



35th Annual Report 2010-11

Malwa Cotton Spinning Mills Ltd.



MALWA COTTON SPINNING MILLS LIMITED

THE MANAGEMENT

BOARD OF DIRECTORS

: MR.JANGI LAL OSWAL
Chairman-cum-Managing Director
MR.RISHI OSWAL
MR.RAHUL OSWAL
MR.T.HARI KRISHNAN (Nominee of IFCI)
MR.YASHPAL BARAR (Nominee of PNB)
MR.SANJAY KUMAR SUROYA (Nominee of IDBI)
MR.G.BANSAL
MR.SURINDER KUMAR VIG

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

: Industrial Area - 'A',
Ludhiana - 141 003

WORKS

- : i) Village Harigarh,
Raikot Road, Barnala (Punjab)
- ii) Village Patlian,
Paonta Sahib (Himachal Pradesh)
- iii) Village Harian, Kohara-Machhiwara Road,
Distt. Ludhiana (Punjab)

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MALWA COTTON SPINNING MILLS LIMITED

NOTICE

Notice is hereby given that the THIRTY-FIFTH ANNUAL GENERAL MEETING of the Members of Malwa Cotton Spinning Mills Limited will be held in the premises of Oswal Knit India Ltd., 230, Industrial Area-A, Ludhiana on Monday, the 26th September, 2011 at 9.30 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. G. Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Surinder Kumar Vig, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2011-12 and fix their remuneration.

By order of the Board

Place : Ludhiana
Dated : 30.05.2011

POOJA DAMIR MIGLANI
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING, THE BLANK PROXY FORM IS ENCLOSED.
2. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting as proposed in Item No. 2 & 3 of the Notice is also being annexed hereto respectively and forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 24.09.2011 to 26.09.2011 (both days inclusive).
4. Members holding shares in physical form are requested to notify the change in their addresses, if any, to the Registrar & Transfer Agent/Company immediately quoting their Folio Number(s). However, Members holding shares in electronic mode may notify the change in the address, if any, to their respective Depository Participants.
5. Members desiring any information, as regards Accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 AM to 12.30 PM.
7. Members are requested to bring their copy of Annual Report along with them at the Annual General Meeting.

8. The Ministry of Corporate affairs (MCA) has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, taken a Green Initiative in Corporate Governance' by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other notice/documents, henceforth in electronic form in lieu of the paper form.

In case you wish to support your Company's concern to prevent global environment degradation, you are requested to please register your E-mail Id with your DP, if you hold Company's Shares in electronic form under intimation to the Registrar and Transfer Agent through your registered E-mail ID.

If you hold Company's Shares in physical form then you may register your E-mail ID with the Register and Transfer Agent of the Company by sending under your registered signature a letter at the below mentioned address:

M/s Mas Services Pvt. Ltd

T-34, 2nd Floor,

Okhla Industrial Area, Phase-II,

NEW

DELHI-110020

Phone Number : 91 11 26387281-82

Fax Number : 91 11 26387384

E-Mail : mas_serv@yahoo.com

By order of the Board

Place : Ludhiana

POOJA DAMIR MIGLANI

Dated : 30.05.2011

Company Secretary

INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTORS APPOINTMENT/ RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING.

Mr. G. Bansal

Mr. G. Bansal is post Graduate and is a Financial Consultant. He has strong financial and accounting background and having more than 41 years experience. His date of birth is 18.01.1941 and date of appointment is 18.08.1992.

He is Chairman of Audit Committee and Member of Share Transfer Committee, Shareholders/Investors Grievance Committee & Remuneration Committee of the Company and is not related to any Director.

Mr. Surinder Kumar Vig.

Mr. Surinder Kumar Vig is a Law graduate having more than 32 years of experience in legal profession. His date of birth is 07.06.1950 and date of appointment is 31.01.2008 and is holding 11098 Equity Shares in Malwa Cotton Spinning Mills Limited.

