



THE YASH BIRLA GROUP

# BIRLA COTSYN (INDIA) LIMITED

*Always the best !*

**70th ANNUAL REPORT  
2011-2012**

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### **Go Green Today**

As “going green” becomes a global priority, your Company welcomes and supports the Green Initiative taken by the Ministry of Corporate Affairs permitting service of notice/ documents by Companies to its members through electronic mode. The above initiative will go a long way as this will reduce paper consumption to a great extent and allow the members to contribute towards a greener environment. This will also ensure prompt receipt of communication and avoid loss in postal transit.

Members are requested to co-operate in helping the Company to implement the '**Green initiative**' of the Government by updating their email addresses with their respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding.

**70<sup>th</sup> ANNUAL REPORT**  
**2011-2012****DIRECTORS**

Shri P. B. Bhardwaj, *Chairman*  
Shri Yashovardhan Birla, *Co-Chairman*  
Shri P. V. R. Murthy, *Managing Director*  
Shri Mohandas Shenoy Adige  
Shri Mohan Jayakar  
Shri Upkar Singh Kohli  
Shri Vinod Kumar Kapur

**CHIEF FINANCIAL OFFICER**

Shri Shrikant Chari

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Ms. Monica Gandhi

**AUDITORS**

Kanu Doshi Associates,  
Chartered Accountants, Mumbai

**SUBSIDIARIES**

Birla Cotsyn (India) Limited FZE  
Birla Integrated Textile Park Limited

**REGISTERED OFFICE**

Dalamal House, First Floor,  
Nariman Point, Mumbai- 400021  
Tel.: +91 – 22 -66 168400  
Website: [www.birlacotsyn.com](http://www.birlacotsyn.com)

**PLANT LOCATIONS**

1. C-6/1, MIDC Area,  
Malkapur 443 101,  
Dist. Buldhana (Ms)  
Tel. No. +91 7267 262674, 262675
2. A/82, MIDC Area,  
Khamgaon 444 303,  
Dist. Buldhana (Ms)  
Tel. No. +91 7263 277116, 277122
3. Shree House, Shegaon Road,  
Khamgaon,  
Dist. Buldhana (Ms)  
Tel. No. +91 7263 254774
4. Post Box No. 1,  
Ghatanji,  
Dist. Yavatmal (Ms)  
Tel. No. +91 7230 277150
5. Near Cotton Market,  
Parola Road,  
Dhule 424 004 (Ms)  
Tel. No. +91 7263 254774

**BANK / FINANCIAL INSTITUTIONS**

Axis Bank Limited  
Bank of India  
Union Bank of India  
State Bank of India  
Oriental Bank of Commerce  
Indian Overseas Bank  
Canara Bank  
The Catholic Syrian Bank Limited  
Jankalayan Sahakari Bank Limited  
Karur Vyasya Bank Limited  
SICOM Limited

**REGISTRAR AND SHARE TRANSFER AGENT**

Adroit Corporate Services Pvt. Ltd.  
19/20, 1st Floor, Jaferbhoy, Industrial Estate, Makwana Road,  
Marol Naka, Andheri (E), Mumbai – 400 059  
Tel : 91-22-2859 6060 /2859 4060  
Fax : 91-22-2850 3748  
Email: [info@adroitcorporate.com](mailto:info@adroitcorporate.com)

## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 70<sup>th</sup> Annual General Meeting of **BIRLA COTSYN (INDIA) LIMITED** will be held on Friday, 21<sup>st</sup> September, 2012 at 3:30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Mohandas Shenoy Adige, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Upkar Singh Kohli, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of section 224 and other applicable provisions, if any of the Companies Act, 1956, M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai (Firm Registration Number: 104746W) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors of the Company and reimbursement of out of pocket expenses incurred in connection with the audit.

### SPECIAL BUSINESS:

#### 5. APPOINTMENT OF SHRI VINOD KUMAR KAPUR AS A DIRECTOR

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** Shri Vinod Kumar Kapur, who was appointed as an Additional Director with effect from 13<sup>th</sup> August, 2012 on the Board of the Company pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing in accordance with section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose office shall be liable to retirement by rotation.

**By order of the Board of Directors**

**Place : Mumbai**  
**Dated : 13<sup>th</sup> August, 2012**

**Monica Gandhi**  
**Company Secretary**

**Registered Office:**  
Dalamal House, First Floor,  
Nariman Point, Mumbai 400021

### NOTES

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (the Act), relating to the Business as set out in Item no. 5 of the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE ON POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
4. Pursuant to Clause 49 of the Listing Agreement, the details of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting are provided in the Corporate Governance Report.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 17<sup>th</sup> August, 2012 to Friday, 21<sup>st</sup> September, 2012 (both days inclusive) for the purpose of Annual General Meeting of the Company.
6. Members are requested to forward all the share related queries/correspondence, if any, quoting Registered Folio No. /DP ID and Client ID to the Registrar and Share Transfer Agents of the Company Adroit Corporate Services Pvt. Ltd. or email it to [info@adroitcorporate.com](mailto:info@adroitcorporate.com)
7. Investor whose requests/ queries/ correspondence remain unresolved can send their complaints/ grievance to [complianceofficer@birlcotsyn.com](mailto:complianceofficer@birlcotsyn.com) and the same would be attended to promptly by the Company.
8. Pursuant to the provisions of the Companies Act, 1956 dividend declared at the Annual General Meeting of the Company held on 24th October, 2008, 23rd September, 2009 and 20th September, 2010, if not claimed within seven years i.e by 22nd November, 2015, 22nd October, 2016 and 19th October, 2017 respectively will be transferred to Investor Education and Protection Fund (IEPF). Also

Application money received and due for refund during the IPO in the year 2008, if not claimed with seven years i.e by 20th July, 2015 will be transferred to IEPF. Members who have not encashed their dividend warrant/refund orders for the aforesaid years are advised to send requests for issuance of duplicate dividend warrants/ refund orders (in case they have not received the Dividend Warrants/ Refund Orders) and / or revalidation of unencashed Dividend Warrants/ Refund Orders still held by them, to the Registrars and Transfer Agents of the Company under the heading "Dividend Revalidation" or "Refund Order Revalidation", as the case may be. It may also be noted that once the unclaimed amounts is transferred to IEPF, as above, no claim shall lie in respect thereof.

9. Members are requested to:
- bring their copies of the Annual Report at the time of attending the Annual General Meeting.
  - complete the attendance slip and deliver the same at the entrance of the meeting hall.
  - send their questions atleast 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.
10. Members holding shares in demat mode may kindly note that any request for change of address or change of Email ID or change in bank particulars/mandates or registration of nomination are to be instructed to their Depository Participant only, as the Company or its Registrars and Share Transfer Agents cannot act on any such request received directly from the Members holding shares in demat mode.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Registrar and Share Transfer Agents of the Company, Adroit Corporate Services Pvt. Ltd.

**By order of the Board of Directors**

**Place : Mumbai**  
**Dated : 13<sup>th</sup> August, 2012**

**Monica Gandhi**  
**Company Secretary**

**Registered Office:**  
Dalamal House, First Floor,  
Nariman Point, Mumbai 400021

## ANNEXURE TO NOTICE

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

#### Item No: 5

#### **APPOINTMENT OF SHRI VINOD KUMAR KAPUR AS DIRECTOR OF THE COMPANY:**

Shri Vinod Kumar Kapur was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 13<sup>th</sup> August, 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 (the 'Act') and the Article of Association of the Company. Accordingly, in terms of the provisions of Section 260 of the Act, Shri Vinod Kumar Kapur would hold office up to the date of the ensuing Annual General Meeting and is eligible for appointment as Director. The Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company as required under the provision of Section 257 of the Act.

Shri Vinod Kumar Kapur is Chartered Accountant from The Institute of Chartered Accountants of India (ICAI), Company Secretary from the Institute of Company Secretaries of India (ICSI) and B.com (Hons) from Delhi University. Shri Vinod Kumar Kapur brings along with him rich experience working with reputed Indian and International Audit firms. Since 1982, he was associated with the Sun Flag Group, Lagos where he has served as Group Financial Director and was responsible for overall activities of the Group. He was also in charge of operations and commercial activities of the Group Companies of Sun Flag group. Since February 2012, he is serving as Coordinator with the Bhardwaj Welfare Trust, which has a multi super specialty hospital known as Sun Flag Hospital & Research Centre, Faridabad. Details of Shri Vinod Kumar Kapur in compliance with clause 49 IV (G) of the Listing Agreement has also been provided in the Corporate Governance Report

Given his background and knowledge, the Board considers it desirable that the Company should receive the benefit of his valuable experience and advice and commends his appointment by the members at the Annual General Meeting.

None of the Directors of the Company are concerned or interested in the aforesaid resolution set out at item no. 5 of the Notice except Shri Vinod Kumar Kapur, as it relates to his own appointment.

**By order of the Board of Directors**

**Monica Gandhi**  
**Company Secretary**

**Place : Mumbai**

**Dated : 13<sup>th</sup> August, 2012**

**Registered Office:**

Dalamal House, First Floor,  
Nariman Point, Mumbai 400021

## DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Seventieth Annual Report along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

### I. Financial Results

(Amount in Rs.)

Particulars	Consolidated		Standalone	
	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2012	Year ended 31.03.2011
Revenue from Operations	10,033,880,316	5,946,566,609	7,596,442,442	5,406,191,677
Other Income (inc. exceptional items)	66,003,843	13,364,804	66,003,843	13,364,804
<b>Net Income</b>	<b>10,099,884,159</b>	<b>5,959,931,413</b>	<b>7,662,446,285</b>	<b>5,419,556,481</b>
PBDIT	661,996,449	549,749,504	593,298,242	532,412,718
Interest and Finance Expenses	397,023,898	307,923,294	396,782,278	307,923,294
PBDT	26,497,2551	241,897,196	196,515,964	224,489,424
Depreciation	96,420,468	83,441,667	96,341,855	83,441,667
<b>PBT</b>	<b>168,552,083</b>	<b>158,455,529</b>	<b>100,174,109</b>	<b>141,047,757</b>
Less: Deferred Tax Liability	59,709,963	4,037,436	60,373,604	4,037,436
Less : Fringe Benefit Tax (FBT)	-	-	-	-
Less: Current Year Tax (MAT)	20,550,000	29,000,000	20,550,000	29,000,000
Prior Period Tax Adjustment	-	-	-	-
<b>PROFIT AFTER TAX (PAT)</b>	<b>88,292,121</b>	<b>125,418,093</b>	<b>19,250,505</b>	<b>108,010,321</b>
Profit transferred to Reserves	88,292,121	125,418,093	19,250,505	108,010,321

### 2. Operating and Financial Performance:

During the year under review, net income (standalone) increased by 41.38% over the previous year, i.e. from Rs. 5,419,556,481 to Rs. 7,662,446,285. Profit before tax (standalone) has decreased by 28.97% over the previous year Profit before tax. The fall is mainly due to the deteriorating conditions prevailing in the global economy scenario and also the interest rates hikes by the Banks. Moreover, the fluctuations in the prices due to change in government guidelines have also stretched the cash flows.

### 3. Dividend

In view of the Company going in for expansion, your Directors have not recommended any dividend for the financial year ended 31<sup>st</sup> March 2012.

### 4. Increase in Share Capital

The Committee of Directors of the Company at its meeting held on 28th March, 2012 allotted 5,63,72,750 Equity Shares of Re. 1/- each at a premium of Re. 0.13 per share to the promoter companies, upon conversion of balance 5,63,72,750 Equity Share Warrants allotted on preferential allotment basis. The said equity shares have been listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited w.e.f 2<sup>nd</sup> July, 2012 and shall remain locked – in for a period of three years till 27<sup>th</sup> March, 2015. As on 31<sup>st</sup> March, 2012 there are no outstanding warrants pending for conversion.

Consequent to the aforesaid allotment, the paid up share capital of the Company as on March 31, 2012 stands increased from 261,22,62,404 equity shares of Rs.1/- each to 266,86,35,154 equity shares of Rs.1/- each. The amount raised from allotment of the aforesaid equity shares is utilized for meeting the working capital requirements of the Company.

### 5. Industrial Housing Complex Project

The Company has housed 400 workers and staff at the Industrial Housing Complex. The housing complex has benefited the company through reduction on overtime, better attendance, reduced employee turnover and increase in productivity.

### 6. Expansion and Modernization Project

Your Company is now embarking on an expansion program by setting up another 84,864 spindles of Cotton Yarn spinning facility at Malkapur, Maharashtra in the existing premises of the Company. The total Project Cost is Rs.33,300 Lacs. The project has been financially appraised by SBI Capital Market Ltd and Technical Evaluation study by Gherzi Eastern India Ltd.



## 7. Employee Stock Options Plan

The Company had authorized an Employee Stock Option Plan 2007 (ESOP) in their Extraordinary General Meeting held on 6<sup>th</sup> December, 2007. No shares have been allotted under the ESOP till date nor are any stock options granted during the financial year ended 31<sup>st</sup> March, 2012.

## 8. Listing

The Equity Shares of the Company continue to remain listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the stipulated listing fees for the year 2012-13 have been paid to both the Stock Exchanges.

## 9. Subsidiary Company

The Company has one wholly owned subsidiary at UAE in the name of Birla Cotsyn (India) Limited FZE. During the year, Birla Integrated Textile Park Limited became a Subsidiary of the Company.

Birla Cotsyn (India) Limited FZE has been setup to develop the overseas market for the Company. Birla Integrated Textile Park Limited has been setup to develop the Integrated Textile Park, which has been sanctioned by the Ministry of Textile, Government of India under the SITP guidelines.

The Accounts for the wholly owned Subsidiary Companies, Birla Cotsyn India Ltd FZE and Birla Integrated Textile Park Limited have been received by the Company and a statement pursuant to section 212 of the Companies Act, 1956, forms part of this Annual Report. Your Directors have pleasure in enclosing the consolidated financial statements of the Company in accordance with the listing agreement and Accounting standards issued by the Institute of Chartered Accountants of India.

In compliance with the general circular issued by Ministry of Corporate Affairs (MCA), Government of India, the Balance Sheet statement, Statement of Profit and Loss and other documents of the subsidiaries are not attached hereto. As per the general exemption, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2012, is included in this Annual Report. The Annual Accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiaries at the Registered Office of the Company/its subsidiaries.

## 10. Management Discussion and Analysis and Corporate Governance Report

In compliance with Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited, a separate section on Management Discussion and Analysis which also includes further details on the state of affairs of the Company and Corporate Governance Report, as approved by the Board of Directors, together with a certificate from the Statutory Auditors confirming the compliance with the requirements of Clause 49 forms part of this Annual Report.

## 11. Directors Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors of the Company state as under that:

1. In the preparation of the annual accounts, applicable Accounting Standards had been followed along with proper explanation relating to material departure;
2. the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2012 and the profit of the Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts have been prepared on a 'going concern' basis.

## 12. Directors

Shri Vinod Kumar Kapur is appointed as Additional Directors by the Board of Directors of the Company at its meeting held on 13<sup>th</sup> August, 2012. His office expires at the ensuing Annual General Meeting and the Company has received notice under section 257 of the Companies Act, 1956 proposing his candidature for Directorship along with the deposit of five hundred rupees. He is eligible for being appointed as Director at the ensuing Annual General Meeting.

Pursuant to section 256 of the Companies Act, 1956 and Articles of Association of the Company, Shri Mohandas Shenoy Adige and Shri Upkar Singh Kohli, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

In compliance with the Clause 49 IV (G) of the Listing Agreement, brief resume of the aforesaid directors, their expertise and other details of Directors proposed to be appointed/ re-appointed are provided in the Corporate Governance Report. Appropriate resolutions for appointment/ re-appointment of the aforesaid directors are being placed for approval of the members at the ensuing Annual General Meeting. The members are requested to appoint Shri Vinod Kapur as Director, whose office shall be liable to retirement by rotation and re-appoint Shri Mohandas Shenoy Adige and Shri Upkar Singh Kohli as Directors of the Company.



Shri Navinchandra Shah (Director), Shri Sanjay Agarwal (Director) and Shri Alok Bhardwaj (Alternate Director) have resigned with effect from 29<sup>th</sup> March, 2012, 31<sup>st</sup> March, 2012 and 2<sup>nd</sup> August, 2012 respectively. The Board places on record their sincere appreciation of the services rendered by them during their tenure with the Company.

### **13. Fixed Deposits**

During the year under review, the Company has invited fresh Fixed Deposits from its shareholders and general public. As on 31<sup>st</sup> March 2012, the Company has outstanding fixed deposit of Rs. 561.98 Lacs and unclaimed fixed deposits of Rs. Nil. There is no default in payment of interest and repayment of matured deposits.

### **14. Auditors**

#### **Statutory Auditors**

M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from M/s. Kanu Doshi Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

Members are requested to re-appoint M/s. Kanu Doshi Associates, Chartered Accountants as the Statutory Auditors of the Company.

#### **Cost Auditors:**

The Board has subject to the approval of Central Government approved the appointment M/s. Goyal & Co., Cost Accountants as Cost Auditors of the Company for conducting Cost Audit of Malkapur Textile unit of the Company for F.Y. 2012-13 as required pursuant to section 233B of the Companies Act, 1956 read with the rules made thereunder and the order No. F. No. 52/26/CAB/2010 dated 24<sup>th</sup> January, 2012 of the Government of India, Ministry of Corporate Affairs and for issuance of Compliance Report, pursuant to the Companies (Cost Accounting Records) Rules, 2011.

### **15. Auditors Remarks**

As regards the Auditors remark at Para 3 clause (vi), no fresh loan was taken from an individual in contravention of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder during the financial year ended 31<sup>st</sup> March, 2012. The Loan from an Individual that was outstanding was within the limits specified in Rule 3 of the Companies (Acceptance of Deposit) Rules, 1975. The loan was repaid during the financial year ended 31<sup>st</sup> March, 2012.

### **16. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo**

The particulars relating to energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided the Annexure I to Directors Report.

### **17. Particulars of Employees**

There were no employees receiving remuneration above the prescribed limit in terms of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the financial year ended 31<sup>st</sup> March, 2012.

### **18. Personnel**

Your Directors place on the record their appreciation of the contribution made by the employees at all levels who, through their competence, diligence, solidarity, co-operation and support, have enabled the Company to achieve the desired results during the year.

### **19. Acknowledgements**

The Board of Directors wishes to acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers, Vendors, Suppliers, Shareholders and Customers.

**For and on behalf of the Board of  
Directors**

**Yashovardhan Birla  
Co-Chairman**

Place : Mumbai  
Date : 13<sup>th</sup> August, 2012

## ANNEXURE TO DIRECTORS' REPORT

(Information under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2012)

### A. CONSERVATION OF ENERGY :

#### a) Energy conservation measures taken.

The Company has taken following measures for energy conservation at the factories:

- In the main power supply department, the company has taken measures to set up automatic power factor controller unit to maintain uniform power factor to get rebate of 7% in energy tariff. Demand Controller unit installed to control the maximum demand to get a rebate of Load factor upto 10% to 12% on energy bill amount.
- Stabilizers have been installed at various locations for all the machines / equipments in the factory premises.
- In the humidification plant, the company has installed invertors to control the humidity and temperature automatically, wherein at certain cut off points, the power is off, thereby saving energy. Also humidification plant has provided with complete false ceiling and insulation of the supply duct thereby reducing the heat load to save power.
- Blow Room department, Carding department, Draw Frame and Speed Frame department have been equipped with inverters.
- Optimization of light points in the factory and office area without effecting production. Set lighting voltage by providing stabilizer upto 210/215 volts to get a gain in power
- Company has installed CFL to save power.
- Reduction in Air consumption by regular auditing of air leakages.
- A condensate Recovery System has been set up to reduce the consumption of coal, by way of using condensate water directly to Boiler as feed water.
- Started power saving and conservation campaign among all the staff and workers.

#### b) Additional investment and proposal being implemented for reduction of consumption of energy.

- i) Proposal to provide turbo ventilators above the AC sheet roofing to decrease the heat load of the department, which will help to save power in humidification plant.
- ii) Monitoring and increasing scale and scope of measures taken the past.

#### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- i) Achieved Load factor gain continuously in every months bills
- ii) Achieved Power factor gain every month.
- iii) Improving the energy efficiency at all the plants and savings in consumption of power and the cost of production. The company will continue to implement planned measures for optimization of energy conservation and efficiency.

#### d) Total energy consumption and energy consumption per unit of production in respect of Industries specified in the schedule thereto.

As per form 'A' enclosed.

### B. TECHNOLOGY ABSORPTION:

#### Efforts made in technology absorption.

As per form 'B' enclosed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- I. Company's products are well accepted in Export market and the Company is exporting to 16 countries world wide. Further new markets are under development stage and exports are expected to increase by next year;
- II. Foreign Exchange Earnings & Outgo:

	2011-12	2010-11
Total Foreign Exchange earnings	418,122,824	216,855,473
Total Foreign Exchange outgo	Nil	67,583

**FORM – A**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

<b>A.</b>	<b>POWER AND FUEL CONSUMPTION</b>	<b>CURRENT YEAR 2011 - 2012</b>	<b>PREVIOUS YEAR 2010 - 2011</b>
1	Electricity		
	a) Purchases Unit	36,255,329	34,567,060
	Total Amount (Rs.)	205,499,601	173,116,019
	Rate / Unit (Rs.)	5.67	5.01
	b) Own Generation		
	i) Through coal based thermal Power plant unit	Nil	Nil
	Unit per kg. of Coal	Nil	Nil
	Cost/Unit	Nil	Nil
	ii) Through furnace oil generator unit	Nil	Nil
	Units per kg. of Furnace oil	Nil	Nil
	Cost/Unit	Nil	Nil
	iii) Through furnace oil generator unit	Nil	Nil
	Units per kg. of Diesel oil	Nil	Nil
	Cost/Unit	Nil	Nil
2	Coal Quantity (MT)	1,269	915
	Total Cost (Rs.)	6,281,604	3,401,096
	Average rate/MT (Rs.)	4,950	3,717
3	Lignite Quantity (MT)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
4	LPG Quantity (MT)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
5	Furnace oil Quantity (Kgs.)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
6	Diesel Quantity (Ltrs)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
7	Other/Internal Generation	Nil	Nil

<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>	<b>CURRENT YEAR 2011 – 2012</b>	<b>PREVIOUS YEAR 2010 – 11</b>
	Yarn Production (MT)	11,314	11,517
	Total Consumption Unit	36,255,329	34,567,060
	Consumption Unit/Kg (Rs.)	3.20	2.99

**FORM B**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 2011 – 2012**

**RESEARCH AND DEVELOPMENT (R&D)**

**I. Specific area in which R&D carried out by the company**

- The company has installed latest technology spinning machineries along with contamination clearing machines to provide contamination free yarn to the customers.
- The company has set-up world class cotton and yarn testing laboratory. R&D is being conducted regularly for improving the quality and productivity to provide international quality standards to the various customers in India and abroad.
- The R&D department of the company is continuously working on developing new fancy varieties of yarn and value added yarns.

**2. Benefits derived as a result of the above R&D**

The products of the company are well accepted due to its high quality standards at national and international level. The company has optimized speed without affecting quality, resulting increase in productivity and utilization.

As result of continuous research and development, we got certification of OEKO-TEX & GOTS Quality Certifications for our products.

**3. Future plans and action**

Research and development is a continuous process so according to the market trend, further development with new value added products will be produced. The company will be purchasing fabric testing machines and is also planning to produce various types of fancy yarn.

**4. Expenditure on R & D**

- a) Capital expenditure is approx Rs. Nil
- b) Recurring – normal running expenditure Rs. Nil
- c) Total Rs. Nil

**TECHNOLOGY ADOPTION AND INNOVATION**

**A) Efforts in brief, made towards technology absorption, adoption and Innovation.**

The company has also imported machines with better technology such as Autoconers for it rotor based yarn manufacturing.

**B) Benefits derived as a result of the above efforts, eg: product improvement, cost reduction, production development, etc.**

The company has reduced cost due to high productivity and automated machines. The products of company are well accepted in India as well as abroad in view of good quality of yarn.

**C) No new Technology is imported during the financial year.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### a) Industry Structure and Business Overview:

The Indian Textiles Industry has an overwhelming presence in the economic life of the Country, through its contribution to industrial output, employment generation, and the export earnings of the country.

The Textile Industry accounts for 14% of the total industrial production, contributes 4% to the Gross Domestic Product and 17% to the country's export earnings.

It provides direct employment to over 35 million people. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The key advantages of the Indian industry are that it is the second largest producer of cotton with the largest area under cotton cultivation in the world and has an edge in low cost cotton sourcing compared to other countries. While the average wage rates in India are 50-60 per cent lower, than that in developed countries. Production facilities are available across the textile value chain, from spinning to garments manufacturing. The industry is investing in technology and increasing its capacities which should prove a major asset in the years to come. Also the experience gathered in terms of working with global brands is benefiting the Indian Industry.

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms / hosiery and knitting sector form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries.

The textile industry basically comprises of small-scale, non integrated spinning, weaving, finishing, and apparel-making enterprises. Off which Spinning is the most consolidated and technically efficient sector in India's textile industry.

The Cotton / Man-made fibre textile industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals. As on 30.11.2011, there were 1946 cotton/man-made fibre textile mills (non-SSI) in the country with an installed capacity of 43.13 million spindles 5,20,000 rotors and 52,000 looms. Textile production covering man-made fibre, man-made filament yarn and cotton yarn is showing a decreasing trend. Blended and 100% non cotton yarn production recorded an increase of 5.2% during 2011-12 (April – October 2011). The production of spun yarn during April-Oct. (2011-12) has shown a decrease of 8.1%. The production of cotton yarn during 2011-12 (April-Oct. 2011) recorded a decrease of 12.7% (Provisional). Cloth production by mill sector showed marginal increase of 4.6% during April-Oct. (2011-12) (provisional). During the same period cloth production by power loom and hosiery sector showed a decrease of 4.4% and 17.8% respectively. However the cloth production in handloom sector showed an increase of 3%.

