

56th

Annual Report 2010-2011

OSWAL SPINNING AND WEAVING MILLS LIMITED

OSWAL SPINNING AND WEAVING MILLS LIMITED

BOARD OF DIRECTORS

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

Chairman
Managing Director
Director
Director
Director
Director

COMPANY SECRETARY

Shri R. P. Sharma

AUDITORS

Dass Khanna & Co.
LUDHIANA-141 001

BANKERS

UCO Bank, Ludhiana
Kotah Mahindra Bank Ltd. Mumbai

REGISTERED OFFICE

11 & 12, 1st Floor, Block-F,
Main Market, Near Orient Cinema,
B.R.S. Nagar, Ludhiana-141 012

WORKS

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

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OSWAL SPINNING AND WEAVING MILLS LIMITED

NOTICE

Notice is hereby given that **56th Annual General Meeting** of the Members of Oswal Spinning and Weaving Mills Ltd. will be held on **Tuesday the 26th day of June, 2012 at 09.30 A.M. at Rotary Bhawan, Near Deepak Hospital, Sarabha Nagar, Ludhiana** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2011 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. Raghubir Chand Singal 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 in accordance with the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof and subject to such consents and approvals, as may be necessary and requisite, approval be and is hereby given to the reappointment Sh. A.K. Oswal as Managing Director of the Company for a period of 5 (Five) years w.e.f. 01.05.2012 without any remuneration.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to comply with all the formalities and to do all acts, deeds and things and it may deem fit and appropriate relating to the reappointment of Sh. A.K. Oswal as Managing Director of the Company so as to put into effect the aforesaid resolution.

BY ORDER OF THE BOARD OF DIRECTORS

(R.P.SHARMA)

G.M. (CORPORATE) &
COMPANY SECRETARY

PLACE : LUDHIANA
DATED : 24.05.2012

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. 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 **Monday, June 25, 2012 to Tuesday June 26, 2012** (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.
6. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

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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. Raghubir Chand Singal retires by rotation as Director of the Company and being eligible offers himself for reappointment at the ensuing Annual General Meeting. The information or details to be provided in this regard under the Corporate Governance Code are as under:-
 - 1) Sh. Raghuvir Chand Singal is 58 years of age. He is the Director of the Company w.e.f. 14.04.2008. Sh. Raghuvir Chand Singal is a Fellow Member of the Institute of Company Secretaries of India and also a Member of Institute of Costs and Works Accountants of India and Member of All India Management Association. He is the Founder Member of Ludhiana Stock Exchange and also remained its President from 2000 to 2001. He is also associated with ICSI and ICWA in various capacities. He is Director of Ludhiana Commodities Trading Services Ltd. He is a prolific writer and is contributing to various newspapers and Business Magazines. He has 34 years experience in Banking, Corporate Laws, Finance and Accounts etc. He is also Director of 13 other Companies. He is the member of Audit Committee, Investors Grievance Committee and Remuneration Committee. He holds 200 Equity Shares in the Company.
 - 2) Sh. A.K. Oswal was reappointed as Managing Director of the company for a period of 5 (five) years w.e.f. 01.05.2012 by the Board of Directors. Approval of the shareholders to his reappointment is sought in the ensuing Annual General Meeting. Sh. A.K. Oswal is 56 years of age. He is the Managing Director of the Company for the last 25 years. He is an MBA from Eastern New Mexico University, U.S.A. He is also Director of Vallabh Traders Pvt. Ltd., Oswal Capital Services Ltd and Sambhav Heights and Site Pvt. Ltd. He holds 1317035 Equity Shares in the Company.
10. The situation of the Registered Office of the Company was changed from G.T. Road, Jugiana, Ludhiana to No.11 & 12, 1st Floor; Block-F, Main Market, Near Orient Cinema, B.R.S. Nagar, Ludhiana-141012 w.e.f. 18.04.2012. The members may kindly take note of the new address of the Registered Office of Company.

ANNEXURE TO NOTICE

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

FOR ITEM NO. 4

Sh. A.K. Oswal was reappointed as Managing Director of the company for a period of 5 (five) years w.e.f. 01.05.2012 by the Board of Directors of the Company. Approval of the shareholders to his reappointment is sought in the ensuing Annual General Meeting. Sh. A.K. Oswal is 56 years of age. He is the Managing Director of the Company for the last 25 years. He is an MBA from Eastern New Mexico University, U.S.A. He has requisite qualifications and experience for his appointment as Managing Director of the company. Your Directors recommend the resolution at Item No. 4 for approval by the members.

MEMORANDUM OF INTEREST

Sh. A.K. Oswal himself, Sh. R.P. Oswal and Sh. Sambhav Oswal being his relatives are interested in this resolution. No other Director of the Company is in any way concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : LUDHIANA
DATED : 24.05.2012
Registered Office :
11 & 12, 1st Floor, Block-F,
Main Market, Near Orient Cinema,
B.R.S. Nagar, Ludhiana.

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

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the 56th Annual Report of the Company together with the Audited Accounts for the year ended 31st December, 2011.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

PARTICULARS	YEAR ENDED 31.12.2011	YEAR ENDED 30.09.2010
	(15 Months)	(15 Months)
Net Sales and Income	17095.01	11850.64
Gross Profit	1693.96	1569.15
Less :		
i) Financial Expenses	1062.80	952.01
ii) Depreciation	514.62	518.50
iii) Provisions for Fringe Benefit Tax	0	0
Net Profit	116.54	98.64
Adjustments Relating to Previous Years	0	(-)0.22
Balance brought forward from earlier years	(-)1498.41	(-)1761.82
Tfd. from Debentures Redemption Reserve	0	165.00
Balance carried over to Balance Sheet	(-)1381.88	(-)1498.40

PERFORMANCE REVIEW

During the year under report, Cotton Spinning Unit of the company produced 60.55 lac kgs. of cotton yarn as compared to previous year's production of 69.66 lac kgs. of cotton yarn. The decline in production is mainly on account of the fact that the company had to slow down its production for 2-3 months due to accumulation of stock consequent to Govt.'s restrictions on export of cotton yarn. The Company achieved net income of Rs.17095.01 lacs as compared to Rs. 11850.64 lacs in the previous year. Gross profit was Rs.1693.96 lacs as compared to Rs. 1569.15 lacs during the previous year. The Company earned net profit of Rs.116.54 lacs as compared to net profit of Rs. 98.64 lacs during the previous year.

The year under report was very challenging for the cotton spinning industry. The Central Govt. put a cap on export of cotton yarn and also imposed restrictions on the same. Consequent to this there was almost no export of cotton yarn for 2-3 months. This resulted in piling up of inventory both of cotton yarn and raw cotton. The overseas buyers had no choice but to shift to other countries to source their requirement of cotton yarn. Ultimately when the export restriction was lifted the prices of both cotton yarn and raw cotton dropped drastically in the overseas market which resulted in diminishing of value of raw cotton and yarn. This resulted in losses to the cotton spinning industry. Further various exports incentives like duty drawback DEPB Scheme, Interest Subvention etc. were withdrawn. Later on Duty Drawback was restarted but its rate was reduced from 4% to 2.9%. 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 some extent, offset by decrease in prices of cotton and depreciation of Rupee against USD.

