswal is a commerce graduate having 15 years experience in Textile and Apparel Industry.	3
4	Mr. Gyaneshwar Bansal	Mr. Gyaneshwar Bansal is a post graduate and is a financial consultant having a strong financial and accounting background and more than 43 years experience.	3
5	Mr. Surinder Kumar Vig	Mr Surinder Kumar Vig is a law graduate having more than 34 years experience in legal profession.	4
6	Mr. Arun Kumar Ahluwalia	Mr. Arun Kumar Ahluwalia is a nominee director of Punjab National Bank.	-

b) Board Meeting held during the year:

Date on which Board Meetings were held	Total strength of the Board	No. Of Directors present
May 30, 2014	6	3
August 13, 2014	6	3
November 14, 2014	6	3
February 14, 2015	6	3

c) Directors Attendance Record:
Attendance of Directors at Board Meeting and at Annual General Meeting (AGM)

	30.05.2014	13.08.2014	14.11.2014	14.02.2015	AGM as on 29.09.2014
Mr. Jangi Lal Oswal	Present	Present	Present	Present	Present
Mr. Rishi Oswal	Present	Leave of Absence	Present	Leave of Absence	Present
Mr. Rahul Oswal	Leave of Absence	Present	Leave of Absence	Present	Present
Mr. Gyaneshwar Bansal	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence
Mr. Surinder Kumar Vig	Present	Present	Present	Present	Present
Mr. Arun Kumar Ahluwalia	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence

Mr. Rishi Oswal and Mr. Rahul Oswal are related to Mr. Jangi Lal Oswal.

d) BOARD PROCEDURE

The Agenda of Board Meeting is circulated in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The Board is also kept informed of major events/items and approvals taken wherever necessary.

e) SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Mr. Surinder Kumar Vig, the Non-Executive Independent Director of the Company holding 11098 Equity Shares of the Company as on 31st March,2015.

3. COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Risk Management Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

A. TERMS OF REFERENCE AND OTHER DETAIL OF AUDIT COMMITTEE

The audit committee has been constituted as per Section 177 of the Companies Act, 2013 and Clause 49 of the listing Agreement.

Composition and Attendance

During the year ended 31st March, 2015, Four Meetings of the Audit Committee were held on the following dates:

NAME OF THE MEMBER	CATEGORY	Attendance at the Audit Committee Meeting held on			
		30.05.2014	13.08.2014	14.11.2014	14.02.2015
Mr. Jangi Lal Oswal	Executive Director	P	P	P	P
Mr. Surinder Kumar Vig	Non-executive Independent Director	P	P	P	P
Mr. Gyaneshwar Bansal	Non-executive Independent Director	A	A	A	A

All the members have requisite financial and management expertise. The Company Secretary Mrs. Pooja Damir Miglani acts as the Secretary to the Committee. Minutes of meeting of Audit Committee are circulated to members of the committee and Board kept apprised.

Powers of Audit committee:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit Committee, inter alia, includes the following:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Approve the payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing the management, the annual financial statements and report thereon before the submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Signification adjustments arising out of audit.
 - The going concern assumption
 - Compliance with accounting standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.

- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing with the management, external & internal auditors, the adequacy of internal control system.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing & seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors any significant findings and follow up thereon. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with the external auditors before the audit commences nature and scope of audit as well as to have post- audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Discussions with the auditors periodically about internal control system, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submission to the Board.
- Ensure compliance of internal control systems.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- **Review the following information:**
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - Reviewing the appointment, removal and terms of remuneration of the Chief internal auditor(s)

The chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit sought by the members of the company.

B. SHAREHOLDERS' RELATIONSHIP COMMITTEE -

The Company has constituted a Shareholders'/Investors' Grievance Committee for the redressal of Investors' Complaints on various issues. The Committee also monitors and reviews the performance and service standards of Registrars and Share Transfer Agents of the Company and provides continuous guidance to improve service levels to the investors.

Following Directors of the Company are Members of the said Committee:

- | | |
|-------------------------|---|
| Mr. Rahul Oswal | - Chairman (Non-Executive Non-Independent Director) |
| Mr. Gyaneshwar Bansal | - Member (Non-Executive Independent Director) |
| Mr. Surinder Kumar Vig. | - Member (Non-Executive Independent Director) |

A Meeting of the Committee was held on 11.11.2014 and same was attended by Mr. Gyaneshwar Bansal and Mr. Surinder Kumar Vig. Mrs. Pooja Damir Miglani, Company Secretary of the Company, is the Compliance Officer of this Committee. During the year 2014-2015, the company has not received any complaint from its Shareholders No complaint was pending as on 31st March, 2015.

Roles, responsibilities and powers of the Committee are as follow:

- i. To authorize printing of Share Certificates post authorization from the Board of Directors of the Company;
- ii. To issue the Share Certificates under the seal of the Company.
- iii. To effect transfer, transmission, Dematerialization of Shares
- iv. To monitor redressal of stakeholder's complaints/grievances including relating to non receipt of allotment / refund, transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc.
- v. To authorize to maintain, preserve and keep in its safe custody all books and documents relating to the issue of share certificates, including the blank forms of share certificates.
- vi. To oversee the performance of the Register and Transfer Agents and to recommend measures for overall improvement in the quality of investor services.

C. Nomination and Remuneration Committee -

In compliance with Section 178 of the Companies Act, 2013, the Board has constituted the "Nomination and Remuneration Committee" comprising of the following members:

1. Mr. Rishi Oswal
2. Mr. Gyaneshwar Bansal
3. Mr. Surinder Kumar Vig

The objectives of constituting of Nomination and Remuneration Committee are as follow:

1. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
2. The Nomination and Remuneration Committee shall, while formulating the above policy shall ensure that—
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
3. The details relating to Remuneration Policy and remuneration to Directors as required under Clause 49 of the Listing Agreement, have been given under a separate Section below i.e. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION.

D. Corporate Social Responsibility Committee – Not Applicable

E. Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The Committee comprises of following members:-

1. Mr. Rishi Oswal
2. Mr. Rahul Oswal
3. Mr. Surinder Kumar Vig

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with local legal requirements and SEBI Guidelines; Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.
- Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan.

F. Independent Directors' Meeting

During the year under review, the Independent Directors met on March 13, 2015, inter alia, to discuss:

- Evaluation of performance of Independent Directors and the Board of Directors as a whole;
- Evaluation of performance of Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

G. Finance Committee - Non Mandatory Committee

The Company has not formed such committee.

4. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

1. Criteria of selection of Non Executive Directors

- a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
 - i. Qualification, expertise and experience of the Directors in their respective fields;
 - ii. Personal, Professional or business standing;
 - iii. Diversity of the Board.
- e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

1. REMUNERATION OF DIRECTORS:

The Non Executive Independent Directors shall be entitled to receive remuneration by way of sitting fees, and Non Executive Nominee Directors shall be entitled to reimbursement of expenses for participation in the Board / Committee meetings as detailed hereunder:

- i. A Non Executive Independent Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

2. Managing Director - Criteria for selection /appointment

For the purpose of selection of the MD, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for Managing Director

- i. At the time of appointment or re-appointment, Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:
 - a. the relationship of remuneration and performance benchmarks is clear;
 - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. responsibility required to be shouldered by the CEO & Managing Director, the industry benchmarks and the current trends;
 - d. the Company's performance vis-à-vis the annual budget achievement and individual performance.

Remuneration Policy for the Senior Management Employees

- I. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure / consider the following:
 - i. the relationship of remuneration and performance benchmark is clear;
 - ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - iii. the remuneration including annual increment is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance.

5. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

6. TERMS OF APPOINTMENT & REMUNERATION –Managing Director

Details of remuneration paid to the Directors are given in **Form MGT - 9**.

7. DISCLOSURES

A. Related Party Transactions – Not applicable.

B. Compliances by the Company

- a) During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities on matters related to capital markets.
- b) Company has not denied any personnel, access to Audit Committee for informing unethical or improper practice.
- c) Company has complied with all the mandatory requirements of corporate governance.

8. CODE OF CONDUCT

The Company had adopted the Code of Conduct for all the Board members and senior management personnel. Further all the Board members and senior management personnel (as per Clause 49 of the listing Agreement) have affirmed the compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

9. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has a Fraud Risk of fraud and mismanagement Policy (FRM) to deal with instances of fraud and mismanagement, if any. The FRM Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

10. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Head Compliance is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

11. COMMUNICATION WITH THE MEMBERS/SHAREHOLDERS

- The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the Listing Agreement with the Stock Exchanges. The aforesaid financial results are sent to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter given by way of a Press Release to various news agencies/analysts and are published within forty-eight hours in English and Punjabi newspaper. The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.
- The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: www.malwagroup.com and can be downloaded.
- In compliance with Clause 52 of the Listing Agreement, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically on BSE's and NSE.
- A separate dedicated section under 'Corporate Governance' on the Company's website gives information on quarterly compliance reports/communications with the Stock Exchanges and other relevant information of interest to the investors / public.

1. **Name and Address of the Compliance Officer:** Ms. Pooja Damir Miglani
83, Sant Fateh Singh Nagar,
Dugri Road, Ludhiana.

13. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per detail given below:

<u>FY ending</u>	<u>Date</u>	<u>Day</u>	<u>Time</u>	<u>Held At</u>
31.03.2014	29.09.2014	Monday	09.30 AM	Oswal Knit India Ltd, 230,IndustrialArea-A, Ludhiana
31.03.2013	31.08.2013	Saturday	09.30 AM	Oswal Knit India Ltd, 230,IndustrialArea-A, Ludhiana
31.03.2012	26.09.2012	Wednesday	09.30 AM	Oswal Knit India Ltd, 230,IndustrialArea-A, Ludhiana

14. Postal Ballot:

During the year ended 31st March, 2015, the company has not passed resolutions under Section 180 (1) (c) and under Section 180 (1) (a) through postal ballot.