India's textiles and clothing industry is one of the largest contributing sectors of India's exports worldwide. According to the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at US\$ 32.35 billion by the end of 11th Five Year plan. An export target of US\$ 65 billion and creation of 25 million additional jobs has been proposed with a CAGR of 15% during the XII Plan. At current prices the Indian textiles industry is pegged at US\$ 55 billion, 64% of which services domestic demand.

The exports basket comprise a wide range of items including readymade garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woollen products, silk, jute and handicrafts including carpets. India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-thirds of India's textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong Kong, Canada, Egypt etc.

### Taking an overall view of the India Textile Industry it can be summed up under SWOT analysis

#### Strength

- India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibres like polyester, silk, viscose etc.
- Has highly trained manpower. The country has a huge advantage due to lower wage rates. Because of low labor rates the manufacturing cost in textile automatically comes down to very reasonable rates.
- India is highly competitive in spinning sector and has presence in almost all processes of the value chain.
- Indian garment industry is very diverse in size, manufacturing facility, type of apparel produced, quantity and quality of output, cost, and requirement for fabric etc. It comprises suppliers of readymade garments for both, domestic or exports markets.

**Weakness**

- Knitted garments manufacturing has remained as an extremely fragmented industry. Global players would prefer to source their entire requirement from two or three vendors and the Indian garment units find it difficult to meet the capacity requirements.
- Industry still plagued with some historical regulations such as knitted garments still remaining as a SSI domain.
- Labour force giving low productivity as compared to other competing countries.
- Technology obsolescence despite measures such as TUFs.
- Low bargaining power in a customer-ruled market.
- India seriously lacks in trade pact memberships, which leads to restricted access to the other major markets.
- Indian labour laws are relatively unfavourable to the trades and there is an urgent need for labour reforms in India.

**Opportunity**

- Low per-capita domestic consumption of textile indicating significant potential growth.
- Domestic market extremely sensitive to fashion fads and this has resulted in the development of a responsive garment industry.
- India's global share is just 3% while China controls about 15%. In post-2005, China is expected to capture 43% of global textile trade.
- Companies need to concentrate on new product developments.
- Increased use of CAD to develop designing capabilities and for developing greater options.

**Threats**

- Competition in post-2005 is not just in exports, but is also likely within the country due to cheaper imports of goods of higher quality at lower costs.
- Standards such as SA-8000 or WARP have resulted in increased pressure on companies for improvement of their working practices.
- Alternative competitive advantages would continue to be a barrier.

**b) Risk & Concerns:**

1. The Company is exposed to risks from market fluctuations of foreign exchange, interest rates and crude oil prices.
2. The Company is exposed to the risk of price fluctuation on cotton as well as finished goods in all its products. These risks are not significant considering the inventory levels and normal co - relation in the price of cotton and finished goods.
3. Apart from the risks on account of interest rate, foreign exchange and regulatory change, various business of the company are exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

**c) Segment-wise Performance:**

Segment-wise performance of the company during the financial year 2011-12 (Standalone) is given below:

(Amount in Lacs)

	<b>Textile - Yarn</b>	<b>Textile - Fabric</b>
Income	20188.28	55776.14
Expenditure	20430.88	49600.56
Depreciation	963.42	0
PBIT	(1206.02)	6175.58
FOB Value of Exports	4181.23	0

**d) Financial Performance:**

The Company's revenue from operations (Excluding the other Income) during the year 2011-12 is Rs.7,596,442,442 as against Rs.5,406,191,677 during 2010-11. Profit before tax for the year 2011-12 has decreased to Rs. 100,174,109 as compared to 141,047,757 during the year 2010-11 due to the deteriorating conditions prevailing in the global economy and the interest rate hikes by the Banks.

**e) Internal Control Systems:**

The Company has an intricate system of internal control procedure commensurate to its size and nature of the business. This internal control system ensures optimal use of the Company's resource and provides for well administered policies, guidelines, authorization and approval procedures.

The Company has appointed internal auditor who carries out audit of accounts, internal control systems & procedures on regular basis. They are well guided by the Audit Committee of the Board of Directors, who approves their audit plans, reviews their report and also make necessary suggestions for its further improvements.

**f) Related Party Transactions:**

These have been discussed in detail in the notes to the accounts in the financial statements.

**g) Human Resources:**

The Company has focused on building the organization for developing human resources. More attempts is now being given to develop a better structure in this important area with a long term future in mind.

The Company has taken various initiatives towards recruitment and retention of the best talent within and outside the industry. It encourages employees to take part in various internal and external training programs. This along with the rewards & recognition gives opportunity to talented employees to take higher responsibilities in the organization.

As in the past, the industrial relation continues to remain generally cordial at all locations of the Company.

The company has employee strength of 1325.

**h) Health & Safety:**

The Company continuously focus on the health & safety of all its workers & staff. Adequate safety measures have been taken at all the plants for the prevention of accidents or other untoward incident.

The necessary medical facilities are available for the workers, staff and their family members to enable them to maintain good health.

**i) Expansion :**

The Company is now embarking on expansion program by setting up another 84,864 spindles of Cotton Yarn spinning facility at Malkapur. With this expansion the Company will be able to cater to all the requirements of the customer for all varieties of count that can be manufactured under Cotton Yarn spinning.

**Cautionary Statement:**

Some of the statements contained within this report may be forward looking in nature and may involve risks and uncertainties. Actual Result and Outcomes in future may vary materially from those discussed herein. Factors that may cause such variances include, but are not limited to management of growth, market acceptance of Company's product and services, risk associated with new product version, dependence on third party relationship and the activities of competitors.



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on code of governance

The Company believes in transparency, professionalism and accountability, the guiding principles of corporate governance as the good corporate governance generates goodwill amongst all its stakeholders including business partners, customers, employees and investors, earns respect from society and brings about a consistent sustainable growth for the Company and its investors.

Your Company is focused to operate within the well accepted parameters of ethics and integrity and constantly endeavors to adopt best practices of Corporate Governance. The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

### 2. Board of Directors

#### a) Composition of Board

The composition of the Board of Directors as on 13<sup>th</sup> August, 2012 comprises of 7(seven) Directors out of which one is Executive Director and 6(six) are Non-Executive Directors (NEDs). These Directors bring in a wide range of skills and experience to the Board. None of the Directors on the Board is a member on more than 10 (Ten) Committees and Chairman of more than 5 (five) committees as specified under clause 49 of the Listing Agreement, across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

Details of the Directorship, Membership and Chairmanship in other companies for each Director of the Company and their shareholdings and Attendance at the meetings for the financial year ended on March 31, 2012 are as follows:

Name of the Director	No. of shares held as on 31.3.2012	Category	Attendance particulars		# Directorships in other Public Companies	^ Committee Positions in other Public Companies	
			Board Meeting Attended	AGM Attended		Chairman	Member
Shri P. B. Bhardwaj	Nil	NE-NI – C	Nil	No	2	-	-
Shri Yashovardhan Birla	13,73,040	NE-NI – Co-C	4	Yes	13	1	-
Shri P V R Murthy	Nil	E	5	Yes	12	-	7
*Shri Sanjay Agarwal	Nil	NE-NI	Nil	No	-	-	-
Shri Mohandas Shenoy Adige	Nil	NE-I	5	Yes	8	1	4
**Shri Navinchandra Shah	Nil	NE-I	Nil	No	-	-	-
Shri Upkar Singh Kohli	Nil	NE-I	5	Yes	9	-	2
Shri Mohan Jayakar	Nil	NE-I	3	No	7	1	3
*** Shri Vinod Kumar Kapur	Nil	NE-NI	NA	NA	-	-	-
****Shri Alok Bhardwaj	Nil	NE – NI (Alternate Director to Shri P. B. Bhardwaj)	Nil	No	-	-	-

E : Executive

NE-NI – C : Non Executive Non Independent – Chairman

NE-NI-Co : Non Executive – Non Independent – Co-Chairman

NE-NI : Non Executive – Non Independent

NE – I : Non Executive Independent

# Excludes Alternate Directorships and directorships in private companies, foreign companies and section 25 companies.

^ Represents Memberships / Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee of other public Companies

\* Shri Sanjay Agarwal resigned from the Board w.e.f 31st March, 2012.

\*\* Shri Navinchandra Shah resigned from the Board w.e.f 29th March, 2012.

\*\*\* Shri Vinod Kumar Kapur is appointed as Additional Director w.e.f 13<sup>th</sup> August, 2012

\*\*\*\*Shri Alok Bhardwaj (Alternate Director to Shri P.B. Bhardwaj) resigned from the Board w.e.f 2<sup>nd</sup> August, 2012.

None of the other Directors are related to each other, except Shri Alok Bhardwaj (Alternate Director to Shri P.B. Bhardwaj) and Shri P.B. Bhardwaj.

**b) Board procedure and Access to information**

The Board of Directors is responsible for the management of the business of the Company and meets regularly for discharging its role and functions.

The Board of Directors of the Company reviews all information provided periodically for discussion and consideration at its meetings in terms of Clause 49 of the Listing Agreement. Functional heads are usually invited to remain present during the meeting to apprise all the Directors about the developments in the Company.

Detailed Agenda are circulated to the Directors in advance. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meetings. Where it is not practicable to enclose any document to the agenda, the same is placed before the meeting. In special and exceptional circumstances, additional item(s) on the agenda are permitted to be discussed at the Meeting.

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. The meetings of the Board are generally scheduled to be held at the Company's registered office at Mumbai.

The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of business, commerce, finance, management and law.

The minutes of the Board Meetings are circulated in advance to all Directors and confirmed at subsequent Meeting.

The Board also reviews the declarations made by the Managing Director/ Chief Financial Officer/Unit Head and the Company Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

**c) Board Meetings**

During the year ended 31<sup>st</sup> March, 2012, five Board Meetings were held. These were held on:

- 1) 23<sup>rd</sup> May, 2011                      (2) 10<sup>th</sup> August, 2011                      (3) 21<sup>st</sup> September, 2011  
 (4) 14<sup>th</sup> November, 2011              (5) 13<sup>th</sup> February, 2012

**d) Code of Business Conduct and Ethics for Board of Directors and Senior Management**

The Company has in place the Code of Business Conduct and Ethics for Board of Directors and Senior Management (the Code) approved by the Board of Directors. The Code has been communicated to Directors and the members of the senior management.

The Code has been displayed on the Company's website [www.birlacotsyn.com](http://www.birlacotsyn.com).

All the Board members and senior management have confirmed compliance with the Code for the year ended 31<sup>st</sup> March, 2012. A declaration to this effect signed by the Managing Director forms part of this Annual Report.

**e) Brief Note on the Directors seeking appointment/re-appointment in the 70<sup>th</sup> Annual General Meeting:**

In compliance with Clause 49 IV (G) of Listing Agreement, brief resume, expertise and details of other directorships, membership in committees of Directors of other companies and shareholding in the Company of the Directors proposed to be appointed/ re-appointed are as under.

<b>Name of the Director</b>	<b>Shri Vinod Kumar Kapur</b>	<b>Shri Mohandas Shenoy Adige</b>	<b>Shri Upkar Singh Kohli</b>
Date of Birth	18-07-1949	07-11-1944	18-08-1947
Date of Appointment as Director	13-08-2012	03-02-2007	10-08-2010
Qualification	Chartered Accountant from The Institute of Chartered Accountants of India (ICAI), Company Secretary from the Institute of Company Secretaries of India (ICSI) and B.Com (Hons) from Delhi University.	B.Sc (Met. Engg) graduate from Banaras Hindu University, M. Met from Sheffield University, UK and Diploma Holder in Operations & Financial management from JBIMS, Bombay University	Bachelor of Engineering (Mechanical) from Thapar Engineering College, Patiala, India, C.A.I.I.B (Certified Associate Indian Institute of Bankers) and Certified Examination of Industrial Finance.

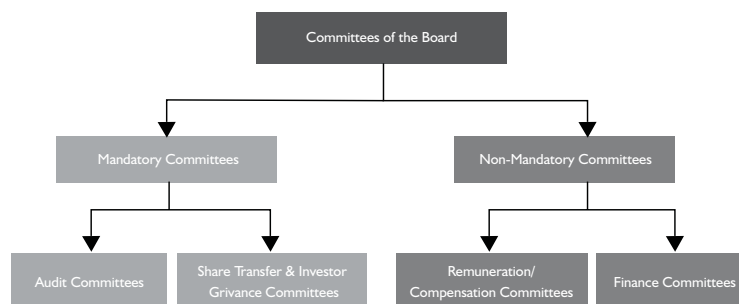
Brief resume & Expertise in specific functional areas	Shri Vinod Kumar Kapur has over 39 years of experience in various organizations He also brings along with him rich experience working with reputed Indian and International Audit firms. Since 1982, he was associated with the Sun Flag Group, Lagos where he has served as Group Financial Director and was responsible for overall activities of the Group. He was also in charge of operations and commercial activities of the Group Companies of Sun Flag Group including management of Finances, arranging facilities with Bankers and Financial Institutions, taxation, secretarial matters, export & Imports etc.. Since February 2012, he is serving as Coordinator with the Bhardwaj Welfare Trust, which has a multi super specialty hospital known as Sun Flag Hospital & Research Centre, Faridabad. .	Shri Mohandas Shenoy Adige has 40 years of cross functional experience in metal industry with exposure to various functional areas including techno-commercial areas of project management. He is a member of regional council of confederation of Indian Industry (CII). Specialist in revival and turnaround of ailing units through re-engineering and reorganization. He has retired as the Managing Director of Nagpur Power Industries Limited. He is also a Member of All India Management Association/ Bombay Management Association (BMA). He is currently serving on the Board of Directors of Companies in different Industry Sectors	Shri Upkar Singh Kohli has almost 35 years of experience in the Banking Industry. He took charge of Dena Bank as Executive Director on 18-06-2005. He was also appointed as a Whole Time Director by Government of India (Ministry of Finance). He was appointed as Chief Vigilance Officer, on deputation to Union Bank of India, Mumbai, set bench mark levels of performance in the areas of Vigilance Management, Fraud Risk Management. He also worked as in-charge field General Manager for Punjab & Haryana regions for a period of over 1 ½ years. Also he has enriching experience in the areas of Human Resources Management, Recovery & Law Dept., and Planning & Development Depts. of the Punjab & Sind Bank.
*Directorships in other Public Limited Companies	Nil	Nagpur Power and Industries Limited Birla Precision Technologies Limited Artefact Projects Limited Melstar Information Technologies Limited Birla Shloka Edutech Limited Birla Pacific Medspa Limited Facor Steels Limited Birla Energy Infra Limited	Avon Organics Ltd. STI India Ltd. Birla Power Solutions Ltd. Birla Pacific Medspa Ltd. Birla Surya Ltd. C & M Farming Ltd. Karma Energy Ltd. Weizmann Forex Ltd
*Committee Positions held in other Companies C - Chairman M - Member	Nil	Audit Committee Birla Precision Technologies Limited (M) Birla Pacific Medspa Limited (M) Melstar Information Technologies Limited (M) Shareholder Grievance Committee Birla Precision Technologies Limited (C) Birla Pacific Medspa Limited (M)	Audit Committee Birla Power Solutions Ltd.(M) Birla Surya Ltd. (M)
No. of shares held in the Company	Nil	Nil	Nil

\*Notes :

1. Alternate Directorships and Directorships in private companies, foreign companies and section 25 companies are not considered.
2. Only two committees namely, Audit Committee and Shareholders'/Investors' Grievance Committees have been considered.

**f) Board Committees**

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/ scope. The Board has established various Committees such as Audit Committee, Share Transfer & Investor Grievance Committee, Remuneration Committee & Finance Committee. The minutes of the meetings of all committees are placed before the Board for discussion/ noting/ ratification.



### 3. Audit Committee

#### a) Composition, Meetings & Attendance:

Audit Committee for the year ended 31<sup>st</sup> March, 2012 comprised of three Directors, out of which two are Non-Executive Independent directors and one executive director. Shri Upkar Singh Kohli, Chairman of the Committee is an Independent and Non-Executive Director. All the members of the Audit Committee have adequate accounting and financial knowledge and the composition of the Committee is in compliance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

The representative of the Statutory Auditors is invited to attend meetings of the Audit Committee. The Committee also invites such of the executives viz., Chief Financial Officer, Internal Auditor and Group General Counsel as it considers appropriate to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company.

The Company Secretary acts as the Secretary to the Audit Committee.

During the year ended 31<sup>st</sup> March, 2012, the Committee met four times on:

(1) 23<sup>rd</sup> May, 2011                      (2) 10<sup>th</sup> August, 2011                      (3) 14<sup>th</sup> November, 2011                      (4) 13<sup>th</sup> February, 2012.

Composition and attendance by the members of the committee during the financial year under review are given in the table below.

Members	Category	No. of Meetings Attended
*Shri Upkar Singh Kohli (Chairman)	Non-Executive – Independent	3
**Shri Navinchandra Shah	Non-Executive – Independent	NIL
Shri P. V. R. Murthy	Executive	4
Shri Mohandas Shenoy Adige	Non-Executive – Independent	4

\* Shri Upkar Singh Kohli has been appointed as Chairman of the Audit Committee w.e.f 23<sup>rd</sup> May, 2011.

\*\* Shri Navinchandra Shah resigned from Audit Committee w.e.f 14<sup>th</sup> November, 2011.

#### b) Terms of Reference

The terms of reference, role and scope of the Audit Committee covers the matters specified under Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 such as overseeing of the Company's financial reporting process, recommending the appointment/re-appointment of Statutory Auditors, recommending and approving the remuneration to be paid to Statutory Auditors, reviewing with the Management, quarterly and annual financial statements, internal audit reports and controls of the Company.

The Audit Committee's functions include reviewing the adequacy of the internal audit functions, its structure, reporting process, audit coverage and frequency of internal audits. The responsibility of the Committee is to also review the findings of any internal investigation by the internal auditors in matters relating to suspected fraud or irregularity or failure of internal control systems of material nature and report the same to the Board.

### 4. Remuneration / Compensation Committee

#### a) Composition, Meetings and Attendance

The Remuneration /Compensation Committee during the year ended 31<sup>st</sup> March, 2012 comprised of the following members:

Members	Category	No. of Meetings Attended
Shri P. B. Bhardwaj (Chairman)	Non-Executive – Non Independent	NIL
Shri Yashovardhan Birla (Co-Chairman)	Non-Executive – Non Independent	1
Shri Mohandas Shenoy Adige	Non Executive – Independent	1
*Shri Navinchandra Shah	Non-Executive – Independent	NIL
Shri Upkar Singh Kohli	Non Executive – Independent	1

\*Shri Navinchandra Shah resigned from the Board w.e.f 29<sup>th</sup> March, 2012.

One Remuneration Committee meeting was held on 10<sup>th</sup> August, 2011 for recommending of remuneration payable to Mr. P. V. R Murthy as Managing Director of the Company. The Company Secretary acts as the Secretary to the Remuneration/ Compensation Committee.

**b) Terms of Reference**

The Remuneration / Compensation Committee has been constituted to review overall compensation payable to Managerial Personnel viz. Managing Director / Executive Director / CEO/ Manager , granting of Employee Stock Option to the directors and employees of the Company and such other matter relating to the remuneration and compensation payable to the Director(s) and Managerial personnel.

**c) Executive Director's Compensation:**

The remuneration payable to the Managing Director/ Manager is recommended by the Remuneration Committee of the Board of Directors. Payment of remuneration to the Managing Director/ Manager is governed by the Agreement executed between the Managing Director and the Company. The Agreement is also approved by the Board and the shareholders of the Company in terms of Schedule XIII to the Companies Act, 1956, as and when appointment of Manager/ Managing Director takes place.

**Details of remuneration paid to the Managerial Personnel during the financial year ended 31<sup>st</sup> March, 2012**

Name & Designation	Salary	Provident Fund/ Superannuation	Perquisites & Others
*Mr. P.V.R Murthy	1,156,452/-	NIL	2,022,516

\*Appointed as Managing Director of the company for a period of 3 (three) years w.e.f. 10<sup>th</sup> August, 2011

The appointment of Managing Director/ Manager / Executive Director is contractual and is generally for a period of three years. Either party is entitled to terminate the agreement by giving three months notice in writing to the other party.

No shares have been allotted under the ESOP till date nor are any stock options granted to any of the Directors/ Employees during the financial year under review.

**d) Non-Executive Directors' Compensation and disclosures:**

Apart from sitting fees that are paid to the Non-Executive and Independent Directors for attending Board/Committee meetings, no other fees/commission were paid during the year ended 31<sup>st</sup> March, 2012. During the period under review, there was no pecuniary relationship or business transaction by the Company with any Non-Executive Directors.

Sitting fees payable to the Directors for attending each meeting of the Board of Directors and Audit Committee of the Board of Directors is Rs.5, 000 during the financial year. The sitting fee is not paid for the meetings of Investors' Grievance Committee and Remuneration Committee. The total amount of sitting fees paid during the financial year 2011-12 to Non-executive directors are as under:

Name of the Director	Sitting fees (Rs.)	Remuneration (Rs.)	Total (Rs.)
Shri P.B. Bhardwaj	Nil	-	Nil
Shri Yashovardhan Birla	20000	-	20000
Shri P V R Murthy	20000	-	20000
*Shri Sanjay Agarwal	Nil	-	Nil
Shri Mohandas Shenoy Adige	45000	-	45000
**Shri Navinchandra Shah	Nil	-	Nil
Shri Upkar Singh Kohli	40000	-	40000
Shri Mohan Jayakar	15000	-	15000
***Shri Alok Bhardwaj (Alternate Director)	Nil	-	Nil

\*Shri Sanjay Agarwal resigned w.e.f 31<sup>st</sup> March, 2012.

\*\*Shri Navinchandra Shah resigned w.e.f 29<sup>th</sup> March, 2012.

\*\*\*Shri Alok Bhardwaj (Alternate Director to Shri P.B. Bhardwaj) resigned w.e.f 2<sup>nd</sup> August, 2012.

**5. Share Transfer and Investor Grievance Committee**

**a) Terms of Reference**

The Share Transfer and Investor Grievance Committee was constituted on 3<sup>rd</sup> August, 2007 and is empowered to oversee (a) Transfer of shares (b) Issue of duplicate/new/sub-divided/ Remat of Shares and consolidated Share Certificates (c) Shareholders/ Investor Grievance and its redressal (d) overview of functions of Registrar & Share Transfer Agents.

**b) Composition**

The Share Transfer and Investor Grievance Committee was re-constituted on 21<sup>st</sup> September, 2011 during the year under review comprised of four members viz. Shri Mohandas Shenoy Adige (Chairman), Shri P. V. R Murthy, \*Shri Sanjay Agarwal and Shri Mohan Jayakar.

\*Shri Sanjay Agarwal resigned from the Board and consequently from the Committee w.e.f 31<sup>st</sup> March, 2012

**c) Name & Designation of the Compliance Officer**

Ms. Monica Gandhi is the Company Secretary & Compliance Officer of the Company.

**d) Shareholders complaints**

The total number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up is provided as under:

Type of Complaints	No. of Complaints		
	Received	Resolved	Pending
Non receipts of De-mat Credit	Nil	Nil	Nil
Non receipt of Allotment Advise/Refund Orders	23	23	Nil
Non receipt of share certificate(s)	01	01	Nil
Non receipt of Annual Report	11	11	Nil
Non receipt of Dividend on Shares	18	18	Nil
<b>Total</b>	<b>53</b>	<b>53</b>	<b>Nil</b>

**6. Finance Committee**

The Finance Committee consists of three Directors viz., Shri P.V.R. Murthy, Chairman, Shri Mohandas Shenoy Adige, Member and Shri Mohan Jayakar, Member

The Finance Committee is empowered to oversee opening/closing/modification of Bank accounts, opening letters of credit, issue/renew/cancel bank guarantees, borrowings upto the limit of Rs. 25 Crores and other related banking & miscellaneous financial matters

One finance committee meeting was held on 13<sup>th</sup> July, 2012 which was attended by all the members.

**7. Information on Shareholders' Meetings**

(a) Location and time where the AGM were held in last 3 years:

Year	AGM	Location	Date & time
2010-2011	69 <sup>th</sup>	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	21.09.2011 at 3.30 p.m
2009 – 2010	68 <sup>th</sup>	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	20.09.2010 at 3.30 p.m
2008-2009	67 <sup>th</sup>	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	23.09.2009 at 12.00 noon

(b) Special Resolutions passed in the previous three Annual General Meetings (AGM):

Following Special Resolutions were passed at the 69<sup>th</sup> AGM held on 21.09.2011:

Sr. No.	Particulars
1.	Appointment of Shri P.V.R Murthy as Managing Director of the Company
2.	Raising of funds through Issue of Securities

Following Special Resolutions were passed at the 68<sup>th</sup> AGM held on 20.09.2010:

Sr. No.	Particulars
1.	Issuance of Equity Share Warrants of the Company to the Promoter(s) on Preferential basis
2.	Raising of Funds through further Issue of securities
3.	Appointment of Shri Debashis Poddar, Chief Executive Officer as Manager of the Company

Following Special Resolutions were passed at the 67<sup>th</sup> AGM held on 23.09.2009:

Sr. No.	Particulars
1.	Special Resolution passed for the Sub-division of the face value of the Equity Shares of the Company from Rs. 10 each to Re. 1 each
2.	Special Resolution passed for creating an irrevocable trust in accordance with the employee stock option scheme.

- (c) There was no special resolution passed through postal ballot last year.
- (d) Ordinary Resolution passed through Postal Ballot last year:

The Company received approval of the members for passing an Ordinary Resolution under section 293(1)(a) of the companies Act, 1956 for sale and transfer of the Company's undertaking located near Cotton Market, Parola Road (Dhule), Maharashtra including land admeasuring 37,080 sq. mtrs. along with building and other facilities constructed thereon, the plant and machinery, equipments, furniture, fixtures and other fixed assets on "as is where is" and "as it is" basis (hereinafter referred to as "the said Undertaking").

