

67th ANNUAL REPORT
2008-2009**DIRECTORS:**

Shri P. B. Bhardwaj, *Chairman*
Shri Yashovardhan Birla, *Co-Chairman*
Shri P. V. R. Murthy
Shri Sanjay Agarwal
Shri Mohandas Shenoy Adige
Shri Navinchandra Shah
Shri Y. P. Trivedi
Shri Mohan Jayakar

CHIEF EXECUTIVE OFFICER:

Shri Kamal Kumar Baheti

COMPANY SECRETARY:

Shri Tushar Dey

AUDITORS:

Dalal & Shah
Chartered Accountants, Mumbai

PLANT LOCATIONS:

1. C-6/1, MIDC Area, Malkapur 443 101,
Dist. Buldhana (Ms)
2. A/82, MIDC Area, Khamgaon 444 303,
Dist. Buldhana (Ms)
3. Shree House, Shegaon Road, Khamgaon,
Dist. Buldhana (Ms)
4. Post Box No. 1, Ghatanji, Dist. Yavatmal (Ms)
5. Near Cotton Market, Parola Road, Dhule 424 004 (Ms)

REGISTERED OFFICE:

Dalamal House,
First Floor, Nariman Point,
Mumbai- 400021

REGISTRAR AND SHARE TRANSFER AGENT:

Adroit Corporate Services Pvt. Ltd
19/20, 1st Floor, Jaferbhoy Industrial Estate
Makwana Road, Marol Naka, Andheri (E),
Mumbai, Maharashtra 400059. India
Tel.: 022-28596060 / 28594060
Fax: 022-2850 3748

BANK / FINANCIAL INSTITUTIONS:

Axis Bank
Bank of India
HDFC Bank
Union Bank of India
State Bank of India
Oriental Bank of Commerce
Indian Overseas Bank
Central Bank of India

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 67th Annual General Meeting of Birla Cotsyn (India) Limited will be held on 23rd September, 2009, at 12:00 noon 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 Profit and Loss Account for the financial year ended on March 31, 2009, the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2009.
3. To appoint a Director in place of Shri P. V. R. Murthy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Mohandas Shenoy Adige who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s Dalal & Shah, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**.

“RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, (“the Act”) and the provisions of Article 75 of the Articles of Association of the Company and subject to necessary approvals, consent be and is hereby accorded to sub-divide the nominal value of the authorised Equity Share Capital of the Company being Rs. 1,50,00,00,000 (Rupees One Hundred and Fifty Crores Only) divided into 15,00,00,000 Equity Shares of Rs. 10/- (Rupee Ten only) each into Rs. 1,50,00,00,000 (Rupees One Hundred and Fifty Crores Only) divided into 1,50,00,00,000 Equity Shares of Re. 1/- (Rupee One Only) each and that the Memorandum of Association of the Company be amended as follows:

The existing Clause 5 shall be deleted and the following be substituted therefor:

“5. The capital is Rs. 1,50,00,00,000/- (Rupees One Hundred and Fifty Crores only) divided into 1,50,00,00,000/- (Rupees One Hundred and Fifty Crores only) Equity Shares of Re. 1/- (Rupee One) each with power of the Company to subdivide, consolidate and increase or reduce the said capital and to issue any part of its capital original or increased with or without any preference, priority or special privilege or subject to any postponement of rights, or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the power hereinbefore contained.”

RESOLVED FURTHER THAT each of the existing 15,00,00,000 (Fifteen Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each shall be divided into 1,50,00,00,000 (One Hundred and Fifty Crores) Equity Shares of Re. 1/- (Rupee One Only) each with effect from such date as may be decided by the Board (“the Board” which expression shall also include a Committee thereof).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to issue new share certificates representing the sub-divided Equity Shares with new distinctive numbers, consequent to the sub-division of the shares as aforesaid and/ or credit the shareholders’ accounts maintained with the Depositories, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, and the Articles of Association of the Company and to inform the Depositories and the Registrar and Transfer Agents of the Company and execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or other official to give effect to the aforesaid resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**.

“RESOLVED THAT in supersession of the earlier resolution passed in the Extraordinary General Meeting held on 6th December, 2007 and in pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions, and sanctions, and subject to the consent of the Company duly accorded to the Board of Directors of the Company, (hereinafter referred to as “the Board” which term shall be deemed to include any committee, including the Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution, to create, offer, issue and allot at any time to or to the benefit, of such person(s) who are in permanent employment of the Company, including any Director, whether whole time or otherwise, of the Company whether in India or abroad, options exercisable into shares or securities convertible into equity shares not exceeding 50,00,000 equity shares, under one or more employee stock option schemes (“the Schemes”), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable for one Equity share of a face value of Rs. 10 each fully paid up on payment of the requisite exercise price of the Company.

RESOLVED FURTHER THAT the said Securities may be allotted by creating an irrevocable trust in favour of such Employees/ Directors or in accordance with the scheme in that behalf in any permissible manner as may be authorized by law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub – divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per equity share bears to the revised face value of the equity shares of the Company after such sub – division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI (Employee Stock Option Scheme) Guidelines and any other applicable laws.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps for listing of the securities allotted under the schemes on the stock exchanges where the securities of the Company are listed as per the provisions of the listing agreement(s) with the concerned stock exchanges, the guidelines and any other applicable laws and regulations.

RESOLVED FURTHER THAT Shri P.V.R. Murthy, Director and Shri Tushar Dey, Company Secretary of the Company, be and are hereby severally authorized to sign and submit all the necessary documents with various authorities including the Registrar of Companies and to do all such acts, deeds and things as may be necessary in this regard, to give effect to the above resolutions.”

**By order of the Board of Directors
For Birla Cotsyn (India) Limited**

Place: Mumbai
Date: 29-07-2009

**Tushar Dey
Company Secretary**

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE 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. The proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 17th September, 2009 to Wednesday, 23rd September, 2009 (both days inclusive) for the purpose of dividend to those members whose name stand on the Register of Members as on close of the business hours on 16th September, 2009. The dividend in respect of Equity Shares held in electronic form will be payable too the beneficial owners of the Equity Shares as at close of the business hours on 16th September, 2009, as per the details furnished by the depositories for this purpose.
3. Members are requested to forward all application for Transfer, Demat, and all other share related correspondence, including intimation of change of address, if any, to the Registrar and Transfer Agents of the Company at the following address:
Adroit Corporate Services Pvt. Ltd
19/20, 1st Floor, Jaferbhoy Industrial Estate
Makwana Road, Marol Naka, Andheri (E),
Mumbai, Maharashtra 400059. India
4. Members are requested to:
 - a) complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - b) bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - c) 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.
5. As required under the Listing Agreement, the relevant details in respect to the directors seeking re-appointment at the ensuing Annual General Meeting is provided in the Corporate Governance report.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.6:**

The Company's existing Equity Share has a face value of Rs. 10/-. The trading volumes are low and the real value of share is not adequately reflected in the market price. In order to improve liquidity in the market which will, in turn, help investors to trade more actively, it will be in the interest of the shareholders to sub divide the face value of existing Equity Share of Rs. 10/- each into Equity Shares of Re. 1/- each.

None of the Directors is, in any way, concerned or interested in the resolution except to the extent of their shareholding in the Company.

The Board of Directors recommends the Special Resolution as set out in the notice for the members approval.

Item No. 7:

The Employee Stock Option Scheme was approved by the members on 6th December, 2007 in the Extra Ordinary General Meeting held by the Company.

In the approved Scheme it was decided to allot the securities directly to the employees.

Later, the Remuneration & Compensation Committee of the Company concluded that the scheme should be routed through creating an irrevocable trust.

The main features of the employee stock option schemes are as under:

Total number of options to be granted:

Options convertible into such number of equity shares not exceeding 50,00,000 equity shares will be available for being granted to eligible employees of the Company under one or more employee stock option Schemes. Each option (after it is vested) will be exercisable for one Equity share of Rs. 10 each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise would be available for being re-granted at a future date.

1. Identification of classes of employees entitled to participate in the employee stock option schemes:

All permanent employees of the company including Directors (excluding promoters and any director who holds either by himself or through his relative, or through any body corporate, directly or indirectly, more than 10% of the outstanding equity Shares of the Company), whether working in India or abroad, as may be decided by the Board, from time to time, would be entitled to participate in the employee stock option schemes.

Employees may be granted Stock Options based on performance and such other criteria as the Board may, in its absolute discretion decide. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

2. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company. The options granted shall vest over a period not exceeding 6 years from the date of grant of the options. The Board would determine the exact proportion and period in which the options would vest.

The Board may, in its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted under the schemes would vest.

3. Exercise Price:

The exercise price shall not be less than the face value per share per option.

4. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options.

The options will be exercisable by the Employees by a written application to the Company / irrevocable trust to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time. The options will lapse if not exercised within the specified exercise period.

5. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Board, and will be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the Board at its sole discretion.

6. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to employees under the Scheme shall be determined by the Compensation Committee from time to time. However, grant of options to identified employees, during any one year shall not exceed 12,50,000 Equity Shares at the time of grant of options.

7. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed by concerned Authorities.

8. Method of option valuation

To calculate the stock-based compensation, the Company may use the Fair Value method for valuation of the options granted.

If the Company calculates the employee compensation cost using intrinsic value of the stock options, the difference between the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to Section 81(IA) of the Companies Act, 1956.

**By order of the Board of Directors
For Birla Cotsyn (India) Limited**

Place: Mumbai
Date: 29-07-2009

**Tushar Dey
Company Secretary**

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Sixty-Seventh Annual Report together with the Audited Statements of Accounts of your Company for the year ended 31st March, 2009.

DIRECTORS REPORT

1. Financial Results

(Amount in Rs.)

