



THE YASH BIRLA GROUP

BIRLA COTSYN (INDIA) LTD.

Always the best !

**69th ANNUAL REPORT
2010-2011**

69th ANNUAL REPORT 2010-2011

DIRECTORS

Shri P. B. Bhardwaj, *Chairman*
 Shri Yashovardhan Birla, *Co-Chairman*
 Shri P. V. R. Murthy, *Managing Director*
 Shri Sanjay Agarwal
 Shri Mohandas Shenoy Adige
 Shri Navinchandra Shah
 Shri Mohan Jayakar
 Shri Upkar Singh Kohli
 Shri Alok Bhardwaj (Alternate Director to Shri P. B. Bhardwaj)

CHIEF FINANCIAL OFFICER

Shri Shrikant Chari

COMPANY SECRETARY

Mr. Tushar Dey (Resigned w.e.f. 01.08.2011)
 Ms. Monica Gandhi (Appointed w.e.f. 10.08.2011)

AUDITORS

Kanu Doshi & Associates,
 Chartered Accountants, Mumbai

BANK / FINANCIAL INSTITUTIONS

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

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

SUBSIDIARY

Birla Cotsyn (India) Limited FZE

REGISTRAR AND SHARE TRANSFER AGENT

Adorit Corporate Services Pvt. Ltd.
 19/20, 1st Floor, Jaferbhoy Industrial Estate, Makwana Road,
 Marol Naka, Andheri (E), Mumbai - 400059, India
 Tel.: 91-22--28596060/ 28594060 Fax: 91-22- 28503748
 Email: investorgrievances@adroitcorporate.com

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 69th Annual General Meeting of **BIRLA COTSYN (INDIA) LIMITED** will be held on Wednesday, 21st September, 2011 at 3.30 p.m at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sanjay Agarwal who retires by rotation, and being eligible, offers himself for re-appointment.
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 consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of section 224 and other applicable provisions, if any of the Companies Act, 1956, M/s. Kanu Doshi & Co, Chartered Accountants, Mumbai (Firm Registration Number: 104746W) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

5. **APPOINTMENT OF SHRI P.V.R. MURTHY AS MANAGING DIRECTOR OF THE COMPANY:**

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 Sections 198, 269, 309, 316 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII as amended from time to time (the “Act”) and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded for the appointment of Shri P.V.R. Murthy as Managing Director of the Company for a period of three years with effect from 10th August, 2011 upon the consolidated remuneration and other terms and conditions approved by the remuneration committee and as set out in the Agreement entered into between the Company and Shri P.V.R. Murthy.

RESOLVED FURTHER THAT pursuant to the provisions of the section 269 read with Schedule XIII of the Companies Act, 1956 as amended from time to time, the remuneration payable as aforesaid shall be paid as minimum remuneration to Shri P.V.R. Murthy, notwithstanding that in any financial year of the Company during the term of his office as such, the Company may have made no profits or inadequate profits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter, vary, review, revise the terms & conditions of the said appointment including increasing or enhancing the remuneration, perquisites and benefits to be paid or provided to Shri P.V.R. Murthy (including minimum remuneration) in such manner as may be agreed to between the Directors and Shri P.V.R. Murthy in accordance with the relevant provisions of the Act and all notifications/ relaxation/ revision in guidelines for managerial remuneration issued by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the above resolution”.

6. **RAISING OF FUNDS THROUGH FURTHER ISSUE OF SECURITIES:**

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 81 (1), 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to any approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and of Ministry of Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India and the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and / or any other competent authorities and pursuant to the Securities and Exchange Board of India guidelines, the Reserve Bank of India Guidelines, the relevant provisions of the Memorandum and Articles of Association of the Company and the provisions of the Listing Agreement(s) with Stock Exchange on which the shares of the Company are listed (including any amendment thereto or re-enactment of all or any of the aforesaid) and subject to all such approvals, permissions, sanctions and consents, if any, as may be required under applicable laws and regulations and of concerned authorities, bodies and agencies and subject to such conditions and modifications as may be prescribed by any of the above said authorities, bodies and agencies, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee thereof which the Board may have or may hereafter constitute, to which all or any of the powers hereby conferred on the Board by this Resolution, have been or may hereafter at any time be delegated), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot (with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), from time to time in one or more tranches, whether rupee denominated or denominated in foreign currency, in consultation with the Lead Manager(s) and/or

Underwriter(s) and/or other advisor(s), (i) Foreign Currency Convertible Bonds and/or other Securities including debentures convertible, at the option of the Company and/or entitling the holder thereof to apply and convert at his option into equity shares, and/or (ii) other securities convertible into or exchangeable with or linked to equity shares, and/or (iii) securities with or without detachable Warrants with a right exercisable by the warrant holder to subscribe for equity shares, and/or (iv) Warrants with a right or option exercisable by the warrant holder to convert or subscribe to equity shares, and/or (v) equity shares, preference shares or other convertible/non convertible securities of the Company, through public issue, right issue, Global Depository Receipts, American Depository Receipts, Qualified Institutions Placement, private offerings or through depository receipt mechanism, participatory notes or otherwise (all hereinafter collectively referred to as the "Securities") and/or any combination of securities in domestic and/or one or more international markets to any person including promoters, existing shareholder(s), employee(s), Indian Public, Qualified Institutional Buyer(s), domestic institution(s), institutional investor(s), bank(s), mutual fund(s), companies, bodies corporate or other entities, individuals or other persons (collectively referred to as the "Investors"), whether residents and/or non-residents and/or strategic investors and/or corporate bodies and whether or not such investors are members of the Company, as may be permitted under applicable laws and regulations, of an aggregate amount not exceeding USD 100 million or equivalent thereof in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities, by offering the Securities through public offer and/or offer letter and/or placement document and/or circular and/or information memorandum and/or such other documents writings, and/or on private placement basis and/or a combination thereof in such manner, on such terms and conditions and at such time or times as may be determined by the Board in its absolute discretion, with power to settle details as to the form and terms of issue of the Securities and all other terms, conditions and matters connected therewith including to accept any modifications thereto or therein as may be required by concerned authorities and/or persons involved with any such issue of Securities subject, however, to all applicable laws and regulations.

RESOLVED FURTHER THAT in the event of issue of Securities by way of Global Depository Receipts and/or American Depository Receipts and/or Foreign Currency Convertible Bonds, the relevant date on the basis of which floor price for the underlying shares shall be determined, shall be the date as specified under the applicable law or regulation.

RESOLVED FURTHER THAT the relevant date for determination of the floor price of the equity shares that may be issued by way of Qualified Institutions Placement pursuant to Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, is as follows:

- (i) in case of allotment of equity shares, the date of the meeting in which the Board decides to open the proposed issue;
- (ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

RESOLVED FURTHER THAT the pricing of the securities and the pricing of any equity shares issued upon the conversion of the securities shall be made subject to and in compliance with the applicable laws and regulations.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares, with or without conversion rights, with or without voting rights or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT without prejudice to the generality of the foregoing, the Board be and is hereby authorized to prescribe with respect to the aforesaid issue of the Securities, all or any of the terms or any combination of terms thereof in accordance with local and/or international practice including but not limited to conditions in relation to offer, issue and allotment of the Securities, payment of interest, dividend, premium and redemption or early redemption of Securities, debt service payments and any other payments whatsoever, voting rights and all such terms as are provided in domestic and/or international offerings of this nature including terms for such issue, or variation of the price or period of conversion of any Securities into equity shares or issue of equity shares during the duration of the Securities or terms pertaining to early redemption of Securities and/or conversion into equity shares.

RESOLVED FURTHER THAT in the event any of the Securities are issued in international / foreign capital market, the issue of such Securities shall be deemed to have been made abroad in the market and/or at the place of issue of such Security in the international market and shall be governed by the applicable domestic/foreign laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares pursuant hereto and/or as may be required to be issued and allotted upon conversion of any of the Securities referred to above or as may be necessary in accordance with the terms of offering thereof and all Equity Shares so issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing Shares of the Company unless otherwise specified in the relevant terms.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and any offer, issue and allotment of Securities, the Board be and is hereby authorized to take all such actions, give such directions and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith including without limitation, appointment of such Consultants, Lead Managers, Underwriters, Guarantor(s), Depositories, Custodian(s), Registrar(s), Agent(s), Authorised Representatives, Trustee(s),

banker(s), Lawyer(s), Merchant Banker(s) and any other Advisor(s), Professional(s) and intermediaries as may be required and to pay them such fees, commission and other expenses as it deems fit and enter into or execute all such agreement(s)/arrangement(s), MOU(s)/ placement agreement(s)/underwriting agreement(s)/deposit agreement(s)/trust deeds/subscription agreement/payment and conversion agency agreement/ or any other agreement(s) or document(s) with any such agencies, list the securities in domestic and/or international stock exchange(s), authorizing any director(s) or any officer(s) of the Company, to sign for and on behalf of the Company offer document(s), agreement(s), arrangement(s), applications, authority letter or any other related paper(s)/document(s), give any undertaking(s), affidavit(s), certificate(s), declaration(s) as he/she may in his/her absolute discretion deem fit including without limitation the authority to amend or modify such document(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any Director or Committee of Directors/Company Secretary / other persons authorized by the Board to give effect to the aforesaid resolutions.”

7. **Increase in Borrowing Powers**

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

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, (including any statutory modification or reenactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of all resolutions passed in this regard, to borrow any sum or sums of money from time to time from any one or more of the Company’s bankers and/or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise including External Commercial Borrowings/ Foreign Currency Convertible Bonds and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company’s assets and properties whether movable or stock-in-trade (including raw materials, stock in process, finished goods, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed, together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the limit of Rs.600 Crores (Rupees Six Hundred Crores only) , exclusive of interest and the Board may execute such deed of hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board may think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution.

8. **Creation of Charge / mortgage.**

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

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) under Section 293(1)(a) of the Companies Act, 1956 and all other applicable provisions of the companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) to mortgage and/or charge the whole or substantially the whole of the undertaking including the immovable or movable properties of the Company wherever situate, both present and future in such form and in such manner as the Board may think fit, for securing any borrowings of the Company made in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) in the form of loans and/or advances already obtained or that may be obtained from any financial institutions/banks/insurance companies or person or persons, and/or any debenture/bonds issued or that may be issued and all interests, compound/additional interest, commitment charges, costs, charges, expenses and all other monies payable to the concerned lenders.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

By order of the Board of Directors

Place : Mumbai
Dated : 10th August, 2011

Monica Gandhi
Company Secretary

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

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE ON POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
3. Pursuant to Clause 49 of the Listing Agreement, the details of the Directors seeking appointment / re- appointment at the ensuing Annual General Meeting is provided in the Corporate Governance Report.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 16th September, 2011 to Wednesday, 21st September, 2011 (both days inclusive) for the purpose of Annual General Meeting of the Company.
5. Members are requested to forward all the share related queries/correspondence, if any, quoting Registered Folio No./ DP ID and Client ID to the Registrar and Transfer Agents of the Company **Adroit Corporate Services Pvt. Ltd.** or email it to investorgrievances@adroitcorporate.com
6. Investors whose requests/ queries/correspondence remain unresolved can send their complaints/ grievances to complianceofficer@birlacotsyn.com and the same would be attended to promptly by the Company.
7. Pursuant to the provisions of the Companies Act, 1956 dividend declared at the Annual General Meeting of the Company held on 24th October, 2008, 23rd September, 2009 and 20th September, 2010, if not claimed within seven years of such declaration respectively will be transferred to Investor Education and Protection Fund (IEPF). Members who have not encashed their dividend warrant for the aforesaid years are advised to send requests for issuance of duplicate dividend warrants (in case they have not received the Dividend Warrants) and / or revalidation of unencashed Dividend Warrants still held by them, to the Registrars and Transfer Agents of the Company under the heading "Dividend Revalidation". It may also be noted that once the unclaimed dividend is transferred to IEPF, as above, no claim shall lie in respect thereof.
8. Members are requested to:
 - a) bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - b) complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - 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.
9. Members holding shares in demat mode may kindly note that any request for change of address or change of Email ID or change in bank particulars/mandates or registration of nomination are to be instructed to their Depository Participant only, as the Company or its Registrars and Share Transfer Agents cannot act on any such request received directly from the Members holding shares in demat mode.

By order of the Board of Directors

Place : Mumbai
Dated : 10th August, 2011

Monica Gandhi
Company Secretary

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

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

Item No: 5

APPOINTMENT OF SHRI P.V.R. MURTHY AS MANAGING DIRECTOR:

The Board of Directors of the Company at its meeting held on 10th August, 2011 has on recommendation of the Remuneration Committee and subject to the approval of the Members and any other regulatory authorities, as may be required unanimously appointed Shri P. V. R. Murthy, non-executive Director of the Company as a Managing Director of the Company for a period of three years w.e.f. 10th August, 2011 on the terms and conditions including the terms as to remuneration and perquisites as set out in the Agreement entered into between the Company and Shri P.V.R. Murthy, extracts of which are provided hereunder:

The material terms of the appointment are as follows:-

1. Period: From 10th August, 2011 to 9th August, 2014.
2. Nature of Duties: Shri P. V. R. Murthy shall devote his whole time and attention to the business of the company and carry out such duties as may be entrusted to him by the Board of Directors from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the company.
3. Remuneration:
 - (a) Consolidated remuneration Rs. 50,00,000/- per annum.
 - (b) The company's contribution to provident fund and superannuation fund or annuity fund, gratuity payment as per company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites.
 - (c) The Managing Director shall be entitled to reimbursement of all expenses which may be incurred by him on behalf of the Company or in connection with the business of the Company including travel expenses.
 - (d) The Agreement may be terminated by either party by giving to the other party three months' notice in writing.
 - (e) Shri P. V. R. Murthy so long as he functions as the Managing Director of the Company shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
 - (f) The office of the Managing Director will not be subject to retirement by rotation.

The remuneration payable as stated above and all other terms and conditions of the above appointment have been approved by the remuneration committee. In the event of loss or inadequacy of profits in any financial year during the tenure of Shri P.V.R. Murthy as Managing Director of the Company, the remuneration as stated above will be paid as minimum remuneration pursuant to section 269 read with schedule XIII to the Companies Act, 1956 as amended from time to time.

Information pursuant to Schedule XIII of the Companies Act, 1956:
I. General Information:

1. Nature of Industry:
The Company is in textile industry and has been engaged in manufacturing of Synthetic yarn, Cotton yarn, Cotton Ginning and Cotton Pressing.
2. Date or expected date of commencement of commercial production
The Company was incorporated on 24th September, 1941 and has commenced operations since then.
3. In case of new Companies, Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.
Not Applicable
4. Financial performance based on given indicators.

(Rs. In Lacs)

Financial year ended	2010-2011	2009-2010	2008-2009
Net Sales	53197.56	34400.57	19377.44
Total Income	55792.81	35843.26	20307.60
Total Expenditure	54357.62	34688.99	19976.37
Profit/Loss before Tax	1435.19	1154.26	331.23
Profit/Loss after Tax	1080.10	754.57	211.79

5. Export performance and net foreign exchange collaborations

(Rs. In Lacs)

Financial year ended	2010-2011	2009-2010	2008-2009
Foreign Exchange Earning (FOB value of export)	2168.55	840.09	589.79

6. Foreign Investments or collaborators, if any,

The Company has during F.Y. 2010-11 incorporated a 100% Subsidiary in Dubai under the name & style of Birla Cotsyn (India) Limited FZE

II. Information about the appointee:

1. Background details:

Shri P. V. R. Murthy is by qualification Chartered Accountant (CA), Masters of Business Administration (MBA) and L.L.B. and has vast experience of over 30 years in General Management, Finance, Strategy, Human Resource Development as Director (Finance) and Managing Director of some reputed Companies. Currently he is a Director on the Board of many group Companies of the Yash Birla Group.

2. Past Remuneration:

Shri P.V.R. Murthy is also a Managing Director of Birla Power Solutions Limited and accordingly draws remuneration as such upto an overall limit of Rs. 1 Crore.

3. Recognition or awards:

Shri P. V. R. Murthy 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 (YBG).

4. Job Profile and his Suitability:

Shri P.V.R. Murthy has been instrumental for diversification & expansion activities of YBG into various new sectors such as Auto components, education, health care, life style, energy etc. Shri P. V. R. Murthy has been responsible for the growth of the YBG including that of Birla Cotsyn (India) Limited. In view of his overall experience in various facets of the management, he is considered suitable for the position.

5. Remuneration proposed:

As per the details given above.

6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

The executive remuneration in the industry has increased manifold in the past few years. Having regard to the type of industry, trends in industry, size of the Company, the responsibilities, academic background and capabilities of Shri P. V. R. Murthy, the proposed remuneration is very reasonable in comparison with Directorial personnel holding similar stature/position in the industry.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any.

Shri P. V. R. Murthy has no pecuniary relationship with the Company, other than the remuneration payable to him as Managing Director. There are no managerial personnel related to Shri P. V. R. Murthy.

III. Other Information:

1. Reasons of loss or inadequate profit:

The Company has adequate profits for the financial year ending 31st March 2011, however the global recession may impact the profit margins of the Company in future.

2. Steps Taken or proposed to be taken for improvement

Through better productivity and utilization of capacity.

3. Expected increase in productivity and profits in measurable terms

In the competitive environment, it is difficult to estimate increase in revenue/profit. The management is confident of further increase in revenues and profits in coming years through increase in its productivity and utilization of capacity.

IV. Disclosures:

1. Shri P.V.R. Murthy does not hold any interest in the capital of the Company, directly or indirectly or through any other statutory structures. Further, Shri P.V. R. Murthy does not have any direct or indirect interest nor is he related to any other directors or promoters of the Company at any time during last two years before or on the date of appointment.
2. Pursuant to clause 49 of the listing Agreement, brief resume and other details of Shri P.V. R. Murthy is provided in the Corporate Governance Report.

The explanatory statement with accompanying notice may be considered as an abstract and memorandum of concern/ interest as required under Section 302 of the Companies Act, 1956.

The Agreement referred to in the Resolution at Item no. 5 of the accompanying Notice is open for inspection by the members at the Registered Office of the Company between 2.00 p.m. to 4.00 p.m. on any working day of the Company except Saturday and Sunday.

The Board commends the approval by the members for appointment of Shri P.V.R. Murthy as Managing Director and the payment of remuneration as detailed hereinabove to him.

None of the Directors are concerned or interested in the Resolution at item no. 5 of the accompanying notice except Shri P.V.R. Murthy as it relates to his own appointment.

Item No: 6

It is proposed to raise funds by further issue of shares/securities by way of and through issuance of shares/foreign currency convertible bonds/ share warrants/equity linked securities/ADRs/GDRs as may be permitted under applicable laws and regulations and as may be deemed necessary and beneficial to the Company in the due course of time. The proceeds of the issue are proposed to be utilized towards Company's long term working capital requirements and general corporate purposes.

The detailed terms and conditions for offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

As per Section 81(1A) of the Companies Act, 1956, whenever it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such Company unless the shareholders in a General Meeting by way of Special Resolution decide otherwise. As the Special Resolution proposed in the Item no. 6 of the Notice results in the issue of shares/securities of the Company to members and /or non-members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1), 81 (1A) and other applicable provisions of the Companies Act, 1956 and the clauses of Listing Agreement executed by the Company with Stock Exchanges where the Equity Shares of the Company are listed.

