

MCSML/SD/2016-17

Dated: September 5, 2016

Bombay Stock Exchange
Floor 25, P J Towers
Dalal Street
Mumbai-400001
Scrip Code: 502995

National Stock Exchange of India Limited
Exchange Plaza, Plot No.C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai-400051
Scrip Code: MALWACOTT

Sir,

Sub: Outcome of Board Meeting

This is to inform you that at the meeting of Board of Directors of the Company held today to consider and approve the unaudited financial results for the quarter ended 30th June, 2016.

The Board meeting commenced at 3.30 p.m. and ended at 7.50 p.m .

Kindly take the same on record and oblige.

Thanking you,

Yours faithfully,
For Malwa Cotton Spinning Mills Limited


Pooja Mahotra
(Company Secretary)

CIN-L17115PB1976PLC003702

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Village Patlian, Tehsil Paonta Sahib, Distt. SIRMOUR (H.P.) Tel. : 01704-222255/222455 Fax : 01704-222990

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INDEPENDENT AUDITOR'S REVIEW REPORT

The Board of Directors
Malwa Cotton Spinning Mills Limited
Industrial Area- A,
Ludhiana.

Introduction

We have reviewed the accompanying statement of unaudited financial results of Malwa Cotton Spinning Mills Limited (the Company) for the quarter ended 30th June, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India.. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

We report that:

- i) The Company has not been able to redeem 9% cumulative redeemable preference share capital. The unredeemed preference capital of Rs. 2,725 lacs have been shown under the schedule of Share Capital.*
- ii) AS-17-"Segment Reporting"- in respect of results of sewing thread segment has not been disclosed in accordance with requirement of said accounting standard.*
- iii) The Company has incurred a net loss of Rs.1,357 lacs during the quarter ended 30th June, 2016 which together with brought forward losses of Rs.28,097 lacs exceeds the net worth of the company, and as of that date, the company's current liabilities exceeded its current assets by Rs. 25,621 lacs and its total liabilities exceeded its total assets by Rs. 25,939 lacs. The Consortium banks have recalled their debts to the company. These events cast significant doubt on the ability of the company to continue as a going concern. The appropriateness of the going concern assumption is dependent on the company's ability to*



establish consistent profitable operations and generate positive cash flows as well as raising adequate finance to meet its short term and long term obligations. Based on the mitigating factors stated in the said note, the management of the company believes that the going concern assumption is appropriate. However, we do not agree with the management in this respect.

- iv) *The management of the company has represented to us that the recoverable amount of assets within the meaning of Accounting Standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. In the absence of the workings of impairment having been prepared and made available to us for our review, we are unable to comment on whether; the company needs to make a provision in respect of impairment loss on such assets and the amount of such provision.*
- v) *The company has not arranged to make available the confirmations and/or reconciliations to verify the balances stated in the financial statements in respect of:*
- i. Trade Receivables Rs. 6,118.34 lacs*
 - ii. Loans & Advances: Rs.2,160.07 lacs*
 - iii. Trade payables: Rs 5,059.98 lacs,*

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

- vi) *The stock of Rs. 46.67 lacs of raw material not usable for the production has been valued at Net realizable value which is lower than cost. The company has not been able to provide the evidence of net realizable value and we also could not perform any alternative procedures for verification of net realizable value. Therefore, we are unable to comment upon the correctness of the valuation of items of unusable raw material stock.*
- vii) *The company has not made provision in respect of balances recoverable from Trade Receivables, Loans and Advances and Other Recoverable including from employees, which are doubtful in nature amounting to Rs.2,513.69 lacs as on the date of the financial Statements.*



viii) *The Company has not provided for the interest on borrowings amounting to Rs.739.90 lacs pertaining to the quarter ended on 30th June, 2016 (Rs 740.19 lacs for the quarter ended 30th June, 2015) under review and Rs 8,889.51 lacs pertaining upto year ended on 31st March, 2016.*

ix) *We further report that, except for the effect, if any, of the matters stated in paragraph (i) to (vi) above which are not ascertainable, had the impact of our observation made in paragraph (vii) and (viii) above been considered, then loss for the quarter ended 30th June, 2016 would have been Rs.4610.59 lacs (against the reported figure of Rs.1,357 lacs).*

x) *The earning (loss) per share for the quarter ended 30th June, 2016 would have been (Rs.58.32) against reported earning (loss) per share of (Rs.18.10).*

Qualified Conclusion

Based on our review, *with the exception of the matters described in the preceding paragraph*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Accounting Standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Ludhiana
Dated: 5th September, 2016