FINANCIAL RESULTS	Year ended 31.03.2009	Year ended 31.03.2008
NET SALES	1,937,744,003	837,725,441
Other Income	58,235,900	13,028,825
NET INCOME	1,995,979,903	850,754,266
PROFIT/(LOSS) BEFORE INTEREST, DEPRECIATION, TAXATION	134,219,355	58,240,839
Interest and Finance Expenses	49,880,218	7,256,818
PROFIT/(LOSS) BEFORE DEPRECIATION AND TAXATION	84,339,137	50,984,021
Depreciation	51,215,990	14,645,606
NET PROFIT/(LOSS) BEFORE TAX (PBT)	33,123,147	36,338,415
Less: Deferred Tax Liability	7,610,545	15,223,222
Less : Fringe Benefit Tax (FBT)	473,453	357,759
Less : Current Year Tax (MAT)	3,860,000	4,125,000
PROFIT AFTER TAX (PAT)	21,179,149	16,632,434

2. Operating and Financial Performance:

During the year under review net income increased from Rs.850,754,266 to Rs.1,995,979,903 i.e. increased by 134.61% over the previous year. Profit after tax has increased from Rs. 16,632,434 to Rs.21,179,149. Your Company continues to remain a leading exporter of synthetic yarn to other countries. Exports turnover decreased by 10.75 % i.e. from Rs.76,642,935 to Rs.68,406,844 during the year under review, mainly due to recessionary conditions and economic slow down the world over. However, your Company continues to remain net earner of the valuable foreign exchange.

3. Dividend

In view of the improved performance of the Company, your Directors are pleased to recommend dividend of Re. 0.1 per share on the paid up equity share capital of Company as on 31st March, 2009.

4. Expansion Project

The Company has commissioned the spinning unit of 36000 spindles and the open end project. The weaving plant is under progress and installation of the machineries is under way and work is expected to be operational in few months time.

5. Employee Stock Options Plan

The Company has authorized an Employee Stock Option Plan 2007 (ESOP) in their Extraordinary General Meeting held on 6th December, 2007. Along with the other procedural part a trust is to be formed for ESOP operations. No shares have been allotted under the ESOP till date.

6. Subsidiary Company

Your Company does not have any Subsidiary Company.

7. Management Discussion and Analysis Report

In terms of clause 49 of the Listing Agreement with the Stock Exchange, the Management Discussion and Analysis Report is appended to this report.

8. Corporate Governance

As required by Clause 49 of the Listing Agreement, a report on corporate governance is enclosed. A certificate from the auditors of the Company regarding compliance of corporate governance guidelines as stipulated by the said clause is attached to this report.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have certified to the Board on financial statements and other matters in accordance with clause 49(v) of the Listing Agreement for the financial year ended 31st March, 2009.

9. 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. that the selected accounting policies were applied consistently and the Directors made judgements 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, 2009 and the profit or loss of the Company for the year ended on that date;
3. that 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on a 'going concern' basis.

10. Auditors Remarks

The notes to the Accounts and the remarks referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

11. Directors

Shri P. V. R Murthy and Shri Mohandas Shenoy Adige Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

The brief resume of the aforesaid directors and other information have been detailed in the Corporate Governance Report convening Sixty-Seventh annual general meeting of the Company. Appropriate resolutions for their re-appointment are being placed for approval of the members at the ensuing annual general meeting.

12. Fixed Deposits

Your Company has not accepted any fixed deposit from the public. As such, no amount of principal or interest is outstanding as on the Balance Sheet date.

13. Auditors

M/s. Dalal & Shah, Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment at the forthcoming Annual General Meeting.

14. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

The information relating to energy, technology absorption and foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to Directors Report.

15. Particulars of Employees

As required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees receiving remuneration above the prescribed limit are set out in the Annexure appended to this report.

16. 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.

17. 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. The Directors are pleased to place on record their appreciation for the valuable contribution made by the employees of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 29-06-2009

Yashovardhan Birla
Co-Chairman

ANNEXURE TO DIRECTORS' REPORT

I) (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 31st March, 2009).

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken.

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

- Company has installed tube lights with electronic ballast to save power.
- Provided inverter in humidification towers to save energy as well as automatic control of humidity in the department.
- Provided complete false ceiling and humidification supply duct with insulation to save energy wastage.
- All the Blow-Room machines, carding machines, Drawings and speed frames are equipped with inverters.
- Installation of stabilizers on various machines.
- Automatic power factor controller unit installed to maintain Power Factor to 1.0
- Demand controller unit installed to control the maximum demand.
- Reduction in air consumption by regular auditing of air leakages.
- Change all reciprocating air compressors by new screw compressors of Atlas Copco.
- Decrease lighting consumption by putting the load on OLTC transformer and provided switching of systems everywhere in offices, Humidification Plant, unutilized areas etc., and slogans display to switch off the lights where not required.
- Reduction in coal consumption by providing condensate recovery system.
- Decrease the water consumption by using condensate recovery in boiler.

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 in 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 to the tune of Rs. 2 lacs per month.
- ii) 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:

Effort made in technology absorption.

As per form 'B' enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Rs. 2008-09	Rs. 2007-08
Total Foreign Exchange earnings	58,979,298	76,642,935
Total Foreign Exchange outgo*	94,455,584	260,572,658

* Foreign Exchange outgo incurred is mainly towards the capital expenditure.

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY			
A.	POWER AND FUEL CONSUMPTION	CURRENT YEAR 2008-09	PREVIOUS YEAR 2007-08
1	Electricity		
	a) Purchases Unit	21,491,780	12,299,900
	Total Amout (Rs.)	89,277,227	43,737,930
	Rate / Unit (Rs.)	4.15	3.55
	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 pre kg. of Furnace oil	Nil	Nil
	Cost/Unit	Nil	Nil
	iii) Through furnace oil generator unit	Nil	Nil
	Units pre kg. of Diesel oil	Nil	Nil
	Cost/Unit	Nil	Nil
2	Coal Quantity (MT)	820	1302
	Total Cost (Rs.)	2,844,223	4,328,709
	Average rate/MT (Rs.)	3,468	3,324
3	Lignite Quantity (MT)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
4	LPG Qunatity (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
* Including 868072 units consumed during installation and erection of Fixed assets treated as pre operative expenses.			
B	Consumption per unit of Production	CURRENT YEAR 2008-09	PREVIOUS YEAR 2007-08
	Yarn Production (MT)	6,742	4,710
	Total Consumption Unit	20,623,708	12,299,900
	Consumption Unit/Kg (Rs.)	3.06	2.61

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 2008-2009

RESEARCH AND DEVELOPMENT (R & D)

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

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

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 effecting quality, resulting increase in productivity and utilization.

3. Future plans and action

Research and development is a continuous process so according to the market trend, further development with new value added product 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

- Capital expenditure is approx Rs. 125.00 lacs
- Recurring – normal running expenditure Rs. 9.56 lacs.
- Total Rs. 134.56 lacs.
- Total R & D expenditure as a percentage of total turnover is less than 1%

TECHNOLOGY ADOPTION AND INNOVATION

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

- The company has production capacity of cotton yarn, synthetic yarn, Millange yarn, etc.
- The company has installed machinery from Blow-Room to Ring Frame, manufactured by Lakshmi Machine Works who are renowned machine manufacturer in the world and regularly upgrading the latest developments made by the machine manufacturer.
- The company has also imported the technology, such as Oerlikon Schlafhorst Auto coners, UT-5 Testing machine and Xorella yarn conditioning machine.

B) Benefits derived as a result of the above efforts, e.g. 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 and abroad in view of good quality of yarn.

II) PARTICULARS OF EMPLOYEES:

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forms part of the Directors' Report for the year ended 31st March 2009.

A. Employed throughout the year:

Sr. No.	Name	Designation	Age	Qualification	Exprience	Gross Remuneration	Date of Joining	Last Employment
I	Shri K.K. Baheti	President & CEO	56 Yrs.	MBA (BITS, PILANI)	36 Yrs.	Rs. 3,747,433	16-09-2005	Modern Group

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and Business Overview:

Textile industry include the organized Cotton/ Man Made Fibre Textile Mill Industry, Man made fibre/ filament yarn industry, the decentralized power loom sector, woolen textile industry, silk industry, handloom industry, handicraft industry, jute industry and textile exports.

The textiles industry is one of the significant industries in the Indian economy this is evident from the fact that the textile industry accounts for around 4 per cent of the Gross Domestic Product (GDP), and it accounts for 14% of the total industrial production, contributes to nearly 30% of the total exports. Moreover, it provides employment to over 35 million people.

India is the second largest cotton producing country. BT cotton was a major factor contributing to higher rate of production, from 15.8 million bales in 2001-02 to 31 million bales in 2007-08. It accounts for 12 per cent of the world's production of textile fibres and yarn.

The Indian textile industry is estimated to be around US\$ 52 billion and is likely to reach US\$ 115 billion by 2012. The domestic market is likely to increase from US\$ 34.6 billion to US\$ 60 billion by 2012. It is expected that India's share of exports to the world also increase from the current 4 per cent to around 7 per cent during this period.

b) Opportunities & Threats:

India's liberalized policies and the government's decision to allow 100 per cent FDI in the emerging textiles industry has led to an increase in the investment inflows into the sector. Further, Technology Upgradation Fund Scheme i.e. (TUFS) which was launched to facilitate the modernization and upgradation of the textiles industry in 1999 has been extended till 2011-2012. Consequently, the domestic market is estimated to grow to over US\$ 50 billion by 2014. Significantly, the textile sector is estimated to offer an incremental revenue potential of no less than US\$ 50 billion by 2014 and over US\$ 125 billion by 2020.

However, pressures on export prices due to lower demand and severe competition from neighboring countries such as China, Indonesia, Vietnam, Turkey, Bangladesh etc. do continue.

c) Risk Management:

1. The Company is exposed to risks from market fluctuations of foreign exchange, interest rates and crude oil prices.
2. The Company's policy is to systematically hedge its long term foreign exchange risks as well as short term exposures.
3. The Company has adopted risk mitigating strategies by way interest and currency swaps to reduce the risk of rising interest rate.
4. 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.
5. 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.

d) Segment-wise Performance:

Segment-wise performance of the company during the financial year 2008-09 is given below:

(Amount in Rs.)

	Textile	Trading	Others
Income	927,114,979	1,068,705,487	159,437
Expenditure	883,288,640	976,800,799	1,671,110
Depreciation	51,215,990	-	-
PBIT	(7,389,651)	91,904,688	(1,511,673)
FOB Value of Exports	58,979,298	-	-

e) Financial Performance:

The Company's net income during the year was Rs. 1,995,979,903 as against Rs. 850,754,266 during 2007-08. Profit before tax for the current year has decreased to Rs. 33,123,147 as compared to Rs. 36,338,415 during the previous year mainly on account of higher depreciation due to ongoing modernization and expansion. The gross cash inflow before working capital changes during the period was Rs 83,418,312 as against Rs 50,142,460 in the previous year.

f) 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 protection thereof. This internal control system 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.

g) Related Party Transactions:

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

h) 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 alongwith 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.

i) 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.

j) Conclusion:

The expansion programme which has been partly commenced has resulted into pursuing business in line with its core competences. The benefits of expansion will be reflected in the financial performances of the company from the next financial year onwards.