He is a Member of Audit Committee, Shareholders/Investors Grievance Committee, Share Transfer Committee & Remuneration Committee of the Company and is also a Director in the following Companies:

1. Oswal Knitting & Spinning Industries Limited
2. Oswal Knit India Limited.



MALWA COTTON SPINNING MILLS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. Lac)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Share Capital	3514.90	3459.90	3404.90	3341.41	3341.41	3341.41	3341.41	3283.00	3283.00	3283.00
Reserves	1996.15	2023.65	2086.15	5495.77	6087.79	5432.85	4244.98	3267.46	6037.44	6602.91
Net Worth	3423.04	*3032.83	4765.31	8837.19	9429.20	8774.26	7586.39	6550.46	9320.44	9885.91
Fixed Assets (Gross)	28764.70	28601.51	28588.40	28541.47	28220.17	27966.00	27545.99	27386.15	27229.28	26765.86
Depreciation	22531.40	22103.20	21559.16	20875.70	19977.91	18914.98	17672.65	16383.02	14988.16	13606.14
Net Block	6233.30	6498.31	7029.24	7665.77	8242.26	9051.02	9873.34	11003.13	12241.12	13159.72
Investments	999.89	999.89	999.89	997.89	999.64	1093.83	1205.91	1205.91	2599.76	2599.76
Net Current Assets	19976.21	18179.98	16185.09	17600.93	18490.34	18732.16	16152.74	14595.87	13809.89	12734.80
Net Assets Employed	27209.40	25678.18	24214.22	26369.77	27732.24	29038.08	27771.94	27060.62	28697.18	28570.35
Book Value Per Equity Share (Rs.)	43.30	41.23	70.03	143.23	152.82	142.21	122.96	117.26	166.85	176.98
Gross Income	45888.31	43763.20	45958.86	44994.84	42415.14	38059.29	36452.81	36285.74	35993.80	36860.69
Export Sales (FOB)	4035.85	4212.97	9077.80	8479.00	8223.58	7133.26	7383.20	11573.78	13618.63	12339.88
Gross Profit / (Loss)	836.30	(1148.25)	(3485.60)	704.26	2052.98	2862.96	1760.41	(1574.52)	806.44	(254.01)
Depreciation	473.31	581.22	738.07	903.13	1112.89	1260.46	1318.17	1442.45	1382.02	1539.31
Profit / (Loss) Before Tax	362.99	(1729.47)	(4223.67)	(198.87)	940.09	1602.50	442.24	(3016.97)	(575.58)	(1793.32)
Profit / (Loss) After Tax	362.71	(1724.98)	(4371.88)	(180.25)	518.74	1188.62	748.15	(1108.03)	(335.35)	(1761.29)
Earning Per Share (Rs.)	0.99	(29.54)	(69.78)	(8.82)	2.71	13.51	6.90	(25.88)	(11.58)	(36.48)
Cash Earning Per Share (Rs.)	7.12	(21.01)	(58.81)	5.82	20.74	33.94	29.42	(0.06)	13.16	(8.92)

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



MALWA COTTON SPINNING MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

The Directors of your Company are pleased to present their 35th Annual Report on the business of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2011.

	(Rs. Lac)	
FINANCIAL RESULTS	2010-11	2009-10
Profit/(Loss) before financial expenses & depreciation	3747.63	1707.08
Financial Expenses	2911.33	2855.33
Depreciation	473.31	581.22
Profit/(Loss) before tax	362.99	(1729.47)
Profit/(Loss) for the year after tax adjustments	362.71	(1724.98)

YEAR IN RETROSPECT

The company has recorded profit/(loss) before depreciation, interest & tax of Rs.3747.63 lac as compared to previous year Rs.1707.08 lac.

Indian textile industry was passing through difficult period but during the current Financial Year, the textile industry scenario improved considerably. The raw material prices and yarn prices increased steeply and remained very volatile. However position of textile industry was adversely affected by suspension of exports of cotton yarn by Government of India from 1st December, 2010 to 31st March, 2011 while allowing small quantity for exports of yarn. This affected the domestic markets. Shortage of power, lack of transportation facility and higher financial cost, rising raw material prices and rupee appreciation has also adversely affected the Indian textile industry.