15. GENERAL INFORMATION FOR SHAREHOLDER
a) Annual General Meeting

The Annual General Meeting will be held on 30th September, 2015 at Oswal Knit India Ltd, 230, Industrial Area-A, Ludhiana.

b) Date of Book Closure

27th day of September, 2015 to 29th day of September, 2015.

(Both days inclusive – for the purpose of AGM/Annual closure of books).

c) Listing

The share of the company is listed on
Bombay Stock Exchange Limited, Mumbai Scrip code 502995
National Stock Exchange of India Limited Symbol MALWACOTT
Series EQ

Company has a weak financial position and being a BIFR registered Company, Annual Listing Fees for both the Exchange is pending for the year 2014-15 and 2015-16. Company is in the process of arranging funds and will pay the fee in due course of time.

d) Registrar and Transfer Agent:

Shares are transferred through the under noted agent only:

Name & Address : M/s Mas Services 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 : info@masserv.com

e) Market Price Data (NSE)

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Month</u>	<u>High</u>	<u>Low</u>
April,14	11.10	09.15	Oct,14	08.05	06.70
May,14	09.35	08.05	Nov,14	08.00	08.00
June,14	10.15	09.25	Dec,14	09.35	08.15
July,14	10.15	09.25	Jan,15	10.10	08.00
Aug,14	09.05	09.05	Feb,15	09.00	07.85
Sept,14	07.30	06.15	Mar,15	08.55	07.25

f) Shareholding Pattern as on 31st March, 2015.

Category	Numbers of shares	Percentage
Promoters	4129615	52.24
Mutual Funds and UTI	700	0.01
Banks, Financial Institutions, Insurance	853508	10.80
Companies, (Central/State Govt. Institutions/ Non-government Institutions)		
Private Corporate Bodies		
Indian Public	654913	8.28
NRI/OCBs	2242496	28.37
	23796	0.30
TOTAL	7905028	100.00

g) Distribution of Equity Shares as on 31st March, 2015

Numbers of shares	Holding	Percentage to capital	No. of shareholders	Percentage of total No. of shareholders
Upto 5000	793100	10.07	6282	88.63
5001-10000	303416	3.84	365	5.15
10001-20000	329616	4.17	214	3.02
20001-30000	148092	1.87	59	0.83
30001-40000	142507	1.80	41	0.58
40001-50000	140568	1.78	30	0.42
50001-100000	300168	3.80	40	0.56
100001 & above	5747561	72.68	57	0.80
Total	7905028		7088	

Dematerialization of shares and liquidity:

Percentage of Shares as on 31.03.2015 held in

Physical form : 22.20%

Electronic form with NSDL and CDSL : 77.80%

The Company's shares are traded on the Bombay Stock Exchange Limited and on The National Stock Exchange of India Limited.

h) Financial Calendar : 2015-16 (Tentative)

Adoption of Results for the period ended	Date of Submission to Stock Exchange
30 th June, 2015(Quarter)	Second week of August, 2015
30 th September, 2015(Quarter)	Second week of Nov., 2015
31 st December, 2015(Quarter)	Second week of February, 2016
31 st March, 2016(Yearly)	Last week of May, 2016

i) The financial year of the company under review is from 1st April 2014 to 31st March 2015.

j) Plant Location:

Company's plants are located at:-

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

k) Address for the Correspondence:

Malwa Cotton Spinning Mills Limited
Industrial Area-A, Ludhiana -141003.
Phones: 0161-2224201-209
Fax: 0161-5013623, 5026778
E-mail: company.secretary@malwagroup.com
Website: www.malwagroup.com.



Chairman cum Managing Director's declaration

I, Jangi Lal Oswal, Chairman Cum 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 on 31st March, 2015.

For and on behalf of the Board

Place: Ludhiana
Dated: 30.05.2015

JANGI LAL OSWAL
(Chairman-cum-Managing Director)

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To
The Members
Malwa Cotton Spinning Mills Limited,

We have examined the compliance of conditions of Corporate Governance by Malwa Cotton Spinning Mills Ltd., for the year ended on 31st March, 2015 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 Regd. No.: 00235N

(SANJIV MOHAN)
Partner
M. No. 86066

Place: Ludhiana
Date: 30.05.2015

Independent Auditor's Report

To the Members of Malwa Cotton Spinning Mills Limited,
Ludhiana.

Report on the Financial Statements:

1. We have audited the accompanying financial statements of **Malwa Cotton Spinning Mills Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that subject to matters stated in para 5 below we have obtained the audit evidence which is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis on Matter:

4. We draw attention to the matter disclosed in the notes to the financial statement:
 - i) The Company has not been able to redeem 9% cumulative redeemable preference share capital. The unredeemed preference capital of Rs. 2,750 lacs have been shown under the schedule of Share Capital. (Refer disclosure under the Note 1 to the financial statement).
 - ii) Sundry debtors for the current year are shown at gross amount whereas in the preceding year were shown net of advance of Rs. 5,108.26. Therefore sundry debtors are not comparable to this extent.

Basis for Qualified Opinion

5. We report that:

- i) We draw attention to note no. 37 in the financial statements. The Company has incurred a net loss of Rs. 3,688 lacs during the year ended 31st March, 2015, which together with brought forward losses of Rs. 21,885 lacs exceeds the net worth of the company, and as of that date, the company's current liabilities exceeded its current assets by Rs. 19,525 lacs and its total liabilities exceeded its total assets by Rs. 22,248 lacs. The Consortium banks have recalled their debts to the company. These events cast significant doubt on the ability of the company to continue as a going concern. The appropriateness of the going concern assumption is dependent on the company's ability to establish consistent profitable operations and generate positive cash flows as well as raising adequate finance to meet its short term and long term obligations. Based on the mitigating factors stated in the said note, the management of the company believes that the going concern assumption is appropriate. However, we do not agree with the management in this respect.
- ii) The company has not arranged to make available the confirmations and/or reconciliations to verify the balances stated in the financial statements in respect of:

i. Trade Receivables Rs. 5,535.30 lacs

ii. Loans & Advances: Rs. 1,472.64 lacs

iii. Trade payables: Rs. 5,325.88 lacs,

We have also not been able to perform any alternative procedures with regard to verification of the aforesaid balances and thereby have been unable to obtain sufficient appropriate audit evidence regarding the aforesaid accounts. We are unable to comment upon the difference, if any, which may arise upon the receipt of confirmations and/or the carrying out of such reconciliation.

- iii) The management of the company has represented to us that the recoverable amount of assets within the meaning of Accounting Standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. In the absence of the workings of impairment having been prepared and made available to us for our review, we are unable to comment on whether; the company needs to make a provision in respect of impairment loss on such assets and the amount of such provision.
- iv) Refer note no.36 of the financial statements, the company has not made provision in respect of balances recoverable from Trade Receivables, Loans and Advances and Other Recoverable including for employees, which are doubtful in nature amounting to Rs. 4,144.31 lacs as on the date of the financial Statements.
- v) Refer note no.38 of the financial statements, the Company has not provided for the Interest on borrowings amounting to Rs.2,978.52 lacs. The Company has also not provided interest of Rs. 2935.08 lacs on its borrowings pertaining to the preceding year.
- vi) We further report that, except for the effect, if any, of the matters stated in paragraph (i) and (ii) above which are not ascertainable, had the impact of our observation made in paragraph (iv) and (v) above been considered, then loss for the year ended 31st March, 2015 would have been Rs.13,746 lacs (against the reported figure of Rs.3,688 lacs) and reserves and surplus would have been Rs. 35,821 lacs (against the reported figure of Rs. 25,763 lacs) and current assets would have been ((Rs. 1,219 lacs) (against the reported figure of Rs. 8,839 lacs).
- vii) The earning (loss) per share for the year ended 31 March, 2015 would have been Rs.(177.61) against reported earning (loss) per share of Rs.(50.37).

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, subject to our comments in paragraph 5 above the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
 - b. In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. (i) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure, which forms part of this report, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (ii) As required by section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations, except as stated in note 5 above, 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, except as stated in note 5 above, as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, *except non disclosure of segment results separately in respect of sewing thread segment in accordance with the requirement of Accounting Standard (AS) – 17 on "Segment Reporting" notified by the Company (Accounting Standard) Rules, 2006.*
 - e. On the basis of written representations received from the directors as on 31st March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of sub-section (2) of section 164 of the Act; and
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, we have to state that in our opinion and to the best of our information and according to explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements, except where impact is not ascertainable.
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.C. Vasudeva & Co.
Chartered Accountants
(Reg. No.000235N)

Place: Ludhiana
Date: May 30, 2015

(Sanjiv Mohan)
Partner
M. No. 86066

Annexure to the Independent Auditor's Report

(Referred to in paragraph 7(i) under 'Report on Other Legal and Regulatory Requirements' section of even date)

- (i) a) The Company has maintained proper records of fixed assets, showing full particulars, including quantitative details and situation of these fixed assets.
- b) According to the information and explanations given to us, the fixed assets except furniture and fittings and office equipments have been physically verified by the management during the year under the supervision of internal auditors of the company (an independent firm of Chartered Accountants). In respect of furniture and fittings and office equipments, the company has adopted a policy of physical verification of these assets at least once in every three year. The entire block of these assets have been physically verified by the management during the year ended 31st March 2015. The discrepancies noticed on physical verification of fixed assets which were not material, have been properly 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.
- (ii) a) According to the information and explanations given to us, the inventories have been physically verified by the management at the end of the year. In our opinion the frequency of verification is reasonable.
- b) Based on information and explanations given to us and the records produced to us, in our view, the procedures of physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventories. As per the information given to us, the discrepancies noticed on physical verification of inventories as compared to book records were not material and has been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us and based on such tests which we considered necessary, we report that the Company has not granted any loans, secured or unsecured to firms, companies, or other parties covered in the register maintained under section 189 of the Companies Act. Therefore the provisions of paragraph (iii) (a) and (b) of the above order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system, considered adequate, commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for to 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 systems.
- (v) According to the information and explanations given to us, the Company has not accepted deposits covered under the provisions of sections 73 to 76, other relevant provisions of the Companies Act and the rules framed there under. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi) According to the information and explanations given to us, we are of the opinion that prima-facie the prescribed accounts and records have been made and maintained pursuant to the sub-section (1) of section 148 of the Act, specified by the Central Government. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has not been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, professional tax, income tax, vat, service tax, and other statutory dues with the appropriate authorities.
- (b) *In our opinion and according to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, labour welfare fund, sales tax (VAT and CST), tax deducted at source and tax collected at source which were outstanding at the yearend for a period of more than six months from the date they became payable are as follows:*