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, which are the principles of corporate governance. The Company would constantly endeavour to improve on these aspects.

2. Board of Directors

a) Composition of Board

The composition of the Board of Directors is in conformity with the corporate governance norms. The Company at present has eight Directors on its Board, headed by Shri P. B. Bhardwaj as the Non Executive Chairman and Shri Yashovardhan Birla, as Non Executive Co-chairman and six Non-Executive Directors, of which four are Independent Directors. The Board members have the skills, expertise & experience necessary to direct and guide the Company.

Name of the Director	No. of shares held as on 31.3.2009	Category	Attendance particulars		Other directorships in other Public Companies	Committee memberships	Committee chairmanships
			Board Meeting Attended	AGM Attended			
Shri P. B. Bhardwaj	Nil	NE-C	2	No	2	-	-
Shri Yashovardhan Birla	93420	NE-Co	4	Yes	8	1	1
Shri P V R Murthy	7115	NE-NI	4	Yes	8	3	-
Shri Sanjay Agarwal	Nil	NE-NI	3	Yes	-	-	-
Shri Mohandas Shenoy Adige	Nil	NE-I	3	No	3	2	1
Shri Navinchandra Shah	Nil	NE-I	2	No	2	-	-
Shri Y. P. Trivedi	Nil	NE-I	3	No	10	8	5
Shri Mohan Jayakar	Nil	NE-I	4	Yes	5	-	-
Shri Alok Bhardwaj	Nil	(Alternate Director to Shri P. B. Bhardwaj)	1	Yes	-	-	-

E : Executive

NE-C : Non Executive – Chairman

NE-Co : Non Executive – Co-Chairman

NE-NI : Non Executive – Non Independent

NE-I : Non Executive Independent

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

b) Board Meetings

During the year ended 31st March, 2009, four Board Meetings were held on 13th May, 2008; 19th September, 2008; 24th October, 2008 and 23rd January, 2009.

Board procedure: Access to information and updation to directors

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 present whenever necessary and apprise all the Directors about the developments and they also make presentations to the Board and audit committee of Directors. Apart from this, the observations of audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with functional heads.

Thus, the composition of the Company's Board is in conformity with the Listing Agreement.

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 Chief Executive Officer and Chief Financial Officer and Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

Code of Business Conduct and Ethics for Board of Directors and Senior Management

The company is in process of implementing the Code of Conduct.

c) Brief Note on the Directors seeking re-appointment in the 67th Annual General Meeting:

I. Shri P.V.R. Murthy:

Shri P.V.R. Murthy, aged 58 years, is a Chartered Accountant and MBA by academic qualification. He has almost 30 years of experience in the finance sector. He has worked as a part of the Top Management with various companies over a span of 16 years in the capacity of Managing Director, CEO and Advisor prior to joining the Yash Birla Group of Companies. At YBG, he is looking after Financial Resource Management of all the group companies, Business restructuring, Disinvestments, Merger & Acquisitions, MIS, Management, Internal And Statutory audit, Integrated ERP systems across group companies, Corporate Governance, Investments, in new projects, expansion/diversification of the existing Group Companies etc.

Details of his other directorship in public companies and committee membership are as under:

Directorship	Committee Chairmanship/Membership
Birla Power Solutions Limited	Audit Committee-Member
Birla Precision Technologies Limited	Audit Committee-Member ; Investors' Grievance Committee-Member
Bilra Surya Limited	Nil
Birla Cement & Industries Limited	Nil
Birla Edutech Limited	Nil
Khamgaon Syntex Limited	Nil
Sanguine Media Limited	Nil

II. Shri Mohandas Shenoy Adige:

Shri Mohandas Shenoy Adige, aged 65 years, has 40 years of cross functional experience in metal industry with exposure of 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 and Industries Limited. Member of All India Management Association/Bombay Management Association (BMA), Indian Institute of India Foundrymen and Indian Institute of Materials Management.

Details of other directorship in public companies and committee membership are as under:

Directorship	Committee Chairmanship/Membership
Birla Precision Technologies Limited	Audit Committee-Member ; Investors' Grievance Committee-Chairman
Nagpur Power & Industries Limited	Nil
Artefact Projects Limited	Nil

3. Audit Committee

The Audit Committee consists of four members. It has an optimum combination of Independent and Non Independent Director. All the members of the Audit Committee have adequate accounting and financial knowledge.

Shri Navinchandra Shah, Chairman of the Committee is an Independent and Non-Executive Director. The Company Secretary acts as the Secretary to the Audit Committee.

Main objective of the Audit Committee is to review the Financial Statements, Audit, Internal Controls and Risk Management processes. The Committee also monitors any proposed changes in the Accounting Policy and appraises the Board of Directors with its observations and suggestions.

Composition of Audit Committee

Shri Navinchandra Shah	- Chairman
Shri Mohandas Shenoy Adige	- Member
Shri P V R Murthy	- Member
*Shri Sanjay Agarwal	- Member

During the year ended 31st March, 2009, the Committee met four times on 13th May, 2008; 19th September, 2008; 24th October, 2008 and 23rd January, 2009.

The particulars of meetings and attendance by the members of the committee during the year under review are given in the table below.

Members	No. of Meetings Attended
Shri Navinchandra Shah	2
Shri P. V. R. Murthy	4
Shri Mohandas Shenoy Adige	3
*Shri Sanjay Agarwal	2

* Shri Sanjay Agarwal ceased to be the member of the Audit Committee w.e.f. 23rd January, 2009.

Scope of Audit Committee

The Audit Committee of the Board deals with all matters relating to financial reporting, audit, internal controls, risk management, related party transactions etc. and reports back to the Board on the matters, which among others, include:

- To review the quarter/half yearly and Annual Financial Statements and to submit its comments/observations to the Board of Directors.
- To ensure that the financial statements are correct, reliable and in accordance with the Accounting Standards and other laws.
- To review the internal audit reports and to submit its suggestions and recommendations etc.
- To meet Statutory and Internal Auditors periodically and discuss their findings, suggestions and other related matters.
- To review the Auditors' Report on the financial statements and to seek clarification thereon, if required, from the Auditors.
- To review the weaknesses in internal controls, if any, reported by the internal and Statutory Auditors and report to the Board the recommendations relating thereto.
- To recommend a change in the Auditors, if in the opinion of the Committee the Auditors have failed to discharge their duties adequately.
- To review the Risk Management practice being followed by the management and provide necessary guidance in this regard.
- To critically analyze the operating and capital budget and its periodical review vis- a- viz the actual performance.
- To ensure that there are no defaults committed in relation to Banks, Financial Institutions, Depositors and all other statutory obligations.

4. Remuneration / Compensation Committee

The Board has constituted Remuneration / Compensation Committee on 3rd August, 2007. The Remuneration / Compensation Committee has been constituted to fix remuneration payable to Managing Director / Executive Director / CEO, granting of Employee Stock Option to the working directors and employees of the Company and such other matter relating to the remuneration and compensation payable to the Director(s) and employees.

Composition of the Remuneration / Compensation Committee

Shri P. B. Bhardwaj	- Chairman
Shri Yashovardhan Birla	- Member
Shri P V R Murthy	- Member
Shri Sanjay Agarwal	- Member

During the year under review no meeting of Remuneration / Compensation Committee was held.

The Company Secretary acts as the Secretary to the Remuneration / Compensation Committee.

5. Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee was constituted on 3rd August, 2007 and is empowered to oversee (a) Transfer of shares (b) issue of duplicate/new/sub-divided and consolidated Share Certificates and (c) Shareholders/Investor Grievance and its redressal.

Composition of the Share Transfer and Investor Grievance Committee

Shri P V R Murthy	- Chairman
Shri Mohandas Shenoy Adige	- Member
Shri Sanjay Agarwal	- Member
Shri Mohan Jayakar	- Member

During the year under review three meetings of Share Transfer and Investor Grievance Committee were held on 14th July, 2008, 15th September, 2008 and 27th January, 2009.

The particulars of meetings and attendance by the members of the committee during the year under review are given in the table below.

Name of the Member	No. of Meetings Attended
Shri P V R Murthy	3
Shri Mohandas Shenoy Adige	3
Shri Sanjay Agarwal	-
Shri Mohan Jayakar	2

The Company Secretary acts as the Secretary to the Shareholders' Committee.

The total number of complaints received and resolved to the satisfaction of investors since the day of listing of the shares of the Company and their break-up is provided as under:

Type of Complaints	No. of Complaints		
	Received	Resolved	Pending
Non receipt of Certificates	NIL	NIL	NIL
Non receipts of De-mat Credit	71	71	NIL
Non receipt of De-mat rejected Certificates	NIL	NIL	NIL
Non receipt of Dividend Warrants	4	4	NIL
Non receipt of Allotment Advise/Refund Orders	192	192	NIL
Non receipt of Refund through ECS	8	8	NIL
Non receipt of Refund through RTGS/NEFT	10	10	NIL
Others	28	28	NIL
SEBI/STOCK	NIL	NIL	NIL
Total	313	313	NIL

Particulars of sitting fees and remuneration paid to the Directors during the financial year 2008 – 2009:

Name of the Director	Sitting fees (Rs.)	Remuneration (Rs.)	Total (Rs.)
Shri P. B. Bhardwaj	4000	-	4000
Shri Yashovardhan Birla	8000	-	8000
Shri P V R Murthy	22000	-	22000
Shri Sanjay Agarwal	10000	-	10000
Shri Mohandas Shenoy Adige	16000	-	16000
Shri Navinchandra Shah	8000	-	8000
Shri Y. P. Trivedi	6000	-	6000
Shri Mohan Jayakar	12000	-	12000
Shri Alok Bhardwaj	4000	-	4000

6. Information on Shareholders' Meetings

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

Year	AGM	Location	Date & time
2007-2008	66 th	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	24.10.2008 at 12.30 p.m.
2006-2007	65 th	Dalamal House, First Floor, Nariman Point, Mumbai – 400 021	03.08.2007 at 11.00 a.m.
2005-2006	64 th	Dalamal House, First Floor, Nariman Point, Mumbai – 400 021	27.09.2006 at 11.00 a.m.

(b) Whether Special Resolutions passed in the previous three AGMs – No Special Resolutions were passed in the AGM held on 27.09.2006, 03.08.2007 and 24.10.2008.