The Board of Directors of the Company had appointed Mr. Dilip Bharadiya, Practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot in a fair and transparent manner. On receipt of the Scrutinizer's Report dated 17<sup>th</sup> April, 2012, Shri P.V.R. Murthy, Managing Director of the Company declared the following results of the Postal Ballot on Wednesday, the 18<sup>th</sup> April, 2012 at 4.00 p.m. at Registered Office of the Company at Dalamal House, 1<sup>st</sup> Floor, Nariman Point, Mumbai 400 021:

Particulars	Number of postal ballot forms	Number of Shares (No. of votes)
(a) Total postal ballot forms received	2498	61,31,32,542
(b) Less: Invalid postal ballot forms (as per register)	145	20,86,305
(c) Net valid postal ballot forms (as per register)	2353	61,10,46,237
(d) Postal ballot forms with assent for the resolution	2080	60,63,35,730
(e) Postal ballot forms with dissent for the resolution	273	47,10,507
Shareholders voting in FAVOUR of the resolution as a percentage of valid votes cast through Postal Ballot		99.23
Shareholders voting AGAINST the resolution as a percentage of valid votes cast through Postal Ballot		0.77

#### Procedure for Postal Ballot:

After receiving approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and the Explanatory Statement, Postal Ballot form and self-addressed postage envelopes are sent to the shareholders to enable them to consider and vote for and against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of passing of the Resolution by the Board of Directors. After the last day for receipt of ballots, the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same is published in the newspapers, displayed on the Company website and Notice Board and intimated to the stock exchanges.

- (e) No Special Resolution is proposed to be conducted through postal ballot.

#### 8. Subsidiary Companies

The Company has one wholly owned subsidiary Company under the name & style of Birla Cotsyn (India) Limited FZE Dubai on 8<sup>th</sup> December, 2010.

Birla Integrated Textile Park Limited became the Company's subsidiary w.e.f 23<sup>rd</sup> September, 2011. However the Company does not have any material non-listed Indian subsidiary company in terms of clause 49(III) of the Listing. The financial statements of the subsidiaries are reviewed by the Audit Committee and noted by the Board of Directors of the Company.

#### 9. Disclosures

##### a) Related party Transactions:

During the year, the Company has not entered into any transaction of material nature with the promoters, directors, their relatives or management, which is in conflict with the interests of the Company at large.

The transactions with the related parties, of routine nature have been reported in the notes to the accounts in the financial statements in the annual report as per Accounting Standard 18 (AS18) issued by the Institute of Chartered Accountants of India.



The Register of Contracts containing the transactions/arrangements in which Directors are directly or indirectly interested is placed before the Board regularly for its noting.

**b) Compliances by the Company**

The Company has complied with all the requirements of the Stock Exchange(s) or Securities and Exchange Board of India on matters related to capital markets, as applicable from time to time.

- c)** There are no penalties imposed or strictures passed against the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to capital markets during last 3 years in this regard.
- d)** The Company has placed before the Audit Committee the statement of utilization of funds raised through public issues/preferential issue on quarterly/ annual basis.
- e)** The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006. The company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparation of financial statements.
- f)** The Managing Director and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement for the financial year ended 31<sup>st</sup> March, 2012.
- g)** Presently the Company does not have a Whistle Blower Policy. However all employees of the Company are free to approach any Management Member for any Grievance.
- h)** The Board of Directors of the Company evaluates and assesses the major risks and the risk minimization procedures and the implementation of the same.
- i)** The Company has complied with applicable mandatory requirements in terms of Clause 49 of the Listing Agreement. The non-mandatory requirement such as the constitution of Remuneration / Compensation Committee, have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

**10. Means of Communication**

- a) Stock Exchange Intimation:** The unaudited quarterly financial statements are announced within forty-five days of the end of each quarter and the audited annual results are announced within 60 days from the end of the last quarter. The aforesaid financial statements after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchanges where the shares of the Company are listed
- b) Newspapers:** During FY 2011-12, financial results (Quarterly & Annual) are published in newspapers viz Free Press Journal and Nav Shakti in the format prescribed under Clause 41 of the Listing agreement with the stock exchanges where the shares of the Company are listed. During FY 2012-13, it is however proposed to publish the financial results (Quarterly & Annual) in Asian Age and Tarun Bharat.
- c) Website:** The financial results are also posted on the Company's Website [www.birlacotsyn.com](http://www.birlacotsyn.com) The Company's website provides information about its business and the Section on "Investor's Desk" serves to inform and service the Shareholders allowing them to access information at their convenience.
- d) Annual Report:** Annual Report is circulated to all the members within the required time frame.
- e) Investor Email ID of the Registrar & Share Transfer Agents:** All the share related requests/ queries/correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agents of the Company **Adroit Corporate Services Pvt. Ltd.** and/ or email them to [info@adroitcorporate.com](mailto:info@adroitcorporate.com)
- f) Designated Email ID for Complaints/ Redressal:** In compliance of clause 47(f) of the Listing Agreement entered with the Stock Exchanges, the Company has designated an email ID [complianceofficer@birlacotsyn.com](mailto:complianceofficer@birlacotsyn.com) exclusively for the purpose of registering complaints/ grievances by investors. Investors whose requests/ queries/correspondence remain unresolved can send their complaints/ grievances to the above referred e-mail ID and the same would be attended to promptly by the Company.
- g) NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by NSE for Corporate. The Shareholding Pattern and the Corporate Governance Report are also filed electronically on NEAPS.
- h) SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The Action Taken Reports are uploaded online by the Company for any complaints received on Scores platform, thereby making it convenient for the investors to view their status online.
- i)** There were no presentations made to the institutional investors or analysts during the Financial Year 2011-12.

## II. General Shareholders Information

- a. Annual General Meeting proposed to be held  
 Day, Date & Time : Friday, 21st September, 2012, 3.30 P.M.  
 Venue : Hall of Culture, Discovery of India  
 Building, Nehru Centre, Dr. Annie  
 Besant Road, Worli, Mumbai – 400018
- b. Financial Calendar for the year 2012-2013  
 Accounting Year : April 1, 2012 to March 31, 2013  
 Financial Calendar (Tentative)

Unaudited Financial Results for the quarter ended June 30, 2012	Second week of August, 2012
Unaudited Financial Results for the quarter ended September 30, 2012	Second week of November, 2012
Unaudited Financial Results for the quarter ended December 31, 2012	Second week of February, 2013
Unaudited Financial Results for the quarter ended March 31, 2013	Second week of May, 2013
<b>OR</b>	<b>OR</b>
Audited Financial Results for the year ended March 31, 2013	Within 60 days from the year ended March 31, 2013

- c. Book closure date : Monday, 17<sup>th</sup> September, 2012 to Friday 21<sup>st</sup> September, 2012 (both days inclusive)
- d. Registered Office : Dalamal House, 1<sup>st</sup> Floor, 206,  
 J. B. Marg, Nariman Point,  
 Mumbai – 400 021 .
- e. i. Listing of equity shares on the  
 Stock Exchange : 1. Bombay Stock Exchange Ltd. (BSE)  
 P. J. Towers, Dalal Street, Mumbai – 400 023.  
 Stock Code – 533006  
 2. National Stock Exchange of  
 India Ltd. (NSE)  
 Exchange Plaza, Bandra Kurla Complex,  
 Bandra (East), Mumbai – 400 051.  
 Stock Code – BIRLACOT
- ii. ISIN No. for the Company's  
 Equity Shares in Demat form : INE655101024
- iii. Depositories connectivity : NSDL and CDSL

### Notes:

- Listing Fees for the year 2012-13 has been paid to Stock Exchanges viz., BSE and NSE.
  - Custodial fees for the year 2012-13 has been paid to the depositories viz., NSDL and CDSL.
- f. i. Listing of Global Depository  
 Receipts: (GDRs) : Societe de la Bourse de Luxembourg  
 11, av de la Porte – Neuve  
 L-2227 Luxembourg
- ii. Overseas Depository : The Bank of New York Mellon,  
 101, Barclay Street, 22<sup>nd</sup> Floor,  
 New York, NY 10286, USA
- iii. Domestic Custodian : The Hongkong and Shanghai banking  
 Corporation Limited,  
 Andheri Branch office, 2<sup>nd</sup> Floor, “Siv”, Plot No. 139-140 B, Western Express Highway,  
 Sahar Road Junction, Vile parle (E), Mumbai – 400057
- iv. ISIN Code for Company's GDR: US09088Q1085

**Note:** Listing Fee for the GDRs has been paid to the Societe de la Luxembourg for the calendar year 2012.

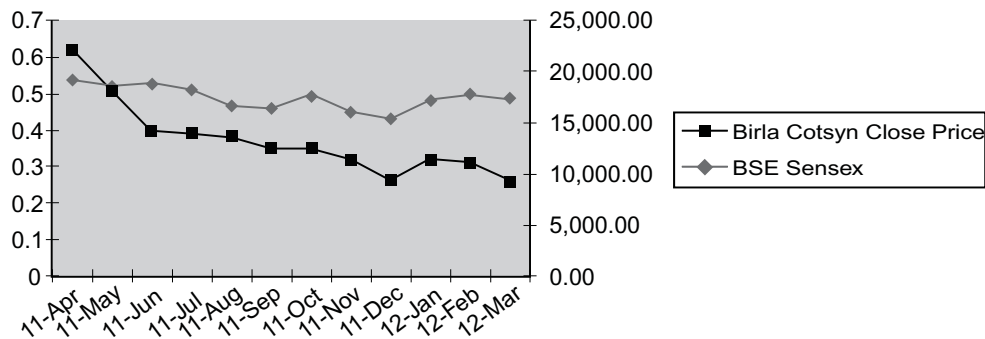
g. Stock Price Data

Monthly High/ Low of market price of the Company's shares traded on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) during the year is furnished below:

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2011	0.73	0.57	0.75	0.55
May, 2011	0.64	0.49	0.70	0.50
June, 2011	0.56	0.40	0.60	0.40
July, 2011	0.51	0.37	0.55	0.35
August, 2011	0.44	0.31	0.45	0.30
September, 2011	0.39	0.34	0.40	0.30
October, 2011	0.37	0.34	0.40	0.30
November, 2011	0.37	0.30	0.40	0.30
December, 2011	0.34	0.22	0.35	0.20
January, 2012	0.37	0.25	0.40	0.25
February, 2012	0.35	0.30	0.35	0.30
March, 2012	0.32	0.25	0.35	0.25

Source: [www.bseindia.com](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com)

**Birla Cotsyn (India) Limited vs BSE Sensex**



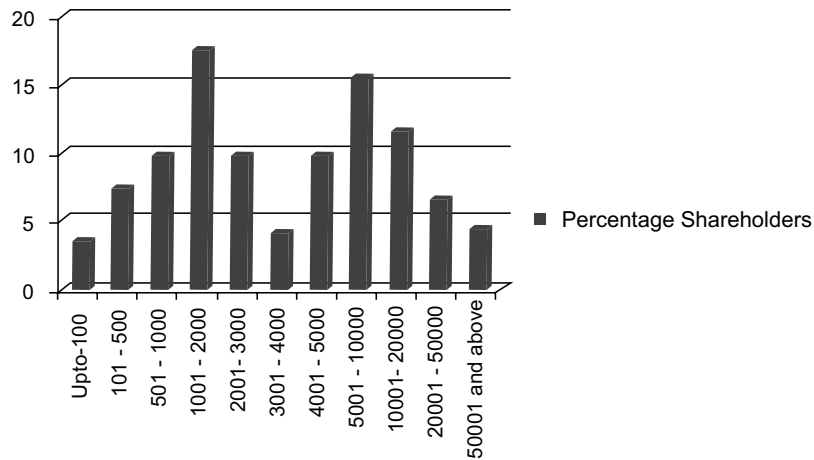
h. Share Transfer System, Dematerialisation and liquidity

The Board has delegated the authority for approving transfer, transmission, remat, if any etc. of company's securities to the Shareholders / Investors Grievance Committee. However, 99.99% of the total equity capital is held in dematerialized form with NSDL & CDSL and accordingly majority of the trading of shares takes place electronically in dematerialisation mode.

i. Distribution of Shareholding as on 31<sup>st</sup> March, 2012:

No. of Equity Shares held	No. of Shareholders	Percentage Shareholders	No. of Shares held	Percentage Shareholding
UPTO-100	2275	3.45	104086	0
101 to 500	4829	7.32	1403561	0.05
501 to 1000	6484	9.82	5056301	0.19
1001 to 2000	11584	17.55	15870281	0.59
2001 to 3000	6457	9.78	16348337	0.61
3001 to 4000	2720	4.12	9794432	0.37
4001 to 5000	6507	9.86	29096027	1.09
5001 to 10000	10259	15.54	74404085	2.79
10001 to 20000	7609	11.53	104746285	3.93
20001 to 50000	4349	6.59	134999284	5.06
50001 and above	2928	4.44	227.681.2475	85.32
<b>Total</b>	<b>66001</b>	<b>100.00</b>	<b>266.863.5154</b>	<b>100.00</b>

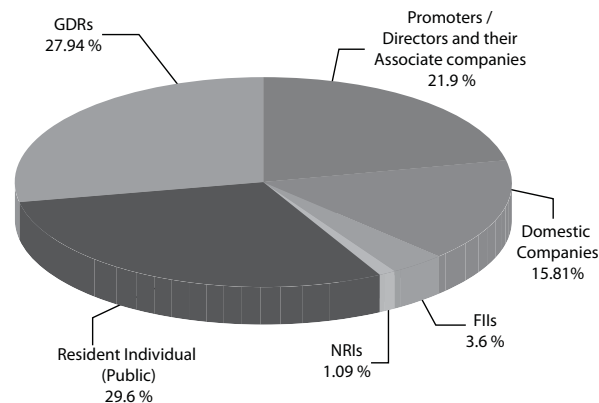
**Percentage Shareholders**



j. **Categories of Shareholding as on 31<sup>st</sup> March, 2012:**

Categories	No. of Shareholders	No. of shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	9	584269504	21.90
Domestic Companies	643	422093451	15.81
FII's	1	95957652	3.60
Central Government/ State Government	1	3000	0.00
NRIs	408	29053644	1.09
Banks/ FIs and Insurance Companies	1	4	0.00
Mutual Funds	Nil	Nil	Nil
Resident Individual (Public)	64892	789881438	29.60
Trusts	3	77400	0.00
Clearing Members	42	1619061	0.06
GDRs	1	745680000	27.94
<b>Total</b>	<b>66001</b>	<b>266.863.5154</b>	<b>100</b>

**Categories of Shareholding**



k. **Outstanding GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:**

7,456,800 Global Depository Receipts (GDRs) represented by 745,680,000 equity shares were outstanding as on 31<sup>st</sup> March, 2012.

Pursuant to the resolution passed by the shareholders of the Company at the Annual General Meeting on 20<sup>th</sup> September, 2010, the Company had issued 10,67,45,500 Convertible Equity Share Warrants on 12<sup>th</sup> October, 2010 to the Promoters of the Company at an issue price of Rs. 1.13 per warrant. First tranche of 5,03,72,750 Share Warrant was converted into the equivalent number of

equity shares on 15<sup>th</sup> March, 2011 and the balance of 5,63,72,750 Share Warrants was converted into equivalent number of Equity Shares on 28<sup>th</sup> March, 2012. Accordingly as on 31<sup>st</sup> March, 2012, there are no Share Warrants pending for conversion.

**l. Details required as per Clause 5A (ii) of the Listing Agreement**

Out of the equity shares allotted to the successful applicants in the IPO concluded in the month of July, 2008 unclaimed shares are pending for credit to the demat accounts of the respective allottees.

In accordance with Clause 5A(l)(a) of the Listing Agreement, the Registrar to the Issue (Adroit Corporate Services Private Limited) had issued three reminder notices on 9<sup>th</sup> September, 2008, 22<sup>nd</sup> December, 2008 and 15<sup>th</sup> January, 2010 at the addresses of such allottees.

In terms of Clause 5A (l)(g) of the Listing Agreement, there were in all 9 shareholders holding 71,400 equity shares in the suspense/escrow account lying at the beginning of the year i.e 1<sup>st</sup> April, 2011. No shares were transferred from the said account during the year ended 31<sup>st</sup> March, 2012

No Corporate benefits were accrued on the aforesaid shares during the year ended 31<sup>st</sup> March, 2012. The voting rights in respect of the above 71,400 shares shall remain frozen till the rightful owner of such shares claim the shares.

**m. Transfer of unclaimed dividend/application money to Investor Education and Protection Fund**

Pursuant to the provisions of Sections 205A and 205C of the Act, the dividend/ application money due for refund during the IPO in the year 2008 which remains unclaimed/unpaid for a period of seven years from its due date is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The last date(s) for claiming payment of the unclaimed/ unpaid dividend from Adroit Corporate Services Private Limited are provided hereunder:

<b>Date of dividend declaration</b>	<b>Last date for claiming payment from Adroit Corporate Services Private Limited (ACSPL)</b>
24.10.2008	22.11.2015
23.09.2009	22.10.2016
20.09.2010	19.10.2017

Also the last date of claiming the unpaid/ unclaimed Application money due for refund is 20th July, 2015.

Members are requested to get in touch with ACSPL for encashing the unclaimed amounts, if any, standing to the credit of their account.

After transfer of the said amounts to the IEPF, no claims in this respect shall lie against the IEPF or the Company nor shall any payment be made in respect of such claims.

- n. Plant Location :
1. C-6/1, MIDC Area, Malkapur 443101  
Dist. Buldhana (Ms), Tel. No. +91 7267 262674, 262675
  2. A/82, MIDC Area, Khamgaon 444303  
Dist. Buldhana (Ms), Tel. No. +91 7263 277116, 277122
  3. Shree House, Shegaon Road, Khamgaon,  
Dist. Buldhana (Ms), Tel. No. +91 7263 254774
  4. Post Box No. 1, Ghatanji, Dist. Yavatmal, (Ms),  
Tel. No. + 91 7230 277150
  5. Near Cotton Market, Parola Road, Dhule  
424 004 (Ms), Tel. No. +91 7263 254774
- o. Shares/ Fixed Deposits related queries/ communications may be addressed to the Registrar & Share Agents:

**Adroit Corporate Services Pvt. Ltd.**

19/20, 1<sup>st</sup> Floor, Jaferbhoy, Industrial Estate, Makwana Road,  
Marol Naka, Andheri (E), Mumbai – 400 059  
Tel: 91-22-2859 6060 /2859 4060, Fax: 91-22-2850 3748  
Email: [info@adroitcorporate.com](mailto:info@adroitcorporate.com)

- p. Investors complaint may be addressed to:  
Ms. Monica Gandhi, Company Secretary & Compliance Officer,  
Birla Cotsyn (India) Limited,  
Dalamal House, First Floor, Nariman point, Mumbai 400 021,  
Tel.: 91-22 – 66158390  
Email: [complianceofficer@birlacotsyn.com](mailto:complianceofficer@birlacotsyn.com)

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of  
Birla Cotsyn (India) Limited

We have examined the compliance of conditions of Corporate Governance by Birla Cotsyn (India) Limited (the Company) for the year-ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements entered in to with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We state that no investor grievances as at March 31, 2012 are pending for a period exceeding one month against the Company as per the records maintained by the share registrar and reviewed by the shareholder/Investor Grievance Committee.

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 Kanu Doshi Associates**

Chartered Accountants  
FRN No. 104746W

**Place: Mumbai**  
**Date: 13th August, 2012.**

**Jayesh Parmar**

Partner  
Mem.No:045375

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## DECLARATION RELATING TO CODE OF CONDUCT

All the Board Members and Senior Management Personnel have, for the year ended 31st March 2012, affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Clause 49 (1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges.

For **Birla Cotsyn (India) Ltd.**

**P.V.R. Murthy**  
**Managing Director**

Place: Mumbai  
Date: 13th August, 2012.

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## CEO/ CFO COMPLIANCE CERTIFICATE

**Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement on the Audited Financial Statement for the financial year ended 31st March, 2012**

We, hereby certify that:-

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended on 31st March, 2012 and that to the best of our knowledge and belief:
  - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. these statements together present a true & fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Statutory Auditors, Internal Auditors and Audit Committee:
  - I. significant changes in internal control over financial reporting during the year, if any;
  - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
  - III. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**For Birla Cotsyn (India) Limited**

**P.V.R. Murthy**  
**Managing Director/ CEO**

**Shrikant Chari**  
**CFO**

**Place : Mumbai**  
**Date : 29th May, 2012**

## AUDITORS' REPORT

To

**The Members of Birla Cotsyn (India) Limited**

1. We have audited the attached Balance Sheet of Birla Cotsyn (India) Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and 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 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 disclosures 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, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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 paragraph 3 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 purpose 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, Statement of Profit and Loss and cash flow statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the balance sheet, Statement of Profit and Loss 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 the written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. Certain balances of Trade Receivables and Trade Payables are Subject to confirmation and reconciliation, if any.
  - vii. in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
    - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Kanu Doshi Associates**  
Chartered Accountants  
FRN No. 104746W

Jayesh Parmar  
Partner  
Membership No.45375

Place: Mumbai

Date: May 29, 2012



**ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Birla Cotsyn (India) Limited on the financial statements for the year ended 31st March 2012]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) (a) As explained to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory 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 and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) According to information and explanations given to us the company has not granted any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the sub-clauses (b), (c) and (d) of clause (iii) are not applicable to the company.
- (e) The company has not taken during the year any fresh unsecured loans from company covered in the register maintained under section 301 of the Act but it has opening balance outstanding of loan taken from one company covered in the register maintained under section 301 of The Act. The maximum amount involved during the year and the year end balance of such loans aggregates to Rs. 23,09,44,047/- and Rs. NIL respectively.
- (f) In our opinion the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, since there are no terms for repayment of interest and principal amount, we can not comment upon the regularity of the same.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) (a) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needs to be entered into the register have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of the contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs in respect of such party during the year have been made at a price which are reasonable having regard to prevailing market price at the relevant time.
- (vi) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, where applicable *except with respect to one loan taken from an individual where the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under have not been complied with. However the company has repaid the same during the year.*
- (vii) In our opinion, the company has an internal audit system but it needs to be strengthened both in terms of coverage and periodicity to be commensurate with the growth in size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except as stated below.

Name of the statute	Nature of dues	Amount (Rs in Lacs)*	Period to which the amount relates	Due Date	Date of payment
Income Tax Act, 1961	Dividend Distribution Tax	1,20,28,236	2009-10	4-10-2010	Not paid
Income Tax Act, 1961	Advance Tax	92,25,000	2012-13	Sep 2011	Not Paid

\* Excludes penalty or interest thereon, if any.

- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues outstanding of income-tax, sales-tax, service tax, customs duty, wealth tax, excise duty and cess on account of any dispute.
- (x) The Company does not have accumulated losses at the end of the year and it has not incurred cash losses in the current year as well as in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions and banks for Principal amount of Rs.5,01,86,776/- and Interest amount of Rs.4,04,14,101/- since January 2012.
- (xii) According to information and explanation given to us, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and 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 during the year.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans availed by the Company were, prima facie, applied by it during the year for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to two parties covered in the Register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) The Company has not issued any secured debentures during the period covered by our report. Accordingly, provisions of clause (xix) of the Companies (Auditor's Report) Order; 2003 are not applicable.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For **Kanu Doshi Associates**  
Chartered Accountants  
FRN No. 104746W

Jayesh Parmar  
Partner  
Membership No.45375

Place: Mumbai

Date: May 29, 2012

**BALANCE SHEET AS AT 31ST MARCH 2012**

Particulars	Notes	31st March, 2012 Amt in Rs.	31st March, 2011 Amt in Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,668,635,154	2,612,262,404
Reserves and surplus	4	490,716,790	309,306,740
Money received against share warrants		-	15,925,698
		<b>3,159,351,944</b>	<b>2,937,494,842</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	798,530,916	956,361,530
Deferred tax liabilities (Net) (Refer Note - 31)		112,708,814	52,335,210
Other Long term liabilities	6	3,000,000	2,400,000
Long-term provisions	7	38,386,925	34,128,601
		<b>952,626,654</b>	<b>1,045,225,340</b>
<b>Current liabilities</b>			
Short-term borrowings	8	1,544,532,846	1,457,990,347
Trade payables ( Refer Note -29 )		1,475,838,636	776,771,501
Other current liabilities	9	381,148,482	284,633,164
Short-term provisions	10	15,591,062	21,707,620
		<b>3,417,111,026</b>	<b>2,541,102,631</b>
		<b>7,529,089,625</b>	<b>6,523,822,815</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		1,837,548,767	1,902,820,472
Intangible assets		305,615	140,155
Capital work-in-progress		178,976,712	75,235,662
Non-current investments	12	1,751,473	1,596,473
Long-term loans and advances	13	2,409,879,484	1,425,642,347
Other non-current assets	14	121,397,749	79,114,022
		<b>4,549,859,800</b>	<b>3,484,549,131</b>
<b>Current assets</b>			
Inventories	15	367,235,375	654,299,397
Trade receivables	16	2,477,698,525	1,193,982,994
Cash and Bank Balances	17	37,450,194	1,014,036,561
Short-term loans and advances	18	36,556,286	113,669,851
Other current assets	19	60,289,443	63,284,880
		<b>2,979,229,824</b>	<b>3,039,273,683</b>
		<b>7,529,089,625</b>	<b>6,523,822,815</b>
Significant accounting policies	2		

The accompanying notes are an integral parts of the financial statements.