Nature of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Due Date	Date of Payment
<i>Income Tax Act, 1961</i>	<i>Tax deducted at Source</i>	<i>20.91</i>	<i>F.Y 2013-14 and 2014-2015.</i>	<i>Various</i>	<i>Not yet paid</i>
<i>Income Tax Act, 1961</i>	<i>Tax collected at Source</i>	<i>0.41</i>	<i>F.Y 2014-15</i>	<i>Various</i>	<i>Not yet paid</i>
<i>Employees' Provident Fund and Miscellaneous Provisions Act, 1952</i>	<i>Provident Fund</i>	<i>194.37</i>	<i>F.Y 2012-13, 2013-14 and 2014-2015.</i>	<i>Various</i>	<i>Not yet paid</i>
<i>Employees' State Insurance Act, 1948</i>	<i>Employee State Insurance</i>	<i>186.13</i>	<i>F.Y 2011-12, 2012-13, 2013-14, and 2014-2015.</i>	<i>Various</i>	<i>Not yet paid</i>
<i>Punjab Labour Welfare Fund Act, 1965</i>	<i>Labour Welfare fund</i>	<i>1.24</i>	<i>F.Y 2012-13, 2013-14 and 2014-2015.</i>	<i>Various</i>	<i>Not yet paid</i>
<i>Punjab Value Added Tax Act, 2005/ Central Sales Tax Act, 1956</i>	<i>VAT/CST</i>	<i>36.62</i>	<i>F.Y 2013-14 and 2014-2015.</i>	<i>Various</i>	<i>Not yet paid</i>

(c) According to the information and explanations given to us, the disputed statutory dues aggregating to Rs.778.93 lacs that have not been deposited on account of matters pending before the appropriate authorities in respect of sales tax, service tax and excise duty are given below:

Sr. No.	Name of the Statute	Nature of Dues	Period to which the amount relates	Disputed Amount (Rs. In lacs)	Forum where the dispute is pending
1.	The Punjab General Sales Tax Act, 1948	Sales Tax	2003	58.83	The Hon'ble High Court of Punjab and Haryana, Chandigarh
2.	The Punjab Value Added Tax Act, 2005	Value Added Tax	2005, 2008, 2009 and 2011.	378.72	The Deputy Excise & Taxation Commissioner (Appeals) Patiala
3.	The Central Sales Tax, 1956	Central Sales Tax	2003	4.53	The Hon'ble High Court of Punjab and Haryana, Chandigarh
4.	The Central Sales Tax, 1956	Central Sales Tax	2005, 2008, 2009 and 2011.	117.56	The Deputy Excise & Taxation Commissioner (Appeals) Patiala
5.	Himachal Pradesh Tax on entry of goods into Local Area Act, 2010	Entry Tax	2011, 2012, 2013, 2014 and 2015	89.70	The Hon'ble High Court of Himachal Pradesh.
6.	Himachal Pradesh Sales Tax Act.	Sales Tax	2005	0.49	Himachal Pradesh Tax Tribunal.
7.	Himachal Pradesh Value Added Tax Act,	VAT	2006	0.23	Himachal Pradesh VAT

	2005				Tribunal.
8.	Central Excise Act, 1944.	Excise Duty	1995,1999 and 2005.	3.87	Custom, Excise and Service Tax Appellate Tribunal
9.	Central Excise Act, 1944.	Excise Duty	2005, 2006, 2007,2012 and 2013	2.77	Additional Commissioner, Shimla.
10.	Central Excise Act, 1944.	Excise Duty	2009	27.85	Additional Commissioner, Chandigarh.
11.	Central Excise Act, 1944.	Excise Duty	2011 and 2012.	36.03	Commissioner of Central Excise, Chandigarh.
12.	The Finance Act, 1994 (Chapter V)	Service Tax	1996	2.30	Commissioner of Central Excise, (Appeals)
13.	Central Excise Act, 1944.	Excise Duty	2013	1.16	Commissioner of Central Excise, Sangrur.
14.	Central Excise Act, 1944.	Excise Duty	2014	0.41	Commissioner of Central Excise, Sangrur.
15.	Central Excise Act, 1944.	Excise Duty	2007 – 2013	42.24	Additional Commissioner of Central Excise, Sangrur.
16.	Central Excise Act, 1944.	Excise Duty	2002	11.91	Assistant Commissioner of Central Excise, Sangrur.
17.	Central Excise Ac, 1944	Excise Duty	2015	0.33	Superintendent, Central Excise,Barnala.

According to information and explanation given to us, there are no disputed statutory dues ending in respect of income tax, wealth tax and cess.

- (d) According to the information and explanations given to us, there was no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, **1956 (1 of 1956)** and rules made there under. The undisputed dues in respect of wealth tax, income tax, custom duty, excise duty and cess have been regularly deposited with appropriate authorities.
- (viii) 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.
- (ix) *According to the information and explanations given to us, the company has defaulted in repayment of dues to banks and financial institutions. The details of the defaults are as under:*

Sr.No.	Particulars	Amount(Rs in Lacs)	Nature of Dues	Period of Default of repayments
1.	IFCI Ltd.	7,862.57	Term loan – Principal	Refer Note 9 (a) and (b) below
		2,292.78	Term loan – Interest	
		509.80	Cash Credit – Principal and Interest	

2.	IDBI Bank Ltd.	1,834.55	Term loan – Principal	Refer Note 9 (a) and (b) below
		486.98	Term loan – Interest	
		149.98	Cash Credit – Principal and Interest	
3.	SIDBI	214.53	Term loan – Principal	Refer Note 9 (a) and (b) below
		52.89	Term loan – Interest	
4.	Punjab National Bank	3,165.07	Term loan – Principal	Refer Note 9 (a) and (b) below
		664.46		
		10,688.46	Cash Credit – Principal and Interest	
5.	State Bank of India	2,290.40	Term loan – Principal	Refer Note 9 (a) and (b) below
		516.01	Term loan – Interest	
		3,484.32	Cash Credit – Principal and Interest	
6.	Vijaya Bank	377.76	Term loan – Principal	Refer Note 9 (a) and (b) below
		83.73	Term loan – Interest	
		1,399.49	Cash Credit – Principal and Interest	
7.	J & K Bank	141.07	Term loan – Principal	Refer Note 9 (a) and (b) below
		29.99	Term loan – Interest	
		528.64	Cash Credit – Principal and Interest	

- a) The long term and short term borrowings recalled by the consortium banks not paid by the company have been considered as defaulted for the purpose of above disclosures.
- b) Interest includes interest accrued on long term and short term borrowings not provided in the statement of profit and loss. (Refer note no.38)
- (x) 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.
- (xi) 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 Rs. 1,692.18 lacs raised on short-term basis has been used for repayment of long term borrowings, purchase of fixed assets and funding of cash losses.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.C. Vasudeva & Co.
Chartered Accountants
(Reg. No. 000235N)

Place: Ludhiana
Dated: May 30, 2015

(Sanjiv Mohan)
Partner
M. No. 86066



MALWA COTTON SPINNING MILLS LTD.

BALANCE SHEET AS AT 31STMARCH,2015

Particulars	Notes No.	As at 31st March,2015 (Rs Lacs)	As at 31st March,2014 (Rs Lacs)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	3	3514.90	3514.90
(b) Reserves and Surplus	4	(25762.83)	(21885.45)
		(22247.93)	(18370.55)
(2) Non-current Liabilities			
(a) Long-term Borrowings	5	8441.73	10657.62
(b) Deferred tax liabilities (net)	6	-	-
(c) Long-term provisions	7	483.79	630.09
		8925.52	11287.71
(3) Current liabilities			
(a) Short-term borrowings	8	12845.03	12945.49
(b) Trade payables	9	2740.63	3154.54
(c) Other current liabilities	10	12519.45	10622.97
(d) Short-term provisions	7	259.10	321.80
		28364.21	27044.80
TOTAL		15041.80	19961.96
II. ASSETS			
1. Non-current assets			
(a) Fixed Assets	11		
(i) Tangible assets		4650.14	5084.24
(ii) Intangible assets		7.82	15.21
(iii) Capital Work in Progress		-	12.50
(b) Non-current investments	12	984.20	984.20
(c) Long term loans and advances	13	560.64	631.62
		6202.80	6727.77
2. Current assets			
(a) Inventories	14	2604.34	3699.32
(b) Trade receivables	15	5212.87	8359.97
(c) Cash and bank balances	16	188.06	376.02
(d) Short-term loans and advances	13	833.73	798.88
		8839.00	13234.19
TOTAL		15041.80	19961.96

See accompanying notes forming part of the financial statement

As per our separate report of even date

For S.C.VASUDEVA & CO.,
Chartered Accountants
Firm Reg. No 000235N

For and on behalf of Board of Directors

(SANJIV MOHAN)
Partner

POOJA DAMIR MIGLANI
Company Secretary

ANIL JAIN
Vice President
(Accounts)

