

To

21.11.2016

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

Bombay Stock Exchange Limited
25th Floor, P. J. Tower,
Dalal Street,
Mumbai - 400001
Scrip Code – 502995

Dear Sir,

Sub: Outcome of Board Meeting

This is informed to you that the adjourned meeting of Board of Directors of the Company held today to consider and approve the unaudited financial result for the quarter ended 30th September, 2016.

The Board Meeting was commenced at 3.00 pm and concluded at 8.40pm.

Kindly take the same on record and oblige.

Thanking You,

For Malwa Cotton Spinning Mills Limited



Shruti Gupta
(Company Secretary)

CIN-L17115PB1976PLC003702

Industrial Area-A, LUDHIANA-141 003 (PB.) INDIA. Ph : +91-161-2224201-209 Fax : 5013623, 5026778 E-mail : finance@malwagroup.com Website : www.malwagroup.com

Works : Raikot Road, Barnala, Distt. SANGRUR (Pb.) Tel. : 01679-230262, 230907 Fax : 01679- 231962
Village Patlian, Tehsil Paonta Sahib, Distt. SIRMOUR (H.P.) Tel. : 01704-222255/222455 Fax : 01704-222990
Village Harijan, Kohara Machhiwara Road, Distt. LUDHIANA (Pb.) Tel. : 01628-252392,94,95 Fax : 250061

MALWA COTTON SPINNING MILLS LIMITED

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER, 2016

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

(Rs In Lacs)