As per our report of even date  
**FOR KANU DOSHI ASSOCIATES**  
 Firm Reg. No. 104746W  
 Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**MOHANDAS SHENOY ADIGE**  
 Director

**P.V.R.MURTHY**  
 Managing Director

**JAYESH PARMAR**  
 Partner  
 Membership Number 045375  
 Place : Mumbai  
 Dated : 29th May,2012

**SHRIKANT CHARI**  
 Chief Financial Officer

**MONICA GANDHI**  
 Company Secretary

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	Notes	31st March, 2012 Amt in Rs.	31st March, 2011 Amt in Rs.
<b>INCOME</b>			
<b>Revenue from operations</b>	<b>20</b>	7,614,135,808	5,415,005,511
Less : Excise duty		17,693,366	8,813,834
Revenue from operations (net)		7,596,442,442	5,406,191,677
Other income	<b>21</b>	55,110,906	12,114,410
<b>Total Revenue</b>		<b>7,651,553,349</b>	<b>5,418,306,087</b>
<b>Expenses:</b>			
Cost of materials and components consumed	<b>22</b>	1,399,851,805	1,308,756,986
Purchases of traded goods		4,960,056,098	3,165,858,624
Changes in inventories of finished goods, work in progress and stock in trade	<b>23</b>	83,826,129	(157,253,229)
Employee benefits expense	<b>24</b>	176,676,912	166,698,980
Finance costs	<b>25</b>	396,782,278	307,791,295
Depreciation and amortization expense (Refer Note No. 30)	<b>11</b>	96,341,855	83,441,667
Other expenses	<b>26</b>	448,737,100	403,214,401
<b>Total expenses</b>		<b>7,562,272,177</b>	<b>5,278,508,724</b>
<b>Profit before exceptional items and Tax</b>		<b>89,281,172</b>	<b>139,797,363</b>
Exceptional items (Refer Note . 45)		10,892,937	1,250,394
<b>Profit after exceptional items and Tax</b>		<b>100,174,109</b>	<b>141,047,757</b>
<b>Tax expense:</b>			
Less : Current Tax		20,550,000	29,000,000
Less : Deferred tax Liabilities (Refer Note No.31 )		60,373,604	4,037,436
<b>Profit after tax for the year</b>		<b>19,250,505</b>	<b>108,010,321</b>
Earnings per equity share (Face value of share Rs. 1/-)			
Basic & Diluted		<b>0.0074</b>	<b>0.0421</b>
Significant accounting policies	<b>2</b>		

The accompanying notes are an integral parts of the financial statements.

As per our report of even date  
**FOR KANU DOSHI ASSOCIATES**  
 Firm Reg. No. 104746W  
 Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**MOHANDAS SHENOY ADIGE**  
 Director

**P.V.R.MURTHY**  
 Managing Director

**JAYESH PARMAR**  
 Partner  
 Membership Number 045375  
 Place : Mumbai  
 Dated : 29th May,2012

**SHRIKANT CHARI**  
 Chief Financial Officer

**MONICA GANDHI**  
 Company Secretary

## CASH FLOW STATEMENT

Amount in Rs.

Particulars	2011-2012		2010-2011	
<b>A. Cash Flow from operating Activities</b>				
Net Profit before Taxation		100,174,110		141,047,758
Adjustments for :				
Depreciation	96,341,855		83,441,667	
Profit on assets sold	(1,790,515)		16,608	
Interest Expense	391,346,069		304,077,738	
Interest Income	(14,344,813)		(12,474,899)	
Dividend Income	(6,000)		(6,000)	
Excess Provisions / Liabilities written back	(11,807,104)	459,739,492	(1,112,578)	373,942,536
Operating profit before working capital changes		559,913,602		514,990,294
<u>Working capital changes</u>				
Trade Debtors	(1,274,871,605)		(474,050,074)	
Inventories	287,064,022		(451,907,287)	
Loans and Advances	(837,414,652)		(366,516,251)	
Trade Payables and Provisions	779,282,835	(1,045,939,400)	468,944,156	(823,529,456)
Less: Taxes Paid		24,240,281		28,258,835
<b>Cash generated from operating activities</b>		<u><u>(510,266,079)</u></u>		<u><u>(336,797,997)</u></u>
<b>B. Cash flow from Investing Activities:</b>				
Purchase of Fixed Assets	(131,112,501)		(66,073,440)	
Proceeds from Fixed Assets	2,439,752		913,734	
Investments	(155,000)		(1,446,473)	
Interest received	6,203,141		12,366,514	
Dividend received	6,000		6,000	
Bank balance not considered as Cash and Cash Equivalents	1,575,362		(9,057,610)	
<b>Net Cash Flow from investing activities</b>		<u><u>(121,043,246)</u></u>		<u><u>(63,291,276)</u></u>
<b>C. Cash flow from Financing Activities</b>				
Interest Paid	(398,771,733)		(305,250,030)	
Issue of Equity Shares & Share Warrants	40,447,052		66,298,448	
Securities Premium Received	7,328,458		6,548,457	
Share Issue Expenses Paid	-		(45,942,260)	
Working Capital Loans Received	230,559,030		596,583,095	
Proceeds from Term Loans	62,156,493		40,897,319	
Repayment of Term Loans	(166,471,084)		(256,210,068)	
Car Loan Received / (Paid)	(586,881)		385,188	
From Other Loans Received	(119,454,245)		218,633,626	
Dividend Paid (Including Dividend Distribution Tax)	(245,291)		(100,000,000)	
<b>Net Cash Flow from financing activities</b>		<u><u>(345,038,202)</u></u>		<u><u>221,943,775</u></u>
<b>Cash and Cash Equivalents</b>		<u><u>(976,347,527)</u></u>		<u><u>(178,145,497)</u></u>
Opening Cash and Cash Equivalents		1,012,067,184		1,190,212,682
Closing Cash and Cash Equivalents		<u><u>35,719,657</u></u>		<u><u>1,012,067,184</u></u>
<b>Net Increase in Cash and Cash Equivalents(A+B+C)</b>		<u><u>(976,347,527)</u></u>		<u><u>(178,145,497)</u></u>
Significant accounting policies				

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**FOR KANU DOSHI ASSOCIATES**

Firm Reg. No. 104746W

Chartered Accountants

**MOHANDAS SHENOY ADIGE**  
Director

**P.V.R.MURTHY**  
Managing Director

**JAYESH PARMAR**  
Partner  
Membership Number 045375

**SHRIKANT CHARI**  
Chief Financial Officer

**MONICA GANDHI**  
Company Secretary

Place : Mumbai

Dated : 29th May,2012

## 1. CORPORATE INFORMATION

Birla Cotsyn India Limited is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) BASIS OF ACCOUNTING

The Financial statements have been prepared under the historical cost convention except where impairment is made, and for certain Plant & Machinery, Buildings at Ghatanji, Dhule, Khamgaon and land's at Ghatanji & Dhule, which are stated at revalued amounts, in accordance with the generally accepted accounting principles in India and the provisions of the Indian Companies Act, 1956, as adopted and consistently followed by the Company. The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis, except those associated with significant uncertainties.

### b) PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENT

During the year ended March 31, 2012, the revised Schedule VI format as notified under the Companies Act 1956, has become applicable to the Company for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### c) USE OF ESTIMATES

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.

### d) TANGIBLE FIXED ASSETS

Tangible Fixed Assets are stated at cost of acquisition, which comprises of purchase price, freight, duties, taxes, borrowing cost and other attributable cost of bringing the asset to working condition for its intended use, except certain fixed assets, which are stated at revalued amount, net of impairment loss (If any) less accumulated depreciation/ amortization.

### e) DEPRECIATION

- i) Depreciation on Fixed Asset has been provided on the Straight Line Method at the rates specified and in the manner prescribed under Schedule XIV of the Indian Companies Act, 1956. Leasehold land is amortised over the period of lease.
- ii) In respect of the revalued assets, the incremental depreciation attributable to the revaluation is recouped from the revaluation reserve on straight line basis.
- iii) Assets having individual value below Rs. 5000 are depreciated @ 100% and mobile phones are charged to revenue considering their useful life to be less than one year.

### f) INTANGIBLE ASSETS AND AMORTISATION

Intangible assets acquired separately are measured on initial recognition cost. Intangible assets are amortised on a straight line basis over the estimated useful economic life. Expenditure on major computer software is amortised over the period of expected benefit not exceeding five years.

### g) INVESTMENTS

Long term investments are stated at Cost. Provision for diminution is made if the decline in value is other than temporary in nature. Current Investments are carried at lower of cost and fair value

### h) REVENUE RECOGNITION

- i) Revenue from sale of products is recognized on transfer of all significant risks and rewards of ownership of the product on to the customers, which is generally on despatch of goods.
- ii) Export sales are accounted on the basis of the dates of bill of lading.
- iii) Export incentives are recognized in the year of export.
- iv) Revenue from Services rendered is recognized as per the terms in agreements/arrangements with the concerned parties.
- v) Dividend income on investments is accounted for when the right to receive the payment is established. Interest income is recognised on accrual basis.

i) **INVENTORIES**

Inventories are valued as under:

- i) Stores & Spare parts and packing materials are valued at lower of cost on FIFO basis (net of Cenvat) and net realisable value.
- ii) Raw materials at Synthetic unit is valued at lower of weighted average cost or Net Realisable Value and at Open End/ Spinning unit is valued at cost on specific identification method on lot wise basis or Net Realisable Value, whichever is lower.
- iii) Work in Process is valued at weighted average cost.  
However, materials held for use in the production of inventories are not written down below cost, if the finished products in which they are used and expected to be sold at or above cost.
- iv) Finished Goods are valued at lower of weighted average cost or Net Realisable Value. Cost for this purpose includes direct cost and attributable overheads

j) **EMPLOYEE BENEFITS**

- i) All employee benefits payable within twelve months of rendering of the service are classified as short term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia etc, and are recognized in the period in which the employee renders the related services.
- ii) Retirement benefits in the form of Provident Fund / Family Pension Fund and Superannuation Fund, which are Defined Contribution Plans, are accounted on accrual basis and charged to the profit and loss account of the year.
- iii) Liabilities in respect of Gratuity, which is Defined Benefit Plans and Leave Encashment, are accrued for the amount, determined on the basis of an Independent actuarial valuation applying the Projected Unit Credit Method.
- iv) Actuarial gains/losses are recognized in the profit and loss account for the year.

k) **FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts. Exchange difference arises on monetary items in substance form part of enterprises net investment in non integral foreign operation is accumulated in a foreign currency translation reserve till the disposal of the net Investment.

l) **BORROWING COST**

Borrowing cost that is attributable to acquisition of qualifying asset is capitalised as part of total cost of such assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

**LOAN PROCESSING CHARGES**

All the expenses related to Loan Processing and Legal expenses for the same are deferred as in the opinion of the management the benefit from the same is available for the period of five years.

m) **GOVERNMENT GRANTS**

Grants in the nature of Interest subsidy under Technology Upgradation Fund Scheme (TUFS) and MEGA PROJECT subsidy from Government of Maharashtra under IPS Scheme 2007, are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to Fixed Assets are recognised in the Profit and Loss Account in the year of accrual/ receipt.

n) **TAXATION**

Current tax is determined at the applicable rates based on assessable income.

Deferred tax is determined using the rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are recognised and carried forward only if there is reasonable certainty of its realisation. However in case of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961, the Deferred Tax Asset is recognised only if there is virtual certainty backed by convincing evidence of its realisation. Such assets are reviewed at each Balance Sheet date to reassess its realisation.



o) **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company recognises a provision when there is a present obligation as a result of past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made.

Contingent liabilities are disclosed by way of note to the financial statements after careful evaluation by management of the facts and legal aspects of the matter involved.

Contingent assets are neither recognized nor disclosed.

p) **IMPAIRMENT OF ASSETS**

i) The carrying amount of assets, other than inventories is reviewed at each Balance Sheet date to assess whether there is any indication of impairment in respect of such asset or group of assets (cash generating unit). If such indication exists, the recoverable amount of such asset or group of asset is estimated.

ii) If such recoverable amount of asset or group of asset is less than its carrying amount, an impairment loss is reckoned by reducing the carrying amount to its recoverable amount. If there is an indication at balance sheet date that a previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at recoverable amount, subject to a maximum of depreciable historical cost.

q) **APPLICATION OF SECURITIES PREMIUM ACCOUNT**

Share Issue expenses are charged, first against available balance in Securities Premium Account

r) **EXPENDITURE DURING CONSTRUCTION AND EXPENDITURE ON NEW PROJECTS**

In case of new projects and in case of substantial modernisation / expansion at existing units of the Company, expenditure incurred prior to commencement of commercial production is capitalised.

s) **ACCOUNTING OF CLAIMS**

Claims receivable are accounted for at the time when reasonable certainty of receipt is established. Claims payable are accounted for at the time of acceptance.

Claims raised by Government Authorities regarding taxes and duties, are accounted for based on the merits of each claim. If same is disputed by the Company, these are shown as 'Contingent Liabilities'.

t) **OPERATING LEASE**

The leases where the lessor, effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as expenses in the Statement of Profit and Loss.

u) **EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

v) **SEGMENT REPORTING POLICIES**

Primary Segment is identified based on the nature of products and services, the different risks and returns and the internal business reporting system. Secondary segment is identified based on geographical area in which major operating divisions of the Company operates.

w) **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank, in hand (including cheques in hand) and short term investment with an original maturity of three months or less.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### NOTE - 3 : SHARE CAPITAL

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Authorised Share Capital</b>		
5,500,000,000 (Previous Year 5,500,000,000) Equity Shares of Rs. 1/- each	<u>5,500,000,000</u>	<u>5,500,000,000</u>
<b>Issued, Subscribed &amp; fully paid -up Capital</b>		
2,668,635,154 (Previous Year 2,612,262,404) Equity Shares of Rs. 1/- each	2,668,635,154	2,612,262,404
<b>Total Issued, Subscribed &amp; fully paid -up Capital</b>	<u>2,668,635,154</u>	<u>2,612,262,404</u>

#### [A] Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31st March, 2012		31st March, 2011	
	Number	Amt in Rs.	Number	Amt in Rs.
Shares outstanding at the beginning of the year	2,612,262,404	2,612,262,404	2,134,908,100	2,134,908,100
Shares Issued during the year	56,372,750	56,372,750	477,354,304	477,354,304
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,668,635,154	2,668,635,154	2,612,262,404	2,612,262,404

#### [B] Terms/ rights attached to the equity shares

The company has only one class of equity shares having a par value of Rs. 1/- per shares. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends (if any) in Indian rupees. The dividends (if any) proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### [C] Details of shareholders holding more than 5% shares in the company.

Equity shares of Rs. 1/- each fully paid	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polytex Limited	238101240	8.92%	224483160	8.59%
Shearson Investment & Trading Co.Pvt.Ltd.	182342342	6.83%	154153567	5.90%
Nirved Traders Pvt.Ltd.	159915602	5.99%	131729227	5.04%
Bank of New York Mellon (GDR)	745680000	27.94%	907680000	34.75%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares except for shares held by Bank of New York Mellon which are in the form of GDR.

#### [D] Details of shares issued other than cash for the period of Five Years immediately preceding the Balance Sheet date.

113,547,000 Equity Shares of Rs. 1/- each have been allotted on 28th June, 2006 as fully paid Bonus Shares by Capitalisation of Reserves & Securities Premium Account.

426,981,554 Equity Shares of Rs. 1/- each have been allotted on 4th October, 2010 as fully paid Bonus Shares by Capitalisation of Reserves & Securities Premium Account.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### NOTE - 4 : RESERVES & SURPLUS

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>a. Capital Reserves</b>	225,884	225,884
<b>b. Securities Premium</b>		
Opening Balance	42,729,970	509,105,328
Add : Received during the Year	7,328,458	6,548,457
Less : Bonus Share Issued	-	426,981,554
Less : Share Issue Expenses	-	45,942,260
Closing Balance	50,058,428	42,729,970
<b>c. Revaluation Reserve</b>		
Opening Balance	156,219,681	156,261,781
Less : Depreciation on revalued assets	42,100	42,100
Closing Balance	156,177,581	156,219,681
<b>d. Foreign Currency Translation Reserve</b>		
Opening Balance	(2,505,231)	(2,505,231)
Less : During the Year	154,873,188	-
Closing Balance	152,367,957	(2,505,231)
<b>e. Surplus/(deficit) in the statement of Profit &amp; Loss</b>		
Opening Balance	112,636,436	4,626,116
Net Profit for the current year	19,250,505	108,010,320
Closing Balance	131,886,941	112,636,436
<b>Total (a + b + c + d + e)</b>	<b>490,716,790</b>	<b>309,306,740</b>

### NOTE - 5 : LONG TERM BORROWINGS

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Secured</b>		
<b>Term loans</b>		
a) Indian rupees loan from banks	752,725,912	932,219,548
b) Vehicle Loans from Banks	281,504	685,982
<b>Total (A)</b>	<b>753,007,416</b>	<b>932,905,530</b>
<b>Unsecured</b>		
Fixed Deposit from Public	45,523,500	23,456,000
<b>Total (B)</b>	<b>45,523,500</b>	<b>23,456,000</b>
<b>Total Long Term Borrowings (A + B)</b>	<b>798,530,916</b>	<b>956,361,530</b>

#### Security and Terms of repayment including current maturities of long term borrowings.

- Term Loan from SICOM Ltd. carries interest @ 16.75% p.a. The entire loan is repayable in 10 quarterly Instalments of Rs. 60.00 Lacs and 10 quarterly instalment of Rs.40.00 Lacs, with the last Instalment due on 15th September, 2012. Outstanding principal amount as at 31st March, 2012 is Rs.7,000,000/- There is an default in Interest of Rs.173,127/-
- Term Loan from Union Bank of India carries interest @ 15.75 % p.a. The entire loan is repayable in 32 quarterly Instalments of Rs. 62.50 Lacs, with the last instalment due on 31st March, 2017. Outstanding principal amount as at 31st March, 2012 is Rs.131,116,462/-. There is a default in Instalment Rs.6,250,000/- & Interest Rs.5,393,341/-.
- Term Loan from Axis Bank Ltd. carries interest @ 15.00% p.a. The entire loan is repayable in 28 quarterly Instalments of Rs. 53.57 Lacs, with the last instalment due on 31st December, 2015. Outstanding principal amount as at 31st March, 2012 is Rs.78,505,284/-. There is a default in Instalment for Rs.5,357,143/- and Interest of Rs.3,441,507/-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- d) Term Loan from Bank Of India carries interest @ 16.25% p.a. The entire loan is repayable in 30 quarterly Instalments of Rs. 83.33 Lacs, with the last instalment due on 31st March, 2017. Outstanding principal amount as at 31st March, 2012 is Rs.172,499,052/-. There is a default in Instalment Rs.8,333,333/- & Interest Rs.7,557,522/-.
- e) Term Loan from Indian Overseas Bank carries interest @ 15.50% p.a. The entire loan is repayable in 30 quarterly Instalments of Rs. 83.33 Lacs, with the last instalment due on 31st July, 2017. Outstanding principal amount as at 31st March, 2012 is Rs.191,629,337/-. There is a default in Instalment Rs.8,333,300/- & Interest Rs.7,611,426/-.
- f) Term Loan from Oriental Bank of Commerce carries interest @ 17.00 % p.a. The entire loan is repayable in 30 quarterly Instalments of Rs. 50.00 Lacs, with last instalment due on 30th June, 2016. Outstanding principal amount as at 31st March, 2012 is Rs.89,722,775/-. There is a default in Instalment Rs.5,000,000/- & Interest Rs.4,171,441/-.
- g) Term Loan from Canara Bank carries interest @ 15.00 % p.a. The entire loan is repayable in 24 Quaterly Instalments of Rs. 62.50 Lacs with the last instalment due on 31st December, 2015. Outstanding principal amount as at 31st March, 2012 is Rs.100,000,063/-. There is a default in Instalment Rs.6,250,000/- & Interest Rs.1,799,359/-.
- h) Term Loan from State Bank of India carries interest @ 17.75% p.a. The entire loan is repayable in 8 monthly Instalments of Rs.15.60 Lacs, 1 monthly instalment of Rs.16.20 Lacs, 36 monthly instalments of Rs.13.00 Lacs, 44 monthly instalment of Rs. 16.65 Lacs, 4 monthly Instalments of Rs. 16.85 Lacs, 2 monthly instalment of Rs. 30.30 Lacs & 1 monthly instalment of Rs. 30.40 Lacs, with the last instalment due on 30th June, 2017. Outstanding principal amount as at 31st March, 2012 is Rs.107,300,000/-. There is a default in Instalment Rs.3,900,000/- & Interest Rs.4,823,001/-.
- i) Term Loan from The Catholic Syrian Bank Ltd. carries interest @ 15.50% p.a. The entire loan is repayable in 20 quarterly Instalments of Rs. 50.00 Lacs with the last instalment due on 31st March, 2015. Outstanding principal amount as at 31st March, 2012 is Rs.62,670,664/-. There is a default in Instalment Rs.5,000,000/- & Interest Rs.2,681,958/-.
- j) Term Loan from Janakalyan Sahakari Bank Ltd. carries interest @ 15.00% p.a. The entire loan is repayable in 77 monthly Instalments of Rs. 3.21 Lacs and 1 monthly instalment of Rs.2.83 Lacs, with the last instalment due on 31st January, 2015. Outstanding principal amount as at 31st March, 2012 is Rs.19,294,804/-. There is a default in Instalment Rs.963,000/- & Interest Rs.554,099/-.
- k) Term Loan from Bank Of India, (Housing Complex) carries interest @ 15.25 % p.a. The entire loan is repayable in 89 monthly instalments of Rs. 8.00 Lacs and 1 monthly instalment of Rs.3.00 Lacs, with the last instalment due on 30th August, 2019. Outstanding principal amount as at 31st March, 2012 is Rs.57,321,482/-. There is a default in Instalment Rs.800,000/- & Interest of Rs.2,207,320/-.
- l) Vehicals Loan from Axis Bank Ltd. carries interest @ 9.50 % p.a. (on a monthly reducing basis) The entire loan is repayable in 35 monthly instalments of Rs. 20,340/- each with the last instalment due on 1st November, 2012. Outstanding principal amount as at 31st March, 2012 is Rs.157,073/-. Vehical Loan from ICICI Bank Ltd.. carries interest @ 10.75% p.a. The entire loan is repayable in 36 monthly instalments of Rs.33,300/- each with the last instalment due on 15th December, 2012. Outstanding principal amount as at 31st March, 2012 is Rs.630,212/-.
- m) All the above Term Loans have First pari passu charge on all the fixed assets (present and future) pertaining to all the assets of the Company and Second pari passu charges on all the stocks and Book debts of the Company
- n) The Vehicle Loan Finance is secured by Hypothecation of respective vehicles.

### NOTE - 6 : OTHER LONG TERM LIABILITIES

	Amt in Rs.	
	As at 31 March 2012	As at 31 March 2011
Deposits from Customers	3,000,000	2,400,000
<b>Total</b>	<b>3,000,000</b>	<b>2,400,000</b>

### NOTE - 7 : LONG TERM PROVISIONS

	Amt in Rs.	
	As at 31 March 2012	As at 31 March 2011
<b>Provision for employee benefits</b>		
Leave Encashment	4,598,735	3,397,479
Gratuity	33,788,190	30,731,122
<b>Total</b>	<b>38,386,925</b>	<b>34,128,601</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### NOTE - 8 SHORT TERM BORROWINGS

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Secured</b>		
(a) Loans repayable on demand Cash Credit from banks	1,323,870,684	1,093,311,472
<b>Unsecured</b>		
(a) Fixed Deposit from Public	8,185,000	-
(b) Inter Corporate Deposits	163,722,195	133,729,860
(c) Due to Related Parties (Refer Note - 37)	48,754,967	230,949,014
<b>Total</b>	<b>1,544,532,846</b>	<b>1,457,990,347</b>

#### Security

Cash Credit Loans from Banks are secured against hypothecation of Raw Materials, Stock in Trade, Stock-in-Process, Finished Goods, Consumables, Stores & Spares and Packing Material, Book Debts and other receivables belonging to the Company & second pari passu charge on immovable properties of the Company.