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-
Managing Director

M. No. 86066
Place : Ludhiana
Dated : 30.05.2015



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Notes No.	Current year Rs. Lacs	Previous year Rs. Lacs
INCOME			
Revenue from operations (gross)	17	11071.25	18838.16
Less: Excise Duty		1.48	-
Revenue from operations (net)		11069.77	18838.16
Other Income	18	131.92	66.78
Total Revenue		11201.69	18904.94
EXPENSES			
Cost of materials consumed (Includes dyes & chemical consumed)	19	5872.50	11008.65
Purchase of Stock-in-Trade	20	86.05	200.84
Change in inventories of finished goods, work-in-progress and stock-in-trade	21	770.27	481.38
Employee benefits expense	22	2463.64	3382.05
Finance costs	23	27.00	48.39
Depreciation and amortization expense	11	257.50	331.34
Other expenses	24	5412.39	8317.96
Total Expenses		14889.35	23770.61
Profit/(loss)before tax		(3687.66)	(4865.67)
Tax Expense		-	-
Profit/(loss)for the year		(3687.66)	(4865.67)
Earning per share (Equity share Nominal value of Rs. 10/- each)			
Basic	25	(50.37)	(65.16)
Diluted		(20.32)	(42.59)

See accompanying notes forming part of the financial statement

As per our separate report of even date

For S.C.VASUDEVA & CO.,
Chartered Accountants
Firm Reg. No 000235N

For and on behalf of Board of Directors

(SANJIV MOHAN)
Partner

POOJA DAMIR MIGLANI
Company Secretary

ANIL JAIN
Vice President
(Accounts)

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-Managing
Director

M.No.86066
Place : Ludhiana
Dated : 30.05.2015



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Current year Rs Lacs	Previous year Rs Lacs	
A Cash Flow From Operating Activities			
Net profit/(loss) before tax and extra ordinary items	(3687.66)	(4865.67)	
Adjustment for			
Provision for doubtful trade receivables and advances	1691.29	1017.50	
Excess provision written back	(58.90)	(7.05)	
Depreciation & amortization	257.50	331.34	
Profit on sale of fixed assets(net)	-	(0.71)	
Sundry balances written off	95.32	1188.70	
Interest expense	27.00	20.01	
Interest income	(57.65)	(35.08)	
Dividend income	(0.15)	(0.10)	
Operating profit before working capital changes	(1733.25)	(2351.06)	
Changes in working capital			
(Increase)/decrease in inventories	1094.98	784.31	
(Increase)/decrease in trade receivables and current assets	1393.12	682.03	
Increase/(decrease) in trade payables and other liabilities	(883.42)	897.03	
Cash generated from operating activities	(128.57)	12.31	
(Tax paid)/refund	(1.55)	(4.05)	
Net cash from operating activities (A)	(130.12)		8.26
B Cash flow from investing activities			
Purchase of fixed assets	11.82	(5.87)	
Proceeds from sale of fixed assets	-	1.36	
Interest received	57.65	35.08	
Dividend received	0.15	0.10	
Net cash from investing activities (B)	69.62		30.67
C Cash flow from financing activities			
Proceeds from short term borrowing(net)	(100.46)	(112.15)	
Interest paid	(27.00)	(20.01)	
Net cash form financing activities (C)	(127.46)		(132.16)
Net increase/(decrease) In cash & cash equivalents(A+B+C)	(187.96)		(93.23)
Cash & cash equivalents as on 01.04.2014(opening balance)	376.02		469.25
Cash & cash equivalents as on 31.03.2015(closing balance)	188.06		376.02

As per our separate report of even date

For S.C.VASUDEVA & CO.,
Chartered Accountants
Firm Reg. No 000235N

For and on behalf of Board of Directors

(SANJIV MOHAN)
Partner

POOJA DAMIR MIGLANI
Company Secretary

ANIL JAIN
Vice President
(Accounts)

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-Managing
Director

M.No.86066
Place : Ludhiana
Dated : 30.05.2015

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
1. Corporate Information

Malwa Cotton Spinning Mills Limited (the company) domiciled in India and incorporated under the provisions of Companies Act, 1956. The equity shares of the company are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of Yarn and Thread.

2. Significant Accounting Policies
A. Basis for preparation of financial statements

The financial statements are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014. The accounting policies adopted in the preparations of financial statements are consistent with those of the previous year.

B. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires 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 sale of goods and services 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 from 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 and insurance claims is postponed to the extent of uncertainty involved.

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

(iv) Dividend:

Dividend Income is recognized as an income when the right to receive the payment is established.

D. Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation. Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and indirect) for bringing an asset to the working condition for its intended use.

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 II to the Companies Act, 2013.

(ii) Depreciation at 100% is provided on assets costing Rs.5000 or below acquired during the year.

G. Amortization

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

H. Inventories

Inventories are valued at cost or net realizable 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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

I. Investments

Long term investments are stated at cost less allowances, if any, for diminution in value is other than temporary. Current investments are valued at lower of cost and fair value.

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. 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 recognized as income or expenses in the period in which they arise.
- v) 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 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.
- vi) The exchange difference to the extent of loss, arising on forward contract to hedge the transaction in the nature of firm commitments and/or highly probable forecast transactions is recognized in the statement of profit and loss. The profit, if any, arising thereon is ignored.

M. EMPLOYEE BENEFITS:

(a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss of the year in which the related service is rendered.

(b) Post Employment Benefits:

(i) Defined Contribution Plans:

(i.1) Provident Fund: The Employer's contribution to Provident Fund and Employees Pension Scheme, a defined contribution plan is made in accordance with the Provident Fund Act, 1952 read with the Employees Pension Scheme, 1995.

(i.2) Superannuation: The liability in respect of eligible employees covered under the scheme is provided through a policy taken from Life Insurance Corporation of India by an approved trust formed for the purpose. The premium in respect of such policy is recognized as an expense in the period in which it falls due.

(ii) Defined Benefit Plans

Gratuity: The Employees Gratuity Fund Scheme, managed by Employee's Group Gratuity Trust is a defined benefit plan. The liability for gratuity is provided on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date using projected unit credit method. The Present Value of the company's obligation is determined on the basis of actuarial valuation at the year end and the fair value of plan assets is reduced from the gross obligations under the gratuity scheme to recognize the obligation on a net basis.

(iii) Actuarial gain or loss is recognized immediately in the statement of profit or loss.

(iv) Long Term Employee Benefits:

The liability for leave encashment and other compensated absences is recognized on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date by using projected unit credit method.

N. 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**O. 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.

P. 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.

Q. 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.

R. 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 or more uncertain future events not wholly within the control of the enterprise.



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH. 2015

Particular	As at 31st March, 2015		As at 31st March, 2014	
	No. of shares	Rs Lacs	No. of shares	Rs Lacs
3 Share capital				
a) Authorised				
Equity shares of Rs. 10/-each	1,50,00,000	1500.00	1,50,00,000	1500.00
9% Cumulative redeemable preference shares of Rs. 100/- each	30,00,000	3000.00	30,00,000	3000.00
		<u>4500.00</u>		<u>4500.00</u>
b) Issued				
Equity shares of Rs. 10/- each	79,05,028	790.51	79,05,028	790.51
9% Cumulative redeemable preference shares of Rs. 100/- each	27,50,000	2750.00	27,50,000	2750.00
		<u>3540.51</u>		<u>3540.51</u>
c) Subscribed and fully paid-up				
Equity shares of Rs. 10/-each	79,05,028	790.51	79,05,028	790.51
Less: Calls in arrears by others		0.22		0.22
		<u>790.29</u>		<u>790.29</u>
9% Cumulative redeemable preference shares of Rs. 100/- each	27,24,610	2724.61	27,24,610	2724.61
		<u>3514.90</u>		<u>3514.90</u>
	Total			
		<u>3514.90</u>		<u>3514.90</u>
a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period				
Equity shares				
At the beginning of the reporting period	79,05,028	790.29	79,05,028	790.29
Issued during the period	-	-	-	-
Outstanding at the end of the reporting period	<u>79,05,028</u>	<u>790.29</u>	<u>79,05,028</u>	<u>790.29</u>
9% Cumulative redeemable preference shares				
At the beginning of the reporting period	27,24,610	2724.61	27,24,610	2724.61
Issued during the period	-	-	-	-
Outstanding at the end of the reporting period	<u>27,24,610</u>	<u>2724.61</u>	<u>27,24,610</u>	<u>2724.61</u>

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting and each equity share is entitled for the such dividend. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets the company after distribution of all preferential amounts.



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

c. Terms/rights attached with Cumulative redeemable preference shares

The company has presently 9% cumulative redeemable preference shares. These preference shares are redeemable at a premium of 5% payable at the time of redemption. Schedule of repayment of Cumulative redeemable preference shares.

Years	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Principal									
Amount Rs. Lacs	81.75	163.50	163.50	272.50	408.75	545.00	545.00	544.61	2724.61

The earliest date of redemption was 30th September, 2011

Arrear of fixed cumulative dividend on preference shares as at 31st March, 2015 Rs. 4045.00 Lac (As at 31st March, 2014 Rs. 3800.00 Lac).

Cumulative preference shares due for redemption during the year and in the proceeding year but not redeemed are shown as Preference shares capital.

The preference share holders have option to convert the defaulted cumulative Redeemable preference shares into equity shares at par in terms of subscription agreement entered into with the company.

d. Shares of the company held by the holding company, the ultimate holding company their subsidiaries and associates.

There is no holding or ultimate holding of the company.

e. Details of shares held by each shareholder holding more than 5% shares.