The Special Resolution seeks to provide enabling authority to the Board of Directors of the Company to issue shares/securities as mentioned in the Resolution upto a limit of USD 100 million or equivalent thereof in one or more foreign currency and/or Indian rupees.

The Board recommends the Special Resolution as set out in Item No. 6 of the Notice for members' approval. None of the Directors of the Company are interested or concerned in the above resolution.

Item No: 7

In terms of provision of section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in General Meeting, borrow money, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of paid up capital and its free reserves not set apart for any specific purpose.

At the Annual General Meeting held on 24th October, 2008 authority was accorded to the Board of Directors of your Company to borrow upto an amount of Rs. 300 Crores (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) notwithstanding the fact that the monies so borrowed may exceed the paid up share capital of the company and its free reserves. In view of the increase in the paid-up share capital of the Company and its free reserves and keeping in view the Company's business requirement, the Board considers it as necessary to increase the said borrowing powers upto an amount of Rs 600 Crores.

The Board recommends the Ordinary Resolution as set out in item no. 7 of the Notice for approval of members.

None of the Directors of the Company are concerned or interested in the aforesaid resolution.

Item no. 8

The borrowing of the Company are in general required to be secured by suitable mortgage or charge on all or any of immovable or movable properties of the Company in such form, manner and rankings as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender (s)

Under section 293 (1)(a) of the Companies Act, 1956, the Board of Directors, except with the consent of the shareholders in a General Meeting, cannot create mortgage and/or charge the whole or substantially the whole of the undertaking including the immovable or movable properties of the Company to secure the borrowings made by the Company made in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 in favour of lender(s).

The Board recommends the Ordinary Resolution as set out in item no. 8 of the Notice for member's approval.

None of the Directors of the Company are concerned or interested in the aforesaid resolution.

By order of the Board of Directors

Place : Mumbai
Dated : 10th August, 2011

Monica Gandhi
Company Secretary

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Sixty-Ninth Annual Report along with with the Audited Accounts of your Company for the year ended 31st March, 2011.

1. Financial Results

(Amount in Rs.)

Financial Results	Year ended 31.03.2011	Year ended 31.03.2010
Net Sales	5,319,755,841	3,440,057,034
Other Income	102,271,841	36,699,738
Net Income	5,422,027,682	3,476,756,772
PBDIT	534,883,839	359,834,553
Interest and Finance Expenses	307,923,294	192,863,007
PBDT	226,960,545	166,971,546
Depreciation	83,441,667	51,545,204
PBT	143,518,878	115,426,342
Less: Deferred Tax Liability	4,037,436	21,133,717
Less : Fringe Benefit Tax (FBT)	-	-
Less: Current Year Tax (MAT)	29,000,000	19,616,707
Prior Period Tax Adjustment	2,471,121	(790,616)
PROFIT AFTER TAX (PAT)	108,010,321	75,466,534

2. Operating and Financial Performance:

During the year under review net income increased by 55.95% over the previous year, i.e. from Rs. Rs.3,476,756,772 to Rs. 5,422,027,682. Profit after tax has increased by 24.34% over the previous year profits. Even though the Government has imposed ban on the export of yarn in the latter half of current year, your Company was able to clock an export turnover of Rs. 265,772,974 as against the turnover of Rs. 84,009,067 in previous year.

3. Dividend

In view of the Company going in for Expansion of doubling the present spindling capacity, your Directors have not recommended any dividend for the financial year ended 31st March 2011.

4. Increase in Share Capital

The Company has during the year issued 426,981,554 Bonus Shares in the proportion of ONE new fully paid equity share of Re. 1/- each for every FIVE equity shares of Re. 1/- each held in the Company as on the Record Date (i.e. 1st October, 2010) by capitalizing the securities premium account. The said equity shares have been listed with Bombay Stock Exchange Limited and National Stock Exchange Limited w.e.f. 7th October, 2010.

The Company has also issued 106,745,500 Convertible Equity Share Warrants on 12th October, 2010 to the Promoters of the Company at an issue price of Rs. 1.13 per warrant. On 15th March, 2011 the Company has partly converted 50,372,750 convertible share warrants into Equity Shares of the Company aggregating to Rs. 569,212,075. The said equity shares have been listed with Bombay Stock Exchange Limited and National Stock Exchange Limited w.e.f. 1st July, 2011 and 4th July, 2011 respectively. As on 31st March, 2011, 56,372,750 Convertible Equity Share Warrants are outstanding.

The Share Capital of the Company as on March 31, 2011 stands increased from Rs. 2,134,908,100/- to Rs. 2,612,262,404/- .The Equity Shares of the Company continue to remain listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the stipulated listing fees for the year 2011-12 have been paid to both the Stock Exchanges

5. Industrial Housing Complex Project

Your Company has commenced the construction of Industrial Housing Complex for its workers and staff and is likely to complete the same by September 2011. Further to expedite the work process, your Company has appointed two contractors for each wing so that 500 workers could be housed at the earliest.

6. Expansion and Modernization Project

Your Company is now embarking on an expansion cum modernization program as under:

- **Synthetic unit Khamgaon** – Modernization plan by installing balancing equipments to improve efficiency, saving labour cost, saving power. This is underway and expected to be completed in the current year.
- **Open End Unit Khamgaon** – In order to achieve 33% hike in capacity, your Company is in the process of installing two more Rotor machines, out of which one machine has already been shipped from Europe.

- **Ring Frame Spinning Malkapur** – In order to increase in production capacity by 20%, your Company is in the process of installing 6000 spindles. This would increase the capacity from the present 36000 to 42000 spindles. All the major equipments and civil work has already arrived/ completed and the entire process of installation is expected to complete in the current year.

7. Employee Stock Options Plan

The Company had authorized an Employee Stock Option Plan 2007 (ESOP) in their Extraordinary General Meeting held on 6th December, 2007. No shares have been allotted under the ESOP till date nor are any stock options granted during the financial year ended 31st March, 2011.

8. Subsidiary Company

The Company has incorporated one wholly owned subsidiary Company i.e Birla Cotsyn (India) Limited FZE Dubai on 8th December, 2010.

The Accounts for the wholly owned Subsidiary Company, M/s Birla Cotsyn India Ltd FZE, have been received by the Company and a statement pursuant to section 212 of the Companies Act, 1956, forms part of this Annual Report.

9. Management Discussion and Analysis and Corporate Governance Report

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

10. Directors Responsibility Statement

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

1. In the preparation of the annual accounts, applicable Accounting Standards had been followed along with proper explanation relating to material departure;
2. the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2011 and the profit of the Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts have been prepared on a 'going concern' basis.

11. Auditors Remarks

A regards the Auditors remark at Para 3 clause (vi), no fresh loans was taken from an individual in contravention of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under during the financial year ended 31st March, 2011. The Loan from an Individual that is outstanding is within the limits specified in Rule 3 of the Companies (Acceptance of Deposit) Rules, 1975. The same will be repaid shortly.

12. Directors

Shri Sanjay Agarwal and P.V.R. Murthy, Directors of the Company, retires by rotation and being eligible, offer themselves for re-appointment. The Board of Directors have subject to the approval of members and such other regulatory authorities, as may be required appointed Shri P.V.R. Murthy as Managing Director of the Company for a period of three years w.e.f 10th August, 2011.

In compliance with the Clause 49 IV (G) of the Listing Agreement, brief resume of the aforesaid directors, their expertise and other details of Directors proposed to be appointed/ re-appointed are provided in the Corporate Governance Report. Appropriate resolutions for re-appointment/ appointment of the aforesaid directors are being placed for approval of the members at the ensuing annual general meeting. The members are requested to re-appoint Shri Sanjay Agarwal and Shri P.V.R. Murthy as Directors of the Company and appoint Shri P.V.R Murthy as Managing Director of the Company.

Shri Debhashis Poddar resigned from the position of Manager with effect from 31st March 2011. The Board places on record their sincere appreciation of the services rendered by him during his tenure with the Company.

14. Fixed Deposits

During the year under review, the Company has invited fresh Fixed Deposits from its shareholders and general public. As on 31st March 2011, the Company has outstanding fixed deposit of Rs.234.56 Lacs. There is no default in payment of interest and repayment of matured deposits.

15. Auditors

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

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

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

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

17. Particulars of Employees

There were no employees receiving remuneration above the prescribed limit in terms of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the financial year ended 31st March, 2011.

18. Personnel

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

19. Acknowledgements

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

For and on behalf of the Board of Directors

Yashovardhan Birla
Co-Chairman

Place : Mumbai

Date : 10th August, 2011

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 217 (I) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2011

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken.

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

- Starting a power saving and conservation campaign amongst staff & workers.
- Optimization of light points in the factory and office area without effecting production Set lighting voltage by providing stabilizer upto 210/215 volts to get a gain in power.
- Company has installed CFL to save power.
- In the humidification plant the company has installed invertors to automatically control the humidity and temperature, wherein at certain cut off points the power is off, thereby saving energy. Also the Humidification plant has provided with complete false ceiling and insulation of the supply duct thereby reducing the heat load to save power.
- In the Blow-Room department, Carding department, Draw and Speed frame department have been equipped with invertors.
- Stabilizers have been installed at various locations for all the equipments in the factory premises. Installation of stabilizers on various machines.
- In the main power supply department, the company has taken measures to set up Automatic power factor controller unit to maintain Power Factor to 1.0 i.e. unity to get rebate of 7% in energy tariff. Demand Controller unit installed to control the maximum demand to get a rebate of Load factor upto 10 to 12% on energy bill amount.
- Reduction in Air consumption by regular auditing of air leakages.
- New screw compressor has been installed replacing the Reciprocating Air compressors.
- An Condensate Recovery System has been set up to reduce the consumption of coal, by way of using Condensate water directly to Boiler as a feed water.

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

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

As per form 'A' enclosed.

B. TECHONLOGY ABSORPTION:

Effort made in technology absorption.

As per form 'B' enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2010-11	2009-10
Total Foreign Exchange earnings	216,855,473	84,009,067
Total Foreign Exchange outgo	67,583	288,944

For and on behalf of the Board of Directors

Yashovardhan Birla
Co-Chairman

Place : Mumbai

Date : 10th August, 2011

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

A.	POWER AND FUEL CONSUMPTION	CURRENT YEAR 2010 - 2011	PREVIOUS YEAR 2009 – 10
1	Electricity		
	a) Purchases Unit	34,567,060	34,213,888
	Total Amount (Rs.)	173,116,019	163,988,587
	Rate / Unit (Rs.)	5.01	4.79
	b) Own Generation		
	i) Through coal based thermal Power plant unit	Nil	Nil
	Unit per kg. of Coal	Nil	Nil
	Cost/Unit	Nil	Nil
	ii) Through furnace oil generator unit	Nil	Nil
	Units per kg. of Furnace oil	Nil	Nil
	Cost/Unit	Nil	Nil
	iii) Through furnace oil generator unit	Nil	Nil
	Units per kg. of Diesel oil	Nil	Nil
	Cost/Unit	Nil	Nil
2	Coal Quantity (MT)	915	843
	Total Cost (Rs.)	3,401,096	2,949,803
	Average rate/MT (Rs.)	3717	3499
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
B	Consumption per unit of Production	CURRENT YEAR 2010 - 2011	PREVIOUS YEAR 2009 – 10
	Yarn Production (MT)	11,517	10,934
	Total Consumption Unit	34,567,060	33,567,003
	Consumption Unit/Kg (Rs.)	2.99	3.07

FORM B
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 2010-2011
RESEARCH AND DEVELOPMENT (R & D)
I. Specific area in which R&D carried out by the company

- The company has set-up 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 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

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

TECHNOLOGY ADOPTION AND INNOVATION**A) Efforts in brief, made towards technology absorption, adoption and innovation.**

- The company has production capacity of cotton yarn, synthetic yarn, Mélange yarn, etc.
- The company has also imported the technology, such as Oerlikon Schlafhorst Autoconers, 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.

C) No new Technology is imported during the financial year

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

a. Industry Structure and Business Overview:

The Textile Sector in India ranks next to Agriculture. Textile is one of India's oldest industries and has a formidable presence in the national economy. While it provides the basic necessities of life, it also plays a pivotal role through its contribution to Industrial output, employment generation and export earnings.

One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture. About 27% of the foreign exchange earnings are on account of export of textiles and clothing alone. The textiles and clothing sector contributes about 14% to the industrial production and 3% to the gross domestic product of the country. Around 8% of the total excise revenue collection is contributed by the textile industry. The textile industry accounts for as large as 21% of the total employment generated in the economy. Around 35 million people are directly employed in the textile manufacturing activities. Indirect employment including the manpower engaged in agricultural based raw-material production like cotton and related trade and handling could be stated to be around another 60 million.

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

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

Resultant to the advantages the exports of Cotton yarns, fabric, made ups etc made largest chunk with US\$ 3.33 Billion or 26.5% in textiles category, and Ready Made garments (RMG)-cotton including accessories made largest chunk with 4.67 Billion US \$ or 37.1 % of total exports.

Now with a view to raise India's share in the global textiles trade to 10 per cent by 2015 (from the current 3 per cent), the Ministry of Textiles proposes 50 new textile parks. Out of the 50, 30 have been already sanctioned by the government (with a cost of US\$ 710 million). Set up under the Scheme for Integrated Textile Parks (SITP), this initiative will not only make the industry cost competitive, but will also enhance manufacturing capacity in the sector. While otherwise a series of progressive measures have been planned to strengthen the textile sector in India like the Technology Mission on Cotton (TMC), Technology Upgradation fund Scheme (TUFS), Setting up of Apparel Training and Design Centres (ATDCs), 100 per cent Foreign Direct Investment (FDI) in the textile sector under automatic route, Revival plans of the mills run by National Textiles Corporation (NTC) and Scrapping of the Textile Committee cess being collected from the textile and textile machinery industry under the Textile Committee Act.

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

Strength

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

Weakness

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

Opportunity

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

Threats

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

c. Risk and Concerns:

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

d. Segment-wise Performance:

Segment-wise performance of the company during the financial year 2010-11 is given below:

(Amount in Rs.)

	Textile	Trading
Income	1,745,121,711	3,574,634,050
Expenditure	1,631,494,197	3,165,858,625
Depreciation	83,441,667	0
PBIT	30,185,847	408,775,425
FOB Value of Exports	216,855,473	0

e. Financial Performance:

The Company's net income (Excluding the other Income) during the year 2010-11 is Rs.5,319,755,841 as against Rs.3,440,057,034 during 2009-10. Profit before tax for the year 2010-11 has increased to Rs. 143,518,878 as compared to Rs. 115,426,342 during the year 2009-10 mainly on account of full operations of all the newly set up units, which are the integral part of the Integrated Textile Project.

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 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. Human Resources:

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

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

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

The company has employee strength of 1586.

h. Health & Safety:

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

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

i. Expansion:

The expansion programme which has been partly commenced is in line with going towards Integration. 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, the guiding principles of corporate governance as the good corporate governance generates goodwill amongst all its stakeholders including business partners, customers, employees and investors, earns respect from society and brings about a consistent sustainable growth for the Company and its investors.

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

2. Board of Directors

a) Composition of Board

The composition of the Board of Directors 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- Non Independent Chairman and Shri Yashovardhan Birla, as Non Executive- Non-Independent Co-Chairman, One Executive Director and Five Non-Executive Directors of which four are Independent Directors. The Board members have the skills, expertise & experience necessary to direct and guide the Company.

Details of the Directorship, Membership and Chairmanship in other companies for each Director of the Company and their shareholdings and Attendance at the meetings for the financial year ended on 31st March, 2011 are as follows:

Name of the Director	No. of shares held as on 31.3.2011	Category	Attendance particulars		# Directorships in other Public Companies	^ Committee Positions in other Public Companies	
			Board Meeting Attended	AGM Attended		Chairman	Member
Shri P. B. Bhardwaj	Nil	NE-NI -C	Nil	No	2	-	-
Shri Yashovardhan Birla	11,21,040	NE-NI -Co	3	Yes	13	1	-
*Shri P V R Murthy	Nil	E	5	Yes	12	-	6
Shri Sanjay Agarwal	Nil	NE-NI	Nil	No	-	-	-
Shri Mohandas Shenoy Adige	Nil	NE-I	5	Yes	7	1	4
Shri Navinchandra Shah	Nil	NE-I	2	No	-	-	-
Shri Upkar Singh Kohli	Nil	NE-I	2	Yes	5	-	2
Shri Mohan Jayakar	Nil	NE-I	5	No	7	1	3
Shri Alok Bhardwaj	Nil	NE - NI (Alternate Director to Shri P. B. Bhardwaj)	Nil	No	-	-	-
**Shri Y.P.Trivedi	Nil	NE-I	1	N.A	9	2	5

E : Executive

NE-NI -C : Non Executive –Chairman

NE-NI-Co : Non Executive –Co-Chairman

NE-NI : Non Executive – Non Independent

NE -I : Non Executive Independent

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

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

* Shri P.V.R. Murthy, Director is appointed as Managing Director, subject to necessary approvals, at the meeting of the Board of Directors held on 10th August, 2011.

** Shri Y.P.Trivedi resigned with effect from 30th June, 2010 .

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

b) Board procedure and Access to information

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

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

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

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

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

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

The Board also reviews the declarations made by the Business Head and the Company Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

c) Board Meetings

During the year ended 31st March, 2011, five Board Meetings were held. These were held on:

- (1) 14th May, 2010 (2) 10th August, 2010 (3) 11th August, 2010
 (4) 1st November, 2010 (5) 3rd February, 2011

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

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

The Code has been displayed on the Company's website www.birlacotsyn.com.

All the Board members and senior management have confirmed compliance with the Code for the year ended 31st March, 2011. A declaration to this effect signed by the Managing Director forms part of this Annual Report.

e) Brief Note on the Directors seeking re-appointment in the 69th Annual General Meeting:

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

Name of the Director	Shri Sanjay Agarwal	Shri P.V.R. Murthy
Date of Birth	28.09.1967	21.04.1951
Date of Appointment as Director	25.01.2007	01.06.2006
Qualification	B.Com degree with honours, Chartered Accountant and Associate of the Chartered Certified Accountants of United Kingdom	Chartered Accountant (CA), Masters of Business Administration (MBA) and L.L.B.
Brief resume & Expertise in specific functional areas	Shri Agarwal, started his career as a Credit and Finance Officer with SBI Home Finance in India and subsequently moved on to become the General Manager, Finance, with Afprint Nigeria Plc. He has wide ranging experience in trade, industry and service sectors in different parts of the world. He possesses extensive accounting, MIS, treasury, change management and corporate strategy skills. He has played a key role in many restructuring, merger integration, MIS, cost savings, turnarounds, new investments – projects and divestment programs. In the P.B. Bhardwaj Group, Shri Agarwal is responsible for the global management information systems, monthly operations reviews and cost reduction plans	Shri P.V.R. Murthy 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 (YBG) 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.

