



55th

ANNUAL REPORT

2009-2010

OSWAL SPINNING AND WEAVING MILLS LIMITED

OSWAL SPINNING AND WEAVING MILLS LIMITED

NOTICE

Notice is hereby given that **55th Annual General Meeting** of the Members of Oswal Spinning and Weaving Mills Ltd. will be held on **Saturday the 26th day of March, 2011 at 11.00 A.M. at the Registered Office of the Company at G.T. Road, Jugiana, Ludhiana** to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2010 and Profit & Loss Account for the year ended on that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Pawan Kumar Bahl who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration. The retiring Auditors M/s Dass Khanna & Co., Chartered Accountants, are eligible for reappointment.

SPECIAL BUSINESS

4. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:-

RESOLVED THAT Dr. Yash Paul Sachdeva, who was appointed as additional director of the Company on 25th February, 2010 as per the provisions of Section 260 of the Companies Act, 1956 and who holds his office upto the date of this Annual General Meeting and in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 proposing his candidature for appointment as Director of the Company be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation as per the provisions of the Companies Act, 1956.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE: LUDHIANA

DATED: 24.02.2011

NOTES

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

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Explanatory Statement pursuant to section 173 (2) is annexed herewith and forms parts of this Notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Friday March 25, 2011 to Monday, March 28, 2011** (both days inclusive).
4. Members are requested to bring their copies of Annual Report with them at the time of the meeting.
5. Any query relating to the Annual Accounts must be sent to the Registered Office of the Company at least 5 days before the date of meeting to enable the management to keep the information ready at the meeting.

OSWAL SPINNING AND WEAVING MILLS LIMITED

6. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
7. All documents referred to in the accompanying notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting.
8. Members are requested to quote their Folio No./Client ID No. & DP ID No. while corresponding with the Company and also notify the change in registered address/residential status, if any.
9. Sh. Pawan Kumar Bahl retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting. The information or details to be provided in this regard under the Corporate Governance Code are as under:-
 - 1) Sh. Pawan Kumar Bahl is 39 years of age. He is the Director of the Company since 20.03.2006. He is a practicing Chartered Accountant and has experience of more than 13 years. He is the Chairman/member of Audit Committee & Investors Grievance Committee. He is not on the Board of any other company. He does not hold any share in the Company.

ANNEXURE TO NOTICE

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

FOR ITEM NO. 4

Dr. Yash Paul Sachdeva was appointed as an Additional Director by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956. Dr. Yash Paul Sachdeva shall hold office up to the date of ensuing Annual General Meeting of the Company. The Company has received valid notice and requisite deposit fee from a member of the Company under section 257 of the Companies Act, 1956 proposing the candidature of Dr. Yash Paul Sachdeva for the office of Director.

Dr. Yash Paul Sachdeva is 48 years of age. He is a renowned Teacher in Accounting and Financial Management. He has obtained Master's Degree in Business Administration and Ph.D in Business Administration with specialization in Financial Management. He has 20 years Graduate and Post Graduate level teaching experience. At present, he is Professor Cum Head, Department of Business Management, Punjab Agricultural University, Ludhiana. He has functioned as Chairman of various Academic Committees of the Punjab Agricultural University. He has published various Research Articles and also authored a book on Stock Markets. He has been on the Editorial Boards of several Reputed Journals. His area of specialization is Accounting and Finance, Security Analysis and Portfolio Management. He has requisite qualifications and experience for his appointment as a Director of the Company. He does not hold any share in the Company. He is Director in Cotton County Retail Ltd., Nahar Poly Films Ltd. and Nahar Industrial Enterprises Ltd. Your Directors recommend the resolution under this item for approval by the members.

MEMORANDUM OF INTEREST

None of the Directors of the Company except Dr. Yash Paul Sachdeva himself is in any way concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE: LUDHIANA

DATED: 24.02.2011

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

Registered Office:
G.T. Road, Jugiana,
Ludhiana-141 014

OSWAL SPINNING AND WEAVING MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the 55th Annual Report of the Company together with the Audited Accounts for the year ended 30th September, 2010.

FINANCIAL HIGHLIGHTS

(Rs.in lacs)

PARTICULARS	YEAR ENDED	YEAR ENDED
	30.09.2010	30.06.2009
	(15 Months)	(12 Months)
Net Sales & Other Income	11850.64	8211.76
Gross Profit	1569.15	1315.82
Less:		
(i) Financial Expenses	952.01	747.66
(ii) Depreciation	518.50	407.47
iii) Provisions for Fringe Benefit Tax	0	3.70
Net Profit	98.64	156.99
Adjustments Relating to Previous Years	(-) 0.22	(-) 0.09
Balance brought forward from earlier years	(-) 1761.82	(-) 1918.71
Tfd. from Debentures Redemption Reserve	165.00	0
Balance carried over to Balance Sheet	(-) 1498.40	(-) 1761.82

PERFORMANCE REVIEW

During the year under report, Cotton Spinning Unit of the company produced 69.66 lacs kgs. of cotton yarn at an average count of Ne 24.06 as compared to previous year's production of 54.86 lac kgs. of cotton yarn at an average count of Ne 25.97. The Company achieved net income of Rs.11850.64 lacs as compared to Rs. 8211.76 lacs in the previous year. Gross profit was Rs.1569.15 lacs as compared to Rs. 1315.82 lacs during the previous year. The Company earned net profit of Rs.98.64 lacs as compared to net profit of Rs. 156.99 lacs during the previous year.

From the above it can be seen that in terms of production and sales there was improvement in the performance of the Company during the year under report as compared to the previous year but gross profit and net profit of the Company have slightly declined. Major reasons for this decline in profitability were increase in cost of raw materials, increase in salary/wages and other cost inputs like stores, packing material and other manufacturing expenses. During the year, the Govt. also withdrew incentives like Duty Draw Back/DEPB scheme earlier given to the exporters. Your company being export oriented was hit by the withdrawal of these incentives. Increase in interest rates also affected the profits of the Company. However, the adverse effect of all these factors was, to a large extent, offset by increase in prices of cotton yarn, due to which there was only marginal decline in profits of the Company.

EXPORTS

Your company is producing high quality products conforming to international standards and the Cotton Spinning Unit has been awarded ISO 9001 2000 certification. The Company is supplying yarns in various countries and to some of the most reputed global yarn importers. Because of its exports performance, your company has been awarded the status of a Star Export House by Government of India.

During the year under report, the Company made an export turnover of Rs.8653.08 lacs as compared to previous year's export turnover of Rs. 5314.79 lacs. So, there was a significant improvement in company's export turnover as compared to that of the previous year.

OSWAL SPINNING AND WEAVING MILLS LIMITED

CURRENT YEAR'S OUTLOOK

Your company is manufacturing 100% grey cotton yarns and mainly exporting the same. With the onset of recovery from the previous year's meltdown, demand for cotton yarn has shot up in the international market and consequently there has also been tremendous increase in yarn prices also. This had also led to increase in yarn prices in domestic market also which had negative impact on domestic weaving and garmenting industry. To protect the domestic garment manufactures, Government has put quantitative restrictions on export of yarns. This has led to stoppage of export of yarn after the second week of January, 2011. Resultantly, the yarn exporters have to sell yarn in the domestic market, which is now witnessing a sharp fall in yarn prices.

On the other hand, there is an acute shortage of raw cotton in international market due to crop failure in China, Pakistan and U.S. Resultantly, Cotton prices have seen a phenomenal increase during the current season, inspite of bumper cotton crop in India. This has resulted in mismatch between raw cotton cost and prices of cotton yarn in domestic market. This is adversely affecting the financial performance of the Company. The cotton yarn manufactures are appealing to the Govt. to lift the restrictions on export of cotton yarn. Taking the aforesaid factors in view, your directors expect that the overall financial performance of the Company will remain the same as that of the previous year.

DIVIDEND

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

FINANCIAL YEAR

The financial year of the Company under Report was extended from 12 months to 15 months i.e. from 01.07.2009 to 30.09.2010.

DIRECTORS

During the year under report, Dr. Yash Paul Sachdeva was appointed as Additional Director by the Board on 25.02.2010 and he holds office till the ensuing Annual General Meeting. The Company has received a notice from a member proposing his appointment as a Director liable to retire by rotation in the ensuing Annual General Meeting. Sh. Pawan Kumar Bahl retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act 1956, your directors confirm that:-

- i) in the preparation of the accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th September, 2010 and of the profit of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the Annual Accounts on a going concern basis.

OSWAL SPINNING AND WEAVING MILLS LIMITED

CORPORATE GOVERNANCE

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

AUDITORS AND THEIR OBSERVATIONS

M/s Dass Khanna & Co., Chartered Accountants, Ludhiana, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Report of the Auditors is self explanatory and also explained in the respective Notes on Accounts and hence does not call for any explanation or clarification by the Board. However, clarifications to some of the points raised by the Auditors are as under:-

Regarding depreciation provided in the Cotton Spinning Unit on continuous process basis, the matter is already explained in Note No. 10. Regarding non provision in respect of debtors not considered good, the same has not been provided as the Company is making efforts to recover the amount of debt from them.