Class of Shares	Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
		No of shares held	% holding in that class share	No of shares held	% holding in that class share
Equity	IFCI Ltd	622631	7.88%	634920	8.03%
	Jangi Growth Fund P Ltd	466525	5.90%	466525	5.90%
9% Redeemable cumulative preference share	IFCI Ltd	1724610	63.30%	1724610	63.30%
	IDBI Bank Ltd.	1000000	36.70%	1000000	36.70%

f. Aggregate number and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 year immediately preceding the Balance sheet date:

	As at 31st March, 2015		As at 31st March, 2014	
	Aggregate number of shares		Aggregate number of shares	
Equity shares				
- Fully paid-up pursuant to contract(s) without payment being received in cash	-	-	-	-
- Fully paid-up by way of bonus shares	-	-	-	-
- Shares bought back by the company	-	-	-	-



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	As at 31st March, 2015 Rs Lacs	As at 31st March, 2014 Rs Lacs
4 Reserves and surplus		
a) Capital Reserve *		
Balance as per last financial statements	45.00	45.00
b) Capital redemption reserve		
Balance as per last financial statements	250.00	250.00
c) Securities Premium account		
Balance as per last financial statements	1701.15	1701.15
d) Other Reserves		
General reserve- Balance as per last financial statements	4866.00	4866.00
e) Surplus/(deficit) i.e. balance in the statement of profit and loss		
Balance as per last financial statements	(28747.60)	(23881.93)
Depreciation amount debited to retained earnings as per transitional provision under Schedule II of Companies Act,2013	(189.72)	-
Surplus/(deficit) in the statement of profit and loss	(3687.66)	(4865.67)
Net surplus/(deficit) in the statement of profit and loss	(32624.98)	(28747.60)
Total Reserves and Surplus	(25762.83)	(21885.45)

* Capital reserve represents capital investment subsidy received from Govt. is in the nature of promoter's contribution.

5 Long-term borrowings
(Refer note no. 38)

Term loans

From Banks (secured)
From Financial Institutions (secured)

Other loans and advances

From others (unsecured)

The above amount includes

Total Secured borrowings
Total Unsecured borrowings
Amt disclosed under the head
"other current liabilities"(note no.10)

Net amount

	<u>Long-term</u>		<u>Current maturities</u>	
	As at 31st March, 2015 Rs Lacs	As at 31st March, 2014 Rs Lacs	As at 31st March, 2015 Rs Lacs	As at 31st March, 2014 Rs Lacs
	3731.49	4873.27	4122.69	2980.91
	4263.24	5337.35	3813.86	2739.75
	447.00	447.00	-	-
	8441.73	10657.62	7936.55	5720.66
	7994.73	10210.62	-	-
	447.00	447.00	-	-
	-	-	(7936.55)	(5720.66)
	8441.73	10657.62	-	-



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

Detail of terms of repayment for the long- term borrowings and security provided in respect of secured long-term borrowings.

Schedule of repayment of Term Loan from Banks / Financial institution

	Rate of Interest	FY16	FY17	FY18	FY19	Total
TERM LOAN/ WCTL						
From Banks	9% p.a.	637.00	1145.20	1272.00	1314.32	Rs. Lac 4368.52
From Financial Institutions	9% p.a.	722.72	1300.88	1445.40	1516.95	4985.95
FUNDED INTEREST TERM LOAN						
From Banks	6% p.a.	504.75	-	-	-	504.75
From Financial Institutions	6% p.a.	350.48	-	-	-	350.48

Security :

i) 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) Exclusive securities:

a) IFCI/IDBI: The 7,86,700 Equity Shares of promoters pledged & 7,56,150 Equity Shares physically held with IFCI/IDBI for term loan outstanding of Rs. 9697.26 lacs (previous year Rs. 9697.26 lacs).

b) PNB/SBI: Equitable mortgage of immovable properties situated at Ludhiana and Barnala as additional collateral security for long term loans out standing of Rs. 5477.27 lacs(previous year Rs 5477.27 lac).

iii) Pledge of 24,88,715 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.

iv) Equitable Mortgage of immovable properties situated at Kolkata, Bhilwara, Kanpur, Dehradun and Delhi as Additional Collateral Security for entire CDR debts (Existing and Fresh) to be shared by all CDR Lenders on pari-passu basis.

v) Personal Guarantee of three Promoter Directors of the Company.

The company has defaulted in repayment of loans and interest in respect of following:

	<u>As at 31st March 2015</u>		<u>As at 31st March 2014</u>	
	Period of default	Rs Lacs	Period of default	Rs Lacs
Term Loans from Banks				
Principal	April.12-Mar.15	2935.58	April.12-Mar.14	1798.36
Interest	April.12-Mar.13	472.56	April.12-Mar.13	472.56
Term Loans from Financial Institutions				
Principal	April.12-Mar.15	2740.67	April.12-Mar.14	1731.82
Interest	Jan.12-Mar.13	948.70	Jan.12-Mar.13	948.70
Interest	April.14-Mar.15	(Refer note no. 38)	April.13-Mar.14	(Refer note no. 38)



MALWA COTTON SPINNING MILLS LTD.

6 Deferred tax liability (net)

Deferred tax liability

On difference between book balance
and tax balance of Fixed Assets

Gross Deferred Tax liability

Deferred tax Assets

On account of unabsorbed depreciation carried forward
(to the extent of deferred tax liability)

Gross Deferred Tax Assets

Net Deferred tax Liability

7 Provisions (Long term / Short term)

Provisions for employee benefits

Provisions for gratuity (note 26)

Provisions for leave encashment (note 26)

8 Short-term borrowings

Loan repayable on demand

Cash credit from banks (secured)

Detail of terms of repayment of short term borrowing and security provided in respect of secured short term borrowings security:

Cash credit is repayable on demand and carries interest @12.75% to 13.25%. Cash credit from banks is secured against :

i) Primary - Pari-passu first charge on the current assets of the company.

Collateral - Pari-passu second charge on the fixed assets of the company (present and future).

ii) Exclusive securities:

a) IFCI/IDBI: The 7,86,700 Equity Shares of promoters pledged & 7,56,150 Equity Shares physically held with IFCI/IDBI for working capital loans outstanding of Rs. 471.25 lacs (previous year Rs. 471.25 lacs).

b) PNB/SBI: Equitable Mortgage of properties at Ludhiana & Barnala on Pari Passu basis to secure its enhanced WC Limits with PNB/SBI exclusively for working capital loans outstanding of Rs. 10842.03lac (previous year Rs. 10942.50 lac.).

iii) Pledge of 24,88,715 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.

iv) Equitable Mortgage of immovable properties situated at Kolkata, Bhilwara, Kanpur, Dehradun and Delhi as Additional Collateral Security for entire CDR debts as long-term loan and short-term loans (Existing and Fresh) to be shared by all CDR Lenders on pari-passu basis.

	<u>As at</u> <u>31st March 2015</u>		<u>As at</u> <u>31st March 2014</u>	
	Rs. Lacs		Rs. Lacs	
	897.90		974.69	
	897.90		974.69	
	897.90		974.69	
	897.90		974.69	
	-		-	
	<u>Long-term</u>		<u>Short-term</u>	
	<u>As at</u> <u>31st March 2015</u>	<u>As at</u> <u>31st March 2014</u>	<u>As at</u> <u>31st March 2015</u>	<u>As at</u> <u>31st March 2014</u>
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
	351.45	441.29	150.37	176.26
	132.34	188.80	108.73	145.54
	483.79	630.09	259.10	321.80
	12845.03		12945.49	
	12845.03		12945.49	



MALWA COTTON SPINNING MILLS LTD.

The company has defaulted in repayment of loans and interest in respect of following:

v) Personal guarantee of three promoters of the company.

Cash credit from Banks
Principal and Interest

9 Trade Payables

Acceptances
Other than acceptances

10 Other current liabilities

Current maturities of long-term debts (note 5)
Interest accrued and due on borrowings

Others payables

Statutory remittances (Contribution to PF and ESIC, Excise duty, VAT, Service tax etc.)
Trade/security deposits received from customers
Due to employees
Others

Period of default	As at 31st March 2015		Period of default	As at 31st March 2014	
	Rs Lacs			Rs Lacs	
2012-03to2014-15	12845.03		2012-13&2013-14	12945.49	
	As at 31st March 2015			As at 31st March 2014	
	Rs Lacs			Rs Lacs	
	-			-	
	2740.63			3154.54	
	2740.63			3154.54	
	7936.55			5720.66	
	2083.57			2083.57	
	561.14			664.17	
	50.33			29.25	
	1653.10			1557.83	
	234.76			567.49	
	12519.45			10622.97	



MALWA COTTON SPINNING MILLS LTD.

11 FIXED ASSETS

(Rs. Lac)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2014	Additions	Disposal	Other Adjustments	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Depreciation/amortization expenses for the year	Eliminated on disposal of assets	Other Adjustments	Balance as at 31st March, 2015	Balance as at 31st March, 2015	Balance as at 31st March, 2014
A. TANGIBLE (OWN USE)												
1. FREE HOLD LAND	317.99	-	-	-	317.99	-	-	-	-	-	317.99	317.99
2. BUILDING	6203.04	-	-	-	6,203.04	2982.73	137.65	-	-	3120.38	3082.66	3220.31
3. PLANT AND MACHINERY	21040.88	5.28	-	-	21,046.16	19584.38	93.26	-	178.22	19855.86	1190.30	1456.50
4. FURNITURE AND FITTINGS	173.20	-	-	-	173.20	166.41	1.53	-	0.06	168.00	5.20	6.79
5. VEHICLES	523.94	-	-	-	523.94	471.56	4.17	-	1.30	477.04	46.90	52.38
6. OFFICE EQUIPMENTS	330.97	0.45	-	-	331.42	300.69	13.50	-	10.14	324.33	7.09	30.28
Sub-Total	28590.02	5.73	0.00	0.00	28595.75	23505.78	250.11	0.00	189.72	23945.61	4650.14	5084.24
B. INTANGIBLE												
COMPUTER SOFTWARE	152.28	-	-	-	152.28	137.07	7.39	-	-	144.46	7.82	15.21
TOTAL (A+B)	28742.30	5.73	0.00	0.00	28748.03	23642.85	257.50	0.00	189.72	24090.07	4657.96	5099.45
PREVIOUS YEAR	28744.68	2.82	5.20	0.00	28742.30	23316.07	331.34	4.56	0.00	23642.85	5099.45	
Capital work in Progress #											-	12.50

Capital work in progress includes Building under construction amounting Rs. NIL lac (Previous year Rs. 12.50lac)



MALWA COTTON SPINNING MILLS LTD.