The company complied with the major terms and conditions of the CDR restructuring package and scheme was fully implemented during the year.

During the year, the Company has achieved total production of 201.00 lac kgs for all types of yarns compared to previous year's production of 205.00 lac kgs. The Cotton Yarn production was 108 lac kgs against 114.00 lac kgs in the previous year and other yarns production was 93.00 lac kgs against 91.00 lac kgs. in the pervious year. Thread production was 29.00 lac kgs against 34.00 lac kgs in the previous year.

TURNOVER

During the year, your Company has recorded gross sales of Rs.45504.00 lac against Rs.43241.00 lac in the previous year. The Company has achieved Yarn sale of Rs.31509.00

lac, Thread sale of Rs.9830.00 lac and others of Rs.4165.00 lac in the current year ending 31st March, 2011 against sale of Yarn Rs.23344.00 lac, Thread Rs.10850.00 lac and others Rs.9047.00 lac in the previous year. Export of Yarn was at Rs.4095.00 lac (CIF) against Rs.4312.00 lac (CIF) in the previous year.

BARNALA UNIT

The Barnala unit has achieved production of 100.54 lac kgs of Yarn and capacity utilization of 82% in the current year. The plant is equipped with latest technology machines to meet the demand of domestic as well as International Markets.

PAONTA SAHIB UNIT

The Paonta Sahib unit was operating at capacity utilization of 82% and had production of 86.34 lac kgs of yarns

MACHHIWARA UNIT

There was production of 13.82 lac kgs of value added yarns and capacity utilization was 53%. The unit also achieved thread production of 28.67 lac kgs.

FIXED DEPOSITS

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

INDUSTRIAL RELATIONS

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

COMPLIANCE OF LISTING AGREEMENT

The Equity Shares of the Company are listed at The Bombay Stock Exchange and National Stock Exchange. The Company has paid Annual Listing Fee to both the Exchanges for the Financial Year 2011-12.

CORPORATE GOVERNANCE

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

AUDITORS

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



AUDITORS' REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

DIRECTORS

Mr. G. Bansal and Mr. S.K Vig. retire at the ensuing Annual General Meeting and are eligible for appointment as Directors subject to retirement by rotation. They offer themselves for the re-appointment.

Mr. N.C Jain, nominee of Punjab National Bank ceased to be Director of the Company w.e.f. 31.01.2011. The Board places

on record its appreciation for his services rendered during his tenure as Director of the Company.

Mr. Yashpal Barar, nominee of Punjab National Bank, was appointed as Director on the Board of the Company. He is welcome on the Board.

ACKNOWLEDGEMENT

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

DISCLOSURE OF PARTICULARS

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

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



MALWA COTTON SPINNING MILLS LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES

Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and Forming Part of Directors' Report for the year ended 31.03.2011.

Name	Age	Date of Employment	Qualification	No. of years of Experience	Designation & Nature of Duties	Remuneration (Rs.Lac)	Last Employment held	Designation with last employer	Period of Service with last employer (Years)
Mr.Jangi Lal Oswal	59	09.04.1980	B.A. IInd Year	41	Chairman-cum- Managing Director	25.94	Oswal Woollen Mills Limited	Commercial Manager	9

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

For and on behalf of the Board

JANGI LAL OSWAL
Chairman-cum-Managing Director

Place : Ludhiana
Dated : 30.05.2011

ANNEXURE 'B' TO THE DIRECTORS' REPORT-

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

I. CONSERVATION OF ENERGY

The company continues to accord high priority to energy conservation.