COST AUDITORS

The Company has appointed, subject to the approval of the Central Govt., Sh. Rishi Mohan Bansal as Cost Auditor for the Cotton Spinning Unit of the Company for the year 2010-2011.

PUBLIC DEPOSITS

As on 30th September, 2010, the outstanding deposits amounted to Nil and the overdue unclaimed deposits amounted to Nil.

LISTING

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

PARTICULARS OF EMPLOYEES

The information as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is Nil.

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

The information pursuant to section 217 (1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure I to this Report.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD

**PLACE : LUDHIANA
DATED : 24.02.2011**

**R.P. OSWAL
CHAIRMAN**

OSWAL SPINNING AND WEAVING MILLS LIMITED

ANNEXURE - I

INFORMATION AS PER SECTION 217 (1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2010.

A. CONSERVATION OF ENERGY

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

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

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

B. TECHNOLOGY ABSORPTION

As per **Form B** attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | <p>i) Activities relating to Exports, Initiative taken to increase exports, Development of New Export Markets for products and export plans</p> <p>ii) Total Foreign Exchange used and earned</p> <p>(a) Foreign Exchange Earned</p> <p>(b) Foreign Exchange Outgo</p> | <p>The Company has made serious and concerted efforts to exports its products during the year under report. It has created new overseas markets for its product in addition to consolidating its position in the existing overseas markets.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Current Year</th> <th style="text-align: center;">Previous Year</th> </tr> <tr> <th style="text-align: center;">(Rs. In lacs)</th> <th style="text-align: center;">(Rs. In lacs)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">7648.01</td> <td style="text-align: center;">4972.55</td> </tr> <tr> <td style="text-align: center;">110.19</td> <td style="text-align: center;">102.34</td> </tr> </tbody> </table> | Current Year | Previous Year | (Rs. In lacs) | (Rs. In lacs) | 7648.01 | 4972.55 | 110.19 | 102.34 |
|--|---|---------------------|---------------|----------------------|---------------|----------------|---------|---------------|--------|
| Current Year | Previous Year | | | | | | | | |
| (Rs. In lacs) | (Rs. In lacs) | | | | | | | | |
| 7648.01 | 4972.55 | | | | | | | | |
| 110.19 | 102.34 | | | | | | | | |

FORM-A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION OF ENERGY

S.No.	Particular	2009-2010 (15 months)	2008-2009 (12 months)
(A) POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
a)	Purchased Units (000 KWH)	18676.80	16000.58
	Total Amount (Rs. In lacs)	945.88	716.86
	Rate/Unit (Rs.)	5.06	4.48
2. OWN GENERATION*			
i)	Through diesel generation Units KWH (000 KWH)	1208.58	293.592
	Total Amount (Rs. In lacs)	102.54	25.81
	Unit/Ltr. KWH	3.62	3.49
	Cost/Unit (Rs.)	8.48	8.79
(B) CONSUMPTION PER UNIT OF PRODUCTION (KWH/MT)		2854.66	2970.05

*The figure does not include own generation made by the company for Admn. Office.

OSWAL SPINNING AND WEAVING MILLS LIMITED

FORM-B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT

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

BENEFITS DERIVED AS A RESULT OF ABOVE R&D

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

EXPENDITURE ON RESEARCH & DEVELOPMENT

a) Capital (Rs.in lacs)	NIL
b) Recurring (Rs.in lacs)	0.41

B. TECHNOLOGY ABSORPTION

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Balance Sheet as at 30.09.2010 and Profit and Loss Account for the year ended on that date have been prepared as per the provisions of the Companies Act, 1956 and prescribed Accounting Standards. Accounting Statements have been made on prudent and reasonable basis so as to reflect in a true and fair manner, state of affairs of the Company for the year ended on 30.09.2010.

BUSINESS ORGANIZATION

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

COTTON YARN

Cotton Spinning is one of the oldest industries and with the passage of time the industry has upgraded technology wise. However, there is some uncertainty about availability of good quality cotton as cotton being an agricultural commodity, is subject to vagaries of weather, floods and pest/disease attack. At present there is good scope of export of Indian Cotton yarn, if industry is able to get good quality cotton indigenously. With the introduction of BT Cotton, the prospects of getting good quality cotton have brightened. During the previous cotton season which ended in September, 2010 Country's crop size was 315 lac bale. In spite of good cotton crop, the cost of raw material remained very much on the higher side due to overall global shortage of Cotton. There was also increase in other inputs like power and fuel, salary and wages, stores etc. which increased

OSWAL SPINNING AND WEAVING MILLS LIMITED

the overall cost of production. During the year, the Govt. also withdraw incentives like Duty Draw Back/DEPB scheme earlier given to the exporters. Your company being export oriented was hit by the withdrawal of these incentives. Increase in interest rates also affected the profits of the Company. However, the adverse effect of all these factors was, to a large extent, offset by increase in prices of cotton yarn, due to which there was only marginal decline in profits of the Company.

STRENGTHS

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

WEAKNESSES

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

OPPORTUNITIES

- Growing market for textiles and made ups.
- Emerging overseas markets.
- Quota frees regime with increased exports.

THREATS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

RISK MANAGEMENT

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

OUTLOOK

Your company is manufacturing 100% grey cotton yarns and mainly exporting the same. With the onset of recovery from the previous year's meltdown, demand for cotton yarn has shot up in the international market and consequently there has also been tremendous increase in yarn prices

OSWAL SPINNING AND WEAVING MILLS LIMITED

also. This had also led to increase in yarn prices in domestic market also which had negative impact on domestic weaving and garmenting industry. To protect the domestic garment manufactures, Government has put quantitative restrictions on export of yarns. This has led to stoppage of export of yarn after the second week of January, 2011. Resultantly, the yarn exporters have to sell yarn in the domestic market, which is now witnessing a sharp fall in yarn prices.

On the other hand, there is an acute shortage of raw cotton in international market due to crop failure in China, Pakistan and U.S. Resultantly, Cotton prices have seen a phenomenal increase during the current season, inspite of bumper cotton crop in India. This has resulted in mismatch between raw cotton cost and prices of cotton yarn in domestic market. This is adversely affecting the financial performance of the Company. The cotton yarn manufactures are appealing to the Govt. to lift the restrictions on export of cotton yarn. Taking the aforesaid factors in view, your directors expect that the overall financial performance of the Company will remain the same as that of the previous year.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

CAUTIONARY STATEMENT

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

OSWAL SPINNING AND WEAVING MILLS LIMITED

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

As at 30.09.2010, the Board of Directors of the Company comprised of 6 Directors out of which 3 were Promoter Directors and 3 were Independent directors.

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

S. No.	Name of the Director	Designation	Category	No. of Board Meetings Attended	Attendance at Last AGM	Total No. of Directorships in other companies	Total No. of Committee Memberships	Total No. of Board Chairmanships	Total No. of Committee Chairmanships
1.	Sh. R.P. Oswal	Chairman	Non-Executive/ Promote Director	6	Yes	7	3	1	1
2.	Sh. A.K. Oswal	Managing Director	Executive/ Promoter Director	6	Yes	3	2	-	-
3.	Sh. Sambhav Oswal	Director	Non-Executive/ Promoter Director	4	Yes	3	-	-	-
4.	Sh. Pawan Kumar Bahl	Director	Non-Executive independent Director	6	Yes	-	2	-	2
5.	Sh. Raghuvir Chand Singal	Director	Non-Executive independent Director	5	Yes	13	2	-	-
6.	Dr.Yash Paul Sachdeva*	Director	Non-Executive Independent Director	2	No	3	-	-	-

* Inducted on the Board as Director w.e.f. 25.02.2010.

BOARD PROCEDURE

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

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

During the year Board met 6 times i.e. on 28.07.2009, 30.10.2009, 23.11.2009, 25.02.2010, 22.05.2010 and 10.08.2010. The intervening gap between two Board Meetings was well within the maximum prescribed gap of 4 months.

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3. COMMITTEES OF THE BOARD

The Board has constituted three Committees i.e. Audit Committee, Share Transfer Committee and Investors Grievance Committee.

A. AUDIT COMMITTEE

i) BROAD TERMS OF REFERENCE

The terms of reference of Audit Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

ii) COMPOSITION OF THE COMMITTEE

As on 30.09.2010, the following Directors were the members of the Audit Committee:-

1. Sh. Pawan Kumar Bahl, Chairman	:	Non-Executive Independent Director
2. Raghuvir Chand Singal, Member	:	Non-Executive Independent Director
3. Sh. R.P. Oswal, Member	:	Non-Executive Promoter Director

iii) Meetings / Attendance

During the financial year under report, Audit Committee met 6 times i.e. 28.07.2009, 30.10.2009, 23.11.2009, 25.02.2010, 22.05.2010 and 10.08.2010. The attendance of the members of the Committee is given below:-

Committee Members	Category	No. of Committee Meetings attended
Sh. Pawan Kumar Bahl	Non-Executive Independent Director	6
Sh. R.P. Oswal	Non-Executive Promoter Director	6
Sh. Raghuvir Chand Singal	Non-Executive Independent Director	5

The Chairman of Audit Committee was present at the Annual General Meeting of the Company held on 29.12.2009.