Name of the Director	Shri Sanjay Agarwal	Shri P.V.R. Murthy
*Directorships in other Public Limited Companies	-Nil-	Birla Power Solutions Limited Birla Precision Technologies Limited Zenith Birla (India) Limited Melstar Information Technologies Limited Birla Surya Limited Birla Edutech Limited Birla Infrastructure Limited Birla Urja Limited Birla Pacific Medspa Limited Birla Energy Infra Limited Birla Research & Lifesciences Limited Birla Integrated Textile Park Limited
*Membership of Audit & Shareholders Grievance Committees in other Public Limited Companies	-Nil-	<u>Member of Audit Committees of:</u> Birla Power Solutions Limited Melstar Information Technologies Limited Birla Precision Technologies Limited Birla Pacific Medspa Limited <u>Member of Shareholders Grievance Committee of:</u> Birla Power Solutions Limited Melstar Information Technologies Limited
No. of shares held in the Company	Nil	Nil

*Notes :

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

f) Board Committees

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

3. Audit Committee

a) Composition, Meetings & Attendance:

Audit Committee for the year ended 31st March, 2011 comprised of three non- executive Directors, out of which two were Independent directors. The Audit Committee has been subsequently reconstituted on 23rd May, 2011 and now consists of three non-executive independent directors and one executive director. Shri Upkar Singh Kohli, Chairman of the Committee is an Independent and Non-Executive Director. All the members of the Audit Committee have adequate accounting and financial knowledge and the composition of the Committee is in compliance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

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

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

During the year ended 31st March, 2011, the Committee met four times on:

- (1) 14th May, 2010
- (2) 10th August, 2010
- (3) 1st November, 2010
- (4) 3rd February, 2011.

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

Members	Category	No. of Meetings Attended
*Shri Upkar Singh Kohli (Chairman)	Non-Executive - Independent	N. A
**Shri Navinchandra Shah	Non-Executive - Independent	1
***Shri P. V. R. Murthy	Executive	4
Shri Mohandas Shenoy Adige	Non-Executive - Independent	4

* Appointed as a Chairman of the Audit Committee w.e.f 23rd May, 2011

** Chairman of the Audit Committee upto 23rd May, 2011

*** Shri P.V.R. Murthy, Director is appointed as Managing Director, subject to necessary approvals, at the meeting of the Board of Directors held on 10th August, 2011.

b) Terms of Reference

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

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

4. Remuneration / Compensation Committee

a) Composition, Meetings and Attendance

The Board has reconstituted Remuneration / Compensation Committee on 23rd May, 2011 and is presently comprising of the following members:

Members	Category	No. of Meetings Attended
Shri P. B. Bhardwaj (Chairman)	Non-Executive - Non Independent	Nil
Shri Yashovardhan Birla (Co-Chairman)	Non-Executive – Non Independent	1
*Shri P.V.R. Murthy	Executive	1
*Shri Sanjay Agarwal	Non-Executive – Non Independent	Nil
**Shri Mohandas Shenoy Adige	Non Executive - Independent	N. A
**Shri Navinchandra Shah	Non Executive - Independent	N. A
**Shri Upkar Singh Kohli	Non Executive - Independent	N. A

* Members of the Committee upto 23rd May, 2011

** Appointed as members of the Committee w.e.f 23rd May, 2011

One Remuneration Committee meeting was held on 26th January, 2010 for determination of remuneration payable to Mr. Debashis Poddar as Manager of the Company.

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

b) Terms of Reference

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

c) Executive Directors's Compensation:

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

Details of remuneration paid to the Managerial Personnel during the financial year ended 31st March, 2011

Name & Designation	Salary	Provident Fund/ Superannuation	Perquisites & Others
*Mr. Debashis Poddar	2,062,557/-	113,400/-	562,446/-

*Resigned as manager of the company w.e.f. 31st March, 2011

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

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

d) Non-Executive Directors' Compensation and disclosures:

Apart from sitting fees that are paid to the Non-Executive and Independent Directors for attending Board/Committee meetings, no other fees/commission were paid during the year ended 31st March, 2011. During the period under review, there was no pecuniary relationship or business transaction by the Company with any Non-Executive Directors.

Sitting fees payable to the Directors for attending each meeting of the Board of Directors and Audit Committee of the Board of Directors have been revised from Rs. 2,000 to Rs.5,000 during the financial year. The sitting fee is not paid for the meetings of Investors' Grievance Committee and Remuneration Committee. The total amount of sitting fees paid during the financial year 2010-11 to Non-executive directors are as under:

Name of the Director	Sitting fees (Rs.)	Remuneration (Rs.)	Total (Rs.)
Shri P.B. Bhardwaj	Nil	-	Nil
Shri Yashovardhan Birla	17000	-	17000
Shri P V R Murthy	33000	-	33000
Shri Sanjay Agarwal	Nil	-	Nil
Shri Mohandas Shenoy Adige	33000	-	33000
Shri Navinchandra Shah	15000	-	15000
Shri Upkar Singh Kohli	12000	-	12000
Shri Mohan Jayakar	19000	-	19000
Shri Alok Bhardwaj	Nil	-	Nil
*Shri Y.P.Trivedi	2000	-	2000

*Shri Y.P.Trivedi resigned with effect from 30th June, 2010

5. Share Transfer and Investor Grievance Committee

a) Terms of Reference

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/ Remat of Shares and consolidated Share Certificates (c) Shareholders/ Investor Grievance and its redressal (d) overview of functions of Registrar & Share Transfer Agents.

b) Composition

The Share Transfer and Investor Grievance Committee during the year under review comprised of four members viz. Shri P V R Murthy (Chairman), Shri Mohandas Shenoy Adige, Shri Sanjay Agarwal and Shri Mohan Jayakar.

c) Name & Designation of the Compliance Officer

Ms. Monica Gandhi has been appointed as the Company Secretary & Compliance Officer of the Company at the meeting of the Board of Directors held on 10th August, 2011.

d) Shareholders complaints

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

Type of Complaints	No. of Complaints		
	Received	Resolved	Pending
Non receipts of De-mat Credit	Nil	Nil	Nil
Non receipt of Allotment Advise/Refund Orders	Nil	Nil	Nil
Non receipt of share certificate(s)	05	05	Nil
Non receipt of Annual Report	05	05	Nil
Non receipt of Dividend on Shares	36	36	Nil

6. Finance Committee

The Finance Committee was constituted on 13th May, 2008 consisting of three Directors viz., Shri P.V.R. Murthy, Chairman, Shri Mohandas Shenoy Adige, Member and Shri Mohan Jayakar, Member

During the year under review, four meetings of the Finance Committee were held on 7th May, 2010, 30th December, 2010, 15th February, 2011 and 24th March, 2011, which were attended by all the members.

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

7. Information on Shareholders' Meetings

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

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

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

Following Special Resolutions were passed at the 68th AGM held on 20.09.2010:

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

Following Special Resolutions were passed at the 67th AGM held on 23.09.2009:

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

No Special Resolution was passed in the 66th AGM held on 24.10.2008.

- (c) Special Resolution was put through postal ballot last year:

There were no special resolutions passed through postal ballot this year.

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

8. Subsidiary Companies

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

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have any Independent Director of the Company on the Board of any of the non-listed subsidiary company. The financial statements of the subsidiaries are reviewed by the Audit Committee of the Company.

9. Disclosures

- a) Related party Transactions:

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

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

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

- b) Compliances by the Company

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

- c) There are no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.
- d) The Company has placed before the Audit Committee the statement of utilization of funds raised through public issues on quarterly/ annual basis.
- e) The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006. The company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparation of financial statements.
- f) The Managing Director and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement for the financial year ended 31st March, 2010.
- g) Presently the Company does not have a Whistle Blower Policy. However all employees of the Company are free to approach any Management Member for any Grievance.

- h) The Board of Directors of the Company evaluates and assesses the major risks and the risk minimization procedures and the implementation of the same.
- i) The Company has complied with applicable mandatory requirements in terms of Clause 49 of the Listing Agreement. The non-mandatory requirement such as the constitution of Remuneration / Compensation Committee, have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

10. Means of Communication

- a) **Stock Exchange Intimation:** The unaudited quarterly financial statements are announced within forty-five days of the end of each quarter and the audited annual results are announced within three months from the end of the last quarter. The aforesaid financial statements after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchanges where the shares of the Company are listed
- b) **Newspapers:** Quarterly and Annual Results are published in newspapers viz The Free Press Journal and Navshakti in the format prescribed under Clause 41 of the Listing agreement with the stock exchanges where the shares of the Company are listed.
- c) **Website:** The financial results are also posted on the Company’s Website www.birlacotsyn.com. The Company’s website provides information about its business and the Section on “Investor’s Desk” serves to inform and service the Shareholders allowing them to access information at their convenience.
- d) **Annual Report:** Annual Report is circulated to all the members within the required time frame.
- e) **Investor Email ID of the Registrar & Share Transfer Agents:** All the share related requests/ queries/correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agents of the Company **Adroit Corporate Services Pvt. Ltd.** and/ or email them to investor grievances@adroitcorporate.com
- f) **Designated Email ID for Complaints/ Redressal:** In compliance of clause 47(f) of the Listing Agreement entered with the Stock Exchanges, the Company has designated an email ID complianceofficer@birlacotsyn.com exclusively for the purpose of registering complaints/ grievances by investors. Investors whose requests/ queries/correspondence remain unresolved can send their complaints/ grievances to the above referred e-mail ID and the same would be attended to promptly by the Company.
- g) There were no presentations made to the institutional investors or analysts during the Financial Year 2010-11.

11. General Shareholders Information

- a. Annual General Meeting proposed to be held
 - Day, Date & Time : Wednesday, 21st September, 2011, 3.30 P.M.
 - Venue : Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400018
- b. Financial Calendar for the year 2011-2012
 - Accounting Year : April 1, 2011 to March 31, 2012
 - Financial Calendar (Tentative)

Unaudited Financial Results for the quarter ended June 30, 2011	Second week of August, 2011
Unaudited Financial Results for the quarter ended September 30, 2011	Second week of November, 2011
Unaudited Financial Results for the quarter ended December 31, 2011	Second week of January, 2012
Unaudited Financial Results for the quarter ended March 31, 2011	Second week of May, 2011
OR	
Audited Financial Results for the year ended March 31, 2011	Within three months from the year ended March 31, 2012

- c. Book closure date : Friday, 16th September, 2011 to Wednesday, 21st September, 2011 (both days inclusive)
- d. Registered Office : Dalamal House, 1st Floor, 206, J. B. Marg, Nariman Point, Mumbai – 400 021.
- e. i. Listing of equity shares on the Stock Exchange :
 - 1. Bombay Stock Exchange Ltd.
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
- ii. ISIN No. for the Company’s Equity Shares in Demat form : INE655101024
- iii. Depositories connectivity : NSDL and CDSL

Note: Listing Fees for the year 2011-12 has been paid to Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

- f. i. Listing of Global Depository Receipts: (GDRs) : Societe de la Bourse de Luxembourg
 11, av de la Porte - Neuve
 L-2227 Luxembourg
- ii. Overseas Depository : The Bank of New York Mellon,
 101, Barclay Street, 22nd Floor,
 New York, NY 10286, USA
- iii. Domestic Custodian : The Hongkong and Shanghai banking Corporation Limited,
 Andheri Branch office, 2nd Floor, "Siv", Plot No. 139-140 B, Western Express Highway,
 Sahar Road Junction, Vile parle (E), Mumbai -400057
- iv. ISIN Code for Company's GDR : US09088Q1085

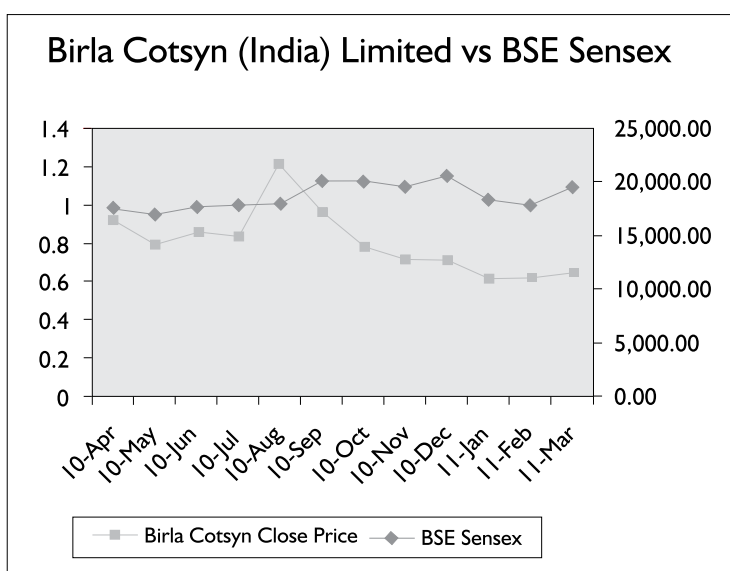
Note: Listing Fee for the GDRs has been paid to the Societe de la Luxembourg for the calendar year 2011.

g. Stock Price Data

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

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2010	1.05	0.91	1.05	0.90
May, 2010	0.92	0.72	0.95	0.75
June, 2010	0.95	0.8	0.90	0.85
July, 2010	0.96	0.84	0.95	0.85
August, 2010	1.41	0.84	1.45	0.85
September, 2010	1.34	0.85	1.30	0.95
October, 2010	1.02	0.76	0.95	0.75
November, 2010	0.87	0.68	0.85	0.70
December, 2010	0.8	0.65	0.75	0.65
January, 2011	0.76	0.61	0.70	0.65
February, 2011	0.73	0.60	0.75	0.60
March, 2011	0.72	0.56	0.70	0.55

Source: www.bseindia.com; www.nseindia.com

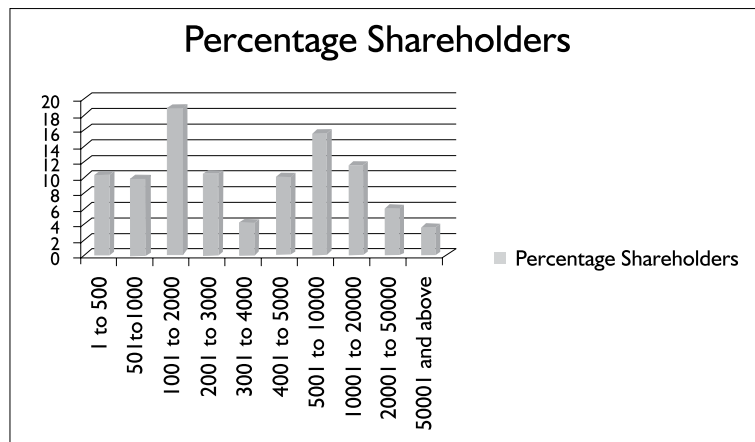


h. Share Transfer System, Dematerialisation and liquidity

The Board has delegated the authority for approving transfer, transmission, remat, if any etc. of company's securities to the Shareholders / Investors Grievance Committee. However, 97.96% of the total equity capital is held in dematerialized form with NSDL & CDSL as on 31st March, 2011 and accordingly majority of the trading of shares takes place electronically in dematerialisation mode.

i. Distribution of Shareholding as on 31st March, 2011:

No. of Equity Shares held	No. of Shareholders	Percentage Shareholders	No. of Shares held	Percentage Shareholding
1 to 500	6511	10.26	1381262	0.05
501 to 1000	6171	9.73	4645177	0.18
1001 to 2000	11960	18.85	16028889	0.61
2001 to 3000	6593	10.39	16603271	0.64
3001 to 4000	2627	4.14	9427112	0.36
4001 to 5000	6380	10.05	28267758	1.08
5001 to 10000	9849	15.52	69572849	2.66
10001 to 20000	7344	11.57	98729290	3.78
20001 to 50000	3767	5.94	113848026	4.36
50001 and above	2253	3.55	2253758770	86.28
Total	63455	100	2612262404	100


 j. Categories of Shareholding as on 31st March, 2011:

Categories	No. of Shareholders	No. of shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	12	527,896,754	20.21
Domestic Companies	692	410011010	15.70
FIs	1	82393810	3.15
Central Government/ State Government	1	3000	0.00
NRIs	357	17815982	0.68
Banks/ FIs and Insurance Companies	1	4	0.00
Mutual Funds	-	-	-
Resident Individual (Public)	62312	663481652	25.40
Trusts	3	77400	0.00
Clearing Members	75	2902792	0.11
GDRs	1	907680000	34.75
Total	63455	2612262404	100

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

- (i) 9,076,800 Global Depository Receipts (GDRs) represented by 907,680,000 equity shares were outstanding as on 31st March, 2011.
- (ii) Further the Company has issued 10,67,45,500 Convertible Equity Share Warrants on 12th October, 2010 to the Promoters of the Company at an issue price of Rs. 1.13 per warrant. On 15th March, 2011 the Company has converted 5,03,72,750 Equity Shares. As on 31st March, 2011 5,63,72,750 Convertible Equity Share Warrants were outstanding.

- l. 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)

m. Share Transfer and other queries/ communications may be addressed to the Registrar & Share Agents:

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: investorgrievances@adroitcorporate.com

n. Investors complaint may be addressed to:

Ms. Monica Gandhi, Company Secretary & Compliance Officer,
Birla Cotsyn (India) Limited,
Dalamal House, First Floor,
Nariman point, Mumbai 400 021,
Tel.: 91-22- 66158390
Email: complianceofficer@birlacotsyn.com

CERTIFICATE

To the Members of

Birla Cotsyn (India) Limited

We have examined the compliance of conditions of Corporate Governance by Birla Cotsyn (India) Limited (the Company) for the year-ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements entered in to with the stock Exchanges in India.

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

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

We state that no investor grievances as at March 31, 2011 are pending for a period exceeding one month against the Company as per the records maintained by the share registrar and reviewed by the shareholder/Investors Grievance Committee.

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

For Kanu Doshi Associates
Chartered Accountants
FRN No. 104746W

Jayesh Parmar
Partner
Mem.No.: 45375

Place: Mumbai

Date: 10th August, 2011.

DECLARATION RELATING TO CODE OF CONDUCT

All the Board Members and Senior Management Personnel have, for the year ended 31st March 2011, affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Clause 49 (1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges.

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

P.V.R. Murthy
Managing Director

Place: Mumbai

Date: 10th August, 2011

CEO/ CFO COMPLIANCE CERTIFICATE

Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement on the Audited Financial Statement for the financial year ended 31st March, 2011

We, hereby certify that:-

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended on 31st March, 2011 and that to the best of our knowledge and belief:
 - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. these statements together present a true & fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Statutory Auditors, Internal Auditors and Audit Committee:
 - I. significant changes in internal control over financial reporting during the year, if any;
 - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
 - III. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For **Birla Cotsyn (India) Limited**

P.V.R. Murthy
Managing Director/ CEO

Shrikant Chari
CFO

Place : Mumbai

Date : 10th August, 2011

AUDITORS' REPORT

- To
The Members of Birla Cotsyn (India) Limited
1. We have audited the attached Balance Sheet of Birla Cotsyn (India) Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended March 31, 2010 have been audited by another firm of Chartered Accountants. We have relied on the same for the purpose of this report.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - iv. On the basis of the written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Jayesh Parmar
Partner
Membership No. 45375

Place: Mumbai

Date: 23rd May, 2011

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Birla Cotsyn (India) Limited on the financial statements for the year ended 31st March 2011]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) (a) As explained to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The company has granted unsecured interest free loan to one Company, covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year end balance of such loans aggregates to Rs. 4,51,73,948/- and Rs. 4,51,73,948/- respectively.
- (b) In our opinion the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) The above loan is receivable on demand hence the clause (iii) (c) of para 4 of the order is not applicable.
- (d) Since the above loan is receivable on demand and interest free, clause (iii) (d) of para 4 of the order is not applicable.
- (e) The company has taken unsecured loans, from three companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year end balance of such loans aggregates to Rs. 42,44,71,466/- and Rs. 23,09,44,047/- respectively.
- (f) In our opinion the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts wherever stipulated and is also regular in payment of interest, where applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) (a) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needs to be entered into the register have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of the contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs in respect of such party during the year have been made at a price which are reasonable having regard to prevailing market price at the relevant time.
- (vi) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, where applicable **except with respect to one loan taken from an individual where the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under have not been complied with.**
- (vii) In our opinion, the company has an internal audit system but it needs to be strengthened both in terms of coverage and periodicity to be commensurate with the growth in size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 44IA of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except as stated below.