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.

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During the year under report, the Company made an export turnover of Rs.9500.11 lacs as compared to previous year's export turnover of Rs. 8653.08 lacs. So, there was a significant improvement in company's export turnover as compared to that of the previous year.

CURRENT YEAR'S OUTLOOK

Your company is manufacturing 100% grey cotton yarns for which raw material is cotton. Due to introduction of high yielding BT Cotton, raw cotton of different varieties is abundantly available in the country. During the current cotton season, there is abundant supply of cotton and prices are lower as compared to previous year. But due to slowdown in Eurozone, demand for cotton yarn is sluggish and prices are also declining. But due to the depreciation of Rupee against USD, the Company is able to achieve better sales realisation in rupees terms in spite of declining yarn prices. The Company expects this situation to continue in the near future also.

There is expectation of good cotton crop world wide during the next cotton season, so the prices of cotton are also expected to remain stable at the present level. If this trend continues, the Company expects to show better financial performance during the current year as compared to the year under Report.

PROPOSED EXPANSION PROJECT

At present the Cotton Spinning Unit of the Company has 26208 spindles. The Company proposes to expand Capacity of the Unit by adding another 12960 spindles. Your Board of Directors is working out the details of the project. We shall keep the Shareholders informed of further developments in this regard.

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 01.10.2010 to 31.12.2011.

CHANGE OF SITUATION OF THE REGISTERED OFFICE OF THE COMPANY

The Company has changed the situation of the Registered Office of the Company from G.T. Road, Jugiana, Ludhiana to No.11 & 12, 1st Floor, Block-F, Main Market, Near Orient Cinema, B.R.S. Nagar, Ludhiana-141012, w.e.f. 18.04.2012.

DIRECTORS

The tenure of Sh. A.K. Oswal, Managing Director ended on 30.04.2012 The Board of Directors has reappointed Sh. A.K. Oswal as Managing Director for another five years w.e.f. 1st May, 2012 subject to the approval of shareholders. Sh. Raghbir Chand Singal 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 31st December, 2011 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. 8. 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 AUDITOR

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 2012-2013.

PUBLIC DEPOSITS

As on 31st December, 2011, 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 unstinted support and assistance. Your Directors also express their deep appreciation for the devoted and sincere services rendered by workers, staff and executives at all levels during the year and we are confident that your Company will continue to receive such co-operation from them in future also.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA
DATED : 24.05.2012

RAJ PAUL 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 DECEMBER 31, 2011.

A) CONSERVATION OF ENERGY

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

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

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

B) TECHNOLOGY ABSORPTION

As per **Form B** attached.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Activities relating to Exports, Initiative taken to increase exports, Development of New Export Markets for products and export plans
- The Company has made serious and concerted efforts to 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.

ii) Total Foreign Exchange used and earned	Current Year	Previous Year
	<u>(Rs. In lacs)</u>	<u>(Rs. In lacs)</u>
(a) Foreign Exchange Earned	7519.17	7648.01
(b) Foreign Exchange Outgo	130.50	110.19

FORM-A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION OF ENERGY

S No.	Particular	2010-11 (15 months)	2009-10 (15 months)
(A)	POWER & FUEL CONSUMPTION		
1.	ELECTRICITY		
	a) Purchased Units (000 KWH)	18982.53	18676.80
	Total Amount (Rs. In lacs)	998.74	945.88
	Rate/Unit (Rs.)	5.26	5.06
2.	OWN GENERATION *		
	i) Through diesel generation	440.07	1208.58
	KWH (000 KWH)		
	Total Amount (Rs. In lacs)	46.41	102.54
	Unit/Ltr. KWH	4.23	3.62
	Cost/Unit (Rs.)	10.54	8.48
(B)	CONSUMPTION PER UNIT OF PRODUCTION (KWH/MT)	3207.59	2854.66

* 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) | 0.56 |

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 31.12.2011 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.

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 it is an agricultural commodity 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, 2011 Country's crop size was 335 lac bales. 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.

OSWAL SPINNING AND WEAVING MILLS LIMITED

The year under report was very challenging for the cotton spinning industry. The Central Govt. put a cap on export of cotton yarn and also imposed restrictions on the same. Consequent to this there was almost no export of cotton yarn for 2-3 months. This resulted in piling up of inventory both of cotton yarn and raw cotton. The overseas buyers had no choice but to shift to other countries to source their requirement of cotton yarn. Ultimately when the export restriction was lifted the prices of both cotton yarn and raw cotton dropped drastically in the overseas market which resulted in diminishing of value of raw cotton and yarn. This resulted in losses to the cotton spinning industry. Further various exports incentives like duty drawback DEPB Scheme, Interest Subvention etc. were withdrawn. Later on Duty Drawback was restarted but its rate was reduced from 4% to 2.9%. 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 some extent, offset by decrease in prices of cotton and depreciation of Rupee against USD.

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.

OSWAL SPINNING AND WEAVING MILLS LIMITED

RISK MANAGEMENT

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

OUTLOOK

Your company is manufacturing 100% grey cotton yarns for which raw material is cotton. Due to introduction of high yielding BT Cotton, raw cotton of different varieties is abundantly available in the country. During the current cotton season, there is abundant supply of cotton and prices are lower as compared to previous year. But due to slowdown in Eurozone, demand for cotton yarn is sluggish and prices are also declining. But due to the depreciation of Rupee against USD, the Company is able to achieve better sales realisation in rupees terms in spite of declining yarn prices. The Company expects this situation to continue in the near future also.

There is expectation of good cotton crop world wide during the next cotton season, so the prices of cotton are also expected to remain stable at the present level. If this trend continues, the Company expects to show better financial performance during the current year as compared to the year under Report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

As at 31.12.2011, 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:-

Sr. No.	Name of Director	Designation	Category	No. of Board Meeting Attended	Attendance at Last AGM	Total No. of Directorship in other Companies	Total No. of Committee Membership	Total No. of Board Chairmanships	Total No. Committee Chairmanships
1	Sh R.P. Oswal	Chairman	Non-Executive/ Promoter Director	5	Yes	7	3	1	1
2	Sh A.K. Oswal	Manging Director	Executive/ Promoter Director	7	Yes	3	2		
3	Sh Sambhav Oswal	Director	Non-Executive/ Promoter Director	7	Yes	3			
4	Sh Pawan Kumar Bahi	Director	Non-Executive Independent Director	5	Yes		3		3
5	Sh Raghuvir Chand Singal	Director	Non-Executive Independent Director	4	Yes	13	3		
	Dr. Yash Paul Sachdeva	Director	Non-Executive Independent Director	7	Yes	5	1		

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 7 times i.e. on 13.11.2010, 24.02.2011, 19.04.2011, 14.05.2011, 16.08.2011, 17.10.2011 and 12.11.2011. The intervening gap between two Board Meetings was well within the maximum prescribed gap of 4 months.

