



THE YASH BIRLA GROUP

# BIRLA COTSYN (INDIA) LTD.

*Always the best !*

68th ANNUAL REPORT  
2009-2010

## 68<sup>th</sup> ANNUAL REPORT 2009-2010

**DIRECTORS:**

Shri P. B. Bhardwaj *Chairman*  
 Shri Yashovardhan Birla *Co-Chairman*  
 Shri P. V. R. Murthy  
 Shri Sanjay Agarwal  
 Shri Mohandas Shenoy Adige  
 Shri Navinchandra Shah  
 Shri Y. P. Trivedi (Resigned on 30th June, 2010)  
 Shri Mohan Jayakar  
 Shri Upkar Singh Kohli (Appointed on 10.08.2010 as an Additional Director)  
 Shri Alok Bhardwaj (Alternate Director to Shri P. B. Bhardwaj)

**CHIEF EXECUTIVE OFFICER:**

Shri Debashis Poddar

**COMPANY SECRETARY:**

Shri Tushar Dey

**AUDITORS:**

Dalal & Shah  
 Chartered Accountants, Mumbai

**BANK / FINANCIAL INSTITUTIONS:**

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

**PLANT LOCATIONS:**

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

**REGISTERED OFFICE:**

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

**REGISTRAR AND SHARE TRANSFER AGENT:**

Adorit Corporate Services Pvt. Ltd.  
 19/20, 1st Floor, Jaferbhoy Industrial Estate  
 Makwana Road, Marol Naka, Andheri (E),  
 Mumbai, Maharashtra 400059, India  
 Tel.: 022-28596060/ 28594060  
 Fax: 022- 28503748

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## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 68<sup>th</sup> Annual General Meeting of **BIRLA COTSYN (INDIA) LIMITED** will be held on 20<sup>th</sup> September, 2010 at 3.30 pm at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended March 31, 2010, the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2010.
3. To re-appoint Shri Navinchandra Shah as Director who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Shri Mohan Jayakar as Director who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Kanu Doshi & Co, Chartered Accountants, Registration Number: I04746W be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in place of M/s. Dalal & Shah, Chartered Accountants, the retiring Auditors of the Company, who have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company on their retirement at this Annual General Meeting.

**RESOLVED FURTHER THAT** the Statutory Auditors be paid such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors, plus reimbursement of out of pocket expenses.”

### SPECIAL BUSINESS:

#### 6. TO APPOINT SHRI UPKAR SINGH KOHLI AS A DIRECTOR LIABLE TO RETIRE BY ROTATION:

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

**“RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Upkar Singh Kohli, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 95 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

#### 7. INCREASE IN AUTHORISED SHARE CAPITAL AND SUBSEQUENT AMENDMENT OF THE MEMORANDUM OF ASSOCIATION 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** pursuant to the provisions of Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) divided into 250,00,00,000 (Two Hundred and Fifty Crores) Equity Shares of Re. 1/- (Rupee One only) each to Rs.550,00,00,000/- (Rupees Five Hundred Fifty Crores only) divided into 550,00,00,000 (Five Hundred Fifty Crores) Equity Shares of Re.1/- (Rupee One only) each by creation of an additional 300,00,00,000 (Three Hundred Crores) Equity Shares of Re.1/- (Rupee One only) each.

**RESOLVED FURTHER THAT** the existing Clause “5” of the Memorandum of Association of the Company relating to share capital be and is hereby deleted and in its place the following new Clause “5” be substituted:

“5. The Authorised Share Capital of the Company is Rs.550,00,00,000/- (Rupees Five Hundred Fifty Crores only) divided into 550,00,00,000 (Five Hundred Fifty Crore) Equity Shares of Re.1/- (Rupee One only) each with power of the Company to sub-divide, consolidate and increase or reduce the capital and to issue any part of its capital, original or increased with or without any preference, priority or special privilege or subject to any postponement of rights, or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the power hereinbefore contained.”

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

#### 8. ISSUE AND ALLOTMENT OF BONUS SHARES:

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 applicable provisions of the Companies Act, 1956, Article 62 of the Articles of Association of the

Company and in accordance with the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the Regulations") and subject to such other necessary approvals, permissions and sanctions, as may be required and subject to such terms, conditions or modifications as may be specified while according such approvals, which terms, conditions or modifications may at the discretion of the Board be agreed to, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this resolution), be and is hereby authorized to capitalize a sum not exceeding Rs. 42,70,31,620 out of the Company's Share Premium Account or General Reserve Account or such other accounts as are permissible to be utilized for the purpose, as per the audited accounts of the Company for the financial year ended 31st March, 2010 and that the said amount be transferred to the Share Capital Account and be applied for the issue and allotment of equity shares not exceeding 42,70,31,620 shares of Re. 1/- each as Bonus Shares credited as fully paid up, to the eligible members of the Company holding equity shares of Re. 1/- each whose names appear in the Company's Register of Members on such date ("Record Date") as the Board may determine, in the proportion of ONE new fully paid equity share of Re. 1/- each for every FIVE equity shares of Re. 1/- each held in the Company as on the Record Date.

**RESOLVED FURTHER THAT:**

- (a) the new equity shares of Re. 1/- each to be issued and allotted as bonus shares shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank *pari passu* in all respects with and carry the same rights as the existing fully paid up equity shares of the Company.
- (b) the share certificates for bonus shares be delivered to the shareholders who hold the existing equity shares in physical form and the respective beneficiary accounts be credited with the Bonus Shares, for such shareholders who hold the existing equity shares in dematerialized form, within the prescribed period.
- (c) In case any member's holding in the Company is such that the member becomes entitled to a fraction of an equity share of the Company, the Company shall round off the said entitlement to the nearest integer.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the bonus shares so allotted on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Regulations and other applicable laws.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the bonus shares without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto and for matters connected herewith or incidental hereto expressly by the authority of this resolution".

**9. ISSUANCE OF EQUITY SHARE WARRANTS OF THE COMPANY TO THE PROMOTER(S) ON PREFERENTIAL ALLOTMENT BASIS:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 81 (IA) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) thereto or any statutory modification(s) or re-enactment thereof for the time being in force), Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("SEBI Regulations") as in force, the regulations/guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws, rules and regulations (including any amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the stock exchanges where shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other relevant statutory, governmental authorities or departments, institutions or bodies ("Concerned Authorities") in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, sanctions and permissions as may be necessary ("Approvals") and any such conditions and / or modifications as may be prescribed, stipulated or imposed by any such Approvals and / or which may be agreed to or considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent, permission and approval of the Company be and is hereby accorded to the Board to create, issue, offer and allot, from time to time in one or more tranches, on a preferential allotment basis, upto 21,34,91,000 warrants to the Promoter and Promoter Group of the Company (hereinafter referred to as "allottees") entitling the warrant holders to subscribe in one or more tranches for one equity share of the face value of Re.1/- each fully paid up, at a price calculated in accordance with Regulation 76(1) of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 which shall be higher of the following:

1. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the six months preceding the relevant date.

OR

2. The average of the weekly high and low of the closing prices of the related shares quoted on the Stock Exchanges during the two weeks preceding the relevant date.

The allottees being as follows:

**Promoter and Promoter Group:**

Sr. No.	Name of the Promoter	No. of Warrants
1.	Polytex Limited	10,67,45,500
2.	Nirved Traders Private Limited	5,33,72,750
3.	Shearson Investments & Trading Co Pvt Ltd	5,33,72,750
	<b>Total</b>	<b>21,34,91,000</b>

**RESOLVED FURTHER THAT:**

- I. The Equity Shares to be issued and allotted by the Company on conversion of warrants in the manner aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
- II. The Equity Shares shall rank pari passu in all respects with the existing Equity Shares of the Company, including entitlement to dividend.

**RESOLVED FURTHER THAT:**

- I. The warrant holders shall be entitled to apply for and obtain in their sole discretion for every warrant, one equity share of Re. 1/- each fully paid up at a price calculated in accordance with Regulation 76(1) of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which option shall be exercised by the warrant holder at any time before the expiry of 18 months ("term of the warrants") of such issue by giving a notice of at least 10 days.
- II. The warrant holders are entitled to exercise the warrants in full or in part or may decline to exercise the option to convert the warrants, in which case the unexercised warrants shall be deemed to have lapsed at the end of their term.
- III. In consideration of the warrants being subscribed, the aforesaid allottees shall pay to the Company an amount representing 25 % of the issue price of the Equity Shares at the time of allotment of the Warrants. The balance 75% shall be payable at the time of allotment of the Equity shares pursuant to the exercise of the option of conversion of the warrants. The Board shall forfeit such amount in respect of any such warrants in respect of which the allottees do not exercise their option to convert the same into Equity Shares.
- IV. The warrant by itself shall not give the holder thereof any rights of shareholder of the Company. Further, these warrants are non-transferable and shall not be listed on the Stock Exchange(s).
- V. The Board shall be entitled to determine, vary, modify or alter any of the terms and conditions of the issue and allotment of Equity Shares and warrants, including reduction of the size of the issue, as it may deem expedient.

**RESOLVED FURTHER THAT** the Relevant Date for the preferential issue, in relation to the Warrants, for the purpose of determining the issue price of Equity Shares (to be allotted on exercise / conversion of the warrants) will be the date thirty days prior to the date of Annual General Meeting which is in accordance with Regulation 71 of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient including in relation to the issue or allotment of aforesaid securities and (including the equity shares arising on exercise of the warrants) and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all question, doubts and difficulties that may arise in the proposed issue, offer and allotment of any of the securities, utilization of the issue proceeds and to do all such acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of directors or any other officer or officers of the Company to give effect to the aforesaid resolution."