### NOTE - 9 OTHER CURRENT LIABILITIES

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
(a) Current maturities of long-term debt (Refer Note - 5)	267,329,793	222,235,420
(b) Interest accrued but not due on borrowings	5,483,936	260,716
(c) Interest accrued and due on borrowings	42,897,016	20,043,594
(d) Other payables against advance from customers	31,810,955	22,043,582
(e) Other payables against Statutory Liabilities	21,000,300	16,435,447
(f) Other payables against employees deductions	1,100,609	991,611
(g) Other payables to contractors	1,801,786	653,416
(h) Advance Received towards Sale of Fixed Assets	8,000,000	-
(i) Unpaid Dividends	1,724,086	1,969,377
<b>Total</b>	<b>381,148,482</b>	<b>284,633,164</b>

### NOTE - 10 SHORT TERM PROVISIONS

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>(a) Provision for employee benefits</b>		
Gratuity	676,395	2,396,664
Leave Encashment	89,411	743,725
<b>(b) Other provisions</b>		
Income Tax (Net of Advances)	14,825,256	18,567,231
<b>Total</b>	<b>15,591,062</b>	<b>21,707,620</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### NOTE – II FIXED ASSETS

	Fixed Assets		Gross Block				Accumulated Depreciation / Amortisation			Net Block	
	Balance as at 1 April 2011	Balance as at 31 March 2012	Total Additions	Adjustment/ Deductions/ Sales	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation for the year	Depreciation on Sales/ Adjustments	Balance as at 31 March 2012	Balance as at 31 March, 2011	
<b>a</b>											
<b>Tangible Assets</b>											
Freehold Land	156,440,032	156,440,032	–	–	–	–	–	–	156,440,032	156,440,032	
Leasehold Land	9,275,097	9,275,097	–	–	9,275,097	294,970	94,235	–	8,885,893	8,980,128	
Buildings	479,138,757	479,245,951	107,194	–	34,530,099	34,530,099	15,887,256	–	428,828,596	444,608,659	
Plant & Machinery	1,379,964,197	1,409,359,968	29,922,241	526,470	166,216,399	166,216,399	73,648,034	141,480	1,169,637,014	1,213,747,797	
Furniture & Fixtures	5,340,962	5,419,717	100,350	21,595	962,719	962,719	340,960	6,300	4,122,338	4,378,243	
Computers	2,385,756	2,428,652	57,612	14,716	2,044,817	2,044,817	997,235	11,698	(601,702)	340,939	
Other Equipments	6,758,295	7,242,194	490,549	6,650	822,483	822,483	236,352	1,657	6,185,016	5,935,813	
Electrical Installation	72,712,731	73,498,129	785,398	–	9,886,559	9,886,559	4,094,056	–	59,517,514	62,826,172	
Vehicles	8,719,282	8,238,635	–	480,647	787,681	3,156,593	787,681	239,706	4,534,067	5,562,689	
<b>Total (a)</b>	<b>2,120,735,109</b>	<b>2,151,148,374</b>	<b>31,463,344</b>	<b>1,050,078</b>	<b>2,17,914,640</b>	<b>217,914,640</b>	<b>96,085,810</b>	<b>400,841</b>	<b>1,837,548,767</b>	<b>1,902,820,472</b>	
<b>b</b>											
<b>Intangible Assets</b>											
Computer software	158,752	622,355	463,603	–	18,597	18,597	298,144	–	305,615	140,155	
<b>Total (b)</b>	<b>158,752</b>	<b>622,355</b>	<b>463,603</b>	<b>–</b>	<b>18,597</b>	<b>18,597</b>	<b>298,144</b>	<b>–</b>	<b>305,615</b>	<b>140,155</b>	
<b>Total (a+b)</b>	<b>2,120,893,861</b>	<b>2,151,770,730</b>	<b>31,926,947</b>	<b>1,050,078</b>	<b>217,933,237</b>	<b>217,933,237</b>	<b>96,383,955</b>	<b>400,841</b>	<b>1,837,854,381</b>	<b>1,902,960,627</b>	
<b>c</b>											
<b>Capital Work In Progress</b>	75,235,662	178,976,712	103,741,050	–	–	–	–	–	178,976,712	75,235,662	
<b>Total (c)</b>	<b>75,235,662</b>	<b>178,976,712</b>	<b>103,741,050</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>178,976,712</b>	<b>75,235,662</b>	
<b>Total (a+b+c)</b>	<b>2,196,129,523</b>	<b>2,330,747,442</b>	<b>135,667,997</b>	<b>1,050,078</b>	<b>217,933,237</b>	<b>217,933,237</b>	<b>96,383,955</b>	<b>400,841</b>	<b>2,016,831,094</b>	<b>1,978,196,289</b>	
<b>Previous Year</b>	<b>1,828,182,232</b>	<b>2,120,893,861</b>	<b>294,239,166</b>	<b>1,527,537</b>	<b>134,748,888</b>	<b>134,748,888</b>	<b>83,483,767</b>	<b>299,417</b>	<b>1,902,960,627</b>	<b>1,693,433,345</b>	

#### Foot Note

- 1 Lease hold Land at Khangaon is for a period of 30 years which expired on 31st July, 2003 for which application for renewal is made for approval, which is still pending.
- 2 The Plant & Machinery, Building at Ghatanji, Dhule & Khangaon and land at Ghatanji & Dhule, were revalued as at 12.1.1985. The registered valuer had carried out the valuation on the basis of the then market values of these fixed assets.  
The addition to assets on account of this revaluation, aggregating Rs. 1,52,909,694/ – was correspondingly credited to the Revaluation Reserve during the year ended 31.03.2007.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 12 NON CURRENT INVESTMENTS (LONG TERM )**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>A Trade Investments</b>		
<b><u>Investment in Equity Shares of Subsidiaries</u></b>		
<b><u>Unquoted</u></b>		
25500 Fully Paid up Shares (Previous Year 10000 Shares) of Birla Integrated Textile Park Ltd.@ 10/- Per Share	255,000	100,000
1 Fully Paid up Shares (Previous Year 1 Shares) of Birla Cotsyn (India) Ltd. FZE @ AED 35000	431,473	431,473
<b>Total (A)</b>	<b>686,473</b>	<b>531,473</b>
<b>B Other Investments</b>		
<b><u>Investment in Equity Shares of Other Entities</u></b>		
<b><u>Unquoted</u></b>		
2000 Fully Paid up Shares (Previous Year 2000 Shares) of Shamrao Vithal Co-op.Bank Ltd.@ 25/- Per Share	50,000	50,000
62500 Fully Paid up Shares (Previous Year 62500 Shares) of Jankalyan Sahakari Bank Ltd. @ 10/- Per Share	625,000	625,000
39000 Fully Paid up Shares (Previous Year 39000 Shares) of Birla Energy Infra Ltd..@ 10/- Per Share	390,000	390,000
<b>Total (B)</b>	<b>1,065,000</b>	<b>1,065,000</b>
<b>Total (A + B)</b>	<b>1,751,473</b>	<b>1,596,473</b>

**NOTE – 13 LONG TERM LOANS AND ADVANCES**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>a. Capital Advances (Unsecured, considered good)</b>	936,864,651	941,420,146
Total (A)	<b>936,864,651</b>	<b>941,420,146</b>
<b>b. Security Deposits (Unsecured, considered good)</b>	15,820,936	15,893,092
Total (B)	<b>15,820,936</b>	<b>15,893,092</b>
<b>c. Loans and Advances to Related parties (Unsecured, considered good)</b>		
Due from Subsidiaries (Refer No 37 )	1,314,739,349	397,877,237
Total (C)	<b>1,314,739,349</b>	<b>397,877,237</b>
<b>d. Other Loans and Advances (Unsecured, considered good)</b>		
Inter Corporate Deposits	83,590,500	6,922,500
Prepaid Expenses	33,909,674	44,789,379
CENVAT Credit recievable	5,426,809	4,323,819
VAT Credit Receivable	19,527,565	14,416,174
Total (D)	<b>142,454,548</b>	<b>70,451,872</b>
<b>Total (A + B + C + D)</b>	<b>2,409,879,484</b>	<b>1,425,642,347</b>

**NOTE - 14 OTHER NON-CURRENT ASSETS**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>A) Others (Unsecured, considered good)</b>		
a) Mega Project Subsidy Receivable	59,763,162	35,079,357
b) TUF Subsidy Receivable	24,641,161	18,765,678
c) Interest Receivable	7,914,005	295,700
d) Un Amortised Expenses	8,153,432	13,050,047
Total (A)	<b>100,471,760</b>	<b>67,190,781</b>
<b>B) Others advances (Unsecured, considered good)</b>	8,434,279	4,835,007
<b>Total (B)</b>	<b>8,434,279</b>	<b>4,835,007</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>C) Other Bank Balance (Unsecured, considered good-Original Maturity more than 12 Months)</b>		
a) Bank Of India (Margin Money)	10,251,772	2,264,860
b) Union Bank of India (Margin Money)	-	2,733,927
c) Axis Bank (Margin Money)	2,035,240	1,904,748
d) Fixed Deposits with Banks	204,698	184,698
<b>Total (C)</b>	<b>12,491,710</b>	<b>7,088,233</b>
<b>Total (A + B + C)</b>	<b>121,397,749</b>	<b>79,114,022</b>

**NOTE - 15 INVENTORIES (REFER NOTE - 2(i))  
(As taken, valued and certified by the Management)**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
a. Raw Materials	118,016,692	322,828,605
b. Work-in-Progress	77,209,418	64,853,744
c. Finished Goods	155,661,703	258,398,140
d. Stores and Spares	4,654,487	3,718,520
e. Packing Materials	1,721,950	1,105,397
f. Waste / Scrap	9,971,125	3,394,991
<b>Total</b>	<b>367,235,375</b>	<b>654,299,397</b>

**NOTE - 16 TRADE RECEIVABLES**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Unsecured, consider good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment	65,875,279	37,809,940
Add: Doubtful	222,528	222,528
	<b>66,097,807</b>	<b>38,032,468</b>
Less: Provision for doubtful trade receivables	222,528	222,528
<b>Total (A)</b>	<b>65,875,279</b>	<b>37,809,940</b>
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,411,823,246	1,156,173,054
<b>Total (B)</b>	<b>2,411,823,246</b>	<b>1,156,173,054</b>
<b>Total (A + B)</b>	<b>2,477,698,525</b>	<b>1,193,982,994</b>

**NOTE - 17 CASH AND BANK BALANCES**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>(A) Cash &amp; Cash Equivalents</b>		
a. Balances with banks		
On Current accounts	27,442,638	819,292,690
b. Cheques, drafts on hand	-	191,717,688
c. Cash on hand	1,537,019	1,056,807
d. Fixed Deposit with Bank (Original Maturity Less than 3 Months)	6,740,000	-
<b>Total (A)</b>	<b>35,719,657</b>	<b>1,012,067,184</b>
<b>(B) Other Bank Balance</b>		
Unpaid Dividend Accounts	1,730,538	1,969,377
<b>Total (B)</b>	<b>1,730,538</b>	<b>1,969,377</b>
<b>Total (A + B)</b>	<b>37,450,194</b>	<b>1,014,036,561</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### NOTE - 18 SHORT-TERM LOANS AND ADVANCES

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>a. Others : Advance recoverable</b>		
Unsecured, considered good	18,069,623	85,551,296
Add: Doubtful	57,789	57,789
	<b>18,127,412</b>	<b>85,609,085</b>
Less: Provision for doubtful staff adv.	57,789	57,789
<b>Total (a)</b>	<b>18,069,623</b>	<b>85,551,296</b>
<b>b. Other Loan &amp; Advances (Unsecured) Considered Good</b>		
Balance with statutory/ government authorities	18,486,663	28,118,555
<b>Total (b)</b>	<b>18,486,663</b>	<b>28,118,555</b>
<b>Total (a + b)</b>	<b>36,556,286</b>	<b>113,669,851</b>

### NOTE - 19 OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
a) Export Incentives Receivable	1,517,935	1,138,706
b) Interest Receivable	340,699	32,627
c) Claim Receivable	23,562,367	667,701
d) Un amortised Expenses	5,656,706	4,179,428
e) TUF Subsidy Receivable	29,141,211	57,266,418
f) Interest accrued on Fixed Deposits	70,525	-
<b>Total</b>	<b>60,289,443</b>	<b>63,284,880</b>

### NOTE - 20 REVENUE FROM OPERATIONS

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Sale of products</b>		
Finished Goods - Yarn	1,869,583,885	1,655,738,942
Traded Goods - Fabric	5,577,614,557	3,574,634,050
Sale of services	12,459,944	20,943,265
<b>Other operating revenues</b>		
Waste / Scrap Sales	46,674,307	77,253,337
Other	(1,237,057)	3,130,327
Interest & Other Subsidy Received	109,040,172	83,305,590
<b>Revenue from operations (gross)</b>	<b>7,614,135,808</b>	<b>5,415,005,511</b>
Less : Excise duty	17,693,366	8,813,834
<b>Revenue from operations (net)</b>	<b>7,596,442,442</b>	<b>5,406,191,677</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 21 OTHER INCOME**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Interest Income on</b>		
Bank Deposits	3,729,126	11,696,849
Others	10,603,688	772,452
<b>Other Income</b>	512,585	691,590
<b>Dividend Income on Long - term investments</b>	6,000	6,000
<b>Excess provision of earlier year w/back</b>	21,602,255	(2,471,121)
<b>Exchange differences (net)</b>	16,866,739	1,435,248
<b>Profit on Sale of Fixed Assets</b>	1,790,515	(16,608)
<b>Total</b>	<b>55,110,906</b>	<b>12,114,410</b>

**NOTE - 22 COST OF RAW MATERIAL CONSUMED**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Inventory at the beginning of the year	322,436,545	27,000,320
Add : Purchases	1,194,970,099	1,604,193,211
	<b>1,517,406,644</b>	<b>1,631,193,531</b>
Less : Inventory at the end of the year	117,554,839	322,436,545
Cost of Raw Material consumed	<b>1,399,851,805</b>	<b>1,308,756,986</b>
<b><u>Details of Consumption under broad heads</u></b>		
<b>Opening stock</b>		
Cotton	275,968,673	11,953,147
Synthetic fibre	45,675,947	14,372,096
Color, chemicals & mixing	791,925	675,077
Raw cotton	-	-
	<b>322,436,545</b>	<b>27,000,320</b>
<b>Purchase</b>		
Cotton	752,072,577	1,109,428,398
Synthetic fibre	425,403,698	481,801,095
Color, chemicals & mixing	13,926,771	11,295,712
Raw cotton	3,567,053	1,668,006
	<b>1,194,970,099</b>	<b>1,604,193,211</b>
<b>Closing stock</b>		
Cotton	98,922,782	275,968,673
Synthetic fibre	17,909,925	45,675,947
Color, chemicals & mixing	722,132	791,925
Raw cotton	-	-
	<b>117,554,839</b>	<b>322,436,545</b>
<b>Raw Material Consumption</b>		
Cotton	929,118,468	845,412,872
Synthetic fibre	453,169,720	450,497,244
Color, chemicals & mixing	13,996,564	11,178,864
Raw cotton	3,567,053	1,668,006
<b>Raw Material Consumption</b>	<b>1,399,851,805</b>	<b>1,308,756,986</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### NOTE - 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Opening Stocks :</b>		
Semi Finished Goods	64,853,744	33,907,856
Finished Goods	258,419,640	72,265,065
Stock in trade	-	41,024,956
Waste / Scrap	3,394,991	22,217,269
<b>Total Opening Stocks (A)</b>	<b>326,668,375</b>	<b>169,415,146</b>
<b>Closing Stocks :</b>		
Semi Finished Goods	77,209,418	64,853,744
Finished Goods	155,661,703	258,419,640
Stock in trade	-	-
Waste / Scrap	9,971,125	3,394,991
<b>Total Closing Stocks (B)</b>	<b>242,842,246</b>	<b>326,668,375</b>
<b>Total (A - B)</b>	<b>83,826,129</b>	<b>(157,253,229)</b>

### NOTE - 24 EMPLOYEES BENEFITS EXPENSES

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Salaries, Wages and bonus	156,288,564	149,647,831
Contribution to Provident & Other Funds	11,085,060	9,051,974
Gratuity Expenses	4,399,176	6,135,729
Remuneration to Directors	3,072,173	-
Staff Welfare Expenses	1,831,939	1,863,446
<b>Total</b>	<b>176,676,912</b>	<b>166,698,980</b>

### NOTE - 25 FINANCE COST

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Interest	391,346,070	303,945,739
Bank Charges	5,436,208	3,845,556
<b>Total</b>	<b>396,782,278</b>	<b>307,791,295</b>

### NOTE - 26 OTHER EXPENSES

Particulars	31st March,2012 Amt in Rs.	31st March,2011 Amt in Rs.
Consumption of Stores & Spares	27,345,664	26,711,514
Consumption of Packing Material	25,976,665	22,533,559
Conversion Charges Paid	6,268,270	5,997,911
Power & Fuel	222,224,098	185,207,114
Water Charges	4,755,629	4,144,022
Freight & forwarding charges	44,825,557	44,213,491
Rent	4,224,026	3,791,460
Rates & Taxes	1,024,785	742,619
Insurance	4,041,111	3,478,089
Repairs & Maintenance		
Plant & Machinery	3,425,767	3,585,457
Building	592,775	785,542
Others	635,189	1,482,465

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	31st March,2012 Amt in Rs.	31st March,2011 Amt in Rs.
Advertisement and Sales & Promotion Expenses	12,826,200	16,644,127
Discounts & Rebates	6,193,900	2,874,866
Other Commission	24,300,652	24,411,345
Traveling & Conveyance Expenses	1,882,969	3,041,932
Vehicle Repair & Maintenance Expenses	2,126,675	1,969,897
Communication Expenses	5,747,307	1,637,410
Printing & Stationery	3,908,951	1,644,586
Legal & Professional Charges	16,564,311	10,414,868
Directors Sitting Fees Paid	135,000	131,000
Professional Fees	1,338,615	1,034,209
Research and development Expenses	194,643	75,400
Donations Paid	88,373	73,986
Miscellaneous Expenditure	28,089,967	36,587,533
<b>Total</b>	<b>448,737,100</b>	<b>403,214,401</b>

**Note - 27 CONTINGENT LIABILITIES NOT PROVIDED FOR:**

Particulars	2011 - 2012 (Amt in Rs)	2010 - 2011 (Amt in Rs)
a) Claims against Company not acknowledged as debt	102,000	102,000
b) Labour matter pending with the court	75,00,000	1,515,097

Ultimate outflow for the matters referred to above depends on the settlement of these cases

**NOTE - 28**
**ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED AND NOT PROVIDED FOR (NET OF ADVANCES)**

Particulars	2011 - 2012 (Amt in Rs)	2010 - 2011 (Amt in Rs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	27,192,513	9,297,513

**Note - 29**

In the absence of necessary information relating to the suppliers registered as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has not been able to identify such suppliers and disclose the information required under the said Act relating to them.

**Note - 30**
**DEPRECIATION / AMORTIZATION**

Particulars	2011 - 2012	2010 - 2011
Depreciation/ Amortization charged on Fixed Assets	96,383,955	83,483,767
Less: Depreciation/ Amortization charged on Revalued Assets	42,100	42,100
	<u>96,341,855</u>	<u>83,441,667</u>

**Note - 31**

The major components of Deferred Tax Asset/ (Liability) are set as below:

Component	2010 - 2011 (Amt in Rs)	For the year 31.03.2012 (Amt in Rs)	2011 - 2012 (Amt in Rs)
Difference between Book and Tax Depreciation	(124,551,848)	(16,905,806)	(141,457,654)
U/S 43 B of Income Tax Act, 1961	13,629,521	734,639	14,364,160
Carry Forward Losses / Unabsorbed Depreciation	42,165,794	(35,172,055)	6,993,739
Other Liability	16,421,323	(9,030,382)	7,390,941
Deferred Tax (Liability)/Asset	(52,335,210)	(60,373,604)	(112,708,814)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### Note - 32

#### EARNINGS PER SHARE

Particulars	2011 – 2012	2010 – 2011
Net Profit as per Profit and Loss Account (In Rs)	19,250,505	108,010,321
Weighted Average Number of Equity Shares (In Nos)	2,612,725,742	2,564,097,775
Basic and Diluted Earnings Per share (In Rs)	0.0074	0.042

### Note - 33

#### REMUNERATION TO AUDITORS

Particulars	2011 – 2012	2010 – 2011
Audit fees	1,123,600	882,400
Limited Review fees	220,600	-
Out of Pocket Expenses	52,393	8,273

### Note - 34

The Government of India has approved import of Capital Equipment under the “Exports Promotion Capital Goods Scheme” at a concessional rate of custom duty. Under the Scheme the Company purchased Capital Goods at nominal duty for which the Company has an export obligation aggregating to Rs.13167.39 Lacs (previous year Rs.13167.39 Lacs), to be fulfilled within eight years from the date of issuance of respective licences, failing which the duty saved aggregating Rs.1645.92 Lacs (previous year Rs.1645.92 Lacs), together with interest and penalties, if levied, may have to be paid.

As at the year end the Company has fulfilled Export Obligation aggregating Rs.5226.05 Lacs (previous year Rs.2309.03 Lacs)

### Note - 35

There are no derivative instruments outstanding as at the year end. Foreign currency exposure which are not hedged as at the year end are as follows

Particulars/ Currency Denomination	2011 – 2012		2010 – 2011	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
Receivables	USD 869,817	44,247,584	USD 252,330	11,142,153
<b>Total</b>		<b>44,247,584</b>		<b>11,142,153</b>
Payables	-	-	-	-

### Note - 36

#### EMPLOYEE BENEFITS DISCLOSURE AS PER AS-15 (REVISED) ISSUED UNDER ACCOUNTING STANDARD RULES 2006 (AS AMENDED).

##### A Defined Contribution Plans:

During year ending 31<sup>st</sup> March 2012, the Company has recognised the contribution to Employees Provident Fund and Pension Fund aggregating Rs.10,181,308 (Previous year Rs.9,039,436) in the Profit & Loss Account.

##### B Defined Benefit Plans:

##### i Contribution to Gratuity.

Provision for Gratuity has been made on the report of Actuary as at the year ended 31<sup>st</sup> March 2012. The Company has funding arrangement with LIC for Khamgaon, Dhule and Ghatanji units. For Head office, Synthetic and Malkapur units there are no such arrangement. The liability towards the employees is discharged in the year of retirement / cessation of employment. Details under the AS -15, are furnished below:

	2011 - 2012 (Amt in Rs)	2010 - 2011 (Amt in Rs)
<b>I. Changes in the Present Value of the Defined Benefits Obligation</b>		
a. Present value of Defined Benefit Obligation at the beginning of the year	33,936,865	29,763,470
b. Interest Cost	2,800,018	2,452,786
c. Current Service Cost	2,934,320	2,821,344
d. Benefits paid during the year	(2,689,972)	(2,171,052)
e. Actuarial (Gain) / Loss	(1,208,180)	1,070,317

	<b>2011 - 2012</b> (Amt in Rs)	<b>2010 - 2011</b> (Amt in Rs)
f. Present Value of Defined Benefit Obligation at the End of the Year	35,773,051	33,936,865
<b>2. Amounts recognized in the Profit &amp; Loss account</b>		
a. Current Service Cost	2,934,320	2,821,344
b. Interest Cost	2,800,018	2,452,786
c. Expected return on plan assets	(126,982)	(187,822)
d. Net Actuarial (Gain) / Loss	(1,208,180)	1,070,317
e. Expenses Recognized in the Statement of Profit & Loss A/c	4,399,176	6,156,625
<b>3. Change in the fair value of Plan Assets</b>		
a. Fair value of plan assets at beginning of the year	1,518,871	1,855,636
b. Expected return on plan assets	126,982	143,059
c. Contributions	2,352,585	--
d. Benefits paid	(2,689,972)	(479,824)
e. Fair value of plan assets at the end of the year	1,308,466	1,518,871
Present Value of Defined Benefit Obligation at the End of the Year	35,773,051	33,936,865
Less: Fair value of plan assets for the funded gratuity at the end of the year	1,308,466	809,079
Liability with respect to unfunded Plan recognised in the Balance Sheet	34,464,585	33,127,786
<b>4. Actuarial Assumption</b>		
a. Discount rate (In %'s)	8.00 - 8.75	8.00 - 8.25
b. The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. (In %'s)	5.00 - 7.00	5.00 - 7.00
<b>5. Percentage of each category of Plan Assets to total Fair value of Plan Assets as at the year end</b>	N.A	N.A

**ii. Leave Encashment**

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value of liability is Rs 1,252,796 (Previous year Rs 994,500) based upon following assumptions  
Discount rate 8.00% - 8.75% (Previous year 8.00% - 8.25%)  
Salary escalation 5.00% - 7.00% (Previous year 5.00% - 7.00%)

**Note - 37**
**RELATED PARTY DISCLOSURE AS REQUIRED BY THE ACCOUNTING STANDARDS 18 (AS - 18)**
**a) Nature of Related Party Relationship and balances outstanding**

S. No	Name of the Parties	Balance Amt as at 31.03.2012 (Amt in Rs)		Balance Amt as at 31.03.2011 (Amt in Rs)	
		Receivable	Payable	Receivable	Payable
1.	Key Management Personnel				
	Directors	-	-	-	-
	a) Shri PB.Bhardwaj (Chairman)	-	-	-	-
	b) Shri Yashovardhan Birla (Co Chairman)	-	-	-	-
	c) Shri P.V.R.Murthy (Managing Director)	-	-	-	-
2.	Enterprises owned or significantly influenced by Key Management personnel or their relatives				
	a) Zenith Birla (India) Ltd	-	-	-	-
	b) Birla Viking Travels Ltd	-	16,079	-	-
	c) Birla Global Corporate Ltd	-	8,217,412	-	7,568,848
	d) Birla Infrastructure Ltd	-	-	-	-
	e) Khamgaon Syntex India Ltd	45,250	-	45,250	-
	f) Nirved Traders Pvt Ltd	-	148,905	-	-
	g) Birla Power Solutions Ltd	-	-	-	230,944,047
	h) Birla Leasing & Infrastructure Ltd	-	-	-	-
	i) Birla Energy Infra Limited Investment	390,000	-	390,000	-
	j) Birla Pacific Medspa Limited(Loan)	-	60,00,000	-	-
	k) Birla Shloka Edutech Limited(Loan)	-	27,50,000	-	-
	l) Sherason Investment & Trading Co P Ltd (Loan)	-	4,00,04,967	-	-
	m) Godavari Corporation P Ltd (Loan)	7,00,00,000	-	-	-

S. No	Name of the Parties	Balance Amt as at 31.03.2012 (Amt in Rs)		Balance Amt as at 31.03.2011 (Amt in Rs)	
		Receivable	Payable	Receivable	Payable
3.	Where Control exists				
a)	Birla Cotsyn (India) Ltd FZE Investment	431,473		431,473	
	Loan	1,237,616,771	-	352,703,289	-
b)	Birla Integrated Textile Park Ltd Investment	2,55,000	-	100,000	-
	Loan	77,122,578	-	45,173,948	-

**b) Transaction with Related Parties**

S. No	Particulars	Key Management Personnel		Enterprise owned or significantly influenced by Key Management personnel or their relatives/ enterprise where control exists	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
1.	Travel Expenses (Birla Viking Travels Ltd)	-	-	397,970	704,752
2.	Rent Paid (Birla Global Corporate Ltd)	-	-	1,389,780	2,501,604
3.	Rent Paid (Nirved Traders Pvt.Ltd.)	-	-	661,800	-
4.	Service Charges (Birla Global Corporate Ltd)	-	-	7,941,600	7,782,768
5.	Remuneration	3,072,173	2,738,403	-	-
6.	<u>Loans Received</u>				
a)	Birla Power Solutions Ltd	-	-	-	357,411,021
b)	Zenith Birla (India) Ltd	-	-	-	-
c)	Birla Pacific Medspa Ltd	-	-	60,00,000	-
d)	Birla Shloka Edutech Ltd	-	-	27,50,000	-
e)	Sherason Investment & Trading Co P Ltd.	-	-	4,00,00,000	4967
7.	<u>Loans Granted</u>				
a)	Birla Integrated Textile Park Ltd	-	-	31,948,630	1,73,948
b)	Birla Cotsyn (India) Ltd FZE	-	-	8,849,134,812	352,703,289
c)	Godavari Corporation P Ltd	-	-	10,00,00,000	-
8.	<u>Loans Repaid</u>				
a)	Zenith Birla (India) Ltd	-	-	-	25,000,000
b)	Birla Power Solutions Ltd	-	-	23,09,44,047	168,766,974
c)	Godavari Corporation P Ltd	-	-	3,00,00,000	-
9.	<u>Investments in shares</u>				
a)	Birla Energy Infra Ltd	-	-	-	390,000
b)	Birla Cotsyn (India) Ltd FZE	-	-	-	431,473
c)	Birla Integrated Textile Park Ltd	-	-	1,55,000	100,000
10.	Sitting Fees	135,000	131,000	-	-

· There is no repayment schedule for the above loans

· *Birla Integrated Textile Park Limited is an subsidiary company of Birla Cotsyn India Limited, wherein Birla Cotsyn India Limited has an holding of 51% and the loans have been advanced to Birla Integrated Textile Park Limited for execution of the project.*

· *Birla Cotsyn (India ) Ltd FZE is an wholly own subsidiary of Birla Cotsyn India Limited and the loans advanced to the Company for furtherance of its business, further the loan is interest free.*

d) No debt due from or to related parties are written off or written back during the year.

