

BIRLA COTSYN (INDIA) LIMITED

Always the best !

71st ANNUAL REPORT
2012-2013

71st ANNUAL REPORT 2012-2013

DIRECTORS

Shri Vinod Kumar Kapur
Shri Ram Prakash Mishra (Appointed w.e.f 14.01.2013)
Shri Rakesh Kumar Dixit (Appointed w.e.f 27.08.2013)
Shri Jignesh Bipin Mehta (Appointed w.e.f 27.08.2013)

MANAGER:

Satya Kishore Mathur (Appointed w.e.f 29.08.2013)

COMPANY SECRETARY & COMPLIANCE OFFICER:

Ms. Vineeta Shah (Appointed w.e.f. 15.09.2013)

AUDITORS:

Statutory Auditors

Kanu Doshi Associates,
Chartered Accountants, Mumbai

REGISTERED OFFICE:

Dalamal House, First Floor,
Nariman Point, Mumbai- 400021
Tel.: +91 – 22 -66168400
Website: www.birlacotsyn.com

SUBSIDIARIES:

Birla Cotsyn (India) Limited FZE
Birla Integrated Textile Park Limited (upto 18th March, 2013)

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 Vyasa Bank Limited

PLANT LOCATIONS:

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

REGISTRAR AND SHARE TRANSFER AGENT

Adroit Corporate Services Pvt. Ltd.

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

Go Green Today

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

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

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 71st Annual General Meeting of **BIRLA COTSYN (INDIA) LIMITED** will be held on Friday, 20th December, 2013 at 11.30 a.m. at Hall of Harmony, 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 30th June, 2013 and the Statement of Profit and Loss for the period ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vinod Kumar Kapur, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions, if any of the Companies Act, 1956, M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai (Firm Registration Number: 104746W) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors of the Company and reimbursement of out of pocket expenses incurred in connection with the audit.”

SPECIAL BUSINESS:

4. **APPOINTMENT OF SHRI RAM PRAKASH MISHRA AS A DIRECTOR OF THE COMPANY**

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

“RESOLVED THAT Shri Ram Prakash Mishra, who was appointed as an Additional Director with effect from 14th January, 2013 on the Board of the Company pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing in accordance with section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose office shall be liable to retirement by rotation.”

5. **APPOINTMENT OF SHRI RAKESH KUMAR DIXIT AS DIRECTOR OF THE COMPANY**

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

“RESOLVED THAT Shri Rakesh Kumar Dixit, who was appointed as an Additional Director with effect from 27th August, 2013 on the Board of the Company pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing in accordance with section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose office shall be liable to retirement by rotation.”

6. **APPOINTMENT OF SHRI JIGNESH BIPIN MEHTA AS DIRECTOR OF THE COMPANY**

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

“RESOLVED THAT Shri Jignesh Bipin Mehta, who was appointed as an Additional Director with effect from 27th August, 2013 on the Board of the Company pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing in accordance with section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose office shall be liable to retirement by rotation.”

7. **APPOINTMENT OF SHRI SATYA KISHORE MATHUR AS MANAGER OF THE COMPANY.**

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

“RESOLVED THAT pursuant to the provisions of sections 198, 269, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and any statutory modifications or enactment thereof and all guidelines for managerial remuneration issued by the Central Government from time to time 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 Satya Kishore Mathur as ‘Manager’ of the Company for a period of three years with effect from 29th August, 2013 to 28th August, 2016 on the remuneration and perquisites and terms and conditions as set out in the Agreement entered into between the Company and Shri Satya Kishore Mathur.

RESOLVED FURTHER THAT subject to the limits prescribed from time to time in Section I and Section II of Part II of Schedule XIII of the Companies Act, 1956 and the conditions prescribed therein, the remuneration payable as aforesaid shall be paid to Shri Satya Kishore Mathur as minimum remuneration, 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 be and is hereby authorised to review, revise, increase or enhance the remuneration, perquisites and benefits to be paid or provided to Shri Satya Kishore Mathur (including the minimum remuneration) in accordance with the relevant provisions in the Companies Act, 1956 and/or the rules and regulations made thereunder and/or relaxation or revision in the Guidelines for Managerial Remuneration as may be made and/or announced by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are 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.”

By order of the Board of Directors

Director

Place: Mumbai

Dated: 29th August, 2013

Registered Office:

Dalamal House, First Floor,
Nariman Point, Mumbai 400021

NOTES

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (the Act), relating to the Business as set out in Item no. 4 to 7 of the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE ON POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
4. Pursuant to Clause 49 of the Listing Agreement, the details of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting are provided in the Corporate Governance Report.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 16th December, 2013 to Friday, 20th December, 2013 (both days inclusive) for the purpose of Annual General Meeting of the Company.

Members are requested to forward all the share related queries/correspondence, if any, quoting Registered Folio No. /DP ID and Client ID to the Registrar and Share Transfer Agents of the Company Adroit Corporate Services Pvt. Ltd. or email it to info@adroitcorporate.com

Investor whose requests/ queries/ correspondence remain unresolved can send their complaints/ grievance to complianceofficer@birlcotsyn.com and the same would be attended to promptly by the Company.

6. Pursuant to the provisions of the Companies Act, 1956 dividend declared at the Annual General Meeting of the Company held on 24th October, 2008, 23rd September, 2009 and 20th September, 2010, if not claimed within seven years i.e by 22nd November, 2015, 22nd October, 2016 and 19th October, 2017 respectively will be transferred to Investor Education and Protection Fund (IEPF). Also Application money received and due for refund during the IPO in the year 2008, if not claimed within seven years i.e by 20th July, 2015 will be transferred to IEPF. Members who have not encashed their dividend warrant/refund orders for the aforesaid years are advised to send requests for issuance of duplicate dividend warrants/ refund orders (in case they have not received the Dividend Warrants/ Refund Orders) and / or revalidation of unencashed Dividend Warrants/ Refund Orders still held by them, to the Registrars and Transfer Agents of the Company under the heading “Dividend Revalidation” or “Refund Order Revalidation”, as the case may be. It may also be noted that once the unclaimed amounts is transferred to IEPF, as above, no claim shall lie in respect thereof.
7. 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.
8. 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.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Registrar and Share Transfer Agents of the Company, Adroit Corporate Services Pvt. Ltd.

By order of the Board of Directors

Director

Place: Mumbai

Dated: 29th August, 2013

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: 4

APPOINTMENT OF SHRI RAM PRAKASH MISHRA AS DIRECTOR OF THE COMPANY:

Shri Ram Prakash Mishra was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 14th January, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') and the Article of Association of the Company.

Accordingly, in terms of the provisions of Section 260 of the Act, Shri Ram Prakash Mishra would hold office up to the date of the ensuing Annual General Meeting and is eligible for appointment as Director. The Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company as required under the provision of Section 257 of the Act.

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

None of the Directors of the Company are concerned or interested in the aforesaid resolution set out at item no. 4 of the Notice except Shri Ram Prakash Mishra, as it relates to his own appointment.

Item No: 5

APPOINTMENT OF SHRI RAKESH KUMAR DIXIT AS DIRECTOR OF THE COMPANY:

Shri Rakesh Kumar Dixit was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 27th August, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') and the Article of Association of the Company.

Accordingly, in terms of the provisions of Section 260 of the Act, Shri Rakesh Kumar Dixit would hold office up to the date of the ensuing Annual General Meeting and is eligible for appointment as Director. The Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company as required under the provision of Section 257 of the Act.

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

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

Item No: 6

APPOINTMENT OF SHRI JIGNESH BIPIN MEHTA AS DIRECTOR OF THE COMPANY:

Shri Jignesh Bipin Mehta was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 27th August, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') and the Article of Association of the Company.

Accordingly, in terms of the provisions of Section 260 of the Act, Shri Jignesh Bipin Mehta would hold office up to the date of the ensuing Annual General Meeting and is eligible for appointment as Director. The Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company as required under the provision of Section 257 of the Act.

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

None of the Directors of the Company are concerned or interested in the aforesaid resolution set out at item no. 6 of the Notice except Shri Jignesh Bipin Mehta, as it relates to his own appointment.

Item No: 7

APPOINTMENT OF SHRI SATYA KISHORE MATHUR AS MANAGER

The Board of Directors of the Company at its meeting held on 29th August, 2013 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 Satya Kishore Mathur, as a Manager of the Company for a period of three years w.e.f, 29th August, 2013 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 Satya Kishore Mathur, extracts of which are provided hereunder:

BRIEF RESUME OF THE APPOINTEE:

1. **Name:** Shri Satya Kishore Mathur
2. **Age:** 62 years
3. **Qualification:** B.Sc. (Bio.), LL.B. (Professional) 1976 & 1981.

4. **Experience:** Shri Satya Kishore Mathur has vast experience of over 30 years in the area of Civil, Criminal, Labour Laws, Central Excise & sales tax etc. He has also handled appeals before Central Excise (Appeals) Jaipur and CE & STAT, New Delhi.
5. **Chairman/Membership of Committees of other Companies :** Nil
6. **Number of Shares held in the Company:** Nil

The terms and conditions of his appointment are as under:

1. **Period of appointment:** 3 years i.e 29th August, 2013 to 28th August, 2016.
2. **Nature of Duties:** As Manager, Shri Satya Kishore Mathur shall be responsible for the Company's business affairs as entrusted to him subject to the superintendence, control and directions of the Board of Directors.
3. **Details of Remuneration:**
 - (a) Consolidated Remuneration: Rs. 10,00,000 p.a.,
 - (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 Manager 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.

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 S.K Mathur as Manager 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.

4. **Other Terms:**
 - (a) The Agreement may be terminated by either party by giving to the other party one months' notice in writing.
 - (b) The Manager may be removed from office for breach of duty or breach of trust.
 - (c) The Manager may be re-appointed for a further period not exceeding three years provided such reappointment shall not be sanctioned earlier than two years from the date on which it is to come into force.
 - (d) The Manager so long as he functions as such shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
 - (e) The Board of Directors of the Company is authorised to alter and vary the above terms of appointment in such manner as may be agreed between the Company and acceptable to Shri Satya Kishore Mathur.

The Agreement entered into between the Company and Shri Satya Kishore Mathur shall be available for inspection at the Registered Office of the Company on any working day between 10 a.m. to 6 p.m. till Friday, 20th December, 2013.

The Board recommends the adoption of the Special Resolution by the members. None of the Directors of the Company are concerned or interested in the aforesaid resolution set out at item no. 7 of the Notice.

By order of the Board of Directors

Place: Mumbai

Dated: 29th August, 2013

Registered Office:

Dalamal House, First Floor,
Nariman Point, Mumbai 400021

Director

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Seventy First Annual Report along with the Audited Accounts of the Company for the 15 months period 1st April 2012 to 30th June 2013.

I. Financial Results

(Amt in Rs)

Particulars	Consolidated		Standalone	
	15 month period ended 30.06.2013	Year ended 31.03.2012	15 month period ended 30.06.2013	Year ended 31.03.2012
Revenue from Operations	5,762,203,955	10,033,880,316	3,436,912,592	7,596,442,442
Other Income	44,135,398	66,003,843	44,135,398	66,003,843
Net Income	5,806,339,353	10,099,884,159	3,481,047,990	7,662,446,285
PBDIT	(733,733,784)	661,996,449	(850,048,638)	593,298,242
Interest and Finance Expenses	535,615,473	397,023,898	535,562,578	396,782,278
PBDT	(1,269,349,256)	264,972,551	(1,385,611,216)	196,515,964
Depreciation	124,132,189	96,420,470	124,043,486	96,341,855
PBT	(1,393,481,445)	168,552,081	(1,509,654,702)	100,174,109
Less: Deferred Tax Liability/(Asset)	(112,708,814)	59,709,963	(112,708,814)	60,373,604
Less : Fringe Benefit Tax (FBT)	-	-	-	-
Less: Current Year Tax (MAT)	-	20,550,000	-	20,550,000
Prior Period Tax Adjustment	-	-	-	-
PROFIT/(LOSS) AFTER TAX	(1,280,772,631)	88,292,118	(1,396,945,888)	19,250,505
Profit/(Loss) transferred to Reserves	(1,280,772,631)	88,292,118	(1,396,945,888)	19,250,505

2. Operating and Financial Performance:

During the period under review, net income decreased by 54.57% over the previous year, i.e. from Rs. 7,662,446,285 to Rs.3,481,047,990. Profit before tax has decreased over the previous year PBT. The fall is mainly due to the deteriorating conditions prevailing in the global economy scenario and also the interest rates hikes by the Banks. Moreover the erratic price behavior due to the government interventions have also stretched the cash flows.

3. Dividend

In view of loss suffered by the Company, your Directors have not recommended any dividend for 15 months period 1st April 2012 to 30th June 2013.

4. Increase in Share Capital

There has been no change in the Share Capital of the Company.

5. 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 15 months period 1st April 2012 to 30th June 2013.

6. Listing

The Equity Shares of the Company continue to remain listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the stipulated listing fees for the year 2013-14 have been paid to both the Stock Exchanges.

7. Subsidiary Company

The Company has one wholly owned subsidiary at UAE in the name of Birla Cotsyn (India) Limited FZE which has been setup to develop the overseas market for the Company.

During the period under review the Company sold all the shares held in Birla Integrated Textile Park Limited on 18th March, 2013; therefore Birla Integrated Textile Park Limited is no longer a subsidiary of the Company and the Company has only one subsidiary i.e Birla Cotsyn (India) Limited FZE.

The Accounts for the wholly owned Subsidiary Company, 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. Your Directors have pleasure in enclosing the consolidated financial statements of the Company in accordance with the listing agreement and Accounting standards issued by the Institute of Chartered Accountants of India.

In compliance with the general circular issued by Ministry of Corporate Affairs (MCA), Government of India, the Balance Sheet statement, Statement of Profit & Loss and other documents of the subsidiaries are not attached hereto. As per the general exemption, a statement containing brief financial details of the Company's subsidiaries for the year ended 31st March, 2013, is included in this Annual Report. The Annual Accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiary at the Registered Office of the Company/its subsidiary.

8. 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 Report 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 Practicing Company Secretary confirming the compliance with the requirements of Clause 49 forms part of this Annual Report.

9. Directors Responsibility Statement

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

1. In the preparation of the annual accounts, applicable Accounting Standards had been followed along with proper explanation relating to material departure;
2. 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 for the 15 month period 1st April 2012 to 30th June, 2013 and the Loss of the Company for the 15 month period 1st April 2012 to 30th June, 2013.
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.

10. Directors

Shri Ram Prakash Mishra, Shri Jignesh Bipin Mehta and Shri R. K. Dixit are appointed as Additional Directors by the Board of Directors of the Company at its meeting held on 14th January, 2013 and 27th August, 2013 respectively. Their office expires at the ensuing Annual General Meeting and the Company has received notices under section 257 of the Companies Act, 1956 proposing their candidature for Directorship along with the deposit of five hundred rupees each. They are eligible for being appointed as Directors at the ensuing Annual General Meeting.

Pursuant to section 256 of the Companies Act, 1956 and Articles of Association of the Company, Shri Vinod Kumar Kapur, Director of the Company, retire by rotation and being eligible, offer himself for re-appointment.

In compliance with the Clause 49 IV (G) of the Listing Agreement, brief resume of the aforesaid Directors, their expertise and other details of Directors proposed to be appointed/ re-appointed are provided in the Corporate Governance Report. Appropriate resolutions for appointment/ re-appointment of the aforesaid Directors are being placed for approval of the members at the ensuing Annual General Meeting. The members are requested to appoint Shri Ram Prakash Mishra, Shri Jignesh Bipin Mehta and Shri R. K. Dixit as Directors, whose office shall be liable to retirement by rotation and re-appoint Shri Vinod Kumar Kapur as Director of the Company.

Shri P.B. Bhardwaj (Chairman), Shri Yashovardhan Birla (Co-Chairman), Shri P. V. R. Murthy (Managing Director), Shri Om Prakash Jain (Managing Director), Shri Mohan Jayakar (Director), Shri Suresh Kumar Gupta (Managing Director), Shri Upkar Singh Kohli (Director) and Shri G. L. Lath (Director), Shri Mohandas Shenoy Adige (Director) have resigned with effect from 11th January, 2013, 29th December, 2012, 30th September, 2012, 17th December, 2012, 12th January, 2013, 15th May, 2013 and 29st August, 2013 respectively. The Board places on record their sincere appreciation of the services rendered by them during their tenure with the Company.

11. Fixed Deposits

During the period under review, as on 30th June, 2013, the Company has outstanding fixed deposit of Rs. 83,161,500. There is default in payment of interest and repayment of matured deposits.

Company has filed petition on for sanctioning the scheme for rescheduling the period of repayment of Fixed Deposits and payments of interest. In the meantime, Company is making payment to all the Fixed Deposit holders pursuant to order passed by the Company Law Board from time to time to whom Fixed Deposit holders have approached for making payment of their Fixed Deposits. Further Company is also making payment on compassionate ground to all Fixed Deposit holders, who are approaching the Company looking to their genuine needs.

12. Extension of Accounting Period

The Company was in process of getting its loan restructured from lenders and required extension to assess its financial implications. In view of the same it was decided by the management to extend the financial year of the Company upto 15 Months i.e. from 31st March, 2013 to 30th June, 2013. Accordingly, the present accounting period is from 1st April, 2012 to 30th June, 2013.

13. Auditors

Statutory Auditors

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

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

Cost Auditors:

The Board has subject to the approval of Central Government approved the appointment M/s. M. Goyal & Co., Cost Accountants as Cost Auditors of the Company for conducting Cost Audit from Malkapur Textile unit to the Company's Cotton Spinning unit, Synthetic Spinning unit, Cotton open end unit and Ginning unit for F.Y. 2013-14 as required pursuant to section 233B of the Companies Act, 1956 read with the rules made thereunder and the order No. F. No. 52/26/CAB/2010 dated 24th January, 2012 of the Government of India, Ministry of Corporate Affairs and for issuance of Compliance Report, pursuant to the Companies (Cost Accounting Records) Rules, 2011.

14. Auditors Remarks

Explanation for the Qualified Opinion of the Auditors report.

1. The Company Management is under process of getting the confirmations and reconciling the same, while for the ICD parties, who have filed cases it is trying to resolve this amicably by way of reschedulement, concessions or one time settlement.
2. The Company Management is under process of getting the confirmation and reconciling the same for the related parties.
The Company has observed some quality complaints and accordingly trying to negotiate the settlements with the creditors. To strengthen our case, the Company has not sought confirmations from creditors.
3. In respect of balances confirmation sought by the Company from various parties reflected under Capital Advances, no party has responded to the request of the Company and such balances are taken as appearing in books and the same are subjected to confirmations and reconciliation, consequential impact if any, will be considered as and when determined.
4. The Company is ratifying the same.
5. The Company is taking up individually and exploring possibility of legal options. However due to certain Quality issues and delays, the Company is treading with caution.
6. In view of unavailability the Company is operating at a very low capacity.

15. 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 Annexure I to Directors Report.

16. 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 period ended 30th June, 2013.

17. 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 period.

18. 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

Place: Mumbai

Date: 29th August, 2013

Director

Director

ANNEXURE TO DIRECTORS' REPORT

(Information under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the 15 months period 1st April 2012 to 30th June, 2013)

A. CONSERVATION OF ENERGY :

a) Energy conservation measures taken.

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

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

- 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.
- Monitoring and increasing scale and scope of measures taken the past.

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

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

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

As per form 'A' enclosed.

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption.

As per form 'B' enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Amt in Rs)

PARTICULARS	2012-13 (15 months period ending 30 th June 2013)	2011-12
Total Foreign Exchange earning	791,988,261	418,122,824
Total Foreign Exchange outgo	Nil	Nil

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

A.	POWER AND FUEL CONSUMPTION	CURRENT YEAR 2012 – 2013 (15 months period ending 30th June 2013)	PREVIOUS YEAR 2011 – 2012
I	Electricity		
a)	Purchases Unit	40,078,424	36,255,329
	Total Amount (Rs.)	264,990,338	205,499,601
	Rate / Unit (Rs.)	6.61	5.67
b)	Own Generation		
	i) Through coal based thermal Power plant unit	Nil	Nil
	Unit per kg. of Coal	Nil	Nil
	Cost/Unit	Nil	Nil
	ii) Through furnace oil generator unit	Nil	Nil
	Units per kg. of Furnace oil	Nil	Nil
	Cost/Unit	Nil	Nil
	iii) Through furnace oil generator unit	Nil	Nil
	Units per kg. of Diesel oil	Nil	Nil
	Cost/Unit	Nil	Nil
2	Coal Quantity (MT)	1,045	1,269
	Total Cost (Rs.)	4,811,029	6,281,604
	Average rate/MT (Rs.)	4,604	4,950
3	Lignite Quantity (MT)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
4	LPG Quantity (MT)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
5	Furnace oil Quantity (Kgs.)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
6	Diesel Quantity (Ltrs)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average rate/MT (Rs.)	Nil	Nil
7	Other/Internal Generation	Nil	Nil
B	CONSUMPTION PER UNIT OF PRODUCTION	CURRENT YEAR 2012 – 2013 (15 months period ending 30th June 2013)	PREVIOUS YEAR 2011 – 12
	Yarn Production (MT)	11,746	11,314
	Total Consumption Unit	40,078,424	36,255,329
	Consumption Unit/Kg (Rs.)	3.41	3.20

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION FOR THE 15 MONTHS PERIOD 1ST APRIL 2012 TO 30TH JUNE 2013

RESEARCH AND DEVELOPMENT (R&D)

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

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

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

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

3. Future plans and action

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

4. Expenditure on R & D

- Capital expenditure is approx Rs. Nil
- Recurring – normal running expenditure Rs. Nil
- Total Rs. Nil

TECHNOLOGY ADOPTION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adoption and Innovation.

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

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

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

3. No new Technology is imported during the financial period.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and Business Overview:

The Indian Textiles Industry has been a concurrent presence in the economic life of the Country, since the Industrial revolution has come in, It's overwhelming presence can be felt, through its contribution to industrial output, employment generation, and the export earnings of the country.

The major influence of this Industry is basically employment generation but at the same time, it accounts for 14% of the total industrial production. While it contributes 4% to the Gross Domestic Product and 11% to the country's export earnings.

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

Cotton is one of the principal crops of the country and is the major raw material of domestic textile industry. The Indian textile industry consumes a diverse range of fibres and yarns, but predominantly cotton based. The key advantages of the Indian industry are that it is the second largest producer of cotton with the largest area under cotton cultivation in the world and has an edge in low cost cotton sourcing compared to other countries. Approximately 65% of Indian cotton is produced in rainfed areas and 35% on irrigated lands.

In the first half of the year under review by the Ministry of Textile i.e. April to September 2012, with piling up of inventory, the demand for yarn both domestically and internationally had been subdued faced with high priced raw materials, difficulties to access credit by the spinners, declining prices of cotton yarn and competition from chemical fibres. Subsequently, with slow down, in demand and large finished goods inventory, capacity utilization by spinning mills dropped down to one-third of optimal utilization, thereby further declining the operating profit margin of spinners.