(c) Whether the Special Resolution were put through postal ballot last year - No.

(d) Whether any Special Resolution is proposed to be conducted through postal ballot – No.

Subsidiary Companies

The Company does not have any subsidiary Company.

7. Disclosures

Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

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

The transactions with the related parties, namely its promoters, its subsidiary and associate companies etc., of routine nature have been reported elsewhere in the annual report as per Accounting Standard 18 (AS18) issued by the Institute of Chartered Accountants of India.

The Audit Committee is briefed, inter-alia, on the following aspects:

- (i) the related party transactions undertaken by company in the ordinary course of business (summary);
- (ii) material individual transactions, if any, which were not in the normal course of business; and
- (iii) material individual transactions, if any, with related parties or others, which were not at arm's length basis.

Details of non-compliance(s), if any 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. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

The members of senior management have made disclosure to the board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

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.

The CEO and CFO 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 31st March, 2009.

The Company has complied with all applicable mandatory requirements in terms of clause 49 of the Listing Agreement. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

The management discussion analysis report forms part of the Directors' Report.

8. Means of Communication

The Board of Directors of the Company shall approve and take on record the unaudited Quarterly Financial Results and Audited Annual Results in the Forms prescribed by the BSE & NSE where the shares of the Company are listed. The same will be published within 48 hours in Free Press Journal (English) and Navshakti (Marathi) newspapers and shall also be uploaded on the Company's website www.birlacotsyn.com

9. General Shareholders Information

- i. Annual General Meeting proposed to be held

Date & Time	: 23 rd September, 2009; 12 noon
Venue	: Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400018

- ii. Financial Calendar for the year 2009-2010 (Proposed)

Accounting Year	: April 1, 2009 to March 31, 2010
First Quarter Year	: July, 2009
Second Quarter Year	: October, 2009
Third Quarter Year	: January, 2010
Fourth Quarter Year	: April, 2010
Annual results	: July/August, 2010
Mailing of Annual Report	: July/August, 2010
Annual General Meeting	: On or before 30 th September, 2010

- iii. Book closure date : 17th September, 2009 to 23rd September, 2009

- iv. Registered Office : Dalamal House, 1st Floor, 206, J. B. Marg, Nariman Point, Mumbai – 400 021.

- v. Listing of equity shares on the

- Stock Exchange : 1. Bombay Stock Exchange Ltd.
 P. J. Towers, Dalal Street, Mumbai – 400 023.
 Stock Code - 533006
2. National Stock Exchange of India Ltd.
 Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.
 Stock Code - BIRLACOT

For the Financial year 2008-2009, the Company has paid Annual Listing Fees to the above Stock Exchanges.

- vi. i. ISIN No. for the Company's Equity Shares in Demat form: INE655101016
- ii. Depositories connectivity : NSDL and CDSL

vii. **Stock Price Data**

Monthly High/ Low of market price of the Company's shares traded on the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) after the Listing of the Company on July 30, 2008 is furnished below:

Months	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July, 2008	14.90	8.75	17.50	8.55
August, 2008	11.80	9.05	11.79	9.10
September, 2008	9.20	6.00	9.25	6.00
October, 2008	7.00	3.10	7.10	3.21
November, 2008	4.55	3.30	4.55	3.31
December, 2008	4.90	3.30	5.00	3.30
January, 2009	4.80	3.30	5.00	3.00
February, 2009	4.80	3.65	4.90	3.41
March, 2009	3.90	3.35	3.89	3.35

Source: www.bseindia.com, www.nseindia.com

viii. **Registrar & Share Transfer Agents**

For Electronic & Physical Mode : **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: birla_ipo@adroitcorporate.com

ix. **Share Transfer System**

The Board has delegated the authority for approving transfer, transmission etc. of company's securities to the Shareholders / Investors Grievance Committee, who in turn has authorised the Company Secretary and officials of the Secretarial Department to carry this work. The share transfer formalities are completed in a fortnight. The Shares sent for transfer in physical form are sent to Registrars and Share Transfer Agents, and returned between 15 to 30 days from the date of receipt, if documents are in order in all respects. Shares under objections are returned within 2 weeks.

x. **Distribution of Shareholding**

As on 31 st March, 2009			
No. of Equity Shares held	No. of Shareholders	No. of Shares held	Percentage Shareholding
1 to 500	14879	4227195	3.63
501 to 1000	4494	3783593	3.24
1001 to 2000	2517	3751038	3.22
2001 to 3000	775	2006509	1.72
3001 to 4000	275	1006232	0.86
4001 to 5000	325	1557104	1.34
5001 to 10000	574	3922616	3.36
10001 and above	309	96346523	82.63
Total	24148	116600810	100

xi. Categories of Shareholding

As on 31st March, 2009			
Categories	No. of Shareholders	No. of shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	13	39793667	34.13
Domestic Companies	480	39666673	34.02
FII's	NIL	NIL	NIL
NRIs	174	503884	0.43
Banks/ FIs and Insurance Companies	NIL	NIL	NIL
Mutual Funds	-	-	-
Resident Individual (Public)	23419	36377674	31.20
Trusts	1	5250	0.00
Clearing Members	61	253662	0.22
Total	24148	116600810	100

xii. Dematerialisation of shares and liquidity

92.97% of the total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31.03.2009. Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by Securities and Exchange Board of India (SEBI). As on the current date (12/06/2009), 92.96% of the total Equity Capital is held in dematerialized form.

xiii. Outstanding GDRs : The Company has not issued any GDR

xiv. Plant Location :

1. C-6/1, MIDC Area, Malkapur 443101
Dist. Buldhana (MS)
2. A/82, MIDC Area, Khamgaon 444303
Dist. Buldhana (MS)
3. Shree House, Shegaon Road, Khamgaon,
Dist. Buldhana (MS)
4. Post Box No. 1, Ghatanji, Dist. Yavatmal (MS)
5. Near Cotton Market, Parola Road, Dhule 424 004 (MS)

15. Address for Correspondence:
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: birla_ipo@adroitcorporate.com

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 year 2008-09

We, K.K. Baheti – President & CEO and Ashish Jhunjunwala – AGM - Commercial (in the Capacity as CFO) of the Company hereby certify that:-

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended on 31st March, 2009 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;
 - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; 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**

Place: Mumbai
Date: 29-06-2009

K. K. Baheti
President & CEO

Ashish Jhunjunwala
AGM - Commercial

CERTIFICATE

To
The Members of
BIRLA COTSYN (INDIA) LIMITED
MUMBAI.

We have examined the compliance of the conditions of Corporate Governance by **BIRLA COTSYN (INDIA) LIMITED** for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the 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 Clause 49 of the above mentioned Listing Agreement. The Company is in the process of implementing the Code of Conduct.

We further state that such compliance is neither an assurance as to the future viability of the Company nor to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Place: Mumbai
Date: 29-06-2009

SHISHIR DALAL
Partner
Membership No. 37310

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **BIRLA COTSYN (INDIA) LIMITED**, as at 31st March 2009 and also the annexed Profit and Loss Account and the Cash flow Statement of the Company for the year ended on that date. 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.

- (1) 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 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.
- (2) As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order;
- (3) Further to our comments in Annexure referred to in paragraph 2 above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) 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 the books of the Company;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account of the Company;
 - (d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2009,
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date and
 - (iii) In the case of Cash Flow statement of the cash flows of the Company for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No: 37310

Place : Mumbai
Date: 29-06-2009

ANNEXURE TO THE AUDITORS' REPORT

STATEMENT REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF **BIRLA COTSYN (INDIA) LIMITED** ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.

On the basis of the records produced to us for our verification/perusal, such checks as we considered appropriate, and in terms of information and explanations given to us on our enquiries, we state that:

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, which is in the process of updation;
- (b) As explained to us, the management at reasonable intervals during the year has physically verified all the fixed assets. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material and the same have been properly dealt with in the Books of Account.
- (c) As per the information and explanation given to us on our enquiries, the disposal of assets during the year were not substantial and would not have an impact on the operations of the Company;
- ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year and at the close of the year;
- (b) The procedures of physical verification of inventories followed by the management as explained to us are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) According to the records produced to us for our verification, the discrepancies noticed on physical verification of inventories referred to above, as compared to book records, though not material, have been properly dealt with in the books of account;
- iii) As per the information and explanation given to us and the records produced to us for our verification the Company has neither granted nor taken any loans secured or unsecured to / from Companies, Firms and other parties in the register maintained under section 301 of the Companies Act, 1956;
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and also for the sale of goods and services. As per the information given to us, no major weaknesses in the internal controls have been identified by the management during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the Company;
- v) According to the information and explanation provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Companies Act have been entered into in the register required to be maintained under that section;
- vi) The Company has not accepted any deposits from public during the year;
- vii) In our opinion, the Company has internal audit system commensurate with the size and nature of its business;
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Company's products to which the said rules are made applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.
- ix) (a) According to the records of the Company, the Company has generally been regular in depositing 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 Statutory dues with the appropriate authorities. There were no undisputed dues outstanding for more than six months as at 31st March, 2009;
- (b) According to the records of the Company and the information and explanations given to us upon our enquiries in this regards, there are no disputed dues towards Income tax, Sales tax, Wealth-tax, Service Tax, Customs Duty and Excise Duty / cess unpaid as at the last day of the financial year.
- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year;
- xi) On the basis of the records examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to banks and financial institutions;
- xii) 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 and according to the information and explanations given to us, the company is not a dealer or trader in shares, securities, debentures and other investments. All the investments of the company are held in its own name.
- xiv) According to the information and explanations given to us, and the representation made by the management, the Company has not given any guarantees for loans taken by others from banks or financial institutions;
- xv) As per information and explanations given to us, the Term loans availed by the Company were, prima facie, applied for the purposes for which the loans were obtained other than temporary deployment pending application;

- xvi) As per 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 by the Company on short-term basis have been, prima facie, used for long-term investment;
- xvii) In our opinion and according to the information and explanations given to us, 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.
- xviii) The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under section 301 of the Companies Act, 1956;
- xix) As per the information and explanations given to us on our enquiries on this behalf there were no frauds on or by the Company which have been noticed or reported during the year.