· Related parties are identified by the Management and relied upon by the Auditors.

**Note - 38**

In compliance with Accounting Standard 17 – ‘Segmental Reporting’ issued by the Institute of Chartered Accountants of India, Segmental disclosure are as follows

Primary Business Segment

Financial Information about the primary business segment is presented in the table given below

Particulars	2011-12			2010-11		
	Textiles	Trading in Fabrics	Total	Textiles	Trading in Fabrics	Total
<b>1. Segment Revenue</b>	2,018,827,885	5,577,614,557	7,596,442,442	1,831,557,627	3,574,634,050	5,406,191,677
Less: Inter Segment Revenue	-	-	-	-	-	-
<b>Total Sales &amp; Services Income</b>	<b>2,018,827,885</b>	<b>5,577,614,557</b>	<b>7,596,442,442</b>	<b>1,831,557,627</b>	<b>3,574,634,050</b>	<b>5,406,191,677</b>
<b>2. Segment Results</b>	(134,940,887)	617,558,460	482,617,573	27,588,325	408,775,426	436,363,751
Less: Interest & Finance Expenses			396,782,278			307,791,295
Less: Provision for Tax (Including prior year adjustment)			80,923,604			33,037,436
Add: Interest income			14,332,813			12,469,301
Add: Dividend Income			6,000			6,000
<b>Total Profit / (Loss) After Tax</b>			<b>19,250,505</b>			<b>108,010,321</b>
<b>3. Segment Assets</b>	2,557,930,771	2,429,453,013	4,987,383,784	2,858,533,403	1,176,676,209	4,035,209,612
Unallocated Assets	-	-	2,541,705,841	-	-	2,488,613,202
<b>Total Assets</b>			<b>7,529,089,625</b>			<b>6,523,822,814</b>
<b>4. Segment Liabilities</b>	<b>364,253,140</b>	<b>1,209,542,480</b>	<b>1,573,795,620</b>	<b>443,616,798</b>	<b>406,967,259</b>	<b>850,584,056</b>
Unallocated Liabilities			2,795,942,061			2,735,743,916
<b>Total Liabilities</b>			<b>4,369,737,681</b>			<b>3,586,327,972</b>
<b>5. Segment Capital Expenditure</b>	135,667,997	-	135,667,997	66,371,217	-	66,371,217
<b>6. Segment Depreciation &amp; Amortisation</b>	96,019,651	-	96,019,651	83,126,990	-	83,126,990
Unallocable	-	-	322,204	-	-	314,677
<b>Total Depreciation &amp; Amortisation</b>			<b>96,341,855</b>			<b>83,441,667</b>
<b>7. Significant Non Cash Expenditure</b>	-	-	-	-	-	-
<b>8. Geographical Segment</b>						
						(Amt in Rs)
<b>Particulars</b>	<b>India</b>		<b>Rest of the World</b>		<b>Total</b>	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	7,189,647,761	5,140,418,703	406,794,681	265,772,974	7,596,442,442	5,406,191,677
Carrying cost of Segment Assets	4,943,220,888	4,024,067,459	44,162,896	11,142,153	4,987,383,784	4,035,209,612
Additions to Fixed Assets and Intangible Assets	-	-	-	-	-	-

Note

1. Textile includes manufacture of Synthetic Yarn, Cotton Yarn, Ginning and Pressing.
2. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS -17) taking into account the organisation structure as well as the differential risks and returns of these Segments. All Segments assets and liabilities are directly attributable to the Segment.
3. Segment Revenue and Expenses are those which are directly attributable to the Segment.

**Note - 39**

Value of Imported and Indigenous Raw Material & Stores & Spares Consumed

	2011 – 2012				2010 – 2011			
	Raw Materials	%	Stores & Spares & Packing Material	%	Raw Materials	%	Stores & Spares & Packing Material	%
	Rs.		Rs.		Rs.		Rs.	
Imported	-	-	364,567	0.68	-	-	464,811	0.94
Indigenous	1,399,851,805	100.00	52,957,762	99.32	1,308,756,986	100.00	48,780,262	93.18
	<b>1,399,851,805</b>	<b>100.00</b>	<b>53,322,329</b>	<b>100.00</b>	<b>1,308,756,986</b>	<b>100.00</b>	<b>49,245,073</b>	<b>100.00</b>



**Note - 40**

CIF value of Imports

	2011 – 2012 Rs.	2010 – 2011 Rs.
Stores	364,567	464,811
Capital goods	2,687,025	1,370,582
	<b>3,051,592</b>	<b>1,835,393</b>

**Note - 41**

Earnings in Foreign Exchange

	2011 – 2012 Rs.	2010 - 2011 Rs.
F.O.B. Value of Exports	418,122,824	216,855,473
	<b>418,122,824</b>	<b>216,855,473</b>

**Note - 42**

Expenditure in Foreign Currency

	2011 – 2012 Rs.	2010 - 2011 Rs.
Travelling Expenses	Nil	67,583

**Note - 43**

	2011 – 2012 Rs.	2010 - 2011 Rs.
1. Net Amount remitted during the year in foreign currency on account of Dividend	Nil	8,928,797
2. Number of non-resident shareholders	399	357
3. Number of shares held by nonresident on which dividend is remitted	Nil	17815982
4. Year for which dividend was due	N.A	2009-2010

**Note - 44**

During the year the company has capitalised Nil interest (Previous year Rs. 23,765,111).

**Note - 45**

The exceptional item is the gain on forex fluctuation of GDR proceeds in the foreign bank A/c

**Note - 46**

Premises taken on Operating Lease

- a. The Company has Operating Lease Agreements for the Office building and other premises. The rental expenses for the Operating Lease aggregating Rs.4,224,026 (Previous year Rs. 3,791,460) has been debited to the Profit and Loss Account for the year.
- b. Future lease rentals are determined on the basis of agreed terms.
- c. At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.
- d. The total future minimum rentals payable as at the Balance Sheet date are as under:

(Amt in Rs)

S.No	Particulars	2011 – 2012	2010 – 2011
1.	For the period not late than one year	3,341,820	3,114,662
2.	For the period late than one year and not late than five years	4,621,009	463,260
3.	For the period late than five years	-	-

**Note - 47**

The details of utilisation of the funds received from IPO of equity shares (aggregating to Rs. 144.18 crores), as per Clause 43 of the listing Agreement.

(Rupees in Crores)

S.No.	Particulars	In terms of the offer Document.	Actual utilisation upto June' 2011
1	Expansion of integrated Textile Project at Khamgaon and Malkapur	105.77	105.77
2	Setting up of garment manufacturing unit	25.21	25.21
3	Establishing Retail Unit	5.80	5.80
4	Expenses relating to IPO	7.40	7.40
	Total	<b>144.18</b>	<b>144.18</b>

**Note - 48**

Comparative figures for the previous year have been regrouped and / or rearranged wherever necessary.

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**FOR KANU DOSHI ASSOCIATES**

Firm Reg. No. 104746W

Chartered Accountants

**MOHANDAS SHENOY ADIGE**  
Director

**P.V.R.MURTHY**  
Managing Director

**JAYESH PARMAR**

Partner

Membership Number 045375

**SHRIKANT CHARI**  
Chief Financial Officer

**MONICA GANDHI**  
Company Secretary

Place : Mumbai

Dated : 29th May,2012

## **AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF BIRLA COTSYN (INDIA) LIMITED AND ITS SUBSIDIARIES.**

To the Board of Directors of

### **BIRLA COTSYN (INDIA) LIMITED**

1. We have audited the attached Consolidated Balance Sheet of BIRLA COTSYN (INDIA) LIMITED ("the Company") and its Subsidiaries (the Company and its Subsidiaries constitute "the group") as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the group for the year ended on that date annexed thereto. These Consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We further report that in respect of the following subsidiaries, we did not carry out the audit. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors. The details of assets, revenue and cash flow in respect of the said subsidiaries are given below:

Name of the Subsidiary	Total Assets	Total Revenue	Net Cash Inflow
Birla Cotsyn India Limited FZE	Rs.228,63,05,232/-	Rs.243,92,56,479/-	Rs.7,14,869/-
Birla Integrated Textile Park Limited	Rs.7,60,91,611/-	NIL	Rs.2,84,318/-

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 - "CONSOLIDATED FINANCIAL STATEMENTS" as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and the afore-said subsidiaries, and to the best of our information and according to the explanations given to us and read with Significant Accounting Policies and read together with the other notes thereon, we are of the opinion that the attached Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Consolidated Balance Sheet, of the state of the affairs of the group as at March 31, 2012;
  - ii) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date and
  - iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

For **Kanu Doshi Associates**  
Chartered Accountants  
FRN No. 104746W

Jayesh Parmar  
Partner  
Membership No.45375

Place: Mumbai

Date: May 29, 2012

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012**

Particulars	Notes	31st March,2012 Amt in Rs.	31st March,2011 Amt in Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,668,635,154	2,612,262,404
Reserves and surplus	4	585,168,384	326,625,725
Money received against share warrants		-	15,925,698
		<b>3,253,803,538</b>	<b>2,954,813,827</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	798,530,916	956,361,530
Deferred tax liabilities (Net) (Refer Note -31 )		112,045,173	52,335,210
Other Long term liabilities	6	3,000,000	2,400,000
Long-term provisions	7	38,386,925	34,128,601
		<b>951,963,013</b>	<b>1,045,225,340</b>
<b>Current liabilities</b>			
Short-term borrowings	8	1,544,532,846	1,457,990,347
Trade payables ( Refer Note - 29 )		1,475,838,636	776,771,501
Other current liabilities	9	1,333,822,440	423,084,043
Short-term provisions	10	15,591,062	21,707,620
		<b>4,369,784,985</b>	<b>2,679,553,511</b>
		<b>8,575,551,535</b>	<b>6,679,592,679</b>
<b>TOTAL</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		1,869,103,892	1,902,820,472
Intangible assets		305,615	140,155
Capital work-in-progress		222,776,712	75,235,662
Goodwill on consolidation		154,530	-
Non-current investments	12	1,065,000	1,165,000
Long-term loans and advances	13	1,095,146,912	1,072,939,058
Other non-current assets	14	121,397,749	79,114,022
		<b>3,309,950,411</b>	<b>3,131,414,369</b>
<b>Current assets</b>			
Inventories	15	367,235,375	654,299,397
Trade receivables	16	4,762,820,915	1,702,758,393
Cash and Bank Balances	17	38,590,464	1,014,165,788
Short-term loans and advances	18	36,664,926	113,669,851
Other current assets	19	60,289,443	63,284,880
		<b>5,265,601,124</b>	<b>3,548,178,309</b>
		<b>8,575,551,535</b>	<b>6,679,592,679</b>
<b>TOTAL</b>			
Significant accounting policies	2		

The accompanying notes are an integral parts of the financial statements.

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**FOR KANU DOSHI ASSOCIATES**

Firm Reg. No. 104746W  
Chartered Accountants

**MOHANDAS SHENOY ADIGE**  
Director

**P.V.R.MURTHY**  
Managing Director

**JAYESH PARMAR**

Partner  
Membership Number 045375

**SHRIKANT CHARI**  
Chief Financial Officer

**MONICA GANDHI**  
Company Secretary

Place : Mumbai

Dated : 29th May,2012

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Notes	31st March,2012 Amt in Rs.	31st March,2011 Amt in Rs.
<b>INCOME</b>			
<b>Revenue from operations</b>	<b>20</b>	10,051,573,682	5,955,380,443
Less : Excise duty		17,693,366	8,813,834
Revenue from operations (net)		<b>10,033,880,316</b>	<b>5,946,566,609</b>
Other income	<b>21</b>	55,110,889	12,114,410
<b>Total Revenue</b>		<b>10,088,991,205</b>	<b>5,958,681,019</b>
<b>Expenses:</b>			
Cost of materials and components consumed	<b>22</b>	1,399,851,807	1,308,756,986
Purchases of traded goods		7,325,219,145	3,688,331,085
Changes in inventories of finished goods, work in progress and stock in trade	<b>23</b>	83,826,129	(157,253,229)
Employee benefits expense	<b>24</b>	176,676,912	166,698,980
Finance costs	<b>25</b>	397,023,898	307,852,308
Depreciation and amortization expense (Refer Note 30)	<b>11</b>	96,420,468	83,441,667
Other expenses	<b>26</b>	452,313,699	403,648,086
<b>Total expenses</b>		<b>9,931,332,058</b>	<b>5,801,475,883</b>
<b>Profit (loss) before tax</b>		<b>157,659,147</b>	<b>157,205,136</b>
Exceptional items (Refer Note 40)		10,892,937	1,250,394
<b>Profit after exceptional items and tax</b>		<b>168,552,083</b>	<b>158,455,529</b>
<b>Tax expense:</b>			
Less : Current tax		20,550,000	29,000,000
Less : Deferred tax Liabilities (Refer Note No.31)		59,709,963	4,037,436
<b>Profit (Loss) after tax for the year</b>		<b>88,292,121</b>	<b>125,418,093</b>
Earnings per equity share (Face value of share Rs. 1/-)			
Basic & Diluted		<b>0.0338</b>	<b>0.0489</b>
Significant accounting policies	<b>2</b>		

The accompanying notes are an integral parts of the financial statements.

As per our report of even date

**FOR KANU DOSHI ASSOCIATES**

Firm Reg. No. 104746W  
Chartered Accountants

**JAYESH PARMAR**

Partner  
Membership Number 045375

Place : Mumbai

Dated : 29th May,2012

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**MOHANDAS SHENOY ADIGE**  
Director

**SHRIKANT CHARI**  
Chief Financial Officer

**P.V.R.MURTHY**  
Managing Director

**MONICA GANDHI**  
Company Secretary

## CASH FLOW STATEMENT

Amount in Rs.

Particulars	2011-2012		2010-2011	
<b>A. Cash Flow from operating Activities</b>				
Net Profit before Taxation		168,552,083		158,455,529
Adjustments for :				
Depreciation	96,420,470		83,441,667	
Profit on assets sold	(1,790,515)		16,608	
Interest Expense	391,346,069		304,077,738	
Interest Income	(12,530,434)		(12,474,899)	
Dividend Income	(6,000)		(6,000)	
Excess Provisions / Liabilities written back	(11,807,104)	461,632,486	(1,112,578)	373,942,536
Operating profit before working capital changes		630,184,569		532,398,065
<u>Working capital changes</u>				
Trade Debtors	(3,051,218,596)		(982,825,473)	
Inventories	287,064,022		(451,907,287)	
Loans and Advances	132,514,023		(13,901,750)	
Trade Payables and Provisions	1,593,567,553	(1,038,072,997)	607,333,396	(841,301,114)
Less: Taxes Paid		24,240,281		28,258,835
<b>Cash generated from operating activities</b>		<b>(432,128,709)</b>		<b>(337,161,883)</b>
<b>B. Cash flow from Investing Activities:</b>				
Purchase of Fixed Assets	(206,603,218)		(66,073,440)	
Proceeds from Fixed Assets	2,439,752		913,734	
Investments	100,000		(1,015,000)	
Interest received	4,388,762		12,366,514	
Dividend received	6,000		6,000	
Bank balance not considered as Cash and Cash Equivalents	1,575,362		(9,057,610)	
<b>Net Cash Flow from investing activities</b>		<b>(198,093,341)</b>		<b>(62,859,803)</b>
<b>C. Cash flow from Financing Activities</b>				
Interest Paid	(398,771,733)		(305,250,030)	
Issue of Equity Shares & Share Warrants	40,447,052		66,298,448	
Securities Premium Received	7,328,458		6,548,457	
Share Issue Expenses Paid	-		(45,942,260)	
Working Capital Loans Received	230,544,436		596,583,095	
Proceeds from Term Loans	62,156,493		40,897,319	
Repayment of Term Loans	(166,471,084)		(256,210,068)	
Car Loan Received / (Paid)	(586,881)		385,188	
From Other Loans Received	(119,515,884)		218,695,265	
Dividend Paid (Including Dividend Distribution Tax)	(245,291)		(100,000,000)	
<b>Net Cash Flow from financing activities</b>		<b>(345,114,435)</b>		<b>222,005,414</b>
<b>Cash and Cash Equivalents</b>		(975,336,485)		(178,016,272)
Opening Cash and Cash Equivalents		1,012,196,411		1,190,212,682
Closing Cash and Cash Equivalents		<b>36,859,926</b>		<b>1,012,196,411</b>
<b>Net Increase in Cash and Cash Equivalents(A+B+C)</b>		<b>(975,336,485)</b>		<b>(178,016,272)</b>

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**FOR KANU DOSHI ASSOCIATES**

Firm Reg. No. 104746W  
Chartered Accountants

**MOHANDAS SHENOY ADIGE**  
Director

**P.V.R.MURTHY**  
Managing Director

**JAYESH PARMAR**  
Partner  
Membership Number 045375

**SHRIKANT CHARI**  
Chief Financial Officer

**MONICA GANDHI**  
Company Secretary

Place : Mumbai  
Dated : 29th May,2012

## I. CORPORATE INFORMATION

Birla Cotsyn (India) Limited is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

Birla Cotsyn (India) Limited FZE, Hamriyah Free Zone – Sharjah – United Arab Emirates was established in Sharjah on December 08, 2010 and operates in the United Arab Emirates under a trade licence no. 7203 issued by the Hamriyah Free Zone Authority, The Government of Sharjah.

Birla Integrated Textile Park Limited, is a limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 14<sup>th</sup> August, 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a BASIS OF ACCOUNTING

The Financial statements have been prepared under the historical cost convention except where impairment is made, and for certain Plant & Machinery, Buildings at Ghatanji, Dhule, Khamgaon and land's at Ghatanji & Dhule, which are stated at revalued amounts, in accordance with the generally accepted accounting principles in India and the provisions of the Indian Companies Act, 1956, as adopted and consistently followed by the Company. The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis, except those associated with significant uncertainties.

### b PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENT

During the year ended March 31, 2012, the revised Schedule VI format as notified under the Companies Act 1956, has become applicable to the Company for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### c USE OF ESTIMATES

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results is known / materialised.

### d TANGIBLE FIXED ASSETS

Tangible Fixed Assets are stated at cost of acquisition, which comprises of purchase price, freight, duties, taxes, borrowing cost and other attributable cost of bringing the asset to working condition for its intended use, except certain fixed assets, which are stated at revalued amount, net of impairment loss (If any) less accumulated depreciation/ amortization.

### e DEPRECIATION

- i) Depreciation on Fixed Asset has been provided on the Straight Line Method at the rates specified and in the manner prescribed under Schedule XIV of the Indian Companies Act, 1956. Leasehold land is amortised over the period of lease.
- ii) In respect of the revalued assets, the incremental depreciation attributable to the revaluation is recouped from the revaluation reserve on straight line basis.
- iii) Assets having individual value below Rs. 5000 are depreciated @ 100% and mobile phones are charged to revenue considering their useful life to be less than one year.
- iv) For the subsidiary Birla Cotsyn (India) Limited FZE., the property, plant and equipment are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost of property, plant and equipment is depreciated using the straight line method over their estimated useful economic lives as follows:

Office Equipments : 5 years

### f INTANGIBLE ASSETS AND AMORTISATION

Intangible assets acquired separately are measured on initial recognition cost. Intangible assets are amortised on a straight line basis over the estimated useful economic life. Expenditure on major computer software is amortised over the period of expected benefit not exceeding five years.

### g INVESTMENTS

Long term investments are stated at Cost. Provision for diminution is made if the decline in value is other than temporary in nature. Current Investments are carried at lower of cost and fair value

#### **h REVENUE RECOGNITION**

- i) Revenue from sale of products is recognized on transfer of all significant risks and rewards of ownership of the product on to the customers, which is generally on despatch of goods.
- ii) Export sales are accounted on the basis of the dates of bill of lading.
- iii) Export incentives are recognized in the year of export.
- iv) Revenue from Services rendered is recognized as per the terms in agreements/arrangements with the concerned parties.
- v) Dividend income on investments is accounted for when the right to receive the payment is established. Interest income is recognised on accrual basis.

#### **i INVENTORIES**

Inventories are valued as under:

- i) Stores & Spare parts and packing materials are valued at lower of cost on FIFO basis (net of Cervat) and net realisable value.
- ii) Raw materials at Synthetic unit is valued at lower of weighted average cost or Net Realisable Value and at Open End/ Spinning unit is valued at cost on specific identification method on lot wise basis or Net Realisable Value, whichever is lower.
- iii) Work in Process is valued at weighted average cost.

However, materials held for use in the production of inventories are not written down below cost, if the finished products in which they are used and expected to be sold at or above cost.

- iv) Finished Goods are valued at lower of weighted average cost or Net Realisable Value. Cost for this purpose includes direct cost and attributable overheads

#### **j EMPLOYEE BENEFITS**

- i) All employee benefits payable within twelve months of rendering of the service are classified as short term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia etc, and are recognized in the period in which the employee renders the related services.
- ii) Retirement benefits in the form of Provident Fund / Family Pension Fund and Superannuation Fund, which are Defined Contribution Plans, are accounted on accrual basis and charged to the profit and loss account of the year.
- iii) Liabilities in respect of Gratuity, which is Defined Benefit Plans and Leave Encashment, are accrued for the amount, determined on the basis of an Independent actuarial valuation applying the Projected Unit Credit Method.
- iv) Actuarial gains/losses are recognized in the profit and loss account for the year.
- v) For the Subsidiary Birla Cotsyn (India) Limited FZE, Employees' terminal benefits are accounted on cash payment basis.

#### **k FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts. Exchange difference arises on monetary items in substance form part of enterprises net investment in non integral foreign operation is accumulated in a foreign currency translation reserve till the disposal of the net Investment.

In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing as at the end of the accounting year/ period of the respective subsidiaries. Resultant exchange difference is accumulated in Foreign Currency Translation Reserve Account to be dealt with only when the net investment in foreign operations is dispensed off.

#### **l BORROWING COST**

Borrowing cost that is attributable to acquisition of qualifying asset is capitalised as part of total cost of such assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

#### **LOAN PROCESSING CHARGES**

All the expenses related to Loan Processing and Legal expenses for the same are deferred as in the opinion of the management the benefit from the same is available for a period of five years.

#### **m GOVERNMENT GRANTS**

Grants in the nature of Interest subsidy under Technology Upgradation Fund Scheme (TUFS) and MEGA PROJECT subsidy from Government of Maharashtra under IPS Scheme 2007, are accounted for when it is reasonably certain that ultimate collection will



be made. Government grants not specifically related to Fixed Assets are recognised in the Profit and Loss Account in the year of accrual/ receipt.

**n TAXATION**

Current tax is determined at the applicable rates based on assessable income.

Deferred tax is determined using the rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are recognised and carried forward only if there is reasonable certainty of its realisation. However in case of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961, the Deferred Tax Asset is recognised only if there is virtual certainty backed by convincing evidence, of its realisation. Such assets are reviewed at each Balance Sheet date to reassess its realisation.

**o PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company recognises a provision when there is a present obligation as a result of past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made.

Contingent liabilities are disclosed by way of note to the financial statements after careful evaluation by management of the facts and legal aspects of the matter involved.

Contingent assets are neither recognized nor disclosed.

**p IMPAIRMENT OF ASSETS**

The carrying amount of assets, other than inventories is reviewed at each Balance Sheet date to assess whether there is any indication of impairment in respect of such asset or group of assets (cash generating unit). If such indication exists, the recoverable amount of such asset or group of asset is estimated.

If such recoverable amount of asset or group of asset is less than its carrying amount, an impairment loss is reckoned by reducing the carrying amount to its recoverable amount. If there is an indication at balance sheet date that a previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at recoverable amount, subject to a maximum of depreciable historical cost.

**q APPLICATION OF SECURITIES PREMIUM ACCOUNT**

Share Issue expenses are charged, first against available balance in Securities Premium Account

**r EXPENDITURE DURING CONSTRUCTION AND EXPENDITURE ON NEW PROJECTS**

In case of new projects and in case of substantial modernisation / expansion at existing units of the Company, expenditure incurred prior to commencement of commercial production is capitalised.

**s ACCOUNTING OF CLAIMS**

Claims receivable are accounted for at the time when reasonable certainty of receipt is established. Claims payable are accounted for at the time of acceptance.

Claims raised by Government Authorities regarding taxes and duties, are accounted for based on the merits of each claim. If same is disputed by the Company, these are shown as 'Contingent Liabilities'.

**t OPERATING LEASE**

The leases where the lessor, effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as expenses in the Profit and Loss Account.