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER, 2016							(Rs In Lacs)		For Malwa Cotton Spinning Mills Limited						
S.No.	Particulars	Quarter ended (Unaudited)			Half year ended (Unaudited)		Year ended (Audited)	S.No.	Particulars	Quarter ended (Unaudited)			Half year ended (Unaudited)		Year ended (Audited)
		30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015	31.03.2016			30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015	31.03.2016
1	Income From Operations	795	736	765	1531	1770	3603	1	Segment Revenue						
a)	Net Sales/Income from Operations (Net of Excise Duty)	795	736	765	1531	1770	3603	Yarn	561	837	923	1398	1986	3807	
	Total Income from operations (Net)	795	736	765	1531	1770	3603	Thread	264	109	118	373	444	785	
2	Expenses	311	450	502	761	1069	1886	Total	825	946	1041	1771	2430	4592	
a)	Cost of Material Consumed	115	45	-	160	-	346	Less: Inter Segment Revenue	30	210	276	240	660	989	
b)	Purchase of Stocks-in-Trade	127	109	296	236	518	491								
c)	Change in inventories of Finished Goods, work-in-progress and stock-in-trade	172	194	292	366	579	984	Net Sales/Income from Operation	795	736	765	1531	1770	3603	
d)	Employee Benefits Expenses	45	45	51	90	102	203								
e)	Depreciation and Amortisation Expense	387	1251	643	1638	1018	2028								
f)	Other Expenses	1157	2094	1784	3251	3286	5938	2	Segment Results						
	Total Expenses (a to f)	(362)	(1358)	(1019)	(1720)	(1516)	(2335)	(Profit before Tax & Interest from each Segment)							
3	Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional items (1-2)	3	2	3	5	7	14	Yarns	(61)	(238)	(623)	(299)	(1026)	(1025)	
4	Other Income	(359)	(1356)	(1016)	(1715)	(1509)	(2321)	Thread	-	-	-	-	-	-	
5	Profit/(Loss) from ordinary activities before Finance Costs and Exceptional Items (3+4)	0	1	2	1	4	13	Total	(61)	(238)	(623)	(299)	(1026)	(1025)	
6	Finance Costs	(359)	(1357)	(1018)	(1716)	(1513)	(2334)	Less:							
7	Profit/(Loss) from ordinary activities after Finance Costs but before Exceptional Item (5-6)	-	-	-	-	-	-	(i) Interest	0	1	2	1	4	13	
8	Exceptional items {Gain/(Loss)}	(359)	(1357)	(1018)	(1716)	(1513)	(2334)	(ii) Other un-allocable expenditure (Net of un-allocable income)	298	1118	393	1416	483	1296	
9	Profit/(Loss) from Ordinary Activities before tax (7+8)	(359)	(1357)	(1018)	(1716)	(1513)	(2334)	Total Profit/(Loss) Before Tax	(359)	(1357)	(1018)	(1716)	(1513)	(2334)	
10	Tax Expense	(359)	(1357)	(1018)	(1716)	(1513)	(2334)								
11	Net Profit/(Loss) from Ordinary Activities after Tax (9-10)	-	-	-	-	-	-								
12	Extraordinary items (Net of Expense)	(359)	(1357)	(1018)	(1716)	(1513)	(2334)								
13	Net Profit/(Loss) for the period (11-12)	790	790	790	790	790	790								
14	Paid-up equity share capital (Face value Rs.10/- each)	-	-	-	-	-	(28097)								
15	Reserve excluding Revaluation Reserves														
16 (i)	Earning per share (Not Annualised) - (Rs.)														
	Before Extraordinary item	(5.47)	(18.10)	(13.84)	(23.57)	(21.03)	(33.28)	Capital Employed							
	- Basic	(1.17)	(7.45)	(6.23)	(8.62)	(9.97)	(13.40)	Yarns	4213	4392	5522	4213	5522	4807	
	- Diluted	(1.17)	(7.45)	(6.23)	(8.62)	(9.97)	(13.40)	Thread	219	398	934	219	934	838	
16 (ii)	After Extraordinary item	(5.47)	(18.10)	(13.84)	(23.57)	(21.03)	(33.28)	Total	4432	4790	6456	4432	6456	5645	
	- Basic	(1.17)	(7.45)	(6.23)	(8.62)	(9.97)	(13.40)								
	- Diluted	(1.17)	(7.45)	(6.23)	(8.62)	(9.97)	(13.40)								
A	PARTICULARS OF SHAREHOLDING														
1	Public shareholding	3775413	3775413	3775413	3775413	3775413	3775413								
	- Number of shares	47.76%	47.76%	47.76%	47.76%	47.76%	47.76%								
	- Percentage of shareholding														
2	Promoters and promoter group Shareholding														
a)	Pledged/Encumbered	3275415	3275415	3275415	3275415	3275415	3275415								
	- Number of shares	79.32	79.32	79.32	79.32	79.32	79.32								
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	41.43	41.43	41.43	41.43	41.43	41.43								
	- Percentage of share (as a % of the total share capital of the company)														
b)	Non-encumbered	**854200	**854200	**854200	**854200	**854200	**854200								
	- Number of Shares	20.68	20.68	20.68	20.68	20.68	20.68								
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	10.81	10.81	10.81	10.81	10.81	10.81								
	- Percentage of shares(as a % of the total share capital of the company)														
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

MALWA COTTON SPINNING MILLS LIMITED

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

UNAUDITED STATEMENT OF ASSETS AND LIABILITIES		(Rs In Lacs)		
Particulars		Half year ended (Unaudited) As at 30.09.2016	Half year ended (Unaudited) As at 30.09.2015	Year ended (Audited) As at 31.03.2016
A	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	(a) Share Capital	3515	3515	3515
	(b) Reserve and Surplus	(29813)	(27276)	(28097)
	Sub-total - Shareholder's Funds	(26298)	(23761)	(24582)
2	Non-Current Liabilities			
	(a) Long-term Borrowings	5135	7718	6495
	(b) Long-term Provisions	324	409	355
	Sub-total - Non-current Liabilities	5459	8127	6850
3	Current Liabilities			
	(a) Short-term Borrowings	12821	12821	12821
	(b) Trade Payables	3299	2348	2817
	(c) Other Current Liabilities	16042	13768	14944
	(d) Short-term Provisions	259	259	259
	Sub-total - Current Liabilities	32421	29196	30841
	TOTAL - EQUITY AND LIABILITIES	11582	13562	13109
B	ASSETS			
1	Non-Current Assets			
	(a) Fixed Assets	4365	4556	4455
	(b) Non-current Investments	984	984	984
	(c) Long-term Loans and Advances	444	442	446
	Sub-total - Non-current Assets	5793	5982	5885
2	Current Assets			
	(a) Inventories	1664	2093	1967
	(b) Trade Receivables	2650	3985	3734
	(c) Cash and Cash Equivalents	48	126	41
	(d) Short-term Loans and Advances	1427	1376	1482
	Sub-total - Current Assets	5789	7580	7224
	TOTAL - ASSETS	11582	13562	13109