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

* Excludes penalty or interest thereon, if any.

- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues outstanding of income-tax, sales-tax, service tax, customs duty, wealth tax, excise duty and cess on account of any dispute.
- (x) The Company does not have accumulated losses at the end of the year and it has not incurred cash losses in the current year as well as in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to information and explanation given to us, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans availed by the Company were, prima facie, applied by it during the year for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to one party covered in the Register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) The Company has not issued any secured debentures during the period covered by our report. Accordingly, provisions of clause (xix) of the Companies (Auditor's Report) Order; 2003 are not applicable.
- (xx) We have verified the end use of money raised by public issues as disclosed in the notes to the financial statements. (See Note (10A) and (10C)).
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

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

Jayesh Parmar
Partner
Membership No.45375

Place: Mumbai

Date: 23rd May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31st March '2011 Rs.	As at 31st March'2010 Rs.
SOURCES OF FUNDS			
Shareholder's Fund			
Share Capital	1	2,612,262,404	2,134,908,100
Share Warrant {Refer Note No.10 (B)}		15,925,698	-
Reserves & Surplus	2	309,306,741	670,219,108
		2,937,494,843	2,805,127,208
Loan Funds			
Secured Loans	3	2,256,474,254	1,874,818,720
Unsecured Loans	4	388,129,907	169,496,281
		2,644,604,161	2,044,315,001
Deferred Tax Liability (Net) (Refer Note 5)		52,335,210	48,297,774
TOTAL		<u>5,634,434,215</u>	<u>4,897,739,983</u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		2,120,893,864	1,828,182,232
Less: Accumulated Depreciation / Amortisation.		217,933,237	134,748,887
Net Block		1,902,960,627	1,693,433,345
Capital Work in Progress (including Capital Advances)		1,016,655,808	1,244,523,757
		2,919,616,435	2,937,957,102
Investments	6	1,596,473	150,000
Current Assets, Loans & Advances			
Inventories	7	654,299,397	202,392,110
Sundry Debtors	8	1,194,205,522	720,155,448
Cash & Bank Balances	9	1,021,124,795	1,190,212,682
Loans & Advances / Other Current Assets	10	684,948,517	314,596,415
		3,554,578,231	2,427,356,655
LESS:			
Current Liabilities & Provisions			
Current Liabilities	11	765,283,390	303,465,498
Provisions	12	76,073,534	164,258,276
		841,356,924	467,723,774
Net Current Assets		2,713,221,307	1,959,632,881
TOTAL		<u>5,634,434,215</u>	<u>4,897,739,983</u>
Notes to the Accounts	21		

Schedule 1 to 12 including Accounting Policies and Notes forms part of the Balance Sheet as at 31st March, 2011.

FOR KANU DOSHI ASSOCIATES
FIRM REGISTRATION NO.104746W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MOHANDAS SHENOY ADIGE
 Director

P.V.R.MURTHY
 Director

JAYESH PARMAR
 Partner
 Membership Number 045375

SHRIKANT CHARI
 Chief Financial Officer

TUSHAR DEY
 Company Secretary

PLACE : MUMBAI
DATE : 23rd May, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.

	Schedule	For The Year Ended 31st March '2011 Rs.	For The Year Ended 31st March '2010 Rs.
INCOME			
Sales & Services Income		5,328,569,595	3,440,728,138
Less : Excise Duty		8,813,834	671,104
Sales & Services Income (Net)	13	5,319,755,761	3,440,057,034
Other Income	14	102,271,841	95,741,055
Increase / (Decrease) in Inventories	15	157,253,229	48,527,909
TOTAL		5,579,280,831	3,584,325,998
EXPENDITURE			
Raw Materials & Purchases	16	4,485,084,624	2,760,999,682
Manufacturing & Maintenance Expenses	17	243,039,457	223,100,454
Employee's Remuneration & Benefits	18	166,698,980	140,594,019
Administrative, Selling & Other Expenses	19	149,573,931	99,797,290
Interest & Finance Expenses	20	307,923,294	192,863,007
TOTAL		5,352,320,286	3,417,354,452
Profit Before Depreciation		226,960,545	166,971,546
Depreciation/Amortisation	5	83,483,767	51,587,304
Less: Transferred from Revaluation Reserve	2	42,100	42,100
		83,441,667	51,545,204
Profit before Taxation		143,518,878	115,426,342
Provision for Taxation			
Current Tax		29,000,000	19,616,707
Deferred Tax Charge / (Credit)		4,037,436	21,133,717
Prior Year Tax Adjustments		2,471,121	(790,616)
Profit After Taxation		108,010,321	75,466,534
Balance as per last account		4,626,115	41,187,817
TOTAL		112,636,435	116,654,351
Appropriation			
Proposed Dividend		-	96,070,865
Dividend Distribution Tax		-	15,957,371
Balance Transferred to Balance Sheet		112,636,435	4,626,115
Basic & Diluted Earning Per Share (Refer Note 6) (Nominal value Rs.1/- each)		0.042	0.023
Notes to the Accounts	21		

Schedule 13 to 20 including Accounting Policies and Notes forms part of the Profit & Loss Account for the year ended 31st March, 2011.

FOR KANU DOSHI ASSOCIATES
FIRM REGISTRATION NO.104746W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MOHANDAS SHENOY ADIGE
 Director

P.V.R.MURTHY
 Director

JAYESH PARMAR
 Partner
 Membership Number 045375

SHRIKANT CHARI
 Chief Financial Officer

TUSHAR DEY
 Company Secretary

PLACE : MUMBAI
DATE : 23rd May, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH '2011.

	As at 31st March' 2011 (Rs.)	As at 31st March' 2010 (Rs.)
SCHEDULE 'I'		
SHARE CAPITAL		
Authorised		
5,500,000,000 Equity Shares of Rs. 1/- each (Previous year 2,500,000,000 Equity Shares of Rs. 1/- each)	<u>5,500,000,000</u>	<u>2,500,000,000</u>
Issued, Subscribed & Paid up		
2,612,262,404 Equity Shares of Rs. 1/- each (Previous year 2,134,908,100 Equity Shares of Rs. 1/- each)	<u>2,612,262,404</u>	<u>2,134,908,100</u>
Fully paid up		
Of the above		
i) 450,000 Equity Shares of Rs. 1/- each (Previous year 450,000 Equity Shares of Rs. 1/- each) issued for consideration other than cash in terms of Amalgamation Scheme.		
ii) 113,547,000 Equity Shares of Rs. 1/- each (Previous year 113,547,000 Equity Shares of Rs. 1/- each) have been allotted as fully paid Bonus Shares by Capitalisation of Reserves & Securities Premium Account.		
iii) 426,981,554 Equity Shares of Rs. 1/- each (Previous year Nil) have been allotted as fully paid Bonus Shares by Capitalisation of Securities Premium Account.		
SCHEDULE '2'		
RESERVES & SURPLUS		
Securities Premium Account		
As Per last account	509,105,328	356,748,476
Add : Received during the year (Refer Note 10 (B))	6,548,457	159,492,567
Less : Bonus Share Issued	426,981,554	-
Less : Share Issue Expenses	<u>45,942,260</u>	<u>7,135,715</u>
	42,729,970	509,105,328
Revaluation Reserve		
As per last account	156,261,781	156,303,881
Add: Revaluation during the year	-	-
Less : Depreciation on revalued assets	<u>42,100</u>	<u>42,100</u>
Transferred to Profit & Loss Account	156,219,681	156,261,781
Capital Reserves		
As Per last account	225,884	225,884
Add / Less : Transfer from / (to) Profit and Loss Account	-	-
	225,884	225,884
Foreign Currency Translation Reserve	-2,505,230	-
Surplus as per Profit & Loss Account	<u>112,636,436</u>	<u>4,626,115</u>
TOTAL	<u>309,306,741</u>	<u>670,219,108</u>
SCHEDULE '3'		
SECURED LOANS		
Term Loans from Banks	1,130,788,616	1,317,393,662
Term Loans from Financial Institutions	31,000,000	59,707,703
Working Capital Loans from Banks.	1,093,311,472	496,728,377
Car Loans	<u>1,374,166</u>	<u>988,978</u>
TOTAL	<u>2,256,474,254</u>	<u>1,874,818,720</u>
* Interest Accrued and due of Rs.6,506,853/- (P.Y. 13,481,498/-) included in above Term Loan from Banks		
Note:		
a) Term Loans from Banks and Financial Institution are secured by first pari-passu charge on all, present & future, movable and immovable fixed assets & by second charge on all, present & future, inventories & book debts.		
b) Working Capital Loans from Banks are secured by first pari-passu charge on all, present & future, inventories, hypothecation inventories and book debts & by second charge on on all, present & future, movable & Immovable fixed assets.		
c) Car Loans Secured by hypothecation of specific vehicle.		
SCHEDULE '4'		
UNSECURED LOANS		
Dues to Others (Short Term)	364,673,907	169496281
Fixed Deposit Receipts (Falling due for payment within one year Rs.3,581,000/-) (Previous year Nil)	<u>23,456,000</u>	<u>-</u>
TOTAL	<u>388,129,907</u>	<u>169496281</u>

SCHEDULE-5
FIXED ASSETS

Sr. No.	Description of Assets	(Amount in Rs)									
		Gross Block as on 1st April, 2010	Additions during the year	Adjustment/ Deductions during the year	Gross Block as on 31st March, 2011	Depreciation upto 1st April, 2010	Depreciation/ Amortisation for the year (Refer Note 8)	Depreciation on deductions	Depreciation / Amortisation upto 31st March, 2011	Net Block as on 31st March, 2011	Net Block as on 31st March, 2010
INTANGIBLE											
1	Leasehold Land	9,572,874	-	297,777	9,275,097.00	200,735	94,235	-	294,970	8,980,128	9,372,139
TANGIBLE											
1	Freehold Land	156,440,032	-	-	156,440,032	-	-	-	-	156,440,032	156,440,032
2	Buildings	473,197,654	5,941,103	-	479,138,757	18,772,340	15,757,758	-	34,530,098	444,608,659	454,425,314
3	Plant & Machinery	1,111,771,233	269,259,376	1,066,412	1,379,964,197	104,357,915	62,111,839	253,354	166,216,400	1,213,747,797	1,007,413,318
4	Furniture & Fixtures	4,714,851	685,661	59,550	5,340,962	670,016	305,662	12,959	962,719	4,378,243	4,044,835
5	Computers	1,778,893	792,758	27,143	2,544,508	1,040,984	1,022,430	-	2,063,414	481,094	737,909
6	Other Assets (Incl. Office Equipments)	6,758,295	-	-	6,758,295	637,934	185,645	1,096	822,483	5,935,813	6,120,361
7	Electrical Installation	56,709,189	16,003,542	-	72,712,731	6,555,112	3,331,448	-	9,886,560	62,826,172	50,154,077
8	Vehicles	7,239,211	1,556,726	76,655	8,719,282	2,513,852	674,750	32,008	3,156,594	5,562,689	4,725,359
	Total	1,828,182,232	294,239,166	1,527,537	2,120,893,861	134,748,888	83,483,767	299,417	217,933,238	1,902,960,627	1,693,433,345
	Previous Year	1,579,497,646	249,204,825	520,239	1,828,182,232	83,321,419	51,587,304	159,835	134,748,888	1,693,433,345	
9	Capital Work in Process									1,016,655,808	1,244,523,757
	(Including Capital Advance)										

Foot Note

- 1 Lease hold Land at Khamgaon is for a period of 30 years which expired on 31st July, 2003 for which application for renewal is made for approval, which is still pending.
- 2 The Plant & Machinery, Building at Ghatanji, Dhule & Khamgaon and land at Ghatanji & Dhule, were revalued as at 12.11.1985. The registered valuer had carried out the valuation on the basis of the then market values of these fixed assets.

The addition to assets on account of this revaluation aggregating Rs.6,842,998/- was correspondingly credited to the Revaluation Reserve.

Further, free-hold land at Ghatanji and Dhule were revalued at 31.03.2007. The registered valuer had carried out the valuation on the basis of the then market value of these lands. The addition to assets on account of this revaluation, aggregating Rs. 1,52,909,694/- was correspondingly credited to the Revaluation Reserve during the year ended 31.03.2007.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH '2011.

	As at 31st March' 2011 (Rs.)	As at 31st March' 2010 (Rs.)
SCHEDULE '6'		
INVESTMENTS (Non Trade) (Long Term) (At Cost)		
Unquoted		
2,000 (Previous year 2,000) Equity Shares of The Shamrao Vithal Co-operative Bank Ltd. of Rs.25/- each.	50,000	50,000
10,000 (Previous year 10,000) Equity Shares of Birla Integrated Textile Park Ltd. of Rs. 10/- each.	100,000	100,000
39,000 (Previous year Nil) Equity Shares of Birla Energy Infra Limited of Rs. 10/- each	390,000	-
62,500 (Previous year Nil) Equity Shares of Jankalyan Sahakari Bank Limited of Rs. 10/- each.	625,000	-
1 (Previous year Nil) Fully Paid Share of UAE Dirham 35000 of Birla Cotsyn (India) Limited FZE Wholly owned subsidiary of the Company.	431,473	-
TOTAL	1,596,473	150,000
SCHEDULE '7'		
INVENTORIES		
(As taken, valued and certified by the Management)		
Stores & Spare parts	4,802,417	5,554,078
Raw materials	322,828,605	27,509,228
Goods in-Process	64,853,744	33,896,206
Waste /Scrap	3,394,991	22,130,927
Finished Goods	258,419,640	113,301,671
TOTAL	654,299,397	202,392,110
SCHEDULE '8'		
SUNDRY DEBTORS (UNSECURED)		
(Considered good unless otherwise stated)		
Outstanding over six months	38,035,664	4,675,014
Other debts	1,156,169,858	715,480,434
TOTAL	1,194,205,522	720,155,448
SCHEDULE '9'		
CASH & BANK BALANCES		
Cash in hand	1,056,807	859,360
Cheque in hand	191,717,688	-
Bank Balance		
In Current Accounts with Scheduled Banks { Refer Note No. 10 (A) }	110,368,218	60,540,003
Including on Margin Money Account Rs.6,988,233/- (Previous year Rs.6,658,621/-)}		
Non-Scheduled Banks		
Dhule Vikas Bank	-	47,582
(Maximum balance during the year Rs.168,658/-, Previous year Rs.398,161/-)		
Pusad Urban Bank Ltd	258,301	373,171
(Maximum balance during the year Rs.801,724/-, Previous year Rs.2,899,996/-)		
In Fixed Deposit Account With Euram Bank	706,694,303	-
(Maximum balance during the year Rs.1,163,069,856/-, Previous year Nil)		
Euram Bank	11,029,478	1,128,392,566
(Maximum balance during the year Rs.1,169,888,616/-, Previous year Rs. 1,128,392,566/-)		
TOTAL	1,021,124,795	1,190,212,682

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH '2011.

	As at 31st March' 2011 (Rs.)	As at 31st March' 2010 (Rs.)
SCHEDULE '10'		
LOANS & ADVANCES / OTHER CURRENT ASSETS		
(Unsecured, considered good unless otherwise stated)		
Loans & Advances		
Loans to Employees & Others	729,338	301,915
Dues from Subsidiary Company	352,703,289	-
Advances Recoverable in cash or in kind or for value to be received or pending adjustments. {Refer Note No : 10 (A)}	188,364,516	179,367,864
Balance with Excise Authorities	22,046,905	34,345,491
Payment of Income Tax (Net of Provision)	8,110,839	1,878,140
Other Current Assets		
Interest Receivable	328,327	219,942
Export Incentive Receivable	1,553,849	1,802,273
Subsidy Receivable	111,111,453	96,680,790
TOTAL	<u>684,948,517</u>	<u>314,596,415</u>
SCHEDULE '11'		
CURRENT LIABILITIES		
Sundry Creditors {Refer Note No : 3}	652,261,577	219,912,129
Deposits & Advances from Customers	25,096,998	25,086,059
Unclaimed Dividend	1,969,377	-
Other liabilities	85,955,438	58,467,310
Interest Accrued but not due of Rs.636,621- (PY. Rs.739,560/-)		
TOTAL	<u>765,283,390</u>	<u>303,465,498</u>
SCHEDULE '12'		
PROVISIONS		
Leave Encashment	4,141,204	3,744,311
Gratuity	33,127,786	28,683,285
Provision for Income Tax (Net of Payment)	26,776,308	19,802,444
Investor Education and Protection Fund shall be credited by the following		
Provision for Distribution Tax on Dividend (FY 09-10)	12,028,236	15,957,371
Proposed Dividend	-	96,070,865
TOTAL	<u>76,073,534</u>	<u>164,258,276</u>

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

	For the year ended 31st March' 2011 (Rs.)	For the year ended 31st March' 2010 (Rs.)
SCHEDULE '13'		
SALES & SERVICES INCOME		
Manufacturing Sales		
Domestic	1,386,564,920	1,173,153,423
Exports	265,772,974	84,009,067
	<u>1,652,337,894</u>	<u>1,257,162,490</u>
Less: Cash Discount	5,412,786	6,436,627
Net Sales	1,646,925,108	1,250,725,863
Trading Sales - Domestic	3,574,634,050	2,159,280,230
Ginning and Pressing Charges	20,943,266	17,718,641
Sales of Waste and Scrap	77,253,337	12,332,300
TOTAL	<u>5,319,755,761</u>	<u>3,440,057,034</u>
SCHEDULE '14'		
OTHER INCOME		
Miscellaneous Receipts	53,265,269	60,048,810
Revenue Subsidy	22,259,393	12,819,964
Excess Provisions/ liabilities written back	1,112,578	12,485,441
Insurance Claims	465,161	610,478
Profit / (Loss) on Sale of Fixed Assets	(16,608)	233,101
Interest (TDS Rs..1,71,083/- PY Rs.99,512/-)	12,474,899	765,944
Foreign Exchange Gain	2,685,641	-
Exports Incentives	10,019,508	8,769,817
Dividend	6,000	7,500
TOTAL	<u>102,271,841</u>	<u>95,741,055</u>
SCHEDULE '15'		
INCREASE / (DECREASE) IN INVENTORIES		
Increase / (Decrease) in Stocks of Finished Goods and Waste.		
a) Closing Stock		
Finished Goods	258,419,640	113,301,671
Goods in Process	64,853,744	33,896,206
Scrap / Waste	3,394,991	22,130,927
TOTAL	<u>326,668,375</u>	<u>169,328,804</u>
b) Opening Stock		
Finished Goods	113,301,671	76,497,338
Goods in Process	33,896,206	37,969,188
Scrap / Waste	22,217,269	6,334,369
TOTAL	<u>169,415,146</u>	<u>120,800,895</u>
Increase / (Decrease)	<u>157,253,229</u>	<u>48,527,909</u>
SCHEDULE '16'		
RAW MATERIALS & PURCHASES		
Raw materials consumed	1,302,049,224	827,553,617
Colour, Chemicals & Mixing Expenses	11,178,864	8,782,266
Job Work Charges and Expenses	5,997,911	6,811,030
Purchase of Goods for Trade	3,165,858,625	1,917,852,769
TOTAL	<u>4,485,084,624</u>	<u>2,760,999,682</u>