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

FORM A

(Disclosure of particulars with respect to conservation of energy)

A. POWER AND FUEL CONSUMPTION

		2010-11	2009-10
1. Electricity			
a) Purchased			
Units	Lac Units	933.42	927.47
Total Amount	Rs. Lac	4226.50	3971.12
Rate/Unit	Rs.	4.53	4.28
b) Own generation			
Through diesel Generator			
Units	Lac Units	22.20	31.55
Unit/Litre		3.39	3.39
Rate/Unit	Rs.	9.87	8.73



MALWA COTTON SPINNING MILLS LIMITED

2. Steam

Quantity	Tonnes	75232.80	82043.46
Total Cost	Rs.Lac	803.79	668.16
Rate/Per Ton	Rs./Tonne	1068.41	814.39

B CONSUMPTION PER UNIT OF PRODUCTION

Electricity	Per Tonne in unit	4761.20	4678.26
Steam	Per kg of Fibre/Yarn Dyed	12.30	13.04

II. TECHNOLOGY ABSORPTION

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

FORM - B

RESEARCH AND DEVELOPMENT (R&D)

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

		(Rs. Lac)
	2010-11	2009-10
a) Capital	0.41	0.00
b) Recurring	72.85	69.60
c) Total	73.26	69.60
d) Total R & D Expenditure as a percentage of turnover	0.16%	0.16%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

		(Rs.Lac)
	2010-11	2009-10
Foreign Exchange earned (FOB)	4035.85	4212.97
Foreign Exchange used (CIF)	1230.72	517.65

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

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

- That in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- That the Directors had selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year and of the Profit or Loss of the Company for that period.
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the Annual Accounts on a going concern basis.

For and on behalf of the Board

Place : Ludhiana
Dated : 30.05.2011

JANGI LAL OSWAL
Chairman-cum-Managing Director



MALWA COTTON SPINNING MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments

Indian textiles industry is a well-established with showing strong features and a bright future. In fact, the country is the second biggest textiles manufacturer worldwide, right after China. Similar force is demonstrated in the cotton production and consumption trend where India ranks just after China and USA. The textiles manufacturing business is a pioneer activity in the Indian manufacturing sector and it has a primordial importance in the economic life of the country, which is still predominantly based on the agro-alimentary sector. Employing around 35 million people, textiles industry stands as a major foreign currency revenue generator and further proves it in its 14% share of industrial production and the 16% of export revenues it generated.

Textiles industry is not limited to manufacture and export of garments. The cotton, jute, silk or wool and even synthetic material are also produced by this industry to complement and strengthen the garments manufacturing industry. Almost one quarter of the world's spindle activities is hosted in India, again positioning itself just after China. Looming is another important element that accounts for significant activity in this industry; in fact, it takes an impressive 61% share including handlooms

Opportunities & Threats

Indians have well understood the importance of staying one step ahead of developments in the world economic environment. The industry is now preparing itself to take share of opportunities expected to arise out of the market freed from quota restrictions and other trade barriers. Industry operators are increasingly moving towards modernization and expansion as encouraged by the so-designated Textile Up gradation Fund Scheme implemented by Government. The local textile sector is now at a critical stage where it should prepare itself to rise and grab the opportunities that are available through liberalization of the international market. Many manufacturing companies in India are rushing towards expansion and modernization options. Business collaborations with foreign players, creation of buying offices and Government's effort to enhance quality production and export are many visible signs of Indians coming into force on the global market.

The industry should remain on its guards as its neighbours start to embark on similar global adventure with an enthusiasm and motivation packed attitude. Pakistan and Bangladesh are growing at fast pace, shortening the gap with India in an impressive manner. Pakistan, to note, is among the most important cotton producers worldwide and has been blessed by preference agreements with EU and US even during the quota-imposed periods. Others, countries like Turkey, Egypt are also in the race.

Future Outlook

The country's textile industry which was passing through a recession has become the first to come out of it. The Indian textile industry has started showing signs of revival and it has become the first sector in the country to rebound. Considering the continual capital investments in the textile industry, the Govt. of India has extended the Technology Upgradation Fund Scheme (TUFS) in order to support the industry. There is substantial potential in Indian exports of technical textiles and home-textiles, as most European companies want to set up facilities near-by the emerging markets, such as China and India.