3. COMMITTEES OF THE BOARD

During the year under report the Board had three Committees i.e. Audit Committee, Share Transfer Committee and Investors Grievance Committee. However, on 19.05.2012, the Board also constituted another Committee i.e. Remuneration Committee. So at present, the Board has four committees.

OSWAL SPINNING AND WEAVING MILLS LIMITED

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 31.12.2011, the following Directors were the members of the Audit Committee:-

1. Sh. Pawan Kumar Bahl, Chairman : Non-Executive Independent Director
2. Sh. 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 5 times i.e. 13.11.2010, 24.02.2011, 14.05.2011, 16.08.2011 and 12.11.2011. 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	5
Sh. R. P. Oswal	Non-Executive Promoter Director	3
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 26.03.2011.

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 35 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 9 which were resolved. There was no outstanding complaint as on 31st December, 2011.

D. REMUNERATION COMMITTEE

The Company has constituted Remuneration Committee in line with Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreements on 19.05.2012. The Remuneration Committee comprises of three members namely Sh. Pawan Kumar Bahl, Sh. Raghuvir Chand Singal and Dr. Yash Paul Sachdeva. Sh. Pawan Kumar Bahl, is the Chairman of the said Committee. All these members are Non-Executive Independent Directors of the Company.

OSWAL SPINNING AND WEAVING MILLS LIMITED

E. GENERAL BODY MEETINGS

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

Financial Year	Location	Date	Time
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.
2009-10	G.T. Road, Jugiana, Ludhiana	26.03.2011	11.00 A.M.

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

2007-08

No Special Resolution was passed.

2008-09

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

2009-10

No Special Resolution was passed.

- iii. Special resolution passed last year through postal ballot.

No Special resolution was passed during the financial year ended 31.12.2011 through postal ballot.

- iv. Proposal of Special Resolution through postal ballot

Presently, no Special resolution is proposed to be conducted through postal ballot.

4. DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS FOR THE YEAR ENDED ON 31.12.2011

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. 13,000/- 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.
- 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.

OSWAL SPINNING AND WEAVING MILLS LIMITED

7. MANAGING DIRECTOR'S CERTIFICATE

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

8. MEANS OF COMMUNICATION

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

9. SHAREHOLDER INFORMATION

A. ANNUAL GENERAL MEETING

Date : 26th June, 2012.
Time : 9.30 A.M.
Venue : Rotary Bhawan, Near Deepak Hospital, Sarabha Nagar, Ludhiana

B. FINANCIAL CALENDER FOR THE YEAR 2010-2011

Financial Reporting for the quarter ending March, 2012	19th May, 2012
Financial Reporting for the quarter ending June, 2012	Mid August, 2012
Financial Reporting for the quarter ended September, 2012	Mid November, 2012
Financial Reporting for the quarter ending December, 2012	Mid February, 2013
Financial Reporting for the quarter ending March, 2013	Mid May, 2013

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.

E. INVESTORS CORRESPONDENCE

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

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

OSWAL SPINNING AND WEAVING MILLS LIMITED

F. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31.12.2011

S. No.	Category	No. Shares Held	% of Shareholding
A	Promoters and Associates	34004045	37.29
B	Banks, Financial Institutions and Mutual Funds	28245848	30.97
C	Indian Public	28744681	31.51
D	NRI/OCB/FII's	206526	0.23
	Total	91201100	100.00

G. DISTRIBUTION OF SHAREHOLDING AS ON 31.12.2011.

NO. OF Share Held	Number of Holders	% Age of Total No. of Holders	Number of Shares	% Age of Total Equity
UP TO 5000	29561	99.35	8401675	9.21
5001 TO 10000	102	0.34	738256	0.81
10001 TO 20000	41	0.14	552396	0.61
20001 TO 30000	13	0.04	336327	0.37
30001 TO 40000	01	0.01	32100	0.04
40001 TO 50000	01	0.00	50000	0.05
50001 TO 100000	08	0.03	592621	0.65
100001 AND ABOVE	28	0.09	80497725	88.26
TOTAL	29755	100.00	91201100	100.00

H. LISTING ON STOCK EXCHANGES

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

- Bombay Stock Exchange Limited, Mumbai.
- Ludhiana Stock Exchange Limited, Ludhiana.
- Ahmadabad Stock Exchange Limited, Ahmadabad.
- Delhi Stock Exchange Limited, New Delhi.
- The Calcutta Stock Exchange Limited, Kolkata.

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

I. DEMATERIALISATION OF SHARES

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

Shares Dematerialisation Record:- The following data indicate the extent of dematerialisation of Company's shares as on 31.12.2011.

No. of Shares Dematerialised	55386692	60.73% of total Share Capital
No. of shareholders in Demat form	7520	25.27% of total No. of shareholders

OSWAL SPINNING AND WEAVING MILLS LIMITED

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

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

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
OCTOBER 2010	4.75	3.26	4.75	33.05	20854.55	19768.96	20032.34	-0.18
NOVEMBER 2010	6.10	4.29	4.60	-3.16	21108.64	18954.82	19521.25	-2.55
DECEMBER 2010	5.10	3.90	4.35	-5.43	20552.03	19074.57	20509.09	5.06
JANUARY 2011	4.55	3.76	3.92	-9.88	20664.80	18038.48	18327.76	-10.64
FEBRUARY 2011	4.10	3.25	3.25	-17.09	18690.97	17295.62	17823.40	-2.75
MARCH 2011	4.07	2.84	3.87	19.08	19575.16	17792.17	19445.22	9.10
APRIL 2011	4.10	3.51	3.69	-4.65	19811.14	18976.19	19135.96	-1.59
MAY 2011	3.86	2.98	3.17	-14.09	19253.87	17786.13	18503.28	-3.30
JUNE 2011	3.95	3.00	3.34	5.36	18873.39	17314.38	18845.87	1.85
JULY 2011	3.91	2.77	3.00	-10.18	19131.70	18131.86	18197.20	-3.44
AUGUST 2011	3.55	2.57	3.10	3.33	18440.07	15765.53	16676.75	-8.36
SEPTEMBER 2011	3.34	2.60	2.78	-10.32	17211.80	15801.01	16453.76	-1.34
OCTOBER 2011	2.91	2.40	2.71	-2.52	17908.13	15745.43	17705.01	7.61
NOVEMBER 2011	2.89	2.04	2.30	-15.13	17702.26	15478.69	16123.46	-8.93
DECEMBER 2011	2.47	2.00	2.18	-5.22	17003.71	15135.86	15454.92	-4.15

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

M. UNCLAIMED DIVIDEND

There were no unclaimed dividends etc. to be transferred by the Company to the Investor Education and Protection Fund, as at 31st December, 2011 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.