While the government at the same time has been giving an impetus to the Textile industry through various schemes and polices. The Planning commission has approved an allocation of Rs. 11952.80 crore under the TUFs for the 12th Five year plan. This itself is expected to trigger an investment of Rs. 1,50,000 crore during the 12th Five year plan. The Government has also put an impetus on SITP's (Scheme of Integrated Textile Parks), which also will be a force to reckon for the Textile Industry.

Production facilities are available across the textile value chain, from spinning to garments manufacturing. The industry is investing in technology and increasing its capacities which should prove a major asset in the years to come. Also the experience gathered in terms of working with global brands is benefiting the Indian Industry.

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

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

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

India's textiles and clothing industry is one of the largest contributing sectors of the national economy. The report of Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 64.11 billion by the end of March 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket.

India's Textiles & Clothing (T&C) export registered robust growth of 25% in 2005-06, recording a growth of US\$ 3.5 billion over 2004-05 in value terms thereby reaching a level of US\$ 17.52 billion and the growth continued in 2006-07 with T&C exports of US\$19.15 billion recording an increase of 9.28% over previous year and reached USD22.15 billion in 2007-08 denoting an increase of 15.7% but declined by over 5% in 2008-09. Exports of Textiles & Clothing grew from USD 21.22 billion in 2008-09 to USD 22.41 billion in 2009-10 and has touched USD 27.47 billion in 2010-11. In the financial year 2011-12 (P), exports of textiles and clothing, has grown by 20.05% over the financial year 2010-11 to touch USD 33.31 billion.

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

Trend during the period April' 12 to Dec' 12.

In rupee terms, during April-Dec. 2012 (P) there has been a fall in exports of Handloom product (11.88%), Wool & Woollen textile (-3.87%), Man-made textiles (0.97%), RMG (6.87%), Coir & Coir Manufactures (7.55%), Cotton Textiles (9.40%) Jute (-2.43%) and Silk(-1.17%). In US\$ terms the fall during April-Dec. 2012 registered in Handloom products at -3.33%, Wool & Woollen textiles (-16.94%), Man-made textiles (-12.76%), RMG (-7.66%) and in Coir & Coir Manufactures (-7.07%)

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 labour rates the manufacturing cost in textile automatically comes down to very reasonable rates.
- India is highly competitive in spinning sector and has presence in almost all processes of the value chain.
- Indian garment industry is very diverse in size, manufacturing facility, type of apparel produced, quantity and quality of output, cost, and requirement for fabric etc. It comprises suppliers of readymade garments for both, domestic or exports markets.

Weakness

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

Opportunity

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

Threats

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

b) Risk & Concerns:

1. The Company is exposed to risks from market fluctuations of foreign exchange, interest rates and crude oil prices.
2. The Company is exposed to the risk of price fluctuation on cotton as well as finished goods in all its products. These risks are not significant considering the inventory levels and normal co - relation in the price of cotton and finished goods.

3. Apart from the risks on account of interest rate, foreign exchange and regulatory change, various business of the company are exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

c) Segment-wise Performance:

Segment-wise performance of the company for the 15 months period ending 30th June 2013 (Standalone) is given below:

(Amt in Rs)

	Textile - Yarn	Textile – Fabric
Income	2,243,692,195	1,193,220,397
Expenditure	2,546,931,229	1,740,030,001
Depreciation	124,043,486	0
PBIT	(427,282,520)	(546,809,604)
FOB Value of Exports	791,988,261	0

d) Financial Performance:

The Company's revenue from operations (Excluding the other Income) for the 15 months period 1st April 2012 to 30th June 2013 is Rs. 3,436,912,592 as against Rs. 7,596,442,442 during 2011-12. Profit before tax for the 15 months period 1st April 2012 to 30th June 2013 has resulted in a loss of Rs. 1,509,654,702 as compared to a profit (PBT) of Rs. 89,785,385 during the year 2011-12 due to the deteriorating conditions prevailing in the global economy and the after impacts of interest rate hikes by the Banks over the previous years.

e) Internal Control Systems:

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

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

f) Related Party Transactions:

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

g) Human Resources:

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

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

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

The company has employee strength of around 1300

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.

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 at present comprises of 4 (Four) Directors out of which one is Executive Director and 3 (Three) are Non-Executive Directors (NEDs). These Directors bring in a wide range of skills and experience to the Board. None of the Directors on the Board is a member on more than 10 (Ten) Committees and Chairman of more than 5 (five) committees as specified under clause 49 of the Listing Agreement, across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

Details of the Directorship, Membership and Chairmanship in other companies for each Director of the Company and their shareholdings and Attendance at the meetings for the period ended on 30th June, 2013 are as follows:

Name of the Director	No. of shares held as on 30.6.13	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 resigned w.e.f. 11-01-13	Nil	NE-NI –C	Nil	No	2	-	-
Shri Yashovardhan Birla resigned w.e.f. 29-12-12	13,73,040	NE-NI –Co-C	3	Yes	9	-	-
Shri P V R Murthy resigned w.e.f. 30-09-12	Nil	E	3	Yes	13	-	7
*Shri Om Prakash Jain resigned w.e.f. 17-12-12	29,400	E	1	No	-	-	-
Shri Mohan Jayakar resigned w.e.f. 12-01-13	Nil	NE-I	1	No	7	1	3
**Shri Suresh Kumar Gupta resigned w.e.f. 15-05-13	Nil	E	2	No	1	-	-
Shri Upkar Singh Kohli resigned w.e.f. 15-05-13	Nil	NE-I	5	Yes	6	-	-
Shri Mohandas Shenoy Adige resigned w.e.f. 29-08-13	Nil	NE-I	8	Yes	9	-	5
***Shri Girdhari Lal Lath resigned w.e.f. 29-08-13	Nil	NE-NI	1	No	10		
Shri Vinod Kumar Kapur	Nil	NE-NI	4	No	1	-	-
****Shri Ram Prakash Mishra	Nil	NE-I	3	No	4	-	-
*****Shri Jignesh Bipin Mehta	NIL	NE-I	-	No	4	1	-
*****Shri Rakesh Kumar Dixit	NIL	E	-	No	-	-	-

E : Executive

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

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

NE-NI : Non Executive – Non Independent

NE –I : Non Executive Independent

- # Excludes Alternate Directorships and directorships in private companies, foreign companies and section 25 companies.
- ^ Represents Memberships / Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee of other public Companies
- * Shri Om Prakash Jain was appointed as Managing Director on 8th November, 2012.
- ** Shri Suresh Kumar Gupta was appointed as Managing Director on 14th January, 2013.
- *** Shri Girdhari Lal Lath was appointed as a Director on 14th January, 2013.
- **** Shri Ram Prakash Mishra was appointed as a Director on 14th January, 2013.
- ***** Shri Jignesh Bipin Mehta was appointed as a Director on 27th August, 2013.
- ***** Shri Rakesh Kumar Dixit was appointed as a Director on 27th August, 2013.

None of the Directors are related to each other.

b) Board procedure and Access to information

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

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

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

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

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

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

The Board also reviews the declarations made by the Manager & General Manager (Commercial) / Unit Head and the Company Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

c) Board Meetings

During the period ended 30th June, 2013, 8 (Eight) Board Meetings were held. These were held on:

- | | | |
|------------------------------------|------------------------------------|--------------------------------------|
| (1) 29 th May, 2012 | (2) 13 th August, 2012 | (3) 21 st September, 2012 |
| (4) 8 th November, 2012 | (5) 14 th January, 2013 | (6) 13 th February, 2013 |
| (7) 18 th March, 2013 | (8) 15 th May, 2013 | |

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 period ended 30th June, 2013. A declaration to this effect signed by the Manager forms part of this Annual Report.

e) Brief Note on the Directors seeking appointment/re-appointment in the 71st Annual General Meeting:

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

Name of the Director	Shri Ram Prakash Mishra	Shri Rakesh Kumar Dixit	Shri Jignesh B Mehta	Shri Vinod Kumar Kapur
Date of Birth	05-05-1955	10-02-1955	11-01-1967	18-07-1949
Date of Appointment as Director	14-01-2013	27-08-2013	27-08-2013	13-08-2012

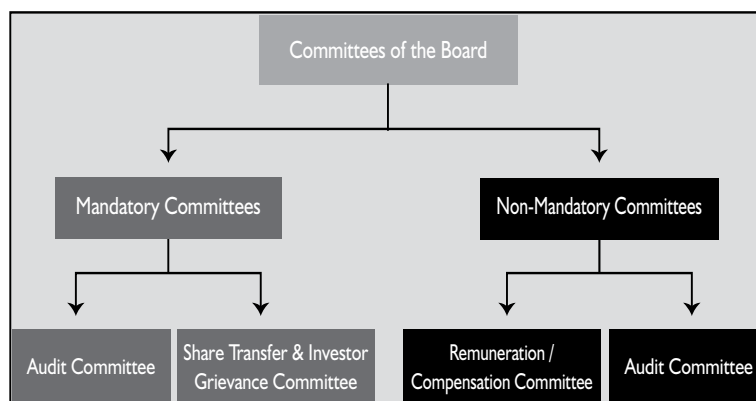
Qualification, Brief resume & Expertise in specific functional areas	Qualified Company Secretary with B.SC, L.L.M. Shri Ram Prakash Mishra aged 58 years, started career in 1978 with the pharmaceutical and bulk drugs industry, and quickly shifted to commercial enterprise to look after insurance, import and exports, central excise & customs, and legal depts. He was a Director at Janakalyan Sahakari Bank Ltd. since 1993 and elected as Vice-Chairman in the year 2000, and took over reigns of bank as a Chairman in the year 2001.	B.Sc., B. Text. Shri Rakesh Kumar Dixit aged 58 years has 34 years experience in textile industries. He has worked as General Manager in various companies like M/s Century Yarn, R.T.M., Bedi Investment Ltd. He has also worked as Spinning Master, Spinning Manager, Technical Manager and Technical Advisor.	B.Com Shri Jignesh Bipin Mehta, aged 46 years is having 15 years of experience in the field of Liasoning with several departments in Central Government and State Government.	Chartered Accountant from ICAI, Company Secretary from ICSI and B.Com (Hons) from Delhi University. Shri Vinod Kumar Kapur has over 40 years of experience. He has rich experience of working with reputed Indian & International Audit Firms. Since 1982, he was associated with the Sun Flag Group, Lagos where he has served as Group Financial Director and was also in charge of operations & commercial activities including management of Finances, arranging facilities with Bankers and Financial Institutions, taxation, secretarial matters, export & Imports etc. He Since February 2012, he is serving as Coordinator with the Bhardwaj Welfare Trust.
*Directorships in other Public Limited Companies	Birla Surya Ltd. Birla Pacific Medspa Ltd. Birla Power Solutions Ltd. Birla Research & Lifesciences Ltd.	Nil	Zenith Birla India Ltd. Birla Power Solutions Ltd. Birla Research & Lifesciences Ltd. Birla Shloka Edutech Ltd.	Nil
*Committee Positions held in other Companies C-Chairman M- Member	<u>Audit Committee</u> Birla Pacific Medspa Ltd. (M) Birla Power Solutions Ltd. (C) <u>Shareholder Grievance Committee</u> Birla Pacific Medspa Ltd. (C) Birla Power Solutions Ltd. (M)	Nil	<u>Audit Committee</u> Birla Power Solutions Ltd. (M) <u>Shareholder Grievance Committee</u> Birla Power Solutions Ltd. (M)	Nil
No. of shares held in the Company	Nil	Nil	Nil	Nil

*Notes:

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

f) Board Committees

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/ scope. The Board has established various Committees such as Audit Committee, Share Transfer & Investor Grievance Committee, Remuneration Committee and 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 period ended 30th June, 2013 comprised of three Directors, out of which two are Non-Executive Independent directors and one executive director. Shri Ram Prakash Mishra, 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 executive's viz., Internal Auditor and Group General Counsel as it considers appropriate to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company.

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

During the period ended 30th June, 2013, the Committee met Five times on:

- (1) 29th May, 2012 (2) 13th August, 2012 (3) 8th November, 2012
 (4) 13th February, 2013. (5) 15th May, 2013

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

Members	Category	No. of Meetings Attended
Shri Upkar Singh Kohli (Chairman) resigned w.e.f. 15-05-13	Non-Executive - Independent	4
Shri P.V.R Murthy resigned w.e.f. 30-09-2012	Executive	2
Shri Mohandas Shenoy Adige resigned w.e.f. 29-08-13	Non-Executive - Independent	5
Shri Vinod Kumar Kapur	Non-Executive – Non Independent	1
*Shri Ram Prakash Mishra	Non Executive – Independent	2
**Shri Rakesh Kumar Dixit	Executive-Non Independent	-
***Shri Jignesh Bipin Mehta	Non Executive – Independent	-

* Shri Ram Prakash Mishra was appointed as Chairman of Audit Committee w.e.f 15th May, 2013.

** Shri Rakesh Kumar Dixit was appointed as Member of the Audit Committee w.e.f 27th August, 2013.

*** Shri Jignesh Bipin Mehta was appointed as Member of the Audit Committee w.e.f 27th August, 2013.

b) Terms of Reference

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

to Statutory Auditors, reviewing with the Management, quarterly and annual financial statements, internal audit reports and controls of the Company.

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

4. Remuneration / Compensation Committee

a) Composition, Meetings and Attendance

The Remuneration /Compensation Committee during the period ended 30th June, 2013 comprised of the following members:

Members	Category	No. of Meetings Attended
Shri P. B. Bhardwaj (Chairman) resigned w.e.f. 11-01-13	Non-Executive – Non Independent	NIL
Shri Yashovardhan Birla (Co-Chairman) resigned w.e.f. 29-12-12	Non-Executive – Non Independent	1
Shri Mohandas Shenoy Adige resigned w.e.f. 29-08-13	Non Executive - Independent	1
Shri Upkar Singh Kohli resigned w.e.f. 15-05-13	Non Executive - Independent	1
*Shri Ram Prakash Mishra	Non Executive – Independent	-
**Shri Rakesh Kumar Dixit	Executive – Non Independent	-
***Shri Jignesh Bipin Mehta	Non Executive - Independent	-

* Shri Ram Prakash Mishra was appointed as Chairman of Remuneration Committee w.e.f 15th May, 2013.

** Shri Rakesh Kumar Dixit was appointed as Member of Remuneration Committee w.e.f 27th August, 2013

*** Shri Jignesh Bipin Mehta was appointed as Member of Remuneration Committee w.e.f 27th August, 2013.

Two Remuneration Committee meeting were held on 8th November, 2012 and 14th January, 2013 for recommending remuneration payable to Shri Om Prakash Jain as Managing Director and Shri Suresh Kumar Gupta as Managing Director respectively 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 / CEO/ Manager , granting of Employee Stock Option to the Directors and employees of the Company and such other matters relating to the remuneration and compensation payable to the Director(s) and Managerial personnel.

c) Executive Director's Compensation:

The remuneration payable to the Managing Director is recommended by the Remuneration Committee of the Board of Directors. Payment of remuneration to the Managing Director 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 Managing Director/Whole Time Director or Manager takes place.

Details of remuneration paid to the Managerial Personnel during the financial period ended 30th June, 2013

Name & Designation	Salary	Provident Fund/ Superannuation	Perquisites & Others
Shri P.V.R Murthy resigned w.e.f. 30-09-12	2,467,002	900,000	1,567,002
*Shri Om Prakash Jain resigned w.e.f. 17-12-12	651,914	200,000	451,914
**Shri Suresh Kumar Gupta resigned w.e.f. 15-05-13	792,741	150,000	642,741

* Shri Om Prakash Jain was appointed as Managing Director w.e.f 8th November, 2012.

** Shri Suresh Kumar Gupta was appointed as Managing Director w.e.f 14th January, 2013.

The appointment of Managing Director/ Manager / Whole time 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 period 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 period ended 30th June, 2013. During the period under review, there was no pecuniary relationship or business transaction by the Company with any Non-Executive Directors.

Sitting fees payable to the Directors for attending each meeting of the Board of Directors and Audit Committee of the Board of Directors is Rs. 5, 000 during the financial period. 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 period 2012-13 to Non-executive directors are as under:

Name of the Director	Sitting fees (Rs.)	Remuneration (Rs.)	Total (Rs.)
Shri P. B. Bhardwaj resigned w.e.f. 11-01-13	NIL	-	NIL
Shri Yashovardhan Birla resigned w.e.f. 29-12-12	20000	-	20000
Shri P V R Murthy resigned w.e.f. 30-09-12	NIL	-	-
*Shri Om Prakash Jain resigned w.e.f. 17-12-12	NIL	-	-
Shri Mohan Jayakar resigned w.e.f. 12-01-13	10000	-	10000
**Shri Suresh Kumar Gupta resigned w.e.f. 15-05-13	NIL	-	-
Shri Upkar Singh Kohli resigned w.e.f. 15-05-13	40000	-	40000
Shri Mohandas Shenoy Adige resigned w.e.f. 29-08-13	40000	-	40000
***Shri Girdhari Lal Lath resigned w.e.f. 29-08-13	5000	-	5000
Shri Vinod Kumar Kapur	15000	-	15000
****Shri Ram Prakash Mishra	10000	-	10000

* Shri Om Prakash Jain was appointed as Managing Director on 8th November, 2012.

** Shri Suresh Kumar Gupta was appointed as Managing Director on 14th January, 2013.

*** Shri Girdhari Lal Lath was appointed as a Director on 14th January, 2013.

**** Shri Ram Prakash Mishra was appointed as a Director on 14th January, 2013.

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, Meetings and Attendance

The Share Transfer and Investor Grievance Committee was re-constituted on 8th November, 2012 and 14th January, 2013. During the period under review comprised of four members viz. Shri Mohandas Shenoy Adige (Chairman), *Shri P. V. R. Murthy, **Shri Mohan Jayakar and ***Shri Ram Prakash Mishra.

The Share Transfer and Investor Grievance Committee during the period ended 30th June, 2013 comprised of the following members:

Members	Category	No. of Meetings Attended
Shri Mohandas Shenoy Adige (Chairman) resigned w.e.f. 29-08-2013	Non Executive - Independent	4
Shri P V R Murthy resigned w.e.f. 30-09-12	Executive – Non Independent	1
Shri Mohan Jayakar resigned w.e.f. 12-01-13	Non Executive - Independent	Nil
*Shri Ram Prakash Mishra	Non Executive – Independent	-
**Shri Rakesh Kumar Dixit	Executive – Non Independent	-
***Shri Jignesh Bipin Mehta	Non Executive - Independent	-

* Shri Ram Prakash Mishra was appointed as a Member w.e.f 14th January, 2013 and was subsequently appointed as Chairman of Share Transfer and Investor Grievance Committee w.e.f 29th August, 2013.

** Shri Rakesh Kumar Dixit was appointed as Member w.e.f 27th August, 2013

*** Shri Jignesh Bipin Mehta was appointed as Member w.e.f 27th August, 2013

c) Name & Designation of the Compliance Officer

Ms. Monica Gandhi, Company Secretary resigned w.e.f. 31st December, 2012. Ms. Vineeta Shah is appointed w.e.f. 15th September, 2013 as the Company Secretary & Compliance Officer of the Company.

d) Shareholders complaints

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

Type of Complaints	No. of Complaints		
	Received	Resolved	Pending
Non-receipt of Share Certificate(s)	01	01	Nil
Non-receipt of Dividend Warrant	11	11	Nil
Non-receipt of Annual Report	08	08	Nil
Non-receipt of Refund Order	03	03	Nil
Grievance Received through SCORES – Non-receipt of Annual Report	01	01	Nil
Grievance Received through SCORES – Non-receipt of Dividend	01	01	Nil
Total	25	25	Nil

6. Finance Committee

The Finance Committee was reconstituted on 8th November, 2013 and 14th January, 2013. During the period under review the committee consists of three Members viz., *Shri P.V.R. Murthy (Chairman), **Shri Mohan Jayakar (Member) and ***Shri Mohandas Shenoy Adige (Member)

* Shri P. V. R. Murthy resigned from the Board and consequently from the Committee w.e.f. 30th September, 2012.

** Shri Mohan Jayakar resigned from the Board and consequently from the Committee w.e.f. 12th January, 2013.

*** Shri Mohandas Shenoy Adige resigned from the Board and consequently from the Committee w.e.f. 29th August, 2013.

Two Directors viz., Shri Rakesh Kumar Dixit (Chairman) and Shri Jignesh Bipin Mehta (Members) are appointed w.e.f. 29th August, 2013.

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

7. Information on Shareholders' Meetings

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

Year	AGM	Location	Date & time
2011-2012	70 th	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	21.09.2012 at 3.30 p.m
2010-2011	69 th	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	21.09.2011 at 3.30 p.m
2009 -2010	68 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

(b) Special Resolutions passed in the previous three AGMs:

No Special Resolutions were passed at the 70th AGM held on 21.09.2012

Following Special Resolutions were passed at the 69th AGM held on 21.09.2011:

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

Following Special Resolutions were passed at the 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 Debashish Poddar, Chief Executive Officer as Manager of the Company

- (c) There was no special resolution passed through postal ballot last year.
- (d) No Special Resolution is proposed to be conducted through postal ballot.

8. Subsidiary Companies

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

Birla Integrated Textile Park Limited (BITPL) is no longer a subsidiary of the Company as all the shares held in BITPL were transferred to Birla Infrastructure Ltd. on 18th March, 2013. Thus, the Company does not have any material non-listed Indian subsidiary company in terms of clause 49(III) of the Listing Agreement.

The financial statements of the subsidiaries are reviewed by the Audit Committee and noted by the Board of Directors of the Company.

9. Disclosures

a) Related party Transactions:

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

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

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

b) Compliances by the Company:

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

- (c) There are no penalties imposed or strictures passed against the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to capital markets during last 3 years in this regard.
- (d) The Company has placed before the Audit Committee the statement of utilization of funds raised through public issues/preferential issue on quarterly/ annual basis.
- (e) The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006. The company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparation of financial statements.
- (f) The Manager and General Manager (Commercial) 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 period ended 30th June, 2013.
- (g) Presently the Company does not have a Whistle Blower Policy. However, all employees of the Company are free to approach any Management Member for any Grievance.
- (h) The Board of Directors of the Company evaluates and assesses the major risks and the risk minimization procedures and the implementation of the same.
- (i) The Company has complied with applicable mandatory requirements in terms of Clause 49 of the Listing Agreement. The non-mandatory requirement such as the constitution of Remuneration / Compensation Committee, have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

10. Means of Communication

- a) **Stock Exchange Intimation:** The unaudited quarterly financial statements are announced within forty-five days of the end of each quarter and the audited annual results are announced within 60 days from the end of the last quarter. The aforesaid financial statements after being taken on record by the Audit Committee and Board of Directors are communicated to the Stock Exchanges where the shares of the Company are listed.
- b) **Newspapers:** During the financial period 2012-13, financial results (Quarterly & Annual) are published in newspapers viz Asian Age and Tarun Bharat in the format prescribed under Clause 41 of the Listing Agreement with the stock exchanges where the shares of the Company are listed.

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.

- c) **Annual Report:** Annual Report is circulated to all the members within the required time frame.
- d) **Investor Email ID of the Registrar & Share Transfer Agents:** All the share related requests/ queries/correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agents of the Company **Adroit Corporate Services Pvt. Ltd.** and/ or email them to info@adroitcorporate.com.

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.