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

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

**"RESOLVED THAT** pursuant to and in accordance with the provisions of Section 81 (1), 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to any required approval,



consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and of Ministry of Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India and the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and / or any other government or statutory authorities and pursuant to any guidelines or regulations made by the Securities and Exchange Board of India or the Reserve Bank of India, the relevant provisions of the Memorandum and Articles of Association of the Company and the provisions of the Listing Agreement(s) with Stock Exchange on which the shares of the Company are listed (including any amendment thereto or re-enactment of all or any of the aforesaid) and subject to all such approvals, permissions, sanctions and consents, if any, as may be required under applicable laws and regulations and of concerned authorities, bodies and agencies and subject to such conditions and modifications as may be prescribed by any of the above said authorities, bodies and agencies, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “**the Board**”, which term shall be deemed to include any Committee thereof which the Board may have or may hereafter constitute, to which all or any of the powers hereby conferred on the Board by this Resolution, have been or may hereafter at any time be delegated), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot (with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), from time to time in one or more tranches, whether rupee denominated or denominated in foreign currency, in consultation with the Lead Manager(s) and/or Underwriter(s) and/or other advisor(s), (i) Foreign Currency Convertible Bonds and/or other Securities including debentures, convertible at the option of the Company and/or entitling the holder thereof to apply and convert at his option into equity shares, and/or (ii) other securities convertible into or exchangeable with or linked to equity shares, and/or (iii) securities with or without detachable Warrants with a right exercisable by the warrant holder to subscribe for equity shares, and/or (iv) Warrants with a right or option exercisable by the warrant holder to convert or subscribe to equity shares, and/or (v) equity shares, preference shares or other convertible/non convertible securities of the Company, through public issue, right issue, Global Depository Receipts, American Depository Receipts, Qualified Institutions Placement, private offerings or through depository receipt mechanism, participatory notes or otherwise (all hereinafter collectively referred to as the “**Securities**”) and/or any combination of securities in domestic and/or one or more international markets to any person including promoters, existing shareholder(s), employee(s), Indian Public, Qualified Institutional Buyer(s), domestic institution(s), institutional investor(s), bank(s), mutual fund(s), companies, bodies corporate or other entities, individuals or other persons (collectively referred to as the “**Investors**”), whether residents and/or non- residents and/or strategic investors and/or corporate bodies and whether or not such investors are members of the Company, as may be permitted under applicable laws and regulations, of an aggregate amount not exceeding USD 75 million or equivalent thereof in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities, by offering the Securities through public offer and/or offer letter and/or placement document and/or circular and/or information memorandum and/or such other documents writings, and/or on private placement basis and/or a combination thereof in such manner, on such terms and conditions and at such time or times as may be determined by the Board in its absolute discretion, with power to settle details as to the form and terms of issue of the Securities and all other terms, conditions and matters connected therewith including to accept any modifications thereto or therein as may be required by concerned authorities and/or persons involved with any such issue of Securities subject, however, to all applicable laws and regulations.

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

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

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

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

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

**RESOLVED FURTHER THAT** without prejudice to the generality of the foregoing, the Board be and is hereby authorized to prescribe with respect to the aforesaid issue of the Securities, all or any of the terms or any combination of terms thereof in accordance with local and/or international practice including but not limited to conditions in relation to offer, issue and allotment of the Securities, payment

of interest, dividend, premium and redemption or early redemption of Securities, debt service payments and any other payments whatsoever, voting rights and all such terms as are provided in domestic and/or international offerings of this nature including terms for such issue, or variation of the price or period of conversion of any Securities into equity shares or issue of equity shares during the duration of the Securities or terms pertaining to early redemption of Securities and/or conversion into equity shares.

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

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

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and any offer, issue and allotment of Securities, the Board be and is hereby authorized to take all such actions, give such directions and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith including without limitation, appointment of such Consultants, Lead Managers, Underwriters, Guarantor(s), Depositories, Custodian(s), Registrar(s), Agent(s), Authorised Representatives, Trustee(s), banker(s), Lawyer(s), Merchant Banker(s) and any other Advisor(s), Professional(s) and intermediaries as may be required and to pay them such fees, commission and other expenses as it deems fit and enter into or execute all such agreement(s)/arrangement(s), MOU(s)/placement agreement(s)/underwriting agreement(s)/deposit agreement(s)/trust deeds/subscription agreement/payment and conversion agency agreement/ or any other agreement(s) or document(s) with any such agencies, list the securities in domestic and/or international stock exchange(s), authorizing any director(s) or any officer(s) of the Company, to sign for and on behalf of the Company, offer document(s), agreement(s), arrangement(s), applications, authority letter or any other related paper(s)/document(s), give any undertaking(s), affidavit(s), certificate(s), declaration(s) as he/she may in his/her absolute discretion deem fit including without limitation the authority to amend or modify such document(s).

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps, in the event of issue and allotment of Equity Shares on a Preferential Basis, for listing of the Equity Shares so allotted, on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Regulations and other applicable laws.

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

## **II. APPOINTMENT OF SHRI DEBASHIS PODDAR, CHIEF EXECUTIVE OFFICER AS MANAGER OF THE COMPANY:**

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

**"RESOLVED THAT** as per the recommendation of the Remuneration Committee and 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 Debashis Poddar as Manager of the Company for a period of three years with effect from January 28, 2010 to January 27, 2013 on the remuneration and perquisites and terms and conditions as set out in the Agreement entered into between the Company and Shri Debashis Poddar.

**RESOLVED FURTHER THAT** subject to the limits prescribed from time to time in Section I 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 Debashis Poddar 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 Debashis Poddar (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**  
For **Birla Cotsyn (India) Limited**

**Place: Mumbai**  
**Date: 10<sup>th</sup> August, 2010**

**Tushar Dey**  
**Company Secretary**

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE ON POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. The proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 30<sup>th</sup> August, 2010 to Tuesday, 31<sup>st</sup> August, 2010 (both days inclusive) for the purpose of dividend to those members whose name stand on the Register of Members as on close of the business hours on Friday, 27<sup>th</sup> August, 2010. The dividend in respect of Equity Shares held in electronic form will be payable to the beneficial owners of the Equity Shares as at close of the business hours on Friday, 27<sup>th</sup> August, 2010, as per the details furnished by the depositories for this purpose.
3. Members are requested to forward all application for Transfer, Demat, and all other share related correspondence, including intimation of change of address, if any, to the Registrar and Transfer Agents of the Company at the following address:

**Adroit Corporate Services Pvt. Ltd**

19/20, 1st Floor, Jaferbhoy Industrial Estate  
Makwana Road Marol Naka, Andheri (E),  
Mumbai, Maharashtra 400059 India

4. Members are requested to:
  - a) complete the attendance slip and deliver the same at the entrance of the meeting hall.
  - b) bring their copies of the Annual Report at the time of attending the Annual General Meeting.
  - c) send their questions atleast 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.
5. As required under the Listing Agreement, the relevant details in respect to the directors seeking re-appointment at the ensuing Annual General Meeting is provided in the Corporate Governance report.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5:****Appointment of Statutory Auditors:**

M/s. Dalal & Shah, Chartered Accountants, Mumbai, the present auditors who retire at this Annual General Meeting has informed the Company that they do not wish to seek re-appointment as Statutory Auditors of the Company at the forthcoming Annual General Meeting.

Based on the recommendation of the Audit Committee, the Board of Directors proposes the appointment of M/s. Kanu Doshi & Co., Chartered Accountant, as the Statutory Auditors of the Company in place of M/s. Dalal & Shah, Chartered Accountants, the retiring Auditors of the Company, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Kanu Doshi & Co., Chartered Accountants, have expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

The member's approval is being sought for the appointment of M/s. Kanu Doshi & Co., Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board of Directors to determine the remuneration payable to the Statutory Auditors.

None of the Directors are concerned or interested in the said resolution.

The Board recommends the resolution as mentioned in Item no. 5 of the notice.

**Item No.6:****Appointment of Shri Upkar Singh Kohli as Director:**

The Board of Directors of the Company (the 'Board'), at its meeting held on August 10, 2010 appointed Shri Upkar Singh Kohli as an Additional Director effective from the same date pursuant to the provisions of Section 260 of the Companies Act, 1956 (the 'Act') read with Article 95 of the Articles of Association of the Company.

In terms of the provisions of Section 260 of the Act, Shri Upkar Singh Kohli would hold office up to the date of the ensuing Annual General Meeting.



The Company has received a notice in writing from a member along with deposit of Rs. 500/- for proposing the candidature of Shri Upkar Singh Kohli for the office of Director of the Company under the provisions of Section 257 of the Act.

Shri Upkar Singh Kohli is not disqualified from being appointed as Director in terms of Section 274 (1)(g) of the Act. The Company has received the requisite Form DD-A from Shri Upkar Singh Kohli, in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

**Item No. 7:****Increase in Authorised Share Capital:**

At present, the Authorised Share Capital of the Company is Rs.250,00,00,000/- (Rupees Two Hundred and Fifty Crores only) divided into 250,00,00,000 (Two Hundred and Fifty Crores) Equity Shares of Re.1/- (Rupee One only) each. In order to augment the financial needs of your Company, it is planned to raise funds by further issue of securities as may be deemed necessary and beneficial to the Company. This will require increase in the Authorised Share Capital from Rs.250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) to Rs. 550,00,00,000/- (Rupees Five Hundred Fifty Crores Only) by creation of 300,00,00,000 (Three Hundred Crore) Equity Shares of Re.1/- (Rupee One Only) each.

Pursuant to Section 94 of the Companies Act, 1956, the above proposal requires the approval of the shareholders. The resolution proposed vide Item No. 7, if approved, would also result into amendment of Clause 5 of the Memorandum of Association. The approval of the shareholders for the proposed amendment would be required in accordance with Section 16 of the Companies Act, 1956.

The resolution proposed in Item No. 7 is therefore, recommended for your approval. None of the Directors of the Company are interested or concerned in the above resolution.

**Item No. 8:****Issue and allotment of Bonus Shares:**

The Board of Directors at its meeting held on 10th August, 2010 has decided to reward the shareholders of the Company, by way of bonus issue. The Board has, subject to the approval of the members of the Company, approved the issue of bonus shares in the ratio of 1:5, i.e. ONE new fully paid up equity share of Re. 1/- each for every FIVE fully paid up equity shares of Re. 1/- each held in the Company, to the eligible members of the Company as on the Record Date to be fixed by the Board for this purpose. The Bonus Shares shall be issued pursuant to the applicable provisions of the Companies Act, 1956, Article 62 of the Articles of Association of the Company, the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to such other approvals, if any required, after capitalizing the required sum from the Company's Share Premium Account/General Reserve Account/or such other accounts as are permissible to be utilized for the purpose. The Bonus Shares so allotted shall rank pari passu in all respect and shall carry the same rights as the existing fully paid up equity shares of the Company. In case any member's holding in the Company is such that the member becomes entitled to a fraction of an equity share of the Company, the Company shall round off the said entitlement to the nearest integer. The Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their respective shareholding in the Company.

The Board recommends the resolution as mentioned in Item no.8 of the notice. None of the Directors of the Company are interested or concerned in the above resolution.