OSWAL SPINNING AND WEAVING MILLS LIMITED

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 24.05.2012.

Q. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

The Securities and Exchange Board of India has directed vide circular No. D2/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 are listed within 30 days of the end of the each quarter.

MANAGING DIRECTOR'S DECLARATION

Pursuant to the requirement of Clause of 49 of the Listing Agreement, I hereby confirm that all Board Members and Senior management personnel (as defined in abovesaid clause 49) of the Company have affirmed compliance with 'Code of Conduct for Board and Senior Management Personnel' for the year ended 31.12.2011.

PLACE : LUDHIANA
DATE : 24.05.2012

A.K. Oswal
(Managing Director)

OSWAL SPINNING AND WEAVING MILLS LIMITED

DASS KHANNA & CO.
CHARTERED ACCOUNTANTS

Tel. No. 2403029, 2402492

Fax No. 0161-2409672

B-XX-2815, GURDEV NAGAR, PAKHOWALROAD,
LUDHIANA.

The Members of

OSWAL SPINNING AND WEAVING MILLS LTD.

We have examined the compliance of conditions of corporate governance by Oswal Spinning and Weaving Mills Ltd. for the year ended 31.12.2011 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 : 24.05.2012

(R.D. KHANNA)
PARTNER
(M. No. 12391)

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 31st December 2011, 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 31st December 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st December 2011 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. 43,07,922/- instead of Rs. 4,30,30,626-
 2. Penal Interest on Term Loan of Kotak Mahindra Bank Limited has not been provided.
- 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. 5,03,76,387/- as against Profit reported figure of Rs. 1,16,53,683-.
 - b) Debit Balance of Profit & Loss Account would have been Rs. 9,94,64,417/- as against reported figure of Rs. 13,81,87,121/-.
 - c) Fixed Assets would have been Rs. 11,32,68,350/- as against the reported figure of Rs. 17,70,54,814/-.
- 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 31st December, 2011.
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.000402N)

(R.D. KHANNA)

PLACE : LUDHIANA

PARTNER

DATED :24.05.2012

M.NO.12391

ANNEXURE TO THE AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE ON THE STATEMENT OF ACCOUNTS OF OSWAL SPINNING AND WEAVING MILLS LIMITED FOR THE YEAR ENDED 31st DECEMBER, 2011.)

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 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.
- 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.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 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.
- c) The company is maintaining proper records of inventory. No discrepancies noticed on verification between the physical stocks and the book records.
3. a) The company has taken loan from Four companies and 17 other parties covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs.5,35,20,699/- and the year end balance of loans was Rs.4,95,20,699/-
- 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.
- 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.
- d) The company has not granted loan to companies covered in the register maintained under section 301 of the Companies Act, 1956. So Para No.e, f, g are Not Applicable.
4. In our opinion and according to the information and explanations given to us, there 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.
5. 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.
- b) In view of the above, clause (v) (b) of this order is not applicable for the current year.
6. According to the information and explanations

OSWAL SPINNING AND WEAVING MILLS LIMITED

- 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.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
 8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act. 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
 9. 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.
 10. 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.
 11. The company has not provided any information and explanation regarding the revised repayment schedule of Term Loan due to Kotak Mahindra Bank Limited, so we are not able to express any opinion on repayment dues in respect of the said Term Loan.
 12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The company is not a chit fund or a nidhi/mutual benefit fund/ society.
 14. The company is not dealing in or trading in shares, securities, debentures and other investments.
 15. 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.
 16. The company has not raised Term loan during the year.
 17. 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.
 18. 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.
 19. According to the information and explanations given to us, the company has created security in respect of debentures issued.
 20. The company has not raised any money by way of public issue during the year.
 21. 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.000402N)**

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

PLACE : LUDHIANA
DATED :24.05.2012

OSWAL SPINNING AND WEAVING MILLS LIMITED

BALANCE SHEET AS AT 31ST DEC. 2011

PARTICULARS	ANNEXURE	AS AT 31.12.2011 (Rs.)	AS AT 30.09.2010 (Rs.)
I. SOURCES OF FUNDS			
A. Shareholders' Funds			
1) Share Capital	A	261960630	261960630
2) Reserves and Surplus	B	126668935	134861700
		<u>388629565</u>	<u>396822330</u>
B. Loan Funds			
1) Secured Loans	C	177313490	374261802
2) Unsecured Loans	D	89637109	118769454
		<u>266950599</u>	<u>493031256</u>
TOTAL		<u>655580164</u>	<u>889853586</u>
II. APPLICATION OF FUNDS			
A. Fixed Assets			
1) Gross Block	E	828141154	841182016
Less : Depreciation		651086340	601885316
Net Block		177054814	239296700
2) Capital Work-in-Progress Including Advances on Capital Account		38566097	28376372
		<u>215620911</u>	<u>267673073</u>
B. Investments			
	F	3789100	3789100
C. Current Assets, Loans and Advances			
1) Inventories		105499374	129004732
2) Sundry Debtors		152639947	246340731
3) Cash and Bank Balances		53165627	50919391
4) Loans and Advances		139585614	152850919
		<u>450890562</u>	<u>579115773</u>
D. Current Liabilities & Provisions			
1) Current Liabilities	H	152907529	110565163
2) Provisions		0	0
		152907529	110565163
Net Current Assets (C-D)		297983033	468550610
E. Profit & Loss Account			
TOTAL		<u>138187121</u>	<u>149840804</u>
TOTAL		<u>655580164</u>	<u>889853586</u>
NOTES ON ACCOUNTS			

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
DATE : 24.05.2012

(R.D. KHANNA)
PARTNER
(M. No. 12391)

OSWAL SPINNING AND WEAVING MILLS LIMITED

Profit & Loss Account for the Year Ended 31st December 2011

PARTICULARS	ANNEXURE	Current Year 15 Months (Rs.)	Previous Year 15 Months (Rs.)
A. INCOME			
Sales	I	1460307014	1178123741
Other Income	I	249194371	6940617
TOTAL		<u>1709501385</u>	<u>1185064358</u>
B. EXPENDITURE			
Cost of Materials	J	1234248502	752359987
Mfg. & Maintenance Expenses	K	148369189	137904846
Personnel Expenses	L	71901426	65287184
Administrative Expenses	M	35452746	17923370
Selling Expenses	N	50134361	54674038
Financial Expenses	O	106279713	95201078
Depreciation		51461766	51850206
TOTAL		<u>1697847702</u>	<u>1175200710</u>
Net Profit Before Tax		11653683	9863648
Adjustments for previous years		0	(22442)
Add : Balance brought forward from earlier years		(149840804)	(176182011)
Add : Transferred from Debenture Redemption Reserve		0	16500000
Balance carried over to Balance Sheet		<u>(138187121)</u>	<u>(149840804)</u>
Basic & Diluted Earning Per Share		0.13	0.11
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