- e) **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by NSE for Corporates. The Shareholding Pattern, the Corporate Governance Report and the Financial Results are also filed electronically on NEAPS.
- f) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The Action Taken Reports are uploaded online by the Company for any complaints received on Scores platform, thereby making it convenient for the investors to view their status online.
- g) There were no presentations made to the institutional investors or analysts during the financial period 2012-13.

11. General Shareholders Information

- a. Annual General Meeting proposed to be held

Day, Date & Time : Friday, 20th December, 2013, 11.30 A.M.
Venue : Hall of Harmony, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400018

- b. Financial Calendar for the year 2013-2014

Accounting Year : 1st July, 2013 to 31st March, 2014
Financial Calendar (Tentative)

Unaudited Financial Results for the quarter ended 30 th September, 2013	Second week of November, 2013
Unaudited Financial Results for the quarter ended 31 st December, 2013	Second week of February, 2013
Unaudited Financial Results for the quarter ended 31 st March, 2014 OR	Second week of May, 2014
Audited Financial Results for the year ended 31 st March, 2014	Within 60 days from the period ended 31 st March, 2014.

- c. Book closure date : Monday, 16th December, 2013 to Friday, 20th December, 2013 (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.(BSE)
P. J. Towers, Dalal Street, Mumbai – 400 023.
Stock Code - 533006
2. National Stock Exchange of India Ltd.(NSE)
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.
Stock Code – BIRLACOT
- ii. ISIN No. for the Company's
Equity Shares in Demat form : INE655101024
- iii. Depositories connectivity : NSDL and CDSL

Notes:

- I. Listing Fees for the year 2013-14 has been paid to Stock Exchanges viz., BSE and NSE.
2. Custodial fees for the year 2013-14 has been paid to the depositories viz.: NSDL and CDSL.
- f. i. Listing of Global Depository
 Receipts: (GDRs) : Societe de la Bourse de Luxembourg I I, 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

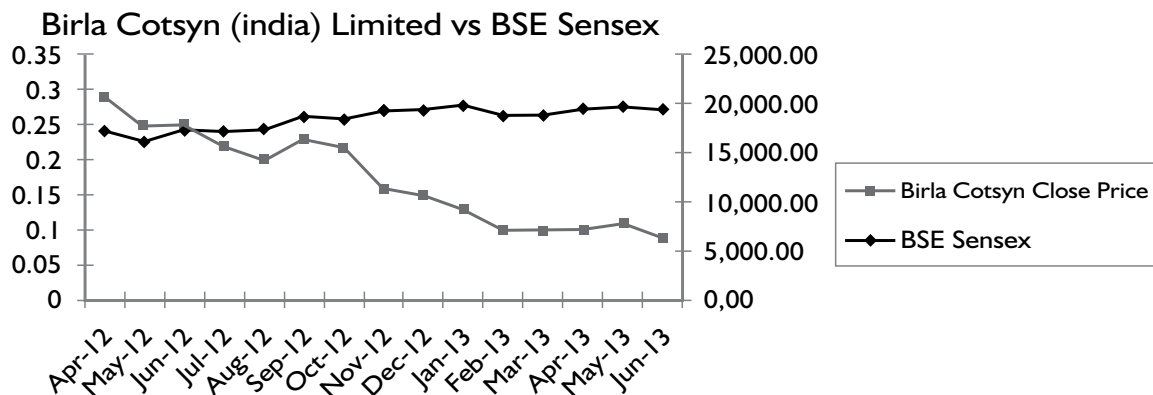
Note: Listing Fee for the GDRs has been paid to the Societe de la Luxembourg for the calendar year 2013.

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 period is furnished below:

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2012	0.32	0.27	0.30	0.25
May, 2012	0.30	0.24	0.30	0.20
June, 2012	0.27	0.24	0.30	0.20
July, 2012	0.27	0.22	0.25	0.20
August, 2012	0.25	0.20	0.25	0.20
September, 2012	0.24	0.19	0.25	0.20
October, 2012	0.26	0.21	0.25	0.20
November, 2012	0.23	0.14	0.20	0.10
December, 2012	0.20	0.15	0.20	0.10
January, 2013	0.17	0.13	0.15	0.10
February, 2013	0.14	0.10	0.15	0.10
March, 2013	0.12	0.10	0.15	0.10
April, 2013	0.12	0.10	0.15	0.10
May, 2013	0.12	0.09	0.15	0.10
June, 2013	0.11	0.09	0.10	0.05

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



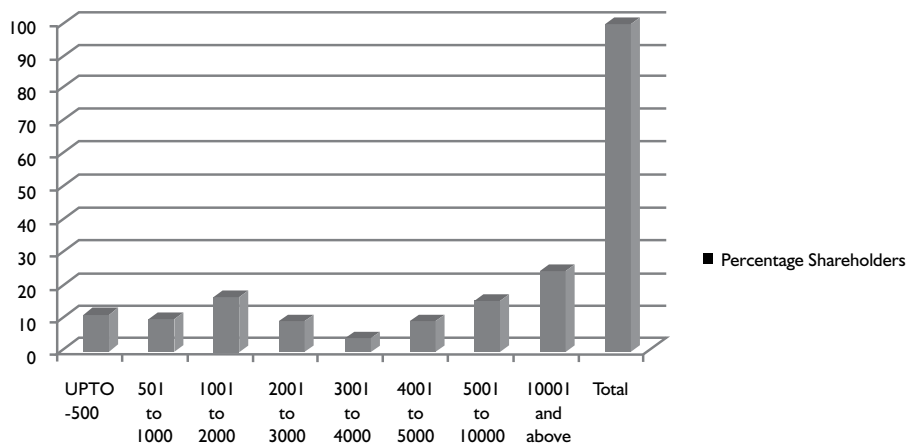
h. Share Transfer System, Dematerialisation and liquidity

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, 99.99% of the total equity capital is held in dematerialized form with NSDL & CDSL and accordingly majority of the trading of shares takes place electronically in dematerialisation mode.

i. Distribution of Shareholding as on 30th June, 2013:

No. of Equity Shares held	No. of Shareholders	Percentage Shareholders	No. of Shares held	Percentage Shareholding
UPTO - 500	7557	11.31	1673903	0.06
501 to 1000	6540	9.78	5169248	0.19
1001 to 2000	11040	16.52	15295683	0.57
2001 to 3000	6119	9.15	15530124	0.58
3001 to 4000	2641	3.95	9534540	0.36
4001 to 5000	6322	9.46	28422278	1.07
5001 to 10000	10298	15.41	76366174	2.86
10001 and above	16326	24.42	2516643204	94.31
Total	66843	100.00	2668635154	100.00

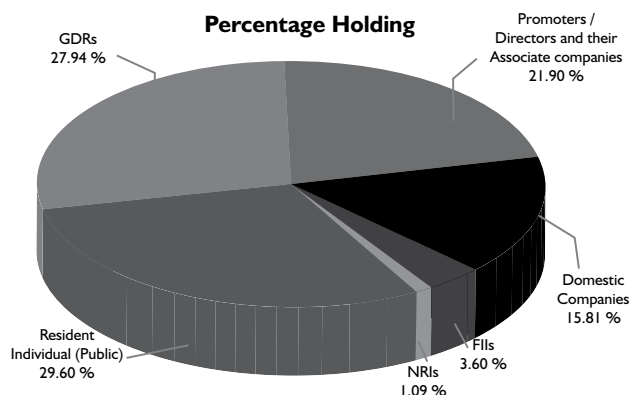
Percentage Shareholders



j. Categories of Shareholding as on 30th June, 2013:

Categories	No. of Shareholders	No. of shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	9	584269504	21.90
Domestic Companies	643	422093451	15.81
FIs	1	95957652	3.60
Central Government/ State Government	1	3000	0.00
NRIs	408	29053644	1.09
Banks/ FIs and Insurance Companies	1	4	0.00
Mutual Funds	Nil	Nil	Nil
Resident Individual (Public)	64892	789881438	29.60
Trusts	3	77400	0.00
Clearing Members	42	1619061	0.06
GDRs	1	745680000	27.94
Total	66001	2668635154	100

Categories of Shareholding



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

6,556,800 Global Depository Receipts (GDRs) represented by 655,680,000 equity shares were outstanding as on 30th June, 2013.

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

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

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

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

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

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

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

- m. Plant Location : 1. C-6/1, MIDC Area, Malkapur 443101
Dist. Buldhana (Ms), Tel. No. +91 7267 262674, 262675
2. A/82, MIDC Area, Khamgaon 444303
Dist. Buldhana (Ms), Tel. No. +91 7263 277116, 277122
3. Post Box No. 1, Ghatanji, Dist. Yavatmal, (Ms),
Tel. No. + 91 7230 277150
4. Near Cotton Market, Parola Road, Dhule 424 004 (Ms),
Tel. No. +91 7263 254774
- n. Shares/ Fixed Deposits related 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: info@adroitcorporate.com
- o. Investors complaint may be addressed to:
Birla Cotsyn (India) Limited,
Birla Mansion No. 1, 1st Floor, Center Wing
D.D. Sathe Marg, Prathana Samaj, Mumbai – 400 004
Tel.: 91-22- 66103621
Email: complianceofficer@birlacotsyn.com

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Birla Cotsyn (India) Limited

We have examined the compliance of conditions of Corporate Governance by Birla Cotsyn (India) Limited (the Company) for the period ended 30th June, 2013, 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 30th June, 2013 are pending for a period exceeding one month against the Company as per the records maintained by the share registrar and reviewed by the shareholder/Investor Grievance Committee.

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

For **Ragini Chokshi and Co.**
Practicing Company Secretary

Place: Mumbai
Date: 29th August, 2013

Ragini Chokshi
FCS No. 2390
CP No. 1436

DECLARATION RELATING TO CODE OF CONDUCT

All the Board Members and Senior Management Personnel have, for the period ended 30th June, 2013, 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.**

Satya Kishore Mathur
Manager

Place: Mumbai
Date: 29th August, 2013.

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 period ended 30th June, 2013

We, hereby certify that:-

- a) We have reviewed the Financial Statements and Cash Flow Statement for the period ended on 30th June, 2013 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 period, 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 period, if any;
 - II. significant changes in accounting policies during the period 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**

Satya Kishore Mathur
Manager

Deepak Siroya
General Manager (Commercial)

Place: Mumbai

Date: 29th August, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of Birla Cotsyn (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Birla Cotsyn (India) Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 qualified audit opinion.

Basis for Qualified Opinion

1. With reference to note number 8 (b) regarding Inter corporate deposits of Rs. 186,893,684 taken from various parties as at June 30, 2013, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances.
Further, few such parties have already filed winding up petition under section 433 & 434 of the Companies Act, 1956 against the Company for non-payment of dues. These matters are sub-judice and the impact, if any, of the outcome is unascertainable at this stage.
2. With reference to note number 8 (b) regarding dues to related parties of Rs. 57,725,109 and note number 29 regarding trade payables of Rs. 294,331,451 as at June 30, 2013, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances.
3. With reference to note number 13 (a) regarding capital advances of Rs. 928,391,624 as at June 30, 2013 given to various parties, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its recoverability in cash or kind, if any.
4. With reference to note number 18 (a) regarding loan of Rs 72,998,404 given to one related party, which have incurred losses and also have negative net-worth as at June 30, 2013, in the absence of detail information of projected cash flows as at June 30, 2013 or other supportive evidence, we are unable to comment upon its impairment, if any.
5. With reference to note number 16 (a) regarding trade receivables of Rs. 929,652,317 as at June 30, 2013, the Company has made provision for doubtful debts of Rs. 798,022,082. In the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its balance recoverability, if any.
6. With reference to note number 11 (3) regarding plant and machinery of Rs. 373,548,883 situated at one factory unit of the Company has been generally operating at lower capacity. In the absence of future cash flow projection and information about the value in use, we are unable to comment impairment provision, if any as per Accounting Standard 28 "Impairment of Assets".

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, subject to the effects of the matter described in the Basis for Qualified Opinion paragraph and read with points mentioned in Emphasis of Matter paragraph, the financial statements give the information required by the Act 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 June 30, 2013;
- (b) in the case of the Statement of Profit and Loss, loss for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matter

1. We draw attention to note number 2(b) in the financial statements. The Company incurred net loss of Rs. 1,396,945,873 during the period ended June 30, 2013 and, as of that date; the Company's current liabilities exceeded its current assets by Rs. 2,325,087,902 subject to the effects of matters described in the Basis for Qualified Opinion paragraph. These factors along with other matters as set forth in said note raise substantial doubt about the Company's ability to Continue as a going concern in the foreseeable future. However, the Company's financial statement has been prepared on going concern basis as disclosed by management in said note.
2. With reference to note no 2(b) regarding notice issued by consortium of banks under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 for nonpayment of installments and interest thereon after the due date by the Company and therefore all loan accounts became Non Performing Assets with effective from respective dates mentioned in such notice. We are informed that the Company has filed response against such notice and requested to restructure all loan accounts. These factors along with other matters as set forth in said note, raise substantial doubt about the Company's ability to Continue as a going concern in the foreseeable future. However, the Company's financial statements have been prepared on going concern basis as disclosed by management in said note.

Other matters

1. The Company has not appointed full time company secretary as per provisions of section 383A of the Companies Act, 1956 with effective from January 1, 2013. However, we are informed that management is under process of appointing company secretary in due course of time.
2. The Company has not appointed a managing director or manager as required by the provisions of section 269 of the Companies Act, 1956 with effective from April 1, 2013. However we are informed that Company has appointed managing director before the board meeting taken in place.
3. The Company has given loan to three related parties amounting to Rs. 392,106,843 as at June 30, 2013 (including interest till June 30, 2013) which falls under non-compliance of section 295 of the Companies Act, 1956.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for the matter described in the Basis for Qualified Opinion paragraph;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. except for the effects of the matters described in the Basis for Qualified Opinion paragraph, and read with points mentioned in Emphasis of Matter paragraph in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - e. on the basis of written representations received from the directors as on June 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Manoj Kumar Pati
Partner
Membership No.504536

Place: Mumbai

Date: August 29, 2013.

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph I under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of **Birla Cotsyn (India) Limited ("the Company")** on the financial statements for the period ended June 30, 2013]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except some plant and machineries acquired during the period of Rs 94,919,822 for which we have not been provided records and identification of such assets.
- (b) All the fixed assets have not been physically verified by the management during the period 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 period. However, during the period the Company has taken advances for sale of factory lands situated at two separate units of the Company and according to the information and explanation given to us, we are of the opinion that the future disposal of said part fixed assets will not affect the going concern status of the Company.
- (ii) (a) As explained to us, the inventory has been physically verified by the management during the period. 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 period.
- (iii) (a) According to information and explanations given to us the Company has granted loans to three companies which should be covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs.392,106,843 and the period-end balance of loans granted to such parties was Rs. 392,106,843 (including interest accrued till June 30, 2013).
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) The said loans (including interest thereon) are repayable on demand and there are no repayment schedules. Accordingly, the question of overdue amount does not arise.
- (d) As mentioned in point (c) above, in the absence of agreed repayment schedule, there is no overdue amount in excess of Rs 1 lakh in respect of loans granted to Companies listed in register maintained under sec 301 of the Companies Act, 1956.
- (e) The company has taken during the period fresh unsecured loan from Company covered in the register maintained under section 301 of the Act. The maximum amount involved during the period and the period end balance of such loan is Rs. 11,228,910.
- (f) In our opinion the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, since there are no terms for repayment of interest and principal amount, we can not comment upon the regularity of the same.
- (iv) In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory.
- As regards purchase fixed assets, the Company needs to strengthen internal controls for keeping proper identification of assets.
- As regards sales and purchase of traded goods, we are represented that the Company directly authorize the sellers to transfer goods to the buyers' destination. Accordingly, the Company neither maintains any stock of traded goods any time during the period nor keeps any records for goods inwards and outward confirmation from such parties. Further, in most of the cases we have noticed that the buyers' and sellers' accounts are settled through journal entries and we are represented that the Company directs the buyers to pay money on behalf of the Company to the creditors. Further, we have not been provided any settlement letters for such transactions. We are informed that the Company is in the process of formalizing the documentation in this regard. The system of obtaining independent confirmation of balances of parties requires to be given more emphasis.
- (v) (a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) According to the information and explanation given to us, we are of the opinion that the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lacs in respect of such parties during the period have been made at a price which are reasonable having regard to prevailing market price at the relevant time.
- (vi) As per the information and explanation given to us and based on our audit procedures performed, we report that the Company has not complied the following provisions / 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:
- i) The Company has defaulted in repayment of dues of Rs.5,192,000 till June 30, 2013.
- ii) The Company has made fixed deposit which is lower than 15% of the principal amount of its deposits maturing during the year ending March 31, 2014.
- iii) We have not been provided fixed deposit register which shall be maintained at registered office of the Company, hence we are unable to comment upon its non-compliance, if any.

- iv) The Company has not made applicable provision for penal interest as per the Companies (Acceptance of Deposits) Rules, 1975.
- v) We are informed that the Company has not intimated to the Tribunal on monthly basis about the default in repayment as per Section 58 AA of the Company's Act and also not furnished the requisite return as per the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) The Company does not have formal internal audit system.
- (viii) We have been informed by the Management that proper cost records under clause (d) of sub-section 1 of section 209 of the Companies Act, 1956 have been maintained. And, for the said purpose we have relied upon the cost auditors' certificate which has been provided to us by the management.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax customs duty, excise duty, cess have not been regularly deposited with the appropriate authorities and there has been a slight delay in few cases.
- (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 period 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.) *	Period to which the amount relates	Due Date	Date of payment
Income Tax Act	Dividend Distribution Tax	19,332,677	2009-10	04-10-2010	Not Paid
Income Tax Act	TDS	1,553,593	2012-13	01-04-2012 to 31-12-2012	Not Paid

- (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) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth except qualifications mentioned in Basis for Qualified Opinion Paragraph in our audit report. Further, the company has also incurred cash losses during the period of Rs 1,385,611,216 covered by our audit. There were no cash losses immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions and banks for Principal amount of Rs. 211,663,000 and Interest amounting of Rs. 322,145,922 since May 2012.
- (xii) According to information and explanation given to us and based on the documents and records produced to us, the company has not granted loans & 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 period.
- (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 period 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 not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Act.
- (xix) The Company has not issued any secured debentures during the period covered by our report. Accordingly, provisions of clause (xix) of the Companies (Auditor's Report) Order; 2003 are not applicable.
- (xx) The Company has not raised any money by public issues during the period.
- (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 period, nor have we been informed of any such case by the management.

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

Manoj Kumar Pati
Partner
Membership No.504536

Place: Mumbai
Date: August 29, 2013.

BALANCE SHEET AS ON 30TH JUNE 2013

Particulars	Notes	30th June 2013 Amt in Rs.	31st March 2012 Amt in Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	2,668,635,154	2,668,635,154
(b) Reserves and surplus	4	(874,089,849)	490,716,611
(c) Money received against share warrants		-	-
		1,794,545,305	3,159,351,765
Non-current liabilities			
(a) Long-term borrowings	5	559,174,389	798,530,916
(b) Deferred tax liabilities (Net)		-	112,708,814
(c) Other Long term liabilities	6	3,500,000	3,000,000
(d) Long-term provisions	7	35,357,198	38,386,925
		598,031,587	952,626,654
Current liabilities			
(a) Short-term borrowings	8	1,580,765,001	1,544,532,846
(b) Trade payables (Refer Note - 29)		294,331,451	1,477,438,875
(c) Other current liabilities	9	938,120,339	379,557,935
(d) Short-term provisions	10	1,806,122	16,085,878
		2,815,022,913	3,417,615,534
		5,207,599,806	7,529,593,954
TOTAL ASSETS			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		1,739,002,270	1,837,548,769
(ii) Intangible assets		-	305,615
(iii) Capital work-in-progress		199,453,569	178,976,712
(b) Non-current investments	12	1,496,473	1,751,473
(c) Long-term loans and advances	13	2,706,556,110	2,478,487,042
(d) Other non-current assets	14	71,156,372	53,200,308
		4,717,664,794	4,550,269,919
Current assets			
(a) Inventories	15	154,156,705	367,235,375
(b) Trade receivables	16	131,630,234	2,477,698,525
(c) Cash and Bank Balances	17	67,383,595	37,450,194
(d) Short-term loans and advances	18	129,369,633	61,546,334
(e) Other current assets	19	7,394,844	35,393,606
		489,935,011	2,979,324,035
		5,207,599,806	7,529,593,954
TOTAL			
Significant accounting policies	2		

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

As per our report of even date
For Kanu Doshi Associates
Firm Reg. No. 104746W
Chartered Accountants

MANOJ KUMAR PATI
Partner
Membership Number 504536

Place : Mumbai
Dated : 29th August 2013

For and on behalf of the Board of Directors of
BIRLA COTSYN (INDIA) LTD

R.K.DIXIT
Director

R.P MISHRA
Director

S.K.MATHUR
Manager

PROFIT AND LOSS STATEMENT FOR THE PERIOD 1ST APRIL 2012 TO 30TH JUNE 2013

	Notes	30th June, 13 Amt in Rs.	31st Mar, 2012 Amt in Rs.
INCOME			
Revenue from operations	20	3,436,912,592	7,614,135,808
Less : Excise duty		-	17,693,366
Revenue from operations (net)		3,436,912,592	7,596,442,442
Other income	21	44,135,398	44,722,157
Total Revenue		3,481,047,990	7,641,164,600
Expenses:			
Cost of materials and components consumed	22	1,378,024,601	1,399,851,805
Purchases of traded goods		1,277,584,674	4,960,056,098
(Increase)/decrease in inventories	23	177,367,047	83,826,131
Employee benefits expense	24	194,655,247	176,676,912
Finance costs	25	535,562,578	396,782,278
Depreciation and amortization expense	11	124,043,486	96,341,855
Other expenses	26	1,303,465,058	448,737,100
Total expenses		4,990,702,691	7,562,272,179
Profit/(loss) before exceptional items and tax		(1,509,654,702)	78,892,421
Exceptional items		-	10,892,937
Profit after exceptional items and before tax		(1,509,654,702)	89,785,358
Tax expense:			
Less : Current tax		-	20,550,000
Less : Deferred tax Liabilities (Assets) (Refer Note No. 31)		(112,708,814)	60,373,604
Less : Prior Period Item/ Expenditure		-	(10,388,749)
Profit (Loss) after tax for the year		(1,396,945,888)	19,250,505
Earnings per equity share (Face value of share Rs.1/-)			
Basic & Diluted		(0.5235)	0.0072
Significant accounting policies	2		

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

As per our report of even date
For Kanu Doshi Associates
 Firm Reg. No. 104746W
 Chartered Accountants

MANOJ KUMAR PATI
 Partner
 Membership Number 504536

Place : Mumbai
Dated : 29th August 2013

For and on behalf of the Board of Directors of
BIRLA COTSYN (INDIA) LTD

R.K.DIXIT
 Director

R.P MISHRA
 Director

S.K.MATHUR
 Manager

CASH FLOW STATEMENT

Amount in Rs.