**Item No. 9:****Issuance of Equity Share Warrants of the Company to the Promoter(s) on Preferential Basis:**

In order to augment the long term resources of the Company, for meeting the Working Capital requirements and to assist in the expansion plans of the Company, it is proposed to allot upto 21,34,91,000 (Twenty One Crores Thirty Four Lakhs Ninty One Thousand) equity share warrants to the Promoter and Promoter Group of the Company on a Preferential basis. The proposed preferential issue is in accordance with the Regulations for Preferential Issue contained in Chapter VII of SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009, entitling the warrant holders to apply for equivalent number of fully paid equity shares of the Company having a face value of Re. 1 per share.

The issue of equity shares will be at a price not less than the higher of the following:

- (i) the average of the weekly high and low of the closing prices of the Company's shares quoted on Exchanges during the six months preceding the 'Relevant Date'.

OR

- (ii) The average of the weekly high and low of the closing prices of the Company's shares quoted on Exchanges, during the two weeks preceding the 'Relevant Date'.

The 'Relevant Date' for determining the issue price of the equity shares will be the date thirty days prior to the date of Annual General Meeting which is in accordance with Regulation 71 of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

An upfront payment of 25% of the price of warrant shall be paid by the allottees before the allotment of the convertible warrants and the same will be adjusted against the issue price of the respective equity shares at the time of conversion.

The said Warrants shall be converted within a period not exceeding eighteen months from the date of allotment of the Warrants, in one or more tranches, in accordance with the SEBI Regulations and other relevant guidelines as may be prevailing at the time of allotment of shares, and that the Warrants so issued or allotted shall give rise (on conversion/ exercise of right) to not more than 21,34,91,000 (Twenty One Crore Thirty Four Lakhs Ninty One Thousand) Equity Shares of Re. 1/- each fully paid-up.

If the entitlement against the warrants to apply for the equity shares is not exercised within the specified period of 18 months such entitlement shall lapse and the amount paid on allotment of such warrants shall stand forfeited pro-rata. The warrants holder shall also be entitled to further bonus/right issues if any just as equity shares or other securities convertible into equity shares by the Company in the same proportion and manner as any other shareholder of the Company and the Company shall reserve a proportion of such entitlement for the warrant holders.

The proposed allottees have given a letter to apply for the allotment of warrants when they are issued.

The warrants and the shares issued shall be subject to the lock in period as set out in the Regulations. The proposed allottees have not sold any shares of the Company during the last six months from the Relevant date. However the locked in equity shares may be transferred to and amongst the Promoter and Promoter group subject to conditions of lock-in in the hands of transferees for the remaining period and after complying with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be applicable.

### **DISCLOSURES PURSUANT TO SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009:**

#### **i. Object of Issue:**

In order to augment the long term resources of the Company, for meeting the Working Capital requirements and to assist in the expansion plans of the Company, at the least possible issue costs, it was thought fit to issue share warrants on preferential basis. The proceeds of the proposed preferential allotment of warrants will go to strengthen the net worth of the Company.

#### **ii. Intention of the Promoter and Promoter Group to subscribe to the issue:**

Promoter and Promoter Group intends to subscribe upto 21,34,91,000 (Twenty One Crores Thirty Four Lakhs Ninty One Thousand) Equity Share Warrants. The names of the Promoter and Promoter Group and the number of warrants agreed to be subscribed by them are provided elsewhere in the Notice.

#### **iii. Pre and Post Shareholding Pattern:**

The Shareholding Pattern of the Company before and after the proposed preferential allotment is furnished hereunder:

Category	Pre-Issue Shareholding Pattern		Shareholding Pattern post conversion of Warrants	
<b>A. Promoter and Promoter Group</b>	39,79,36,670	18.64	61,14,27,670	26.04
<b>B. Public Shareholding</b>				
Financial Institutions/Bank	3	0.00	3	0.00
Foreign Institutional Investors	9,28,46,582	4.35	9,28,46,582	3.95
Bodies Corporate	35,50,20,712	16.63	35,50,20,712	15.12
Resident Individuals	40,92,09,316	19.17	40,92,09,316	17.43
Clearing Member	26,09,409	0.12	26,09,409	0.11
NRI	82,49,758	0.39	82,49,758	0.35
Trusts	64,500	0.00	64,500	0.00
Directors	71,150	0.00	71,150	0.00
GDR Holders	86,89,00,000	40.70	86,89,00,000	37.00
<b>Total</b>	<b>2,13,49,08,100</b>	<b>100</b>	<b>2,34,83,99,100</b>	<b>100</b>

#### **iv. Proposed time within which the allotment shall be completed:**

As required under the SEBI Regulations, the allotment of warrants shall be completed within 15 days of the date of passing of the above resolution. Provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or Central Government, the allotment would be completed within 15 days from the date of such approval.

#### **v. Identity of the Allottees:**

Name of the proposed allottees	Pre-Issue Equity Shareholding		Post-Issue Equity Shareholding	
	No. of Shares	% of holding	No. of Shares	% of holding
Polytex Limited	19,84,17,700	9.29	30,51,63,200	12.99
Nirved Traders Private Limited	8,87,85,710	4.16	14,21,58,460	6.05
Shearson Investments and Trading Co. Pvt. Ltd.	10,74,72,660	5.03	16,08,45,410	6.85

The issue of equity shares as aforesaid will not result in any change in the Management/Control of the Company.

**vi. Lock-in-requirements:**

In terms of the SEBI Regulations for Preferential Issues, the Equity Shares allotted on exercise of the option of conversion of the Warrants proposed to be allotted to the Promoter and Promoter Group shall be locked-in for a period of three years from the date of their allotment or such other period as prescribed in the SEBI Regulations, provided that in any case, not more than 20% of the total capital of the Company, including capital brought in by way of preferential issue, shall be subject to lock-in of three years from the date of allotment.

Further, the entire pre-preferential allotment shareholding of Promoter and Promoter Group, if any, shall also be under lock-in from the relevant date upto a period of six months from the date of preferential allotment.

**vii. Other terms of Issue of Warrants**

1. The proposed allottee of the Warrants shall on or before the date of allotment of Warrants, pay an amount equivalent to at least 25% of the total consideration per Warrant.
2. The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share against such Warrant at any time after the date of allotment of warrants but on or before the expiry of 18 months from the date of allotment of warrants, in one or more tranches. At the time of exercise of entitlement, the Warrant holder shall pay the balance of the consideration towards the subscription to each equity share.
3. If the entitlement against the Warrants to apply for equity shares is not exercised within the aforesaid period, the entitlement of the Warrant holders to apply for the equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such Warrants shall stand forfeited.
4. Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot one equity share against each Warrant by appropriating Re.1/- per equity share towards equity share capital and the balance amount paid against each Warrant towards the securities premium amount.
5. The Warrant by itself till converted into equity shares, does not give to the holder(s) thereof any rights of shareholder of the Company.
6. The equity shares issued as above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid up equity shares of the Company.

The allotment of Warrants does not require making of a public offer in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The aforesaid allottee(s) shall be required to comply with the relevant provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable, consequent to the allotment of shares on conversion of Warrants as proposed above.

In view of the above, it is proposed to issue upto 21,34,91,000 (Twenty One Crores Thirty Four Lakhs Ninty One Thousand) number of Warrants (convertible into equivalent number of equity shares of Rs. 1/- each fully paid-up) to the Promoter and Promoter Group, on a preferential basis, at a price including premium determined in accordance with the criteria given under the SEBI Regulations.

A copy of the certificate from the Statutory Auditors of the Company, M/s. Dalal & Shah, Chartered Accountants, certifying that the issue of the Warrants is being made in accordance with the requirements of SEBI Regulations for Preferential Issues, will be available for inspection at the Registered Office of the Company situated at Dalamal House, 1<sup>st</sup> Floor, Nariman Point, Mumbai -400021, during the office hours on all working days except Saturdays and Sundays between 10.00 a.m. and 6.00 p.m. upto 20<sup>th</sup> September, 2010.

The consent of the Shareholders is being sought pursuant to the provisions of Section 81 (IA) and other applicable provisions of the Companies Act, 1956, if any, and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges in India where the Company's shares are listed.

None of the Directors except Shri P. B. Bhardwaj, Shri Yashovardhan Birla and Shri Alok Bhardwaj are interested in the said resolution. The Board recommends adoption of the Special Resolution by the members.

**Item No. 10:****Raising of funds through further issue of Securities:**

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

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

As per Section 81(IA) of the Companies Act, 1956, whenever it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such Company unless the shareholders in a General

Meeting by way of Special Resolution decide otherwise. As the Special Resolution proposed in Item no. 8 of the Notice would result in the issue of shares/securities of the Company to members and /or non-members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1), 81 (1A) and other applicable provisions of the Companies Act, 1956 and the clauses of Listing Agreement executed by the Company with Stock Exchanges where the Equity Shares of the Company are listed.

The Special Resolution seeks to provide enabling authority to the Board of Directors of the Company to issue shares/securities as mentioned in the Resolution.

The Board recommends the Special Resolution as set out in Item No. 10 of the Notice for members' approval. None of the Directors of the Company are interested or concerned in the above resolution, except to the extent of their shareholding.

#### **Item No. 11:**

#### **Appointment of Shri Debashis Poddar as Manager:**

#### **BRIEF RESUME OF THE APPOINTEE:**

- (i) Name: Shri Debashis Poddar
- (ii) Age: 42 years
- (iii) Qualification: B.sc.(Tech) in Textile Technology, MMS (Gold Medalist)
- (iv) Experience: Shri Debashis Poddar has to this credit, an experience of over 19 years in the Textile Industry. He has worked with Organizations like Indian Rayon Group, Bhilwara Group (Mayur Suitings), Bombay Dyeing and Donear Industries Limited.
- (v) CEO of the Company since: November 25, 2009
- (vi) Chairman/Membership of committees of other companies: Nil
- (vii) Number of shares held in the Company: Nil

The Board of Directors at its meeting held on January 28, 2010 have, subject to the approval of the Members appointed Shri Debashis Poddar as the Manager of the Company for a period of three years from January 28, 2010 on the following terms and conditions including the terms as to remuneration as approved by the remuneration committee subject to the approval of the members of the Company and approval of such Authorities as may be required.

The terms and conditions of his appointment are as under:

#### **I. Period of appointment: 3 years i.e. 28.01.2010 to 27.01.2013**

As Manager, Shri Debashis Poddar shall be responsible for the Company's business affairs as entrusted to him subject to the superintendence, control & direction of the Board of Directors.

#### **Details of remuneration:**

**Remuneration:** Salary + perquisites and all other allowances not exceeding Rs. 2,91,667/- per month.

All expenses, which may be incurred on house in accordance with the Manager's status, including but not limited to insurance, security charges, maintenance and repair of the house and the furniture, fixtures and furnishings therein, gas, electricity and water along with all amenities, facilities and utilities.