**u RESEARCH AND DEVELOPMENT**

Research costs are expensed as incurred, software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

**v EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**w SEGMENT REPORTING POLICIES**

Primary Segment is identified based on the nature of products and services, the different risks and returns and the internal business reporting system. Secondary segment is identified based on geographical area in which major operating divisions of the Company operates.

**x CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank, in hand (including cheques in hand) and short term investment with an original maturity of three months or less.

**y BASIS FOR PREPERATION OF CONSOLIDATED FINANCIAL STATEMENT**

The financial statements of the Company and its subsidiary companies are consolidated on a line-by-line item basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - “Consolidated Financial Statements”.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding Company’s separate financial statements, as far as possible, except as provided under para “Depreciation” – point (e), “Employee Benefits” - point (j) and “Foreign Currency Transaction” point (k).

Minority Interest’s share of net profit of consolidated subsidiaries for the year/period is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

Minority interest’s share of net assets of consolidated subsidiaries is identified and presented in the consolidated financial Statement separate from liabilities and the equity of the company’s shareholders.

**z PRINCIPLES OF CONSOLIDATION**

The Consolidated Financial Statements include the financial statements of Birla Cotsyn (India) Limited (BCIL) and the following subsidiary.

<b>Name of the Company</b>	<b>Relation with Holding Company</b>	<b>Country of Incorporation</b>	<b>% of Shareholding</b>	<b>Accounting Year / Period considered for Consolidation</b>
Birla Cotsyn (India ) Limited FZE	Subsidiary of BCIL	Hamriyah Free Zone – Sharjah – United Arab Emirates	100%	April 2011 To March 2012
Birla Integrated Textile Park Limited	Subsidiary of BCIL	India	51%	January 2012 To March 2012

**aa STATUTORY RESERVES**

In accordance with United Arab Emirates Federal Companies Law No 8 of 1984, the Company has established a statutory reserve.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 3 : SHARE CAPITAL**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Authorised Share Capital</b>		
5,500,000,000 (Previous Year 5,500,000,000) Equity Shares of Rs. 1/- each	<u>5,500,000,000</u>	<u>5,500,000,000</u>
<b>Issued, Subscribed &amp; fully paid -up Capital</b>		
2,668,635,154 (Previous Year 2,612,262,404) Equity Shares of Rs. 1/- each	<u>2,668,635,154</u>	<u>2,612,262,404</u>
<b>Total Issued, Subscribed &amp; fully paid -up Capital</b>	<u><b>2,668,635,154</b></u>	<u><b>2,612,262,404</b></u>

**[A] Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	31st March, 2012		31st March, 2011	
	Number	Amt in Rs.	Number	Amt in Rs.
Shares outstanding at the beginning of the year	2,612,262,404	2,612,262,404	2,134,908,100	2,134,908,100
Shares Issued during the year	56,372,750	56,372,750	477,354,304	477,354,304
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,668,635,154	2,668,635,154	2,612,262,404	2,612,262,404

**[B] Terms/ rights attached to the equity shares**

The company has only one class of equity shares having a par value of Re. 1/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends (if any) in indian rupees. The dividends (if any) proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

**[C] Details of shareholders holding more than 5% shares in the company.**

Equity shares of Rs. 1/- each fully paid Name of Shareholders	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polytex Limited	238101240	8.92%	224483160	8.59%
Shearson Invetment & Trading Co.Pvt.Ltd.	182342342	6.83%	154153567	5.90%
Nirved Traders Pvt.Ltd.	159915602	5.99%	131729227	5.04%
Bank of New York Mellon (GDR)	745680000	27.94%	907680000	34.75%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares except for shares held by Bank of New York Mellon which are in the form of GDR

**[D] Details of shares issued other than cash for the period of Five Years immediately preceding the Balance Sheet date.**

113,547,000 Equity Shares of Re.1/- each have been allotted on 28th June, 2006 as fully paid Bonus Shares by Capitalisation of Reserves & Securities Premium Account.

426,981,554 Equity Shares of Re.1/- each have been allotted on 4th October, 2010 as fully paid Bonus Shares by Capitalisation of Reserves & Securities Premium Account.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 4 : RESERVES AND SURPLUS**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>a. Capital Reserves</b>	225,884	225,884
<b>b. Securities Premium</b>		
Opening Balance	42,729,970	509,105,328
Add : Received during the Year	7,328,458	6,548,457
Less : Bonus Share Issued	-	426,981,554
Less : Share Issue Expenses	-	45,942,260
Closing Balance	50,058,428	42,729,970
<b>c. Revaluation Reserve</b>		
Opening Balance	156,219,681	156,261,781
Less : Depreciation on revalued assets	42,100	42,100
Closing Balance	156,177,581	156,219,681
<b>d. Foreign Currency Translation Reserve</b>		
Opening Balance	(2,594,019)	-
Less : During the Year	-	2,505,231
Add : During the Year	162,874,443	(88,788)
Closing Balance	160,280,425	(2,594,019)
<b>e. Surplus/(deficit) in the statement of Profit &amp; Loss</b>		
Opening Balance	130,044,209	4,626,116
Net Profit for the current year	88,381,858	125,418,093
Closing Balance	<b>218,426,067</b>	<b>130,044,209</b>
<b>Total (a + b + c + d + e)</b>	<b>585,168,384</b>	<b>326,625,725</b>

**NOTE - 5 : LONG TERM BORROWINGS**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Secured</b>		
<b>Term loans</b>		
a) Indian rupees loan from banks	752,725,912	932,219,548
b) Vehicle Loans from Banks	281,504	685,982
<b>Total (A)</b>	<b>753,007,416</b>	<b>932,905,530</b>
<b>Unsecured</b>		
Fixed Deposit from Public	45,523,500	23,456,000
<b>Total (B)</b>	<b>45,523,500</b>	<b>23,456,000</b>
<b>Total (A + B)</b>	<b>798,530,916</b>	<b>956,361,530</b>

**Security and Terms of repayment including current maturities of long term borrowings.**

- Term Loan from SICOM Ltd. carries interest @ 16.75% p.a. The entire loan is repayable in 10 quarterly Instalments of Rs. 60.00 Lacs and 10 quarterly instalment of Rs.40.00 Lacs, with the last Instalment due on 15th September, 2012. Outstanding principal amount as at 31st March, 2012 is Rs.7,000,000/- There is an default in Interest of Rs.173,127/-
- Term Loan from Union Bank of India carries interest @ 15.75 % p.a. The entire loan is repayable in 32 quarterly Instalments of Rs. 62.50 Lacs, with the last instalment due on 31st March, 2017. Outstanding principal amount as at 31st March, 2012 is Rs.131,116,462/-. There is a default in Instalment Rs.6,250,000/- & Interest Rs.5,393,341/-.
- Term Loan from Axis Bank Ltd. carries interest @ 15.00% p.a. The entire loan is repayable in 28 quarterly Instalments of Rs. 53.57 Lacs, with the last instalment due on 31st December, 2015. Outstanding principal amount as at 31st March, 2012 is Rs.78,505,284/-. There is a default in Instalment for Rs.5,357,143/- and Interest of Rs.3,441,507/-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

- d) Term Loan from Bank Of India carries interest @ 16.25% p.a. The entire loan is repayable in 30 quarterly Instalments of Rs. 83.33 Lacs, with the last instalment due on 31st March, 2017. Outstanding principal amount as at 31st March, 2012 is Rs.172,499,052/-. There is a default in Instalment Rs.8,333,333/- & Interest Rs.7,557,522/-.
- e) Term Loan from Indian Overseas Bank carries interest @ 15.50% p.a. The entire loan is repayable in 30 quarterly Instalments of Rs. 83.33 Lacs, with the last instalment due on 31st July, 2017. Outstanding principal amount as at 31st March, 2012 is Rs.191,629,337/-. There is a default in Instalment Rs.8,333,300/- & Interest Rs.7,611,426/-.
- f) Term Loan from Oriental Bank of Commerce carries interest @ 17.00 % p.a. The entire loan is repayable in 30 quarterly instalments of Rs. 50.00 Lacs, with last instalment due on 30th June, 2016. Outstanding principal amount as at 31st March, 2012 is Rs.89,722,775/-. There is a default in Instalment Rs.5,000,000/- & Interest Rs.4,171,441/-.
- g) Term Loan from Canara Bank carries interest @ 15.00 % p.a. The entire loan is repayable in 24 Quaterly Instalments of Rs. 62.50 Lacs with the last instalment due on 31st December, 2015. Outstanding principal amount as at 31st March, 2012 is Rs.100,000,063/-. There is a default in Instalment Rs.6,250,000/- & Interest Rs.1,799,359/-.
- h) Term Loan from State Bank of India carries interest @ 17.75% p.a. The entire loan is repayable in 8 monthly instalments of Rs.15.60 Lacs, 1 monthly instalment of Rs. 16.20 Lacs, 36 monthly instalments of Rs. 13.00 Lacs, 44 monthly instalment of Rs. 16.65 Lacs, 4 monthly instalments of Rs. 16.85 Lacs, 2 monthly instalment of Rs. 30.30 Lacs & 1 monthly instalment of Rs. 30.40 Lacs, with the last instalment due on 30th June 2017. Outstanding principal amount as at 31st March 2012 is Rs.107,300,000/-. There is a default in Instalment Rs.3,900,000/- & Interest Rs.4,823,001/-.
- i) Term Loan from The Catholic Syrian Bank Ltd. carries interest @ 15.50% p.a. The entire loan is repayable in 20 quarterly instalments of Rs. 50.00 Lacs with the last instalment due on 31st March, 2015. Outstanding principal amount as at 31st March, 2012 is Rs.62,670,664/-. There is a default in Instalment Rs.5,000,000/- & Interest Rs.2,681,958/-.
- j) Term Loan from Janakalyan Sahakari Bank Ltd. carries interest @ 15.00% p.a. The entire loan is repayable in 77 monthly instalments of Rs. 3.21 Lacs and 1 monthly instalment of Rs.2.83 Lacs, with the last instalment due on 31st January, 2015. Outstanding principal amount as at 31st March, 2012 is Rs.19,294,804/-. There is a default in Instalment Rs.963,000/- & Interest Rs.554,099/-.
- k) Term Loan from Bank Of India, (Housing Complex) carries interest @ 15.25 % p.a. The entire loan is repayable in 89 monthly instalments of Rs. 8.00 Lacs and 1 monthly instalment of Rs.3.00 Lacs, with the last instalment due on 30th August, 2019. Outstanding principal amount as at 31st March, 2012 is Rs.57,321,482/-. There is a default in Instalment Rs.800,000/- & Interest of Rs.2,207,320/-.
- l) Vehicals Loan from Axis Bank Ltd. carries interest @ 9.50 % p.a. (on a monthly reducing basis) The entire loan is repayable in 35 monthly instalments of Rs. 20,340/- each with the last instalment due on 1st November, 2012. Outstanding principal amount as at 31st March 2012 is Rs.157,073/-. Vehical Loan from ICICI Bank Ltd.. carries interest @ 10.75% p.a. The entire loan is repayable in 36 monthly instalments of Rs.33,300/- each with the last instalment due on 15th December 2012. Outstanding principal amount as at 31st March, 2012 is Rs.630,212/-.
- m) All the above Term Loans have First pari passu charge on all the fixed assets (present and future) pertaining to all the assets of the Company and Second pari passu charges on all the stocks and Book debts of the Company
- n) The Vehicle Loan Finance is secured by Hypothecation of respective vehicles.

**NOTE - 6 : OTHER LONG TERM LIABILITIES**
**Amt in Rs.**

	<b>As at 31 March 2012</b>	<b>As at 31 March 2011</b>
Deposits from Customers	3,000,000	2,400,000
<b>Total</b>	<b>3,000,000</b>	<b>2,400,000</b>

**NOTE - 7 : LONG TERM PROVISIONS**
**Amt in Rs.**

	<b>As at 31 March 2012</b>	<b>As at 31 March 2011</b>
<b>Provision for employee benefits</b>		
Leave Encashment	4,598,735	3,397,479
Gratuity	33,788,190	30,731,122
<b>Total</b>	<b>38,386,925</b>	<b>34,128,601</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 8 SHORT TERM BORROWINGS**

	As at 31 March 2012	As at 31 March 2011
	Amt in Rs.	Amt in Rs.
<b>Secured</b>		
(a) Loans repayable on demand		
Cash Credit from banks	1,323,870,684	1,093,311,472
<b>Unsecured</b>		
(a) Fixed Deposit from Public	8,185,000	-
(b) Inter Corporate Deposits	163,722,195	133,729,860
(c) Due to Related Parties (Refer Note - 37)	48,754,967	230,949,014
<b>Total</b>	<b>1,544,532,846</b>	<b>1,457,990,347</b>

**Security**

Cash Credit Loans from Banks are secured against hypothecation of Raw Materials, Stock in Trade, Stock-in-Process, Finished Goods, Consumables, Stores & Spares and Packing Material, Book Debts and other receivables belonging to the Company & second pari passu charge on immovable properties of the Company.

**NOTE - 9 OTHER CURRENT LIABILITIES**

	As at 31 March 2012	As at 31 March 2011
	Amt in Rs.	Amt in Rs.
(a) Current maturities of long-term debt (Refer Note - 5)	1,219,873,658	360,624,660
(b) Interest accrued but not due on borrowings	5,483,936	260,716
(c) Interest accrued and due on borrowings	42,897,016	20,043,594
(d) Other payables against advance from customers	31,810,955	22,043,582
(e) Other payables against Statutory Liabilities	21,000,300	16,435,447
(f) Other payables against employees deductions	1,100,609	991,611
(g) Other payables to contractors	1,931,879	715,055
(h) Advance Received towards Sale of Fixed Assets	8,000,000	-
(i) Unpaid Dividends	1,724,086	1,969,377
<b>Total</b>	<b>1,333,822,440</b>	<b>423,084,043</b>

**NOTE - 10 SHORT TERM PROVISIONS**

	As at 31 March 2012	As at 31 March 2011
	Amt in Rs.	Amt in Rs.
<b>(a) Provision for employee benefits</b>		
Gratuity	676,395	2,396,664
Leave Encashment	89,411	743,725
<b>(b) Other provisions</b>		
Income Tax (Net of Advances)	14,825,256	18,567,231
<b>Total</b>	<b>15,591,062</b>	<b>21,707,620</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - II - FIXED ASSETS**

(Amt in Rs.)

	Gross Block			Accumulated Depreciation / Amortisation			Net Block		
	Balance as at 1 April 2011	Total Additions	Adjustment/ Deductions/ Sales	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation for the year	Depreciation on Sales/ Adjustments	Balance as at 31 March 2012	Balance as at 31 March, 2011
<b>a</b>									
<b>Tangible Assets</b>									
Freehold Land	156,440,032	31,216,380	-	187,656,412	-	-	-	187,656,412	156,440,032
Leasehold Land	9,275,097	-	-	9,275,097	294,970	94,235	-	8,885,893	8,980,128
Buildings	479,138,757	107,194	-	479,245,951	34,530,099	15,887,256	-	428,828,596	444,608,659
Plant & Machinery	1,379,964,197	29,922,241	526,470	1,409,359,968	166,258,499	73,605,934	141,480	1,169,637,014	1,213,747,797
Furniture & Fixtures	5,340,962	100,350	21,595	5,419,717	962,719	340,960	6,300	4,122,338	4,378,243
Computers	2,385,756	474,973	14,716	2,846,012	2,044,817	1,075,850	11,698	(262,957)	340,939
Other Equipments	6,758,295	490,549	6,650	7,242,194	822,483	236,352	1,657	6,185,016	5,935,813
Electrical Installation	72,712,731	785,398	-	73,498,129	9,886,559	4,094,056	-	59,517,514	62,826,172
Vehicles	8,719,282	-	480,647	8,238,635	3,156,593	787,681	239,706	4,534,067	5,562,689
<b>Total (a)</b>	<b>2,120,735,109</b>	<b>63,097,084</b>	<b>1,050,078</b>	<b>2,182,782,115</b>	<b>217,956,740</b>	<b>96,122,324</b>	<b>400,841</b>	<b>1,869,103,892</b>	<b>1,902,820,472</b>
<b>b</b>									
<b>Intangible Assets</b>									
Computer software	158,752	463,603	-	622,355	18,597	298,143	-	305,615	140,155
<b>Total (b)</b>	<b>158,752</b>	<b>463,603</b>	<b>-</b>	<b>622,355</b>	<b>18,597</b>	<b>298,143</b>	<b>-</b>	<b>305,615</b>	<b>140,155</b>
<b>Total (a+b)</b>	<b>2,120,893,861</b>	<b>63,560,687</b>	<b>1,050,078</b>	<b>2,183,404,470</b>	<b>217,975,337</b>	<b>96,420,468</b>	<b>400,841</b>	<b>1,869,409,507</b>	<b>1,902,960,627</b>
<b>c</b>									
<b>Capital Work In Progress</b>	75,235,662	147,541,050	-	222,776,712	-	-	-	222,776,712	75,235,662
<b>Total (c)</b>	<b>75,235,662</b>	<b>147,541,050</b>	<b>-</b>	<b>222,776,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222,776,712</b>	<b>75,235,662</b>
<b>Total (a+b+c)</b>	<b>2,196,129,523</b>	<b>211,101,737</b>	<b>1,050,078</b>	<b>2,406,181,183</b>	<b>217,975,337</b>	<b>96,420,468</b>	<b>400,841</b>	<b>2,092,186,219</b>	<b>1,978,196,289</b>
<b>Previous Year</b>	<b>1,828,182,232</b>	<b>294,239,166</b>	<b>1,527,537</b>	<b>2,120,893,861</b>	<b>134,748,888</b>	<b>83,483,767</b>	<b>299,417</b>	<b>1,902,960,627</b>	<b>1,693,433,345</b>

**Foot Note**

- 1 Lease hold Land at Khangaon is for a period of 30 years which expired on 31st July, 2003 for which application for renewal is made for approval, which is still pending.
- 2 The Plant & Machinery, Building at Ghatanji, Dhule & Khangaon and land at Ghatanji & Dhule, were revalued as at 12.11.1985. The registered valuer had carried out the valuation on the basis of the then market values of these fixed assets. The addition to assets on account of this revaluation aggregating Rs.6,842,998/- was correspondingly credited to the Revaluation Reserve.  
Further, free-hold land at Ghatanji and Dhule were revalued at 31.03.2007. The registered valuer had carried out the valuation on the basis of the then market value of these lands. The addition to assets on account of this revaluation, aggregating Rs.1,52,909,694/- was correspondingly credited to the Revaluation Reserve during the year ended 31.03.2007.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 12 NON CURRENT INVESTMENTS (LONG TERM )**

	As at 31st March, 2012 Amt in Rs.	As at 31st March, 2011 Amt in Rs.
<b>A Non Trade Investments</b>		
<b><u>Investment in Equity Shares of Other Entities</u></b>		
<b><u>Unquoted</u></b>		
25500 Fully Paid up Shares (Previous Year 10000 Shares) of Birla Integrated Textile Park Ltd.@ 10/- Per Share	-	100,000
2000 Fully Paid up Shares (Previous Year 2000 Shares) of Shamrao Vithal Co-op. Bank Ltd.@ 25/- Per Share	50,000	50,000
62500 Fully Paid up Shares (Previous Year 62500 Shares) of Jankalyan Sahakari Bank Ltd. @ 10/- Per Share	625,000	625,000
39000 Fully Paid up Shares (Previous Year 39000 Shares) of Birla Energy Infra Ltd..@ 10/- Per Share	390,000	390,000
<b>Total</b>	<b>1,065,000</b>	<b>1,165,000</b>

**NOTE - 13 LONG TERM LOANS AND ADVANCES**

	As at 31st March, 2012 Amt in Rs.	As at 31st March, 2011 Amt in Rs.
<b>a. Capital Advances (Unsecured, considered good)</b>	936,864,651	941,420,146
<b>Total (A)</b>	<b>936,864,651</b>	<b>941,420,146</b>
<b>b. Security Deposits (Unsecured, considered good)</b>	15,820,936	15,893,092
<b>Total (B)</b>	<b>15,820,936</b>	<b>15,893,092</b>
<b>c. Other Loans and Advances (Unsecured, considered good)</b>		
Inter Corporate Deposits	83,590,500	52,096,448
Prepaid Expenses	33,916,451	44,789,379
CENVAT Credit receivable	5,426,809	4,323,819
VAT Credit Receivable	19,527,565	14,416,174
<b>Total (C)</b>	<b>142,461,325</b>	<b>115,625,820</b>
<b>Total (A + B + C)</b>	<b>1,095,146,912</b>	<b>1,072,939,058</b>

**NOTE - 14 OTHER NON-CURRENT ASSETS**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>A. Others (Unsecured, considered good)</b>		
a) Mega Project Subsidy Receivable	59,763,162	35,079,357
b) TUF Subsidy Receivable	24,641,161	18,765,678
c) Interest Receivable	7,914,005	295,700
d) Un amortised Expenses	8,153,432	13,050,047
<b>Total (A)</b>	<b>100,471,760</b>	<b>67,190,781</b>
<b>B. Others advances (Unsecured, considered good)</b>	8,434,279	4,835,007
<b>Total (B)</b>	<b>8,434,279</b>	<b>4,835,007</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>C. Other Bank Balance (Unsecured, considered good-Original Maturity more than 12 Months)</b>		
a) Bank Of India (Margin Money)	10,251,772	2,264,860
b) Union Bank of India [ Margin Money ]	-	2,733,927
c) Axis Bank (Margin Money)	2,035,240	1,904,748
d) Fixed Deposits with banks	204,698	184,698
<b>Total (C)</b>	<b>12,491,710</b>	<b>7,088,233</b>
<b>Total (A+ B + C)</b>	<b>121,397,749</b>	<b>79,114,022</b>

**NOTE - 15 INVENTORIES (REFER NOTE - 2(i) )**  
**(As taken, valued and certified by the Management)**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
a. Raw Materials	118,016,692	322,828,605
b. Work-in-Progress	77,209,418	64,853,744
c. Finished Goods	155,661,703	258,398,140
d. Stores and Spares	4,654,487	3,718,520
e. Packing Materials	1,721,950	1,105,397
f. Waste / Scrap	9,971,125	3,394,991
<b>Total</b>	<b>367,235,375</b>	<b>654,299,397</b>

**NOTE - 16 TRADE RECEIVABLES**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Unsecured, consider good outstanding for a period exceeding <b>six months</b> from the date they are due for payment	65,875,279	37,809,940
Add: Doubtful	222,528	222,528
	<b>66,097,807</b>	<b>38,032,468</b>
Less: Provision for doubtful trade receivables	222,528	222,528
<b>Total (A)</b>	<b>65,875,279</b>	<b>37,809,940</b>
Trade receivables outstanding for a period <b>less than</b> six months from the date they are due for payment		
Unsecured, considered good	4,696,945,636	1,664,948,453
<b>Total (B)</b>	<b>4,696,945,636</b>	<b>1,664,948,453</b>
<b>Total (A + B)</b>	<b>4,762,820,915</b>	<b>1,702,758,393</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 17 CASH AND BANK BALANCES**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Cash &amp; Cash Equivalents (A)</b>		
a. Balances with banks*		
On Current accounts	28,159,476	819,421,917
b. Cheques, drafts on hand	-	191,717,688
c. Cash on hand*	1,960,451	1,056,807
d. Fixed Deposit with Bank (Original Maturity Less than 3 Months)	6,740,000	-
	<u>36,859,926</u>	<u>1,012,196,411</u>
<b>Other Bank Balance (B)</b>		
Unpaid Dividend Accounts	1,730,538	1,969,377
	<u>1,730,538</u>	<u>1,969,377</u>
<b>Total ( A + B )</b>	<u><b>38,590,464</b></u>	<u><b>1,014,165,788</b></u>

**NOTE - 18 SHORT-TERM LOANS AND ADVANCES**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>a. Unsecured, considered good</b>	18,178,263	85,551,296
Add: Doubtful	57,789	57,789
	<u>18,236,052</u>	<u>85,609,085</u>
Less: Provision for doubtful staff adv.	57,789	57,789
<b>Total (a)</b>	<b>18,178,263</b>	<b>85,551,296</b>
<b>b. Other Loan &amp; Advances (Unsecured) Considered Good</b>		
Balance with statutory/ government authorities	18,486,663	28,118,555
<b>Total (b)</b>	<u>18,486,663</u>	<u>28,118,555</u>
<b>Total (a + b)</b>	<u><b>36,664,926</b></u>	<u><b>113,669,851</b></u>

**NOTE - 19 OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
a) Export Incentives Receivable	1,517,935	1,138,706
b) Interest Receivable	340,699	32,627
c) Claim Receivable	23,562,367	667,701
d) Un amortised Expenses	5,656,706	4,179,428
e) TUF Subsidy Receivable	29,141,211	57,266,418
f) Interest accrued on Fixed Deposits	70,525	-
<b>Total</b>	<u><b>60,289,443</b></u>	<u><b>63,284,880</b></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 20 REVENUE FROM OPERATIONS**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Sale of products</b>		
Finished Goods - Yarn	1,869,583,885	1,655,738,942
Traded Goods - Fabric	8,016,866,810	4,115,008,982
Sale of services	12,459,944	20,943,265
<b>Other operating revenues</b>		
Waste / Scrap Sales	46,674,307	77,253,337
Other	(1,237,057)	3,130,327
Interest & Other Subsidy Received	107,225,793	83,305,590
<b>Revenue from operations (gross)</b>	<b>10,051,573,682</b>	<b>5,955,380,443</b>
Less : Excise duty	17,693,366	8,813,834
<b>Revenue from operations (net)</b>	<b>10,033,880,316</b>	<b>5,946,566,609</b>