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

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

PLACE : LUDHIANA
DATE : 24.05.2012

(R.D. KHANNA)
PARTNER
(M. No. 12391)

OSWAL SPINNING AND WEAVING MILLS LIMITED

Cash Flow Statement for the Year Ended 31st December 2011

	Current Year 31.12.2011	Previous Year 30.09.2010
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	116.54	98.41
Adjustment for :		
Depreciation	514.62	518.50
Expenses / Income related to earlier years	0.00	0.22
Interest Paid	1062.80	952.01
Profit on sale of fixed assets	(2330.48)	(7.55)
Interest/Dividend (Net)	(7.72)	(4.05)
Operating Profit before Working Capital Changes	(644.25)	1557.55
Adjustment for :		
Trade & other receivable	1069.66	(480.46)
Inventories	235.05	238.76
Trade Payables	423.42	(72.68)
Cash generated from Operations	1083.89	1243.17
Interest Paid	(1062.80)	(952.01)
Direct Tax Paid	0.00	0.00
Cash Flow before extraordinary items	21.09	291.16
Expenses / Income related to earlier years	0.00	(0.22)
Net Cash from operating activities	21.09	290.93
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(146.86)	(6.59)
Sale of Fixed Assets	2483.24	8.00
Decrease in Revaluation Reserve	(81.93)	0
Investments	0.00	0.00
Interest & Dividend Received	7.72	4.05
Net Cash from used in Investing activities	2262.18	5.46
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of capital (Including Reduction)	0.00
Proceeds from long term borrowings (Net)	(1969.48)	(162.34)
Working capital borrowing	0.00	(100.26)
Proceeds from unsecured loan	(291.32)	223.50
Capital Subsidy Received	0.00	0.00
Net Cash from Financing activities	(2260.81)	(39.09)
Net change in cash and cash equivalents (A+B+C)	22.46	257.31
Cash and cash equivalents as at 01.10.10	509.21	251.90
Cash and cash equivalents as at 31.12.11	531.68	509.21

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 Cash flow statement referred to in our report of even date

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

PLACE : LUDHIANA
DATE : 24.05.2012

(R.D. KHANNA)
PARTNER
(M. No. 12391)

OSWAL SPINNING AND WEAVING MILLS LIMITED

Share Capital		Annexure-A	
PARTICULARS	As At 31.12.2011 (Rs.)	As At 30.09.2010 (Rs.)	
AUTHORISED			
225000000 Equity Shares of Re. 1/- each	225000000	225000000	
175000000 0.1% Cumulative Redeemable Preference Shares of Re. 1/- each	<u>175000000</u>	<u>175000000</u>	
	<u>400000000</u>	<u>400000000</u>	
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	<u>171031450</u>	<u>171031450</u>	
TOTAL	<u>262254825</u>	<u>262254825</u>	
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	<u>90929180</u>	<u>90929180</u>	
(ii) 171031450 0.1% Cumulative Redeemable Preference Shares of Re. 1/- each fully paid up	<u>171031450</u>	<u>171031450</u>	
TOTAL	<u>261960630</u>	<u>261960630</u>	

RESERVES AND SURPLUS		ANNEXURE-B	
PARTICULARS	As At 31.12.2011 (Rs.)	As At 30.09.2010 (Rs.)	
Capital Revaluation Reserve			
Opening Balance	11769380	11769380	
Less : Reversed on sale of land	<u>8192765</u>	<u>0</u>	
	3576615	11769380	
Capital Reserve	6009600	6009600	
Securities Premium Account	<u>117082720</u>	<u>117082720</u>	
TOTAL	<u>126668935</u>	<u>134861700</u>	

SECURED LOANS		ANNEXURE-C	
PARTICULARS	As At 31.12.2011 (Rs.)	As At 30.09.2010 (Rs.)	
FROM BANKS			
(i) UCO Bank	52999591	55293438	
(ii) Kotak Mahindra Bank Ltd.	<u>124313899</u>	<u>318968364</u>	
TOTAL	<u>177313490</u>	<u>374261802</u>	

OSWAL SPINNING AND WEAVING MILLS LIMITED

UNSECURED LOANS

ANNEXURE-D

PARTICULARS	As At 31.12.2011	As At 30.09.2010
	(Rs.)	(Rs.)
From Banks	0	128774
OTHER LOANS AND ADVANCES		
From Directors	0	3572
From Others	89637108	118637108
TOTAL	89637109	118769454

FIXED ASSETS

ANNEXURE-E

PARTICULARS	Gross Block				Depreciation				Net Block		
	As on 1 10.2010	Addition during the year (Rs.)	Sale/Adj during the year (Rs.)	As on 31.12.2011 (Rs.)	As on 01 10.2010 (Rs.)	Provided during the year (Rs.)	Sale/Adj during the year (Rs.)	As At 31.12.2011 (Rs.)	As At 31.12.2011 (Rs.)	As At 30 09 2010 (Rs.)	
	Land	27719172	1879111	9964066	19634217	0	0	0	0	19634217	27719172
Building	132323335	1199476	7507463	126021348	67296583	5567194	2250539	70613238	55408110	65032752	
Plant and Machinery	659889663	258547	0	660148210	519573768	44381732	0	563955500	96192710	140315895	
Furniture & Fixture	2275404	66399	0	2341803	2046875	120492	0	2167367	174436	228529	
Office Equipment	8543295	1092385	65251	9570429	6243126	336175	10277	6569094	3001335	2300169	
Vehicles	10425147	0	0	10425147	6724968	1056173	0	7781141	2644006	3700179	
TOTAL	841182016	4495918	17536780	828141154	601885320	51461766	2260746	651086340	177054814	239296696	
Previous Year	840642039	584921	44940	841182020	550035112	51850204	0	601885316	239296704		

INVESTMENTS

ANNEXURE-F

PARTICULARS	As At 31.12.2011 (Rs.)	As At 30.09.2010 (Rs.)
LONG TERM INVESTMENTS (AT COST)		
UNQUOTED :		
a) 342160 Equity shares of Oswal Worsted Spinners Ltd of Rs. 10/-each fully paid up.	3789100	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	0
TOTAL	3789100	3789100