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

	For the year ended 31st March' 2011 (Rs.)	For the year ended 31st March' 2010 (Rs.)
SCHEDULE '17'		
MANUFACTURING & MAINTENANCE EXPENSES		
Stores & Spare Parts consumed	49,245,072	48,150,760
Power, Fuel & Water	189,350,336	169,149,109
Repairs to:		
a) Buildings	785,542	1,388,259
b) Machinery	1,646,962	1,930,141
c) Furniture's & Others	1,483,265	2,482,185
Custom Duty	528,280	-
TOTAL	<u>243,039,457</u>	<u>223,100,454</u>
SCHEDULE '18'		
EMPLOYEES' REMUNERATION & BENEFITS		
Salary, Wages and Bonus	149,626,935	124,949,670
Gratuity and Contribution to Provident Fund	15,208,599	13,842,998
Welfare Expenses	1,863,446	1,801,351
TOTAL	<u>166,698,980</u>	<u>140,594,019</u>
SCHEDULE '19'		
ADMINISTRATIVE,SELLING & OTHER EXPENSES		
Rent	3,791,460	2,546,122
Municipal Lease	37,500	37,500
Insurance	3,478,089	2,652,064
Rates & Taxes	705,119	1,385,704
Auditors Remuneration*(including service tax)		
Audit Fees	882,400	678,345
Tax Audit Fees	-	16,545
Out of Pocket Expenses	8,723	19,718
Miscellaneous Expenses	52,526,811	37,231,242
Foreign Exchange Loss	-	14,314,650
Freight, Forwarding & Selling Expenses	63,799,195	25,629,985
Commission to other selling agents	24,344,634	15,285,415
TOTAL	<u>149,573,931</u>	<u>99,797,290</u>
SCHEDULE '20'		
INTEREST AND FINANCE EXPENSES		
1 On Term Loan	169,773,451	128,851,054
2 To Banks on working capital facilities	95,253,804	39,196,617
3 To Others	38,788,781	16,007,374
4 Bank Commission & Charges	3,845,556	8,807,962
5 To Fixed Deposits	261,702	-
TOTAL	<u>307,923,294</u>	<u>192,863,007</u>

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

Use of Estimates:

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

B. Fixed Assets :

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

C. Depreciation/ Amortisation :

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

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. Current Investments are carried at lower of cost and fair value

E. Revenue Recognition:

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

F. Inventories:

Inventories are valued as under:

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

G. Employee Benefits:

- a) All employee benefits payable within twelve months of rendering of the service are classified as short term benefits. Such benefits include salaries, wages, bonus, awards, exgratia etc, and are recognized in the period in which the employee renders the related services.
- b) 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.
- c) Liabilities in respect of Gratuity, which is Defined Benefit Plans and Leave Encashment, are accrued for the amount, determined on the basis of an Independent actuarial valuation applying the Projected Unit Credit Method.
- d) Actuarial gains/losses are recognized in the profit and loss account for the year.

H. Foreign currency transactions:

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

I. Borrowing Cost:

Borrowing cost that is attributable to acquisition of qualifying asset is capitalised as part of total cost of such assets.

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

J. Government Grants:

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

K. Taxation:

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

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

L. Provisions, Contingent Liabilities and Contingent Assets:

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

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

Contingent assets are neither recognized nor disclosed.

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. Application of Securities Premium Account:

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

O. Expenditure during construction and expenditure on new projects:

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

P. Accounting of Claims:

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

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

Q. Operating Lease :

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

R. Earnings per Share :

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

S. Segment Reporting Policies :

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

T. Cash and Cash Equivalents :

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

U. Loan processing charges :

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

II. NOTES TO THE ACCOUNTS
1. Contingent Liabilities not provided for in respect of:

Particulars	2010 - 2011 (Amt in Rs)	2009 - 2010 (Amt in Rs)
a) Claims against Company not acknowledged as debt	102,000	102,000
b) Labour matter pending with the court	1,515,097	1,515,097

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

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 9,297,513 (previous year Rs. 4,453,574)
- In the absence of necessary information relating to the suppliers registered as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has not been able to identify such suppliers and disclose the information required under the said Act relating to them.
- Depreciation / Amortisation

Particulars	2010 - 2011	2009 - 2010
Depreciation charged on Fixed Assets	83,483,767	51,587,304
Depreciation charged on Revalued Assets	42,100	42,100
	83,441,667	51,545,204

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

Component	2009 - 2010 (Amt in Rs)	For the year 31.03.2011 (Amt in Rs)	2010 - 2011 (Amt in Rs)
Difference between Book and Tax Depreciation	(108,255,777)	(16,296,071)	(124,551,848)
U/S 43 B of Income Tax Act, 1961	12,910,814	718,707	13,629,521
Carry Forward Losses / Unabsorbed Depreciation	47,047,189	(4,881,395)	42,165,794
Other Liability	-	16,421,323	16,421,323
Deferred Tax (Liability)/Asset	(48,297,774)	(4,037,436)	(52,335,210)

6. Earning per share

Particulars	2010 - 2011	2009 - 2010
Net Profit as per Profit and Loss Account (In Rs)	108,010,321	75,466,534
Weighted Average Number of Equity Shares (In Nos)	2,564,097,775	3,343,388,529
Basic and Diluted Earnings Per share (In Rs)	0.042	0.023

7. Remuneration to Auditors

Particulars	2010 - 2011	2009 - 2010
Audit fees	882,400	678,345
Tax Audit fees	-	16,545
Certification fees	-	38,708
Out of Pocket Expenses	8273	19,718

- The Government of India has approved import of Capital Equipment under the "Exports Promotion Capital Goods Scheme" at a concessional rate of custom duty. Under the Scheme the Company purchased Capital Goods at nominal duty for which the Company has an export obligation aggregating to Rs. 13167.39 Lakhs (previous year Rs. 12538.10 Lakhs), to be fulfilled within eight

years from the date of issuance of respective licences, failing which the duty saved aggregating Rs.1645.92 Lakhs (previous year Rs.1604.07 Lakhs), together with interest and penalties, if levied, may have to be paid.

As at the year end the Company has fulfilled Export Obligation aggregating Rs.2309.03 Lakhs (previous year Rs.861.54 Lakhs)

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

(Amt in Rs)

Particulars	2010 – 2011 (Amt in Rs)	2009 - 2010 (Amt in Rs)
Salary	2,062,557	1,986,699
Contribution to Provident Fund	113,400	26,419
Medical Assistance	78,723	49,202
Leave Travel Assistance	78,723	101,992
Other perquisites	405,000	250,810
	2,738,403	2,415,122

10. A. The Company during 2008 - 09 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:

S. No	Particulars	Projected Amount (Amt in Cr)	Amount spent till 31-03-11 (Amt in Cr)	Balance (Amt in Cr)
1	Expansion of Integrated Textile Project at Khamgaon and Malkapur	105.77	105.77	-
2	Setting up of garment manufacturing unit	25.21	11.60	13.61
3	Establishing Retail Unit	5.80	2.48	3.32
4	Expenses relating to IPO	7.40	7.40	-
	Total	144.18	127.25	16.93

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

- B. The Company has issued 106,745,500 Convertible Equity Shares Warrants on 12th October, 2010 to the Promoter's of the Company at an issue price of Rs.1.13 per Warrant. On 15th March, 2011 the Company has converted 50,372,750 Equity Shares at Rs.1 amounting to Rs. 50,372,750 and premium of Rs. 0.13 amounting to Rs. 6,548,457 transferred to the Securities Premium Account. Listing approval has been received from BSE and awaited from NSE. As on 31st March, 2011 56,372,750 Convertible Equity shares Warrants amounting to Rs 63,701,208 at an issue price of Rs.1.13 is outstanding of which 25% amounting to Rs. 15,925,698 is in the share warrant account with the Company.
- C. The Company allotted 968,900,000 Equity Shares of face value of Rs.1 per share at a premium of Rs.0.20 per Share under the GDR offer aggregating Rs.1,128,392,567 including the premium of Rs.159,492,567, on 15th March 2010 for General Corporate purpose and long term Working Capital Requirements (including cost of setting up foreign subsidiaries). The proceeds net of expenses (Expenses of Rs.42,858,852) and interest income (Interest Income of Rs.11,160,856) were partly utilised for capitalization of its Wholly Owned Subsidiary – Birla Cotsyn (India) Ltd (FZE), which includes investment subsidiary (Rs.431,473), loans to subsidiary (Rs.352,703,289 and) and exchange loss of Rs. 2,075,238 due to US Dollar / AED conversion, Partly for Project advances and General Corporate purpose (Rs.20,800,804) and the balance amount of Rs.717,723,781 (Net of Foreign Exchange loss is Rs. 2,959,985.) is held in current account with a non – scheduled bank, pending utilisation. Hence the question of verification does not arise.
11. There are no derivative instruments outstanding as at the year end. Foreign currency exposure which are not hedged as at the year end are as follows

Particulars/ Currency Denomination	2010 – 2011		2009 – 2010	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
Receivables	USD 252,330	11,142,153	USD 282,302 Euro 42,598	12,742,984 2,579,738
Total		11,142,153		15,322,722
Payables	-	-	-	-

12. Disclosure pursuant to Accounting Standard AS-15 "Employee Benefits."

- A. Defined Contribution Plans:

During year ending 31st March 2011, the Company has recognised the contribution to Employees Provident Fund and Pension Fund aggregating Rs.9,039,436 (previous year Rs.8,617,756) in the Profit & Loss Account.

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

Provision for Gratuity has been made on the report of Actuary as at the year ended 31st March 2011. The Company has funding arrangement with LIC for Khamgaon, Dhule and Ghatanji units. For Head office, Synthetic and Malkapur units there are no such arrangement. The liability towards the employees is discharged in the year of retirement / cessation of employment. Details under the AS -15, are furnished below:

		2010 - 2011 (Amt in Rs)	2009 - 2010 (Amt in Rs)
a.	Changes in the Present Value of the Defined Benefits Obligation		
i.	Present value of Defined Benefit Obligation at the beginning of the year	29,763,470	26,073,866
ii	Interest Cost	2,452,786	2,082,550
iii	Current Service Cost	2,821,344	2,516,607
iv	Benefits paid during the year	(2,171,052)	(713,033)
v	Actuarial (Gain) / Loss	1,070,317	(196,520)
vi	Present Value of Defined Benefit Obligation at the End of the Year	33,936,865	29,763,470
b.	Amounts recognized in the Profit & Loss account		
i	Current Service Cost	2,821,344	2,516,607
ii	Interest Cost	2,452,786	2,082,550
iii	Expected return on plan assets	(187,822)	(168,141)
iv	Net Actuarial (Gain) / Loss	1,070,317	(196,520)
v	Expenses Recognized in the Statement of Profit & Loss A/c	6,156,625	4,234,496
c.	Change in the fair value of Plan Assets		
i	Fair value of plan assets at beginning of the year	1,855,636	2,091,319
ii	Expected return on plan assets	143,059	168,141
iii	Contributions	--	4,126
iv	Benefits paid	(479,824)	(407,950)
v	Fair value of plan assets at the end of the year	1,518,871	1,855,636
	Present Value of Defined Benefit Obligation at the End of the Year	33,936,865	29,763,470
	Less: Fair value of plan assets for the funded gratuity at the end of the year	809,079	1,080,185
	Liability with respect to unfunded Plan recognised in the Balance Sheet	33,127,786	28,683,285
d.	Actuarial Assumption		
i	Discount rate (In %'s)	8.00 - 8.25	8.00 - 8.25
ii	Expected rate of return on Plan Assets (In %'s)	4.50 - 5.00	4.50 - 5.00
iii	The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. (In %'s)	5.00 - 7.00	5.00 - 6.00
e.	Percentage of each category of Plan Assets to total Fair value of Plan Assets as at the year end	N.A	N.A

II. Leave Encashment

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value of liability is Rs. 994,500 (previous year Rs 1,159,195) based upon following assumptions

Discount rate 8.25% - 8.50% (Previous year 8.25%)

Salary escalation 5.00% - 7.00% (Previous year 5.00% - 6.50%)

13. Related Party Disclosure as required by the Accounting Standards 18 (AS - 18)
a) Nature of Related Party Relationship and balances outstanding

S. No	Particulars	Name of the Parties	Balance Amt as at 31.03.2011		Balance Amt as at 31.03.2010	
			(Amt in Rs)		(Amt in Rs)	
			Receivable	Payable	Receivable	payable
I.	Key Management Personnel					
		Directors	-	-	-	-
		a) Shri Yash Birla (Co Chairman)	-	-	-	4000
		b) Shri P.B.Bhardwaj (Chairman)	-	-	-	-

S. No	Particulars	Name of the Parties	Balance Amt as at 31.03.2011		Balance Amt as at 31.03.2010	
			(Amt in Rs)		(Amt in Rs)	
			Receivable	Payable	Receivable	payable
		c) Shri P.V.R.Murthy	-	-	-	4000
		d) Shri Mohandas Shenoy Adige	-	-	-	4000
		e) Shri Sanjay Agrawal	-	-	-	-
		f) Shri Navinchandra Shah	-	-	-	-
		g) Shri Y.P.Trivedi	-	-	-	-
		h) Shri Mohan Jayakar	-	-	-	-
		Chief Executive Officer				
		a) Shri Debashis Poddar (Till 31.12.10)	-	-	-	-
2.	Enterprises owned or significantly influenced by Key Management personnel or their relatives					
		a) Zenith Birla (India) Ltd	-	-	-	25,000,000
		b) Birla Viking Travels Pvt Ltd	-	-	-	-
		c) Birla Global Corporate Ltd	-	7,568,848	-	7,568,848
		d) Birla Infrastructure Ltd	-	-	-	-
		e) Khamgaon Syntex India Ltd	45,250	-	-	-
		f) Nirved Traders Pvt Ltd	-	-	-	-
		g) Birla Power Solutions Ltd	-	230,944,047	-	42,300,000
		h) Birla Leasing & Infrastructure Ltd	-	-	-	-
		i) Zenith Dye Intermediateries Pvt Ltd	-	-	-	-
		j) Birla Energy Infra Limited (Investment)	390,000	-	-	-
		k) Birla Cotsyn (India) Ltd FZE	352,703,289	-	-	-
		l) Birla Integrated Textile Park Ltd				
		Investment	100,000	-	100,000	-
		Loan	45,173,948	-	45,100,000	-

b) Transaction with Related Parties

S. No	Particulars	Key Management Personnel		Enterprise owned or significantly influenced by Key Management personnel or their relatives	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1.	Travel Expenses (Birla Viking Travels Pvt Ltd)	-	-	704,752	1,127,952
2.	Rent Paid (Birla Global Corporate Ltd)	-	-	2,501,604	1,764,800
3.	Service Charges (Birla Global Corporate Ltd)	-	-	7,782,768	7,941,600
4.	Remuneration	2,738,403	2,415,122	-	-
5.	<u>Loans Received</u>				
	a) Birla Power Solutions Ltd	-	-	357,411,021	42,300,000
	b) Zenith Birla (India) Ltd	-	-	-	25,000,000
6.	<u>Loans Granted</u>				
	a) Birla Integrated Textile Park Ltd *(Unsecured Interest free)	-	-	173,948	-
	b) Birla Cotsyn (India) Ltd FZE *(Unsecured Interest free)	-	-	352,703,289	-
7.	<u>Loans Repaid</u>				
	a) Zenith Birla (India) Ltd	-	-	25,000,000	-
	b) Birla Power Solutions Ltd	-	-	168,766,974	-
8.	Investments in shares				
	a) Birla Energy Infra Ltd	-	-	390,000	-
	b) Birla Cotsyn (India) Ltd FZE	-	-	429,993	-
9.	Sitting Fees	131,000	86,000	-	-

There is no repayment schedule for the above loans

- c) No debt due from or to related parties are written off or written back during the year.
 · Related parties are identified by the Management and relied upon by the Auditors.

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

Primary Business Segment

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

Particulars	2010-11			2009-10		
	Textiles	Trading in Fabrics	Total	Textiles	Trading in Fabrics	Total
1. Segment Revenue	1,745,121,711	3,574,634,050	5,319,755,761	1,280,776,804	2,159,280,230	3,440,057,034
Less: Inter Segment Revenue	-	-	-	-	-	-
Total Sales & Services Income	1,745,121,711	3,574,634,050	5,319,755,761	1,280,776,804	2,159,280,230	3,440,057,034
2. Segment Results	30,185,847	408,775,425	438,961,273	66,088,444	241,427,461	307,515,905
Less: Interest & Finance Expenses			307,923,294			192,863,007
Less: Provision for Tax (Including prior year adjustment)			35,508,557			39,959,808
Add: Interest income			12,474,899			765,944
Add: Dividend Income			6,000			7,500
Total Profit / (Loss) After Tax			108,010,321			75,466,534
3. Segment Assets	2,810,501,728	1,176,676,209	3,987,177,937	2,341,635,650	640,187,035	2,981,822,685
Unallocated Assets	-	-	2,488,613,202	-	-	2,383,641,072
Total Assets			6,475,791,139			5,365,463,757
4. Segment Liabilities	395,585,121	406,967,259	802,552,380	336,897,154	130,826,620	467,723,774
Unallocated Liabilities			2,735,743,916			2,092,612,775
Total Liabilities			3,538,296,296			2,560,336,549
5. Segment Capital Expenditure	66,371,217	-	66,371,217	152,790,426	-	152,790,426
6. Segment Depreciation & Amortisation	83,126,990	-	83,126,990	51,342,728	-	51,342,728
Unallocable	-	-	314,677	-	-	202,476
Total Depreciation & Amortisation			83,441,667			51,545,204
7. Significant Non Cash Expenditure	-	-	-	-	-	-

8. Geographical Segment

(Amt in Rs)

Particulars	India		Rest of the World		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	5,053,982,787	3,356,047,967	265,772,974	84,009,067	5,319,755,761	3,440,057,034
Carrying cost of Segment Assets	3,976,035,783	2,966,499,963	11,142,153	15,322,722	3,987,177,937	2,981,822,685
Additions to Fixed Assets and Intangible Assets	-	-	-	-	-	-

Note

- Textile includes manufacture of Synthetic Yarn, Cotton Yarn, Ginning and Pressing.
 - Segments have been identified in line with the Accounting Standard on Segment Reporting (AS - 17) taking into account the organisation structure as well as the differential risks and returns of these Segments. All Segments assets and liabilities are directly attributable to the Segment.
 - Segment Revenue and Expenses are those which are directly attributable to the Segment.
15. Additional information pursuant to the provision of Schedule VI of the Companies Act, 1956 Government's Notification No.C.S.P494(E) dated 30th October 1973.
- A. Particulars in respect of installed capacity, production, turnover, stocks at commencement and at close etc.,
- I) Classes of Goods manufactured and traded

Products	Units	Stock at beginning of the year		Purchases during the year		Turnover during the year		Stock at the close of the year		Weightment Gains/ Losses Spoiled qty
		Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
1. Cotton Seed Cake	Quintal	-	-	-	-	175	247,653	-	-	-
		(35)	(38,619)	(5,464)	(6,408,412)	(5,500)	(8,042,259)	(-)	(-)	(-)
2. Ginning	Bales	-	-	-	-	57,767	13,045,889	-	-	-
		(-)	(-)	(-)	(-)	(50,331)	(10,704,007)	(-)	(-)	(-)