**Medical Reimbursements:** Medical expenses incurred by the Manager for himself and his family shall be reimbursed by the Company, either directly or through Mediclaim Insurance.

**Leave Travel Assistance:** The Manager shall be eligible for Leave Travel assistance for self and family once in a year in accordance with the rules of the Company.

**Valuation of perquisites:** Perquisites mentioned in above shall be evaluated in accordance with the Income Tax Rules, 1961 wherever applicable, and in other cases at the actual cost to the Company.

**Minimum Remuneration:** Notwithstanding anything herein contained, where in any financial year, during the currency of the tenure of Shri Debashis Poddar, as Manager of the Company, if the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above in accordance with Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

#### **II. Conveyance:** Free use of Company's car for the work of the Company along with driver, fuel, and car maintenance.

**Communication Facilities:** The Company shall bear all expenses for the Communication facilities installed at the Manager's residence including but not limited to Telephones (landlines/mobiles), Faxes, Computers/ Laptops, Internet Connection.

**Entertainment, Travelling and other incidental expenses:** The Company shall reimburse entertainment, travelling and other incidental expenses actually and properly incurred by the Manager as may be granted from time to time to the Top Management of the Company, in accordance with the relevant schemes.

III. **Leave:** The Manager shall be eligible for leave as per the Rules of the Company and encashment of leave at the end of tenure.

Gratuity payable in accordance with the gratuity Scheme of the Company provided that it does not exceed one half month's salary for each completed year of continuous service.

**Note:** For the purpose of perquisites stated above, family means the spouse, the dependent children and dependent parents of the appointee.

The perquisites indicated in Category- III shall not be included in computation of the ceiling on remuneration specified in Category I of this section.

**Other terms:**

- I. (a) The Agreement executed between the Company and the Manager may be terminated by either party by giving to the other party three months' notice in writing.  
(b) The Manager may be removed from office for breach of duty or breach of trust.
2. 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.
3. 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 entertainment and travel expenses.
4. 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.
5. 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 Debashis Poddar.

The Agreement entered into between the Company and Shri Debashis Poddar shall be available for inspection at the Registered Office of the Company on any working day between 10 am to 6 pm till 20<sup>th</sup> September, 2010.

None of the Directors are concerned or interested in this resolution.

The Board recommends adoption of the Special Resolution by the members. None of the Directors of the Company are interested or concerned in the above resolution.

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

**Place: Mumbai**  
**Date: 10<sup>th</sup> August, 2010**

Tushar Dey  
**Company Secretary**

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Sixty-Eighth Annual Report together with the Audited statements of Accounts of your Company for the year ended 31<sup>st</sup> March, 2010.

### DIRECTORS REPORT

#### 1. Financial Results

(Amount in Rs.)

Financial Results	Year ended 31.03.2010	Year ended 31.03.2009
Net Sales	3,440,057,034	1,937,744,003
Other Income	36,699,738	58,235,900
<b>Net Income</b>	<b>3,525,284,680</b>	<b>1,995,979,903</b>
PBIT	300,793,235	134,219,355
Interest and Finance Expenses	133,821,690	49,880,218
PBDIT	166,971,545	84,339,137
Depreciation	51,545,203	51,215,990
<b>PBT</b>	<b>115,426,342</b>	<b>33,123,147</b>
Less: Deferred Tax Liability	21,133,717	7,610,545
Less : Fringe Benefit Tax (FBT)	-	473,453
Less: Current Year Tax (MAT)	19,616,707	3,860,000
Prior Period Tax Adjustment	(790,616)	-
<b>PROFIT AFTER TAX (PAT)</b>	<b>75,466,534</b>	<b>21,179,149</b>

#### 2. Operating and Financial Performance:

During the year under review net income increased from Rs. 1,995,979,903 to Rs. 3,525,284,680 i.e. increased by 76.62% over the previous year. Profit after tax has increased from Rs.21,179,149 to Rs. 75,466,534. Your Company continues to remain a leading exporter of synthetic yarn to other countries. Your Company has increased the Exports turnover by 36.43 % i.e. from Rs. 61,573,146 to Rs.84,009,067 during the year under review. The Company continues to remain net earner of the valuable foreign exchange.

#### 3. Dividend

In view of the improved performance of the Company, your Directors are pleased to recommend dividend of 4.5% per share on the paid up equity share capital of Company as on 31<sup>st</sup> March, 2010.

#### 4. Issue of Global Depository Receipts (GDRs):

Pursuant to the approval of the shareholders by way of Postal Ballot on 14<sup>th</sup> December, 2009, the Company has allotted 96,890,000 GDRs underlying 968,900,000 Equity Shares issued at a premium i.e. Rs.0.20 per share. The GDRs are listed on Luxembourg Stock Exchange and the underlying shares are listed on both Bombay Stock Exchange and National Stock Exchange.

Due to the issue of 96,890,000 GDRs underlying 968,900,000 Equity Shares as on 15<sup>th</sup> March, 2010 the paid up capital of the Company raised upto 2,134,908,100 Equity Shares from 1,166,008,100 Equity Shares.

#### 5. Expansion Project

During the year, as part of the set up of the Integrated Textile Plant, the Company has commissioned the Weaving unit, while the Synthetic unit, Open End Unit and the Cotton Spinning units are fully operational.

The Company also envisages to set up an Wind Mill Project of adequate capacity. While keeping up its pace with the Integrated Textile Plant Project, the Company is setting up and an Industrial Housing Complex for its workers and staff at Malkapur.

#### 7. Employee Stock Options Plan

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

#### 8. Subsidiary Company

Your Company does not have any Subsidiary Company.

#### 9. Management Discussion and Analysis Report

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

#### 10. Corporate Governance

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

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have certified to the Board on financial statements and other matters in accordance with Clause 49(v) of the Listing Agreement for the financial year ended 31<sup>st</sup> March, 2010.



## 11. Directors Responsibility Statement

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

1. in the preparation of the annual accounts, applicable Accounting Standards had been followed along with proper explanation relating to material departure;
2. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2010 and the profit or loss of the Company for the year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on a 'going concern' basis.

## 12. Auditors Remarks

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

## 13. Directors

Shri Navinchandra Shah and Shri Mohan Jayakar, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

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

Shri Upkar Singh Kohli was appointed as an Additional Director of the Company with effect from 10th August, 2010 and holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from the member signifying his intension to propose the appointment of Shri Upkar Singh Kohli as a Director of the Company. Your Directors recommend his appointment.

Shri Y. P. Trivedi resigned from the Board of Directors on 30th June, 2010. The Directors place on record their sincere appreciation of the valuable services rendered by Shri Y. P. Trivedi during his tenure as a Director.

Shri K. K. Baheti, Chief Executive Officer of the Company expired unexpectedly on 30th August, 2009. The Board offers its condolences to his Family and acknowledges the valuable services rendered by Shri K. K. Baheti.

## 14. Fixed Deposits

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

## 15. Auditors

M/s. Dalal & Shah, Chartered Accountants, auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s. Dalal & Shah, Chartered Accountants, expressing their unwillingness to be re-appointed as Auditors.

Based on the recommendation of the Audit Committee, the Board of Directors proposes the appointment of M/s. Kanu Doshi & Co., Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

M/s. Kanu Doshi & Co., Chartered Accountants, have expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

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

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

## 17. Particulars of Employees

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

## 18. Personnel

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

## 19. Acknowledgements

The Board of Directors wishes to acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers, Vendors, Suppliers, Shareholders and Customers. The Directors are pleased to place on record their appreciation for the valuable contribution made by the employees of the Company.

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

**Sd/-**

**Yashovardhan Birla**  
**Co-Chairman**

Place: Mumbai  
Date: 10.08.2010

## ANNEXURE TO DIRECTORS' REPORT

I) (Information under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2010).

### A. CONSERVATION OF ENERGY:

#### a) Energy conservation measures taken.

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

- Starting a power saving and conservation campaign amongst staff & workers.
- Optimization of light points in the factory and office area without effecting production
- Company has installed CFL to save power.
- In the humidification plant the company has installed invertors to automatically control the humidity and temperature, wherein at certain cut off points the power is off, thereby saving energy. Also the Humidification plant has provided with complete false ceiling and insulation of the supply duct thereby cutting down any wastage in energy.
- In the Blow-Room department, Carding department, Drawer and Speed frame department have been equipped with invertors.
- Stabilizers have been installed at various location for all the equipments in the factory premises. Installation of stabilizers on various machines.
- In the main power supply department, the company has taken measures to set up Automatic power factor controller unit to maintain Power Factor to 1.0, Demand Controller unit to control the maximum demand and Reduction in Air consumption by regular auditing of air leakages.
- New screw compressor has been installed replacing the Reciprocating Air compressors.
- An Condense Recovery System has been set up to reduce the consumption of coal , similarly a Condense Recovery System has been set up in the Boiler rooms

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

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

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

- i) Achieved Load factor gain to the tune of Rs. 2 lacs per month.
- ii) Improving the energy efficiency at all the plants and savings in consumption of power and the cost of production. The company will continue to implement planned measures for optimization of energy conservation and efficiency.

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

As per form 'A' enclosed.

### B. TECHNOLOGY ABSORPTION:

#### Effort made in technology absorption.

As per form 'B' enclosed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2009-10	2008-09
Total Foreign Exchange earnings	84,009,067	61,573,146
Total Foreign Exchange outgo*	Nil	94,455,584

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

**FORM - A**

<b>FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY</b>			
<b>A.</b>	<b>POWER AND FUEL CONSUMPTION</b>	<b>CURRENT YEAR 2009-10</b>	<b>PREVIOUS YEAR 2008-09</b>
1	Electricity		
	a) Purchases Unit	34,213,888	21,491,780
	Total Amount (Rs.)	163,988,587	89,277,227
	Rate / Unit (Rs.)	4.79	4.15
	b) Own Generation		
	i) Through coal based thermal		
	Power plant unit	Nil	Nil
	Unit per kg. of Coal	Nil	Nil
	Cost/Unit	Nil	Nil
	ii) Through furnace oil generator unit	Nil	Nil
	Units pre kg. of Furnace oil	Nil	Nil
	Cost/Unit	Nil	Nil
	iii) Through furnace oil generator unit	Nil	Nil
	Units pre kg. of Diesel oil	Nil	Nil
	Cost/Unit	Nil	Nil
2	Coal Quantity (MT)	843	820
	Total Cost (Rs.)	2,949,803	2,844,223
	Average rate/MT (Rs.)	3499	3,468
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
* Including 868072 units consumed during installation and erection of Fixed assets for last year treated as pre operative expenses.			
<b>B</b>		<b>CURRENT YEAR 2008-09</b>	<b>PREVIOUS YEAR 2007-08</b>
	Consumption per unit of Production		
	Yarn Production (MT)	10,934	6,742
	Total Consumption Unit	33,567,003	20,623,708
	Consumption Unit/Kg (Rs.)	3.07	3.06

**FORM B**
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 2009-2010**
**RESEARCH AND DEVELOPMENT (R & D)**
**I. Specific area in which R&D carried out by the company**

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

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

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

**3. Future plans and action**

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

**4. Expenditure on R & D**

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

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

- The company has production capacity of cotton yarn, synthetic yarn, Millange yarn, etc.
- The company has also imported the technology, such as Oerlikon Schlafhorst Auto coners, UT-5 Testing machine and Xorella yarn conditioning machine.