OSWAL SPINNING AND WEAVING MILLS LIMITED

PARTICULARS	As At 31.12.2011 (Rs.)	As At 30.09.2010 (Rs.)
Current Assets, Loans and Advances		ANNEXURE-G
A. CURRENT ASSETS		
1. INVENTORIES		
a) Store and Spares	12755840	11068299
b) Raw Material	21024693	4472970
c) Work in Process	31985095	29384407
d) Finished Goods	39733746	84079056
TOTAL	105499374	129004732
2. SUNDRY DEBTORS		
(a) (Unsecured Not Considered Good)		
Outstanding for period of more than six months	9949650	128600971
(b) (Unsecured Considered Good)		
i) Outstanding for period of more than six months	34906927	55067249
ii) Others	107783370	62672511
	152639947	246340731
3. CASH AND BANK BALANCES		
a) Cash in hand (including imprest)	2429090	2330442
b) Balances with Scheduled Banks		
i) In Current Accounts	9846004	32519564
ii) In Fixed Deposit Accounts	16473007	2265141
iii) Draft/Cheques sent for collection	24417526	13804245
TOTAL	53165627	50919392
B. LOANS AND ADVANCES		
(Unsecured Considered Good)		
a) Securities	10024455	4790309
b) Advances recoverable in cash or in kind or for value to be received	129299477	147588911
c) Prepaid Taxes	261681	471699
TOTAL	139585614	152850919
GRAND TOTAL	450890562	579115773

OSWAL SPINNING AND WEAVING MILLS LIMITED

PARTICULARS	As At 31.12.2011 (Rs.)	As At 30.09.2010 (Rs.)
Current Liabilities		
ANNEXURE-H		
A. CURRENT ASSETS		
TRADE CREDITORS		
(i) Due to Small Scale Industrial Undertakings	---	---
(ii) Others	59331327	33142430
Other liabilities	64535618	45439695
Cheques issued but not yet presented for payment	28353009	29761604
Advances received from customers	687576	72531
Interest accrued but not due	0	2148904
TOTAL	152907529	110565163
B. PROVISIONS		
Provision for Tax	0	0
TOTAL	0	0
TOTAL (A+B)	152907529	110565163

* 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 Vendor/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 Vendors/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 15 Months (Rs.)	
(i) SALES (GROSS)			
Domestic	510295362	312815373	
Export	950011652	865308369	
TOTAL (i)	1460307014	1178123741	
(ii) OTHER INCOME			
Interest received (gross)	772302	405005	
Miscellaneous income	15374225	5780552	
Profit on sale of fixed assets	233047844	755060	
TOTAL (ii)	249194371	6940617	
TOTAL (i+ii)	1709501385	1185064358	

OSWAL SPINNING AND WEAVING MILLS LIMITED

Cost of Material		ANNEXURE-J	
PARTICULARS	Current Year 15 Months (Rs.)	Previous Year 15 Months (Rs.)	
OPENING STOCK			
Raw Material	4472970	26638810	
Stock In Process	29384407	21704004	
Finished Goods	84079056	92904863	
	117936433	141247677	
ADD : PURCHASE	1209055602	729048743	
TOTAL	1326992035	870296420	
LESS : CLOSING STOCK			
Raw Material	21024693	4472970	
Stock In Process	31985095	29384407	
Finished Goods	39733746	84079056	
TOTAL	92743534	117936433	
COST OF MATERIALS	1234248502	752359987	

Manufacturing & Maintenance Expenses		ANNEXURE-K	
PARTICULARS	Current Year 15 Months (Rs.)	Previous Year 15 Months (Rs.)	
MANUFACTURING :			
Packing Material	16077566	15387372	
Power & Fuel	112416381	107311591	
Oil & Lubricants	1211112	1136366	
Other Mfg. Expenses	173018	194515	
REPAIR AND MAINTENANCE :			
Plant & Machinery	13323191	9528655	
Building	2565270	2046286	
Others	2602653	2300062	
TOTAL	148369189	137904846	

Personnel Expenses		ANNEXURE-L	
PARTICULARS	Current Year 15 Months (Rs.)	Previous Year 15 Months (Rs.)	
Salary,Wages, Bonus and Other Allowances	62098447	56249451	
Contribution to Provident Fund and Other Funds	3964255	3844634	
Employee's Welfare Expenses	298033	259153	
Workmen Food Expenses	5540691	4933947	
TOTAL	71901426	65287184	

OSWAL SPINNING AND WEAVING MILLS LIMITED

Administrative and Other Expenses

ANNEXURE-M

PARTICULARS	Current Year 15 Months (Rs.)	Previous Year 15 Months (Rs.)
Vehicle		
a) Car Expenses	3429050	2496593
b) Scooter Expenses	100297	82656
c) Four Wheeler Expenses	218682	206091
Rent	1421575	177172
Rates and Taxes	969473	942632
Postage Telegram and Telephone	1946285	1953643
Insurance	1380804	2242682
Printing and Stationery	570594	585526
Director's Sitting Fee	6000	11000
Director's Travelling Expenses	2431412	2649576
Other Travelling and Conveyance	3393269	2140191
Charity and Donation	22276	11601
Auditors' Remuneration		
a) Statutory Audit		
i) Statutory Audit Fee	270905	231630
ii) Tax Audit Fee	60665	51841
iii) Certification Fee	15030	11030
iv) Reimbursement of Expenses	67168	32935
b) Concurrent Audit Expenses	0	27230
c) Cost Audit Expenses	30572	33690
Other General Expenses	19118690	4035652
Total	35452746	17923370

Selling Expenses

ANNEXURE-N

PARTICULARS	Current Year 15 Months (Rs.)	Previous Year 15 Months (Rs.)
Brokerage & Commission	19225861	17830050
Rebate & Discount	3934026	1413517
Sale Promotion	88793	253533
Clearing & Forwarding	26885681	35176938
Total	50134361	54674038

Financial Expenses

ANNEXURE-O

PARTICULARS	Current Year 15 Months (Rs.)	Previous Year 15 Months (Rs.)
Interest on		
i) Debentures	0	3607259
ii) Cash Credit & Bill Discounting	18366830	17923168
iii) Other Loan	84090298	69273210
Other Financial Expenses	3822585	4397441
Total	106279713	95201078

NOTES FORMING PART OF ACCOUNTS AS AT 31st December, 2011

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 convention and in accordance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.

B. REVENUE RECOGNITION

(i) Sales

Sales Revenue is recognized on dispatch of goods net of trade discount, cash discount and sales tax when

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

(ii) Export Benefits

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.

(iii) Interest

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

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: -

- a) In case of Raw Material on specific identification method i.e specific costs are attributed to identified items of inventory
- b) In case of stores and spares at FIFO plus direct expenses.
- c) In case of Work-in-Process at raw material cost plus conversion cost depending on the stage of completion.

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

- a) 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.

OSWAL SPINNING AND WEAVING MILLS LIMITED

b) Depreciation on addition to assets costing Rs. 5000/- or below has been charged on 100% basis.

F. INVESTMENT

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 in accordance with provisions of Employee Provident Fund and Miscellaneous Provisions Act, 1952, the payment of which are accounted for on accrual basis.

(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

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

Fixed Assets subject to amortization/depreciation, are reviewed at each balance sheet date 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.