In view of the nature of business carried on by the Company clause no (xiii) of CARO, 2003 is not applicable to the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No: 37310

Place: Mumbai
Date: 29-06-2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at 31st March'2009 Rs.	As at 31st March'2008 Rs.
SOURCES OF FUNDS			
Shareholder's Fund			
Share Capital	1	1,166,008,100	136,180,800
Share Application Money		-	366,458,224
Reserves & Surplus	2	554,466,058	248,688,245
		<u>1,720,474,158</u>	<u>751,327,269</u>
Loan Funds			
Secured Loans	3	1,572,657,906	795,614,316
Unsecured Loans	4	-	1,000,000
		<u>1,572,657,906</u>	<u>796,614,316</u>
Deferred Tax Liability (Net)		27,164,057	19,553,512
		<u>1,599,821,963</u>	<u>816,167,828</u>
TOTAL		<u><u>3,320,296,120</u></u>	<u><u>1,567,495,097</u></u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		1,579,497,646	611,095,904
Less: Depreciation		83,321,419	32,245,202
Net Block		<u>1,496,176,227</u>	<u>578,850,702</u>
Capital Work in Progress		1,340,938,156	624,142,233
		<u>2,837,114,383</u>	<u>1,202,992,935</u>
Investments	6	150,000	50,000
Current assets, Loans & Advances			
Inventories	7	185,954,456	103,880,597
Sundry Debtors	8	273,166,761	126,042,642
Cash & Bank Balances	9	26,905,042	67,440,744
Loans & Advances	10	362,097,121	291,378,589
		<u>848,123,380</u>	<u>588,742,572</u>
LESS:			
Current Liabilities & Provisions			
Current Liabilities	11	322,207,594	191,164,058
Provisions	12	42,884,048	33,126,352
		<u>365,091,642</u>	<u>224,290,410</u>
Net Current Assets		<u>483,031,737</u>	<u>364,452,162</u>
TOTAL		<u><u>3,320,296,120</u></u>	<u><u>1,567,495,097</u></u>
Notes to Accounts	21		

Schedules I to 12 Including Accounting Policies and Notes form part of the Balance Sheet as at 31st March, 2009

FOR AND ON BEHALF OF
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
DALAL & SHAH
 Chartered Accountants

K.K.BAHETI
 President & CEO

YASHOVARDHAN BIRLA
 Co-Chairman

(SHISHIR DALAL)
 Partner
 M.No.37310

TUSHAR DEY
 Company Secretary

P.V.R.MURTHY
 Director

 Place : Mumbai
 Date : 29-06-2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	For the Year 31st March' 2009 Rs	For the Year 31st March' 2008 .Rs.
INCOME			
Sales & Operating Income	13	1,937,744,003	837,725,441
Other Income	14	58,235,900	13,028,825
Increase & (Decrease) in Inventories	15	34,779,696	(3,054,532)
	TOTAL	2,030,759,599	847,699,734
EXPENDITURE			
Raw Materials & Purchase	16	1,619,909,412	593,875,081
Manufacturing & Maintenance Expenses	17	123,029,457	81,162,957
Employee's Remuneration & Benefits	18	101,493,544	85,927,328
Administrative, Selling & Other Expenses	19	52,107,831	28,493,528
Interest & Finance Expenses	20	49,880,218	7,256,818
	TOTAL	1,946,420,462	796,715,712
Profit Before Depreciation		84,339,137	50,984,021
Depreciation/Amortisation		51,258,090	14,688,530
Less: Transfer from Revaluation Reserve		42,100	42,924
		51,215,990	14,645,606
Profit After Depreciation and Before Taxation		33,123,147	36,338,415
Provision for Taxation			
Current Tax [MAT]		3,860,000	4,125,000
Deferred Tax Liability		7,610,545	15,223,222
Fringe Benefit Tax		473,453	357,759
Profit After Tax		21,179,149	16,632,434
Balance as per last account		33,650,379	24,984,181
	TOTAL	54,829,529	41,616,615
Appropriation			
Proposed Dividend		11,660,081	6,809,040
Dividend Distribution Tax		1,981,631	1,157,196
Balance Transferred Balance Sheet		41,187,817	33,650,379
Earning Per Share (Refer Note 5) (Nominal value Rs.10/- each)		0.23	1.22
Notes to accounts	21		

Schedule 13 to 20 including Accounting Policies and Notes form part of the Profit & Loss Account for the year ended on that date

FOR AND ON BEHALF OF

DALAL & SHAH
Chartered Accountants

(SHISHIR DALAL)
Partner
M.No.37310

Place : Mumbai
Date : 29-06-2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K.K.BAHETI
President & CEO

TUSHAR DEY
Company Secretary

YASHOVARDHAN BIRLA
Co-Chairman

P.V.R.MURTHY
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009.

	As at 31st March' 2009 (Rs.)	As at 31st March'2008 (Rs.)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
15000000 (15000000) Equity Shares of Rs. 10/- each	<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued & Subscribed		
116600810 (13618080) equity shares of Rs. 10/- each Fully paid up (Refer Note : 10) of the above	<u>1,166,008,100</u>	136,180,800
i) 45000 Equity Shares of Rs.10/- each issued for consideration other than cash in terms of Amalgamation scheme sanctioned by Bombay High Court by its order dated 28th July, 1975 w.e.f. 14 th Nov, 1974	<u>1,166,008,100</u>	<u>136,180,800</u>
ii) 11354700 Equity shares of Rs.10/- each have been allotted as fully paid Bonus shares by Capitalisation of Reserves & Securities Premium Account.		
SCHEDULE '2'		
RESERVE & SURPLUS		
Securities Premium Account		
As Per last account	58,466,000	
Add : Received on issue of equity shares	411,930,926	
Less : Share Issue Exp.	<u>113,648,450</u>	
Revaluation Reserve		
As per last account	156,345,981	
Less : Depr. on revalued assets	<u>42,100</u>	
Capital Reserves	<u>225,884</u>	225,884
Surplus as per Profit & Loss Account	<u>41,187,817</u>	<u>33,650,380</u>
T O T A L	<u><u>554,466,058</u></u>	<u><u>248,688,245</u></u>
SCHEDULE '3'		
SECURED LOANS		
Term Loans from Banks & Financial Institutions	<u>1,462,206,145</u>	729,797,490
Working Capital Loans from Banks.	<u>109,575,183</u>	64,608,787
Car Loans	<u>876,578</u>	1,208,039
TOTAL	<u><u>1,572,657,906</u></u>	<u><u>795,614,316</u></u>
Note:		
a) Term Loans from Banks and Financial Institution are secured by first charge on all, (present & future), immovable properties, movable machineries and plant, office/ factory furniture, fixtures, stores, spares, equipments,computers etc.and second charge on all , present & future, tangible movable goods, current assets, book debts, outstandings, money receivables, claims, bills etc.		
b) Working Capital loans from Banks are secured by hypothecation of all, present & future, tangible movable goods, current assets, book debts, outstandings, money receivables, claims, bills etc. and by second charge on on all, present & future, movable & immovable properties, machineries & plant, office/factory furniture, fixture, stores,spares, equipments, computers etc.		
c) Car Loans Secured by hypothecation of specific vehicle.		
SCHEDULE '4'		
UNSECURED LOANS		
Dues to body corporate	-	1,000,000
TOTAL	<u>-</u>	<u>1,000,000</u>

SCHEDULE-5
FIXED ASSETS

Sr. No.	Description of Assets	(Amount in Rs)									
		Book value as on 01.04.2008	Total Additions	Adjustment/ Deductions/ Sales	Gross block as on 31.03.2009	Depreciation upto 01.04.2008	Depreciation for the year	Depreciation on Sales/ Adjustments	Depreciation upto 31.03.2009	Net Block as on 31.03.2009	Net Block as on 31.03.2008
1	Freehold Land	156,440,032	0	0	156,440,032.00	0	0	0	156,440,032	156,440,032	
2	Leasehold Land	9,275,097	0	0	9275097.00	18,677	87,823	106,501	9,168,596	9,256,420	
3	Buildings	88,473,457	280,971,705	0	369445161.92	3,718,724	3,362,331	7,081,055	362,364,107	84,754,733	
4	Plant & Machinery	338,299,979	647,885,416	1,021,726	985163668.76	26,003,953	45,039,152	70,861,231	914,302,438	312,296,026	
5	Furniture & Fixtures	1,385,323	1,464,933	0	2850256.00	335,998	132,519	468,517	2,381,739	1,049,325	
6	Computers	950,752	86,000	0	1036752.00	230,291	15,672	245,963	790,789	720,461	
7	Other Assets	11,124	5,253,108	0	5264232.19	0	531,042	531,042	4,733,190	11,124	
8	Electrical Installation	9,884,668	33,762,306	0	43646974.46	564,805	1,529,649	2,094,455	41,552,520	9,319,863	
9	Vehicles	6,375,472	0	0	6375472.00	1,372,753	559,902	1,932,655	4,442,817	5,002,719	
	Total	611,095,904	969,423,468	1,021,726	1,579,497,646	32,245,203	51,258,090	83,321,419	1,496,176,227	578,850,702	
10	Capital Work in Process (Including Capital Advance)	624,142,233	1,694,201,826	977,405,903	1,340,938,156	-	-	-	1,340,938,156	624,142,233	
	Grand Total	1,235,238,137	2,663,625,294	978,427,629	2,920,435,803	32,245,203	51,258,090	83,321,419	2,837,114,384	1,202,992,935	
	Previous Year	480,597,482	757,083,557	2,442,902	1,235,238,137	17,810,344	14,688,530	32,245,202	1,202,992,935		

- 1) Lease hold Land at Khamgaon is for a period of 30 years expiring on 31st July, 2003 for which application for renewal is made which is still pending.
- 2) The company has as on 31st March, 2007 revalued its freehold land resulting in increase in book value by Rs.15,29,09,694 as on that date and equivalent amount stands transferred to revaluation reserve.
- 3) Preoperative expenses relating to the Malkapur & Open End Unit have been capitalised.