		<u>As at 31 March 2015</u>	<u>As at 31 March 2014</u>
		Rs Lacs	Rs Lacs
12	Non-current investments		
	Investment (valued at cost unless stated otherwise)		
	A. Trade	-	-
	B. Other		
	Investments in Equity instruments of others		
	(a) Unquoted		
	- 96,30,700 (Previous year : 96,30,700) equity shares of Rs. 10/- each fully paid up of M/s Malwa Industries Limited(Associates upto 31 Mar.2013)	963.07	963.07
	- 1,95,000 (Previous year : 1,95,000) equity shares of Rs. 10/- each fully paid up of M/s Manipur Vanaspati & Allied Industries Ltd.	19.50	19.50
	Less: Provisions for diminution in value of investment	19.50	19.50
	- 21,28,000 (Previous year : 21,28,000) equity shares of Rs. 10/- each fully paid up of M/s Oswal Foods Ltd.	536.28	536.28
	Less: Provisions for diminution in value of investment	536.28	536.28
	- 3,50,000 (Previous year : 3,50,000) equity shares of Rs. 10/- each fully paid up of M/s Karnataka Oswal Oil & Palms Ltd.	35.00	35.00
	Less: Provisions for diminution in value of investment	35.00	35.00
	- 1,50,000 (Previous year : 1,50,000) equity shares of Rs. 10/- each fully paid up of M/s Oswal Knit India Ltd.	15.00	15.00
	- 20,000 (Previous year : 20,000) equity shares of Rs. 10/- each fully paid up of M/s Shivalik Soild waste Management Ltd.	2.00	2.00
	(b) Quoted		
	-8,751(Previous year : 8751) equity shares of Rs. 10/- each fully paid of M/s Vardhman Special Steel Ltd.	3.92	3.92
	- 2,55,000 (Previous year : 2,55,000) equity shares of Rs. 10/- each fully paid up of M/s Mukerian Papers Ltd.	119.00	119.00
	Less: Provisions for diminution in value of investment	119.00	119.00
	C. Investment in government or trust securities (Unquoted)		
	- Investment in government securities	0.21	0.21
		984.20	984.20
	Aggregate amount of quoted investments	3.92	3.92
	Aggregate market value of quoted investments	2.84	1.72
	Aggregate amount of unquoted investments	980.28	980.28
	Aggregate provision for diminution in value of investments	709.78	709.78



MALWA COTTON SPINNING MILLS LTD.

13 Loans and advances (Long-term/short-term)

(Unsecured consider good, unless otherwise stated)

	<u>Long-term</u>		<u>Short-term</u>	
	<u>As at</u> <u>31 March 2015</u> Rs. Lacs	<u>As at</u> <u>31 March 2014</u> Rs. Lacs	<u>As at</u> <u>31 March 2015</u> Rs. Lacs	<u>As at</u> <u>31 March 2014</u> Rs. Lacs
Capital advances	55.10	60.15	-	-
(A)	55.10	60.15	0.00	0.00
Security deposit	321.91	392.49	-	-
(B)	321.91	392.49	0.00	0.00
Other loan and advances				
Advance income tax (net of provision for taxes of Rs. 5.72 lacs(Previous year Rs.3.68 lacs)	-	-	23.09	21.55
Loans and advances to employees	-	-	144.85	14.07
Prepaid expenses	0.02	0.03	10.25	21.92
Balances with government authorities	183.61	178.95	359.45	349.37
Other Loans and advances consider good	-	-	296.09	391.97
Doubtful	-	-	172.88	172.88
(C)	183.63	178.98	1006.61	971.76
Allowances for doubtful loan and advances	-	-	(172.88)	(172.88)
(D)	-	-	(172.88)	(172.88)
Total (A + B +C -D)	560.64	631.62	833.73	798.88



MALWA COTTON SPINNING MILLS LTD.

	<u>As at 31st March 2015</u>	<u>As at 31st March 2014</u>
	Rs. Lacs	Rs. Lacs
14 Inventories (valued at lower of cost and net realizable value)		
a) Raw Materials	568.42	854.64
b) Work-in-progress	263.07	537.87
c) Finished goods	1593.96	2084.77
d) Stock-in-Trade	2.31	6.97
e) Stores and Spares	176.58	215.04
Stores and Spares in- transit	-	0.03
	<u>2604.34</u>	<u>3699.32</u>
15 Trade receivables		
a) Outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good	50.33	29.25
Unsecured ,Considered Good	3472.63	5236.78
Doubtful	3343.25	1651.97
Less : Allowance for doubtful trade receivables	(3343.25)	(1651.97)
	<u>3522.96</u>	<u>5266.03</u>
b) Other trade receivable		
Unsecured, considered good	1689.91	3093.94
Total (a + b))	<u>5212.87</u>	<u>8359.97</u>
16 Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
In current accounts	43.54	49.82
Cheques/drafts on hand	56.84	166.49
Cash on hand	87.68	159.71
Total	<u>188.06</u>	<u>376.02</u>



MALWA COTTON SPINNING MILLS LTD.

	<u>Current Year</u>	<u>Previous year</u>
	Rs. Lacs	Rs. Lacs
17 Revenue from operations		
Sale of products	10962.50	18714.01
Sale of services	38.05	65.41
Other operating revenue	70.70	58.74
Revenue from operations (gross)	11071.25	18838.16
Less: Excise duty relating to sale	1.48	0.00
Revenue from operations (net)	11069.77	18838.16
(i) Sale of product comprise		
Manufactured goods		
Yarn	5667.41	10306.65
Thread	5080.38	7893.91
Other	124.43	312.46
	10872.22	18513.02
Stock-in-trade		
Readymade garments	29.13	49.58
Fabric	61.15	151.41
Total	10962.50	18714.01
(ii) Sale of services comprise		
Processing charges	38.05	65.41
(iii) Other operating revenue comprise		
Scrap sale	19.85	38.22
Exports benefits	50.85	20.52
Total	70.70	58.74
18 Other Income		
Interest income	57.65	35.08
Dividend income on long-term investments	0.15	0.10
Insurance claims received(Net)	1.48	10.33
Gain on sale of fixed assets	-	0.71
Gain on foreign currency transaction	-	2.83
Excess Provision written back	58.90	7.05
Miscellaneous	13.74	10.68
	131.92	66.78



MALWA COTTON SPINNING MILLS LTD.

	<u>Current year</u>	<u>Previous year</u>
	Rs Lacs	Rs Lacs
19 Cost of materials consumed		
Inventory at the beginning of the year	854.64	1026.44
Add: Purchases	4980.43	9832.50
	<u>5835.07</u>	<u>10858.94</u>
Less: Inventory at the end of the year	568.42	854.64
Cost of raw material consumed	<u>5266.65</u>	<u>10004.30</u>
Dyes & chemical consumed	605.85	1004.35
	<u>5872.50</u>	<u>11008.65</u>
Materials consumed comprise		
Cotton	679.93	1209.36
Man made fibre	4086.26	8122.95
Dyes & chemicals	605.85	1004.35
Others	500.46	671.99
	<u>5872.50</u>	<u>11008.65</u>
Details of inventory		
Raw materials		
Cotton	1.66	189.80
Man made fibre	341.76	364.17
Other	225.00	300.67
	<u>568.42</u>	<u>854.64</u>
20 Purchase of stock-in-trade		
Readymade garments	26.05	49.54
Fabric	60.00	151.30
	<u>86.05</u>	<u>200.84</u>



	<u>Current year</u>	<u>Previous year</u>
	Rs. Lacs	Rs. Lacs
21 Change in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year		
(i) Finished goods	1593.96	2084.77
(ii) Work-in-progress	263.07	537.87
(iii) Stock-in-trade	2.31	6.97
	<u>1859.34</u>	<u>2629.61</u>
Inventories at the beginning of the year		
(i) Finished goods	2084.77	1929.72
(ii) Work-in-progress	537.87	1173.27
(iii) Stock-in-trade	6.97	8.00
	<u>2629.61</u>	<u>3110.99</u>
	<u>770.27</u>	<u>481.38</u>
Detail of inventory		
(i) Finished goods		
Yarn	316.61	454.82
Thread	1242.65	1586.90
Others	34.70	43.05
	<u>1593.96</u>	<u>2084.77</u>
(ii) Work-in-progress		
Yarn	231.25	315.92
Thread	31.82	221.95
	<u>263.07</u>	<u>537.87</u>
(iii) Stock-in-trade		
Readymade garments	2.31	6.97
	<u>2.31</u>	<u>6.97</u>



	<u>Current year</u>	<u>Previous year</u>
	Rs. Lacs	Rs. Lacs
22 Employee benefit expense		
Salaries , wages and bonus	2154.62	3006.08
Contribution to provident and other funds	205.51	257.93
Staff welfare expenses	103.51	118.04
	<u>2463.64</u>	<u>3382.05</u>
23 Finance costs		
(a) Interest expense on :		
Borrowings	0.00	0.00
Trade payables	18.63	20.01
(b) Others	8.37	28.38
	<u>27.00</u>	<u>48.39</u>
24 Other expenses		
Consumption of stores and spare parts	94.07	198.80
Consumption of packing material	632.24	1019.03
Power and fuel	1931.76	3421.22
Rent	105.56	103.73
Repairs and Maintenance – building	25.47	16.79
Repairs and Maintenance - machinery	8.75	11.35
Insurance	24.02	40.23
Rates and taxes	22.14	18.38
Payments to auditor (Refer note below)	6.33	6.49
Allowance for doubtful debts & advances	1691.29	1017.50
Others	870.76	2464.44
	<u>5412.39</u>	<u>8317.96</u>
Payments to auditor		
As Audit Fee	5.62	5.62
As Tax Audit Fee	0.45	0.45
In other capacity:		
Other services (Certification fee)	0.08	0.08
Reimbursement of Expenses	0.18	0.34
	<u>6.33</u>	<u>6.49</u>