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

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

**II) PARTICULARS OF EMPLOYEES:**
**A. Employed for half year:**

Sr. No.	Name	Designation	Age	Qualification	Experience	Gross Remuneration	Date of Joining/Cessation	Last Employment
1.	Late Shri K.K. Baheti	President & CEO	56 Yrs.	MBA (BITS, PILANI)	36 Yrs.	Rs. 3,747,433	30-08-2009	Modern Group
2.	Shri Debashis Poddar	CEO	42 Yrs.	B.Sc. (Tech), M.M.S.	19 Yrs.	Rs. 3,500,004	25-11-2009	Donear Industries Limited

\* There were no employee drawing salary throughout the year as per Section 217(2A) of the Companies Act, 1956.

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### a) Industry Structure and Business Overview:

The Indian Textile industry has overwhelming presence in the economic life of the country. While it provides the basic necessities of life, it also plays a pivotal role through its contribution to Industrial output, employment generation and export earnings. This is evident from the fact that the textile industry accounts for around 7 per cent of the Gross Domestic Product (GDP), and 17% of the manufacturing output. It is also a significant foreign exchange earner, contributing to around 25% of India's total exports. The textile sector is also the second largest employment generator after agriculture, employing 82 million people – 35 million directly and 47 million in allied sectors.

The major contributors for the growth of the textile industry are a buoyant domestic economy, a substantial increase in cotton production, the conducive policy environment provided by the Government. As such the textile industry consumes a diverse range of fibres and yarn, but is predominantly cotton based. A significant increase in cotton production during the last few years, with an estimated production for the year 2009-2010 being 292 lakh bales, has increased the availability of Raw Cotton to the domestic textiles industry at competitive prices. Also the Government has provided industry a conducive environment and initiated schemes which have facilitated the growth of the industry like Technology Mission on Cotton and Technology Upgradation Fund Scheme (TUFS).

The projected value of the Indian textile industry is estimated to grow from US\$ 52 billion in the year 2005-2006 to US\$ 115 billion by the year 2012, comprising domestic market of US\$ 60 billion and exports of US\$ 50 billion. The CAGR of the industry for the domestic consumption and exports is expected to be 10.0% and 19.0% respectively between the year 2006 and 2012. It is expected that India's share of exports to the world also increase from the current 4 per cent to around 7 per cent during this period.

### b) Opportunities & Threats:

India's liberalized policies and the government's decision to allow 100 per cent FDI in the emerging textiles industry has led to an increase in the investment inflows into the sector. Further, Technology Upgradation Fund Scheme i.e. (TUFS) which was launched to facilitate the modernization and upgradation of the textiles industry in 1999 has been extended till 2011-2012. TUFS has helped in the transition from a quantitatively restricted textiles trade to market driven global merchandise. It has infused an investment climate in the textiles sector and in its operational life span has propelled investment of more than Rs. 1,66,839 crores. However, pressures on export prices due to lower demand and severe competition from neighboring countries such as China, Indonesia, Vietnam, Turkey, Bangladesh etc. do continue.

### c) Risk Management:

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

### d) Segment-wise Performance:

Segment-wise performance of the company during the financial year 2009-10 is given below:

(Amount in Rs.)

	Textile	Trading
Income	1,280,776,804	2,159,280,230
Expenditure	1,221,613,506	1,917,852,769
Depreciation	51,342,727	-
PBIT	7,820,571	241,427,461
FOB Value of Exports	84,009,067	61,573,146

### e) Financial Performance:

The Company's net income during the year 2009-10 was Rs. 3,476,756,772 as against Rs. 1,995,979,903 during 2008-09. Profit before tax for the year 2009-10 has increased to Rs. 115,426,342 as compared to Rs. 33,123,147 during the year 2008-09 mainly on account of full operations of the 36000 Cotton Spinning Unit and Open End Unit as a part of the Integrated Textile Project.

### f) Internal Control Systems:

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

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

**g) Related Party Transactions:**

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

**h) Human Resources:**

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

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

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

The company has employee strength of 1,928.

**i) Health & Safety:**

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

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

**j) Conclusion:**

The expansion programme which has been partly commenced is in line with going towards Integration. The benefits of expansion will be reflected in the financial performances of the company from the next financial year onwards.

**Cautionary Statement:**

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



## REPORT ON CORPORATE GOVERNANCE

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

The Company believes that good governance generates goodwill among business partners, customers and investors, earns respect from society, brings about a consistent sustainable growth for the Company and generates competitive returns for the investors.

The Company believes in transparency, professionalism and accountability, which are the principles of corporate governance. The Company would constantly endeavor to improve on these aspects.

### 2. Board of Directors

#### a) Composition of Board

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

Name of the Director	No. of shares held as on 31.3.2010	Category	Attendance particulars		Other directorships in other Public Companies	Committee member-Ships (including Chairmanship)	Committee chairmanships
			Board Meeting Attended	AGM Attended			
Shri P. B. Bhardwaj	Nil	NE-C	2	Yes	2	-	-
Shri Yashovardhan Birla	934,200	NE-Co	6	No	9	1	1
Shri P V R Murthy	71,150	NE-NI	7	Yes	10	5	-
Shri Sanjay Agarwal	Nil	NE-NI	2	Yes	-	-	-
Shri Mohandas Shenoy Adige	Nil	NE-I	7	Yes	6	4	-
Shri Navinchandra Shah	Nil	NE-I	1	Yes	2	-	-
Shri Y. P. Trivedi	Nil	NE-I	5	No	9	7	2
Shri Mohan Jayakar	Nil	NE-I	2	No	5	3	-
Shri Alok Bhardwaj	Nil	(Alternate Director to Shri P. B. Bhardwaj)	-	No	-	-	-

E : Executive

NE-C : Non Executive –Chairman

NE-Co : Non Executive –Co-Chairman

NE-NI : Non Executive – Non Independent

NE –I : Non Executive Independent

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

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

#### Non-Executive Directors' Compensation and disclosures:

Apart from sitting fees that are paid to the Non-Executive and Independent Directors for attending Board/Committee meetings, no other fees/commission were paid during the year. During the period under review, there was no pecuniary relationship or business transaction by the Company with any Non-Executive Directors. The details of sitting fees paid to the Directors are given separately in this report.

**b) Board Meetings**

During the year ended 31<sup>st</sup> March, 2010, seven Board Meetings were held. These were held on:

- |                                    |                                     |                                    |                                      |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------------------|
| (1) 18 <sup>th</sup> May, 2009     | (2) 29 <sup>th</sup> June, 2009     | (3) 29 <sup>th</sup> July, 2009    | (4) 27 <sup>th</sup> September, 2009 |
| (5) 27 <sup>th</sup> October, 2009 | (6) 21 <sup>st</sup> December, 2009 | (7) 28 <sup>th</sup> January, 2010 |                                      |

**Board procedure: Access to information and updation to directors**

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

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 Shri Debashis Poddar, Chief Executive Officer and Shri Shrikant Chari, Chief Financial Officer and Shri Tushar Dey, Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

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

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

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

All the Board members and senior management have confirmed compliance with the Code for the year ended 31<sup>st</sup> March, 2010.

**c) Brief Note on the Directors seeking re-appointment in the 68<sup>th</sup> Annual General Meeting:**
**I. Shri Navinchandra Shah:**

Shri Navinchandra Shah aged 72 years, has graduated from London School of Economics and is a Fellow member of the Institute of Chartered Accountant of India and also of England and Wales. He is also a member of the Institute of Taxation, London. He has to his credit an extensive and rich experience of working in PriceWaterhouse & Co. He was the president of the Uganda Chamber of Commerce & Industry and had worked in Uganda Govt. sub- committees on Timber Industry and Uganda Metrication. He had been the Secretary of Overseas Indian Jaambo Association. Since 2002, practicing as a Financial Consultant specializing in estate and succession planning.

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

Directorship	Committee Chairmanship/Membership
Sunglag Power Limited	Nil
Sunflag Special Steel Limited	Nil
PSJ Alexander & Co Limited	Nil
Patel Shah & Joshi Limited	Nil
Abbot Management Services Limited	Nil

**II. Shri Mohan Jayakar:**

Shri Mohan Jayakar aged 59 years, is presently the Senior Partner in M/s. Khaitan, Jayakar, Sud and Vohra and heads the entire operations of the Mumbai branch of the Firm. He obtained his Solicitors Degree in the year 1975, in the Last Examinations conducted under this aegis of the High Court of Bombay. He was a partner with M/s. Gagrath & Co., for 23 years, having attended to all the aspects of Law and specialized in Customs, Central Excise and Foreign Exchange matters including Writs and Criminal Procedures. He was a member of the Shipping Committee of the Bombay Chamber of Commerce and has attended to International Commercial Commodity Arbitrations and Shipping and other Maritime Arbitrations.

Directorship	Committee Chairmanship/Membership
Photoquip India Limited	Investors' Grievance Committee – Member; Audit Committee - Member
Everest Kanto Cylinder Limited	Investors' Grievance Committee – Member
Satyagiri Shipping Co. Limited	Nil
Mysore Petrochemicals Limited	Nil
Shree Ram Urban Infrastructure Limited	Nil

**3. Audit Committee**

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

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

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

#### Composition of Audit Committee

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

During the year ended 31<sup>st</sup> March, 2010, the Committee met five times on:

(1) 18<sup>th</sup> May, 2009 (2) 29<sup>th</sup> June, 2009 (3) 29<sup>th</sup> July, 2009  
 (4) 27<sup>th</sup> October 2009 (5) 28<sup>th</sup> January, 2010.

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

Members	No. of Meetings Attended
Shri Navinchandra Shah	1
Shri P. V. R. Murthy	5
Shri Mohandas Shenoy Adige	5

#### Scope of Audit Committee

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

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

#### 4. Remuneration / Compensation Committee

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

#### Composition of the Remuneration / Compensation Committee:

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

Shri Tushar Dey, Company Secretary acts as the Secretary to the Remuneration/ Compensation Committee.