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

B. SHARE TRANSFER COMMITTEE

The Company has a Committee of Directors titled as Share Transfer Committee to deal with registration of share transfers, issue of duplicate share certificates and related matters. Sh. R.P. Oswal and Sh. A.K. Oswal are members of the Committee. The Committee meets frequently to dispose of the above matters effectively and expeditiously. During the year under report Share Transfer Committee held 37 meetings.

C. INVESTORS GRIEVANCE COMMITTEE

The Company has an Investors Grievance Committee to redress the grievances of investors. It consists of 4 directors namely Sh. Pawan Kumar Bahl, Sh. R.P. Oswal, Sh A.K. Oswal and Sh. Raghuvir Chand Singal. Sh. Pawan Kumar Bahl, Non-Executive Independent Director is the Chairman of the Committee. The Company attends to Investors grievances/ correspondence expeditiously and usually a reply is sent within 15 days of receipt of letter except in the cases that are constrained by dispute or legal impediment. The total complaints received during the year were 4 which were resolved. There was no outstanding complaint as on 30th September, 2010.

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D. GENERAL BODY MEETINGS

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

Financial Year	Location	Date	Time
2006-07	G.T. Road, Jugiana, Ludhiana	29.12.2007	10.00 A.M.
2007-08	G.T. Road, Jugiana, Ludhiana	26.12.2008	11.00 A.M.
2008-09	G.T. Road, Jugiana, Ludhiana	29.12.2009	10.00 A.M.

ii. Special Resolutions passed in the previous three Annual General Meetings:-

2006-07

No Special Resolution was passed.

2007-08

No Special Resolution was passed.

2008-09

Special Resolution was passed for appointment of Sh. Anubhav Oswal as Manager (Marketing)

iii. Special resolution passed last year through postal ballot.

No Special resolution was passed during the financial year ended 30.09.2010 through postal ballot.

iv. Proposal of Special Resolution through postal ballot Presently, no Special resolution is proposed to be conducted through postal ballot.

E. REMUNERATION COMMITTEE

The Company has not constituted Remuneration Committee as it is not paying remuneration to any of its Directors except that sitting fee of Rs.500/- is being paid to Independent Directors for each meeting of the Board/Committee of the Board attended by them.

4. DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS FOR THE YEAR ENDED ON 30.09.2010

During the year under Report, no remuneration was paid to any Director. However, sitting fee of Rs. 500/- was paid to Sh. Pawan Kumar Bahl, Sh. Raghuvir Chand Singal and Dr. Yash Paul Sachdeva, the three Independent Directors, in respect of each meeting of the Board /Committees of the Board attended by them. Total amount paid/payable to these Directors as sitting fee was Rs. 12,000/- during the year under report.

5. COMPLIANCE OFFICER

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

6. DISCLOSURES

A. None of the transactions with any of the related parties were in conflict with the interests of the Company at large.

B. There has been no case of any penalties/strictures imposed on the Company by Stock Exchange(s), or SEBI or any other statutory authority, on any matters related to capital markets during the last 3 years. However, listing fee is due to some stock exchanges which could not be paid due to severe financial problems being faced by the Company. The Company is making efforts to clear their outstanding dues.

OSWAL SPINNING AND WEAVING MILLS LIMITED

C. The Company has not adopted a whistle blower policy. However, no person of the company has been denied access to the Audit Committee.

D. The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance. As regards Non-Mandatory requirements, the company will endeavor to implement them to the extent possible.

7. MANAGING DIRECTOR'S CERTIFICATE

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

8. MEANS OF COMMUNICATION

Quarterly/Half Yearly Results

Published in the Leading National and vernacular News Papers

Whether MD & A is a part of Annual Report Yes

9. SHAREHOLDER INFORMATION

A. Annual General Meeting

Date : 26th, March, 2011.

Time : 11:00 A.M.

Venue : Registered Office of the Company at G.T. Road, Jugiana, Ludhiana-141014.

B. FINANCIAL CALENDER FOR THE YEAR 2009-2010

Financial Reporting for the quarter ending December, 2010 24th February, 2011

Financial Reporting for the quarter ending March, 2011 Mid April, 2011

Financial Reporting for the quarter ending June, 2011 Mid July, 2011

Financial Reporting for the quarter ended September, 2011 Mid October, 2011

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

M/s. Beetal Financial & Computer Services (P) Ltd.,

Beetal House, 3rd Floor,

99 Madangir, BH-Local Shopping Complex,

Near Dada Harsukhdas Mandir, New Delhi-110062.

Tel: 011-29961281, 29961282; Fax: 011-29961284

E mail:- beetal_99@sify.com

D. SHARE TRANSFER SYSTEM

Shares lodged for Transfer are normally processed within 21 days from the date of receipt.

OSWAL SPINNING AND WEAVING MILLS LIMITED

E INVESTORS CORRESPONDENCE

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

M/s Oswal Spinning and Weaving Mills Ltd.

G.T. Road, Jugiana,

P.O. Dhandari Kalana,

LUDHIANA-141014.

Phone: 0161-2511202-204

Fax: 0161-2511201

E-mail: ocsm@satyam.net.in

F SHAREHOLDING PATTERN OF THE COMPANY AS ON 30.09.2010

Sr. No.	Category	No. of Shares held	Percentage of Shareholding
A	Promoters and Associates	34004045	37.29
B	Banks, Financial Institutions and Mutual Funds	28246350	30.97
C	Indian Public	28779490	31.55
D	NRI/OCB/FII's	171215	0.19
	Total	91201100	100.00

G DISTRIBUTION OF SHAREHOLDING AS ON 30.09.2010

NO. OF SHARES HELD	NUMBER OF HOLDERS	%AGE TO TOTAL NO.OF HOLDERS	NUMBER OF SHARES	%AGE OF TOTAL EQUITY
Upto - 500	30036	99.36	8593909	9.42
501 - 1000	106	0.35	793868	0.87
1001 - 2000	39	0.13	512690	0.56
2001 - 3000	9	0.03	228477	0.25
3001 - 4000	5	0.02	171460	0.19
4001 - 5000	1	0.00	50000	0.06
5001 - 10000	6	0.02	476440	0.52
10001 & Above	28	0.09	80374256	88.13
TOTAL	30230	100.00	91201100	100.00

H. LISTING ON STOCK EXCHANGES

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

1. The Bombay Stock Exchange Limited, Mumbai.
2. The Ludhiana Stock Exchange Association Limited, Ludhiana.
3. The Ahmadabad Stock Exchange Limited, Ahmadabad.
4. The Delhi Stock Exchange Association Limited, New Delhi .
5. The Calcutta Stock Exchange Association Limited, Kolkata.

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

OSWAL SPINNING AND WEAVING MILLS LIMITED

I. DEMATERIALIZATION OF SHARES

Company's shares is permitted only in dematerialised form w.e.f. 30.04.2001. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Service Ltd., (CDSL).

Shares Dematerialisation Record:- The following data indicate the extent of dematerialisation of Company's shares as on 30.09.2010.

No. of Shares Dematerialised	:	55213235	:	60.54% of total Share Capital
No. of shareholders in Demat form	:	7553	:	24.85% of total No. of shareholders

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

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

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

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

L. MARKET PRICE DATA*

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

MONTH	SHARE PRICE OF THE COMPANY				BSE SENSEX			
	HIGHEST (Rs.)	LOWEST (Rs.)	CLOSING (Rs.)	% CHANGE OVER LAST MONTH CLOSING	HIGHEST (Rs.)	LOWEST (Rs.)	CLOSING (Rs.)	% CHANGE OVER LAST MONTH CLOSING
JULY 2009	2.95	2.31	2.48	-17.05	15732.81	13219.99	15670.31	8.11
AUGUST 2009	3.17	2.30	2.99	20.56	16002.46	14684.45	15666.64	-0.02
SEPTEMBER 2009	3.30	2.66	2.75	-8.03	17142.52	15356.72	17126.84	9.32
OCTOBER 2009	2.87	2.18	2.26	-17.82	17493.17	15805.20	15896.28	-7.18
NOVEMBER 2009	2.75	2.13	2.52	11.50	17290.48	15330.56	16926.22	6.48
DECEMBER 2009	3.10	2.35	2.90	15.08	17530.94	16577.78	17464.81	3.18
JANUARY 2010	6.32	2.70	5.05	74.17	17790.33	15982.08	16357.96	-6.34
FEBRUARY 2010	6.76	4.13	4.32	-14.46	16669.25	15651.99	16429.55	0.44
MARCH 2010	4.58	3.45	3.61	-16.44	17793.01	16438.45	17527.77	6.68
APRIL 2010	4.89	3.50	4.02	11.36	18047.86	17276.80	17558.71	0.18
MAY 2010	4.20	3.05	3.43	-14.68	17536.86	15960.15	16944.63	-3.50
JUNE 2010	3.57	2.96	3.27	-4.66	17919.62	16318.39	17700.90	4.46
JULY 2010	4.30	3.10	3.72	13.76	18237.56	17395.58	17868.29	0.95
AUGUST 2010	3.95	3.35	3.47	-6.72	18475.27	17819.99	17971.12	0.58
SEPTEMBER 2010	4.20	3.25	3.57	2.88	20267.98	18027.12	20069.12	11.67

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

OSWAL SPINNING AND WEAVING MILLS LIMITED

M. UNCLAIMED DIVIDEND

There were no unclaimed dividends etc. to be transferred by the Company to the Investor Education and Protection Fund, as at 30th September, 2010 pursuant to section 205 C of the Companies Act, 1956.