Products	Units	Stock at beginning of the year		Purchases during the year		Turnover during the year		Stock at the close of the year		Weightment Gains/ Losses Spoiled qty
		Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
3. Pressing	Bales	- (-)	- (-)	- (-)	- (-)	36,208 (30,989)	7,897,376 (7,014,633)	- (-)	- (-)	- (-)
4. Fancy Shirting & Suiting's	Mtr.	- (-)	- (-)	32,741,089 (18,161,501)	3,165,858,625 (1,901,450,166)	33,458,183 (18,161,501)	3,574,386,397 (2,146,997,918)	- (-)	- (-)	- (-)
5. Synthetic Yarn	MT.	260 (395)	29,292,566 (43,249,613)	- (-)	- (-)	4,318 (4,946)	650,653,421 (627,642,615)	403 (260)	60,641,516 (29,292,566)	2 (-)
6. Cotton Bales	Bales	2 (-)	11,650 (-)	- (1,000)	- (9,994,191)	- (500)	- (4,240,054)	3 (2)	21500 (11,650)	- (-)
7. Cotton Seed	Kg	- (2,985)	- (38,587)	- (-)	- (-)	- (2,985)	- (42,686)	- (-)	- (-)	- (-)
8. Cotton Yarn	MT.	620 (333)	83,997,455 (33,170,519)	- (-)	- (-)	6,394 (5,961)	995,370,185 (623,040,562)	1053 (620)	197,756,624 (83,997,455)	- (-)
9. Fabric	Mtr.	- (-)	- (-)	- (-)	- (-)	24,238 (-)	952,925 (-)	- (-)	- (-)	- (-)
10. Sale of Waste & Scrap		- (-)	- (-)	- (-)	- (-)	- (-)	77,253,337 (12,332,300)	- (-)	- (-)	- (-)
Total			113,301,671 (76,497,338)		3,165,858,625 (1,917,852,769)		5,319,807,184 (3,440,057,034)		258,419,640 (113,301,671)	

II) Capacities & Production

	Units of Measurement	Installed Capacity * (Annual)	Actual Production	
			(2010 - 2011)	(2009 - 2010)
			(In Metric Tonnes) as otherwise stated	(In Metric Tonnes) as otherwise stated
1. Synthetic Yarn	Spindles	22248 (22248)	4463	4811
2. Cotton Yarn	Spindles	36000 (36000)	3860	3269
3. Cotton Yarn	Rotors	1728 (1728)	3194	2854
4. Cotton Seed Oil	Quintals	75000 (75000)	-	-
5. Cotton Bales	Bales	54798 (54723)	36208 (In bales)	30989 (In bales)
6. Cotton fabric (Job work)	Mtrs	-	717094 (227 MT)	-
7. Grey Fabric	Looms	114	24238 (Mtr)	

B. Consumption of Raw Material

	2010 - 2011		2009 - 2010	
	Quantity	Rs.	Quantity	Rs.
Man-made fibre(MT)	4,735	450,497,244	4,958	378,557,767
Cotton Fibre (MT)	9,468	849,883,973	7,280	448,995,850
Cotton (Quintals)	271	1,668,007	-	-
		1,302,049,224		827,553,617

C. Value of imported and indigenous Raw Material & Stores & Spares consumed.

	2010 - 2011				2009 - 2010			
	Raw Materials	%	Stores & Spares & Packing Material	%	Raw Materials	%	Stores & Spares & Packing Material	%
	Rs.		Rs.		Rs.		Rs.	
Imported	-	-	464,811	0.94	-		3,285,326	6.82
Indigenous	1,302,049,224	100	48,780,262	93.18	827,553,617	100	44,865,434	93.18
	1,302,049,224	100	49,245,073	100.00	827,553,617	100	48,150,760	100.00

D. CIF value of Imports

	2010 – 2011	2009 – 2010
	Rs.	Rs.
Stores	464,811	3,285,326
Capital goods	1,370,582	-
	1,835,393	3,285,326

E. Earnings in Foreign Exchange

	2010 – 2011	2009 - 2010
	Rs.	Rs.
F.O.B. Value of Exports	216,855,473	84,009,067
	216,855,473	84,009,067

F. Expenditure in Foreign Currency

	2010 – 2011	2009 – 2010
	Rs.	Rs.
Travelling Expenses	67,583	288,944

G.

	2009 - 2010	2009 - 2010
	Rs.	Rs.
1. Net Amount remitted during the year in foreign currency on account of Dividend	8,928,797	1,984,177
2. Number of non-resident shareholders	357	273
3. Number of shares held by nonresident on which dividend is remitted	17815982	19,841,770
4. Year for which dividend was due	2009-2010	2008-2009

16. During the year the company has capitalised interest aggregating to Rs. 23,765,111 (Previous year Rs. 79,793,905).

17. Premises taken on Operating Lease

- The Company has Operating Lease Agreements for the Office building and other premises. The rental expenses for the Operating Lease aggregating Rs. 3,791,460 (previous year Rs. 1,764,800) has been debited to the Profit and Loss Account for the year.
- Future lease rentals are determined on the basis of agreed terms.
- At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.
- The total future minimum rentals payable as at the Balance Sheet date are as under: (Amt in Rs)

S. No	Particulars	2010 – 2011	2009 - 2010
1.	For the period not late than one year	3,114,662	2,917,500
2.	For the period late than one year and not late than five years	463,260	1,050,000
3.	For the period late than five years	-	-

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

As per our attached report of even date

FOR KANU DOSHI ASSOCIATES
FIRM REGISTRATION NO.104746W
CHARTERED ACCOUNTANTS

JAYESH PARMAR
Partner
Membership Number 045375

PLACE : MUMBAI
DATE : 23rd May, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MOHANDAS SHENOY ADIGE
Director

SHRIKANT CHARI
Chief Financial Officer

P.V.R.MURTHY
Director

TUSHAR DEY
Company Secretary

CASH FLOW STATEMENT

Amount in Rs.

Particulars	2010-2011		2009-2010	
A. Cash Flow from operating Activities				
Net Profit before Taxation		141,047,758		115,426,342
Adjustments for :				
Depreciation	83,441,667		51,545,204	
Profit on assets sold	16,608		(233,101)	
Interest Expense	304,077,738		133,821,690	
Interest Income	(12,474,899)		(765,944)	
Dividend Income	(6,000)		(7,500)	
Excess Provisions / Liabilities written back	<u>(1,112,578)</u>	373,942,536	<u>(12,485,441)</u>	171,874,908
Operating profit before working capital changes		514,990,294		287,301,250
<u>Working capital changes</u>				
Trade Debtors	(474,050,074)		(446,988,687)	
Inventories	(451,907,287)		(16,446,314)	
Loans and Advances	(366,516,251)		81,369,109	
Trade Payables and Provisions	468,944,156	(823,529,456)	(2,483,302)	(384,549,194)
Less: Taxes Paid		<u>28,258,835</u>		<u>1,276,534</u>
Cash generated from operating activities		<u>(336,797,997)</u>		<u>(98,524,478)</u>
B. Cash flow from Investing Activities:				
Purchase of Fixed Assets	(66,073,440)		(152,790,426)	
Proceeds from Fixed Assets	913,734		590,649	
Investments	(1,446,473.00)		-	
Interest received	12,366,514		765,944	
Dividend received	6,000		7,500	
Net Cash Flow from investing activities		<u>(54,233,665)</u>		<u>(151,426,333)</u>
C. Cash flow from Financing Activities				
Interest Paid	(305,250,030)		(160,427,136)	
Issue of Equity Shares & Share Warrants	66,298,448		968,900,000	
Securities Premium Received	6,548,457		159,492,567	
Share Issue Expenses Paid	(45,942,260)		(7,135,715)	
Working Capital Loans Received	596,583,095		387,153,195	
Proceeds from Term Loans	40,897,319		247,376,480	
Repayment of Term Loans	(256,210,068)		(338,067,909)	
Car Loan Received	385,188		112,400	
From Other Loans Received	218,633,626		169,496,281	
Dividend Paid (Including Dividend Distribution Tax)	<u>(100,000,000)</u>		<u>(13,641,712)</u>	
Net Cash Flow from financing activities		<u>221,943,776</u>		<u>1,413,258,451</u>
Cash and Cash Equivalents (Schedule 9)		<u>(169,087,887)</u>		<u>1,163,307,640</u>
Opening Cash and Cash Equivalents		1,190,212,682		26,905,042
Closing Cash and Cash Equivalents		1,021,124,795		1,190,212,682
Net Increase in Cash and Cash Equivalents(A+B+C)		(169,087,887)		1,163,307,640

FOR KANU DOSHI ASSOCIATES
FIRM REGISTRATION NO.104746W
CHARTERED ACCOUNTANTS

JAYESH PARMAR
 Partner
 Membership Number 045375

PLACE : MUMBAI
DATE : 23rd May, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MOHANDAS SHENOY ADIGE
 Director

SHRIKANT CHARI
 Chief Financial Officer

P.V.R.MURTHY
 Director

TUSHAR DEY
 Company Secretary

ANNEXURE 'A' REFERRED TO IN NOTE NO.17 IN SCHEDULE '21' OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011.

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	2011
	Date	Month	Year

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

Public Issue	Right Issue	Bonus Issue	Private Placement
<input type="text" value="NIL"/> *	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

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

Total Liabilities	Total Assets
<input type="text" value="55042.67"/>	<input type="text" value="55042.67"/>

SOURCES OF FUNDS

Paid - up capital	Reserves & Surplus	Secured loans	Unsecured Loans
<input type="text" value="26122.62"/>	<input type="text" value="352.32"/>	<input type="text" value="21263.07"/>	<input type="text" value="3881.30"/>

APPLICATION OF FUNDS

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenses
<input type="text" value="29196.16"/>	<input type="text" value="15.96"/>	<input type="text" value="25830.54"/>	<input type="text" value="-"/>

Accumulated Losses

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

Turnover including other income	Total expenses	Profit Before Tax	Profit After Tax
<input type="text" value="55792.81"/>	<input type="text" value="54357.62"/>	<input type="text" value="1435.19"/>	<input type="text" value="1080.10"/>
Earnings per Share in Rs.	Dividend rate %		
<input type="text" value="0.042"/>	<input type="text" value="NIL"/>		

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

Place : MUMBAI

Dated : 23.05.2011

AUDITORS' REPORT

To

**The Members of Birla Cotsyn (India) Limited FZE,
P.O.Box 49969,
Hamriyah Free Zone – Sharjah-United Arab Emirates**

We have audited the accompanying financial statements of **Birla Cotsyn (India) Limited FZE, Hamriyah Free Zone-Sharjah-United Arab Emirates** as at March 31, 2011 and the related statements of income, statement of changes in owner's equity, statement of cash flows for the period (3 months) then ended and a summary of significant accounting policies and other explanatory notes.

Management Responsibility : -

The Company Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards (IFRS). The responsibility includes fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility :-

Our responsibility is to express an opinion on these financial an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

This is the first year of the company and hence, there is no comparable figure.

Except for the effects of the matters discussed in the preceding paragraph. Which may require financial adjustments, in our opinion, the financial statements present fairly, in all material respects, the financial position of **Birla Cotsyn (India) Limited FZE, Hamriyah Free Zone-Sharjah-United Arab Emirates** as of March 31, 2011 and of its financial performance and its cash flow for the period then ended subject to the above in accordance with International Financial Reporting Standards.

**For Bin Sahib chartered Accountants
Dubai – United Arab Emirates.**

Date : May 19, 2011.

HAMRIYAH FREE ZONE – SHARJAH-UNITED ARAB EMIRATES

BALANCE SHEET AS OF MARCH, 2011 (3 MONTHS)
(In United Arab Emirates Dirhams)

	Notes	2011 (3 Months)
ASSETS		
Current Assets		
Cash and banks	4	10,483
Trade Receivables	5	41,270,575
		41,281,058
Noncurrent asset		
Total Assets		41,281,058
LIABILITIES AND OWNERS' EQUITY		
Current Liabilities		
Trade and other payables	6	11,230,786
Loan from related parties		28,610,400
		39,841,186
Noncurrent liabilities		
Total Liabilities		39,841,186
Owner's Equity :		
Capital	2	35,000
Retained earnings	7	1,404,872
Total Liabilities and Owners equity		41,281,058

The accompanying notes form an integral part of these financial statements.

The Report of the Auditors is set out on page 1.

The financial statements on pages 2 to 13 were approved on May 19, 2011 and signed on its behalf by :

Manager

Birla Cotsyn (India) Limited FZE

HAMRIYAH FREE ZONE – SHARJAH-UNITED ARAB EMIRATES
STATEMENT OF INCOME AS OF MARCH, 2011 (3 MONTHS)
(In United Arab Emirates Dirhams)

	Notes	2011 (3 Months)
Revenue	8	43,610,276
Cost of Turnover	9	(42,165,480)
Gross Profit		1,444,796
Administrative expenses	10	(35,000)
Profit from operating activities :		1,409,796
Finance charges		(4,924)
Net Profit for the year from operations		1,404,872
Net profit for the year	7	1,404,872
The accompanying notes form an integral part of these financial statements.		
The Report of the Auditors is set out on page I.		
The financial statements on pages 2 to 13 were approved on May 19, 2011		
and signed on its behalf by :		

STATEMENT OF INCOME AS OF MARCH, 2011 (3 MONTHS)
(In United Arab Emirates Dirhams)

	Capital AED	Retained Earning AED	Total AED
Changes in Owners Equity :			
Net Profit for the year	-	1,404,872	1,404,872
Net Movments	35,000	-	35,000
As at March 31, 2011	35,000	1,404,872	1,439,872
The accompanying notes form an integral part of these financial statements.			
The Report of the Auditors is set out on page I.			

HAMRIYAH FREE ZONE – SHARJAH-UNITED ARAB EMIRATES
STATEMENT OF CASH FLOWS AS OF MARCH, 2011 (3 MONTHS)
(In United Arab Emirates Dirhams)

	2011 (3 Months)
Cash Flow from operating activities :-	
Net profit for the year	1,404,872
Adjustments for non cash items :	
Operating Profit before changes in	1,404,872
Operating assets and liabilities	
(Increase) in trade receivables	(41,270,575)
Increase in trade and other payables	11,230,786
Cash generated from oprations :	(28,634,917)
Net cash from operating activities	(28,634,917)
Cash Flow from investing activities :-	
Cash Flow from financing activites	
Net movment in related parties	28,610,400
Net movment in shareholders capital and current account	35,000
Net cash financing activities	28,645,400
Net increase in cash and cash equivalentents	10,483
Cash and cash equivalentents, end of the year	10,483
Represented by :-	
Cash and bank	10,483
	10,483

The accompanying notes form an integral part of these financial statements.

The Report of the Auditors is set out on page 51.

Notes to the Financial Statements
For the period ended March, 2011 (3 Months)
1 Legal status and business activity :

- 1.1 Birla Cotsyn (India) Limited FZE, Hamariyah Free Zone-Sharjah-United Arab Emirates was established in Sharjah on December 08, 2010 and operates in the United Arab Emirates under a trade Licence No. 7203 issued by the Hamariyah Free Zone Authority, The Government of Sharjah.
- 1.2 The activities of the Company as per trade licence is general trading.
- 1.3 The Management and control are vested with Raizza Gallinera Malasig, Manager.

2 Capital of the Establishment

Capital of the Establishment is AED 35,000/-.

SI No.	Name	Nationality	Percentage of Holding	AED
1)	Birla Cotsyn (India) Limited	India	100%	35,000
	TOTAL		100%	

Basis of preparation :-

The Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and applicable requirements of the U.A.E. Law. A summary of the significant accounting policies, which have been applied consistently, are set out below :

3 Summary of Significant accounting policies :
3.1 Accounting convention

These financial statements have been prepared under historical cost convention basis.

3.2 Inventories

Inventories are stated at the lower of cost and net realisable value using FIFO method. Costs comprise direct materials and, where applicable, direct labour costs and the overheads that been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated selling price less all estimated costs to completion and costs to disposal.

3.3 Property, Plant and equipment

Property, Plant and equipment are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost of property, plant and equipment is depreciated using the straight-line method over their estimated useful economic lives as follows :

	Years
Machinery & Equipments	5
Furniture & Fixtures	5
Motor Vehicles	5
Machinery & Tools	5

3.4 Trade receivables

Sales made on credit are included in trade receivables at the balance sheet date, and reduced by appropriate allowances for estimated doubtful amounts.

3.5 Trade payables

Trade payables are stated at their nominal value.

3.6 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, balances with bank and deposits with banks, within a maturity date of three months or less from the date of deposit, free of encumbrances.

3.7 Impairment of assets

Property, Plant and Equipments are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of income.

An assessment is made at the each balance sheet date to determine whether there is objective evidence, that the financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset its determined and any impairment losses are recognised in the statement of income.

3.8 Revenue recognition

The rendering services revenue shall be recognised by reference to the stage of completion of the transaction and shall be measured the cost and economic benefits at the balance sheet date.

3.9 Financial Expenses

Financial expenses are accounted in the statement of income in the period in which they are incurred. Except to the extent, that the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets shall be capitalised as part of cost of that assets.

3.10 Employee's terminal benefits

Employees terminal benefits are accounted on cash payment basis.

3.11 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, which it is probable, will result in an outflow of economic benefits that can be reasonably estimated.

3.12 Foreign currencies

Transactions denominated in foreign currencies are intially recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising are included in the statement of income.

Non-monetary items that are measured in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Statutory reserve

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

Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets and fiancial liabilities are recognised on the entity's balance sheet when the entity has become a party to the contractual provisions of the instruments. A financial assets is any assets that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instruments. A financial liability is any liability that is a contractual obligation to deleiver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

	March 31, 2011 (3 Months) AED
4 Cash and banks	
Bank balances : Current account	10,483
	<u>10,483</u>
5 Trade receivables	
Trade receivables	41,270,575
	<u>41,270,575</u>
5.1 Ageing of trade receivables are as follows :	
Due for less than six months	41,270,575
	<u>41,270,575</u>
5.2 Geographical analysis :	
With United Arab Emirates	41,270,575
	<u>41,270,575</u>
5.3 Credit Risk :	
The current year credit risk spread over more customers than the year before and the the fair value of customers outstanding balances shown in balance sheet are 100% realisable	

6	Trade and other payables	
	Trade payables	11,225,786
	Loan payables	5,000
		<u>11,230,786</u>
7	Retained earnings	
	Net profit for the year	1,404,872
	Closing balance	<u>1,404,872</u>
8	Revenue	
	Sales : Within U.A.E.	43,610,276
		<u>43,610,276</u>
9	Cost of turnover	
	Add : Purchases (Including direct expenses)	42,165,480
		<u>42,165,480</u>
10	Administrative expenses	
	Pre-operative Expenses	35,000
		<u>35,000</u>

11 Financial instruments

Financial instruments of the Company comprises of cash at bank, trade receivables, other assets, trade payables, bills payables, due to banks and other liabilities.

Credit risk

Financial assets which potentially expose the Company to concentration of credit risk comprise principally bank accounts, trade receivables, other receivables.

The Company's bank accounts are placed with high credit quality financial institutions.

Currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the conversion of Dirhams into US Dollar is fixed.