During the year under review one meeting of Remuneration / Compensation Committee was held on:

(1) 27<sup>th</sup> January, 2010

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

Name of the Member	No. of Meetings Attended
Shri P.B. Bhardwaj	1
Shri Yashovardhan Birla	1
Shri P.V.R. Murthy	1
Shri Sanjay Agarwal	1

## 5. Share Transfer and Investor Grievance Committee

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

### Composition of the Share Transfer and Investor Grievance Committee

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

Shri Tushar Dey, Company Secretary acts as the Secretary to the Share Transfer and Investor Grievance Committee.

During the year under review three meetings of Share Transfer and Investor Grievance Committee were held on:

(1) 27<sup>th</sup> January, 2009 (2) 16<sup>th</sup> November, 2009 (3) 30<sup>th</sup> November, 2009

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

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

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

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

Type of Complaints	No. of Complaints		
	Received	Resolved	Pending
Non receipts of De-mat Credit	05	05	NIL
Non receipt of Dividend Warrants on Shares	13	13	NIL
Non receipt of Allotment Advise/Refund Orders	03	03	NIL
Non receipt of Annual Report	07	07	NIL
Total	28	28	NIL

Particulars of sitting fees and remuneration paid to the Directors during the financial year 2009 – 2010:

Name of the Director	Sitting fees (Rs.)	Remuneration (Rs.)	Total (Rs.)
Shri P.B. Bhardwaj	4000	-	4000
Shri Yashovardhan Birla	12000	-	12000
Shri P V R Murthy	24000	-	24000
Shri Sanjay Agarwal	4000	-	4000
Shri Mohandas Shenoy Adige	24000	-	24000
Shri Navinchandra Shah	4000	-	4000
Shri Y. P. Trivedi	8000	-	8000
Shri Mohan Jayakar	4000	-	4000
Shri Alok Bhardwaj	-	-	-

## 6. Information on Shareholders' Meetings

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

Year	AGM	Location	Date & time
2008-2009	67 <sup>th</sup>	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	23.09.2009 at 12.00 noon
2007-2008	66 <sup>th</sup>	Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	24.10.2008 at 12.30 p.m.
2006-2007	65 <sup>th</sup>	Dalamal House, First Floor, Nariman Point, Mumbai – 400 021	03.08.2007 at 11.00 a.m.

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

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

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

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

Postal Ballot was conducted pursuant to Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by Postal Ballot) Rules, 2001, on 14<sup>th</sup> December, 2009.

Shri Rakesh Kapur, Practicing Company Secretary was appointed as a Scrutinizer for Postal Ballot at the Board Meeting held on 27.10.2009.

The Notice along with the Postal Ballot forms were sent to the shareholders on 11.11.2009.

The Postal Ballot forms were received by the Scrutinizer on 11.12.2009.

The results were declared by the Co-Chairman Shri Yashovardhan Birla on 14.12.2009.

Resolutions passed through Postal Ballot are as follows:

Sr. No.	Particulars	Type of Resolution	% of valid votes cast through Postal Ballot
1.	Increase in Authorised share capital and subsequent amendment of the Memorandum of Association of the Company	Ordinary Resolution	99.98
2.	Further Issue of Securities under Section 81(1), 81(1A) of the Companies Act, 1956 for.	Special Resolution	99.99

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

### Subsidiary Companies

The Company does not have any subsidiary Company.

## 7. Disclosures

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

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

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

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

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

Details of non-compliance(s), if any by the Company:

The Company has complied with all the requirements of the Stock Exchange(s) or Securities and Exchange Board of India on matters related to capital markets, as applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

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

The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006. The company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparation of financial statements.

The CEO and CFO of the Company have certified to the Board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement for the financial year ended 31<sup>st</sup> March, 2010.

The Company has complied with all 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.

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

## 8. Means of Communication

Financial Results	Quarterly and Annual Results are published in newspapers viz The Free Press Journal and Navshakti in the format prescribed by the BSE & NSE where the shares of the Company are listed. The results are also posted on the Company's Website <a href="http://www.birlacotsyn.com">www.birlacotsyn.com</a>
Website	The Company's website viz. <a href="http://www.birlacotsyn.com">www.birlacotsyn.com</a> provides information about its business. The Section on "Investor's Desk" serves to inform and service the Shareholders allowing them to access information at their convenience.
Annual Report	Annual Report is circulated to all the members in the required time frame.

## 9. General Shareholders Information

### 1. Annual General Meeting proposed to be held

Date & Time	: 20.09.2010 & 3.30pm
Venue	: Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400018

### 2. Financial Calendar for the year 2010-2011 (Proposed)

Accounting Year	: April 1, 2010 to March 31, 2011
First Quarter Year	: August, 2010
Second Quarter Year	: November, 2010
Third Quarter Year	: February, 2011
Fourth Quarter Year	: May, 2011
Annual results	: July/August, 2011
Mailing of Annual Report	: July/August, 2011
Annual General Meeting	: On or before 30 <sup>th</sup> September, 2011

### 3. Book closure date : Monday - 30<sup>th</sup> August, 2010 to Tuesday - 31<sup>st</sup> August, 2010

### 4. Registered Office : Dalamal House, 1<sup>st</sup> Floor, 206, J. B. Marg, Nariman Point, Mumbai – 400 021.

### 5. Listing of equity shares on the Stock Exchange

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

Note: Listing fees for the year 2010-2011 has been paid to Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.



6. i. ISIN No. for the Company's  
Equity Shares in Demat form : INE655101024
- ii. Depositories connectivity : NSDL and CDSL
7. Stock Price Data

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

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	4.38	3.31	4.45	3.30
May, 2009	5.97	3.62	6.20	3.70
June, 2009	7.96	5.12	8.25	5.10
July, 2009	6.7	4.57	6.80	4.50
August, 2009	7.45	5.81	7.35	5.80
September, 2009	7.87	6.5	7.95	6.50
October, 2009	9.75	0.86	9.80	0.90
November, 2009	0.95	0.78	0.95	0.80
December, 2009	0.91	0.81	0.95	0.80
January, 2010	1.47	0.9	1.55	0.90
February, 2010	1.32	1.01	1.35	1.00
March, 2010	1.12	0.94	1.10	0.95

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

8. Registrar & Share Transfer Agents

For Electronic & Physical Mode : **Adroit Corporate Services Pvt. Ltd.**  
 19/20, 1<sup>st</sup> Floor, Jaferbhoy Industrial Estate, Makwana Road,  
 Marol Naka, Andheri (E), Mumbai – 400 059  
 Tel : 91-22-2859 6060 /2859 4060  
 Fax : 91-22-2850 3748  
 Email: birla\_ipo@adroitcorporate.com

9. Share Transfer System

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

10. Distribution of Shareholding

As on 31 <sup>st</sup> March, 2010			
No. of Equity Shares held	No. of Shareholders	No. of Shares held	Percentage Shareholding
1 to 500	5290	1609752	0.08
501 to 1000	7310	7031929	0.33
1001 to 2000	4937	8970591	0.42
2001 to 3000	2514	6945194	0.33
3001 to 4000	5646	20125639	0.94
4001 to 5000	4264	21138123	0.99
5001 to 10000	6107	52505179	2.46
10001 and above	6182	2016581693	94.46
<b>Total</b>	<b>42250</b>	<b>2134908100</b>	<b>100</b>

## 11. Categories of Shareholding

As on 31 <sup>st</sup> March, 2010			
Categories	No. of Shareholders	No. of shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	12	398007820	18.63
Domestic Companies	664	371725673	17.41
FII's	NIL	NIL	NIL
NRIs	273	7802622	0.37
Banks/ FIs and Insurance Companies	1	3	0.00
Mutual Funds	-	-	-
Resident Individual (Public)	41202	386812092	18.12
Trusts	3	64500	0.10
Clearing Members	94	1595390	0.07
GDRs	1	968900000	45.38
<b>Total</b>	<b>42250</b>	<b>2134908100</b>	<b>100</b>

## 12. Dematerialisation of shares and liquidity:

51.31% of the total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31.03.2010. Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by Securities and Exchange Board of India (SEBI). As on the current date (12/06/2009), 92.96% of the total Equity Capital is held in dematerialized form.

## 13. Outstanding GDRs : The Company has allotted 9,689,000 GDRs underlying 968,900,000 Equity Shares as on 15<sup>th</sup> March, 2010.

As on 31.03.2010 - There are no Outstanding GDRs;

## 14. Plant Location : 1. C-6/1, MIDC Area, Malkapur 443101 Dist. Buldhana (MS)

2. A/82, MIDC Area, Khamgaon 444303 Dist. Buldhana (MS)

3. Shree House, Shegaon Road, Khamgaon, Dist. Buldhana (MS)

4. Post Box No. 1, Ghatanji, Dist. Yavatmal (MS)

5. Near Cotton Market, Parola Road, Dhule 424 004 (MS)

## 15. Address for Correspondence: **Adroit Corporate Services Pvt. Ltd.**

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

## COMPLIANCE CERTIFICATE

**Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement on the Audited Financial Statement for the year 2009-10**

We, Debashis Poddar - CEO and Shrikant Chari – CFO of the Company hereby certify that:-

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2010 and that to the best of our knowledge and belief:
  - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. these statements together present a true & fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Statutory Auditors, Internal Auditors and Audit Committee:
  - I. significant changes in internal control over financial reporting during the year;
  - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - III. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For **Birla Cotsyn (India) Limited**

Place: Mumbai  
Date: 10 August 2010

**Debashis Poddar**  
CEO

**Shrikant Chari**  
CFO

## Auditors' Certificate regarding 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**, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We 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 and on behalf of  
**Dalal & Shah**  
Firm Registration Number 102021W  
Chartered Accountants

Mumbai,  
August 10, 2010

**S Venkatesh**  
Partner  
Membership Number 037942

## AUDITORS' REPORT TO THE MEMBERS OF BIRLA COTSYN (INDIA) LIMITED

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

For and on behalf of  
**Dalal & Shah**  
Firm Registration Number 102021W  
Chartered Accountants

Mumbai,  
August 10, 2010

**S Venkatesh**  
Partner  
Membership Number 037942

### Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Birla Cotsyn (India) Limited on the financial statements for the year ended March 31, 2010