N. PLANT LOCATION OF THE COMPANY

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

O. DEPOSITORY SERVICES

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

P. CEO Certification

AS required under Clause 49 of the Listing Agreement, a certificate duly signed by the CEO was placed at the meeting of the Board of Directors held on 24.02.2011.

Q. SECTERIAL AUDIT FOR RECONCILIATION OF CAPITAL

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

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

MANAGING DIRECTOR'S DECLARATION

Pursuant to the requirement of Clause of 49 of the Listing Agreement, I hereby confirm that all Board Members and Senior management personnel (as defined in abovesaid clause 49) of the Company have affirmed compliance with 'code of conduct for Board and Senior Management personnel' for the year ended 30.09.2010.

PLACE : LUDHIANA
DATE : 24.02.2011

A.K. Oswal
(Managing Director)

OSWAL SPINNING AND WEAVING MILLS LIMITED

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE REPORT

The Members of
OSWAL SPINNING AND WEAVING MILLS LTD.

We have examined the compliance of conditions of corporate governance by Oswal Spinning and Weaving Mills Ltd. for the year ended 30.09.2010 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

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

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

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

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

**PLACE : LUDHIANA
DATE : 24.02.2011**

**(R. D. Khanna)
PARTNER
(M No. 12391)**

OSWAL SPINNING AND WEAVING MILLS LIMITED

Auditors' Report

To,

The Members

OSWAL SPINNING AND WEAVING MILLS LIMITED

1. We have audited the attached balance sheet of **OSWAL SPINNING AND WEAVING MILLS LIMITED**, as at 30th September 2010, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account ;

(iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

(v) On the basis of written representation received from the Directors as on 30th September 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 30th September 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(vi) We report that :-

1. Depreciation on Spinning Plant in case of cotton spinning unit, has been provided at rate prescribed for continuous plant. Had the depreciation been provided as the general plant & machinery, the depreciation for the year on cotton spinning unit would have been Rs. 66,55,030/- instead of Rs. 4,37,08,556/-.
2. Non Provision of Penal Interest amounting to Rs. 67,92,857/- on term loan.
We further report that had the observation made by us in (1) above been considered for the year.
 - a) The Profit would have been Rs. 4,01,24,317/- as against Profit reported figure of Rs.98,63,648/-.
 - b) Debit Balance of Profit & Loss Account would have been Rs.11,95,80,135/- as against reported figure of Rs.14,98,40,804/-.
 - c) Fixed Assets would have been Rs. 11,75,76,272/- as against the reported figure of Rs. 23,92,96,700/-.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to above and Non provision in respect of Debtors not considered good and read together with notes on accounts as per Annexure 'P' thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

OSWAL SPINNING AND WEAVING MILLS LIMITED

1. In the case of the balance sheet, of the state of affairs of the company as at 30th September, 2010.
2. In the case of the profit and loss account, of the profit for the year ended on that date; and
3. In the case if the cash flow statement, of the cash flows for the year ended on that date.

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

**PLACE : LUDHIANA
DATED : 24.02.2011**

**(R.D. KHANNA)
PARTNER
M.NO. 12391**

ANNEXURE TO THE AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPHPGRAPH (3) OF OUR REPORT OF EVEN DATE ON THE STATEMENT OF ACCOUNTS OF **OSWAL SPINNING AND WEAVING MILLS LIMITED** FOR THE YEAR ENDED 30th SEPTEMBER, 2010.)

- | | |
|--|---|
| <p>(i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>b) The company has system of physical verification of its fixed assets at the year end .In our opinion, the system is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>c) During the year, the company has not disposed off a substantial part of the fixed assets which affected the going concern status of the company.</p> <p>(ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.</p> <p>b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</p> | <p>c) The company is maintaining proper records of inventory. No discrepancies noticed on verification between the physical stocks and the book records</p> <p>(iii) (a) The company has taken loan from Five companies and 18 other parties covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs.6,15,20,699/- and the year end balance of loans was Rs.6,15,20,699/-</p> <p>(b) The rate of interest and other terms and conditions in respect of loans taken are not prima-facie prejudicial to the interest of the Company.</p> <p>(c) According to information and explanations given to us, the parties from whom the loans and advances in the nature of loans have been taken, the interest wherever applicable and principal amounts are being repaid as stipulated.</p> <p>(d) The company has not granted loan to companies covered in the register maintained under section 301 of the Companies Act, 1956. So Para No.e, f, g are Not Applicable.</p> <p>(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and service. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.</p> <p>(v) (a) According to the information and explanations give to us, we are of the opinion that there were no particulars of contracts or arrangements that need to be entered into the register required to be maintained under section 301 of the Companies Act, 1956.</p> <p>(b) In view of the above, clause (v) (b) of this order is not applicable for the current year.</p> |
|--|---|

OSWAL SPINNING AND WEAVING MILLS LIMITED

- (vi) According to the information and explanations given to us, The company has not accepted deposits from the public within the meaning of Section 58A, section 58AA or any other relevant provision of the companies Act, 1956 and the companies(Acceptance of Deposit) rules, 1975
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed Provident Fund, ESI, Income Tax, Service Tax with the Appropriate Authorities.
- (b) According to the information and explanations given to us, there are no dues of Provident fund ,ESI, Income Tax, Sale Tax, Excise Duty, Custom duty, wealth tax, Service tax, which have not been deposited on account of any dispute except Sale Tax penalty amounting to Rs 135000/- demanded in year 2000-2001 which is disputed in Sale Tax Appellate Authority.
- (x) The accumulated losses of the company are not more than its net worth. The company has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year.
- (xi) The company has shown that Non Convertible Debentures of Rs. 1.65 crore has been paid off as on balance sheet date but evidence has not been produced for the verification. However, In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of Term Loan due to KOTAK MAHINDRA BANK LIMITED for Rs.22.45 Crore.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/mutual benefit fund/ society.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The company has not raised Term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that during the year company has not applied any funds on long -term basis out of short term funds.
- (xviii) According to the information and explanations given to us, during the year, company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the company has issued debentures during the year. Accordingly, the provisions of clause 4(XIX) of the order are not applicable to the company.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) In our opinion and 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 DASS KHANNA & CO.,
CHARTERED ACCOUNTANTS
(Firm Regn No. 000402 N)**

**PLACE : LUDHIANA
DATED : 24.02.2011**

**(R.D. KHANNA)
PARTNER
M.NO. 12391**

OSWAL SPINNING AND WEAVING MILLS LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 2010

PARTICULARS	ANNEXURE	AS AT 30.09.2010 Rs.	AS AT 30.06.2009 Rs.
I. SOURCES OF FUNDS			
A. Shareholders' Funds			
Share Capital	'A'	261960630	261960630
Reserves & Surplus	'B'	134861700	151361700
		<u>396822330</u>	<u>413322330</u>
B. Loan Funds			
Secured Loans	'C'	374261801	400521568
Unsecured Loans	'D'	118769454	96419053
		<u>493031255</u>	<u>496940621</u>
	TOTAL	<u>889853585</u>	<u>910262951</u>
II. APPLICATION OF FUNDS			
A. Fixed Assets			
Gross Block	'E'	841182016	840642035
Less : Depreciation		601885316	550035112
Net Block		239296700	290606923
Capital Work-in-Progress including advances on Capital Accounts		28376372	28302092
	TOTAL	<u>267673072</u>	<u>318909015</u>
B. Investments			
	'F'	3789100	3789100
C. Current Assets, Loans & Advances			
Inventories	'G'	129004732	152880977
Sundry Debtors		246340731	209141675
Cash & Bank Balances		50919392	25189341
Loans & Advances		152850919	142003666
		<u>579115774</u>	<u>529215659</u>
D. Current Liabilities & Provisions			
Current Liabilities	'H'	110565165	117399586
Provisions		0	433248
		<u>110565165</u>	<u>117832834</u>
Net Current Assets (C – D)		468550609	411382825
Profit and Loss Account		149840804	176182011
	TOTAL	<u>889853585</u>	<u>910262951</u>
NOTES ON ACCOUNTS			
	'P'		