L. CONTINGENT LIABILITIES

Contingent liability is disclosed in case of :

- a) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or

OSWAL SPINNING AND WEAVING MILLS LIMITED

- b) a possible obligation, unless the probability of outflow in settlement is remote.
- 2) There are contingent liabilities in respect of the following items :-
- For Foreign Bills Discounted against Letters of Credit Rs. 10,03,91,851 (Previous Year Rs. 9,20,82,322/-).
 - For Indigenous Bills Discounted against Letters of Credit Rs. 79,66,741/- (Previous Year NIL /-)
 - Claim against the Company not acknowledged as debts - NIL
 - Bank Guarantee outstanding – Rs. 8.00 lacs
- 3) Cumulative Redeemable Preference Shares are redeemable in five equal 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.
- 4) **SECURED LOANS**
- 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.
 - 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.
 - Medium Term Loan of UCO Bank, that was secured by first charge on one Auto Coner Machine and personally guaranteed by three Directors of the Company has now been paid off by the company. During the year aforesaid loan was paid off.
5. Debit or Credit Balances on whatever account are subject to confirmation from parties, as such their effect on Profit & Loss Account cannot be reflected.
6. 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.
7. Based on a revaluation report, land at Jugiana was revalued as on 1st April, 1987, which resulted an increase in-gross block of Rs. 1,17,69,380/-. During the year the Revaluation Reserve has been reversed for Rs. 81,92,765 towards sale of land.
8. 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. 43,07,922/- instead of Rs. 4,30,30,626/- (Previous year Rs. 66,55,030/- instead of Rs. 4,37,08,556/-).
9. The previous years figures have been recasted or regrouped wherever necessary, in order to confirm to this year's presentation.
10. Sundry Debtors includes amount of Rs. 99.50 lacs (Previous year 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.
11. 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. ₹10,15,08,394/- up to 31.12.2011. Further, impact of increase in net deferred tax assets amounting to Rs. 1,41,71,380/- has originated during the year, which is to be recognised subject to consideration of prudence. Components of deferred tax assets are as under :-

OSWAL SPINNING AND WEAVING MILLS LIMITED

Deferred tax Assets / Liabilities as on 31.12.2011

	31.12.2011 (Rs.)	30.09.2010 (Rs.)
Deferred tax Liabilities		
Difference on account of Depreciation Between books & I. Tax Act. (A)	4,14,39,426	5,32,63,292
Deferred Tax Assets		
Expenses deductible on payment basis	66,61,688	1,52,05,194
Unabsorbed Depreciation	8,79,95,845	8,39,55,685
Business losses	68,50,860	0
	(B) 10,15,08,394	9,91,60,879
Surplus of Deferred Tax Assets	6,00,68,967	4,58,97,587
Net increase / (decrease) in Deferred Tax Assets	1,41,71,380	(3,00,17,438)

12. Earning per share (EPS)-

		Year Ended 31.12.2011	Year Ended 30.09.2010
Profit (Loss) attributable to Equity Shareholders (Rs.)	(A)	11653683	9841206
Basic/weighted average number of equity shares	(B)	91201100	91201100
Outstanding during the year			
Potential equity share	(C)	91201100	91201100
Nominal Value of Equity Share (Rs.)		1/-	1/-
Basic EPS (Rs.)	(A) / (B)	0.13	0.11
Diluted EPS (Rs.)	(A) / (C)	0.13	0.11

13. 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.

14. 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.
- 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	Year ended 31.12.2011		Year ended 30.09.2010	
	Gratuity (Unfunded)	Leave (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)
1 CHANGES IN THE PRESENT VALUE OF OBLIGATION				
Present value of obligation at the beginning of the period	7034170	1509957	4805106	2491059
Interest Cost	736621	138176	469424	246333
Current Service Cost	1223506	259297	1044749	765837
Benefits Paid	(598701)	(493261)	(773987)	(345259)
Actuarial (Gain)/Loss on obligation	(229429)	744297	1488878	(1648013)
Present value of obligation	8166167	2158466	7034170	1509957

OSWAL SPINNING AND WEAVING MILLS LIMITED

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		(493261)		(345259)
Fair value at the end of the period				
Present value of obligation at the end of the period	8166167	2158466	7034170	1509957
Funded Status	(8166167)	(2158466)	(7034170)	(1509957)
4 ACTUARIAL GAIN/(LOSS) RECOGNIZED				
Actuarial Gain/(Loss) on obligation	229429	(744297)	(1488878)	1648013
Actuarial Gain/(Loss) on plan assets				
Total (Gain)/Loss	(229429)	744297	1488878	(1648013)
Actuarial Gain/(Loss) recognized in the period	(229429)	744297	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	8166167	2158466	7034170	1509957
Fair value of plan assets at the end of the period				
Funded Status	(8166167)	(2158466)	(7034170)	(2939368)
Unrecognized Actuarial (Gain)/Loss at the end of the period				
Net Assets/(Liability) recognized in the balance sheet	8166167	2158466	7034170	1509957
6 EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS				
Current Service of the cost	1223506	259297	1044749	765837
Interest cost	736621	138176	469424	246333
Expected return on plan assets				
Actuarial Gain/(Loss) recognized on the period	(229429)	744297	1488878	(1648013)
Expense recognized in the statement of Profit and loss	1730698	1141770	3003051	(635843)

OSWAL SPINNING AND WEAVING MILLS LIMITED

ACTUARIAL ASSUMPTION (ECONOMIC & DEMOGRAPHIC) 31.12.2011			30.09.2010	
(i) Imputed rate on interest	08.75%	08.75%	08.50%	08.50%
(ii) Future Salary rise	9.00%	9.00%	9.00%	9.00%
(iii) Return on plan assets	N.A.	N.A.	N.A.	N.A.
(iv) Retirement Age	58 Years	58 Years	58 Years	58 Years
(v) Mortality Table	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
(vi) Attrition Rate	30.00% P.A.	30.00% P.A.	30.00% P.A.	30.00% P.A.
(vii) Remaining Working Life	29.19 Years	29.19 Years	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 in MT	
		As at 31.12.11	As at 30.09.10	As at 31.12.11	As at 30.09.10	As at 31.12.11	As at 30.09.10
Cotton Yarn Spindles	No.	41808	41808	26208	26208	6055.193	6965.926
Polyester Sewing Yarn Spindles	No.	14112	14112	NIL	NIL	NIL	NIL
By Product of Cotton Spinning	MT	--	--	--	--	2223.801	2543.171

- a) 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	Unit	2010-11		2009-10	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Cotton Yarn	MT	6481.939	1203434561	7173.569	1035686341
Cotton Waste	MT	2402.354	115267808	2534.728	81102258
Raw Cotton	MT	9.050	781480	0.000	0
Blankets	Pcs	139530	64519047	129015	50059790
Miscellaneous		0	1697929	0.000	10455320
Rice Bran	MT	12642.08	75169241	0.000	0
TOTAL			1460870066		1177303709