	As at 31st March' 2009 (Rs.)	As at 31st March'2008 (Rs.)
SCHEDULE '6'		
INVESTMENTS (Non Trade) (Long Term)(At Cost)		
Fully Paid		
Unquoted		
2000 (2000) Equity Shares of The Shamrao		
Vithal Co-operative Bank Ltd. of Rs.25/- each.	50,000	50,000
10,000 (-) Equity Shares of Birla Integrated Textile Park Ltd.		
of Rs. 10/- each	100,000	-
TOTAL	150,000	50,000
SCHEDULE '7'		
INVENTORIES (As valued & Certified by Management)		
Stores & Spare parts	4,887,926	5,424,288
Raw materials	60,256,975	28,786,240
Goods in-Process	47,969,048	21,609,398
Waste /Scrap	6,343,029	75,951
Finished Goods	66,497,478	47,984,720
TOTAL	185,954,456	103,880,597
SCHEDULE '8'		
SUNDRY DEBTORS (UNSECURED)		
(Considered good unless otherwise stated)		
Outstanding over Six months	1,643,162	8,988,068
Other Debts	271,523,599	117,054,574
TOTAL	273,166,761	126,042,642
SCHEDULE '9'		
CASH & BANK BALANCES		
Cash in hand	391,021	338,097
In Current Accounts with Scheduled Banks		
(Incl. Margin money A/c Rs. 68,000)	24,487,248	64,221,256
Non-Scheduled Banks		
Dhule Vikas Bank (Max Bal. Rs. 1064,860 /-, Pr. Yr. Rs. 1,064,860/-)	83,766	20,738
Pusad Urban Bank Ltd (Max Bal. Rs.3,468,184 /-, Pr. Yr. Rs.3,468,184/-)	1,943,007	2,760,653
TOTAL	26,905,042	67,340,744
SCHEDULE '10'		
LOANS & ADVANCES		
(Unsecured, considered good		
except where otherwise stated)		
Loans to Employees & Others	77,946	82,196
Loans to Body Corporates & Others (Incl. Interest Accrued)	193,043,257	172,583,707
Advances Recoverable in cash or in kind or for value to be received or pending		
adjustments (Incl. Interest Accrued)	129,954,528	111,945,286
Balance with Excise Authorities (Including CENVAT)	39,021,391	6,867,400
TOTAL	362,097,121	291,478,589

	As at 31st March' 2009 (Rs.)	As at 31st March'2008 (Rs.)
SCHEDULE '11'		
CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro & Small Enterprise	-	-
Others	255,898,742	119,619,338
	255,898,742	119,619,338
Deposits & Advances from customers & others	16,427,048	18,168,045
Other liabilities	49,881,804	53,376,675
T O T A L	322,207,594	191,164,058
SCHEDULE '12'		
PROVISIONS		
Leave Encashment	3,644,677	2,970,931
Gratuity	25,009,565	21,305,368
Taxation	19,646,316	
Less: Advance Tax	19,058,222	588,094
Proposed Dividend	11,660,081	6,809,040
Dividend Distribution Tax	1,981,631	1,157,196
T O T A L	42,884,048	33,126,352

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
SCHEDULE '13'		
SALES		
Sales		
Domestic	691,500,740	525,374,782
Exports	68,406,844	76,642,935
	<u>759,907,584</u>	<u>602,017,717</u>
Less: Cash Discount	3,799,709	3,916,794
	<u>539,818</u>	<u>887,907</u>
Less: Claim Allowed		
Net Sales	755,568,057	597,213,016
Traded Goods	1,158,507,508	218,322,635
Ginning and Pressing Charges	23,668,438	22,171,586
Job Work Charges	-	18,204
TOTAL	<u><u>1,937,744,003</u></u>	<u><u>837,725,441</u></u>
SCHEDULE '14'		
OTHER INCOME		
Miscellaneous Receipts	805,543	659,793
Excess Provisions/ liabilities written back (Net)	2,685,637	723,250
Insurance Claims	72,326	1,658,685
Profit on Sale of Fixed Assets	1,521,697	399,999
Waste/Scrap etc	4,743,688	1,494,389
Interest	46,586,209	6,971,647
Foreign Exchange Gain	217,306	-
Sales Tax Set Off Received	1,595,994	1,102,472
Dividend	7,500	3,485
Agriculture Receipts	-	15,105
TOTAL	<u><u>58,235,900</u></u>	<u><u>13,028,825</u></u>
SCHEDULE '15'		
INCREASE & (DECREASE) IN INVENTORIES		
Increase/(Decrease) in		
Stocks of Finished Goods and Waste.		
a) Closing Stock		
Finished Goods	76,497,338	47,984,720
Scrap / Waste	6,334,369	67,291
TOTAL	<u><u>82,831,707</u></u>	<u><u>48,052,011</u></u>
b) Opening Stock		
Finished Goods	47,984,720	51,064,043
Scrap / Waste	67,291	42,500
TOTAL	<u><u>48,052,011</u></u>	<u><u>51,106,543</u></u>
Increase / (Decrease)	<u><u>34,779,696</u></u>	<u><u>(3,054,532)</u></u>

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
SCHEDULE '16'		
RAW MATERIAL & PURCHASES		
Raw materials consumed	543,844,907	369,688,086
Colour, Chemicals & Mixing Expenses	10,019,117	8,610,252
Job Work Charges and Expenses	6,193,894	6,267,594
Purchase of goods for trading	1,076,211,284	213,962,216
T O T A L (A)	1,636,269,202	598,528,148
(Increase) / Decrease in Process Stock		
a) Closing Stock		
Goods in Process	37,969,188	21,609,398
T O T A L	37,969,188	21,609,398
b) Opening Stock		
Goods in Process	21,609,398	16,956,331
T O T A L	21,609,398	16,956,331
(Increase)/Decrease (B)	(16,359,790)	(4,653,067)
T O T A L (A+B)	1,619,909,412	593,875,081
SCHEDULE '17'		
MANUFACTURING & MAINTENANCE EXPENSES		
Stores & Spare Parts consumed	27,899,558	22,100,767
Power, Fuel & Water	91,703,891	55,008,866
Repairs to:		
a) Buildings	1,204,686	582,875
b) Machinery	1,592,664	2,864,485
c) Furnitures & Others	569,622	605,964
Excise Duty	59,036	-
T O T A L	123,029,457	81,162,957
SCHEDULE '18'		
EMPLOYEES' REMUNERATION & BENEFITS		
Salary & Wages Etc.	92,875,349	77,711,145
Contribution to Provident Fund	7,159,313	6,849,381
Welfare Expenses	1,458,882	1,366,802
T O T A L	101,493,544	85,927,328

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
SCHEDULE '19'		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rent	47,146	88,775
Municipal Lease	37,500	37,500
Insurance	2,131,104	1,742,870
Rates & Taxes	264,278	250,182
Auditors Remuneration*(including service tax)		
Audit Fees	275750	112,360
Tax Audit Fees	16545	28,652
Out of Pocket Exp.	37976	26,984
Miscellaneous Expenses	23,157,012	6,770,641
Freight, Forwarding Exp & Selling Expenses.	17,579,160	12,785,374
Commission & Brokerage	8,557,800	6,640,741
Agriculture Expenses	3,560	9,449
TOTAL	52,107,831	28,493,528
SCHEDULE '20'		
INTEREST AND FINANCE EXPENSES		
1 On Term Loan (Net of Subsidy under TUF scheme)	23,061,208	724,088
2 To Banks on working capital facilities	26,218,855	5,699,099
3 To Others	163,141	195,170
4 Bank Commission & Charges	437,014	638,461
TOTAL	49,880,218	7,256,818

SCHEDULE 21 NOTES FORMING PART OF THE ACCOUNTS**I. SIGNIFICANT ACCOUNTING POLICIES****A) System of Accounting:**

The Financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the 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) Fixed Assets:

Fixed Assets are stated at cost which is inclusive of freight, duties, taxes and all other incidental expenses related thereto except certain fixed assets which are stated at revalued amount less accumulated depreciation.

C) 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 Companies Act, 1956. Leasehold land is amortized 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.

D) Investments :

Long term investments are stated at Cost. Provision for diminution is made if the decline in value is other than temporary in nature.

E) Revenue Recognition:

- i) Revenue from sale of products are recognized on transfer of all significant risks and rewards of ownership of the product on to the customers, which is generally on dispatch 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 and included in the turnover.
- iv) Revenue from Services rendered is recognized as per the terms in agreements/arrangements with the concerned parties.
- v) Share issue expenses are debited to share premium account as per section 78 of the Companies Act, 1956.

F) Inventories :

Inventories are valued as under:

- i) Stores & Spare parts, at cost.
- ii) Raw materials and packing materials, at cost.
- iii) Finished Goods :
 - a) Manufactured Goods at lower of cost or net realisable value.
 - b) Trading goods, at lower of cost or net realisable value.
- iv) Agriculture products, at estimated realisable value.

G) Employee Benefits:

- A. All employee benefits payable within 12 months of rendering of the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia etc, and are recognized in the period in which the employee renders the related services.
- B. Retirement Benefits:
 - (a) 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.
 - (b) Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, which are Defined Benefit Plans, are determined and accrued on the basis of an Independent actuarial valuation applying the Projected Unit Credit Method.
 - (c) Actuarial gains/losses arising during the year are recognized in the profit and loss account of the year.

H) Foreign currency transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of financial year are revalored at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognized in the Profit and Loss Account. Such gains/ losses relating to long term monetary items for financing acquisition of depreciable capital assets is adjusted to the cost of such asset and depreciated over its remaining useful life.

I) Borrowing Cost:

Borrowing cost that is attributable to acquisition of qualifying asset (i.e asset that have necessarily taken substantial time to get ready for intended use) is capitalized as part of total cost of such assets.

All other borrowing costs are recognized as expense in the period in which they are incurred.

J) Government Grants:

Grants received against specific fixed assets are adjusted to the cost of the assets. Revenue grants are recognized in the profit and loss account in accordance with the related scheme and in the period in which these are accrued.

K) Taxation:

Current tax is determined at the current 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 recognized and carried forward only if there is reasonable certainty of its realization. However in case of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961, the Deferred Tax Asset is recognized if and only if there is virtual certainty backed by convincing evidence of its realization. Such assets are reviewed at each Balance Sheet date to reassess its realization. Provision for Fringe Benefit Tax is made in accordance with the provisions of Income Tax Act, 1961.

L) Provisions, Contingent Liabilities and Contingent Assets:

The Company recognizes 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.

M) Impairment of Assets:

- a) 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.
- b) 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.

N) Expenditure during construction and expenditure on new projects:

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

II. Notes:

- I. Contingent Liabilities not provided for in respect of:

	<u>2008-09</u>	<u>2007-08</u>
	Rs.	Rs.
a) Claims against company not acknowledged as debts	102,000	102,000
b) Income Tax demand disputed in appeal & stayed by authority.	NIL	88,614,840

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 10,019,907 (196,643,904).
3. Information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of and to the extent information available with the Company, there are no Micro and Small enterprises to whom the Company owes amounts which are outstanding for more than 45 days as at 31st March 2009.