NOTES :

- The above results have been reviewed by Statutory Auditors, Audit Committee and approved by the Board of Directors at their meeting held on 21st November, 2016.
- The company has become Sick Industrial company under section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and reference 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, 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 quarter Rs. 249 lacs and for the six months Rs. 1306 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 of account 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.,

(Jaggi Lal Oswal)

Chairman-cum-Managing Director

Place : Ludhiana

Dated : 21st November, 2016

MALWA COTTON SPINNING MILLS LIMITED

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

CIN: L17115PB1976PLC003702, Ph: +91-161-2224201-209, FAX: 5013623, 5026778

EXTRACT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2016

S.No.	Particulars	(Rs In Lacs)		
		Quarter ended (Unaudited) 30.09.2016	Six month ended (Unaudited) 30.09.2016	Quarter ended (Unaudited) 30.09.2015
1	Total Income from operations (Net)	795	1531	765
2	Net Profit/(Loss) from Ordinary Activities after Tax	(359)	(1716)	(1018)
3	Net Profit/(Loss) for the period after Tax (after extra ordinary items)	(359)	(1716)	(1018)
4	Equity share capital	790	790	790
5	Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	-	-	-
6	Earning per share (before Extraordinary item) - (of Rs. 10/- each) (Not Annualised)			
	- Basic	(5.47)	(23.57)	(13.84)
	- Diluted	(1.17)	(8.62)	(6.23)
	Earning per share (after Extraordinary item) - (of Rs. 10/- each) (Not Annualised)			
	- Basic	(5.47)	(23.57)	(13.84)
	- Diluted	(1.17)	(8.62)	(6.23)

NOTES :

The above is an extract of detailed format of Quarterly and Six Months Unaudited Financial Results filed with the Stock Exchange under Regulations 33 of the SEBI (Listing and other Disclosure Requirements) Regulations, 2015. The full format of Quarterly and Six Months Unaudited Financial Results are available on the stock exchange websites.

For Malwa Cotton Spinning Mills Limited,

Place : Ludhiana

Dated : 21st November, 2016

(Jangli Lal Oswal)

Chairman-cum-Managing Director

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 and six months ended 30th September, 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 of the Statement 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 Accountant 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 any 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.1,716 lacs during the six months ending 30th September, 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.26,633 lacs and its total liabilities exceeded its total assets by Rs.26,298 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. 2,882.94 lacs
 - ii. Loans & Advances: Rs. 1,727.61 lacs
 - iii. Trade payables: Rs 5,182.12 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. The figures stated above are net of provision for doubtful provided in the books of account.

- vi) The obsolete/ damaged/ slow moving items of inventory amounting to Rs 57.13 lacs have been valued at Net realizable value which is lower than cost. The company has not been able to provide us 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 those items of inventory.
- 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. 2,170.36 lacs as on the date of the financial Statements.



viii) *The Company has not provided for the interest on borrowings amounting to Rs.1,487.39 lacs pertaining to the six months ended on 30th September, 2016 (Rs 747.49 lacs for the quarter ended 30th September, 2016) 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 six months ending 30th September, 2016 would have been Rs.5,373.33 lacs (against the reported figure of Rs.1,715.58 lacs).*

x) *The earning (loss) per share for the six months ending 30th September, 2016 would have been (Rs.69.88) against reported earning (loss) per share of (Rs.23.57).*

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: 21st November, 2016

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



sg
(SANJIV MOHAN)
Partner
M. No 086066