Particulars	2012-2013		2011-2012	
A. Cash Flow from operating Activities				
Net Profit before Taxation		(1,509,654,687)		100,174,110
Adjustments for :				
Depreciation	124,043,486		96,341,855	
Profit on assets sold	759,994		(1,790,515)	
Interest Expense	528,077,493		391,346,069	
Interest Income	(31,792,207)		(14,344,813)	
Dividend Income	(6,000)		(6,000)	
Excess Provisions / Liabilities written back	(52,952)	621,029,814	(11,807,104)	459,739,492
Operating profit before working capital changes		(888,624,873)		559,913,602
<u>Working capital changes</u>				
Trade Debtors	2,346,068,291		(1,274,871,605)	
Inventories	213,078,670		287,064,022	
Loans and Advances	(267,893,304)		(837,414,652)	
Trade Payables and Provisions	(602,592,621)	1,688,661,036	779,282,835	(1,045,939,400)
Less: Taxes Paid	-	-	-	24,240,281
Cash generated from operating activities		<u>800,036,163</u>		<u>(510,266,079)</u>
B. Cash flow from Investing Activities:				
Purchase of Fixed Assets	(167,779,009)		(131,112,501)	
Proceeds from Fixed Assets	52,811,040		2,439,752	
Investments	255,000		(155,000)	
Interest received	31,792,207		6,203,141	
Dividend received	6,000		6,000	
Other Non Current Assets	(17,956,064)		-	
Bank balance not considered as Cash and Cash Equivalents	-		1,575,362	
Net Cash Flow from investing activities		<u>(100,870,826)</u>		<u>(121,043,246)</u>
C. Cash flow from Financing Activities				
Interest Paid	(528,077,493)		(398,771,733)	
Issue of Equity Shares & Share Warrants			40,447,052	
Securities Premium Received/Foreign Currency Reserve	100,679,174		7,328,458	
Working Capital Loans Received	36,232,154		230,559,030	
Proceeds from Term Loans	7,209,000		62,156,493	
Repayment of Term Loans	(282,745,044)		(166,471,084)	
Car Loan Received / (Paid)	-		(586,881)	
From Other Loans Received	(2,529,727)		(119,454,245)	
Dividend Paid (Including Dividend Distribution Tax)	-		(245,291)	
Net Cash Flow from financing activities		<u>(669,231,936)</u>		<u>(345,038,202)</u>
Cash and Cash Equivalents		29,933,401		(976,347,527)
Opening Cash and Cash Equivalents		37,450,194		1,012,067,184
Closing Cash and Cash Equivalents		<u>67,383,595</u>		<u>35,719,657</u>
Net Increase in Cash and Cash Equivalents(A+B+C)		<u>29,933,401</u>		<u>(976,347,527)</u>

As per our report of even date
For Kanu Doshi Associates
 Firm Reg. No. 104746W
 Chartered Accountants

MANOJ KUMAR PATI
 Partner
 Membership Number 504536

Place : Mumbai
Dated : 29th August 2013

For and on behalf of the Board of Directors of
BIRLA COTSYN (INDIA) LTD

R.K.DIXIT
 Director

R.P MISHRA
 Director

S.K.MATHUR
 Manager

I. CORPORATE INFORMATION

Birla Cotsyn (India) Limited (“the Company”) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at Dalamal House, first floor, Nariman Point, Mumbai 400 021.

The principal business of the Company is Cotton and Synthetic Yarn Manufacturing, Weaving of Grey Fabrics, Ginning & Pressing of Cotton Bales and Fabric Trading

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The Financial statements have been prepared under the historical cost convention except where specifically mentioned and in accordance with significant accounting policies as set out below. The policies have been consistently applied to both years presented. In the case of certain Plant & Machinery, Buildings at Ghatanji, Dhule, Khamgaon and land's at Ghatanji & Dhule, which are stated at revalued amounts, in accordance with the generally accepted accounting principles in India and the provisions of the Indian Companies Act, 1956, as adopted and consistently followed by the Company. The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis, except those associated with significant uncertainties.

b) 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.

Going concern assumption:

The financial statement of the Company has been prepared on going concern basis as in the opinion of the directors, at the time of their approval; there is a reasonable expectation that the Company will continue its operations for the foreseeable future. The directors have examined the following points in order to ascertain the validity of going concern assumption.

- a) The Company incurred net loss of Rs. 1,396,945,888 during the period ended June 30, 2013 and, as of that date; the Company's current liabilities exceeded its current assets by Rs. 2,325,087,902. The company is however exploring the possibilities of restructuring its liabilities including CDR/individual restructuring with banks which will result in significant reduction of the liabilities and revive its ability to continue as a going concern.
- b) The banks have issued SARFAESI notice, however, the company is exploring the possibilities of restructuring its liabilities including CDR/individual restructuring with banks. Further, the company has secured relief under Maharashtra Relief Undertakings (Special Provisions) Act (XCVI of 1958) which insulates and provides remedy for the enforcement in any proceedings pending before any court, tribunal, officer or authority against the company.

Accordingly, as per management confidence, the financial statement has been prepared on going concern basis.

c) TANGIBLE FIXED ASSETS

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

d) DEPRECIATION

- i) Depreciation on Fixed Asset has been provided on the Straight Line Method at the rates specified and in the manner prescribed under Schedule XIV of the Indian Companies Act, 1956. Leasehold land is amortised over the period of lease. And, the Company has considered depreciation rates on fulfilling the condition of continuous process plant.
- 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.

e) INTANGIBLE ASSETS AND AMORTISATION

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

f) 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

g) 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.

h) INVENTORIES

Inventories are valued as under:

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

i) EMPLOYEE BENEFITS

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

j) 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 statement of profit and loss. In case of forward contracts (non speculative), the exchange differences are dealt with in the statement of profit and loss 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.

k) BORROWING COST

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

LOAN PROCESSING CHARGES

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

l) 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 statement of profit and loss in the year of accrual/ receipt.

m) 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.

n) 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.

o) 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.

p) APPLICATION OF SECURITIES PREMIUM ACCOUNT

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

q) 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.

r) 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'.

s) OPERATING LEASE

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

t) 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.

u) 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.

v) CASH AND CASH EQUIVALENTS

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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 3 : SHARE CAPITAL

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Authorised Share Capital		
5,500,000,000 (Previous Year 5,500,000,000) Equity Shares of Rs. 1/- each	<u>5,500,000,000</u>	<u>5,500,000,000</u>
Issued, Subscribed & fully paid -up Equity Share Capital		
2,668,635,154 (Previous Year 2,668,635,154) Equity Shares of Rs. 1/- each	2,668,635,154	2,668,635,154
Total Issued, Subscribed & fully paid -up Equity Share Capital	<u>2,668,635,154</u>	<u>2,668,635,154</u>

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

Equity Shares	30th June, 2013		31st March, 2012	
	Number	Amt in Rs.	Number	Amt in Rs.
Shares outstanding at the beginning of the year	2,668,635,154	2,668,635,154	2,612,262,404	2,612,262,404
Shares Issued during the year	-	-	56,372,750	56,372,750
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,668,635,154	2,668,635,154	2,668,635,154	2,668,635,154

[B] Terms/ rights attached to the equity shares

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

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

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

Equity shares of Rs. 1 each fully paid	As at 30th June 2013		As at 31st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polytex Limited	238101240	8.92%	238101240	8.92%
Shearson Invetment & Trading Co.Pvt.Ltd.	143342342	5.37%	182342342	6.83%
Nirved Traders Pvt.Ltd.			159915602	5.99%
Bank of New York Mellon (GDR)	655680000	24.57%	745680000	27.94%

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

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 4 : RESERVES & SURPLUS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a. Capital Reserves	225,884	225,884
b. Securities Premium		
Opening Balance	50,058,428	42,729,970
Less : During the Year	-	7,328,458
Add : During the Year	-	-
Closing Balance	50,058,428	50,058,428
c. Revaluation Reserve		
Opening Balance	156,177,581	156,219,681
Less : During the Year	68,539,746	42,100
Closing Balance	87,637,835	156,177,581
d. Foreign Currency Translation Reserve		
Opening Balance	152,367,957	(2,505,231)
Add : During the Year	193,835,387	-
Less : During the Year	93,156,213	154,873,188
Closing Balance	253,047,131	152,367,957
e. Surplus/(deficit) in the statement of profit & loss		
Opening balance	131,886,761	112,636,257
(+) Net Profit/(Net Loss) For the current year	(1,396,945,888)	19,250,505
Closing Balance	(1,265,059,126)	131,886,761
Total reserve & surplus	(874,089,849)	490,716,611

NOTE: 5 : LONG TERM BORROWINGS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
<u>Secured</u>		
Term loans		
(i) Indian rupees loan from banks (Refer Note 5.a)	516,299,889	752,725,912
(ii) Vehicle Loan from Banks	-	281,504
Total (A)	516,299,889	753,007,416
<u>Unsecured</u>		
Fixed Deposit from Public (Refer Note 5.b)	42,874,500	45,523,500
Total (B)	42,874,500	45,523,500
Total Long Term Borrowings (A+B)	559,174,389	798,530,916

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
Note : 5.a

Bank Name	Amount Outstanding		Interest payable	Payment Terms including rate of interest	Security details	Date of Default and Amount of default
	Non Current	Current				
Union Bank of India	68268116	50000000	18262714	32 quarterly instalment of Rs.62.50 Lacs each. ROI 16.75%	All the Term Loans have First Pari Passu charge on all fixed assets (present & future) pertaining to all the assets of the Company and second Pari Passu charge on the stocks and Book debts of the Company	September 2012 Rs.250.00 Lacs
Axis Bank	34339022	42857144	10073056	28 quarterly instalment of Rs.53.57 Lacs each. ROI 16.75%		September 2012 Rs.214.30 Lacs
Bank of India	89166370	66666664	21317627	30 quarterly instalment of Rs.83.33 Lacs each. ROI 16.75%		September 2012 Rs.333.33 Lacs
Indian Overseas Bank	123286842	74999997	25049216	30 quarterly instalment of Rs.83.33 Lacs each. ROI 16.75%		June 2012 Rs.416.67 Lacs
Oriental Bank of Commerce	39721431	40000000	13951821	30 quarterly instalment of Rs.50.00 Lacs each. ROI 16.75%		September 2012 Rs.200.00 Lacs
Canara Bank	37493589	56250000	18334329	24 quarterly instalment of Rs.62.50 Lacs each. ROI 16.75%		June 2012 Rs.315.75 Lacs
State Bank Of India	66195927	21959709	10103024	8 monthly instalment of Rs.15.60 Lacs each. 1 monthly instalment of 16.20 Lacs, 36 monthly instalment of Rs.13.00 Lacs, 44 monthly instalments of Rs.16.65 Lacs, 4 monthly instalment of 16.85 Lacs, 2 monthly instalments of 30.30 Lacs and 1 monthly instalment of Rs.30.40 Lacs.ROI 16.75%		February 2013 Rs.63.60 Lacs
Catholic Syrian Bank	12669843	40000000	8899018	20 quarterly instalment of Rs.50.00 Lacs each. ROI 16.75%		September 2012 Rs.200.00 Lacs
Jankalyan Shakari Bank	10232400	8149605	2519339	77 monthly instalment of Rs.3.21 Lacs each. 1 monthly instalment of 2.83 Lacs.ROI 18.25%		May 2012 Rs.42.98 Lacs
Bank of India (Housing Complex)	34926349	17600000	7106736	89 monthly instalment of Rs.8.00 Lacs each. 1 monthly instalment of 3.00 Lacs.ROI 16.75%		September 2012 Rs.80.00 Lacs
	516299889	418483119	135616880			

Note: 5.b

Period of Maturity	Amount Outstanding		Interest payable	Payment Terms including rate of interest	Date of Default and Amount of default
	Non Current	Current			
Fixed Deposit (Long Term)	42874500	31690000	10074863	On Maturity 11.50% to 12.50%	March 2013 5192000
Fixed Deposit (Short Term)		8597000			

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 6 : OTHER LONG TERM LIABILITIES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a) Deposits from Customers	3,500,000	3,000,000
Total	3,500,000	3,000,000

NOTE - 7 : LONG TERM PROVISIONS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a) Provision for employee benefits		
Leave Encashment (unfunded)	3,080,839	4,598,735
Gratuity	32,276,359	33,788,190
Total	35,357,198	38,386,925

NOTE - 8 : SHORT TERM BORROWINGS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
<u>Secured</u>		
(a) Loans repayable on demand		
Indian rupees Cash Credit from banks (Refer Note 8.a)	1,297,401,095	1,323,870,684
<u>Unsecured</u>		
(a) Fixed Deposit (Refer Note 5.b)	8,597,000	8,185,000
(b) Inter Corporate Deposits (Refer Note 8.b)	186,893,684	163,722,195
(c) Due to Related Parties (Refer Note 8.b)	87,873,222	48,754,967
Total Short Term Borrowings	1,580,765,001	1,544,532,846

Note: 8.a

Bank Name	Amount Outstanding	Interest payable	Rate of Interest	Security details	Date of Default
Union Bank Of India	108537146	10657191	16.75%	All the Cash Credits Loans have First pari passu charge on all the stocks and Book debts of the Company and Second pari passu charges on all the fixed assets (present and future) pertaining to all the assets of the Company	December 2012
Axis Bank	52645348	4596875	16.75%		December 2012
Bank of India	481698114	51562478	16.75%		September 2012
Indian Overseas Bank	149570029	17327490	16.75%		October 2012
Canara Bank	99999986	23746000	17.25%		September 2012
Karur Vysya Bank	250000472	43038000	16.75%		June 2012
Catholic Sryian Bank	150000000	24717148	16.75%		December 2012
Buldhana Urban Cooperative Bank	4950000	186028	14.50%		
	1297401095	175831210			

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

Note : 8.b

In respect of balance confirmation sought by the Company from various parties reflected under Inter corporate deposits and certain dues to related parties as on June 30, 2013, no one has responded to the request of the Company and such balances are taken as appearing in books and the same subject to confirmation and reconciliation, consequential impact, if any, will be considered as and when determined. Further, few parties pertain to Inter Corporate deposit category have already filed winding up petition under section 433 & 434 of the Companies Act, 1956 against the Company for non-payment of dues. These matters are sub-judice and the impact, if any, of the outcome is unascertainable at this stage and same is provided as contingent liability note.

NOTE - 9 : OTHER CURRENT LIABILITIES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
(a) Current maturities of long-term debt (Refer note 5.a & 5.b)	450,173,119	267,329,793
(b) Interest accrued but not due on borrowings	19,605,076	5,483,936
(c) Interest accrued and due on borrowings (Refer note 5.a, 5.b & 8.a)	331,675,979	42,897,016
(d) Other payables against advance from customers	11,300,236	31,810,955
(e) Other payables against Statutory Liabilities	17,676,886	17,513,592
(f) Other payables against employees deductions	698,971	1,100,609
(g) Other payables against advance from supplier/contractors	8,984,596	-
(h) Other Interest Payable on Dividend Distribution Tax	7,304,441	3,697,947
(i) Advance Received towards Sale of Fixed Assets	89,000,000	8,000,000
(j) Unpaid Dividends	1,701,036	1,724,086
	<u>938,120,339</u>	<u>379,557,935</u>

NOTE - 10 : SHORT TERM PROVISIONS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
(a) Provision for employee benefits		
Gratuity (Unfunded)	1,865,736	676,395
Leave Encashment (Unfunded)	240,374	89,411
(b) Other provisions		
Taxation (Net of Advances)	(299,988)	15,320,072
Total	<u>1,806,122</u>	<u>16,085,878</u>

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - II : FIXED ASSET

	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April 2012	Total Additions	Adjustment/ Deductions/ Sales	Balance as at 30 June-2013	Balance as at 1 April 2012	Depreciation for the year	Depreciation on Sales/ Adjustments	Balance as at 1 April 2012	Balance as at 30th June 2013
a									
Tangible Assets									
Freehold Land	156,440,032	-	68,487,121	87,952,911	-	-	-	156,440,032	87,952,911
Leasehold Land	9,275,097	-	-	9,275,097	389,205	117,783	-	8,885,893	8,768,109
Buildings	479,245,952	-	-	479,245,952	50,417,356	19,842,108	-	428,828,596	408,986,488
Plant & Machinery	1,409,359,968	95,542,186	929,386	1,503,972,768	239,772,954	95,894,986	281,298	1,169,637,014	1,168,636,126
Furniture & Fixtures	5,419,717	358,142	34,318	5,743,541	1,297,380	417,589	-	4,122,338	4,028,572
Computers	2,428,653	303,906	115,178	2,617,381	1,057,178	1,248,648	-	1,371,473	311,554
Other Assets	7,242,194	141,340	10,467	7,373,067	3,030,354	943,072	-	4,211,840	3,399,641
Electrical Installation	73,498,129	89,390	-	73,587,519	13,980,616	4,530,445	-	59,517,514	55,076,458
Vehicles	8,238,636	-	2,420,465	5,818,171	3,704,568	795,865	524,671	4,534,067	1,842,409
Total	2,151,148,377	96,434,964	71,996,935	2,175,586,406	313,599,611	123,790,496	805,969	1,837,548,767	1,739,002,269
b									
Intangible Assets									
Computer software	622,355	-	-	622,355	316,741	305,615	-	305,615	-
Total	622,355	-	-	622,355	316,741	305,615	-	622,356	-
c									
Capital Work In Progress									
	178,976,712	71,344,045	50,867,189	199,453,568	-	-	-	178,976,712	199,453,568
Total	178,976,712	71,344,045	50,867,189	199,453,568	-	-	-	178,976,712	199,453,568
d									
Intangible assets under Development									
	-	-	-	-	-	-	-	-	-
Total	2,330,747,445	167,779,009	122,864,124	2,375,662,330	313,916,351	124,096,111	805,969	2,016,831,094	1,938,455,837

Foot Note

- 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. During the year the Company transferred their rights on as is where is basis to M/s Vrisan Rama Advisors Pvt Ltd.
- 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. The revaluation amount of freehold land situated in ghatanji has been reversed to the extent of Rs. 684,87,121/- pertaining to the sale deed entered by the company for the said land.
- Plant and machinery of Rs. 373,548,883 situated at one factory unit of the Company has been generally operating at lower capacity. As per management, the same has value in use which is more than its carrying amount as on the balance sheet date.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 12 : NON CURRENT INVESTMENTS (LONG TERM)

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A Trade Investments		
<u>Investment in Equity Shares of Subsidiaries</u>		
<u>Unquoted</u>		
25500 Fully Paid up Shares (Previous Year 10000 Shares) of Birla Integrated Textile Park Ltd.@ 10/- Per Share	-	255,000
1 Fully Paid up Shares (Previous Year 1 Shares) of Birla Cotsyn (India) Ltd. FZE @ AED 35000	431,473	431,473
Total (A)	431,473	686,473
B Non Trade Investments		
<u>Investment in Equity Shares of Other Entities</u>		
<u>Unquoted</u>		
2000 Fully Paid up Shares (Previous Year 2000 Shares) of Shamrao Vithal Co-op. Bank Ltd.@ 25/- Per Share	50,000	50,000
62500 Fully Paid up Shares (Previous Year 62500 Shares) of Jankalyan Sahakari Bank Ltd. @ 10/- Per Share	625,000	625,000
39000 Fully Paid up Shares (Previous Year 39000 Shares) of Birla Energy Infra Ltd..@ 10/- Per Share	390,000	390,000
Total (B)	1,065,000	1,065,000
Grand Total (A + B)	1,496,473	1,751,473

NOTE - 13 : LONG TERM LOANS AND ADVANCES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a. Capital Advances		
Unsecured, considered good (Refer note 13.a)	928,391,624	945,298,930
	928,391,624	945,298,930
b. Security Deposits		
Unsecured, considered good	13,102,963	15,820,936
	13,102,963	15,820,936
c. Loans and advances (Unsecured, considered good)		
Due from Subsidiaries (Refer Note 13.b)	1,338,295,945	1,314,739,349
	1,338,295,945	1,314,739,349
Inter Corporate Deposits (Refer note 13.c)	302,291,196	83,590,500
Mega Subsidy	56,703,070	59,763,162
Due with government authorities	9,106,830	494,816
CENVAT Credit receivable	5,107,894	5,426,809
VAT Credit Receivable	45,079,170	19,442,866
Prepaid Expenses	8,477,419	33,909,674
	426,765,579	202,627,827
	2,706,556,110	2,478,487,042

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

Note 13.a

In respect of balance confirmation sought by the company from various parties reflected under Capital Advances, no one has responded to the request of company and such balances are taken as appearing in books and the same are subject to confirmation and reconciliation, consequential impact if any, will be considered as & when determined.

Note 13.b

The Company has wholly owned subsidiary at Dubai and to whom loan given has been considered as good for recovery in view of the management.

Note 13.c

The Company had given loan to one related party which has negative net-worth as on balance sheet date and the same has been considered as good for recovery in view of the management.

NOTE - 14 : OTHER NON-CURRENT ASSETS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A. Long term trade receivables		
a) Tuff Subsidy Receivable	31,189,503	24,641,161
b) Interest Receivable	28,364,547	7,914,005
c) Un amortised Expenses	-	8,153,432
	<u>59,554,050</u>	<u>40,708,598</u>
B. Others advances against capital goods		
Unsecured, considered good	-	-
	-	-
C. Other Bank Balance		
Unsecured, considered good-Original Matiruty more than 12 Months.		
a) Bank Of India (Margin Money)	10,986,531	10,251,772
b) Axis Bank (Margin Money)	386,093	-
c) Fixed Deposits with banks	229,698	2,239,938
	<u>11,602,322</u>	<u>12,491,710</u>
	<u>71,156,372</u>	<u>53,200,308</u>

NOTE - 15 : INVENTORIES (REFER NOTE - 2 (i))

(As taken, valued and certified by the Management)

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a. Raw Materials and components (Valued at Rs.83,027,891 (Previous year ₹ 118,016,692)	83,027,891	118,016,692
b. Work-in-progress	12,505,299	77,209,418
c. Finished goods	30,338,010	155,661,703
d. Stores and spares	3,908,055	4,533,124
e. Packing Materials	1,745,560	1,843,313
f. waste/scrap	22,631,890	9,971,125
Total	<u>154,156,705</u>	<u>367,235,375</u>

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 16: TRADE RECEIVABLES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they are due for payment	312,577,472	65,875,279
Less: Provision for doubtful debts	312,577,472	-
Total (A)	<u>-</u>	<u>65,875,279</u>
Other Receivable	617,074,844	2,411,823,246
Less: Provision for doubtful debts	485,444,610	-
Total (B)	<u>131,630,234</u>	<u>2,411,823,246</u>
Total (A + B)	<u>131,630,234</u>	<u>2,477,698,525</u>

Note a

In respect of balance confirmation sought by the company from various parties reflected under trade receivables, such balance of trade receivables are taken as appearing in books and the same are subject to confirmation and reconciliation, consequential impact if any, will be considered as & when determined. While at the same time the Company is taking up individually and exploring possibility of legal options. However due to certain quality & delays, the Company is trading with caution.