		<u>Current year</u>	<u>Previous year</u>
		Rs. Lacs	Rs. Lacs
25 Earning per share (EPS)			
Profit/(loss) for the year		(3687.66)	(4865.67)
Less: Preference dividends for the cumulative preference shares		294.23	284.99
	(i)	<u>(3981.89)</u>	<u>(5150.66)</u>
Add: Increased earning on account of dividend saving		73.57	42.76
Total	(ii)	<u>(3908.32)</u>	<u>(5107.90)</u>
Weighted average number of equity shares (Nos.)	(iii)	7905028	7905028
Weighted average number of equity shares that would be issued on conversion on dilutive potential equity shares (Nos.)		4515756	-
Weighted average number of equity shares that would be issued on conversion on CRPS default equity shares (Nos.)		6812500	4087500
Total	(iv)	<u>19233284</u>	<u>11992528</u>
Basic Earning per share of Rs. 10/- each (Rs.) (i/iii)		(50.37)	(65.16)
Diluted Earning per share of Rs. 10/- each (Rs.) (ii/iv)		(20.32)	(42.59)

26. Gratuity and other post-employment benefit plans

The summarized position of post-employment benefits and long term employee benefits recognized in the statement of profit and loss and balance sheet in accordance with Accounting Standard AS-(15) – “Employee Benefits” issued under the Companies (Accounting Standard) Rules, 2006 is as under:-

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

(Rs. Lacs)

	Current year		Previous year	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of obligation as at beginning of the year	621.05	188.80	686.29	267.57
Interest Cost	46.51	10.04	59.78	17.87
Current Service Cost	54.44	37.35	64.11	58.80
Benefits Paid	(57.06)	(121.79)	(58.74)	(142.34)
Actuarial Loss/(gain) on obligations	(159.53)	17.94	(130.39)	(13.10)
Present value of obligation as at close of the year	505.41	132.34	621.05	188.80

(b) Change in Fair Value of Plan Assets

(Rs. Lacs)

	Current year	Previous year
	Gratuity (Funded)	Gratuity (Funded)
Fair Value of Plan Assets as at beginning of the year	3.50	17.02
Expected return on plan assets	0.31	0.67
Contribution	56.84	44.67
Benefits Paid	(57.06)	(58.74)
Actuarial (Loss)/gain on obligations	-	(0.12)
Fair Value of Plan Assets as at close of the year.	3.59	3.50

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

c) Amount recognized in Balance Sheet

(Rs. Lacs)

	Current year		Previous year	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Estimated present value of obligations as at the end of the year	505.41	132.34	621.05	188.80
Fair value of Plan Assets as at the end of the year	3.59	-	3.50	-
Unfunded Net (Liability)/Assets recognized in Balance Sheet	(501.82)	(132.34)	(617.55)	(188.80)

d) Expenses recognized in the Profit and Loss Account

(Rs. Lacs)

	Current year		Previous year	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Current Service Cost	54.44	37.35	64.11	58.80
Interest Cost	46.51	10.04	59.78	17.87
Expected return on Plan Assets	(0.31)	-	(0.67)	-
Net Actuarial (Gain)/Loss recognized in the year	(159.53)	17.94	(130.27)	(13.10)

Total expenses recognized in profit and loss account	(58.89)	65.33	(7.05)	63.57
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e) Principal actuarial assumption at the balance sheet date (expressed as weighted average)

(Rs. Lacs)

	Current year		Previous year	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount Rate	7.85%	7.85%	9.10%	9.10%
Expected rate of return on Plan Assets	9%	-	6.75%	-
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 estimates of future salary increases considered in actuarial 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 reference 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 31.03.2015 was Rs.108.73 lacs (Previous year Rs. 145.54 lacs). During the year the company has recognized an expense of Rs.26.11 lacs as contribution to provident fund (Previous year Rs. 27.58 lacs).

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 therefore have not been disclosed.

27. Segment Reporting

Segment information as required by Accounting Standard (AS)-17 on "Segment Reporting" issued by the Companies (Accounting Standard) Rules, 2006 has been complied 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.

Primary Segment Information:-

(Rs. Lacs)

	YARNS		THREADS		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
External sales	5990.87	10944.22	5080.38	7893.94	11071.25	18838.16
Inter- segment Sales	3250.53	6879.69	-	-	3250.53	6879.69
Other income	57.78	25.58	16.34	6.02	74.12	31.60
Total revenue	9299.18	17849.49	5096.72	7899.96	14395.90	25749.45
Segment results*	(1274.92)	(1873.56)	-	-	(1274.92)	(1873.56)
Unallocated corporate expenses(net)					2385.74	2943.72
Operating profit/(Loss)					(3660.66)	(4817.28)
Finance Cost					27.00	48.39
Tax - Current tax					-	-

Profit/(Loss) from ordinary activities					(3687.66)	(4865.67)
Extra-ordinary loss/(income)					-	-
Net Profit/(Loss)					(3687.66)	(4865.67)
Other Information						
Segment Assets	11277.96	14641.05	2689.57	4210.54	13967.53	18851.59
Unallocated corporate assets					1074.27	1110.37
Total Assets					15041.80	19961.96
Segment Liabilities	4651.26	5479.04	1331.60	1446.13	5982.86	6925.17
Unallocated corporate Liabilities					31306.88	31407.34
Total Liabilities					37289.74	38332.51
Capital Expenditure	-	-	5.28	-	5.28	-
Unallocated Capital Expenditure					0.45	2.82
Total Capital Expenditure					5.73	2.82
Depreciation					230.91	299.12
Non-Cash expenses other than depreciation					-	-

*Also includes results of Thread Segment.

Secondary segment information

	Current year	Previous year
i) Revenue(External Turnover)	Rs Lacs	Rs Lacs
Within India	10316.86	18160.60
Outside India	754.39	677.56
ii) Other items of secondary segment information are not applicable to the company.		

Segment Revenue and Expenses

Segment revenue comprises sales to external customer and inter-segment sales. Segment expenses comprise 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.

28. Related Party Disclosures

a) Disclosure of Related Parties with whom Business transactions took place during the year and relationship between parties.

Key Management Personnel : Mr. Jangi Lal Oswal

b) Description of the nature of transactions with the related parties:

(Rs. Lacs)

	Current Year	Previous Year
Managerial Remuneration	-	19.21*

* Managerial remuneration paid upto 31-12-2013.

29. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) - No cash outflow is expected
i) Contingent Liabilities: (Rs Lacs)

Particulars	As at 31.03.15	As at 31.03.14
a) Claims against company not acknowledged as debts	1.16	1.16
b) Guarantees given by Company on behalf of others utilized to the extent of Rs.498.92 lacs (Previous year Rs.465.14 lacs)	3850.00	3850.00
c) Bank Guarantees and letters of credit outstanding	-	-

d) Other monies for which the company is contingently liable :

The Company has contested the additional demands of Excise duty, service tax, sales tax and entry tax amounting to Rs 962.54 lacs (Gross) (Previous year Rs. 948.17 lac). Out of this a sum of Rs 183.61 lac (Previous year Rs. 178.95 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.

ii) Commitments: Rs. Lacs

Particulars	As at 31.03.15	As at 31.03.14
a) Estimated amount of contracts remaining to be executed on capital account	456.10	456.10
b) The Company has executed excise duty bond 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.	1670.00	1670.00
c) Export obligation outstanding against import of raw material.	37.97	211.98

30. Export entitle benefits

The Company is entitled to benefit under Focus Market Scheme (FMS)/Duty Drawback /SHIS on export sales made during the year. SHIS benefit availed can be transferred in the open market. The Company has realized Rs.50.85 lac amount (Previous year Rs.20.52 lac) in respect of export entitle benefits during the year.

31. Leases

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.105.56 lac (Previous year Rs.103.73 lac). The future minimum lease payment under non cancelable operating leases for each of the following period:

	<u>As at 31.03.15</u>	<u>As at 31.03.14</u>
i) Not later than one year	Rs 64.88 lac	Rs 65.56 lac
ii) later than one year but not later than five years	Rs.49.84 lac	Rs. 86.38 lac
iii) later than five years	-	-

32. Impairment of assets

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.

33. Disclosure under section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Sr. No.	Particulars	As at 31.03.2015	As at 31.03.2014
1	Principal Amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

The above in detail have been determined to the extent parties have been determined on the basis of information extracted by the management. This has been relied upon by the auditors.

34. 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 is no forward contract (Previous year Nil) against export outstanding as at the close of the year.

b) The foreign currency exposures remaining unhedged at the year end Nil (Previous year Nil). The company has negotiated all the export bills with banks.

35. Trade Payables and Trade Receivables are shown net of advances.

36. Trade Receivables, Trade Payables and advances amounting to Rs.4144.31 lac (previous year Rs.5806.68 lac) are subject to confirmation on account of certain commercial disputes. The company is in the process of settling disputes with parties and hopeful of recovery.

37. The company has accumulated losses of Rs.25762.83 lacs as at 31st March 2015. The total net worth as on date is minus Rs.22247.93 lacs. The consortium banks who had lent the money to the company have recalled their debts and taken action under SARFAESI Act, 2002. Although these events or conditions indicates material uncertainty that may cast significant doubt about the company's ability to continue on going concern. Based on detailed evaluation of its current situation and plans formulated and active discussion with prospective investor, the management is confident of raising adequate finance for its revival.

It has also filed application with BIFR and reference is registered as case no. 27/2013 on 24.05.2013. Therefore management holds the view that the company will realize its assets and discharge liabilities in the normal course of business.

Accordingly the financial statements have been prepared on the basis that company is going concern and that no adjustments are required to the carrying value of assets and liabilities.

38. The consortium banks have recalled their entire outstanding loans and taken action under SARFAESI ACT, 2002 during the year 2013-14. The company has contested such action before appropriate forums. Accordingly, the borrowing outstanding to the consortium banks as at March31, 2015 have been classified as long term and current liabilities without taking into cognizance of the recall but as per schedule of repayments stipulated.