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

For and on behalf of the Board
(A. K. Oswal)
Managing Director

(R. P. Oswal)
Chairman

This Is The Balance Sheet
referred to in our report of even date

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

Place : Ludhiana
Dated : 24.02.2011

(R. D. Khanna)
Partner
M.NO.12391

OSWAL SPINNING AND WEAVING MILLS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2010

PARTICULARS	ANNEXURE	CURRENT YEAR (15 Months) (Rs.)	PREVIOUS YEAR (12 Months) (Rs.)
A. INCOME			
Sales (Gross)	I(i)	1178123741	802497703
Other Income	I(ii)	6940617	18678262
	TOTAL	1185064358	821175965
B. EXPENDITURE			
Cost of Materials	J	752359988	487913101
Mfg. & Maintenance Expenses	K	137904846	100273584
Personnel Expenses	L	65287184	47525925
Administrative Expenses	M	17923370	11500714
Selling Expenses	N	54674038	42380589
Financial Expenses	O	95201078	74765506
Depreciation		51850206	40747348
	TOTAL	1175200710	805106767
Net Profit Before Tax		9863648	16069198
Provision for Fringe Benefit Tax		0	370328
Net Profit After Tax		9863648	15698870
Adjustments for previous years		(22442)	(9385)
Add : Balance brought forward from earlier years		(176182011)	(191871497)
Add : Transferred from Debenture Redemption Reserve		16500000	0
Balance carried over to Balance Sheet		(149840804)	(176182011)
Basic & Diluted Earning Per Share		0.11	0.17

NOTES ON ACCOUNTS

‘P’

For and on behalf of the Board

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

(A. K. Oswal)
Managing Director

(R. P. Oswal)
Chairman

This is the Profit and Loss a/c
referred to in our report of even date

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

Place : Ludhiana
Dated : 24.02.2011

(R. D. Khanna)
Partner
M.NO.12391

OSWAL SPINNING AND WEAVING MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2010

	CURRENT YEAR (15 Months) (Rs. in Lacs)	PREVIOUS YEAR (12 Months) (Rs. in Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	98.41	160.60
Adjustment for :		
Depreciation	518.50	407.47
Expenses / Income related to earlier years	0.22	0.09
Interest Paid	952.01	747.66
Profit on sale of fixed assets	(7.55)	(23.31)
Interest/Dividend (Net)	(4.05)	(4.35)
Operating Profit before Working Capital Changes	1557.55	1288.17
Adjustment for :		
Trade & other receivable	(480.46)	(650.24)
Inventories	238.76	(696.23)
Trade Payables	(72.68)	298.70
Cash generated from Operations	1243.17	240.40
Interest Paid	(952.01)	(747.66)
Direct Tax Paid	0.00	(3.70)
Cash Flow before extraordinary items	291.16	(510.96)
Expenses / Income related to earlier years	(0.22)	(0.09)
Net Cash from operating activities	290.94	(511.05)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6.59)	(95.86)
Sale of Fixed Assets	8.00	51.35
Interest & Dividend Received	4.05	4.35
Net Cash used in Investing activities	5.46	(40.16)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings (Net)	(162.34)	258.85
Working capital borrowing	(100.26)	103.60
Proceeds from unsecured loan	223.50	(17.23)
Net Cash from Financing activities	(39.09)	345.21
Net change in cash and cash equivalents (A+B+C)	(257.30)	206.00
Cash and cash equivalents as at 01.07.09	251.90	457.90
Cash and cash equivalents as at 30.09.10	509.20	251.90

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

For and on behalf of the Board
(A. K. Oswal)
Managing Director

(R. P. Oswal)
Chairman

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

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

Place : Ludhiana
Dated : 24.02.2011

(R. D. Khanna)
Partner
M.NO.12391

OSWAL SPINNING AND WEAVING MILLS LIMITED

PARTICULARS	AS AT 30.09.2010 (Rs.)	AS AT 30.06.2009 (Rs.)
SHARE CAPITAL		ANNEXURE-'A'
Authorised		
225000000 Equity Shares of Re 1/- each	225000000	225000000
175000000 0.1% Cumulative Redeemable Preference Shares of Re. 1/- each	175000000	175000000
Total	400000000	400000000
ISSUED		
(i) 91223375 Equity Shares of Re 1/- each fully paid up	91223375	91223375
(ii) 171031450 0.1% Cumulative Redeemable Preference Shares of Re.1/- each fully paid up	171031450	171031450
Total	262254825	262254825
SUBSCRIBED & PAID UP		
(i) 91201100 Equity Shares of Re 1/- each fully paid up	91201100	91201100
Less: Calls in Arrear	180250	180250
Less: Allotment Money in Arrear	91670	91670
Net Subscribed Equity Share Capital	90929180	90929180
(ii) 171031450 0.1% Cumulative Redeemable Preference Shares of Re. 1/- each fully paid up	171031450	171031450
Total	261960630	261960630
RESERVES & SURPLUS		ANNEXURE-'B'
Capital Revaluation Reserve	11769380	11769380
Capital Reserve	6009600	6009600
Securities Premium Account	117082720	117082720
Debenture Redemption Reserve 16500000	16500000	16500000
Less : Transferred to Profit & Loss a/c 16500000	0	16500000
Total	134861700	151361700
SECURED LOANS		ANNEXURE-'C'
Debentures		
(i) Non-Convertible Debentures	0	16303570
(ii) Interest Payable on NCD	0	1568623
From Banks		
(i) Export Packing Credit	52932818	62958347
(ii) Medium Term Loan (UCO Bank)	2360620	3670268
(iii) Medium Term Loan (KMBL)	280125000	280125000
(iv) Interest Payable on MTL(KMBL)	38843364	35895760
Total	374261801	400521568

OSWAL SPINNING AND WEAVING MILLS LIMITED

PARTICULARS	AS AT 30.09.2010 (Rs.)	AS AT 30.06.2009 (Rs.)
UNSECURED LOANS		
From Banks	128774	772372
From Directors	3572	3572
From Others	118637108	95643109
TOTAL	118769454	96419053

ANNEXURE-'D'

FIXED ASSETS										
ANNEXURE - 'E'										
PARTICULARS	GROSS BLOCK			As on 30.09.2010	DEPRECIATION			As At 30.09.2010	NET BLOCK	
	As on 01.07.2009	Addition during the year	Sale/ Adj. during the year		As on 01.07.2009	Provided during the year	Sale/ Adj. During the year		As At 30.09.2010	As At 30.06.2009
Land	27764112	0	44940	27719172	0	0	0	0	27719172	27764112
Building	132329335	0	0	132329335	61656663	5639919	0	67296582	65032753	70672672
Plant and Machinery	659877698	11965	0	659889663	474931133	44642631	0	519573764	140315899	184946566
Furniture & Fixture	2198413	76991	0	2275404	1940425	106452	0	2046877	228527	257988
Office Equipment	8047330	495965	0	8543295	5837521	405604	0	6243125	2300171	2209809
Vehicles	10425147	0	0	10425147	5669370	1055598	0	6724968	3700179	4755777
TOTAL	840642035	584921	44940	841182016	550035112	51850204	0	601885315	239296701	290606924
PREVIOUS YEAR	838272082	5881425	7091872	837061635	513575156	40747347	4287391	550035112	290606923	324696927

INVESTMENTS			ANNEXURE - 'F'
PARTICULARS	AS AT 30.09.2010 (Rs.)	AS AT 30.06.2009 (Rs.)	