NOTE - 17 : CASH AND BANK BALANCES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A) Cash & Cash Equivalents		
a. Balances with banks		
On Current accounts	62,295,785	27,436,746
b. Cash on hand	1,397,650	1,537,019
c. Fixed Deposit with Bank (Original Maturity Less than 3 Months)	1,982,672	6,745,892
Total (A)	<u>65,676,107</u>	<u>35,719,657</u>
B) Other Bank Balance		
Unpaid Dividend Accounts	1,707,487	1,730,538
Total (B)	<u>1,707,487</u>	<u>1,730,538</u>
Total (A + B)	<u>67,383,595</u>	<u>37,450,194</u>

NOTE - 18 : SHORT TERM LOANS AND ADVANCES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A. Loans and advances to related parties (Refer note no. 18.a)	72,998,404	-
Total (A)	<u>72,998,404</u>	-
B. Others : Advance recoverable		
Unsecured, considered good	40,574,089	18,221,623
Less: Provision for staff adv.	57,789	57,789
Total (B)	<u>40,516,300</u>	<u>18,163,834</u>
C. Other Loan & Advances (Unsecured)		
Balance with statutory/ government authorities	15,854,929	43,382,500
Total (C)	<u>15,854,929</u>	<u>43,382,500</u>
Total (A + B +C)	<u>129,369,633</u>	<u>61,546,334</u>

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

Note a

PARTICULARS	As at 30th June 2013	As at 31st March 2012
Shearson Investment & Trading Company Pvt. Ltd.	72,998,404	40,004,967
	72,998,404	40,004,967

Note b

In respect of balance confirmation sought by the Company from various parties reflected under Long Term Loans and Advances, no one have responded to the request of Company. Such balances of Long Term Loans and advances are taken as appearing in books and the same are subject to confirmation and reconciliation, Consequential impact if any, will be considered as & when determined.

NOTE - 19 : OTHER CURRENT ASSETS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a) Interest Receivable	169,796	485,469
b) Claim Receivable	35,505	39,695
c) Un amortised Expenses	7,146,378	5,656,706
d) Tuff Subsidy Receivable	43,165	29,141,211
e) Interest accrued on Fixed Deposits	-	70,525
f) Others	-	-
	7,394,844	35,393,606

NOTE - 20 : REVENUE FROM OPERATIONS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Sale of products		
Finished Goods - Yarn	2,103,999,533	1,869,583,885
Traded Goods - Fabric	1,193,220,397	5,577,614,557
Sale of services	155,927	12,459,944
Other operating revenues		
Scrap Sales	80,462,263	46,390,193
Other	30,171,207	60,525,842
Interest & Other Subsidy Received	28,903,265	47,561,387
Revenue from operations (gross)	3,436,912,592	7,614,135,808
Less : Excise duty	-	17,693,366
Revenue from operations (net)	3,436,912,592	7,596,442,442

Note 20.a

As regards sales of traded goods (Fabric), as per normal industry standard the Company trades in Fabric and similar products and directly authorize the sellers to transfer goods to the buyers destination. Accordingly, the Company neither maintains any stock of traded goods (Fabric) any time during the period nor keeps any records for goods inwards and outward confirmation from such parties.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 21: OTHER INCOME

	As at 30th June 2013 Amt in Rs.	As at 30th June 2012 Amt in Rs.
Interest Income on		
Bank Deposits	10,988,123	160,567
Others	20,804,069	14,172,246
Other Income	-	1,039,335
Dividend Income on Long - term investments	6,000	6,000
Other non-operating income (net of expenses directly attributable to such income)	10,662,659	174,842
Excess provision of Ealier Year W/back	(52,952)	10,511,914
Exchange differences (net)	2,487,493	16,866,739
Profit on Sale of Fixed Assets	(759,994)	1,790,515
Total	44,135,398	44,722,157

NOTE - 22 : COST OF RAW MATERIAL

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Inventory at the beginning of the year	118,738,823	327,187,543
Add : Purchases	1,343,213,724	1,191,403,046
	1,461,952,547	1,518,590,589
Less : inventory at the end of the year	83,927,947	118,738,784
Cost of raw material and components consumed (A)	1,378,024,600	1,399,851,805
	-	-
<u>Details of inventory</u>		
Opening stock		
Cotton	98,922,782	279,535,726
Synthetic fiber	17,909,925	45,675,947
Color,chemicals & mixing	722,131	791,925
Raw cotton	1,183,985	3,567,053
	118,738,823	329,570,651
Purchase		
Cotton	1,010,815,707	752,072,577
Synthetic fiber	323,289,679	425,403,698
Color,chemicals & mixing	9,108,338	13,926,771
Raw cotton	-	-
	1,343,213,724	1,191,403,046
Closing stock		
Cotton	81,888,053	98,922,782
Synthetic fiber	1,139,838	17,909,925
Color,chemicals & mixing	900,056	722,132
Raw cotton	-	-
	83,927,947	117,554,839
Raw Material Consumption		
Cotton	1,027,850,436	932,685,521
Synthetic fiber	340,059,766	453,169,720
Color,chemicals & mixing	8,930,414	13,996,564
Raw cotton	1,183,985	3,567,053
Raw Material Consumption	1,378,024,600	1,403,418,858

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 23: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Opening Stocks :		
Semi Finished Goods	77,209,418	64,875,244
Finished Goods	155,661,703	258,398,140
Stock in trade	-	2
Scrap	9,971,125	3,394,991
Total Opening Stock (A)	242,842,246	326,668,377
Closing Stocks :		
Semi Finished Goods	12,505,299	77,209,418
Finished Goods	30,338,010	155,661,703
Stock in trade	-	-
Scrap	22,631,890	9,971,125
Total Closing Stock (B)	65,475,199	242,842,246
Total (A- B)	177,367,047	83,826,131

NOTE - 24 : EMPLOYEES BENEFITS EXPENSES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Salaries, Wages and bonus	167,438,849	156,285,940
Contribution to Provident & Other Funds	13,526,868	11,085,060
Gratuity Expenses	7,654,580	4,401,800
Remuneration to Directors	3,911,657	3,072,173
Staff Welfare Expenses	2,123,293	1,831,939
Total	194,655,247	176,676,912

NOTES - 25: FINANCE COST

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Interest	528,077,493	391,346,070
Bank Charges	7,485,085	5,436,208
	-	-
Total	535,562,578	396,782,278

NOTE - 26 : OTHER EXPENSES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Consumption of Stores & Spares	26,029,090	26,598,815
Consumption of Packing Material	31,735,606	26,723,514
Conversion Charges Paid	12,025,597	12,004,548
(increase)/decrease of excise duty on inventory	-	-
Power & Fuel	277,766,447	222,224,098

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Water Charges	5,253,931	4,755,629
Freight & forwarding charges	44,670,874	44,825,557
Rent	3,624,455	4,224,026
Rates & Taxes	871,573	1,024,785
Security Services Charges	83,870	164,411
Insurance	4,181,572	4,041,111
Repair & Maintenance	-	-
Plant & Machinery	3,402,958	3,040,499
Building	314,328	529,152
Others	1,150,139	1,084,080
	-	-
Advertisement and Sales & Promotion Expenses	25,978,226	12,826,200
Discounts & Rebates	1,615,614	6,193,900
Warranty Charges	-	-
Other Commission	20,767,061	24,297,326
Traveling & Conveyance Expenses	2,961,864	2,586,973
Vehicle Repair & Maintenance Expenses	2,676,793	2,665,719
Communication Expenses	1,564,772	5,734,459
Printing & Stationery	1,241,538	3,355,930
Legal & Professional Charges	19,351,506	17,368,360
Directors Sitting Fees Paid	160,000	135,000
Payments to Auditors	1,091,481	1,152,989
Research and development Expenses	67,660	194,643
Donations Paid	73,733	88,373
Miscellaneous Expenditure	741,805,968	20,897,002
Provision for Doubtful Debtors	72,998,404	-
Total	1,303,465,058	448,737,100

Note No.27

CONTINGENT LIABILITIES NOT PROVIDED FOR:

Particulars	2012 – 2013 (Amt in Rs)	2011 - 2012 (Amt in Rs)
a) Claims against Company not acknowledged as debt	102,000	102,000
b) Labour matter pending with the court	7,500,000	7,500,000
c) Claims against cases filed by Unsecured Lenders	134,968,435	0

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

Note No.28

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

Particulars	2012 – 2013 (Amt in Rs)	2011 - 2012 (Amt in Rs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	27,192,513

Note No.29

In the absence of necessary information relating to the suppliers registered as Micro and Small Enterprises under the Micro, Small and

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

Medium Enterprises Development Act, 2006, the Company has not been able to indentify such suppliers and disclose the information required under the said Act relating to them.

Note No.30

DEPRECIATION / AMORTIZATION

Particulars	2012 – 2013	2011 - 2012
Depreciation/ Amortization charged on Fixed Assets	124,043,486	96,341,855
Depreciation/ Amortization charged on Revalued Assets	52,625	42,100
	124,096,111	96,383,955

Note No.31

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

Component	2011 – 2012 (Amt in Rs)	2012 – 2013 (Amt in Rs)
Difference between Book and Tax Depreciation	28,893,755	(141,457,654)
U/S 43 B of Income Tax Act, 1961	112,645,186	14,364,160
Carry Forward Losses / Unabsorbed Depreciation	132,413,197	6,993,739
Other Liability	-	7,390,941
Deferred Tax (Liability)/Asset	273,952,138	(112,708,814)

Deferred tax assets have not been recognized on the basis of prudence.

Note No.32

EARNINGS PER SHARE

Particulars	2012 – 2013	2011 – 2012
Net Profit as per Profit and Loss Account (In Rs)	(1,396,945,873)	19,250,505
Weighted Average Number of Equity Shares (In Nos)	2,668,635,154	2,612,725,742
Basic and Diluted Earnings Per share (In Rs)	(0.5235)	0.0072

Note No.33

REMUNERATION TO AUDITORS

Particulars	2012 – 2013	2011 – 2012
Audit fees	1,050,000	1,123,600
Limited Review fees	287,466	220,600
Out of Pocket Expenses	41,481	52,393

Note No.34

The Government of India has approved import of Capital Equipment under the “Exports Promotion Capital Goods Scheme” at a concessional rate of custom duty. Under the Scheme the Company purchased Capital Goods at nominal duty for which the Company has an export obligation aggregating to Rs.13036.91 Lacs (previous year Rs.13167.39 Lacs), to be fulfilled within eight years from the date of issuance of respective licences, failing which the duty saved aggregating Rs.1629.61 Lacs (previous year Rs.1645.92 Lacs), together with interest and penalties, if levied, may have to be paid.

As at the year end the Company has fulfilled Export Obligation aggregating Rs.7338.62 Lacs (previous year Rs.5226.05 Lacs)

Note No.35

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

Particulars/ Currency Denomination	2012 – 2013		2011 – 2012	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
Receivables	-	-	\$ 869,817	44,247,584
Total		-		44,247,584
Payables	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
Note No.36
EMPLOYEE BENEFITS DISCLOSURE AS PER AS-15 (REVISED) ISSUED UNDER ACCOUNTING STANDARD RULES 2006 (AS AMENDED).
A. Defined Contribution Plans:

During year ending 30th June 2013, the Company has recognised the contribution to Employees Provident Fund and Pension Fund aggregating Rs.12,633,798 (Previous year Rs.10,181,308) 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 30th June 2013. 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:

	2012 - 2013 (Amt in Rs)	2011 - 2012 (Amt in Rs)
1. Changes in the Present Value of the Defined Benefits Obligation		
a. Present value of Defined Benefit Obligation at the beginning of the year	35,773,051	33,936,865
b. Interest Cost	3,466,175	2,800,018
c. Current Service Cost	2,984,385	2,934,320
d. Benefits paid during the year	(7,535,442)	(2,689,972)
e. Actuarial (Gain) / Loss	(546,074)	(1,208,180)
f. Present Value of Defined Benefit Obligation at the End of the Year	34,142,095	35,773,051
2. Amounts recognized in the Profit & Loss account		
a. Current Service Cost	2,984,385	2,934,320
b. Interest Cost	3,466,175	2,800,018
c. Expected return on plan assets	-	(126,982)
d. Net Actuarial (Gain) / Loss	(546,074)	(1,208,180)
e. Expenses Recognized in the Statement of Profit & Loss A/c	5,904,486	4,399,176
3. Change in the fair value of Plan Assets		
a. Fair value of plan assets at beginning of the year	-	1,518,871
b. Expected return on plan assets	-	126,982
c. Contributions	-	2,352,585
d. Benefits paid	-	(2,689,972)
e. Fair value of plan assets at the end of the year	-	1,308,466
Present Value of Defined Benefit Obligation at the End of the Year	34,142,095	35,773,051
Less: Fair value of plan assets for the funded gratuity at the end of the year	-	1,308,466
Liability with respect to unfunded Plan recognised in the Balance Sheet	34,142,095	34,464,585
4. Actuarial Assumption		
a. Discount rate (In %'s)	7.95	8.00 - 8.75
b. The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. (In %'s)	5.00%	5.00 - 7.00
5. Percentage of each category of Plan Assets to total Fair value of Plan Assets as at the year end	N.A	N.A

II. Leave Encashment

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value of liability is Rs.3,080,839 (Previous year Rs 1,252,796) based upon following assumptions

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
Note No.37
RELATED PARTY DISCLOSURE AS REQUIRED BY THE ACCOUNTING STANDARDS 18 (AS – 18)
a) Nature of Related Party Relationship and balances outstanding

S.No	Name of the Parties	Balance Amt as at 30.06.2013		Balance Amt as at 31.03.2012	
		(Amt in Rs)		(Amt in Rs)	
		Receivable	Payable	Receivable	Payable
1.	Key Management Personnel	-	-	-	-
2.	Enterprises owned or significantly influenced by Key Management personnel or their relatives				
	a) Zenith Birla (India) Ltd	-	57,725,109	-	-
	b) Birla Viking Travels Ltd	-	41,451	-	16,709
	c) Birla Global Corporate Ltd	10,773,481	-	-	8,217,412
	d) Khamgaon Syntex India Ltd	-	-	45,250	-
	e) Nirved Traders Pvt Ltd	-	11,377,815	-	148,905
	f) Godavari Corporation Pvt Ltd	218,227,495	-	70,000,000	-
	g) Shearsons Investment & Trading Pvt Ltd	72,998,404	-	-	40,004,967
	h) Birla Energy Infra Limited	390,000	-	390,000	-
	i) Birla Pacific Medspa Limited	-	6,323,113	-	6,000,000
	j) Birla Shloka Edutech Limited	-	850,000	-	2,750,000
	k) Birla Surya Limited	-	7,975,000	-	-
	l) Melstar Information Technology Limited	-	15,000,000	-	-
3.	Where Control exists				
	a) Birla Cotsyn (India) Ltd FZE Investment	431,473	-	431,473	-
	Loan	1,338,295,945	-	1,237,616,771	-
	a) Birla Integrated Textile Park Ltd Investment	-	-	255,000	-
	Loan	84,063,700	-	77,122,578	-

b) Transaction with Related Parties

S.No	Particulars	Key Management Personnel		Enterprise owned or significantly influenced by Key Management personnel or their relatives/enterprise where control exists	
		30.06.2013	31.03.2012	30.06.2013	31.03.2012
1.	Travel Expenses (Birla Viking Travels Ltd)	-	-	101,451	397,970
2.	Rent Paid (Birla Global Corporate Ltd)	-	-	-	1,389,780
3.	Rent Paid (Nirved Traders Pvt.Ltd.)	-	-	-	661,800
4.	Service Charges (Birla Global Corporate Ltd)	-	-	4,400,107	7,941,600
5.	Remuneration	7,823,314	3,072,173	-	-
6.	<u>Loans Received</u>				
	a) Birla Power Solutions Ltd	-	-	-	-
	b) Zenith Birla (India) Ltd	-	-	57,725,109	-
	c) Birla Pacific Medspa Ltd	-	-	-	60,00,000
	d) Birla Shloka Edutech Ltd	-	-	-	27,50,000

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

	e) Sherason Investment & Trading Co P Ltd.	-	-	-	4,00,00,000
	f) Nirved Traders Pvt Ltd	-	-	11,228,910	-
7.	<u>Loans Granted</u>				
	a) Birla Integrated Textile Park Ltd	-	-	6,941,122	31,948,630
	b) Birla Cotsyn (India) Ltd FZE	-	-	100,679,173	8,849,134,812
	c) Godavari Corporation P Ltd	-	-	148,227,495	10,00,00,000
	d) Shearson Investment & Trading Co Pvt Ltd	-	-	72,998,404	-
	e) Birla Global Corporate Ltd	-	-	10,773,481	-
8.	<u>Loans Repaid</u>				
	a) Zenith Birla (India) Ltd	-	-	-	-
	b) Birla Power Solutions Ltd	-	-	-	230,944,047
	c) Godavari Corporation P Ltd	-	-	-	30,000,000
	d) Birla Shloka Eductech Ltd	-	-	1,900,000	-
	e) Shearson Investment & Trading Pvt Ltd	-	-	40,004,967	-
9.	<u>Investments in shares</u>				
	a. Birla Integrated Textile Park Ltd	-	-	-	155,000
10.	Sitting Fees	140,000	135,000	-	-

- There is no repayment schedule for the above loans
- Birla Cotsyn (India) Ltd FZE is an wholly own subsidiary of Birla Cotsyn India Limited and the loans advanced to the Company for furtherance of its business, further the loan is interest free.
- No debt due from or to related parties are written off or written back during the year.
- Related parties are identified by the Management and relied upon by the Auditors.

Note No.38

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

Primary Business Segment

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

Particulars	2012-13 (June-13)			2011-12 (MAR-12)		
	Textiles	Trading in Fabrics	Total	Textiles	Trading in Fabrics	Total
1. Segment Revenue	2,243,692,195	1,193,220,397	3,436,912,592	2,018,827,885	5,577,614,557	7,596,442,442
Less: Inter Segment Revenue	-	-	-	-	-	-
Total Sales & Services Income	2,243,692,195	1,193,220,397	3,436,912,592	2,018,827,885	5,577,614,557	7,596,442,442
2. Segment Results	(459,080,712)	(546,809,604)	(1,005,890,316)	(134,940,887)	617,558,460	482,617,573
Less: Interest & Finance Expenses	-	-	535,562,578	-	-	396,782,278
Less: Provision for Tax (Including prior year adjustment)	-	-	(112,708,814)	-	-	80,923,604
Add: Interest income	-	-	31,792,192	-	-	14,332,813
Add: Dividend Income	-	-	6,000	-	-	6,000
Total Profit / (Loss) After Tax	-	-	(1,396,945,888)	-	-	19,250,505
3. Segment Assets	2,28,02,68,084	129,885,726	2,41,01,53,810	2,558,435,100	2,429,453,013	4,987,888,113
Unallocated Assets	-	-	2,797,445,995	-	-	2,541,705,841
Total Assets	-	-	5,207,599,806	-	-	7,529,593,954
4. Segment Liabilities	1,239,509,244	33,905,855	1,273,415,098	689,607,061	1,209,542,480	1,899,149,541
Unallocated Liabilities	-	-	2,139,639,402	-	-	2,471,092,648
Total Liabilities	-	-	3,413,054,500	-	-	4,370,242,189
5. Segment Capital Expenditure	1,096,170,633	-	1,096,170,633	135,667,997	-	135,667,997
6. Segment Depreciation & Amortisation	123,612,716	-	123,612,716	96,019,651	-	96,019,651
Unallocable	-	-	430,770	-	-	322,204
Total Depreciation & Amortisation	-	-	124,043,486	-	-	96,341,855
7. Significant Non Cash Expenditure	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
8. Geographical Segment
Amt in Rs.

Particulars	India		Rest of the World
	Current Year	Previous Year	Current Year
Segment Revenue	3,109,294,622	7,189,647,761	327,617,969
Carrying cost of Segment Assets	2,410,153,810	4,943,220,888	
Additions to Fixed Assets and Intangible Assets	-	-	-

Note

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

Note No.39
Value of Imported and Indigenous Raw Material & Stores & Spares Consumed

	2012 – 2013				2011 – 2012			
	Raw Materials	%	Stores & Spares & Packing Material	%	Raw Materials	%	Stores & Spares & Packing Material	%
	Rs.		Rs.		Rs.		Rs.	
Imported	-	-	585,829	1.01	-	-	364,567	0.68
Indigenous	1,378,024,601	100.00	57,178,866	98.99	1,399,851,805	100.00	52,957,762	99.32
	1,378,024,601	100.00	57,764,695	100.00	1,399,851,805	100.00	53,322,329	100.00

Note No.40
CIF value of Imports

	2012 – 2013 Rs.	2011 – 2012 Rs.
Stores	585,829	364,567
Capital goods	0	2,687,025
	585,829	3,051,592

Note No.41
Earnings in Foreign Exchange

	2011 – 2012 Rs.	2011 – 2012 Rs.
F.O.B. Value of Exports	791,988,261	418,122,824
	791,988,261	418,122,824

Note No.42
Expenditure in Foreign Currency

	2012 – 2013 Rs.	2011 – 2012 Rs.
Travelling Expenses	2,162	Nil

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

Note No.43

	2012 – 2013 Rs.	2011 – 2012 Rs.
1. Net Amount remitted during the year in foreign currency on account of Dividend	Nil	Nil
2. Number of non-resident shareholders	399	399
3. Number of shares held by nonresident on which dividend is remitted	Nil	Nil
4. Year for which dividend was due	N.A	N.A

Note No.44

During the year the company has capitalised Nil interest (Previous year Nil).

Note No.45

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

Note No.46

Premises taken on Operating Lease

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

(Amt in Rs)

S.No	Particulars	2012 – 2013	2011 – 2012
1.	For the period not less than one year	-	3,341,820
2.	For the period less than one year and not less than five years	-	4,621,009
3.	For the period less than five years	-	-

Note No.47

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

Note No. 48

Consequent on losses incurred by the company in the past period, the company financial position has substantially gone down resulting in erosion of current assets significantly.

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

Birla Cotsyn India Limited

R.K.DIXIT
Director

R.P.MISHRA
Director

(MANOJ KUMAR PATI)
Partner
Membership Number 504536

S.K.MATHUR
Manager

Place: MUMBAI

Date : 29-08-2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Birla Cotsyn (India) Limited

We have audited the accompanying consolidated financial statements of Birla Cotsyn (India) Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion:

1. We did not audit the financial statements of a subsidiary having total assets of Rs 1,580,944,283 as at March 31, 2013, total revenue of Rs 2,325,291,363 and net profit of Rs 116,173,257 for the year ended on that date. These financial statements have been audited by another auditor as per International Financial Reporting Standards, whose report has been furnished to us and our opinion in so far as it relates to the amounts included in respect of the said subsidiary is based solely on the report of the other auditor.

Further, in the absence of detailed information, we are unable to comment upon the possible impact, if any, on account of difference in accounting period and relevant accounting standards.

2. The Company has not accounted one associate as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements". In the absence of financial statements of the said associate, we are unable to comment its impact, if any.

The following qualifications are included on the basis of standalone financial statement of the Company:

3. With reference to note number 8 (b) regarding Inter corporate deposits of Rs. 186,893,684 taken from various parties as at June 30, 2013, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances.

Further, few such parties have already filed winding up petition under section 433 & 434 of the Companies Act, 1956 against the Company for non-payment of dues. These matters are sub-judice and the impact, if any, of the outcome is unascertainable at this stage.