Therefore, the interest accrued on long term and short term borrowings amount to Rs.5913.60 lacs for the period from 1st April,2013 to 31st March,2015 has not been provided in the statement of profit and loss account as these loans have been recalled by the banks and financial institutions.

39. Pursuant to applicability of Companies Act, 2013 for accounting period commencing from 1st April, 2014, the company has provided for the depreciation based on useful life of assets as prescribed in the Schedule II of the Companies Act, 2013. In case where assets' life has been completed as on 31.03.2014, the carrying amount of the same has been adjusted in Surplus/(deficit) under the head Reserve & Surplus and the effect of the same has been resulted in increase in deficit by Rs. 189.72 lacs. Also providing the depreciation as per the Schedule II of the

Companies Act, 2013 has resulted in decrease in depreciation for Rs.38.88 lacs in twelve months period ended on 31.03.2015.

40. **Prior period expenses under the head other expenses include:**

Particular	Rs. Lacs	
	Current year	Previous year
Others	<u>1.11</u>	<u>12.52</u>
Total	<u>1.11</u>	<u>12.52</u>

41. The information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per revised Schedule-III of the Companies Act, 2013:

(A) **CIF value of imports**

Rs. Lacs

	Current Year	Previous Year
Raw material	69.26	-
Components & spare parts	-	6.67
Capital Goods	-	-

(B) **Expenditure in Foreign Currency**

Rs. Lacs

	Current Year	Previous Year
Commission	-	2.92
Travelling	0.81	5.94
Others	-	0.46

(C) **Foreign exchange**

Rs. Lacs

	Current Year	Previous Year
Export of goods calculated on FOB basis	729.30	659.60

(D) **Detail of consumption of imported and indigenous items**

Rs. Lacs

	IMPORTED		PERCENTAGE		INDIGENOUS		PERCENTAGE	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Raw material	91.72	-	1.56	-	5780.78	11008.65	98.44	100.00
Component & Spares parts	-	8.66	-	4.36	94.07	190.14	100.00	95.64

42. **Previous year's figures**

Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification/disclosure.

As per our separate report of even date

For S.C.VASUDEVA & CO.,
Chartered Accountants
Firm Reg. No 000235N

For and on behalf of Board of Directors

(SANJIV MOHAN)
Partner

POOJA DAMIR MIGLANI
Company Secretary

ANIL JAIN
Vice President
(Accounts)

SURINDER KUMAR VIG
Director

JANGI LAL OSWAL
Chairman-cum-Managing Director

M.No.86066
Place : Ludhiana
Dated: 30.05.2015



MALWA COTTON SPINNING MILLS LTD.

FINANCIAL HIGHLIGHTS

(Rs .Lacs)

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Share Capital	3514.90	3514.90	3514.90	3514.90	3514.90	3459.90	3404.90	3341.41	3341.41	3341.41
Reserves	(25762.83)	(21885.45)	(17019.78)	(848.11)	1996.15	2023.65	2086.15	5495.77	6087.79	5432.85
Net Worth	(22247.93)	(18370.55)	(13504.88)	2666.79	3423.04	*3032.83	4765.31	8837.19	9429.20	8774.26
Fixed Assets(Gross)	(28748.03)	28754.80	28757.18	28743.74	28764.69	28601.51	28588.40	28541.47	28220.17	27966.00
Depreciation	(24090.07)	23642.85	23316.07	22928.97	22531.39	22103.20	21559.16	20875.70	19977.91	18914.98
Net Block	(4657.96)	5111.95	5441.11	5814.77	6233.30	6498.31	7029.24	7665.77	8242.26	9051.02
Investments	984.20	984.20	984.20	999.89	999.89	999.89	999.89	997.89	999.64	1093.83
Net Current Assets	(19525.21)	(13810.61)	(6972.79)	11032.72	19976.21	18179.98	16185.09	17600.93	18490.34	18732.16
Net Assets Employed	(13322.41)	(7082.84)	79.06	18488.16	27209.40	25678.18	24214.22	26369.77	27732.24	29038.08
Book Value Per Equity Share(Rs.)	(281.44)	(232.39)	(170.84)	33.74	43.30	41.23	70.03	143.23	152.82	142.21
Gross Income	11201.69	18904.94	31518.47	39850.94	45888.31	43763.20	45958.86	44994.84	42415.14	38059.29
Export Sales(FOB)	729.30	659.60	1024.59	2494.00	4035.85	4212.97	9077.80	8479.00	8223.58	7133.26
Gross Profit/(Loss)	(3403.16)	(4534.33)	(15784.57)	(321.93)	836.30	(1148.25)	(3485.60)	704.26	2052.98	2862.96
Depreciation	257.50	331.34	387.10	434.32	473.31	581.22	738.07	903.13	1112.89	1260.46
Profit/(Loss)Before Tax	(3687.66)	(4865.67)	(16171.67)	(756.25)	362.99	(1729.47)	(4223.67)	(198.87)	940.09	1602.50
Profit/(Loss) After Tax	(3687.66)	(4865.67)	(16171.67)	(756.25)	362.71	(1724.98)	(4371.88)	(180.25)	518.74	1188.62
Earning Per Share (Rs.)	(50.37)	(65.16)	(208.18)	(13.17)	0.99	(29.54)	(69.78)	(8.82)	2.71	13.51
Cash Earning Per Share(Rs.)	(47.11)	(60.97)	(203.28)	(7.68)	7.12	(21.01)	(58.81)	5.82	20.74	33.94

*Inculdes Application money for equity share warrants Rs.82.50 Lacs

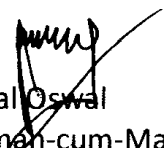
MALWA COTTON SPINNING MILLS LIMITED

Regd. Off.: Industrial Area-A, Ludhiana - 141003

Ph: 0161-2224201, Fax: 0161-5013623, CIN No: L17115PB1976PLC003702

E-mail: company.secretary@malwagroup.com Website: www.malwagroup.com

FORM B (Pursuant to Clause 31(a) of the Listing Agreement)

1	Name of the company	Malwa Cotton Spinning Mills Limited
2	Annual financial statements for the year ended	March 31, 2015
3	Type of Audit qualification	Qualified
4	Frequency of observation	Annual
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	As per Annexure A attached herewith
	Additional comments from the board/audit committee chair:	Not applicable
5	 Jangi Lal Oswal (Chairman-cum-Managing Director) DIN NO. 00257644 Address: House No. 83, The Mall Ludhiana	

MALWA COTTON SPINNING MILLS LIMITED

Regd. Off.: Industrial Area-A, Ludhiana - 141003

Ph: 0161-2224201, Fax: 0161-5013623, CIN No: L17115PB1976PLC003702

E-mail: company.secretary@malwagroup.com Website: www.malwagroup.com

Annexure A

OBSERVATIONS OF STATUTORY AUDITORS AND REPLY FROM MANAGEMENT

1. The company has not arranged to make available the confirmations and/or reconciliations to verify the balances stated in the financial statements in respect of:

- a. Trade Receivables Rs.5535.50 lacs*
- b. Loans and Advances: Rs.1472.64 lacs*
- c. Trade payables: Rs.5325.88 lacs,*

We have also not been able to perform any alternative procedures with regard to verification of the aforesaid balances and thereby have been unable to obtain sufficient appropriate audit evidence regarding the aforesaid accounts. We are unable to comment upon the difference, if any, which may arise upon the receipt of confirmations and/or the carrying out of such reconciliation.

Company's Remarks:

The company is in the process of getting the balances confirmation for debtors and advances and payables and settling the accounts with the parties. Due to recession there is delay in realization of debtors and the Company is settling with parties for its recovery and confident of recovery of debtors in respect of which balances were not confirmed and however the company has made a provision for doubtful debts for Rs.1691.28 lac in respect of these debtors during the year.

2. The management of the company has represented to us that the recoverable amount of assets within the meaning of Accounting Standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. In the absence of the workings of impairment having been prepared and made available to us for our review, we are unable to comment on whether the company needs to make a provision in respect of impairment loss on such assets and the amount of such provision.

Company's Remarks:

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.

3.The financial statements, the company has not made provision in respect of balances recoverable from Trade Receivables, Loans and Advances and Other Recoverable including for employees, which are doubtful in nature amounting to Rs. 4,144.31 lacs as on the date of the financial Statements.

Company's Remarks:

Due to recession there is delay in realization of debtors and the Company is settling with parties for its recovery and confident of recovery of debtors, loans and advances and the company has made a provision for doubtful debts for Rs.1691.28 lac in respect of these debtors and advances during the year.

4.The Company has not provided for the Interest on borrowings amounting to Rs.2,978.52 lacs. The Company has also not provided interest of Rs. 2935.08 lacs on it's borrowings pertaining to the preceding year.

Company's Remarks:

The company accounts with all the lenders had been declared as NPA and recalled by the lenders. The company based on its audited balance sheet as at 31st March,2013 has become sick and reference was registered with Board for Industrial & Financial Reconstruction (BIFR). The company is in process for settling the loans under OTS with all the lenders and expecting to settle the same with all the lenders. Therefore, interest on borrowing is not provides however the same is explained under Note. The company has disclosed under the note no 26 (38) of THE NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH. 2015

5.The loss for the year ended 31st March, 2015 would have been Rs.13,746 lacs (against the reported figure of Rs.3,688 lacs) and reserves and surplus would have been Rs. 35,821 lacs (against the reported figure of Rs. 25,763 lacs) and current assets would have been ((Rs. 1,219 lacs) (against the reported figure of Rs. 8,839 lacs).

Company's Remarks:

Explanation given at Sr. no. 4& 5

6. The earning (loss) per share for the year ended 31 March, 2015 would have been Rs.(177.61) against reported earning (loss) per share of Rs.(50.37).

Company's Remarks:

Explanation given at Sr. no. 4& 5

7.Non disclosure of segment results separately in respect of sewing thread segment in accordance with the requirement of Accounting Standard (AS) – 17 on “ Segment Reporting” notified by the Company (Accounting Standard) Rules, 2006.

Company’s Remarks:

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