LONG TERM INVESTMENTS (At cost)

UN-QUOTED

a) 342160 Equity shares of Oswal Worsted Spinners Ltd. of Rs. 10/-each fully paid up.	3789100	
b) 10000 Equity Shares of Oswal Agroils Ltd of Rs. 10/-each fully paid up.	100000	
Less: Provision for diminution in the value of investments	100000	0
Total	3789100	3789100

OSWAL SPINNING AND WEAVING MILLS LIMITED

PARTICULARS	AS AT 30.09.2010 (Rs.)	AS AT 30.06.2009 (Rs.)
CURRENT ASSETS, LOANS AND ADVANCES		ANNEXURE - 'G'
A. CURRENT ASSETS		
1. INVENTORIES		
a) Store and Spares	11068299	11633300
b) Raw Material	4472970	26638810
c) Work in Process	29384407	21704004
d) Finished Goods	84079056	92904863
Total	129004732	152880977
2. SUNDRY DEBTORS		
a) (Unsecured Not Considered Good) Outstanding for period of more than six months	128600971	128419651
b) (Unsecured Considered Good)		
i) Outstanding for period of more than six months	55067249	18362165
ii) Others	62672511	62359859
Total	246340731	209141675
3. CASH AND BANK BALANCES		
a) Cash In Hand (Including Imprest)	2330442	5874894
b) Balances With Sheduled Banks		
is) In Current Accounts	32519564	1243803
ii) In Fixed Deposit Accounts	2265141	1520689
iii) Drafft/Cheques Sent For Collection	13804245	16549956
Total	50919392	25189342
B. LOANS AND ADVANCES		
(Unsecured Considered Good)		
a) Securities	4790309	4780309
b) Advances Recoverable In Cash or In kind or for value to be received	147588911	136733297
c) Prepaid Taxes	471699	428260
d) Fringe Benefit Tax	0	61800
Total	152850919	142003666
Grand Total	579115773	529215659

OSWAL SPINNING AND WEAVING MILLS LIMITED

PARTICULARS	AS AT 30.09.2010 (Rs.)	AS AT 30.06.2009 (Rs.)
CURRENT LIABILITIES		ANNEXURE - 'H'
A. CURRENT LIABILITIES		
Trade Creditors		
Due to small scale Industrial Undertakings	--	--
Others	33142430	71051127
Other Liabilities	45439697	36138274
Cheques issued but not yet presented for payment	29761604	0
Advances received from customers	72531	7936212
Interest Accrued but not due	2148904	2273973
TOTAL	110565165	117399586
B. PROVISIONS		
Fringe Benefit Tax	0	433248
TOTAL	0	433248
TOTAL (A+B)	110565165	117832834

* The Micro, Small & Medium Enterprises Development Act,2006 has come in to force with from Oct.2,2006. As per The Act , the company is required to identify the Micro and Vender/Service provider and pay interest to them on overdues beyond the specified period irrespective of the terms agreed upon. The company has not received any confirmation from its Venders/Service providers regarding their status of registration under the said Act. Hence prescribed disclosure under section 22 of the said Act has not been furnished.

OPERATIVE AND OTHER INCOME		ANNEXURE - 'I'	
PARTICULARS	CURRENT YEAR (15 Months) (RS)	PREVIOUS YEAR (12 Months) (RS)	
i) Sales (Gross)			
Domestic	312815373	271019171	
Export	865308369	531478532	
	1178123741	802497703	
ii) Other Income			
Interest received (Gross)	405005	434749	
Miscellaneous Income	5780552	15912917	
Profit on Sale of Fixed Assets	755060	2330596	
	6940617	18678262	
TOTAL	1185064358	821175965	

OSWAL SPINNING AND WEAVING MILLS LIMITED

COST OF MATERIAL	ANNEXURE - 'J'	
PARTICULARS	CUURRENT YEAR (15 Months) (RS)	PREVIOUS YEAR (12 Months) (RS)
<u>Opening Stock</u>		
Raw Materail	26638810	27472001
Stock In Process	21704004	13943178
Finished Goods	92904863	35196723
	<u>141247677</u>	<u>76611902</u>
<u>Add : Purchases</u>	729048743	552548876
	<u>870296420</u>	<u>629160778</u>
<u>Less : Closing Stock</u>		
Raw Material	4472970	26638810
Stock in Process	29384407	21704004
Finished Goods	84079056	92904863
	<u>117936433</u>	<u>141247677</u>
Cost of Material	<u>752359988</u>	<u>487913101</u>

MANUFACTURING & MAINTENANCE EXPENSES	ANNEXURE - 'K'	
<u>Manufacturing</u>		
Packing Material	15387372	11728561
Power & Fuel	107311591	75333331
Oil & Lubricants	1136366	829103
Other Mfg. Expenses	194515	99602
<u>Repair & Maintenance</u>		
Plant & Machinery	9528655	10420969
Building	2046286	609809
Others	2300062	1252210
TOTAL	<u>137904846</u>	<u>100273584</u>

PERSONNEL EXPENSES	ANNEXURE - 'L'	
Salary,wages,bonus,and other allowances	56249451	40804877
Contribution to provident fund and other funds	3844634	2978052
Employee's welfare expenses	259153	210951
Workmen food expenses	4933947	3532045
TOTAL	<u>65287184</u>	<u>47525925</u>

OSWAL SPINNING AND WEAVING MILLS LIMITED

ADMINISTRATIVE AND OTHER EXPENSES **ANNEXURE - 'M'**

PARTICULARS	CURRENT YEAR (15 Months) (RS)	PREVIOUS YEAR (12 Months) (RS)
Vehicle		
a) Car Expenses	2496593	1350772
b) Scooter Expenses	82656	61607
c) Four Wheeler Expenses	206091	146546
Rent	177172	26900
Rates and Taxes	942632	139187
Postage Telegram and Telephone	1953643	1674745
Insurance	2242682	1480342
Printing and Stationery	585526	483764
Directors' Sitting Fee	11000	12000
Directors' Travelling Expenses	2649576	1651293
Other Travelling and Conveyance	2140191	1607461
Charity and Donation	11601	8503
Other General Expenses	4035652	2455387
Auditors' Remuneration		
a) Statutory Audit		
i) Statutory Audit Fee	231630	146699
ii) Tax Audit Fee	51841	33090
iii) Certification Fee	11030	11030
iv) Reimbursement of Expenses	32935	21853
b) Concurrent Audit Expenses	27230	164120
c) Cost Audit Expenses	33690	25415
TOTAL	17923370	11500714

SELLING EXPENSES **ANNEXURE - 'N'**

Brokerage & Commission	17830050	14222184
Rebate & Discount	1413517	852555
Sale Promotion	253533	107909
Clearing & Forwarding	35176938	27197941
TOTAL	54674038	42380589

FINANCIAL EXPENSES **ANNEXURE - 'O'**

Interest on		
i) Debentures	3607259	2325993
ii) Cash Credit and Bill Discounting	17923168	13540216
iii) Other Loan	64761701	48484211
Other Financial Expenses	8908950	10415086
TOTAL	95201078	74765506

OSWAL SPINNING AND WEAVING MILLS LIMITED

NOTES FORMING PART OF ACCOUNTS AS AT 30th SEPTEMBER, 2010

ANNEXURE-P

1. SIGNIFICANT ACCOUNTING POLICIES:

A. ACCOUNTING CONVENTIONS:

The accompanying financial statements have been prepared on accrual basis in accordance with the historical cost conventions.

B. REVENUE RECOGNITION

- (i) Sales Revenue is recognized on dispatch of goods net of trade discount, cash discount and sales tax.
- (ii) The Revenue in respect of Export benefits, is recognized on post export basis at the rate, at which the entitlement accrues. Such amount is included under the head sales.

C. INVENTORY VALUATION

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

- (i) In case of Raw Material and Stores & Spares on FIFO basis plus direct expenses, except in case of Oswal Cotton Spinning Mills on specific identification method.
- (ii) In case of Work-in-Process at raw material cost plus conversion cost depending on the stage of completion.
- (iii) In case of Finished Goods, at weighted average of raw material cost plus conversion cost, packing cost and other overheads incurred to bring the inventory to their present condition and location.

D. FIXED ASSETS

Fixed assets are stated at cost of acquisition inclusive of inward freight, duties and taxes & incidental expenses related to acquisition except Land at Jugiana which was acquired before 01-04-1987, has been stated at revalued amount. In respect of project involving construction, related pre-operational expenses form part of the value of Assets capitalised

E. DEPRECIATION

- i) Depreciation has been provided in accordance with Schedule XIV of the Companies Act, 1956. The Depreciation has been provided on SLM basis except for Vanaspati unit where it is on WDV basis. Besides relying upon expert opinion obtained by the management, depreciation on specified items of plant & machinery has been provided at the rates prescribed for continuous process plant.
- ii) Depreciation on addition to assets costing below Rs. 5000/- has been charged on 100% basis.

F. INVESTMENTS

Investments are valued at cost less any diminution in their value, which is of permanent nature.

G. RETIREMENT BENEFITS :

A) SHORT TERM EMPLOYEE BENEFITS :

Short Term Employee benefits are recognized on an undiscounted basis in the Profit & Loss Account of the year in which the related service is rendered.

B) POST EMPLOYMENT BENEFITS :

(i) PROVIDENT FUND

Benefits to employees are provided for by contribution to Provident and other funds, the payment of which are accounted for on accrual basis.

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(ii) GRATUITY

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

(iii) LEAVE WITH WAGES

Provision for Leave with wages is on basis of actuarial valuation as at the year end.

H. BORROWING COST:

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

I. FOREIGN CURRENCY TRANSACTIONS:

All foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Assets & Liabilities related to Foreign Currency transactions remaining unsettled during the period are converted into rupees at exchange rates prevailing on the balance sheet date, except those covered by forward contracts. Gain or losses on transaction of current assets and current liabilities is adjusted in the profit & loss account for the year.

J. TAXES ON INCOME

(i) The accounting treatment followed for taxes on income is to provide for current tax and deferred tax. Current tax is the amount of tax payable in respect of taxable income for a period. Deferred tax is the effect of timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal on one or more subsequent periods. Deferred tax assets are not recognized, unless there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realised.