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

(Amount in Rupees)

Component	As on 01.04.2008	For the year ended 31.03.2009	As on 31.03.2009
Difference between Book and Tax Depreciation	27,805,026	35,706,217	63,511,243
U/S 43 B of Income Tax Act, 1961	8,251,514	1,488,063	9,739,577
Carry Forward Losses / Unabsorbed Depreciation	---	26,607,609	26,607,609
Deferred Tax (Liability)/Asset	(19,553,512)	(7,610,545)	(27,164,057)

5. **Earning per share.**

<u>Particulars</u>	<u>2008-2009</u> Rs.	<u>2007-2008</u> Rs.
Net profit as per		
Profit & Loss Account (Rs.)	21,179,149	16,632,435
Weighted average Number of Equity Shares	90,855,128	13,618,080
Earning per share	0.23	1.22

6. The Government of India has approved import of Capital Equipment under the "Exports Promotion Capital Goods Scheme" at a concessional rate of custom duty. The Company has undertaken export obligation to the extent of U.S. Dollars 312.73 lakhs (equivalent to Rs.12561.94 lakhs approximately), to be fulfilled during the period of eight years from the date of installation of imported machinery, failing which the differential custom duty of Rs.1602.32 lakhs, together with interest and penalties, if levied, may have to be paid.

Against the aforesaid export obligation, the company has exported goods worth Rs. 1736.04 lakhs till 31/03/2009.

7. Managerial remuneration to Manager (within the meaning of section 2(24) of the Companies Act, 1956).

	<u>2008-2009</u> Rs.	<u>2007- 2008</u> Rs.
Salary	3,062,020	2,370,820
Contribution to Provident Fund and Other funds	----	---
Medical Assistance	119,628	95,496
Leave Travel Assistance	185,385	----
Other perquisites	380,400	306,436
Total	3,747,433	2,772,752

Note:- With respect to provision for gratuity, no disclosure is being made in the absence of separate figure.

8. In the opinion of the Board, Current Assets, Loans and Advances have value on realization in the ordinary course of business at least equal to the amount at which they are stated.
9. The company had sent balance confirmations as at the year end and few confirmations have since been received. However the company has a system of periodically reconciling outstanding balances of sundry Debtors, Sundry Creditors, advances, deposits etc; and on such reconciliation the necessary adjustments are made in the accounts.
10. During the year the Company made Initial Public Issue of Equity shares and consequently raised Rs. 144.18 crores in aggregate. The net proceeds of the issue have been utilized for the object of the issue as detailed below:

Rupees in crores

S.No	Particulars	Projected Amount	Amount spent till 31-03-2009	Balance amount to be spent
1	Expansion of Integrated Textile Project at Khamgaon and Malkapur	105.77	82.77	23
2	Setting up of garment manufacturing unit	25.21	11.60	13.61
3	Establishing Retail Unit	5.80	2.01	3.79
4	Expenses relating to IPO	7.40	7.40	0
	Total	144.18	103.78	40.40

Pending full utilization, the balance amount is held in Current accounts and Loans and Advances for timely availability of resources when required.

11. There are no derivative instruments outstanding as at the year end nor any foreign currency exposure that are not hedged as at the year end.
12. Disclosure pursuant to Accounting Standard AS-15 "Employee Benefits."

A. Defined Contribution Plans:

The Company has recognized the following amounts in the Profit & Loss Account for the year:

(Amount in Rupees)

Particulars	2008-2009	2007-2008
(a) Contribution to Employees Provident Fund and Pension Fund	7,212,542	6,849,381

B. Defined Benefit Plans:

I. Contribution to Gratuity.

Provision for Gratuity has been made in the accounts based on the report of Actuary as at 31st March 2009. The Company has funding arrangement with LIC for Khamgaon, Dhule and Ghatanji units. For Head office, Synthetic and Malkapur units there is no such arrangement. The liability towards the employees is discharged in the year of retirement / cessation of employment. Details under the

AS – 15, to the extent applicable is furnished below:

	2008-2009	2007-2008
(a) Changes in the Present Value of the Defined Benefits Obligation		
(i) Present Value of the Defined Benefit Obligation at the beginning of the year	23,020,530.00	21,795,393.00
(ii) Interest Cost	1,838,282.00	1,635,001.00
(iii) Current Service Cost	2,242,050.00	1,928,268.00
(iv) Benefit Service Cost	(1,085,490.00)	(731,461.00)
(v) Actuarial (Gain) / Loss	58,494.00	(1,606,671.00)
(vi) Present Value of Defined Obligation at the End of the year	26,073,866.00	23,020,530.00
(b) Balance Sheet Reconciliation		
(i) Net Liability at the beginning of the year	21,305,368.00	20,278,313.00
(ii) Expenses recognised	25,968,113.00	1,027,055.00
(iii) Net Liability at the end of the year	47,273,481.00	21,305,368.00
(c) Amounts recognised in the Profit & Loss account		
(i) Current Service Cost	2,242,050.00	1,928,268.00
(ii) Interest Cost Obligation	1,838,282.00	1,635,001.00
(iii) Expected return on plan assets	(180,976.00)	(202,125.00)
(iv) Net Actuarial return on plan assets	58,494.00	(1,606,671.00)
(v) Expenses recognised in the Statement of Profit & Loss A/c.	3,957,850.00	1,754,473.00
(d) Change in the fair value of Plan Assets		
(i) Fair value of plan assets at beginning of the year	2,010,846.00	2,263,215.00
(ii) Expected return on plan assets	180,976.00	202,125.00
(iii) Contributions	-	-
(iv) Benefits paid	(100,503.00)	(454,494.00)
(v) Fair Value of plan assets at the end of the year	2,091,319.00	2,010,846.00
(e) Actuarial Assumption		
(i) Discount rate	8%	8%
(ii) Expected rate on Plan Assets	4.50 % - 5%	4.50 % - 5%
(iii) The estimate of future salary increases considered in actuarial valuation taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market	5 % - 6%	5 % - 6%

II. Leave Encashment

In accordance with the AS-15, the company has fully provided for its liability determined on the basis of Actuarial Valuation carried out at the year end.

13 Related Party Disclosure as required by the Accounting Standard 18 (AS-18)
a) Nature of Related Party Relationship

SR NO.	PARTICULARS	NAME OF THE PARTIES	Balance as at 31.03.2009 (Amount in Rs)		Balance as at 31.03.2008 (Amount in Rs)	
			Receivable	Payable	Receivable	Payable
1	Key Management Personnel and Directors	Directors	-	-	-	-
		a) Shri Yash Birla Co-Chairman	-	-	-	-
		b) Shri P. B. Bhardwaj Chairman	-	-	-	-
		c) Shri P. V. R. Murthy	-	-	-	-
		d) Shri Mohandas Shenoy Adige	-	-	-	-
		e) Shri Sanjay Agarwal	-	-	-	-
		f) Shri Navinchandra Shah	-	-	-	-
		g) Shri Y.P. Trivedi	-	-	-	-
		h) Shri Mohan Jayakar	-	-	-	-
		Chief Executive Officer				
		i) Shri K.K. Baheti	-	-	-	-
2	Enterprises owned or significantly influenced by key management personnel or their relatives	a) Zenith Birla (India) Limited	147,114	329,742	354,146	-
		b) Birla Bombay Pvt. Ltd.	-	-	-	26,794
		c) Birla Viking Travels Pvt. Ltd.	-	35,688	-	94,840
		d) Birla Global Corporate. Ltd.	-	4,030,660	-	6,419,947
		e) Birla Infrastructure Pvt. Ltd.	2,593,634	-	-	-
		f) Khamgaon Syntex India Limited	30,724	-	19,886	-
		g) Nirved Traders Pvt. Ltd.	23,333,037	-	24,245,180	-
		h) Birla Transasia Carpet Ltd.	-	-	4,192,272	-
		i) Birla Leasing & Infrastructure Ltd.	36,811	-	-	4,384
		j) BCI International Ltd.	-	-	23,042	-
		k) Zenith Dye Intermediaries	3,192,272	-	-	1,000,000
l) Birla Integrated Textile Park	45,000,000	-	-	-		

b) Transaction with Related Parties

Sr. No.	Particulars	Amount in Rs.			
		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		31/03/2009	31/03/2008	31/03/2009	31/03/2008
1	Travel Agency			1,579,961	415,607
2	Rent Paid			989,135	1,257,420
3	Service Charges			6,808,444	12,024,663
4	Remuneration	3,747,433	2,772,752		
5	Sale of Goods				938,031
6	Civil Construction Work				3,303,819
7	Share Application Money Received				79,500,000
8	Loans Granted			45,000,000	
9	Investments in Shares			100,000	
10	Sitting Fees	90,000			

14 In compliance with Accounting Standard 17- “ Segmental Reporting” issued by the Institute of Chartered Accountants of India, segmental disclosures are as follows:

Primary Business Segment

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

Amount in Rupees

Particulars		2008 - 2009		2007- 2008	
1	Segment Revenue				
	a. Textile	868,879,079		606,059,713	
	b. Trading	1,068,705,487		218,322,635	
	c. Others	159,437		13,343,093	
	Total		1,937,744,003		837,725,441
	Less: Inter Segement Revenue		-		
	Net Sales Income from Operation		1,937,744,003		837,725,441
2	Segment Results Profit / (Loss) (before tax and interest) from Segment				
	a. Textile	(7,389,651)		21,780,218	
	b. Trading	91,904,688		20,775,988	
	c. Others	(1,511,673)		1,039,028	
	Total		83,003,364		43,595,234
	Less: i) Interest		49,880,218		7,256,818
	Less: Tax Expenses		11,943,998		19,705,981
	Total Profit after Tax		21,179,149		43,595,234
3	Capital Employed (Segment Assets - Segment Liabilities)				
	a. Textile	3,311,144,578		1,508,385,895	
	b. Trading	8,748,640		(7,317,281)	
	c. Others	402,902		66,426,483	
	Total		3,320,296,120		1,567,495,097

Note:

- 1 Textile includes Manufacture of Synthetic Yarn, Cotton yarn, Ginning and Pressing. Others includes Manufacture of Oil cake etc.
- 2 All segment assets and liabilities are directly attributable to the segment. Segment assets include all operating Assets used by the segment and consists principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances.
- 3 Segment revenue and expenses are those which are directly attributable to the segment.