Interest rate risk

The Company is not exposed to any significant interest rate risk.

Fair values

At the balance sheet date, the fair values of financial assets and liabilities at year-end appropriate their carrying amounts.

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

To the Board of Directors of
BIRLA COTSYN (INDIA) LIMITED

1. We have audited the attached Consolidated Balance Sheet of BIRLA COTSYN (INDIA) LIMITED ("the Company") and its Subsidiary (the Company and its Subsidiary constitute "the group") as at March 31, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the group for the year ended on that date annexed thereto. These Consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We further report that in respect of the following subsidiary, we did not carry out the audit. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors. The details of assets and revenue in respect of the said subsidiary are given below:

Name of the Subsidiary	Total Assets	Total Revenue	Net Cash Inflow
Birla Cotsyn India Limited FZE	Rs.50,89,04,626/-	Rs.54,03,74,932/-	Rs.1,29,232/-

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- "CONSOLIDATED FINANCIAL STATEMENTS" as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and the aforesaid subsidiaries, and to the best of our information and according to the explanations given to us and read with Significant Accounting Policies and read together with the other notes thereon, we are of the opinion that the attached Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of the state of the affairs of the group as at March 31, 2011;
 - ii) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date and
 - iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No.: 104746W

Jayesh Parmar
Partner
Membership No.: 45375.

Place : Mumbai

Date : May 23, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31st March '2011 Rs.
SOURCES OF FUNDS		
Shareholder's Fund		
Share Capital	1	2,612,262,404
Share Warrant {Refer Note No.9}		15,925,698
Reserves & Surplus	2	326,625,726
		2,954,813,828
Loan Funds		
Secured Loans	3	2,256,474,254
Unsecured Loans	4	388,191,546
		2,644,665,800
Deferred Tax Liability (Net) (Refer Note 5)		52,335,210
	TOTAL	5,651,814,839
APPLICATION OF FUNDS		
Fixed Assets	5	
Gross Block		2,120,893,864
Less: Accumulated Depreciation		217,933,237
Net Block		1,902,960,627
Capital Work in Progress (including Capital Advances)		1,016,655,808
		2,919,616,435
Investments	6	1,165,000
Current assets, Loans & Advances		
Inventories	7	654,299,397
Sundry Debtors	8	1,702,980,921
Cash & Bank Balances	9	1,021,254,022
Loans & Advances / Other Current Assets	10	332,245,227
		3,710,779,568
LESS:		
Current Liabilities & Provisions		
Current Liabilities	11	903,672,630
Provisions	12	76,073,534
		979,746,164
Net Current Assets		2,731,033,404
	TOTAL	5,651,814,839
Notes to the Accounts	21	

Schedule 1 to 12 including Accounting Policies and Notes forms part of the Balance Sheet as at 31st March, 2011.

FOR KANU DOSHI ASSOCIATES
FIRM REGISTRATION NO.104746W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MOHANDAS SHENOY ADIGE
 Director

P.V.R.MURTHY
 Director

JAYESH PARMAR
 Partner
 Membership Number 045375

SHRIKANT CHARI
 Chief Financial Officer

TUSHAR DEY
 Company Secretary

PLACE : MUMBAI
DATE : 23rd May, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.

	Schedule	For The Year Ended 31st March '2011 Rs.
INCOME		
Sales & Services Income		5,868,944,527
Less : Excise Duty		8,813,834
Sales & Services Income (Net)	13	5,860,130,693
Other Income	14	102,271,841
Increase / (Decrease) in Inventories	15	157,253,229
TOTAL		<u>6,119,655,763</u>
EXPENDITURE		
Raw Materials & Purchases	16	5,007,557,085
Manufacturing & Maintenance Expenses	17	243,039,457
Employee's Remuneration & Benefits	18	166,698,980
Administrative, Selling & Other Expenses	19	150,007,616
Interest & Finance Expenses	20	307,984,307
TOTAL		<u>5,875,287,445</u>
Profit Before Depreciation		244,368,318
Depreciation/Amortisation	5	83,483,767
Less: Transferred from Revaluation Reserve	2	42,100
		<u>83,441,667</u>
Profit before Taxation		160,926,651
Provision for Taxation		
Current Tax		29,000,000
Deferred Tax Charge / (Credit)		4,037,436
Prior Year Tax Adjustments		2,471,121
Profit After Taxation		<u>125,418,093</u>
Balance as per last account		4,626,115
TOTAL		<u>130,044,208</u>
Appropriation		
Proposed Dividend		-
Dividend Distribution Tax		-
Balance Transferred to Balance Sheet		<u>130,044,208</u>
Basic & Diluted Earning Per Share (Refer Note 5) (Nominal value Rs.1/- each)		<u>0.049</u>
Notes to the Accounts	21	

Schedule 13 to 20 including Accounting Policies and Notes forms part of the Profit & Loss Account for the year ended 31st March, 2011.

FOR KANU DOSHI ASSOCIATES
FIRM REGISTRATION NO.104746W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MOHANDAS SHENOY ADIGE
 Director

P.V.R.MURTHY
 Director

JAYESH PARMAR
 Partner
 Membership Number 045375

SHRIKANT CHARI
 Chief Financial Officer

TUSHAR DEY
 Company Secretary

PLACE : MUMBAI
DATE : 23rd May, 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH '2011.

	As at 31st March' 2011 (Rs.)
SCHEDULE '1'	
SHARE CAPITAL	
Authorised	
5,500,000,000 Equity Shares of Rs. 1/- each (Previous year 2,500,000,000 Equity Shares of Rs.1/- each)	<u>5,500,000,000</u>
Issued, Subscribed & Paid up	
2,612,262,404 Equity Shares of Rs. 1/- each	<u>2,612,262,404</u>
Fully paid up	
Of the above	
i) 450,000 Equity Shares of Rs. 1/- each issued for consideration other than cash in terms of Amalgamation Scheme.	
ii) 113,547,000 Equity Shares of Rs.1/- each have been allotted as fully paid Bonus Shares by Capitalisation of Reserves & Securities Premium Account.	
iii) 426,981,554 Equity Shares of Rs.1/- each have been allotted as fully paid Bonus Shares by Capitalisation of Securities Premium Account.	
SCHEDULE '2'	
RESERVES & SURPLUS	
Securities Premium Account	
As Per last account	509,105,328
Add : Received during the year (Refer Note 9)	6,548,457
Less : Bonus Share Issued	426,981,554
Less : Share Issue Expenses	<u>45,942,260</u>
	42,729,970
Revaluation Reserve	
As per last account	156,261,781
Add : Revaluation during the year	-
Less : Depreciation on revalued assets	42,100
Transferred to Profit & Loss Account	<u>156,219,681</u>
Capital Reserves	
As Per last account	225,884
Add / Less : Transfer from / (to) Profit and Loss Account	-
	225,884
Foreign Currency Translation Reserve	-2,594,018
Surplus as per Profit & Loss Account	<u>130,044,209</u>
TOTAL	<u>326,625,726</u>
SCHEDULE '3'	
SECURED LOANS	
Term Loans from Banks *	1,130,788,616
Term Loans from Financial Institutions	31,000,000
Working Capital Loans from Banks.	1,093,311,472
Car Loans	<u>1,374,166</u>
TOTAL	<u>2,256,474,254</u>
* Interest Accrued and due of Rs.6,506,853/- included in above Term Loan from Banks	
Note:	
a) Term Loans from Banks and Financial Institution are secured by first pari-passu charge on all, present & future, movable and immovable fixed assets & by second charge on all, present & future, inventories & book debts.	
b) Working Capital Loans from Banks are secured by first pari-passu charge on all, present & future, inventories, hypothecation inventories and book debts & by second charge on all, present & future, movable & Immovable fixed assets.	
c) Car Loans Secured by hypothecation of specific vehicle.	
SCHEDULE '4'	
UNSECURED LOANS	
Dues to Others (Short Term)	364,735,546
Fixed Deposit Receipts	23,456,000
(Falling due for payment within one year Rs.3,581,000/-)	<u>388,191,546</u>

SCHEDULE-5
FIXED ASSETS

(Amount in Rs)											
Sr. No.	Description of Assets	Gross Block as on 1st April, 2010	Additions during the year	Adjustment/ Deductions during the year	Gross Block as on 31st March, 2011	Depreciation upto 1st April, 2010	Depreciation / Amortisation for the year (Refer Note 8)	Depreciation on deductions	Depreciation / Amortisation upto 31st March, 2011	Net Block as on 31st March, 2011	Net Block as on 31st March, 2010
INTANGIBLE											
1	Leasehold Land	9,572,874	-	297,777	9,275,097.00	200,735	94,235	-	294,970	8,980,128	9,372,139
TANGIBLE											
1	Freehold Land	156,440,032	-	-	156,440,032	-	-	-	-	156,440,032	156,440,032
2	Buildings	473,197,654	5,941,103	-	479,138,757	18,772,340	15,757,758	-	34,530,098	444,608,659	454,425,314
3	Plant & Machinery	1,111,771,233	269,259,376	1,066,412	1,379,964,197	104,357,915	62,111,839	253,354	166,216,400	1,213,747,797	1,007,413,318
4	Furniture & Fixtures	4,714,851	685,661	59,550	5,340,962	670,016	305,662	12,959	962,719	4,378,243	4,044,835
5	Computers	1,778,893	792,758	27,143	2,544,508	1,040,984	1,022,430	-	2,063,414	481,094	737,909
6	Other Assets (Incl. Office Equipments)	6,758,295	-	-	6,758,295	637,934	185,645	1,096	822,483	5,935,813	6,120,361
7	Electrical Installation	56,709,189	16,003,542	-	72,712,731	6,555,112	3,331,448	-	9,886,560	62,826,172	50,154,077
8	Vehicles	7,239,211	1,556,726	76,655	8,719,282	2,513,852	674,750	32,008	3,156,594	5,562,689	4,725,359
	Total	1,828,182,232	294,239,166	1,527,537	2,120,893,861	134,748,888	83,483,767	299,417	217,933,238	1,902,960,627	1,693,433,345
	Previous Year	1,579,497,646	249,204,825	520,239	1,828,182,232	83,321,419	51,587,304	159,835	134,748,888	1,693,433,345	
9	Capital Work in Process (Including Capital Advance)									1,016,655,808	1,244,523,757

Foot Note

- 1 Lease hold Land at Khamgaon is for a period of 30 years which expired on 31st July, 2003 for which application for renewal is made for approval , which is still pending.
- 2 The Plant & Machinery, Building at Ghatanji,Dhule & Khamgaon and land at Ghatanji & Dhule,were revalued as at 12.11.1985. The registered valuer had carried out the valuation on the basis of the then market values of these fixed assets.

The addition to assets on account of this revaluation aggregating Rs.6,842,998/- was correspondingly credited to the Revaluation Reserve.

Further, free-hold land at Ghatanji and Dhule were revalued at 31.03.2007. The registered valuer had carried out the valuation on the basis of the then market value of these lands.The addition to assets on account of this revaluation, aggregating Rs.1,52,909,694/- was correspondingly credited to the Revaluation Reserve during the year ended 31.03.2007.

	As at 31st March' 2011 (Rs.)
SCHEDULE '6'	
INVESTMENTS (Non Trade) (Long Term) (At Cost)	
Unquoted	
2,000 Equity Shares of The Shamrao Vithal Co-operative Bank Ltd. of Rs.25/- each.	50,000
10,000 Equity Shares of Birla Integrated Textile Park Ltd. of Rs. 10/- each	100,000
39,000 Equity Shares of Birla Energy Infra Limited of Rs. 10/- each	390,000
62,500 Equity Shares of Jankalyan Sahakari Bank Limited of Rs. 10/- each	625,000
TOTAL	<u>1,165,000</u>
SCHEDULE '7'	
INVENTORIES	
(As taken, valued and certified by the Management)	
Stores & Spare parts	4,802,417
Raw materials	322,828,605
Goods in-Process	64,853,744
Waste /Scrap	3,394,991
Finished Goods	258,419,640
TOTAL	<u>654,299,397</u>
SCHEDULE '8'	
SUNDRY DEBTORS (UNSECURED)	
(Considered good unless otherwise stated)	
Outstanding over six months	38,035,664
Other debts	1,664,945,257
TOTAL	<u>1,702,980,921</u>
SCHEDULE '9'	
CASH & BANK BALANCES	
Cash in hand	1,056,807
Cheque in hand	191,717,688
Bank Balance	
In Current Accounts with Scheduled Banks	110,497,445
Including on Margin Money Account Rs.6,988,233/-	
Non-Scheduled Banks	
Dhule Vikas Bank	-
(Maximum balance during the year Rs.168,658/-)	
Pusad Urban Bank Ltd	258,301
(Maximum balance during the year Rs.801,724/-)	
In Fixed Deposit Account With Euram Bank	706,694,303
(Maximum balance during the year Rs.1,163,069,856/-)	
Euram Bank	11,029,478
(Maximum balance during the year Rs.1,169,888,616/-)	
TOTAL	<u>1,021,254,022</u>

	As at 31st March' 2011 (Rs.)
SCHEDULE '10'	
LOANS & ADVANCES / OTHER CURRENT ASSETS	
(Unsecured, considered good unless otherwise stated)	
Loans & Advances	
Loans to Employees & Others	729,338
Advances Recoverable in cash or in kind or for value to be received or pending adjustments.	188,364,516
Balance with Excise Authorities	22,046,905
Payment of Income Tax (Net of Provision)	8,110,839
Other Current Assets	
Interest Receivable	328,327
Export Incentive Receivable	1,553,849
Subsidy Receivable	111,111,453
TOTAL	<u>332,245,227</u>
SCHEDULE '11'	
CURRENT LIABILITIES	
Sundry Creditors	790,650,817
Deposits & Advances from Customers	25,096,998
Unclaimed Dividend	1,969,377
Other liabilities	85,955,438
Interest Accrued but not due of Rs.636,621-	
TOTAL	<u>903,672,630</u>
SCHEDULE '12'	
PROVISIONS	
Leave Encashment	4,141,204
Gratuity	33,127,786
Provision for Income Tax (Net of Payment)	26,776,308
Investor Education and Protection Fund shall be credited by the following	
Provision for Distribution Tax on Dividend (FY 09-10)	12,028,236
Proposed Dividend	-
TOTAL	<u>76,073,534</u>

SCHEDULE FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

	For the year ended 31st March' 2011 (Rs.)
SCHEDULE '13'	
SALES & SERVICES INCOME	
A. Manufacturing Sales	
Domestic	1,386,564,920
Exports	265,772,974
	1,652,337,894
Less: Cash Discount	5,412,786
Net Sales	1,646,925,108
B. Trading Sales - Domestic	4,115,008,982
C. Ginning and Pressing Charges	20,943,266
D. Sales of Waste and Scrap	77,253,337
TOTAL	<u>5,860,130,693</u>
SCHEDULE '14'	
OTHER INCOME	
Miscellaneous Receipts	53,265,269
Revenue Subsidy	22,259,393
Excess Provisions/ liabilities written back	1,112,578
Insurance Claims	465,161
Profit / (Loss) on Sale of Fixed Assets	(16,608)
Interest (TDS Rs. 1,71,083/-)	12,474,899
Foreign Exchange Gain	2,685,641
Exports Incentives	10,019,508
Dividend	6,000
TOTAL	<u>102,271,841</u>
SCHEDULE '15'	
INCREASE / (DECREASE) IN INVENTORIES	
Increase / (Decrease) in Stocks of Finished Goods and Waste.	
a) Closing Stock	
Finished Goods	258,419,640
Goods in Process	64,853,744
Scrap / Waste	3,394,991
TOTAL	<u>326,668,375</u>
b) Opening Stock	
Finished Goods	113,301,671
Goods in Process	33,896,206
Scrap / Waste	22,217,269
TOTAL	<u>169,415,146</u>
Increase / (Decrease)	<u>157,253,229</u>
SCHEDULE '16'	
RAW MATERIALS & PURCHASES	
Raw materials consumed	1,302,049,224
Colour, Chemicals & Mixing Expenses	11,178,864
Job Work Charges and Expenses	5,997,911
Purchase of Goods for Trade	3,688,331,086
TOTAL	<u>5,007,557,085</u>

	For the year ended 31st March' 2011 (Rs.)
SCHEDULE '17'	
MANUFACTURING & MAINTENANCE EXPENSES	
Stores & Spare Parts consumed	49,245,072
Power, Fuel & Water	189,350,336
Repairs to:	
a) Buildings	785,542
b) Machinery	1,646,962
c) Furniture's & Others	1,483,265
Custom Duty	528,280
TOTAL	<u>243,039,457</u>
SCHEDULE '18'	
EMPLOYEES' REMUNERATION & BENEFITS	
Salary, Wages and Bonus	149,626,935
Gratuity and Contribution to Provident Fund	15,208,599
Welfare Expenses	1,863,446
TOTAL	<u>166,698,980</u>
SCHEDULE '19'	
ADMINISTRATIVE, SELLING & OTHER EXPENSES	
Rent	3,791,460
Municipal Lease	37,500
Insurance	3,478,089
Rates & Taxes	705,119
Auditors Remuneration*(including service tax)	
Audit Fees	882,400
Tax Audit Fees	-
Out of Pocket Expenses	8,723
Miscellaneous Expenses	52,960,496
Freight, Forwarding & Selling Expenses	63,799,195
Commission to other selling agents	24,344,634
TOTAL	<u>150,007,616</u>
SCHEDULE '20'	
INTEREST AND FINANCE EXPENSES	
1 On Term Loan	169,773,451
2 To Banks on working capital facilities	95,253,804
3 To Others	38,788,781
4 Bank Commission & Charges	3,906,569
5 To Fixed Deposits	261,702
TOTAL	<u>307,984,307</u>

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

Use of Estimates:

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

B. Fixed Assets :

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

C. Depreciation/ Amortisation :

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

Particulars	Years
Machinery & Equipment	5
Furniture & Fixtures	5
Motor Vehicles	5
Machinery & Tools	5

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. Current Investments are carried at lower of cost and fair value

E. Revenue Recognition:

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

F. Inventories:

Inventories are valued as under:

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

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

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

G. Employee Benefits:

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

H. Foreign currency transactions:

- i. Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts. Exchange difference arises on monetary items in substance form part of enterprises net investment in non integral foreign operation is accumulated in a foreign currency translation reserve till the disposal of the net Investment.
- ii. In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing as at the end of the accounting year/period of the respective subsidiaries. Resultant exchange difference is accumulated in Foreign Currency Translation Reserve Account to be dealt with only when the net investment in foreign operation is disposed off.

I. Borrowing Cost:

Borrowing cost that is attributable to acquisition of qualifying asset is capitalised as part of total cost of such assets.

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

J. Government Grants:

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

K. Taxation:

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

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

L. Provisions, Contingent Liabilities and Contingent Assets:

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

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

Contingent assets are neither recognized nor disclosed.

M. Impairment of Assets:

- i) The carrying amount of assets, other than inventories is reviewed at each Balance Sheet date to assess whether there is any indication of impairment in respect of such asset or group of assets (cash generating unit). If such indication exists, the recoverable amount of such asset or group of asset is estimated.
- ii) If such recoverable amount of asset or group of asset is less than its carrying amount, an impairment loss is reckoned by reducing the carrying amount to its recoverable amount. If there is an indication at balance sheet date that a previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at recoverable amount, subject to a maximum of depreciable historical cost.