K. IMPAIRMENT OF ASSETS

1. Fixed Assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount, by which the assets carrying amount exceeds its recoverable amount viz the higher of the assets fair value less costs to sell and value in use.

2) Cumulative Redeemable Preference Shares are redeemable in five equal annual installments starting from 11th year from date of allotment i.e. 12.11.2007. However, the company has option to redeem these Cumulative Redeemable Preference Shares earlier at their Net Present Value.

3) CONTINGENT LIABILITIES:

a) For Foreign Bills Discounted against Letters of Credit Rs. 9,20,82,322/- (Previous Year Rs. 7,21,49,556/-).

b) For Indigenous Bills Discounted against Letters of Credit Rs. NIL /- (Previous Year Rs.72,30,435/-)

c) Claim against the Company not acknowledged as debts- NIL

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4) SECURED LOANS

- a) The company has fully repaid the Non Convertible Debentures due to Kotak Mahindra Bank Ltd. Accordingly amount of Debenture Redemption Reserve of Rs. 165 lacs has been transferred to Profit & Loss Account.
 - b) Medium Term Loan due to Kotak Mahindra Bank Ltd. is secured by equitable mortgage of land and building situated at Doraha and Jugiana and further secured by first charge on all movable fixed assets of the company (except one Auto Coner Machine) and personally guaranteed by three Directors of the company. These are repayable in 42 equal monthly installments commencing from June,2008.
 - c) Export Packing Credit Limit is secured by hypothecation of the stocks of raw material, work in process, finished goods, goods in transit, stores & spares and book debts and second charge on the fixed assets of the Company and personally guaranteed by three Promoter Directors.
 - d) Medium Term Loan of UCO Bank, is secured by first charge on one Auto Coner Machine and personally guaranteed by three Directors of the Company.
- 5) The company has not provided Penal Interest amounting to Rs. 67.93 lacs payable to Kotak Mahindra Bank Ltd, as the company has applied for Restructuring of its loan account with Kotak Mahindra Bank Ltd.
 - 6) Debit or Credit Balances on whatever account are subject to confirmation from parties, as such their effect on Profit & Loss Account cannot be reflected.
 - 7) In the opinion of the Board, all the current assets, loans and advances have a value on realization in the ordinary course of business, at least equal to the amount, at which they are stated.
 - 8) The Company had paid the electricity expenses of Rs. 1,00,000/- in the earlier years being additional demand raised by concerned department from time to time, which has been contested by the company. The demand has, however, been paid under protest and shown under the head "Loans & Advances." No provision has been made in the books of accounts as the Company is hopeful to get desired relief in Appeal.
 - 9) Based on a revaluation report, land at Jugiana was revalued as on 1st April, 1987, which resulted an increase in gross block of Rs.1,17,69,380/-.
 - 10) The Company has, on the basis of technical advice, treated the Cotton Spinning unit as continuous process plant. Depreciation for the year has been provided accordingly. Had the depreciation provided under the category of General Plant and Machinery, the charge of depreciation would have been Rs. 66,55,030/- instead of Rs. 4,37,08,556/- (Previous year Rs. 65,60,102/- instead of Rs.3,33,85,486/-).
 - 11) The previous years figures have been recasted or regrouped wherever necessary, in order to confirm to this year's presentation.
 - 12) Sundry Debtors includes amount of Rs. 1286.01 lacs, which are outstanding for more than 3 years for which no provision has been made for doubtful debtors as company is taking steps for recovering the amount.

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- 13) In compliance with the Accounting Standard 22, Accounting for Tax on Income, issued by The Institute of Chartered Accountants of India, deferred tax assets are amounting to Rs. 9,91,60,879/- up to 30.09.2010. Further, impact of decrease in net deferred tax assets amounting to Rs. 3,00,17,438/- has originated during the year, which is to be recognised subject to consideration of prudence. Components of deferred tax assets are as under: -

Deferred tax Assets / Liabilities as on 30.09.2010.

		30.09.2010 (Rs.)	30.06.2009 (Rs.)
Deferred tax Liabilities			
Difference on account of Depreciation	(A)	5,32,63,292	6,63,00,027
Deferred Tax Assets			
Expenses deductible on payment basis		1,52,05,194	1,53,49,102
Unabsorbed Depreciation		8,39,55,685	12,08,44,592
Business losses		0	60,21,358
	(B)	9,91,60,879	14,22,15,052
Surplus of Deferred Tax Assets		4,58,97,587	7,59,15,025
Net increase / (decrease) in Deferred Tax Assets		(3,00,17,438)	(31,01,893)

14. Earning per share (EPS)-The numerators and denominators used to calculate Basic and Diluted Earning per Share :

		Year Ended 30.09.2010	Year Ended 30.06.2009
Profit (Loss) attributable to Equity Shareholders (Rs.)	(A)	9841206	15689485
Basic/weighted average number of equity shares Outstanding during the year	(B)	91201100	91201100
Potential equity share	(C)	91201100	91201100
Nominal Value of Equity Share (Rs.)		1/-	1/-
Basic EPS (Rs.)	(A)/(B)	0.11	0.17
Diluted EPS (Rs.)	(A)/(C)	0.11	0.17

15. Regarding impairment of assets, on assessment, it has been ascertained that no potential loss is present. Accordingly, no impairment loss has been provided in the Books of Account.

16) Employee Benefits :

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

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- b) The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit and Loss Account and the Balance Sheet as required in accordance with Accounting Standard (AS) 15 are as under :-

Particulars	Gratuity (Unfunded)	Leave (Unfunded)
1 CHANGES IN THE PRESENT VALUE OF OBLIGATION		
Present value of obligation at the beginning of the period	4805106	2491059
Interest Cost	469424	246333
Current Service Cost	1044749	765837
Benefits Paid	(773987)	(345259)
Actuarial (Gain)/Loss on obligation	1488878	(1648013)
Present value of obligation	7034170	1509957
2 CHANGES IN THE PRESENT VALUE OF PLAN ASSETS		
Fair value of Plan Assets at the beginning of the period	--	--
Expected return on plan assets	--	--
Contribution	--	--
Withdrawals	--	--
Actuarial Gain/(Loss) on plan assets	--	--
Fair value at the end of the period		
3 FAIR VALUE OF THE PLAN ASSETS		
Fair value of Plan Assets at the beginning of the period	--	--
Actual return on plan assets	--	--
Contribution	--	--
Benefits paid	--	(345259)
Fair value at the end of the period		
Present value of obligation at the end of the period	7034170	1509957
Funded Status	(7034170)	(1509957)
4 ACTUARIAL GAIN/(LOSS) RECOGNIZED		
Actuarial Gain/(Loss) on obligation	(1488878)	1648013
Actuarial Gain/(Loss) on plan assets		
Total (Gain)/Loss	1488878	(1648013)
Actuarial Gain/(Loss) recognized in the period	1488878	(1648013)
Unrecognized Actuarial (Gain)/Loss at the end of the period		
5 AMOUNT TO BE RECOGNIZED IN THE BALANCE SHEET		
Present value of obligation at the end of the period	7034170	1509957
Fair value of plan assets at the end of the period		
Funded Status	(7034170)	(2939368)
Unrecognized Actuarial (Gain)/Loss at the end of the period		
Net Assets/(Liability) recognized in the balance sheet	7034170	1509957
6 EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS		
Current Service of the cost	1044749	765837
Interest cost	469424	246333
Expected return on plan assets		
Actuarial Gain/(Loss) recognized on the period	1488878	(1648013)
Expense recognized in the statement of Profit and loss	3003051	(635843)

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ACTUARIAL ASSUMPTION (ECONOMIC & DEMOGRAPHIC)

i. Imputed rate on interest	8.50%	8.50%
ii. Future Salary rise	9.00%	9.00%
iii. Return on plan assets	N.A.	N.A.
iv. Retirement Age	58 Years	58 Years
v. Mortality Table	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
vi. Attrition Rate	30.00% P.A.	30.00% P.A.
vii. Remaining Working Life	28.93 Years	28.93 Years

17. Additional information as required by Schedule VI of the Companies Act., 1956 :

A. LICENCED AND INSTALLED CAPACITY : ANNUAL CAPACITY

CLASS OF GOODS	UNIT	LICENCED CAPACITY		INSTALLED CAPACITY		PRODUCTION	
		30.9.2010	30.6.2009	30.09.2010	30.06.2009	30.09.2010 (15 Months)	30.06.2009 (12 Months)
Cotton Yarn Spindles	No.	41808	41808	26208	26208	6965.926	5486.155
Polyester Sewing Yarn Spindles	No.	14112	14112	NIL	NIL	NIL	NIL
By Product of Cotton Spinning	MTs.	--	--	--	--	2543.171	1789.484

- (1) The installed capacity is certified by Management and has not been verified by the Auditors being a technical matter.