4. With reference to note number 8 (b) regarding dues to related parties of Rs. 57,725,109 and note number 29 regarding trade payables of Rs. 294,331,451 as at June 30, 2013, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances.
5. With reference to note number 13 (a) regarding capital advances of Rs. 928,391,624 as at June 30, 2013 given to various parties, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its recoverability in cash or kind, if any.
6. With reference to note number 18 (a) regarding loan of Rs 72,998,404 given to one related party, which have incurred losses and also have negative net-worth as at June 30, 2013, in the absence of detail information of projected cash flows as at June 30, 2013 or other supportive evidence, we are unable to comment upon its impairment, if any.
7. With reference to note number 16 (a) regarding trade receivables of Rs. 929,652,317 as at June 30, 2013, the Company has made provision for doubtful debts of Rs. 798,022,082. In the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its balance recoverability, if any.

8. With reference to note number 11 (3) regarding plant and machinery of Rs. 373,548,883 situated at one factory unit of the Company has been generally operating at lower capacity. In the absence of future cash flow projection and information about the value in use, we are unable to comment impairment provision, if any as per Accounting Standard 28 "Impairment of Assets".

Qualified Opinion

Based on our audit subject to the effects of the matters described in the Basis for Qualified Opinion paragraph and read with points mentioned in Emphasis of Matters, Other Matters and to the best of our information and according to the explanations given to us, 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:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at June 30, 2013;
- (b) in the case of the consolidated Profit and Loss Account, of the loss for the period ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matter

1. We draw attention to note number 2(b) in the consolidated financial statements. The Group incurred net loss of Rs. 1,280,772,631 during the period ended June 30, 2013 and, as of that date; the Group's current liabilities exceeded its current assets by Rs. 811,215,156 subject to the effects of matters described in the Basis for Qualified Opinion paragraph. These factors along with other matters as set forth in said note raise substantial doubt about the Group's ability to Continue as a going concern in the foreseeable future. However, the Group's financial statements have been prepared on going concern basis as disclosed by management in said note.
2. With reference to note no 2(b) regarding notice issued by consortium of banks under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 for nonpayment of installments and interest thereon after the due date by the Company and therefore all loan accounts became Non Performing Assets with effective from respective dates mentioned in such notice. We are informed that the Company has filed response against such notice and requested to restructure all loan accounts. These factors along with other matters as set forth in said note, raise substantial doubt about the Company's ability to Continue as a going concern in the foreseeable future. However, the Company's financial statements have been prepared on going concern basis as disclosed by management in said note.

Other matters

1. The Company has not appointed full time company secretary as per provisions of section 383A of the Companies Act, 1956 with effective from January 1, 2013. However, we are informed that management is under process of appointing company secretary in due course of time.
2. The Company has not appointed a managing director or manager as required by the provisions of section 269 of the Companies Act, 1956 with effective from April 1, 2013. However we are informed that Company has appointed managing director before the board meeting taken in place.
3. The Company has given loan to three related parties amounting to Rs. 392,106,843 as at June 30, 2013 (including interest till June 30, 2013) which falls under non-compliance of section 295 of the Companies Act, 1956.

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

Manoj Kumar Pati
Partner
Membership No.504536

Place: Mumbai

Date: August 29, 2013.

CONSOLIDATED BALANCE SHEET AS ON 30TH JUNE 2013

Particulars	Notes	30th June 2013 Amt in Rs.	31st March 2012 Amt in Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	2,668,635,154	2,668,635,154
(b) Reserves and surplus	4	(698,635,055)	585,078,467
(c) Money received against share warrants		-	-
		<u>1,970,000,099</u>	<u>3,253,713,622</u>
Non-current liabilities			
(a) Long-term borrowings	5	559,174,389	798,530,916
(b) Deferred tax liabilities (Net)		-	112,045,173
(c) Other Long term liabilities	6	3,500,000	3,000,000
(d) Long-term provisions	7	35,357,198	38,386,925
		<u>598,031,587</u>	<u>951,963,013</u>
Current liabilities			
(a) Short-term borrowings	8	1,580,765,001	1,544,532,846
(b) Trade payables (Refer Note - 29)		361,136,687	2,430,081,541
(c) Other current liabilities	9	938,120,339	379,589,227
(d) Short-term provisions	10	1,806,122	16,085,878
		<u>2,881,828,149</u>	<u>4,370,289,493</u>
		<u>5,449,859,835</u>	<u>8,575,966,128</u>
TOTAL ASSETS			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		1,739,268,571	1,869,103,893
(ii) Intangible assets		-	305,615
(iii) Capital work-in-progress		199,453,569	222,776,712
(iv) Intangible assets under development		-	154,530
(b) Non-current investments	12	1,065,000	1,065,000
(c) Long-term loans and advances	13	1,368,260,166	1,163,754,471
(d) Other non-current assets	14	71,156,372	53,200,308
		<u>3,379,203,678</u>	<u>3,310,360,528</u>
Current assets			
(a) Inventories	15	154,156,705	367,235,375
(b) Trade receivables	16	1,711,995,776	4,762,820,915
(c) Cash and Bank Balances	17	67,739,199	38,590,464
(d) Short-term loans and advances	18	129,369,633	61,546,334
(e) Other current assets	19	7,394,844	35,412,511
		<u>2,070,656,158</u>	<u>5,265,605,600</u>
		<u>5,449,859,835</u>	<u>8,575,966,128</u>
Significant accounting policies	2		

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

As per our report of even date

For Kanu Doshi Associates

Firm Reg. No. 104746W

Chartered Accountants

MANOJ KUMAR PATI

Partner

Membership Number 504536

Place : Mumbai

Dated : 29th August 2013

**For and on behalf of the Board of Directors of
BIRLA COTSYN (INDIA) LTD**

R.K.DIXIT

Director

R.P MISHRA

Director

S.K.MATHUR

Manager

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD
1ST APRIL 2012 TO 30TH JUNE 2013

	Notes	30th June, 13 Amt in Rs.	31st Mar, 2012 Amt in Rs.
INCOME			
Revenue from operations	20	5,762,203,955	10,051,577,908
Less : Excise duty		-	17,693,366
Revenue from operations (net)		<u>5,762,203,955</u>	<u>10,033,884,542</u>
Other income	21	44,135,398	44,722,157
Total Revenue		<u>5,806,339,353</u>	<u>10,078,606,700</u>
Expenses:			
Cost of materials and components consumed	22	1,378,024,601	1,399,851,805
Purchases of traded goods		3,482,195,997	7,325,219,145
(Increase)/decrease in inventories	23	177,367,047	83,826,131
Employee benefits expense	24	194,655,247	176,676,912
Finance costs	25	535,615,473	397,023,898
Depreciation and amortization expense	11	124,132,189	96,420,470
Other expenses	26	<u>1,307,830,244</u>	<u>452,317,942</u>
Total expenses		<u>7,199,820,798</u>	<u>9,931,336,304</u>
Profit /(loss) before exceptional items and tax		(1,393,481,445)	147,270,396
Exceptional items		-	10,892,937
Profit after exceptional items and before tax		(1,393,481,445)	158,163,332
Tax expense:			
Less : Current tax		-	20,550,000
Less : Deferred tax Liabilities (Assets) (Refer Note No. 31)		(112,708,814)	59,709,963
Less : Prior Period Item/ Expenditure		-	(10,388,749)
Profit (Loss) after tax for the year		(1,280,772,631)	88,292,121
Earnings per equity share (Face value of share Rs. 1/-)			
Basic & Diluted		(0.4799)	0.0331
Significant accounting policies	2		

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

As per our report of even date
For Kanu Doshi Associates
 Firm Reg. No. 104746W
 Chartered Accountants

MANOJ KUMAR PATI
 Partner
 Membership Number 504536

Place : Mumbai
Dated : 29th August 2013

For and on behalf of the Board of Directors of
BIRLA COTSYN (INDIA) LTD

R.K.DIXIT
 Director

R.P MISHRA
 Director

S.K.MATHUR
 Manager

CASH FLOW STATEMENT

Amount in Rs.

Particulars	2012-2013		2011-2012	
A. Cash Flow from operating Activities				
Net Profit before Taxation		(1,393,481,445)		168,552,083
Adjustments for :				
Depreciation	124,132,189		96,420,470	
Profit on assets sold	759,994		(1,790,515)	
Interest Expense	528,077,493		391,346,069	
Interest Income	(31,792,207)		(12,530,434)	
Dividend Income	(6,000)		(6,000)	
Excess Provisions / Liabilities written back	(52,952)	621,118,517	(11,807,104)	461,632,487
Operating profit before working capital changes		(772,362,928)		630,184,569
Working capital changes				
Trade Debtors	3,050,825,139		(3,051,218,596)	
Inventories	213,078,670		287,064,022	
Loans and Advances	(244,311,326)		132,514,023	
Trade Payables and Provisions	(1,527,223,225)	1,492,369,258	1,593,567,553	(1,038,072,997)
Less: Taxes Paid	-	-		24,240,281
Cash generated from operating activities		720,006,330		(432,128,709)
B. Cash flow from Investing Activities:				
Purchase of Fixed Assets	(16,779,009)		(206,603,218)	
Proceeds from Fixed Assets	45,803,903		2,439,752	
Investments	-		100,000	
Interest received	31,792,207		4,388,762	
Other Non Current assest	(17,956,064)		-	
Dividend received	6,000		6,000	
Bank balance not considered as Cash and Cash Equivalents	-		1,575,362	
Net Cash Flow from investing activities		42,867,037		(198,093,341)
C. Cash flow from Financing Activities				
Interest Paid	(528,077,493)		(398,771,733)	
Issue of Equity Shares & Share Warrants	-		40,447,052	
Securities Premium Received	-		7,328,458	
Working Capital Loans Received	36,232,154		230,544,436	
Proceeds from Term Loans	7,209,000		62,156,493	
Repayment of Term Loans	(246,558,565)		(166,471,084)	
Car Loan Received / (Paid)	-		(586,881)	
From Other Loans Received	(2,529,727)		(119,515,884)	
Dividend Paid (Including Dividend Distribution Tax)	-		(245,291)	
Net Cash Flow from financing activities		(733,724,631)		(345,114,435)
Cash and Cash Equivalents		29,148,736		(975,336,485)
Opening Cash and Cash Equivalents		38,590,464		1,012,196,411
Closing Cash and Cash Equivalents		67,739,200		36,859,926
Net Increase in Cash and Cash Equivalents (A+B+C)		29,148,736		(975,336,485)

As per our report of even date
For Kanu Doshi Associates
 Firm Reg. No. 104746W
 Chartered Accountants

MANOJ KUMAR PATI
 Partner
 Membership Number 504536

Place : Mumbai
Dated : 29th August 2013

For and on behalf of the Board of Directors of
BIRLA COTSYN (INDIA) LTD

R.K.DIXIT
 Director

R.P MISHRA
 Director

S.K.MATHUR
 Manager

I. CORPORATE INFORMATION

Birla Cotsyn (India) Limited (“the Company”) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at Dalamal House, first floor, Nariman Point, Mumbai 400 021.

The principal business of the Company is Cotton and Synthetic Yarn Manufacturing, Weaving of Grey Fabrics, Ginning & Pressing of Cotton Bales and Fabric Trading.

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

The principal business of the Company is Fabric Purchase and Sales.

2. SIGNIFICANT ACCOUNTING POLICIES**a) BASIS OF ACCOUNTING**

The Financial statements have been prepared under the historical cost convention except where specifically mentioned and in accordance with significant accounting policies as set out below. The policies have been consistently applied to both years presented. In the case of certain Plant & Machinery, Buildings at Ghatanji, Dhule, Khamgaon and land’s at Ghatanji & Dhule, which are stated at revalued amounts, in accordance with the generally accepted accounting principles in India and the provisions of the Indian Companies Act, 1956, as adopted and consistently followed by the Company. The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis, except those associated with significant uncertainties.

b) 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.

Going concern assumption:

The financial statement of the Company has been prepared on going concern basis as in the opinion of the directors, at the time of their approval; there is a reasonable expectation that the Company will continue its operations for the foreseeable future. The directors have examined the following points in order to ascertain the validity of going concern assumption.

- a) The Company incurred net loss of Rs. 1,280,772,631 during the period ended June 30, 2013 and, as of that date; the Company’s current liabilities exceeded its current assets by Rs. 811,215,156. The company is however exploring the possibilities of restructuring its liabilities including CDR/individual restructuring with banks which will result in significant reduction of the liabilities and revive its ability to continue as a going concern.
- b) The banks have issued SARFESI notice, however, the company is exploring the possibilities of restructuring its liabilities including CDR/individual restructuring with banks. Further, the company has secured relief under Maharashtra Relief Undertakings (Special Provisions) Act (XCVI of 1958) which insulates and provides remedy for the enforcement in any proceedings pending before any court, tribunal, officer or authority against the company.

Accordingly, as per management confidence, the financial statement has been prepared on going concern basis.

c) TANGIBLE FIXED ASSETS

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

d) DEPRECIATION

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

Office Equipments: 5 Years

e) INTANGIBLE ASSETS AND AMORTISATION

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

f) 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

g) 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.

h) INVENTORIES

Inventories are valued as under:

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

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

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

i) EMPLOYEE BENEFITS

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

j) FOREIGN CURRENCY TRANSACTIONS

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

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

k) BORROWING COST

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

LOAN PROCESSING CHARGES

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

l) 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.

m) 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.

n) 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.

o) 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.

p) APPLICATION OF SECURITIES PREMIUM ACCOUNT

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

q) 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.

r) 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'.

s) 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.

t) 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.

u) 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.

v) 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.

w) BASIS FOR PREPERATION OF CONSOLIDATED FINANCIAL STATEMENT

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

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

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

Minority interests 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.

x) 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%	April 2012 To March 2013
Birla Integrated Textile Park Limited	Subsidiary of BCIL	India	51%	April 2012 To 18 th March 2013

y) STATUTORY RESERVES

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE:3 SHARE CAPITAL

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Authorised Share Capital		
5,500,000,000 (Previous Year 5,500,000,000) Equity Shares of Rs.1/- each	5,500,000,000	5,500,000,000
Issued, Subscribed & fully paid -up Equity Share Capital		
2,668,635,154 (Previous Year 2,668,635,154) Equity Shares of Rs.1/- each	2,668,635,154	2,668,635,154
Total Issued, Subscribed & fully paid -up Equity Share Capital	2,668,635,154	2,668,635,154

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

Equity Shares	30th June, 2013		31st March, 2012	
	Number	Amt in Rs.	Number	Amt in Rs.
Shares outstanding at the beginning of the year	2,668,635,154	2,668,635,154	2,612,262,404	2,612,262,404
Shares Issued during the year	-	-	56,372,750	56,372,750
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,668,635,154	2,668,635,154	2,668,635,154	2,668,635,154

[B] Terms/ rights attached to the equity shares

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

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

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

Equity shares of Rs. 1 each fully paid	As at 30th June 2013		As at 31st March 2012	
Name of Shareholders	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polytex Limited	238101240	8.92%	238101240	8.92%
Shearson Investment & Trading Co.Pvt.Ltd.	143342342	5.37%	182342342	6.83%
Nirved Traders Pvt.Ltd.			159915602	5.99%
Bank of New York Mellon (GDR)	655680000	24.57%	745680000	27.94%

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 4: RESERVES & SURPLUS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a. Capital Reserves	225,884	225,884
b. Securities Premium		
Opening Balance	50,058,428	42,729,970
Less : During the Year	-	7,328,458
Add : During the Year	-	-
Closing Balance	<u>50,058,428</u>	<u>50,058,428</u>
c. Revaluation Reserve		
Opening Balance	156,177,581	156,219,681
Less : During the Year	68,539,746	42,100
Closing Balance	<u>87,637,835</u>	<u>156,177,581</u>
d. Foreign Currency Translation Reserve		
Opening Balance	160,280,425	(2,594,019)
Add : During the Year	198,547,420	8,001,256
Less : During the Year	134,201,035	154,873,188
Closing Balance	<u>224,626,809</u>	<u>160,280,425</u>
e. Surplus/(deficit) in the statement of profit & loss		
Opening balance	219,588,616	130,044,029
(+) Net Profit/(Net Loss) For the current year	(1,280,772,627)	88,292,121
Closing Balance	<u>(1,061,184,011)</u>	<u>218,336,150</u>
Total reserve & surplus	<u>(698,635,055)</u>	<u>585,078,467</u>

NOTE: 5 : LONG TERM BORROWINGS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A Secured		
Term loans		
(i) Indian rupees loan from banks (Refer Note 5.a)	516,299,889	752,725,912
(ii) Vehicle Loan from Banks	-	281,504
Total (A)	<u>516,299,889</u>	<u>753,007,416</u>
B Unsecured		
Fixed Deposit from Public (Refer Note 5.b)	<u>42,874,500</u>	<u>45,523,500</u>
Total (B)	<u>42,874,500</u>	<u>45,523,500</u>
Total Long Term Borrowings (A+B)	<u><u>559,174,389</u></u>	<u><u>798,530,916</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
Note: 5.a

Bank Name	Amount Outstanding		Interest payable	Payment Terms including rate of interest	Security details	Date of Default and Amount of default
	Non Current	Current				
Union Bank of India	68268116	50000000	18262714	32 quarterly instalment of Rs.62.50 Lacs each. ROI 16.75%	All the Term Loans have First Pari Passu charge on all fixed assets (present & future) pertaining to all the assets of the Company and second Pari Passu charge on the stocks and Book debts of the Company	September 2012 Rs.250.00 Lacs
Axis Bank	34339022	42857144	10073056	28 quarterly instalment of Rs.53.57 Lacs each. ROI 16.75%		September 2012 Rs.214.30 Lacs
Bank of India	89166370	66666664	21317627	30 quarterly instalment of Rs.83.33 Lacs each. ROI 16.75%		September 2012 Rs.333.33 Lacs
Indian Overseas Bank	123286842	74999997	25049216	30 quarterly instalment of Rs.83.33 Lacs each. ROI 16.75%		June 2012 Rs.416.67 Lacs
Oriental Bank of Commerce	39721431	40000000	13951821	30 quarterly instalment of Rs.50.00 Lacs each. ROI 16.75%		September 2012 Rs.200.00 Lacs
Canara Bank	37493589	56250000	18334329	24 quarterly instalment of Rs.62.50 Lacs each. ROI 16.75%		June 2012 Rs.315.75 Lacs
State Bank Of India	66195927	21959709	10103024	8 monthly instalment of Rs.15.60 Lacs each. 1 monthly instalment of 16.20 Lacs, 36 monthly instalment of Rs.13.00 Lacs, 44 monthly instalments of Rs.16.65 Lacs, 4 monthly instalment of 16.85 Lacs, 2 monthly instalments of 30.30 Lacs and 1 monthly instalment of Rs.30.40 Lacs.ROI 16.75%		February 2013 Rs.63.60 Lacs
Catholic Syrian Bank	12669843	40000000	8899018	20 quarterly instalment of Rs.50.00 Lacs each. ROI 16.75%		September 2012 Rs.200.00 Lacs
Jankalyan Shakari Bank	10232400	8149605	2519339	77 monthly instalment of Rs.3.21 Lacs each. 1 monthly instalment of 2.83 Lacs.ROI 18.25%		May 2012 Rs.42.98 Lacs
Bank of India (Housing Complex)	34926349	17600000	7106736	89 monthly instalment of Rs.8.00 Lacs each. 1 monthly instalment of 3.00 Lacs.ROI 16.75%		September 2012 Rs.80.00 Lacs
	516299889	418483119	135616880			

Note: 5.b

Period of Maturity	Amount Outstanding		Interest payable	Payment Terms including rate of interest	Date of Default and Amount of default
	Non Current	Current			
Fixed Deposit (Long Term)	42874500	31690000	10074863	On Maturity 11.50% to 12.50%	March 2013 5192000
Fixed Deposit (Short Term)		8597000			

NOTE - 6 : OTHER LONG TERM LIABILITIES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
(a) Deposits from Customers	3,500,000	3,000,000
Total	3,500,000	3,000,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 7 : LONG TERM PROVISIONS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
(a) Provision for employee benefits		
Leave Encashment (unfunded)	3,080,839	4,598,735
Gratuity	32,276,359	33,788,190
Total	35,357,198	38,386,925

NOTE - 8 : SHORT TERM BORROWINGS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Secured		
(a) Loans repayable on demand		
Indian rupees Cash Credit from banks (Refer Note 8.a)	1,297,401,095	1,323,870,684
Unsecured		
(a) Fixed Deposit (Refer Note 5.b)	8,597,000	8,185,000
(b) Inter Corporate Deposits (Refer Note 8.b)	186,893,684	163,722,195
(c) Due to Related Parties (Refer Note 8.b)	87,873,222	48,754,967
Total Short Term Borrowings	1,580,765,001	1,544,532,846

Note: 8.a

Bank Name	Amount Outstanding	Interest payable	Rate of Interest	Security details	Date of Default
Union Bank Of India	108537146	10657191	16.75%	All the Cash Credits Loans have First pari passu charge on all the stocks and Book debts of the Company and Second pari passu charges on all the fixed assets (present and future) pertaining to all the assets of the Company	December 2012
Axis Bank	52645348	4596875	16.75%		December 2012
Bank of India	481698114	51562478	16.75%		September 2012
Indian Overseas Bank	149570029	17327490	16.75%		October 2012
Canara Bank	99999986	23746000	17.25%		September 2012
Karur Vysya Bank	250000472	43038000	16.75%		June 2012
Catholic Sryan Bank	150000000	24717148	16.75%		December 2012
Buldhana Urban Cooperative Bank	4950000	186028	14.50%		
	1297401095	175831210			

Note: 8.b

In respect of balance confirmation sought by the Company from various parties reflected under Inter corporate deposits and certain dues to related parties as on June 30, 2013, no one has responded to the request of the Company and such balances are taken as appearing in books and the same subject to confirmation and reconciliation, consequential impact, if any, will be considered as and when determined. Further, few parties pertains to Inter Corporate deposit category have already filed winding up petition under section 433 & 434 of the Companies Act, 1956 against the Company for non-payment of dues. These matters are sub-judice and the impact, if any, of the outcome is unascertainable at this stage and same is provided as contingent liability note.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 9: OTHER CURRENT LIABILITIES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
(a) Current maturities of long-term debt (Refer note 5.a & 5.b)	450,173,119	267,329,793
(b) Interest accrued but not due on borrowings	19,605,076	5,483,936
(c) Interest accrued and due on borrowings (Refer note 5.a, 5.b & 8.a)	331,675,979	42,897,016
(d) Other payables against advance from customers	11,300,236	31,810,955
(e) Other payables against Statutory Liabilities	17,676,886	17,513,592
(f) Other payables against employees deductions	698,971	1,100,609
(g) Other payables against advance from supplier/contractors	8,984,596	31,292
(h) Other Interest Payable on Dividend Distribution Tax	7,304,441	3,697,947
(i) Advance Received towards Sale of Fixed Assets	89,000,000	8,000,000
(j) Unpaid Dividends	1,701,036	1,724,086
	938,120,339	379,589,227

NOTE - 10 : SHORT TERM PROVISIONS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
(a) Provision for employee benefits		
Gratuity (Unfunded)	1,865,736	676,395
Leave Encashment (Unfunded)	240,374	89,411
(b) Other provisions		
Taxation (Net of Advances)	(299,988)	15,320,072
Total	1,806,122	16,085,878

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

(Amt in Rs.)