N. Application of Securities Premium Account:

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

O. Expenditure during construction and expenditure on new projects:

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

P. Accounting of Claims:

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

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

Q. Operating Lease :

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

R. Earnings per Share :

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

S. Segment Reporting Policies :

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

T. Cash and Cash Equivalents :

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

U. Loan processing charges :

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

V. Basis for Preparation of Consolidated Financial Statement :

- The financial statements of the Company and its subsidiary companies are consolidated on a line-by-line item basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding Company's separate financial statements, as far as possible, except as provided under para C (iv), G (v) and H (ii).
- Minority Interest's share of net profit of consolidated subsidiaries for the year/period is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated financial Statement separate from liabilities and the equity of the company's shareholders.

W. Principles of Consolidation :

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

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

The Subsidiary is incorporated on 8th December, 2010 and started activity from 1st January, 2011, hence period from 01.01.2011 to 31.03.2011 has been considered for consolidation.

X. Statutory Reserves :

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

II. NOTES TO THE ACCOUNTS

1. Contingent Liabilities not provided for in respect of BCIL

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

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

2. Estimated amount of contracts for BCIL, remaining to be executed on capital account and not provided for (net of advances) is Rs. 9,297,513.

3. Depreciation / Amortisation (BCIL)

Particulars	2010 - 2011
Depreciation charged on Fixed Assets	83,483,767
Depreciation charged on Revalued Assets	42,100
	83,441,667

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

Component	For the year 31.03.2011 (Amt in Rs)	2010 - 2011 (Amt in Rs)
Difference between Book and Tax Depreciation	(16,296,071)	(124,551,848)
U/S 43 B of Income Tax Act, 1961	718,707	13,629,521
Carry Forward Losses / Unabsorbed Depreciation	(4,881,395)	42,165,794
Other Liability	16,421,323	16,421,323
Deferred Tax (Liability)/Asset	(4,037,436)	(52,335,210)

5. Earning per share

Particulars	2010 - 2011
Net Profit as per Profit and Loss Account (In Rs)	1,25,418,093
Weighted Average Number of Equity Shares (In Nos)	2,564,097,775
Basic and Diluted Earnings Per share (In Rs)	0.049

6. Remuneration to Auditors

Particulars	2010 - 2011
Audit fees	882,400
Tax Audit fees	-
Certification fees	-
Out of Pocket Expenses	8,273

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

As at the year end the Company has fulfilled Export Obligation aggregating Rs.2309.03 Lakhs.

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

Particulars	2010 - 2011 (Amt in Rs)
Salary	2,062,557
Contribution to Provident Fund	113,400
Medical Assistance	78,723
Leave Travel Assistance	78,723
Other perquisites	405,000
	2,738,403

9. The Company has issued 106,745,500 Convertible Equity Shares Warrants on 12th October, 2010 to the Promoter's of the Company at an issue price of Rs. 1.13 per Warrant. On 15th March, 2011 the Company has converted 50,372,750 Equity Shares at Rs. 1 amounting to Rs. 50,372,750 and the premium of Rs. 0.13 amounting to Rs. 6,548,457 transferred to the Securities Premium Account. Listing approval has been received from BSE and awaited from NSE. As on 31st March, 2011 56,372,750 Convertible Equity shares Warrants amounting to Rs 63,701,208 at an issue price of Rs. 1.13 is outstanding of which 25% amounting to Rs. 15,925,698 is in the share warrant account with the Company.
10. There are no derivative instruments outstanding as at the year end. Foreign currency exposure which are not hedged as at the year end are as follows

Particulars/ Currency Denomination	2010 – 2011	
	Foreign Currency	Indian Rupees
Receivables	USD 252,330	11,142,153
Total		519,917,552
Payables	-	-

11. Disclosure pursuant to Accounting Standard AS-15 "Employee Benefits" for BCIL

A. Defined Contribution Plans:

During year ending 31st March 2011, the Company has recognised the contribution to Employees Provident Fund and Pension Fund aggregating Rs.9,039,436 (previous year Rs.8,617,756) in the Profit & Loss Account.

B. Defined Benefit Plans:

I. Contribution to Gratuity.

Provision for Gratuity has been made on the report of Actuary as at the year ended 31st March 2011. The Company has funding arrangement with LIC for Khamgaon, Dhule and Ghatanji units. For Head office, Synthetic and Malkapur units there are no such arrangement. The liability towards the employees is discharged in the year of retirement / cessation of employment. Details under the AS -15, are furnished below:

		2010 – 2011 (Amt in Rs)
a.	Changes in the Present Value of the Defined Benefits Obligation	
i	Present value of Defined Benefit Obligation at the beginning of the year	29,763,470
ii	Interest Cost	2,452,786
iii	Current Service Cost	2,821,344
iv	Benefits paid during the year	(2,171,052)
v	Actuarial (Gain) / Loss	1,070,317
vi	Present Value of Defined Benefit Obligation at the End of the Year	33,936,865
b.	Amounts recognized in the Profit & Loss account	
i	Current Service Cost	2,821,344
ii	Interest Cost	2,452,786
iii	Expected return on plan assets	(187,822)
iv	Net Actuarial (Gain) / Loss	1,070,317
v	Expenses Recognized in the Statement of Profit & Loss A/c	6,156,625
c.	Change in the fair value of Plan Assets	
i	Fair value of plan assets at beginning of the year	1,855,636
ii	Expected return on plan assets	143,059
iii	Contributions	--
iv	Benefits paid	(479,824)
v	Fair value of plan assets at the end of the year	1,518,871
	Present Value of Defined Benefit Obligation at the End of the Year	33,936,865
	Less: Fair value of plan assets for the funded gratuity at the end of the year	809,079
	Liability with respect to unfunded Plan recognised in the Balance Sheet	33,127,786
d.	Actuarial Assumption	
i	Discount rate (In %'s)	8.00 - 8.25
ii	Expected rate of return on Plan Assets (In %'s)	4.50 - 5.00
iii	The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. (In %'s)	5.00 – 7.00
e.	Percentage of each category of Plan Assets to total Fair value of Plan Assets as at the year end	N.A.

II. Leave Encashment

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

Discount rate 8.25% - 8.50%

Salary escalation 5.00% - 7.00%

12. Related Party Disclosure as required by the Accounting Standards 18 (AS – 18)
a) Nature of Related Party Relationship and balances outstanding

S.No	Particulars	Name of the Parties	Balance Amt as at 31.03.2011		Balance Amt as at 31.03.2010	
			(Amt in Rs)		(Amt in Rs)	
			Receivable	Payable	Receivable	Payable
I.	Key Management Personnel					
		Directors	-	-	-	-
		a) Shri Yash Birla (Co Chairman)	-	-	-	4000
		b) Shri P.B.Bhardwaj (Chairman)	-	-	-	-
		c) Shri P.V.R.Murthy	-	-	-	4000
		d) Shri Mohandas Shenoy Adige	-	-	-	4000
		e) Shri Sanjay Agrawal	-	-	-	-
		f) Shri Navinchandra Shah	-	-	-	-
		g) Shri Y.P.Trivedi	-	-	-	-
		h) Shri Mohan Jayakar	-	-	-	-
		Chief Executive Officer				
		a) Shri Debashis Poddar (Till 31.12.10)	-	-	-	-
2.	Enterprises owned or significantly influenced by Key Management personnel or their relatives					
		a) Zenith Birla (India) Ltd	-	-	-	25,000,000
		b) Birla Viking Travels Pvt Ltd	-	-	-	-
		c) Birla Global Corporate Ltd	-	7,568,848	-	7,568,848
		d) Birla Infrastructure Ltd	-	-	-	-
		e) Khamgaon Syntex India Ltd	45,250	-	-	-
		f) Nirved Traders Pvt Ltd	-	-	-	-
		g) Birla Power Solutions Ltd	-	230,944,047	-	42,300,000
		h) Birla Leasing & Infrastructure Ltd	-	-	-	-
		i) Zenith Dye Intermediateries Pvt Ltd	-	-	-	-
		j) Birla Energy Infra Limited (Investment)	390,000	-	-	-
		k) Birla Integrated Textile Park Ltd				
		Investment	100,00	-	100,00	-
		Loan	45,173,948	-	45,000,000	-

b) Transaction with Related Parties

S. No	Particulars	Key Management Personnel		Enterprise owned or significantly influenced by Key Management personnel or their relatives	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
		1.	Travel Expenses (Birla Viking Travels Pvt Ltd)	-	-
2.	Rent Paid (Birla Global Corporate Ltd)	-	-	2,501,604	1,764,800
3.	Service Charges (Birla Global Corporate Ltd)	-	-	7,782,768	7,941,600
4.	Remuneration	2,738,403	2,415,122	-	-
5.	<u>Loans Received</u>				
	a) Birla Power Solutions Ltd	-	-	357,411,021	42,300,000
	b) Zenith Birla (India) Ltd	-	-	-	25,000,000

6.	<u>Loans Granted</u>				
	a) Birla Integrated Textile Park Ltd *(Unsecured Interest free)	-	-	173,948	-
7.	<u>Loans Repaid</u>				
	a) Zenith Birla (India) Ltd	-	-	25,000,000	-
	b) Birla Power Solutions Ltd	-	-	168,766,974	-
8.	Investments in shares				
	a) Birla Energy Infra Ltd	-	-	390,000	-
9.	Sitting Fees	131,000	86,000	-	-

• There is no repayment schedule for the above loans

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

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

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

Primary Business Segment

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

Particulars	2010-11		
	Textiles	Trading in Fabrics	Total
1. Segment Revenue	1,745,121,711	4,115,008,982	5,860,130,693
Less: Inter Segment Revenue	-	-	-
Total Sales & Services Income	1,745,121,711	4,115,008,982	5,860,130,693
2. Segment Results	30,185,847	426,244,211	456,430,058
Less: Interest & Finance Expenses			307,984,307
Less: Provision for Tax (Including prior year adjustment)			35,508,557
Add: Interest income			12,474,899
Add: Dividend Income			6,000
Total Profit / (Loss) After Tax			125,418,093
3. Segment Assets	2,810,501,728	1,685,451,608	4,495,953,336
Unallocated Assets	-	-	2,135,607,667
Total Assets			6,631,561,003
4. Segment Liabilities	395,585,121	545,356,499	940,941,620
Unallocated Liabilities			2,735,805,555
Total Liabilities			3,676,747,175
5. Segment Capital Expenditure	66,371,217	-	66,371,217
6. Segment Depreciation & Amortisation	83,126,990	-	83,126,990
Unallocable	-	-	314,677
Total Depreciation & Amortisation			83,441,667
7. Significant Non Cash Expenditure	-	-	-

8. Geographical Segment

(Amt in Rs)

Particulars	India		Rest of the World
	Current Year	Previous Year	Current Year
Segment Revenue	5,053,982,787	806,147,906	5,860,130,693
Carrying cost of Segment Assets	3,976,035,783	519,917,552	4,495,953,336
Additions to Fixed Assets and Intangible Assets	-	-	-

Note

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

14. During the year the company has capitalised interest aggregating to Rs. 23,765,111 (Previous year Rs. 79,793,905).
15. Premises taken on Operating Lease
- The Company has Operating Lease Agreements for the Office building and other premises. The rental expenses for the Operating Lease aggregating Rs. 3,791,460 (previous year Rs. 1,764,800) has been debited to the Profit and Loss Account for the year.
 - The total future minimum rentals payable as at the Balance Sheet date are as under:

(Amt in Rs)

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

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

As per our attached report of even date

FOR KANU DOSHI ASSOCIATES
FIRM REGISTRATION NO.104746W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MOHANDAS SHENOY ADIGE
Director

P.V.R.MURTHY
Director

JAYESH PARMAR
Partner
Membership Number 045375

SHRIKANT CHARI
Chief Financial Officer

TUSHAR DEY
Company Secretary

PLACE : MUMBAI
DATE : 23rd May, 2011

CONSOLIDATED CASH FLOW STATEMENT

Amount in Rs.

Particulars	2010-2011	
A. Cash Flow from operating Activities		
Net Profit before Taxation		158,455,530
Adjustments for :		
Depreciation	83,441,667	
Profit on assets sold	16,608	
Interest Expense	304,077,738	
Interest Income	(12,474,899)	
Dividend Income	(6,000)	
Excess Provisions / Liabilities written back	(1,112,578)	
Operating profit before working capital changes		532,398,066
<u>Working capital changes</u>		
Trade Debtors	(982,825,473)	
Inventories	(451,907,287)	
Loans and Advances	(13,901,750)	
Trade Payables and Provisions	607,333,396	
Less: Taxes Paid		28,258,835
Cash generated from operating activities		(337,161,882)
B. Cash flow from Investing Activities:		
Purchase of Fixed Assets	(66,073,440)	
Proceeds from Fixed Assets	913,734	
Investments	(1,015,000.00)	
Interest received	12,366,514	
Dividend received	6,000	
Net Cash Flow from investing activities		(53,802,192)
C. Cash flow from Financing Activities		
Interest Paid	(305,250,030)	
Issue of Equity Shares & Share Warrants	66,298,448	
Securities Premium Received	6,548,457	
Share Issue Expenses Paid	(45,942,260)	
Working Capital Loans Received	596,583,095	
Proceeds from Term Loans	40,897,319	
Repayment of Term Loans	(256,210,068)	
Car Loan Received	385,188	
From Other Loans Received	218,695,265	
Dividend Paid (Including Dividend Distribution Tax)	(100,000,000)	
Net Cash Flow from financing activities		222,005,415
Cash and Cash Equivalents (Schedule 9)		(168,958,659)
Opening Cash and Cash Equivalents		1,190,212,682
Closing Cash and Cash Equivalents		1,021,254,022
Net Increase in Cash and Cash Equivalents(A+B+C)		(168,958,659)

FOR KANU DOSHI ASSOCIATES
FIRM REGISTRATION NO.104746W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MOHANDAS SHENOY ADIGE
 Director

P.V.R.MURTHY
 Director

JAYESH PARMAR
 Partner
 Membership Number 045375

SHRIKANT CHARI
 Chief Financial Officer

TUSHAR DEY
 Company Secretary

PLACE : MUMBAI
DATE : 23rd May, 2011



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 presence at the 69th ANNUAL GENERAL MEETING of the Company at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018 on Wednesday, the 21st day of September, 2011 at 3.30 pm.

Signature of the Member / Proxy present :

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



BIRLA COTSYN (INDIA) LIMITED

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

FORM OF PROXY

I/We _____ of _____ being a Member/Members of Birla Cotsyn (India) Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/ our behalf at the 69th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 21st day of September, 2011 at 3.30 p.m.

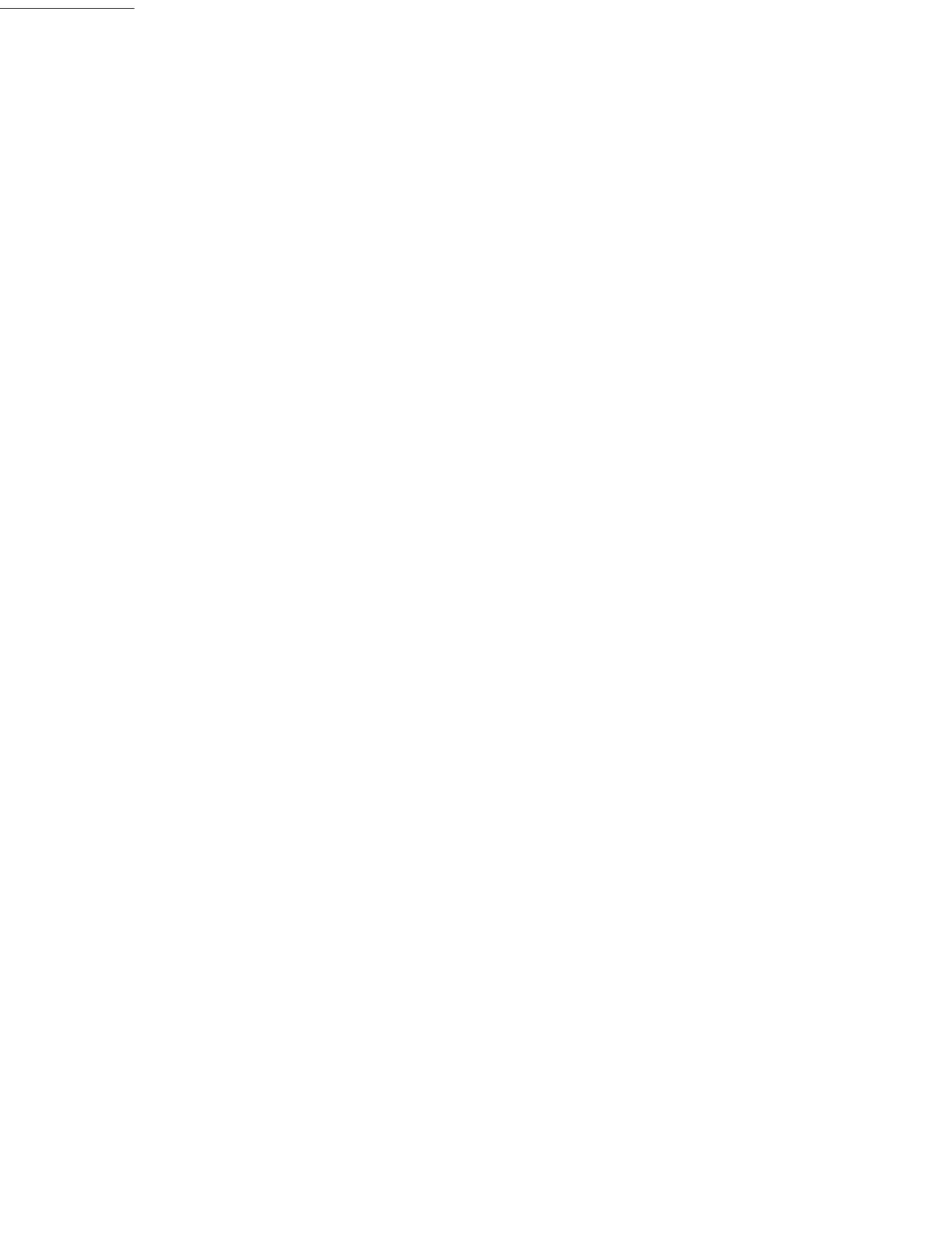
Signed thisday of.....2011

FOR OFFICE USE ONLY	
PROXY NO.	
Ledger Folio	
No. of Shares	

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.



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

Date: August 25, 2011

Dear Shareholder,

Re: Green Initiative in Corporate Governance

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

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications /documents including the Notice calling the General Meeting/ Notice of Postal Ballot, audited financial statements, directors' report, auditors' report etc. via electronic mode **on the Email ID registered by shareholders with their Depository Participant (DP)**. To this effect the Company has also sent an email on 2nd August, 2011 from birlacotsyn.gogreen@adroitcorporate.com to those shareholders whose e-mail ID were available with the Company.

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

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

Shareholders holding shares in physical mode are requested to register their email address with the Company by sending a written request signed by the First Shareholder to the Registrar & Share Transfer Agents - Adroit Corporate Services Limited, 19/20, 1st Floor, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (E), Mumbai 400059

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

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

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

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

Thanking You,

Yours faithfully,

For Birla Cotsyn (India) Limited

Sd/-

Monica Gandhi

Company Secretary & Compliance Officer

BOOK-POST

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

Yashovardhan Birla
Chairman - The Yash Birla Group

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