15. Additional information pursuant to the provision of Schedule VI of the Companies Act, 1956 Government's Notification No., C.S.P. 494(E) dated 30th October, 1973.

- A) Particulars in respect of installed capacity, production, turnover, stocks at Commencement and at close etc.,
 l) Classes of Goods manufactured and traded

Products	Units	Stock at Commencement		Purchases		Turnover		Stock at Close		Weighment Gains/Losses spoiled qty.
		Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
1. Cotton Seed Oil	Quintal	30 (216)	159437 (951111)	-	-	30 (1410)	159437 (6968533)	0 (30)	0 (159437)	-
2. Cotton Seed Cake	Quintal	744 (1719)	594508 (1321966)	12879 (10431)	12219462 (8382182)	13588 (19352)	13220181 (15758795)	35 (744)	38619 (594508)	0 (18)
3. Others (Bughra)	Quintal	- -	- -	-	-	0 (107)	0 (19610)	-	-	-
4. Jute Yarn & Wool Yarn	Quintal	-	-	- (262)	- (872516)	- (977)	- (3763928)	-	-	-
5. Ginning	Bales	-	-	-	-	35298 (38,894)	14657977 (13253946)	-	-	-
6. Pressing	Bales	-	-	-	-	44828 (41,086.00)	9010461 (8917615)	-	-	-
7. Fancy Shirting & Suitings	Mtr.	- -	- -	8758172 (2651075)	96,40,25,448.00 (188287944)	8758172 (2651075)	1055485306 (207980758)	-	-	- -
8. Synthetic Yarn	MT.	392 (399)	47230775 (46825689)	-	-	4483 (4714)	545634665 (581099849)	395 (392)	43249613 (47230775)	-
9. Cotton Bales	Bales	- (202)	- (1634157)	9540	89966514	9551 (202)	89918438 (1628002)	-	-	-
10. Cotton Seed	Kg Quintal	- (307)	- (304500)	-	-	- (307)	- (247000)	2,985.00	38,587.00	-
11. Cotton Yarn	MT.	0	0	99	99,99,860.00	2023	207163367	333	33170519	-
12. Waste	kg	-	-	-	-	61196	2461080	267051	6291869	-

II. Capacities & Production

	Units	Installed Capacity* (Annual)	Actual Production (2008-2009) (In Metric Tonnes)	Actual Production (2007-2008) (In Metric Tonnes)
1. Synthetic Yarn	Spindles	21808 (21400)	4485	4710
2. Cotton Yarn	Spindles	36000 (12000)	1403	Nil
3. Cotton Yarn	Rotors	1728 -	854	Nil
4. Cotton Seed Oil	Quintals	75000 (75000)	Nil	1224
5. Cotton Seed Cake	Quintals	-	Nil	7964
6. Cotton Bales	Bales	75000 (75000)	44839 (in bales)	Nil
7. Cotton Seed	Kgs.	-	2985	Nil
8. Others (Bughra)	Quintals	-	Nil	107

* As certified by the management and being technical matter accepted by the auditors as correct.

B) Consumption of Raw Materials

	2008 - 2009		2007-2008	
	Quantity	Rs.	Quantity	Rs.
Man-made fibre(MT)	4,697.47	359,439,586.81	492.38	374527048
Cotton Fibre (MT)	2,888.90	184,245,520.73		
Cotton (Quintals)	58.78	159,799.00	10328.60	11580612
		<u>543,844,907</u>		<u>386107660</u>

C) Value of imported and indigeneous Raw Materials & Stores & Spares consumed

	2008-2009				2007-2008			
	Raw Materials	%	Stores & Spares & Packing Material	%	Raw Materials	%	Stores & Spares & Packing Material	%
	Rs.		Rs.		Rs.		Rs.	
Imported	-	-	510,570	1.83	-	-	279,537	1.26
Indigeneous	543,844,907	100	27,388,988	98.17	386,107,660	100	21,821,230	98.74
	<u>543,844,907</u>	<u>100</u>	<u>27,899,558</u>	<u>100</u>	<u>386,107,660</u>	<u>100</u>	<u>22,100,767</u>	<u>100</u>

D) C. I. F. value of Imports .

	2008-2009	2007-2008
	Rs.	Rs.
Raw Material	-	-
Stores	1,396,147	279,537
Capital goods	90,660,607	260,026,771
	<u>92,056,754</u>	<u>260,306,308</u>

E) Earnings in Foreign Exchange

	2008-2009	2007-2008
	Rs.	Rs.
F.O.B. Value of Exports	58,979,298	68,902,794
	<u>58,979,298</u>	<u>68,902,794</u>

F) Expenditure in Foreign Currency

	2008-2009	2007-2008
	Rs.	Rs.
Travelling Expenses	2,398,830	266,350
	<u>2,398,830</u>	<u>266,350</u>

G)

	2008-2009	2007-2008
	Rs.	Rs.

1	Net Amount remitted during the year in foreign currency on account of Dividend	1,180,796	-
2	Number of non resident shareholders	167	-
3	Number of shares held by non resident on which dividend was due	20,219,113	-
4	Year for which dividend was due	2007-2008	-

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

17) Additional Information pursuant to Part IV of Schedule VI of the Companies Act, 1956 as per Annexure A attached.

As per our attached report of even date

FOR AND ON BEHALF OF

DALAL & SHAH
Chartered Accountants

(SHISHIR DALAL)
Partner
M.No.37310

Place : Mumbai
Date : 29-06-2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K.K.BAHETI
President & CEO

TUSHAR DEY
Company Secretary

YASHOVARDHAN BIRLA
Co-Chairman

P.V.R.MURTHY
Director

**ANNEXURE 'A' REFERRED TO IN NOTE NO. 17 IN SCHEDULE '21' OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2009.**

Part - IV of Schedule - VI to the Companies Act, 1956. Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details

Registration No. State Code

Balance Sheet Date	31	3	2009
	Date	Month	Year

II. Capital Raised during the year (Amount in Rs. Lacs)

Public Issue	Right Issue	Bonus Issue	Private Placement
10298.273 *	NIL	NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount of Rs. Lacs)

Total Liabilities	Total Assets
33202.96	33202.96

SOURCES OF FUNDS

Paid - up capital	Reserves & Surplus	Secured loans	Unsecured Loans
11660.08	5,544.66	15726.58	0.00

APPLICATION OF FUNDS

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenses
28371.14	1.50	4830.32	-

Accumulated Losses

IV. Performance of Company (Amount in Rs. Lacs)

Turnover including other income	Total expenses	Profit Before Tax	Profit After Tax
20307.60	19464.20	331.23	211.79
Earning per Share in Rs.	Dividend rate %		
0.23	1 %		

V. Generic Names of Three Principle Product/Services of Company (as per monetary terms)

[a] Item Code No.[ITC]	5205.00
Product Description	Cotton Yarn.
[b] Item Code No.[ITC]	5509.00
Product Description	Manmade Staple Yarn.
[c] Item Code No.[ITC]	151229.00
Product Description	Cotton Seed Oil
[d] Item Code No.[ITC]	230610.03
Product Description	Cotton Seed Oil-cake

* Excludes Share Premium Rs. 4119.31 lacs.

Place : Mumbai

Date : 29-06-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Amount in Rs.	
	2008-2009	2007-2008
A. Cash Flow from operating Activities		
Net Profit before taxation and exceptional items	33,123,147	36,338,416
Adjustments for		
Depreciations	51,215,990	14,645,606
Loss/(profit) on assets/investments sold	(1,521,697)	(399,999)
Interest Expense (net)	3,294,009	285,172
Dividend received	(7,500)	(3,485)
Excess Provision / Liabilities written back	(2,685,637)	(723,250)
Operating profit before working capital changes	83,418,312	50,142,460
<u>Working capital changes</u>		
Trade Debtors	(147,124,119)	(38,412,621)
Inventories	(82,073,859)	(2,566,249)
Loans and Advances	(70,718,532)	(203,206,378)
Trade Payables and Provisions	138,171,415	82,479,510
Less: Taxes Paid	4,501,116	13,229,341
Cash generated from operating activities	(82,827,900)	(124,792,619)
B. Cash flow from Investing Activities:		
Purchase of Fixed Assets(Net)	(1,684,050,201)	(756,494,328)
Investments	(100,000)	-
Dividend received	7,500	3,485
Net Cash Flow from investing activities	(1,684,142,701)	(756,490,843)
C. Cash flow from Financing Activities		
Interest Expense (net)	(3,294,009)	(285,172)
Proceeds from Public Issue	1,075,300,003	274,331,313
Share Issue Expenses	(113,648,450)	-
Borrowings	776,043,590	597,709,740
Dividend Paid	(7,966,236)	(6,373,262)
Net Cash Flow from financing activities	1,726,434,899	865,382,619
Net Increase in Cash and Cash Equivalents(A+B+C)	(40,535,702)	(15,900,843)
Opening Cash and Cash Equivalents	67,440,744	83,341,587
Closing Cash and Cash Equivalents	26,905,042	67,440,744

Schedule 1 to 12 form part of the Balance Sheet for the year ended 31st March, 2009

FOR AND ON BEHALF OF
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
DALAL & SHAH
 Chartered Accountants

K.K.BAHETI
 President & CEO

YASHOVARDHAN BIRLA
 Co-Chairman

(SHISHIR DALAL)
 Partner
 M.No.37310

TUSHAR DEY
 Company Secretary

P.V.R.MURTHY
 Director

 Place : Mumbai
 Date : 29-06-2009



BIRLA COTSYN (INDIA) LIMITED

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

ATTENDANCE SLIP

DP. Id

Folio No.

Client Id

Name and Address of the Shareholder :

.....

No. of Share(s) held :

I hereby record my/our presence at the 67th ANNUAL GENERAL MEETING of the Company at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 on Wednesday, the 23rd Day of September, 2009 at 12.00 noon.

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 in the district of

being a member of Birla Cotsyn (India) Limited, hereby appoint

of in the district of

or failing him / her of

in the district of as my Proxy to attend and vote for me/our behalf at the 67th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 23rd Day of September, 2009 at 12.00 noon.

Signed thisday of.....2009

FOR OFFICE USE ONLY	
PROXY NO.	<input type="text"/>
Ledger Folio	<input type="text"/>
No. of Shares	<input type="text"/>

Affix
1 Rupee
Revenue
Stamp

Signed this

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.