


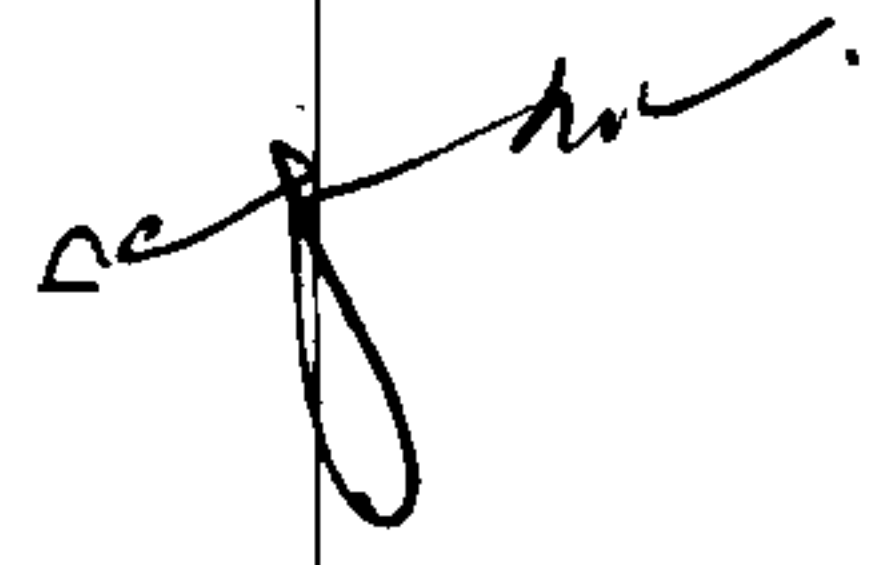




MALWA
COTTON SPINNING MILLS LTD.

Form B

1.	Name of the Company	Malwa Cotton Spinning Mills Limited
2.	Annual Financial Statements for the year ended	31 st March, 2013
3.	Type of Audit Qualification	Qualified
4.	Frequency of Qualification	Repetitive
5.	Draw attention to relevant notes in the Annual Financial Statements and Management response to the Qualification in the Director's Report	Management's Response to the Qualifications:
a)	Non-disclosure of segment results separately in respect of sewing thread segment in accordance with the requirements of Accounting Standard (AS) – 17 on "Segment Reporting" notified by The Companies (Accounting Standards) Rules, 2006 (Page No. 13)	Results of the operations of the Sewing Thread segment is compiled to the extent it could be computed from the Books of Accounts, however results of the Textile Segment (Yarn and Sewing Thread) is disclosed as per Accounting Standard (AS)-17
b)	Non confirmation of balances of trade receivables, trade payables, loans and advances and recoverable and its impact on loss, assets and liabilities is not ascertainable (Page No.12)	Due to recession there is there is delay in realization of debtors and the company is settling with parties for its recovery and 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 cannot be ascertained at this stage.
c)	Refer note no. 37 In absence of availability of net realizable value of slow moving items of inventories to the tune of ` 236.14 lacs, these have been valued at cost instead of lower of cost and net realizable value. The impact of valuation on loss and current assets is not ascertainable.	The slow moving items of Inventories to the tune of Rs. 236.14 Lacs have been valued at cost as the Market Value is not ascertainable.
 		 

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(d)	Refer note no. 36 No provision has been made for doubtful trade receivables, advances and other recoverable aggregating to ` 6,591.94 lacs. Had the impact of our observation been considered, then loss for the year would have been ` 22,763.61 lacs (against the reported figure of ` 16,171.67 lacs) and reserves and surplus would have been ` (23,611.72) lacs (against the reported figure of ` (17,019.78) lacs and Current assets would have been ` 10,169.86 lacs	Same as reply to point 'b' above.
6.	Additional Comments from the Board/ Audit Committee chair	Shri Gyaneshwar Bansal, Chairman of the Audit Committee directed Mr. Anil Jain V.P. (Accounts) to remove the Qualifications in the Financial Statements as soon as possible.

For Malwa Cotton Spinning Mills Limited


Chairman-cum Managing Director
Jangi Lal Oswal


Chief Financial officer
Anil Jain


Statutory Auditors
Sanjiv Mohan
M/S S C Vasudeva & Co.


Chairman of audit Committee
Gyaneshwar Bansal