NOTE - 11: FIXED ASSET

	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April 2012	Total Additions	Adjustment/ Deductions/ Sales	Balance as at 30 June-2013	Balance as at 1 April 2012	Depreciation for the year	Depreciation on Sales/ Adjustments	Balance as at 1 April 2012	Balance as at 30th June 2013
a									
Tangible Assets									
Freehold Land	187,656,412	-	99,703,501	87,952,911	-	-	-	187,656,412	87,952,911
Leasehold Land	9,275,097	-	-	9,275,097	389,205	117,783	-	8,885,893	8,768,109
Buildings	479,245,952	-	-	479,245,952	50,417,356	19,842,108	-	428,828,596	408,986,488
Plant & Machinery	1,409,359,968	95,542,186	929,386	1,503,972,768	239,722,954	95,894,986	281,298	1,169,637,014	1,168,636,126
Furniture & Fixtures	5,419,717	358,142	34,318	5,743,541	1,297,380	417,589	-	4,122,338	4,028,572
Computers	2,846,012	303,906	115,178	3,034,740	1,057,178	1,248,648	-	(262,957)	728,913
Other Assets	7,242,194	141,340	10,467	7,373,067	3,108,967	1,015,517	-	6,185,016	3,248,583
Electrical Installation	73,498,129	89,390	-	73,587,519	13,980,616	4,530,445	-	59,517,514	55,076,458
Vehicles	8,238,636	-	2,420,465	5,818,171	3,704,568	795,865	524,671	4,534,067	1,842,409
Total	2,182,782,116	96,434,964	103,213,315	2,176,003,765	313,678,224	123,862,941	805,969	1,869,103,892	1,739,268,570
b									
Intangible Assets									
Computer software	622,355	-	-	622,355	316,741	305,615	-	305,615	-
Total	622,355	-	-	622,355	316,741	305,615	-	305,615	-
c									
Capital Work in Progress									
Total	222,776,712	71,344,045	94,667,189	199,453,568	-	-	-	222,776,712	199,453,568
d									
Intangible assets under Development									
Total	222,776,712	71,344,045	94,667,189	199,453,568	-	-	-	222,776,712	199,453,568
Total	2,406,181,184	167,779,009	197,880,504	2,376,079,689	313,994,964	124,168,556	805,969	2,092,186,219	1,938,722,138

Foot Note

- 1 Lease hold Land at Khangaon is for a period of 30 years which expired on 31st July, 2003 for which application for renewal is made for approval, which is still pending. During the year the Company transferred their rights on as is where is basis to M/s Vrisan Rama Advisors Pvt Ltd.
- 2 The Plant & Machinery, Building at Ghatanji, Dhule & Khangaon and land at Ghatanji & Dhule, were revalued as at 12.11.1985. The registered valuer had carried out the valuation on the basis of the then market values of these fixed assets.
The addition to assets on account of this revaluation aggregating Rs.6,842,998/- was correspondingly credited to the Revaluation Reserve.
Further, free-hold land at Ghatanji and Dhule were revalued at 31.03.2007. The registered valuer had carried out the valuation on the basis of the then market value of these lands. The addition to assets on account of this revaluation, aggregating Rs. 1,52,909,694/- was correspondingly credited to the Revaluation Reserve during the year ended 31.03.2007. The revaluation amount of freehold land situated in ghatanji has been reversed to the extent of Rs. 684,87,121/- pertaining to the sale deed entered by the company for the said land.
- 3 Plant and machinery of Rs. 373,548,883 situated at one factory unit of the Company has been generally operating at lower capacity. As per management, the same has value in use which is more than its carrying amount as on the balance sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 12: NON CURRENT INVESTMENTS (LONG TERM)

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A Trade Investments		
<u>Investment in Equity Shares of Subsidiaries</u>		
<u>Unquoted</u>		
25500 Fully Paid up Shares (Previous Year 10000 Shares) of Birla Integrated Textile Park Ltd.@ 10/- Per Share	-	-
1 Fully Paid up Shares (Previous Year 1 Shares) of Birla Cotsyn (India) Ltd. FZE @ AED 35000	-	-
Total (A)	-	-
B Non Trade Investments		
<u>Investment in Equity Shares of Other Entities</u>		
<u>Unquoted</u>		
2000 Fully Paid up Shares (Previous Year 2000 Shares) of Shamrao Vithal Co-op.Bank Ltd.@ 25/- Per Share	50,000	50,000
62500 Fully Paid up Shares (Previous Year 62500 Shares) of Jankalyan Sahakari Bank Ltd. @ 10/- Per Share	625,000	625,000
39000 Fully Paid up Shares (Previous Year 39000 Shares) of Birla Energy Infra Ltd..@ 10/- Per Share	390,000	390,000
Total (B)	1,065,000	1,065,000
Grand Total (A + B)	1,065,000	1,065,000

NOTE - 13: LONG TERM LOANS AND ADVANCES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a. Capital Advances		
Unsecured, considered good (Refer note 13.a)	928,391,624	945,298,930
	928,391,624	945,298,930
b. Security Deposits		
Unsecured, considered good	13,102,963	15,820,936
	13,102,963	15,820,936
c. Loans and advances (Unsecured, considered good)		
Due from Subsidiaries (Refer Note 13.b)	-	0
	-	0
Inter Corporate Deposits (Refer note 13.c)	302,291,196	83,590,500
Mega Subsidy	56,703,070	59,763,162
Due with government authorities	9,106,830	494,816
CENVAT Credit receivable	5,107,894	5,426,809
VAT Credit Receivable	45,079,170	19,442,866
Prepaid Expenses	8,477,419	33,916,451
	426,765,579	202,634,604
	1,368,260,166	1,163,754,471

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
Note 13.a

In respect of balance confirmation sought by the company from various parties reflected under Capital Advances, no one has responded to the request of company and such balances are taken as appearing in books and the same are subject to confirmation and reconciliation, consequential impact if any, will be considered as & when determined.

Note 13.b

The Company has wholly owned subsidiary at Dubai and to whom loan given has been considered as good for recovery in view of the management.

Note 13.c

The Company had given loan to one related party which has negative net-worth as on balance sheet date and the same has been considered as good for recovery in view of the management.

NOTE - 14 : OTHER NON-CURRENT ASSETS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A. Long term trade receivables		
a) Tuff Subsidy Receivable	31,189,503	24,641,161
b) Interest Receivable	28,364,547	7,914,005
c) Un amortised Expenses	-	8,153,432
	<u>59,554,050</u>	<u>40,708,598</u>
B. Others advances against capital goods		
Unsecured, considered good	-	-
	-	-
C. Other Bank Balance		
Unsecured, considered good-Original Matiruty more than 12 Months.		
a) Bank Of India (Margin Money)	10,986,531	10,251,772
b) Axis Bank (Margin Monery)	386,093	-
c) Fixed Deposits with banks	229,698	2,239,938
	<u>11,602,322</u>	<u>12,491,710</u>
	<u>71,156,372</u>	<u>53,200,308</u>

NOTE - 15 : INVENTORIES (REFER NOTE - 2(i))

(As taken, valued and certified by the Management)

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a. Raw Materials and components (Valued at Rs.83,027,891 (Previous year ` 118,016,692)	83,027,891	118,016,692
b. Work-in-progress	12,505,299	77,209,418
c. Finished goods	30,338,010	155,661,703
d. Stores and spares	3,908,055	4,533,124
e. Packing Materials	1,745,560	1,843,313
f. waste/scrap	22,631,890	9,971,125
Total	<u>154,156,705</u>	<u>367,235,375</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 16: TRADE RECEIVABLES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they are due for payment	433,110,305	65,875,279
Less: Provision for doubtful debts	312,577,472	-
Total (A)	<u>120,532,833</u>	<u>65,875,279</u>
Other Receivable	2,076,907,553	4,696,945,636
Less: Provision for doubtful debts	485,444,610	-
Total (B)	<u>1,591,462,943</u>	<u>4,696,945,636</u>
Total (A + B)	<u>1,711,995,776</u>	<u>4,762,820,915</u>

Note a

In respect of balance confirmation sought by the company from various parties reflected under trade receivables, such balance of trade receivables are taken as appearing in books and the same are subject to confirmation and reconciliation, consequential impact if any, will be considered as & when determined. While at the same time the Company is taking up individually and exploring possibility of legal options. However due to certain quality & delays, the Company is trading with caution

NOTE - 17 : CASH AND BANK BALANCES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A) Cash & Cash Equivalents		
a. Balances with banks		
On Current accounts	62,373,475	28,159,476
b. Cash on hand	1,675,565	1,960,451
c. Fixed Deposit with Bank (Original Maturity Less than 3 Months)	1,982,672	6,740,000
Total (A)	<u>66,031,712</u>	<u>36,859,926</u>
B) Other Bank Balance		
Unpaid Dividend Accounts	1,707,487	1,730,538
Total (B)	<u>1,707,487</u>	<u>1,730,538</u>
Total (A + B)	<u>67,739,199</u>	<u>38,590,464</u>

NOTE - 18: SHORT TERM LOANS AND ADVANCES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
A. Loans and advances to related parties (Refer note no. 18.a)	72,998,404	-
Total (A)	<u>72,998,404</u>	-
B. Others : Advance recoverable		
Unsecured, considered good	40,574,089	18,221,623
Less: Provision for staff adv.	57,789	57,789
Total (B)	<u>40,516,300</u>	<u>18,163,834</u>
C. Other Loan & Advances (Unsecured)		
Balance with statutory/ government authorities	15,854,929	43,382,500
Total (C)	<u>15,854,929</u>	<u>43,382,500</u>
Total (A + B + C)	<u>129,369,633</u>	<u>61,546,334</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
Note a

PARTICULARS	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Shearson Investment & Trading Company Pvt. Ltd.	72,998,404	40,004,967
	72,998,404	40,004,967

Note b

In respect of balance confirmation sought by the Company from various parties reflected under Long Term Loans and Advances, no one have responded to the request of Company. Such balances of Long Term Loans and advances are taken as appearing in books and the same are subject to confirmation and reconciliation, Consequential impact if any, will be considered as & when determined.

NOTE - 19 : OTHER CURRENT ASSETS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
a) Interest Receivable	169,796	485,469
b) Claim Receivable	35,505	39,695
c) Un amortised Expenses	7,146,378	5,656,706
d) Tuff Subsidy Receivable	43,165	29,160,116
e) Interest accrued on Fixed Deposits	-	70,525
f) Others	-	-
	7,394,844	35,412,511

NOTE - 20 : REVENUE FROM OPERATIONS

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Sale of products		
Finished Goods - Yarn	2,103,999,533	1,869,583,885
Traded Goods - Fabric	3,518,450,696	8,016,871,036
Sale of services	155,927	12,459,944
Other operating revenues		
Scrap Sales	80,462,263	46,390,193
Other	30,232,271	60,525,842
Interest & Other Subsidy Received	28,903,265	45,747,008
Revenue from operations (gross)	5,762,203,955	10,051,577,908
Less : Excise duty	-	17,693,366
Revenue from operations (net)	5,762,203,955	10,033,884,542

Note 20.a

As regards sales of traded goods (Fabric), as per normal industry standard the Company trades in Fabric and similar products and directly authorize the sellers to transfer goods to the buyers destination. Accordingly, the Company neither maintains any stock of traded goods (Fabric) any time during the period nor keeps any records for goods inwards and outward confirmation from such parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 21: OTHER INCOME

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Interest Income on		
Bank Deposits	10,988,123	160,567
Others	20,804,069	14,172,246
Other Income	-	1,039,335
Dividend Income on Long - term investments	6,000	6,000
Other non-operating income (net of expenses directly attributable to such income)	10,662,659	174,842
Excess provision of Ealier Year W/back	(52,952)	10,511,914
Exchange differences (net)	2,487,493	16,866,739
Profit on Sale of Fixed Assets	(759,994)	1,790,515
Total	44,135,398	44,722,157

NOTE - 22: COST OF RAW MATERIAL

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Inventory at the beginning of the year	118,738,823	327,187,543
Add : Purchases	1,343,213,724	1,191,403,046
	1,461,952,547	1,518,590,589
Less : inventory at the end of the year	83,927,947	118,738,784
Cost of raw material and components consumed (A)	1,378,024,601	1,399,851,805
Details of inventory		
Opening stock		
Cotton	98,922,782	279,535,726
Synthetic fiber	17,909,925	45,675,947
Color,chemicals & mixing	722,131	791,925
Raw cotton	1,183,985	3,567,053
	118,738,823	329,570,651
Purchase		
Cotton	1,010,815,707	752,072,577
Synthetic fiber	323,289,679	425,403,698
Color,chemicals & mixing	9,108,338	13,926,771
Raw cotton	-	-
	1,343,213,724	1,191,403,046
Closing stock		
Cotton	81,888,053	98,922,782
Synthetic fiber	1,139,838	17,909,925
Color,chemicals & mixing	900,056	722,132
Raw cotton	-	-
	83,927,947	117,554,839
Raw Material Consumption		
Cotton	1,027,850,436	932,685,521
Synthetic fiber	340,059,766	453,169,720
Color,chemicals & mixing	8,930,414	13,996,564
Raw cotton	1,183,985	3,567,053
Raw Material Consumption	1,378,024,600	1,403,418,858

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 23: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Opening Stocks :		
Semi Finished Goods	77,209,418	64,875,244
Finished Goods	155,661,703	258,398,140
Stock in trade	-	2
Scrap	9,971,125	3,394,991
Total Opening Stock (A)	242,842,246	326,668,377
Closing Stocks :		
Semi Finished Goods	12,505,299	77,209,418
Finished Goods	30,338,010	155,661,703
Stock in trade	-	-
Scrap	22,631,890	9,971,125
Total Closing Stock (B)	65,475,199	242,842,246
Total (A- B)	177,367,047	83,826,131
Details of purchases of traded goods		
Cotton Yarn	22,999,284	35,005,608
Suiting & Shirting Cloth	3,459,196,713	7,290,213,537
Raw Cotton	-	-
Details of inventories	-	-
Traded goods	-	-
Work-in-progress	-	-
Finished Goods	-	-
	3,482,195,997	7,325,219,145

NOTE - 24: EMPLOYEES BENEFITS EXPENSES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Salaries, Wages and bonus	167,438,849	156,285,940
Contribution to Provident & Other Funds	13,526,868	11,085,060
Gratuity Expenses	7,654,580	4,401,800
Remuneration to Directors	3,911,657	3,072,173
Staff Welfare Expenses	2,123,293	1,831,939
Total	194,655,247	176,676,912

NOTES - 25: FINANCE COST

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Interest	528,077,493	391,346,070
Bank Charges	7,537,979	5,677,828
Total	535,615,473	397,023,898

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
NOTE - 26: OTHER EXPENSES

	As at 30th June 2013 Amt in Rs.	As at 31st March 2012 Amt in Rs.
Consumption of Stores & Spares	26,029,090	26,598,815
Consumption of Packing Material	31,735,606	26,723,514
Conversion Charges Paid	12,025,597	12,004,548
(increase)/decrease of excise duty on inventory	-	-
Power & Fuel	277,766,447	222,224,098
Water Charges	5,253,931	4,755,629
Freight & forwarding charges	44,670,874	44,825,557
Rent	3,624,455	4,224,026
Rates & Taxes	871,573	1,024,785
Security Services Charges	83,870	164,411
Insurance	4,181,572	4,041,111
Repair & Maintenance	-	-
Plant & Machinery	3,402,958	3,040,499
Building	314,328	529,152
Others	1,150,139	1,084,080
Advertisement and Sales & Promotion Expenses	25,978,226	12,826,200
Discounts & Rebates	1,653,835	6,197,742
Warranty Charges	-	-
Other Commission	21,025,808	24,297,326
Traveling & Conveyance Expenses	2,961,864	2,630,130
Vehicle Repair & Maintenance Expenses	2,676,793	2,665,719
Communication Expenses	1,564,772	5,734,459
Printing & Stationery	1,241,538	3,355,930
Legal & Professional Charges	23,417,051	20,866,523
Directors Sitting Fees Paid	160,000	135,000
Payments to Auditors	1,091,481	1,152,989
Research and development Expenses	67,660	194,643
Donations Paid	73,733	88,373
Miscellaneous Expenditure	741,808,642	20,932,682
Provision for Doubtful Debtors	72,998,404	
Total	<u>1,307,830,244</u>	<u>452,317,942</u>

Note No.27
CONTINGENT LIABILITIES NOT PROVIDED FOR:

Particulars	2012 - 2013 (Amt in Rs)	2011 - 2012 (Amt in Rs)
a) Claims against Company not acknowledged as debt	102,000	102,000
b) Labour matter pending with the court	7,500,000	7,500,000
c) Claims against cases filed by Unsecured Lenders	134,968,435	0

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
Note No.28
ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED AND NOT PROVIDED FOR (NET OF ADVANCES)

Particulars	2012 – 2013 (Amt in Rs)	2011 - 2012 (Amt in Rs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	27,192,513

Note No.29

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

Note No.30
DEPRECIATION / AMORTIZATION

Particulars	2012 – 2013	2011 – 2012
Depreciation/ Amortization charged on Fixed Assets	124,079,564	96,462,570
Depreciation/ Amortization charged on Revalued Assets	52,625	42,100
	124,132,189	96,420,470

Note No.31

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

Component	2012 – 2013 (Amt in Rs)	2011 – 2012 (Amt in Rs)
Difference between Book and Tax Depreciation	28,893,755	(141,457,654)
U/S 43 B of Income Tax Act, 1961	112,645,186	14,364,160
Carry Forward Losses / Unabsorbed Depreciation	132,413,197	7,657,380
Other Liability	-	7,390,941
Deferred Tax (Liability)/Asset	273,952,138	(112,045,173)

Deferred tax assets have not been recognized on the basis of prudence.

Note No.32
EARNINGS PER SHARE

Particulars	2012 – 2013	2011 – 2012
Net Profit as per Profit and Loss Account (In Rs)	(1,286,136,492)	88,292,120
Weighted Average Number of Equity Shares (In Nos)	2,668,635,154	2,612,725,742
Basic and Diluted Earnings Per share (In Rs)	(0.4799)	0.0331

Note No.33
REMUNERATION TO AUDITORS

Particulars	2012 – 2013	2011 – 2012
Audit fees	1,050,000	1,123,600
Limited Review fees	287,466	220,600
Out of Pocket Expenses	41,481	52,393

Note No.34

The Government of India has approved import of Capital Equipment under the “Exports Promotion Capital Goods Scheme” at a concessional rate of custom duty. Under the Scheme the Company purchased Capital Goods at nominal duty for which the Company has an export obligation aggregating to Rs.13036.91 Lacs (previous year Rs.13167.39 Lacs), to be fulfilled within eight years from the date of issuance of respective licences, failing which the duty saved aggregating Rs.1629.61 Lacs (previous year Rs.1645.92 Lacs), together with interest and penalties, if levied, may have to be paid.

As at the year end the Company has fulfilled Export Obligation aggregating Rs.7338.62 Lacs (previous year Rs.5226.05 Lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013
Note No.35

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

Particulars/ Currency Denomination	2012 – 2013		2011 – 2012	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
Receivables	-	-	\$ 869,817	44,247,584
Total		-		44,247,584
Payables	-	-	-	-

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

During year ending 30th June 2013, the Company has recognised the contribution to Employees Provident Fund and Pension Fund aggregating Rs.12,633,798 (Previous year Rs.10,181,308) 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 30th June 2013. 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:

		2012 - 2013 (Amt in Rs)	2011 - 2012 (Amt in Rs)
1.	Changes in the Present Value of the Defined Benefits Obligation		
a.	Present value of Defined Benefit Obligation at the beginning of the year	35,773,051	33,936,865
b.	Interest Cost	3,466,175	2,800,018
c.	Current Service Cost	2,984,385	2,934,320
d.	Benefits paid during the year	(7,535,442)	(2,689,972)
e.	Actuarial (Gain) / Loss	(546,074)	(1,208,180)
f.	Present Value of Defined Benefit Obligation at the End of the Year	34,142,095	35,773,051
2.	Amounts recognized in the Profit & Loss account		
a.	Current Service Cost	2,984,385	2,934,320
b.	Interest Cost	3,466,175	2,800,018
c.	Expected return on plan assets	-	(126,982)
d.	Net Actuarial (Gain) / Loss	(546,074)	(1,208,180)
e.	Expenses Recognized in the Statement of Profit & Loss A/c	5,904,486	4,399,176
3.	Change in the fair value of Plan Assets		
a.	Fair value of plan assets at beginning of the year	-	1,518,871
b.	Expected return on plan assets	-	126,982
c.	Contributions	-	2,352,585
d.	Benefits paid	-	(2,689,972)
e.	Fair value of plan assets at the end of the year	-	1,308,466
	Present Value of Defined Benefit Obligation at the End of the Year	34,142,095	35,773,051
	Less: Fair value of plan assets for the funded gratuity at the end of the year	-	1,308,466
	Liability with respect to unfunded Plan recognised in the Balance Sheet	34,142,095	34,464,585

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

4.	Actuarial Assumption		
a.	Discount rate (In %'s)	7.95	8.00 - 8.75
b.	The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. (In %'s)	5.00%	5.00 – 7.00
5.	Percentage of each category of Plan Assets to total Fair value of Plan Assets as at the year end	N.A	N.A

II. Leave Encashment

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value of liability is Rs.3,080,839. (Previous year Rs 1,252,796) based upon following assumptions

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

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

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

Sr. No	Name of the Parties	Balance Amt as at 30.06.2013 (Amt in Rs)		Balance Amt as at 31.03.2012 (Amt in Rs)	
		Receivable	Payable	Receivable	Payable
1.	Key Management Personnel	-	-	-	-
2.	Enterprises owned or significantly influenced by Key Management personnel or their relatives				
a)	Zenith Birla (India) Ltd	-	57,725,109	-	-
b)	Birla Viking Travels Ltd	-	41,451	-	16,709
c)	Birla Global Corporate Ltd	10,773,481	-	-	8,217,412
d)	Khamgaon Syntex India Ltd	-	-	45,250	-
e)	Nirved Traders Pvt Ltd	-	11,377,815	-	148,905
f)	Godavari Corporation Pvt Ltd	218,227,495	-	70,000,000	-
g)	Shearsons Investment & Trading Pvt Ltd	72,998,404	-	-	40,004,967
h)	Birla Energy Infra Limited	390,000	-	390,000	-
i)	Birla Pacific Medspa Limited	-	6,323,113	-	6,000,000
j)	Birla Shloka Edutech Limited	-	850,000	-	2,750,000
k)	Birla Surya Limited	-	7,975,000	-	-
l)	Melstar Information Technology Limited	-	15,000,000	-	-
m)	Birla Integrated Textile Park Ltd				
	Investment	-	-	255,000	-
	Loan	84,063,700	-	77,122,578	-

b) Transaction with Related Parties

Sr. No	Particulars	Key Management Personnel		Enterprise owned or significantly influenced by Key Management personnel or their relatives/ enterprise where control exists	
		30.06.2013	31.03.2012	30.06.2013	31.03.2012
1.	Travel Expenses (Birla Viking Travels Ltd)	-	-	101,451	397,970
2.	Rent Paid (Birla Global Corporate Ltd)	-	-	-	1,389,780
3.	Rent Paid (Nirved Traders Pvt.Ltd.)	-	-	-	661,800
4.	Service Charges (Birla Global Corporate Ltd)	-	-	4,400,107	7,941,600
5.	Remuneration	7,823,314	3,072,173	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