C. MATERIAL CONSUMED

Class of Goods	Unit	2010-11		2009-10	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Raw Cotton	MT	8500.711	1046974372	9544.298	692891545
TOTAL		8500.711	1046974372	9544.298	692891545

OSWAL SPINNING AND WEAVING MILLS LIMITED

D. FINISHED GOODS PURCHASED

Class of Goods	Unit	2010-11		2009-10	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Yarn	MT	204.001	28634872	186.311	27173513
Blankets	PCS	229700	84495750	93105	31149525
Rice Bran	MT	5355.200	32668455	0.000	0
TOTAL			145799077		58323038
TOTAL (C+D)			1192773449		751214583

E. OPENING AND CLOSING STOCK OF GOODS PRODUCED AND TRADED

Class of Goods	Unit	2010-11		2009-10	
		Quantity	Value (Rs.)	Quantity	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

Class of Goods	Unit	2010-11		2009-10	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Cotton Yarn	MT	88.771	13497158	311.516	38622567
Waste	MT	39.122	1506708	217.675	4285617
Rice Bran	MT	0.000	NIL	7286.880	41170872
Blankets	Pcs	90170	24729880	0.000	0
TOTAL			39733746		84079056

F. CIF VALUE OF IMPORTS

	(Rs. in Lacs)	
	AS AT 31.12.11	AS AT 30.09.10
Machinery Spares	37.71	18.98

G. EXPENDITURE ON FOREIGN CURRENCY

Traveling Expenses	5.69	12.58
Commission	87.10	78.63

I. EARNING IN FOREIGN CURRENCY

FOB VALUE OF EXPORT	7519.17	7648.01
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J. BIFURCATION OF MATERIAL AND STORES CONSUMED

Raw Material	As at 31.12.11		As at 30.09.10	
	(Rs.)	%	(Rs.)	%
INDIGENOUS	1046974374	100	692891545	100
IMPORTED	--	0.00	--	0.00

Components & Spares	As at 31.12.11		As at 30.09.10	
	(Rs.)	%	(Rs.)	%
INDIGENOUS	10142600	72.90	25120734	92.98
IMPORTED	3771244	27.10	1897801	7.02

OSWAL SPINNING AND WEAVING MILLS LIMITED

16. 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	9500.17
(b) Domestic Market	5102.95

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.

17. Related Party Transaction

A. Name of the Related parties with whom Business Transactions took place during the year

- i) Oswal Cottex Exports Ltd.
- ii) Rajan and Santosh pvt ltd.
- iii) Oswal Industries pvt.ltd.

Sr. No.	Nature of Transaction	Associates		Key Management Personnel	
		As on 31.12.11	As on 30.09.10	As on 31.12.11	As on 30.09.10
1.	Loan Repaid	4000000	6000000	--	--
2.	Rent Received	--	107000	--	--
3.	Purchase	--	--	--	--
4.	Sales	154028768	12469283	--	--
5.	Others	75705000	57356787	--	--

B) Key Management Personnel

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

C) Relatives of KMP

- Taru Oswal
Karuna Oswal

Disclosure of the Related parties with whom no Business Transactions took place during the year

1. ASSOCIATES

- i) Oswal Capital Services Ltd.
- ii) Vallabh Trading & Mercantile co. Pvt. Ltd.
- iii) Vallabh Traders Pvt. Ltd.
- iv) Oswal Worsted Spinners Ltd.
- v) Oswal Agroils Ltd.
- vi) Sambhav Heights & Sites Pvt Ltd.
- vii) Sambhav Overseas Pvt Ltd.

2. Enterprise over which Key Management Personnel and relative of such personnel is able to exercise significant influence Oswal Impex Pvt Ltd.

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
DATE : 24.05.2012

(R.D. KHANNA)
PARTNER
(M. No. 12391)

OSWAL SPINNING AND WEAVING MILLS LIMITED

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

BALANCE SHEET ABSTRACT & GENERAL PROFILE

I. REGISTRATION DETAILS	1884	1884
Registration No.	16	16
State Code	31.12.2011	30.09.2010
Balance Sheet Date		
II. CAPITAL RAISED DURING THE YEAR	(Rs. In lacs)	(Rs. In lacs)
Public Issue	NIL	NIL
Right Issue	NIL	NIL
III. POSITION OF MOBILISATION & DEVELOPMENT OF FUNDS		
Total Liabilities	6555.80	8898.54
Total Assets	6555.80	8898.54
A) SOURCES OF FUNDS		
Paid up capital	2619.61	2619.61
Reserve & Surplus	1266.69	1348.62
Secured Loans	1773.13	3742.62
Unsecured Loans	896.37	1187.69
TOTAL	6555.80	8898.54
B) APPLICATION OF FUNDS		
Net Fixed Assets	2156.21	2676.73
Net Current Assets	2979.83	4685.51
Investments	37.89	37.89
Misc. Expenditure	0.00	0.00
Accumulated Losses	1381.87	1498.41
TOTAL	6555.80	8898.54
IV. PERFORMANCE OF COMPANY		
Turnover Including Other Income	17095.01	11850.64
Total Expenditure	16978.48	11752.23
Profit before Tax	116.54	98.41
Profit after Tax	116.54	98.41
Earning Per Share (in Rs.)	0.13	0.11
Dividend Rate %	NIL	NIL
V. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY		
(As per Monetary Terms)		
Item Code No.	5205	5205
Product Description	COTTON YARN	COTTON YARN

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
DATE : 24.05.2012

(R.D. KHANNA)
PARTNER
(M. No. 12391)

OSWAL SPINNING AND WEAVING MILLS LIMITED

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

PROXY FORM

I/We _____
of _____ being a Member/Members of Oswal Spinning and
Weaving Mills Limited hereby appoint _____ of

_____ or failing _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the 56th Annual General Meeting of the Company to be held
on Tuesday the 26th day of June, 2012 at 09.30 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: 11 & 12, 1ST FLOOR; BLOCK-F, MAIN MARKET, NEAR ORIENT CINEMA,
B.R.S. NAGAR, 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 56th Annual General Meeting of the above named Company being held at
Rotary Bhawan, Near Deepak Hospital, Sarabha Nagar, Ludhiana at 09.30 A.M. on Tuesday the 26th day of June,
2012.

Full Name of the Member
(IN BLOCK LETTERS)

Folio No. _____

No. of Shares held _____

Full Name of
(IN BLOCK LETTERS)

Signature

BOOK POST
(Printed Matter)

if undelivered please return of :
OSWAL SPINNING AND WEAVING MILLS LIMITED
11 & 12, 1st Floor, Block-F, Main Market, Near Orient Cinema,
B.R.S. Nagar, Ludhiana-141 012

Mohinder Brothers Limited # 0161-5034716