The future of the textiles industry seems to be bright in all aspects. As such Government places all its trust and relies sector for its strong 'employment creation' capability.

Risks & Concerns

The textile industry in the country is highly fragmented and facing high competition and profitability is very low. India has low share in global textile exports, despite being the largest producer. The Indian textile industry has Scale disadvantage vis-à-vis competing countries. The rupee appreciation is hitting margins on exports. Labour regulations are a major concern in India causing great harms to the industry at various levels. With no clear legislations, strikes and similar issues often bring business to complete halts. The geographical location of India as compared to its competitors is a rather uncomfortable but natural disadvantage. Impacts are mainly felt on transportation cost, delivery times etc.

The home textile sector is in a good position to activate and encourage developments in the overall domestic textile industry. Those wishing to reap the benefits of opportunities have to show good preparatory dispositions as well as willingness to stay on the forefront of the global competition.

Internal Control System and their adequacy

The internal Control system of the Company is commensurate with the size of the company and is proper and adequate. The Internal Audit Department of the Company ensures adherence to all internal control policies and procedures.

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

Financial/operational Performance

(Rs. Lac)

Particulars	2010-11	2009-10
Turnover & Other Income	45888	43763
PBDIT	3747	1707
Interest & Financial Charges	2911	2855
Depreciation	473	581
Profit/(Loss) before Tax	363	(1729)
Profit /(Loss)after Tax	363	(1725)
Earning Per Share (Rs.)	0.99	(29.54)

Human Resources/Industrial Relations

Human Resources are one of the valuable assets of the Company. Industrial Relations at all units of the Company remained cordial and peaceful during the year. The Company has not lost a single man day during the year and every member of the company contributed in the Company's growth and performance.

For and on behalf of the Board

Place : Ludhiana
Dated : 30.05.2011

Jangi Lal Oswal
Chairman-cum-Managing Director

REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of Listing Agreement with Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) and adopting best practices followed on Corporate Governance, this report, which forms a part of the Annual Report, contain the details of Governance, systems & processes followed at Malwa Cotton Spinning Mills Limited.

1. Company's Philosophy

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

2. Board of Directors
(a) Board Meeting:

During the financial year 2010-2011, the Board met four times on the following dates

- 28th May, 2010, - 31st July, 2010
- 30th October, 2010 - 31st January, 2011

(b) Composition:

The Board of Directors has strength of eight Directors and includes;

- A Chairman cum Managing Director
- Seven Non-Executive Directors including Nominee Directors and Independent Directors. Out of eight Directors five are Independent Directors.

The composition of Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges and exceeds the percentages prescribed in the said Agreement.

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

S. No.	Name of the Directors	Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at last AGM	No. of directorship held in other companies	No. of Board Committee membership held in other companies	No. of Board Chairmanship held in other companies
1	Mr.Jangi Lal Oswal Chairman-cum-Managing Director	Non-Independent, Executive	4	4	Yes	7	-	1
2	Mr.Rishi Oswal	Non-Independent, Non-Executive	4	1	No	7	-	-
3	Mr.Rahul Oswal	Non-Independent, Non-Executive	4	2	No	6	-	-
4	Mr.G. Bansal	Non-Executive, Independent	4	3	Yes	-	-	-
5	Mr.Surinder Kumar Vig	Non-Executive Independent	4	4	Yes	2	-	-
6	Mr.Sanjay Kumar Suroya	Nominee of IDBI, Non-Executive, Independent	4	2	No	-	-	-
7	Mr.T.Hari Krishnan	Nominee of IFCL, Non-Executive, Independent	4	4	No	-	-	-
8	Mr.N.C. Jain*	Nominee of PNB, Non-Executive, Independent	3	2	No	-	-	-
9	Mr. Yashpal Barar*	Nominee of PNB, Non-Executive, Independent	1	0	No	1	-	-

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

*Mr. Yashpal Barar was appointed as nominee of PNB in place of Mr. N.C. Jain w.e.f. 31.01.2011.