6.	<u>Loans Received</u>				
	a) Birla Power Solutions Ltd	-	-	-	-
	b) Zenith Birla (India) Ltd	-	-	57,725,109	-
	c) Birla Pacific Medspa Ltd	-	-	-	60,00,000
	d) Birla Shloka Edutech Ltd	-	-	-	27,50,000
	e) Sherason Investment & Trading Co P Ltd.	-	-	-	4,00,00,000
	f) Nirved Traders Pvt Ltd	-	-	11,228,910	-
7.	<u>Loans Granted</u>				
	a) Birla Integrated Textile Park Ltd	-	-	6,941,122	31,948,630
	b) Godavari Corporation P Ltd	-	-	148,227,495	10,00,00,000
	c) Shearson Investment & Trading Co Pvt Ltd	-	-	72,998,404	-
	d) Birla Global Corporate Ltd	-	-	10,773,481	-
8.	<u>Loans Repaid</u>				
	a) Zenith Birla (India) Ltd	-	-	-	-
	b) Birla Power Solutions Ltd	-	-	-	230,944,047
	c) Godavari Corporation P Ltd	-	-	-	30,000,000
	d) Birla Shloka Edutech Ltd	-	-	1,900,000	-
	e) Shearson Investment & Trading Pvt Ltd	-	-	40,004,967	-
9.	<u>Investments in shares</u>				
	a. Birla Integrated Textile Park Ltd	-	-	-	155,000
10.	Sitting Fees	140,000	135,000	-	-

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

Note No.38

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

Primary Business Segment

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

Particulars	2012-13 (June-13)			2011-12 (MAR-12)		
	Textiles	Trading in Fabrics	Total	Textiles	Trading in Fabrics	Total
1. Segment Revenue	2,243,753,259	3,518,450,696	5,762,203,955	2,017,013,506	8,016,871,036	10,033,884,542
Less: Inter Segment Revenue	-	-	-	-	-	-
Total Sales & Services Income	2,243,753,259	3,518,450,696	5,762,203,955	2,017,013,506	8,016,871,036	10,033,884,542
2. Segment Results	(459,080,712)	(546,809,604)	(889,664,164)	(139,751,082)	691,651,891	551,900,809
Less: Interest & Finance Expenses			535,615,473			397,023,898
Less: Provision for Tax (Including prior year adjustment)			(112,708,814)			80,923,604
Add: Interest income			31,792,192			14,332,813
Add: Dividend Income			6,000			6,000
Total Profit / (Loss) After Tax			(1,280,772,631)			88,292,121
3. Segment Assets	2,522,528,114	129,885,726	2,652,413,840	3,604,807,274	2,429,453,013	6,034,260,287
Unallocated Assets	-	-	2,797,445,995	-	-	2,541,705,841
Total Assets			5,449,859,835			8,575,966,128
4. Segment Liabilities	1,306,314,479	33,905,855	1,340,220,334	1,642,281,019	1,209,542,480	2,851,823,499
Unallocated Liabilities			2,139,639,402			2,470,429,007
Total Liabilities			3,479,859,736			5,322,252,506
5. Segment Capital Expenditure	1,096,170,633	-	1,096,170,633	135,667,997	-	135,667,997
6. Segment Depreciation & Amortisation	123,701,419	-	123,701,419	96,098,266	-	96,098,266
Unallocable	-	-	430,770	-	-	322,204
Total Depreciation & Amortisation			124,132,189			96,420,470
7. Significant Non Cash Expenditure	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

8. Geographical Segment

Particulars	India		Rest of the World
	Current Year	Previous Year	Current Year
Segment Revenue	5,434,585,986	7,189,647,761	327,617,969
Carrying cost of Segment Assets	2,652,413,840	4,943,220,888	
Additions to Fixed Assets and Intangible Assets	-	-	-

Note

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

Note No.39

During the year the company has capitalised Nil interest (Previous year Nil).

Note No.40

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

Note No.41

Premises taken on Operating Lease

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

(Amt in Rs)

Sr. No	Particulars	2012 – 2013	2011 – 2012
1.	For the period not less than one year	-	3,341,820
2.	For the period late than one year and not less than five years	-	4,621,009
3.	For the period less than five years	-	-

Note No.42

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

Note No. 43

Consequent on losses incurred by the company in the past period, the company financial position has substantially gone down resulting in erosion of current assets significantly.

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
Birla Cotsyn India Limited

R.K.DIXIT
Director

R.P.MISHRA
Director

(MANOJ KUMAR PATI)
Partner
Membership Number 504536

S.K.MATHUR
Manager

Place: MUMBAI
Date : 29-08-2013

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

Name of Subsidiary	Period of the Subsidiary Company	No. of Equity Shares	Percentage of Holdings	The Net aggregate amount of Subsidiary's Profit/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts		The Net aggregate amount of Subsidiary's Profit/Losses of Subsidiary which has been dealt with in the account of the Holding Company	
				For the Current Period	For Previous Period since it became Subsidiary	For the Current Period	For Previous Period since it became Subsidiary
Birla Cotsyn (India) Ltd. FZE	1 st April 2012 to 31 st March 2013	1 share of UAE Dirhams 35000	100%	UAE Dirhams 7,858,146	UAE Dirhams 5,364,937	N.A.	N.A.
Birla Integrated Textile Park Limited	1 st April 2012 to 18 th March 2013	25500 shares (Face value of Rs. 10 each)	51%	INR (5,363,876)	INR (1,484,063)	N.A.	N.A.

	Birla Cotsyn (India) Ltd. FZE		Birla Integrated Textile Park Limited
	1st April 2012 to 31st March 2013		1st April 2012 to 18th March 2013
	(Amount in AED)	(Amount in Rs.)	(Amount in Rs.)
Capital	35,000	517,808	500,000
Reserves	14,627,955	216,329,195	(6,926,136)
Total Assets	106,863,189	1,580,987,448	78,468,182
Total Liabilities	106,863,189	1,580,987,448	78,468,182
Details of Investments	Nil	Nil	Nil
Turnover	157,282,316	2,325,230,300	Nil
Profit Before Tax	7,858,146	116,173,257	(7,762,484)
Provision for Tax	Nil	Nil	(2,398,608)
Profit After Tax	7,858,146	116,173,257	(5,363,876)
Proposed Dividend	Nil	Nil	Nil

Exchange Rate as on 31st March 2013
1 AED = Rs. 14.7838

For and on behalf of the Board of Directors
Birla Cotsyn India Limited

R.K.DIXIT
Director

R.P.MISHRA
Director

Place: MUMBAI
Date : 29-08-2013

S.K.MATHUR
Manager

Notes:

Blank lined paper for writing notes.

ATTENDANCE SLIP

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

Name & address of the Shareholder

I hereby record my presence at the **71st ANNUAL GENERAL MEETING** of the Company at Hall of Harmony, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 on Friday the 20th day of December, 2013 at 11.30 a.m.

Signature of the Member / Proxy present:

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

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 **71st ANNUAL GENERAL MEETING** of the Company to be held on Friday, the 20th day of December, 2013 at 11.30 a.m.

Signed this _____ day of _____ 2013.

Affix Re. I Revenue Stamp

D.P. ID	
Client ID	
Folio No.	
No. of Shares	

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.

BOOK POST

If Undelivered please return to :
Adroit 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.



THE YASH BIRLA GROUP

BIRLA COTSYN
(INDIA) LTD.

Regd. Off.: Dalamal House, 1st Floor, Nariman Point,
Mumbai 400 021, India.
Tel.: +91 22 2282 1173 / 74
Fax: +91 22 2204 7835
www.yashbirlagroup.com / www.birlacotsyn.com

28th November, 2013

To,
The Secretary
Bombay Stock Exchange Limited
P.J.Towers, Dalal Street,
Mumbai-400 001

Scrip code: 533006

To
The Secretary
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 51

Scrip Code: BIRLACOT

FORM A

(Pursuant to Clause 31 (a) of Listing Agreement)

Format of covering letter of the Annual Audit Report (Standalone) to be filed with the Stock Exchanges

1	Name of the Company	Birla Cotsyn (India) Limited
2	Annual Financial Statements for the year ended	30 th June, 2013
3	Type of Audit Observation	<p><u>Matter of Emphasis:</u></p> <p>1. The Auditors has drawn attention to note no 2(b) in the financial statements. The Company incurred net loss of Rs. 1,396,945,873 during the period ended June 30, 2013 and as of that date; the Company's current liabilities exceeded its current assets by Rs. 2,325,087,902 subject to the effects of matters described in the Basis for Qualified Opinion paragraph (Page no 30). These factors along with other matters as set forth in said note raise substantial doubt about the Company's ability to continue as a going concern in the foreseeable future. However, the Company's financial statement has been prepared on going concern basis as disclosed by management in said note.</p> <p>(Managements reply : The loss is basically due to the</p>



inadvertent market conditions locally and globally & the general economic scenario across the world, which has effected particularly the Textile Industry. This is further strengthen by the Central Government and State Government coming out liberal textile polices which proves the long term viability and necessity of the Textile industry , Once the same improves the Company expects to do better.)

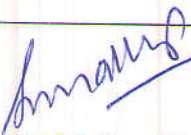


2. The Auditors has drawn attention no 2(b) regarding notice issued by consortium of banks under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 for nonpayment of installments and interest thereon after the due date by the Company and therefore all loan accounts became Non Performing Assets with effective from respective dates mentioned in such notice. We are informed that the Company has filed response against such notice and requested to restructure all loan accounts. These factors along with other matters as set forth in said note raise substantial doubt about the Company's ability to Continue as a going concern in the foreseeable future. However, the Company's financial statements have been prepared on going concern basis as disclosed by management in said note.

(Managements reply : The Banks have issued notice under SARFAESI and have not exercised their right under the Act as the Company has already received relief under the Maharashtra Relief Undertaking (Special Provisions) Act (XCVI of 1958) for a period of one year, (further extendable by another year), which insulates the Company and which provides remedy for the enforcement of any proceeding pending in any court, tribunal, office or authority against the Company.)

Others matters:

1. The Company has not appointed full time company secretary as per provisions of section 383A of the Companies Act, 1956 with effective from January 1, 2013. However, we are informed that management is under process of appointing company secretary in due course of time.



	<p>(Management's reply - The Company has appointed Ms. Vineeta Shah as Company Secretary & Compliance Officer of the Company w.e.f. 15th September, 2013)</p> <p>2. The Company has not appointed a managing director or manager as required by the provisions of section 269 of the Companies Act, 1956 with effective from April 1, 2013. However we are informed that Company has appointed managing director before the board meeting taken in place. (Management's reply - The Company has appointed Mr. S. K. Mathur as Manager of the Company w.e.f. 29th August, 2013)</p> <p>3. The Company has given loan to three related parties amounting to Rs. 392,106,843 as at June 30, 2013 (including interest till June 30, 2013) which falls under non-compliance of section 295 of the Companies Act, 1956. (Management's reply - The Company has taken the same into cognizance and rectifying the same)</p>
<p>4 To be signed by:</p>	
<p>CEO/ Managing Director/ Manager</p>	<p> Shri S. K. Mathur (Appointed w.e.f. 29th August, 2013)</p>
<p>CFO (The Company has GM finance and Commercial who has taken the role of CFO)</p>	<p> Shri Deepak Siroya (GM Finance & Commercial)</p>
<p>Auditor of the Company</p>	<p> Shri Manoj Kumar Pati Partner - Kanu Doshi Associates Membership No. 504536</p>



FORM B

(Pursuant to Clause 31(a) of Listing Agreement

Format of Covering letter of the Annual Audit Report (Standalone) to be filed with the Stock Exchanges

1	Name of the Company	Birla Cotsyn (India) Limited
2	Annual Financial Statement for the year ended	30 th June, 2013
3	Type of Audit observation	Qualified
4	Frequency of observation	Appearing for the First Time
5	Draw attention to relevant notes in the Annual Financial Statement and Management response to the qualification in the Directors report.	<p><u>Observations:</u></p> <p>1. With reference to Note No. 8(b) regarding inter corporate deposits of Rs. 186,893,684 taken from various parties as at June 30, 2013, in the absence of their party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances. Further, few such parties have already filed winding up petition under section 433 & 434 of the Companies Act, 1956 against the Company for non-payment of dues. These matters are sub-judice and the impact, if any, of the outcome is unascertainable at this stage.</p> <p><u>Management's Response:</u> Refer Page 9 of Directors Report point no. 14 (1).</p> <p>2. With referenceto Note No. 8(b) regarding dues to related parties of Rs. 57,725,109 and note no. 29 regarding trade payables of Rs. 294,331,451 as at June 30, 2013, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances.</p> <p><u>Management's Response:</u> Refer Page 9 of Directors Report point no. 14 (2).</p>



3. With reference to Note No. 13(a) regarding capital advances of Rs. 928,391,624 as at June 30, 2013 given to various parties, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances.

Management's Response: Refer Page 9 of Directors Report point no. 14 (3).

4. With reference to Note No. 18(a) regarding Loan of Rs. 72,998,404 given to one related party, which have incurred losses and also have negative net worth as at June 30, 2013, in the absence of detail information of projected cash flows as at June 30, 2013 or other audit evidence, we are unable to comment upon its impairment, if any.

Management's Response: Refer Page 9 of Directors Report point no. 14 (4).

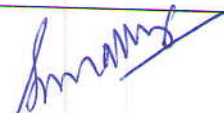





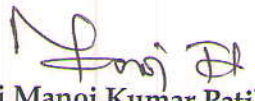

5. With reference to Note No. 16(a) regarding trade receivables of Rs. 929,652,317 as at June 30, 2013, the Company has made provision for doubtful debts for Rs 798,022,082. In the absence of third confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its balance recoverability, if any.

Management's Response: Refer Page 9 of Directors Report point no. 14 (5).

6. With reference to Note No. 11(3) regarding Plant & Machinery of Rs. 373,548,883 situated at one factory unit of the Company has been generally operating at lower capacity. In the absence of future cash flow projection and information about the value in use, we are unable to comment impairment provision, if any as per Accounting Standard 28 "Impairment of Assets".

Management's Response: Refer Page 9 of Directors Report point no. 14 (6).



6	Additional Comments from the Board/Audit Committee Chair:	As per the disclosures made in the Annual Report
7	To be signed by-	
	CEO/ Managing Director / Manager	  Shri S. K. Mathur (Appointed w.e.f. 29th August, 2013)
	CFO (The Company has GM finance and Commercial who has taken the role of CFO)	  Shri Deepak Siroya (GM Finance & Commercial)
	Audit Committee Chairman	  Shri Ram Prakash Mishra
	Auditor of the Company	  (Shri Manoj Kumar Pati) Partner - Kanu Doshi Associates Membership No.504536



THE YASH BIRLA GROUP

BIRLA COTSYN
(INDIA) LTD.

Regd. Off.: Dalamal House, 1st Floor, Nariman Point,
Mumbai 400 021, India.
Tel.: +91 22 2282 1173 / 74
Fax: +91 22 2204 7835
www.yashbirlagroup.com / www.birlacotsyn.com

28th November, 2013

To,
The Secretary
Bombay Stock Exchange Limited
P.J.Towers, Dalal Street,
Mumbai-400 001

Scrip code: 533006

To
The Secretary
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 51

Scrip Code: BIRLACOT

FORM A

(Pursuant to Clause 31 (a) of Listing Agreement)
Format of covering letter of the Annual Audit Report (Consolidated) to be filed with the Stock
Exchanges

1	Name of the Company	Birla Cotsyn (India) Limited
2	Annual Financial Statements for the year ended	30 th June, 2013
3	Type of Audit Observation	<p><u>Matter of Emphasis:</u></p> <p>1. The Auditors has drawn attention to note no 2(b) in the financial statements. The Group incurred net loss of Rs. 1,280,772,631 during the period ended June 30, 2013 and as of that date; the Group's current liabilities exceeded its current assets by Rs. 811,215,156 subject to the effects of matters described in the Basis for Qualified Opinion paragraph. These factors along with other matters as set forth in said note raise substantial doubt about the Group's ability to continue as a going concern in the foreseeable future. However, the Group's financial statement has been prepared on going concern basis as disclosed by management in said note.</p> <p>(Managements reply: The loss is basically due to the inadvertent market conditions locally and globally & the general economic scenario across the world,</p>



which has effected particularly the Textile Industry. This is further strengthen by the Central Government and State Government coming out liberal textile polices which proves the long term viability and necessity of the Textile industry, Once the same improves the Company expects to do better.)



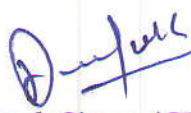

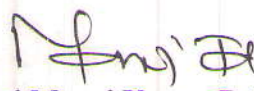

2. The Auditors has drawn attention no 2(b) regarding notice issued by consortium of banks under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 for nonpayment of installments and interest thereon after the due date by the Company and therefore all loan accounts became Non Performing Assets with effective from respective dates mentioned in such notice. We are informed that the Company has filed response against such notice and requested to restructure all loan accounts. These factors along with other matters as set forth in said note, raise substantial doubt about the Company's ability to Continue as a going concern in the foreseeable future. However, the Company's financial statements have been prepared on going concern basis as disclosed by management in said note.

(Managements reply: The Banks have issued notice under SARFAESI and have not exercised their right under the Act as the Company has already received relief under the Maharashtra Relief Undertaking (Special Provisions) Act (XCVI of 1958) for a period of one year, (further extendable by another year)c, which insulates the Company and which provides remedy for the enforcement of any proceeding pending in any court, tribunal, office or authority against the Company.)

Others matters:

1. The Company has not appointed full time Company Secretary as per provisions of Section 383A of the Companies Act, 1956 with effective from January 1, 2013. However, we are informed that management is under process of appointing company secretary in due course of time.



		<p>(Management's reply - The Company has appointed Ms. Vineeta Shah as Company Secretary & Compliance Officer of the Company w.e.f. 15th September, 2013)</p> <p>2. The Company has not appointed a managing director or manager as required by the provisions of section 269 of the Companies Act, 1956 with effective from April 1, 2013. However we are informed that Company has appointed managing director before the board meeting taken in place. (Management's reply - The Company has appointed Mr. S. K. Mathur as Manager of the Company w.e.f. 29th August, 2013)</p> <p>3. The Company has given loan to three related parties amounting to Rs. 392,106,843 as at June 30, 2013 (including interest till June 30, 2013) which falls under non-compliance of section 295 of the Companies Act, 1956. (Management's reply - The Company has taken the same into cognizance and rectifying the same)</p>
4	To be signed by:	
	CEO/ Managing Director/ Manager	  Shri S. K. Mathur (Appointed w.e.f. 29 th August, 2013)
	CFO (The Company has GM finance and Commercial who has taken the role of CFO)	  Shri Deepak Siroya (GM (Finance & Commercial))
	Auditor of the Company	  Shri Manoj Kumar Pati Partner - Kanu Doshi Associates Membership No. 504536

FORM B

(Pursuant to Clause 31(a) of Listing Agreement

Format of Covering letter of the Annual Audit Report (Standalone) to be filed with the Stock Exchanges

1	Name of the Company	Birla Cotsyn (India) Limited
2	Annual Financial Statement for the year ended	30 th June, 2013
3	Type of Audit observation	Qualified
4	Frequency of observation	Appearing for the First Time
5	Draw attention to relevant notes in the Annual Financial Statement and Management response to the qualification in the Directors report.	<p><u>Observations:</u></p> <ol style="list-style-type: none"> 1. We did not audit the financial statements of a subsidiary having total assets of Rs 1,580,944,283 as at March 31, 2013, total revenue of Rs 2,325,291,363 and net profit of Rs 116,173,257 for the year ended on that date. These financial statements have been audited by another auditor as per International Financial Reporting Standards, whose report has been furnished to us and our opinion in so far as it relates to the amounts included in respect of the said subsidiary is based solely on the report of the other auditor. Further, in the absence of detailed information, we are unable to comment upon the possible impact, if any, on account of difference in accounting period and relevant accounting standards. (Managements reply: The same has been audited as per the Laws prevailing at the location of the subsidiary) 2. The Company has not accounted one associate as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements". In the absence of financial statements of the said associate, we are unable to comments its impact, if any. <p><i>The following qualifications are included on the basis of standalone financial statement of the Company:</i></p> <ol style="list-style-type: none"> 3. With reference to note number 8 (b) regarding Inter corporate deposits of Rs. 186,893,684 taken from various parties as at June 30, 2013, in the absence of third party confirmation, reconciliation, if any and



other supportive audit evidence, we are unable to comment upon such balances. Further, few such parties have already filed winding up petition under section 433 & 434 of the Companies Act, 1956 against the Company for non-payment of dues. These matters are sub-judice and the impact, if any, of the outcome is unascertainable at this stage.

Management's Response: Refer Page 9 of Directors Report point no. 14 (1).

4. With reference to note number 8 (b) regarding dues to related parties of Rs. 57,725,109 and note number 29 regarding trade payables of Rs. 294,331,451 as at June 30, 2013, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances.

Management's Response: Refer Page 9 of Directors Report point no. 14 (2).

5. With reference to note number 13 (a) regarding capital advances of Rs. 928,391,624 as at June 30, 2013 given to various parties, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its recoverability in cash or kind, if any.

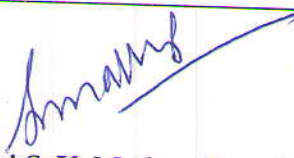







Management's Response: Refer Page 9 of Directors Report point no. 14 (3).

6. With reference to note number 18 (a) regarding loan of Rs 72,998,404 given to one related party, which have incurred losses and also have negative net-worth as at June 30, 2013, in the absence of detail information of projected cash flows as at June 30, 2013 or other supportive evidence, we are unable to comment upon its impairment, if any.

Management's Response: Refer Page 9 of Directors Report point no. 14 (4).

7. With reference to note number 16 (a) regarding trade receivables of Rs. 929,652,317 as at June 30, 2013, the Company has made provision for doubtful debts of Rs. 798,022,082. In the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its balance



	<p>recoverability, if any. <u>Management's Response:</u> Refer Page 9 of Directors Report point no. 14 (5).</p> <p>8. With reference to note number 11 (3) regarding plant and machinery of Rs. 373,548,883 situated at one factory unit of the Company has been generally operating at lower capacity. In the absence of future cash flow projection and information about the value in use, we are unable to comment impairment provision, if any as per Accounting Standard 28 "Impairment of Assets". <u>Management's Response:</u> Refer Page 9 of Directors Report point no. 14 (6).</p>
6	<p>Additional Comments from the Board/Audit Committee Chair: As per the disclosures made in the Annual Report</p>
7	<p>To be signed by-</p>
CEO/ Managing Director/ Manager	<p> Shri S. K. Mathur (Appointed on 17th August, 2013)</p> <p></p>
CFO (The Company has GM finance and Commercial who has taken the role of CFO)	<p> Shri Deepak Siroya (GM (Finance & Commercial))</p> <p></p>
Audit Committee Chairman	<p> Shri Ram Prakash Mishra</p> <p></p>
Auditor of the Company	<p> (Shri Manoj Kumar Pati) Partner - Kanu Doshi Associates Membership No.504536</p> <p></p>