**NOTE - 21 OTHER INCOME**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Interest Income on</b>		
Bank Deposits	3,729,126	11,696,849
Others	10,603,688	772,452
<b>Other Income</b>	512,585	691,590
<b>Dividend Income on Long - term investments</b>	6,000	6,000
<b>Excess provision of ealier year w/back</b>	21,602,255	(2,471,121)
<b>Exchange differences (net)</b>	16,866,721	1,435,248
<b>Profit on Sale of Fixed Assets</b>	1,790,515	(16,608)
<b>Total</b>	<b>55,110,889</b>	<b>12,114,410</b>

**NOTE - 22 COST OF RAW MATERIAL CONSUMED**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Inventory at the beginning of the year	322,436,545	27,000,320
Add : Purchases	1,194,970,100	1,604,193,211
	<b>1,517,406,645</b>	<b>1,631,193,531</b>
Less : Inventory at the end of the year	117,554,838	322,436,545
<b>Cost of Raw Material consumed</b>	<b>1,399,851,807</b>	<b>1,308,756,986</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Details of Consumption under broad heads</b>		
<b>Opening stock</b>		
Cotton	275,968,673	11,953,147
Synthetic fibre	45,675,947	14,372,096
Color, chemicals & mixing	791,925	675,077
Raw cotton	-	-
	<u>322,436,545</u>	<u>27,000,320</u>
<b>Purchase</b>		
Cotton	752,072,577	1,109,428,398
Synthetic fibre	425,403,698	481,801,095
Color, chemicals & mixing	13,926,772	11,295,712
Raw cotton	3,567,053	1,668,006
	<u>1,194,970,100</u>	<u>1,604,193,211</u>
<b>Closing stock</b>		
Cotton	98,922,782	275,968,673
Synthetic fibre	17,909,925	45,675,947
Color, chemicals & mixing	722,131	791,925
Raw cotton	-	-
	<u>117,554,838</u>	<u>322,436,545</u>
<b>Raw Material Consumption</b>		
Cotton	929,118,468	845,412,872
Synthetic fibre	453,169,720	450,497,244
Color, chemicals & mixing	13,996,566	11,178,864
Raw cotton	3,567,053	1,668,006
	<u>1,399,851,807</u>	<u>1,308,756,986</u>

**NOTE - 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
<b>Opening Stocks :</b>		
Semi Finished Goods	64,853,744	33,907,856
Finished Goods	258,419,640	72,265,065
Stock in trade	-	41,024,956
Waste / Scrap	3,394,991	22,217,269
<b>Total Opening Stocks (A)</b>	<u>326,668,375</u>	<u>169,415,146</u>
<b>Closing Stocks :</b>		
Semi Finished Goods	77,209,418	64,853,744
Finished Goods	155,661,703	258,419,640
Stock in trade	-	-
Waste / Scrap	9,971,125	3,394,991
<b>Total Closing Stocks (B)</b>	<u>242,842,246</u>	<u>326,668,375</u>
<b>Total (A - B)</b>	<u>83,826,129</u>	<u>(157,253,229)</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE - 24 EMPLOYEES BENEFITS EXPENSES**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Salaries, Wages and bonus	156,288,564	149,647,831
Contribution to Provident & Other Funds	11,085,060	9,051,974
Gratuity Expenses	4,399,176	6,135,729
Remuneration to Directors	3,072,173	-
Staff Welfare Expenses	1,831,939	1,863,446
<b>Total</b>	<b>176,676,912</b>	<b>166,698,980</b>

**NOTE - 25 FINANCE COST**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Interest	391,346,070	303,945,739
Bank Charges	5,677,828	3,906,569
<b>Total</b>	<b>397,023,898</b>	<b>307,852,308</b>

**NOTE - 26 OTHER EXPENSES**

	As at 31 March 2012 Amt in Rs.	As at 31 March 2011 Amt in Rs.
Consumption of Stores & Spares	27,345,664	26,711,514
Consumption of Packing Material	25,976,665	22,533,559
Conversion Charges Paid	6,268,270	5,997,911
Power & Fuel	222,224,098	185,207,114
Water Charges	4,755,629	4,144,022
Freight & forwarding charges	44,825,557	44,213,491
Rent	4,224,026	3,791,460
Rates & Taxes	1,024,785	742,619
Insurance	4,041,111	3,478,089
Repair & Maintenance		
Plant & Machinery	3,425,767	3,585,457
Building	592,775	785,542
Others	635,189	1,482,465
Advertisement and Sales & Promotion Expenses	12,826,200	16,644,127
Discounts & Rebates	6,193,515	2,874,866
Other Commission	24,300,652	24,411,345
Traveling & Conveyance Expenses	1,926,126	3,041,932
Vehicle Repair & Maintenance Expenses	2,126,675	1,969,897
Communication Expenses	5,747,307	1,637,410
Printing & Stationery	3,908,951	1,644,586
Legal & Professional Charges	20,062,474	10,848,553
Directors Sitting Fees Paid	135,000	131,000
Professional Fees	1,338,615	1,034,209
Research and development Expenses	194,643	75,400
Donations Paid	88,373	73,986
Miscellaneous Expenditure	28,125,630	36,587,533
<b>Total</b>	<b>452,313,699</b>	<b>403,648,086</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE NO.27 CONTINGENT LIABILITIES NOT PROVIDED FOR:**

Particulars	2011 - 2012 (Amt in Rs)	2010 - 2011 (Amt in Rs)
a) Claims against Company not acknowledged as debt	102,000	102,000
b) Labour matter pending with the court	75,00,000	1,515,097

Ultimate outflow for the matters referred to above depends on the settlement of these cases

**NOTE NO.28**
**ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED AND NOT PROVIDED FOR (NET OF ADVANCES)**

Particulars	2011 - 2012 (Amt in Rs)	2010 - 2011 (Amt in Rs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	27,192,513	9,297,513

**NOTE NO.29**

In the absence of necessary information relating to the suppliers registered as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has not been able to identify such suppliers and disclose the information required under the said Act relating to them.

**NOTE NO.30 DEPRECIATION / AMORTIZATION**

Particulars	2011 - 2012	2010 - 2011
Depreciation/ Amortization charged on Fixed Assets	96,462,568	83,483,767
Less: Depreciation/ Amortization charged on Revalued Assets	42,100	42,100
	96,420,468	83,441,667

**NOTE NO.31**

The major components of Deferred Tax Asset/ (Liability) are set as below:

Component	2010 - 2011 (Amt in Rs)	For the year 31.03.2012 (Amt in Rs)	2011 - 2012 (Amt in Rs)
Difference between Book and Tax Depreciation U/S 43 B of Income Tax Act, 1961	(124,551,848)	(16,905,806)	(141,457,654)
Carry Forward Losses / Unabsorbed Depreciation	13,629,521	734,639	14,364,160
Other Liability	42,165,794	(3,45,08,414)	76,57,380
Deferred Tax (Liability)/Asset	16,421,323	(90,30,382)	73,90,941
	(52,335,210)	(59,709,963)	(112,045,173)

**NOTE NO.32 EARNINGS PER SHARE**

Particulars	2011 - 2012	2010 - 2011
Net Profit as per Profit and Loss Account (In Rs)	88,292,121	125,418,093
Weighted Average Number of Equity Shares (In Nos)	2,612,725,742	2,564,097,775
Basic and Diluted Earnings Per share (In Rs)	0.034	0.049

**NOTE NO. 33 REMUNERATION TO AUDITORS**

Particulars	2011 - 2012	2010 - 2011
Audit fees	1,137,083	882,400
Limited Review fees	220,600	-
Out of Pocket Expenses	52,393	8,273

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**
**NOTE NO.34**

The Government of India has approved import of Capital Equipment under the “Exports Promotion Capital Goods Scheme” at a concessional rate of custom duty. Under the Scheme the Company purchased Capital Goods at nominal duty for which the Company has an export obligation aggregating to Rs.13167.39 Lacs (previous year Rs.13167.39 Lacs), to be fulfilled within eight years from the date of issuance of respective licences, failing which the duty saved aggregating Rs.1645.92 Lacs (previous year Rs.1645.92 Lacs), together with interest and penalties, if levied, may have to be paid.

As at the year end the Company has fulfilled Export Obligation aggregating Rs.5226.05 Lacs (previous year Rs.2309.03 Lacs)

**NOTE NO.35**

There are no derivative instruments outstanding as at the year end. Foreign currency exposure which are not hedged as at the year end are as follows :

Particulars/ Currency Denomination	2011 – 2012		2010 – 2011	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
Receivables	USD 869,817	44,247,584	USD 252,330	11,142,153
<b>Total</b>		<b>44,247,584</b>		<b>11,142,153</b>
Payables	-	-	-	-

**NOTE NO.36**
**EMPLOYEE BENEFITS DISCLOSURE AS PER AS-15 (REVISED) ISSUED UNDER ACCOUNTING STANDARD RULES 2006 (AS AMENDED)**
**A. Defined Contribution Plans:**

During year ending 31<sup>st</sup> March 2012, the Company has recognised the contribution to Employees Provident Fund and Pension Fund aggregating Rs.10,181,308 (Previous year Rs.9,039,436) in the Profit & Loss Account.

**B. Defined Benefit Plans:**
**I. Contribution to Gratuity.**

Provision for Gratuity has been made on the report of Actuary as at the year ended 31<sup>st</sup> March 2012. The Company has funding arrangement with LIC for Khamgaon, Dhule and Ghatanji units. For Head office, Synthetic and Malkapur units there are no such arrangement. The liability towards the employees is discharged in the year of retirement / cessation of employment. Details under the AS -15, are furnished below:

	2011 - 2012 (Amt in Rs)	2010 - 2011 (Amt in Rs)
<b>1. Changes in the Present Value of the Defined Benefits Obligation</b>		
a. Present value of Defined Benefit Obligation at the beginning of the year	33,936,865	29,763,470
b. Interest Cost	2,800,018	2,452,786
c. Current Service Cost	2,934,320	2,821,344
d. Benefits paid during the year	(2,689,972)	(2,171,052)
e. Actuarial (Gain) / Loss	(1,208,180)	1,070,317
f. Present Value of Defined Benefit Obligation at the End of the Year	35,773,051	33,936,865
<b>2. Amounts recognized in the Profit &amp; Loss account</b>		
a. Current Service Cost	2,934,320	2,821,344
b. Interest Cost	2,800,018	2,452,786
c. Expected return on plan assets	(126,982)	(187,822)
d. Net Actuarial (Gain) / Loss	(1,208,180)	1,070,317
e. Expenses Recognized in the Statement of Profit & Loss A/c	4,399,176	6,156,625

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

<b>3. Change in the fair value of Plan Assets</b>		
a. Fair value of plan assets at beginning of the year	1,518,871	1,855,636
b. Expected return on plan assets	126,982	143,059
c. Contributions	2,352,585	--
d. Benefits paid	(2,689,972)	(479,824)
e. Fair value of plan assets at the end of the year	1,308,466	1,518,871
Present Value of Defined Benefit Obligation at the End of the Year	35,773,051	33,936,865
Less: Fair value of plan assets for the funded gratuity at the end of the year	1,308,466	809,079
Liability with respect to unfunded Plan recognised in the Balance Sheet	34,464,585	33,127,786
<b>4. Actuarial Assumption</b>		
a. Discount rate (In %'s)	8.00 - 8.75	8.00 - 8.25
b. The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. (In %'s)	5.00 – 7.00	5.00 – 7.00
5. Percentage of each category of Plan Assets to total Fair value of Plan Assets as at the year end	N.A	N.A

**II. Leave Encashment**

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value of liability is Rs 1,252,796 (Previous year Rs 994,500) based upon following assumptions

Discount rate 8.00% - 8.75% (Previous year 8.00% - 8.25%)

Salary escalation 5.00% - 7.00% (Previous year 5.00% - 7.00%)

**NOTE NO.37**
**RELATED PARTY DISCLOSURE AS REQUIRED BY THE ACCOUNTING STANDARDS 18 (AS – 18)**
**a) Nature of Related Party Relationship and balances outstanding**

S.No	Name of the Parties	Balance Amt as at 31.03.2012		Balance Amt as at 31.03.2011	
		(Amt in Rs)		(Amt in Rs)	
		Receivable	Payable	Receivable	Payable
1.	Key Management Personnel				
	Directors	-	-	-	-
	a) Shri P.B.Bhardwaj (Chairman)	-	-	-	-
	b) Shri Yashovardhan Birla (Co Chairman)	-	-	-	-
	c) Shri P.V.R.Murthy (Managing Director)	-	-	-	-
2.	Enterprises owned or significantly influenced by Key Management personnel or their relatives				
	a) Zenith Birla (India) Ltd	-	-	-	-
	b) Birla Viking Travels Ltd	-	16,079	-	-
	c) Birla Global Corporate Ltd	-	8,217,412	-	7,568,848
	d) Birla Infrastructure Ltd	-	-	-	-
	e) Khangaon Syntex India Ltd	45,250	-	45,250	-
	f) Nirved Traders Pvt Ltd	-	148,905	-	-
	g) Birla Power Solutions Ltd	-	-	-	230,944,047
	h) Birla Leasing & Infrastructure Ltd	-	-	-	-
	i) Birla Energy Infra Limited	-	-	-	-



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

	<i>Investment</i>	390,000	-	390,000	-
j)	Birla Pacific Medspa Limited(Loan)	-	60,00,000	-	-
k)	Birla Shloka Edutech Limited(Loan)	-	27,50,000	-	-
l)	Sherason Investment & Trading Co P Ltd (Loan)	-	4,00,04,967	-	-
m)	Godavari Corporation P Ltd (Loan)	7,00,00,000	-	-	-
n)	Birla Integrated Textile Park Ltd	-	-	-	-
	<i>Investment</i>	-	-	100,000	-
	<i>Loan</i>	-	-	45,173,948	-

**b) Transaction with Related Parties**

S.No	Particulars	Key Management Personnel		Enterprise owned or significantly influenced by Key Management personnel or their relatives	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
1.	Travel Expenses (Birla Viking Travels Ltd)	-	-	397,970	704,752
2.	Rent Paid (Birla Global Corporate Ltd)	-	-	1,389,780	2,501,604
3.	Rent Paid (Nirved Traders Pvt.Ltd.)	-	-	661,800	-
4.	Service Charges (Birla Global Corporate Ltd)	-	-	7,941,600	7,782,768
5.	Remuneration	3,072,173	2,738,403	-	-
6.	<u>Loans Received</u>				
a)	Birla Power Solutions Ltd	-	-	-	357,411,021
b)	Zenith Birla (India) Ltd	-	-	-	-
c)	Birla Pacific Medspa Ltd	-	-	60,00,000	-
d)	Birla Shloka Edutech Ltd	-	-	27,50,000	-
e)	Sherason Investment & Trading Co P Ltd.	-	-	4,00,00,000	4967
7.	<u>Loans Granted</u>				
a)	Birla Integrated Textile Park Ltd	-	-	-	1,73,948
b)	Godavari Corporation P Ltd	-	-	10,00,00,000	-
8.	<u>Loans Repaid</u>				
a)	Zenith Birla (India) Ltd	-	-	-	25,000,000
b)	Birla Power Solutions Ltd	-	-	23,09,44,047	168,766,974
c)	Godavari Corporation P Ltd	-	-	3,00,00,000	-
9.	<u>Investments in shares</u>				
a)	Birla Energy Infra Ltd	-	-	-	390,000
b)	Birla Integrated Textile Park Ltd	-	-	-	100,000
10.	Sitting Fees	135,000	131,000	-	-

**c) No debt due from or to related parties are written off or written back during the year.**

- *Related parties are identified by the Management and relied upon by the Auditors.*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**NOTE NO.38**

In compliance with Accounting Standard 17 – ‘Segmental Reporting’ issued by the Institute of Chartered Accountants of India, Segmental disclosure are as follows:

Primary Business Segment

Financial Information about the primary business segment is presented in the table given below

Particulars	2011-12			2010-11		
	Textiles	Trading in Fabrics	Total	Textiles	Trading in Fabrics	Total
<b>1. Segment Revenue</b>	2,017,013,506	8,016,866,810	10,033,880,316	1,831,557,627	4,115,008,982	5,946,566,609
Less: Inter Segment Revenue	-	-	-	-	-	-
<b>Total Sales &amp; Services Income</b>	<b>2,017,013,506</b>	<b>8,016,866,810</b>	<b>10,033,880,316</b>	<b>1,831,557,627</b>	<b>4,115,008,982</b>	<b>5,946,566,609</b>
<b>2. Segment Results</b>	(134,940,887)	686,178,055	551,237,168	27,154,641	426,677,896	453,832,537
Less: Interest & Finance Expenses			397,023,898			307,852,308
Less: Provision for Tax (Including prior year adjustment)			80,259,963			33,037,436
Add: Interest income			14,332,813			12,469,301
Add: Dividend Income			6,000			6,000
<b>Total Profit / (Loss) After Tax</b>			<b>88,292,121</b>			<b>125,418,093</b>
<b>3. Segment Assets</b>	2,632,826,978	4,715,758,245	7,348,585,223	2,505,527,868	1,685,451,608	4,190,979,476
Unallocated Assets	-	-	1,226,966,311	-	-	2,488,613,202
<b>Total Assets</b>			<b>8,575,551,535</b>			<b>6,679,592,678</b>
<b>4. Segment Liabilities</b>	<b>371,235,875</b>	<b>2,155,233,703</b>	<b>2,526,469,578</b>	<b>371,319,459</b>	<b>617,715,477</b>	<b>989,034,935</b>
Unallocated Liabilities			2,795,278,420			2,735,743,916
<b>Total Liabilities</b>			<b>5,321,747,998</b>			<b>3,724,778,851</b>
<b>5. Segment Capital Expenditure</b>	63,560,687	-	63,560,687	66,371,217	-	66,371,217
<b>6. Segment Depreciation &amp; Amortisation</b>	96,098,264	-	96,098,264	83,126,990	-	83,126,990
Unallocable	-	-	322,204	-	-	314,677
<b>Total Depreciation &amp; Amortisation</b>			<b>96,420,468</b>			<b>83,441,667</b>
<b>7. Significant Non Cash Expenditure</b>	-	-	-	-	-	-

**8. Geographical Segment**

(Amt in Rs)

Particulars	India		Rest of the World		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	9,627,085,635	5,680,793,635	406,794,681	265,772,974	10,033,880,316	5,946,566,609
Carrying cost of Segment Assets	7,304,422,328	4,179,837,323	44,162,896	11,142,153	7,348,585,223	4,190,979,476
Additions to Fixed Assets and Intangible Assets	-	-	-	-	-	-

Note

- Textile includes manufacture of Synthetic Yarn, Cotton Yarn, Ginning and Pressing.
- Segments have been identified in line with the Accounting Standard on Segment Reporting (AS -17) taking into account the organisation structure as well as the differential risks and returns of these Segments. All Segments assets and liabilities are directly attributable to the Segment.
- Segment Revenue and Expenses are those which are directly attributable to the Segment.

**NOTE NO. 39**

During the year the company has capitalised Nil interest (Previous year Rs. 23,765,111).

**NOTE No. 40**

The exceptional item is the gain on forex fluctuation of GDR proceeds in the foreign bank A/c

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**NOTE NO.41**

Premises taken on Operating Lease

- a. The Company has Operating Lease Agreements for the Office building and other premises. The rental expenses for the Operating Lease aggregating Rs.4,224,026 (Previous year Rs. 3,791,460) has been debited to the Profit and Loss Account for the year.
- b. Future lease rentals are determined on the basis of agreed terms.
- c. At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.
- d. The total future minimum rentals payable as at the Balance Sheet date are as under:

(Amt in Rs)

S.No	Particulars	2011 – 2012	2010 – 2011
1.	For the period not late than one year	3,341,820	3,114,662
2.	For the period late than one year and not late than five years	4,621,009	463,260
3.	For the period late than five years	-	-

**NOTE NO. 42**

Comparative figures for the previous year have been regrouped and / or rearranged wherever necessary.

As per our report of even date

**FOR KANU DOSHI ASSOCIATES**

Firm Reg. No. 104746W  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**MOHANDAS SHENOY ADIGE**  
Director

**P.V.R.MURTHY**  
Managing Director

**JAYESH PARMAR**

Partner  
Membership Number 045375

**SHRIKANT CHARI**  
Chief Financial Officer

**MONICA GANDHI**  
Company Secretary

Place : Mumbai

Dated : 29th May,2012

**STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

Name of the Subsidiary	Period of the Subsidiary Company	No of Equity Shares	Percentage of Holdings	The Net aggregate amount of Subsidiary's Profit/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts		The Net aggregate amount of Subsidiary's Profit/Losses of Subsidiary which has been dealt with in the account of the Holding Company	
				For the Current Period	For Previous Period since it became Subsidiary	For the Current Period	For Previous Period since it became Subsidiary
<b>* Birla Integrated Textile Park Limited</b>	4th January 2012 to 31st March 2012	25500 Shares (Face value of Rs. 10 each)	51%	INR 1,484,604	Nil	N.A	N.A
<b>Birla Cotsyn (India) Ltd FZE</b>	1st April 2011 to 31st March 2012	1 Share of UAE Dirhams 35000	100%	UAE Dirhams 5,364,937	UAE Dirhams 1,404,872	N.A	N.A

\* Birla Integrated Textile Park Limited was a wholly owned subsidiary of the Company from 23rd September, 2011 to 3rd January, 2012

	<b>Birla Integrated Textile Park Limited</b>	<b>Birla Cotsyn (India) Ltd FZE</b>	
	1st April 2011 to 31st March 2012	1st April 2011 to 31st March 2012	
	(Amount in Rs.)	(Amount in AED)	(Amount in Rs.)
<b>Capital</b>	500,000	35,000	431,473
<b>Reserves</b>	(1,562,260)	6,769,809	87,701,855
<b>Total Assets</b>	76,091,611	161,983,877	2,286,305,232
<b>Total Liabilities</b>	76,091,611	161,983,877	2,286,305,232
<b>Details of Investments</b>	Nil	Nil	Nil
<b>Turnover</b>	Nil	186,166,934	2,439,252,253
<b>Profit Before Tax</b>	(2,147,704)	5,364,937	70,294,082
<b>Provision for Tax</b>	(663,641)	Nil	Nil
<b>Profit After Tax</b>	(1,484,063)	5,364,937	70,294,082
<b>Proposed Dividend</b>	Nil	Nil	Nil

Exchange rates as on 31st March, 2012

1. AED = Rs. 13.1025

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Place : Mumbai

Dated : 29th May, 2012



**BIRLA COTSYN (INDIA) LIMITED**  
 Regd. Office : Dalamal House, First Floor, Nariman Point, Mumbai- 400021

ATTENDANCE SLIP

DP. Id	
Client Id	
Folio No.	
No. of Shares held	

Name & address of the Shareholder

I hereby record my presence at the 70<sup>th</sup> ANNUAL GENERAL MEETING of the Company at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 on Friday, the 21<sup>st</sup> day of September, 2012 at 3.30 pm.

**Signature of the Member / Proxy present :** .....

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP AT THE MEETING



**BIRLA COTSYN (INDIA) LIMITED**  
 Regd. Office : Dalamal House, First Floor, Nariman Point, Mumbai- 400021

FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members  
 of Birla Cotsyn (India) Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
 or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and vote for me/ our behalf at the 70<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Friday, the 21<sup>st</sup> day of September, 2012 at 3.30 p.m.

Signed this .....day of.....2012

Affix 1 Rupee Revenue Stamp
--------------------------------------

DP. Id	
Client Id	
Folio No.	
No. of Shares held	

**NOTE :** The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the Meeting.



Registered Office: Dalamal House, First Floor, Nariman Point, Mumbai - 400021

Dear Shareholder,

### **Re: Green Initiative in Corporate Governance**

We wish to inform you that the Ministry of Corporate Affairs, New Delhi ("MCA") (vide its Circulars dated April 21, 2011 and April 29, 2011) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. This move by the MCA is welcome since it will benefit the society at large through reduction in paper consumption and contribute towards greener environment. Also you will be able to receive the Communication promptly and without loss in transit.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send all communications / documents including the Notice calling the General Meeting/ Notice of Postal Ballot, audited financial statements, directors' report, auditors' report etc. via electronic mode **on the Email ID registered by shareholders** with their **Depository Participant (DP)** or with **Adroit Corporate Services Private Limited..**

**Shareholders holding shares in demat mode and who have not yet registered their Email ID** are requested to kindly register/update their e-mail ID with their concerned Depository Participant, on which they desire to receive all future communications/ documents as specified above. **In case of change in your Email Address in future**, please update same with your DP.

Please note that the email address indicated in your respective DP accounts periodically downloaded from the depositories viz. NSDL/ CDSL will be deemed to be your registered email address.

**Shareholders holding shares in physical mode** are requested to register their email address with the Company by sending a written request signed by the First Shareholder, mentioning your folio no and send it to the Registrar & Share Transfer Agents - Adroit Corporate Services Limited

Please note that, upon receipt of a requisition from you, the Company shall send all these documents on the address registered with the Company free of cost.

Please note that the Annual Report of your Company along with all future notice/ communication/ documents will be displayed on the Company's website [www.birlacotsyn.com](http://www.birlacotsyn.com).

*It is clarified that shareholders holding shares in physical form and have not registered their email address with the Registrar/ Company and those Demat Shareholders who have not registered email ID with their DP, will continue to receive physical copies of these documents.*

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and co-operate with the Company to make it a success.

**Thanking You,**

**Yours faithfully,**

**For Birla Cotsyn (India) Limited**

**Sd/-**

**Monica Gandhi**

**Company Secretary & Compliance Officer**

## BOOK-POST

“ *Staying tuned to emerging market realities at grassroots and global levels will enhance the leverage to staying ahead. Continuing to seek and create growth opportunities with excellence driven partners and associates will endure the creation of wealth, adding value to our stake holders.* ”

**Yashovardhan Birla**  
Chairman - The Yash Birla Group

If Undelivered please return to:  
Adorit Corporate Services Pvt. Ltd.  
**(Unit : BIRLA COTSYN (INDIA) LTD.)**  
19/20, 1st Floor, Jaferbhoy Industrial Estate,  
Makwana Road, Marol Naka, Andheri (E),  
Mumbai - 400059, India