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, 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) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.  
(b) The Company has taken unsecured loans, from two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs.8,21,52,886 and Rs.6,73,00,000, respectively.  
(c) 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.  
(d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. *Except for a loan taken from an individual which is not in accordance with the provisions of Section 58A of the Act, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under. With respect to the loan from an individual referred to above the provisions of Sections 58A and 58AA of the Act and the rules framed there under have not been complied.*
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

Except for advance income tax aggregating Rs.86,26,480, there were no undisputed dues outstanding for more than six months as at March 31, 2010;

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In view of the nature of business carried on by the Company, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending utilization;
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. 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.
20. Money raised by the Company from Public Issue on March 15, 2010 has been temporarily deployed in the current account with a bank pending application for the purpose for which it is raised. The same has been disclosed by the Company in the Note 9 (c) of Schedule 21 to the Accounts for the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For and on behalf of

**Dalal & Shah**

Firm Registration Number 102021W

Chartered Accountants

**S Venkatesh**

Partner

Membership Number 037942

Mumbai,  
August 10, 2010



## BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As at 31st March' 2010 Rs.	As at 31st March' 2009 Rs.
<b>SOURCES OF FUNDS</b>			
Shareholder's Fund			
Share Capital	1	2,134,908,100	1,166,008,100
Reserves & Surplus	2	670,219,108	554,466,058
		<b>2,805,127,208</b>	<b>1,720,474,158</b>
Loan Funds			
Secured Loans	3	1,874,818,720	1,572,657,906
Unsecured Loans	4	169,496,281	-
		<b>2,044,315,001</b>	<b>1,572,657,906</b>
Deferred Tax Liability (Net) (Refer Note 4)		48,297,774	27,164,057
<b>TOTAL</b>		<b>4,897,739,983</b>	<b>3,320,296,120</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5		
Gross Block		1,828,182,232	1,579,497,646
Less: Accumulated Depreciation		134,748,887	83,321,419
Net Block		1,693,433,345	1,496,176,227
Capital Work in Progress (including Capital Advances)		1,244,523,757	1,340,938,156
		2,937,957,102	2,837,114,383
Investments	6	150,000	150,000
Current assets, Loans & Advances			
Inventories	7	202,392,110	185,945,796
Sundry Debtors	8	720,155,448	273,166,761
Cash & Bank Balances	9	1,190,212,682	26,905,042
Loans & Advances / Other Current Assets	10	314,596,415	363,806,761
		2,427,356,655	849,824,360
LESS:			
Current Liabilities & Provisions			
Current Liabilities	11	303,465,498	322,207,595
Provisions	12	164,258,276	44,585,028
		467,723,774	366,792,623
Net Current Assets		1,959,632,881	483,031,737
<b>TOTAL</b>		<b>4,897,739,983</b>	<b>3,320,296,120</b>
Notes to the Accounts	21		

Schedule 1 to 12 including Accounting Policies and Notes forms part of the Balance Sheet as at 31st March, 2010.

**FOR DALAL & SHAH**  
**FIRM REGISTRATION NO.102021W**  
**CHARTERED ACCOUNTANTS**

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

**DEBASHIS PODDAR**  
**CEO**

**YASHOVARDHAN BIRLA**  
**Co-Chairman**

**S. VENKATESH**  
**PARTNER**  
**Membership Number 037942**

**TUSHAR DEY**  
**Company Secretary**

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

**PLACE : MUMBAI**  
**DATE : 10th August, 2010**

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010.

	Schedule	For The Year Ended 31st March '2010 Rs.	For The Year Ended 31st March '2009 Rs.
<b>INCOME</b>			
Sales & Services Income	13	3,440,057,034	1,935,653,992
Other Income	14	36,699,738	60,325,910
Increase / (Decrease) in Inventories	15	48,527,909	51,139,486
<b>TOTAL</b>		<b>3,525,284,681</b>	<b>2,047,119,388</b>
<b>EXPENDITURE</b>			
Raw Materials & Purchases	16	2,760,999,682	1,636,269,202
Manufacturing & Maintenance Expenses	17	223,100,454	122,970,422
Employee's Remuneration & Benefits	18	140,594,019	101,493,544
Administrative, Selling & Other Expenses	19	99,797,290	52,166,866
Interest & Finance Expenses	20	133,821,690	49,880,217
<b>TOTAL</b>		<b>3,358,313,135</b>	<b>1,962,780,251</b>
<b>Profit Before Depreciation</b>		<b>166,971,546</b>	<b>84,339,137</b>
Depreciation/Amortisation	5	51,587,304	51,258,090
Less: Transferred from Revaluation Reserve	2	42,100	42,100
		<b>51,545,204</b>	<b>51,215,990</b>
<b>Profit before Taxation</b>		<b>115,426,342</b>	<b>33,123,147</b>
Provision for Taxation			
Current Tax		19,616,707	3,860,000
Deferred Tax Charge / (Credit)		21,133,717	7,610,545
Fringe Benefit Tax		-	473,453
Prior Year Tax Adjustments		(790,616)	-
<b>Profit After Taxation</b>		<b>75,466,534</b>	<b>21,179,149</b>
Balance as per last account		41,187,817	33,650,379
<b>TOTAL</b>		<b>116,654,351</b>	<b>54,829,528</b>
Appropriation			
Proposed Dividend		96,070,865	11,660,081
Dividend Distribution Tax		15,957,371	1,981,631
Balance Transferred to Balance Sheet		4,626,115	41,187,817
Basic & Diluted Earning Per Share (Refer Note 5)		0.06	0.02
(Nominal value Rs.1/- each)			
Notes to the Accounts	21		

Schedule 13 to 20 including Accounting Policies and Notes forms part of the Profit & Loss Account for the year ended 31st March, 2010.

**FOR DALAL & SHAH**  
**FIRM REGISTRATION NO.102021W**  
**CHARTERED ACCOUNTANTS**

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

**DEBASHIS PODDAR**  
**CEO**

**YASHOVARDHAN BIRLA**  
**Co-Chairman**

**S. VENKATESH**  
**PARTNER**  
**Membership Number 037942**

**TUSHAR DEY**  
**Company Secretary**

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

**PLACE : MUMBAI**  
**DATE : 10th August, 2010**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH '2010.**

	As at 31st March' 2010 (Rs.)	As at 31st March' 2009 (Rs.)
<b>SCHEDULE 'I'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
2,500,000,000 Equity Shares of Rs. 1/- each	<u>2,500,000,000</u>	<u>1,500,000,000</u>
(Previous year 150,000,000 Equity Shares of Rs. 10/- each)		
<b>Issued &amp; Subscribed</b>		
2,134,908,100 Equity Shares of Rs. 1/- each	2,134,908,100	1,166,008,100
(Previous year 116,600,810 Equity Shares of Rs. 10/- each)		
Fully paid up (Refer Note 9)		
Of the above		
i) 450,000 Equity Shares of Rs. 1/- each (Previous year 45,000 Equity Shares of Rs. 10/- each) issued for consideration other than cash in terms of Amalgamation Scheme.		
ii) 1,13,547,000 Equity Shares of Rs. 1/- each (Previous year 11,354,700 Equity Shares of Rs. 10/- each) have been allotted as fully paid Bonus Shares by Capitalisation of Reserves & Securities Premium Account.		
<b>SCHEDULE '2'</b>		
<b>RESERVES &amp; SURPLUS</b>		
Securities Premium Account		
As Per last account	356,748,476	58,466,000
Add : Received during the year (Refer Note 9)	159,492,567	411,930,926
Less : Share Issue Expenses	7,135,715	113,648,450
	<u>509,105,328</u>	<u>356,748,476</u>
Revaluation Reserve		
As per last account	156,303,881	156,345,981
Less : Depreciation on revalued assets	42,100	42,100
Transferred to Profit & Loss Account	156,261,781	156,303,881
Capital Reserves	225,884	225,884
Surplus as per Profit & Loss Account	4,626,115	41,187,817
	<u>670,219,108</u>	<u>554,466,058</u>
<b>SCHEDULE '3'</b>		
<b>SECURED LOANS</b>		
Term Loans from Banks & Financial Institutions	1,377,101,365	1,462,206,145
Working Capital Loans from Banks.	496,728,377	109,575,183
Car Loans	988,978	876,578
	<u>1,874,818,720</u>	<u>1,572,657,906</u>
<b>Note:</b>		
a) Term Loans from Banks and Financial Institution are secured by first pari-passu charge on all, present & future, movable and immovable fixed assets & by second charge on all, present & future, inventories & book debts.		
b) Working Capital Loans from Banks are secured by first pari-passu charge on all, present & future, inventories and book debts & by second charge on on all, present & future, movable & Immovable fixed assets.		
c) Car Loans Secured by hypothecation of specific vehicle.		
<b>SCHEDULE '4'</b>		
<b>UNSECURED LOANS</b>		
Dues to body corporates	158,252,517	-
Others	11,243,764	-
	<u>169,496,281</u>	<u>-</u>

**SCHEDULE '5'**  
**FIXED ASSETS**

Sr. No.	Description of Assets	Gross Block as on 1st April, 2009	Additions during the year	Adjustment/ Deductions during the year	Gross Block as on 31st March, 2010	Depreciation upto 1st April, 2009	Depreciation / Amortisation for the year (Refer Note 8)	Depreciation on deductions	Depreciation / Amortisation upto 31st March, 2010	Net Block as on 31st March, 2010	Net Block as on 31st March, 2009
1	Freehold Land	156,440,032	-	-	156,440,032	-	-	-	-	156,440,032	156,440,032
2	Leasehold Land	9,275,097	297,777	-	9,572,874	106,501	94,234	-	200,735	9,372,139	9,168,596
3	Buildings	369,445,162	103,752,492	-	473,197,654	7,081,055	11,691,285	-	18,772,340	454,425,314	362,364,107
4	Plant & Machinery	985,163,669	127,116,679	509,115	1,111,771,233	70,861,231	33,656,519	159,835	104,357,915	1,007,413,318	914,302,438
5	Furniture & Fixtures	2,850,256	1,864,595	-	4,714,851	468,517	201,499	-	670,016	4,044,835	2,381,739
6	Computers	1,036,752	742,141	-	1,778,893	245,963	795,021	-	1,040,984	737,909	790,789
7	Other Assets (Incl. Office Equipments)	5,264,232	1,505,187	11,124	6,758,295	531,042	106,892	-	637,934	6,120,361	4,733,190
8	Electrical Installation	43,646,974	13,062,215	-	56,709,189	2,094,455	4,460,657	-	6,555,112	50,154,077	41,552,520
9	Vehicles	6,375,472	863,739	-	7,239,211	1,932,655	581,197	-	2,513,852	4,725,359	4,442,816
	<b>Total</b>	<b>1,579,497,646</b>	<b>249,204,825</b>	<b>520,239</b>	<b>1,828,182,232</b>	<b>83,321,419</b>	<b>51,587,304</b>	<b>159,835</b>	<b>134,748,888</b>	<b>1,693,433,345</b>	<b>1,496,176,227</b>
	<b>Previous Year</b>	<b>611,095,904</b>	<b>969,423,468</b>	<b>1,021,726</b>	<b>1,579,497,646</b>	<b>32,245,203</b>	<b>51,258,090</b>	<b>181,874</b>	<b>83,321,419</b>	<b>1,496,176,227</b>	
10	Capital Work in Process (Including Capital Advance)									1,244,523,757	1,340,938,156