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

-sd-
(SANJIV MOHAN)
Partner
M. No 086066

MALWA COTTON SPINNING MILLS LIMITED

Regd. Office : Industrial Area 'A', Ludhiana - 141003

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE, 2016

		(Rs Lacs)			
S.No.	Particulars	Quarter ended (Unaudited) 30.06.2016	Quarter ended (Audited) 31.03.2016	Quarter ended (Unaudited) 30.06.2015	Year ended (Audited) 31.03.2016
1	Income From Operations				
a)	Net Sales/Income from Operations (Net of Excise Duty)	736	1113	1005	3603
	Total Income from operations (Net)	736	1113	1005	3603
2	Expenses				
a)	Cost of Material Consumed	450	385	567	1886
b)	Purchase of Stocks-in-Trade	45	346	-	346
c)	Change in inventories of Finished Goods, work-in-progress and stock-in-trade	109	(4)	222	491
d)	Employee Benefits Expenses	194	206	287	984
e)	Depreciation and Amortisation Expense	45	50	51	203
f)	Other Expenses	1251	519	375	2028
	Total Expenses (a to f)	2094	1502	1502	5938
3	Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional items (1-2)	(1358)	(389)	(497)	(2335)
4	Other Income	2	6	4	14
5	Profit/(Loss) from ordinary activities before Finance Costs and Exceptional Items (3+4)	(1356)	(383)	(493)	(2321)
6	Finance Costs	1	6	2	13
7	Profit/(Loss) from ordinary activities after Finance Costs but before Exceptional Item (5-6)	(1357)	(389)	(495)	(2334)
8	Exceptional items {Gain/(Loss)}	-	-	-	-
9	Profit/(Loss) from Ordinary Activities before tax (7+8)	(1357)	(389)	(495)	(2334)
10	Tax Expense	-	-	-	-
11	Net Profit/(Loss) from Ordinary Activities after Tax (9-10)	(1357)	(389)	(495)	(2334)
12	Extraordinary items (Net of Expense)	-	-	-	-
13	Net Profit/(Loss) for the period (11-12)	(1357)	(389)	(495)	(2334)
14	Paid-up equity share capital (Face value Rs.10/- each)	790	790	790	790
15	Reserve excluding Revaluation Reserves	-	-	-	(28097)
16 (i)	Earning per-share (Not Annualised) - (Rs.)				
	Before Extraordinary item				
	- Basic	(18.10)	(5.85)	(7.19)	(33.28)
	- Diluted	(7.45)	(2.35)	(3.74)	(13.40)
16 (ii)	After Extraordinary item				
	- Basic	(18.10)	(5.85)	(7.19)	(33.28)
	- Diluted	(7.45)	(2.35)	(3.74)	(13.40)
A	PARTICULARS OF SHAREHOLDING				
1	Public shareholding				
	- Number of shares	3775413	3775413	3775413	3775413
	- Percentage of shareholding	47.76%	47.76%	47.76%	47.76%
2	Promoters and promoter group Shareholding				
a)	Pledged/Encumbered				
	- Number of shares	3275415	3275415	3275415	3275415
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	79.32	79.32	79.32	79.32
	- Percentage of share (as a % of the total share capita of the company)	41.43	41.43	41.43	41.43
b)	Non-encumbered				
	- Number of Shares	**854200	**854200	**854200	**854200
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	20.68	20.68	20.68	20.68
	- Percentage of shares(as a % of the total share capita of the company)	10.81	10.81	10.81	10.81
B	INVESTOR COMPLAINTS				
	Pending at the beginning of the quarter	Nil			
	Received during the quarter	Nil			
	Disposed of during the quarter	Nil			
	Remaining unresolved at the end of the quarter	Nil			

For Malwa Cotton Spinning Mills Limited

Chairman-cum-Managing Director

SEGMENT-WISE REVENUE RESULTS AND CAPITAL EMPLOYED, UNDER CLAUSE 41 OF THE LISTING AGREEMENT

(Rs Lacs)

S.No.	Particulars	Quarter ended (Unaudited)	Quarter ended (Audited)	Quarter ended (Unaudited)	Year ended (Audited)
		30.06.2016	31.03.2016	30.06.2015	31.03.2016
1	Segment Revenue				
	Yarn	837	997	1063	3807
	Thread	109	255	326	785
	Total	946	1252	1389	4592
	Less: Inter Segment Revenue	210	139	384	989
	Net Sales/Income from Operation	736	1113	1005	3603
2	Segment Results				
	(Profit before tax & Interest from each Segment)				
	Yarns	(238)	78	(403)	(1025)
	Thread	-	-	-	-
	Total	(238)	78	(403)	(1025)
	Less:				
	(i) Interest	1	6	2	13
	(ii) Other un-allocable expenditure (Net of un-allocable income)	1118	461	90	1296
	Total Profit/(Loss) Before Tax	(1357)	(389)	(495)	(2334)
	Capital Employed				
	Yarns	4392	4807	6374	4807
	Thread	398	838	1099	838
	Total	4790	5645	7473	5645

NOTES :

- The above results were reviewed by Statutory Auditors, Audit Committee and approved by the Board of Directors at their meeting held on 05th Sept, 2016.
- As per Audited Balance sheet for financial year ended on 31st March, 2013, the accumulated losses exceed the net worth of the company as on that date, the company has become Sick Industrial company under section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and reference made has been registered with Board as case no 27/2013 on 24-5-2013.
- The company profitability affected due to external factors i.e. slowdown in economy, liquidity tightness, labour shortage and low capacity utilisation. The company will take measures for optimizing capacity utilisation, new product developments, improvement in efficiencies and other cost control measures for running all the units profitably and improvement in cash flows. These measures along with consistent improvement in operating efficiencies and yields and change in product mix are expected to drive growth in revenue. In addition company will continue to explore various options for restructuring of its debts as per scheme as may be approved by BIFR and to raise finance in order to meet its short term and long term obligations with the promoters committing to provide operational and financial support as may be directed by BIFR. Accordingly company's financial statements have been prepared as going concern basis whereby realisation of assets and discharge of liabilities are expected to occur in the normal course of business.
- The negative networth and business loss is temporary phenomena arising due to sub-optimum capacity utilisation and unsustainable debt burden. The recoverable amount of assets is more than the carrying value, therefore there is no need to recognise any loss on account of impairment of assets.
- The company has not provided interest on borrowings as the lenders have categorised the account as NPA.
- Other expenses includes provisions for doubtful debt and advances for the quarter Rs. 1057 lacs.
- ** Inclusive of 756150 shares (in physical form) not pledged but lying with institutions as security.
- Disclosures with regard to segment results of thread has been given to the extent information could be compiled from the books as the Company is not maintaining separate records.
- The figures have been regrouped/rearranged wherever necessary for comparison purpose.

For Malwa Cotton Spinning Mills Limited.,



(Jang Lal Oswal)

Chairman-cum-Managing Director

Place : Ludhiana

Dated : 05th September, 2016