B. Particulars of Sale

CLASS OF GOODS		2009-10 (15 Months)		2008-09 (12 Months)	
		Qty. (in MT)	Value (Rs.)	Quantity (In MT)	Value (Rs.)
Cotton Yarn	MT	7173.569	1035686341	5480.116	635429372
Cotton Waste	MT	2534.728	81102258	1697.476	52206783
Blankets	Pcs	129015	50059790	82405.000	27505425
Miscellaneous		0.000	10455320	0.000	22073231
Rice Bran	MT	0.000	0	10705.325	65282892
TOTAL			1177303709		802497703

C Raw Materials Consumed

CLASS OF GOODS		2009-10 (15 Months)		2008-09 (12 Months)	
		Qty. (in MT)	Value (Rs.)	Quantity (In MT)	Value (Rs.)
a) Raw Cotton	MT	9544.298	692891545.180	7095.052	442312087
b) Rice Bran	MT	0.000	0.000	10705.325	27277168
TOTAL		9544.298	692891545	17800.377	469589255

D FINISHED GOODS PURCHASED

CLASS OF GOODS		2009-10 (15 Months)		2008-09 (12 Months)	
		Qty. (in MT)	Value (Rs.)	Quantity (In MT)	Value (Rs.)
Yarn	MT	186.311	27173513	111.878	11907738
Blankets	PCS	93105.000	31149525	118315.000	30714200
Rice Bran	MT	0.000	0	7286.860	41170872
TOTAL			58323038		83792810
TOTAL (C+D)			751214583		553382065

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E OPENING AND CLOSING STOCK OF GOODS PRODUCED AND TRADED

CLASS OF GOODS		OPENING STOCK			
UNIT		2009-10		2008-09	
		Qty. (in MT)	Value (Rs.)	Quantity (In MT)	Value (Rs.)
Cotton Yarn	MT	332.848	35506773	314.858	31851255
Waste	MT	209.232	5992868	117.224	3345469
Rice Bran	MT	7286.880	41170872	0.000	0
Blankets	PCS	35910.000	10234350	0.000	0
TOTAL			92904863		35196724

CLASS OF GOODS		CLOSING STOCK			
UNIT		2009-10		2008-09	
		Qty. (in MT)	Value (Rs.)	Quantity (In MT)	Value (Rs.)
Cotton Yarn	MT	311.516	38622567	332.848	35506773
Waste	MT	217.675	4285617	209.232	5992868
Rice Bran	MT	7286.880	41170872	7286.880	41170872
Blankets	Pcs	0.000	0	35910.000	10234350
TOTAL			84079056		92904863

F. CIF VALUE OF IMPORTS	30.09.2010	30.06.2009
	(Rs. in Lacs)	(Rs. in Lacs)
Machinery Spares	18.98	37.95

G EXPENDITURE ON FOREIGN CURRENCY

Traveling Expenses	12.58	2.95
Commission	78.63	61.44
Subscription	0.00	0.00

H. EARNING IN FOREIGN CURRENCY

FOB VALUE OF EXPORT	7648.01	4972.55
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I. BIFURCATION OF MATERIAL AND STORE CONSUMED

PARTICULARS	INDIGENOUS				IMPORTED			
	30.09.2010		30.06.2009		30.09.2010		30.06.2009	
	(RS.)	%	(RS.)	%	(RS.)	%	(RS.)	%
Raw Material	692891545	100	469589255	100	—	—	—	—
Components & Spares	25120734	92.98	22768609	85.71	1897801	7.02	3795662	14.29

OSWAL SPINNING AND WEAVING MILLS LIMITED

18. Segment Reporting

A. Primary Business Segment

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

B. Geographical Segment: Secondary (Rs. in lacs)

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

(a) Export Market	8653.08
(b) Domestic Market	3128.15

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

19) Related Party Transaction

1. Name of the parties and description of relationship

- A). Associates
- i). Oswal Capital Services Ltd.
 - ii). Oswal Cottex Exports Ltd.
 - iii). Vallabh Trading & Mercantile Co.Pvt.Ltd.
 - iv). Vallabh Traders Pvt.Ltd.
 - v). Oswal Industries Pvt.Ltd.
 - vi). Oswal Impex Pvt.Ltd.
 - vii) Rajan and Santosh Pvt.Ltd.

B). Key Management Personnel

- (i) Sh.R. P. Oswal (ii) Sh.A.K.Oswal (iii) Sh.Sambhav Oswal

Sr. No.	Nature of Transaction As on 30.06.09	Associates Personnel	Key Management
1.	Loan Received	6000000	--
2.	Rent Received	107000	--
3.	Sales of Goods	12469283	
4.	Others	70153	
5.	Amount Receivables	NIL	--
6.	Amount Payables	57286634	

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

For and on behalf of the Board
(A. K. Oswal)
Managing Director

(R. P. Oswal)
Chairman

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

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

Place : Ludhiana
Dated : 24.02.2011

(R. D. Khanna)
Partner
M.NO.12391

OSWAL SPINNING AND WEAVING MILLS LIMITED

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

BALANCE SHEET ABSTRACT AND GENERAL PROFILE.

I. Registration Details

Registration No. 1 8 8 4 State Code 1 6
 Balance Sheet Date 3 0 - 0 9 - 2 0 1 0
 Date Month Year

II. Capital raised during the Year (Amount in Rs. Lacs)

Public Issue Right Issue Bonus Issue Private Placement
 N I L N I L N I L N I L

III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Lacs)

Total Liabilities 8 8 9 8 . 5 4
 Total Assets 8 8 9 8 . 5 4

Source of Funds

Paid-up Capital Reserve & Surplus Secured Loans Unsecured Loans
 2 6 1 . 6 1 1 3 4 8 . 6 2 3 7 4 2 . 6 2 1 1 8 7 . 6 9

Application of Funds

Net Fixed Assets Net Current Assets Investments Misc. Expenditure
 2 6 7 6 . 7 3 4 6 8 5 . 5 1 3 7 . 8 9 N I L

Accumulated Losses Total
 1 4 9 8 . 4 1 8 8 9 8 . 5 4

IV. Performance of Company (Amount in Rs. Lacs)

Turnover Total Expenditure +/- Profit/Loss Before Profit After Tax
 Tax
 1 1 8 5 0 . 6 4 1 1 7 5 2 . 2 3 9 8 . 4 1 9 8 . 4 1
 Earning per Share in Rs. Dividend Rate %
 0 . 1 1 N I L

V. Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)

Item Code No. 5 2 0 5
 Product Discription C O T T O N Y A R N

For and on behalf of the Board

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

(A. K. Oswal)
 Managing Director

(R. P. Oswal)
 Chairman

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

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

Place : Ludhiana
 Dated : 24.02.2011

(R. D. Khanna)
 Partner
 M.NO.12391

OSWAL SPINNING AND WEAVING MILLS LIMITED
(REGD. OFFICE: G.T. ROAD, JUGIANA, LUDHIANA)

PROXY FORM

I/We _____
of _____ being a Member/ Members
of Oswal Spinning and Weaving Mills Limited hereby appoint _____
of _____
or failing him/her _____
of _____
as my/our proxy to vote for me/us on my/our behalf at the 55th Annual General Meeting of the
Company to be held on Saturday the 26th day of March, 2011 at 11.00 A.M. and at any adjournment
thereof.
Signed this _____ day of _____

Signature _____
Address _____
Folio No. _____
Client ID No. _____
D.P. ID No. _____

Affix Re. 1/-
Revenue
Stamp

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

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

OSWAL SPINNING AND WEAVING MILLS LIMITED
(REGD. OFFICE: G.T. ROAD, JUGIANA, LUDHIANA)

ATTENDANCE SLIP

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

I hereby record my presence at the 55th Annual General Meeting of the above named Company
being held at its Regd. Office situated at G.T. Road, Jugiana, Distt. Ludhiana at 11.00 A.M. on
Saturday, the 26th day of March, 2011.

Full Name of the Member
(IN BLOCK LETTERS)

Folio No. _____

No. of Shares held _____

Full Name of Proxy/Representative
(IN BLOCK LETTERS)

Signature

BOOK POST
(PRINTED MATTER)

If undelivered please return to :

OSWAL SPINNING AND WEAVING MILLS LIMITED
G.T. Road, JUGIANA,
LUDHIANA-141014

MACRO
TEL.: 98150-00749

OSWAL SPINNING AND WEAVING MILLS LIMITED

BOARD OF DIRECTORS

Shri R. P. Oswal	Chairman
Shri A. K. Oswal	Managing Director
Shri Sambhav Oswal	Director
Shri Pawan Kumar Bahl	Director
Shri Raghuvir Chand Singal	Director
Dr. Yash Paul Sachdeva	Director

COMPANY SECRETARY

Shri R. P. Sharma

AUDITORS

Dass Khanna & Co.
LUDHIANA-141001.

BANKERS

UCO Bank, Ludhiana.

REGISTERED OFFICE

G. T. Road, Jugiana.
Ludhiana -141 014.

WORKS

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

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