**Foot Note**

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

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH '2010.**

	As at 31st March' 2010 (Rs.)	As at 31st March' 2009 (Rs.)
<b>SCHEDULE '6'</b>		
<b>INVESTMENTS (Non Trade) (Long Term) (At Cost)</b>		
Fully Paid		
Unquoted		
2,000 (Previous year 2,000) Equity Shares of The Shamrao Vithal Co-operative Bank Ltd. of Rs.25/- each.	50,000	50,000
10,000 (Previous year 10,000) Equity Shares of Birla Integrated Textile Park Ltd. of Rs. 10/- each	100,000	100,000
<b>TOTAL</b>	<b>150,000</b>	<b>150,000</b>
<b>SCHEDULE '7'</b>		
<b>INVENTORIES</b>		
Stores & Spare parts	5,554,078	4,887,926
Raw materials	27,509,228	60,256,975
Goods in-Process	33,896,206	37,969,188
Waste /Scrap	22,130,927	6,334,369
Finished Goods	113,301,671	76,497,338
<b>TOTAL</b>	<b>202,392,110</b>	<b>185,945,796</b>
<b>SCHEDULE '8'</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
(Considered good unless otherwise stated)		
Outstanding over Six months	4,675,014	1,643,162
Other Debts	715,480,434	271,523,599
<b>TOTAL</b>	<b>720,155,448</b>	<b>273,166,761</b>
<b>SCHEDULE '9'</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand	859,360	391,021
{In Current Accounts with Scheduled Banks Including on Margin Money Account Rs.66,58,621/- (Previous year Rs.68,000/-)}	60,540,003	24,487,248
Non-Scheduled Banks		
Dhule Vikas Bank	47,582	83,766
(Maximum balance during the year Rs.3,98,161/- , Previous year Rs.1,064,860/-)		
Pusad Urban Bank Ltd	373,171	1,943,007
(Maximum balance during the year Rs.28,99,996/- , Previous year Rs.3,468,184/-)		
In Fixed Deposit Account With Scheduled Bank	-	-
Euram Bank		
(Maximum balance during the year Rs.1,128,392,566/- , Previous year Rs. NIL )	1,128,392,566	-
<b>TOTAL</b>	<b>1,190,212,682</b>	<b>26,905,042</b>

	As at 31st March' 2010 (Rs.)	As at 31st March' 2009 (Rs.)
<b>SCHEDULE '10'</b>		
<b>LOANS &amp; ADVANCES / OTHER CURRENT ASSETS</b>		
(Unsecured, considered good unless otherwise stated)		
Loans & Advances		
Loans to Employees & Others	301,915	86,606
Loans to Body Corporates	-	98,043,257
Advances Recoverable in cash or in kind or for value to be received or pending adjustments.	193,990,102	172,855,363
Balance with Excise Authorities	34,345,491	39,021,391
Payment of Income Tax (Net of Provision)	1,878,140	1,700,980
Other Current Assets		
Interest Receivable	84,080,767	52,099,164
<b>TOTAL</b>	<b>314,596,415</b>	<b>363,806,761</b>
<b>SCHEDULE '11'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
Dues to Micro & Small Enterprise (Refer Note 3)	-	-
Others	219,912,129	255,898,742
	219,912,129	255,898,742
Deposits & Advances from Customers	25,086,059	16,427,049
Other liabilities	58,467,310	49,881,804
<b>TOTAL</b>	<b>303,465,498</b>	<b>322,207,595</b>
<b>SCHEDULE '12'</b>		
<b>PROVISIONS</b>		
Leave Encashment	3,744,311	3,644,677
Gratuity	28,683,285	25,009,565
Provision for Income Tax (Net of Payment)	19,802,444	2,289,074
Proposed Dividend	96,070,865	11,660,081
Dividend Distribution Tax	15,957,371	1,981,631
<b>TOTAL</b>	<b>164,258,276</b>	<b>44,585,028</b>

**SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010**

	For the year ended 31st March, 2010 (Rs.)	For the year ended 31st March, 2009 (Rs.)
<b>SCHEDULE '13'</b>		
<b>SALES &amp; SERVICES INCOME</b>		
Manufacturing Sales		
Domestic	1,173,153,423	690,960,922
Exports	84,009,067	61,573,146
	<u>1,257,162,490</u>	<u>752,534,068</u>
Less: Cash Discount	6,436,627	3,799,709
Net Sales	<u>1,250,725,863</u>	<u>748,734,359</u>
Trading Sales - Domestic	2,159,280,230	1,158,507,508
Ginning and Pressing Charges	17,718,641	23,668,438
Sales of Waste and Scrap	<u>12,332,300</u>	<u>4,743,688</u>
<b>TOTAL</b>	<b><u>3,440,057,034</u></b>	<b><u>1,935,653,992</u></b>
<b>SCHEDULE '14'</b>		
<b>OTHER INCOME</b>		
Miscellaneous Receipts	1,007,493	805,543
Revenue Subsidy	12,819,964	-
Excess Provisions/ liabilities written back	12,485,441	2,685,637
Insurance Claims	610,478	72,326
Profit on Sale of Fixed Assets	233,101	1,521,697
Interest	765,944	46,586,209
Foreign Exchange Gain	-	217,306
Sales Tax Set Off Received	-	1,595,994
Exports Incentives	8,769,817	6,833,698
Dividend	7,500	7,500
<b>TOTAL</b>	<b><u>36,699,738</u></b>	<b><u>60,325,910</u></b>
<b>SCHEDULE '15'</b>		
<b>INCREASE / (DECREASE) IN INVENTORIES</b>		
Increase / (Decrease) in Stocks of Finished Goods and Waste.		
a) Closing Stock		
Finished Goods	113,301,671	76,497,338
Goods in Process	33,896,206	37,969,188
Scrap / Waste	<u>22,130,927</u>	<u>6,334,369</u>
<b>TOTAL</b>	<b><u>169,328,804</u></b>	<b><u>120,800,895</u></b>
b) Opening Stock		
Finished Goods	76,497,338	47,984,720
Goods in Process	37,969,188	21,609,398
Scrap / Waste	<u>6,334,369</u>	<u>67,291</u>
<b>TOTAL</b>	<b><u>120,800,895</u></b>	<b><u>69,661,409</u></b>
<b>Increase / (Decrease)</b>	<b><u>48,527,909</u></b>	<b><u>51,139,486</u></b>

	For the year ended 31st March, 2010 (Rs.)	For the year ended 31st March, 2009 (Rs.)
<b>SCHEDULE '16'</b>		
<b>RAW MATERIALS &amp; PURCHASES</b>		
Raw materials consumed	827,553,617	543,844,907
Colour, Chemicals & Mixing Expenses	8,782,266	10,019,117
Job Work Charges and Expenses	6,811,030	6,193,894
Purchase of goods for trading	1,917,852,769	1,076,211,284
<b>TOTAL</b>	<b>2,760,999,682</b>	<b>1,636,269,202</b>
<b>SCHEDULE '17'</b>		
<b>MANUFACTURING &amp; MAINTENANCE EXPENSES</b>		
Stores & Spare Parts consumed	48,150,760	27,899,558
Power, Fuel & Water	169,149,109	91,703,891
Repairs to:		
a) Buildings	1,388,259	1,204,686
b) Machinery	1,930,141	1,592,664
c) Furniture's & Others	2,482,185	569,622
<b>TOTAL</b>	<b>223,100,454</b>	<b>122,970,422</b>
<b>SCHEDULE '18'</b>		
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
Salary, Wages and Bonus	124,949,670	88,214,993
Gratuity and Contribution to Provident Fund	13,842,998	11,819,669
Welfare Expenses	1,801,351	1,458,882
<b>TOTAL</b>	<b>140,594,019</b>	<b>101,493,544</b>
<b>SCHEDULE '19'</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Rent	2,546,122	47,146
Municipal Lease	37,500	37,500
Insurance	2,652,064	2,131,104
Rates & Taxes	1,385,704	264,278
Auditors Remuneration*(including service tax)		
Audit Fees	678,345	275,750
Tax Audit Fees	16,545	16,545
Out of Pocket Expenses	19,718	37,976
Miscellaneous Expenses	37,231,242	23,219,608
Foreign Exchange Loss	14,314,650	-
Freight, Forwarding & Selling Expenses	25,629,985	17,579,159
Commission to other selling agents	15,285,415	8,557,800
<b>TOTAL</b>	<b>99,797,290</b>	<b>52,166,866</b>
<b>SCHEDULE '20'</b>		
<b>INTEREST AND FINANCE EXPENSES</b>		
1 On Term Loan	69,809,737	23,061,207
{Net of Subsidy under TUF scheme Rs.59,041,317 (previous year Rs.51,799,561)}		
2 To Banks on working capital facilities	39,196,617	26,218,855
3 To Others	16,007,374	163,141
4 Bank Commission & Charges	8,807,962	437,014
<b>TOTAL</b>	<b>133,821,690</b>	<b>49,880,217</b>



## **SCHEDULE 21 NOTES FORMING PART OF THE ACCOUNTS**

### **I. SIGNIFICANT ACCOUNTING POLICIES**

#### **A. System of Accounting :**

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

#### **B. Fixed Assets :**

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

#### **C. Depreciation :**

- i) Depreciation on Fixed Asset has been provided on the Straight Line Method at the rates specified and in the manner prescribed under Schedule XIV of the Indian Companies Act, 1956. Leasehold land is amortised over the period of lease.
- ii) In respect of the revalued assets, the incremental depreciation attributable to the revaluation is recouped from the revaluation reserve on straight line basis.

#### **D. Investments :**

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

#### **E. Revenue Recognition:**

- i) Revenue from sale of products are recognized on transfer of all significant risks and rewards of ownership of the product on to the customers, which is generally on 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 and included in the turnover.
- iv) Revenue from Services rendered is recognized as per the terms in agreements/arrangements with the concerned parties.

#### **F. Inventories:**

Inventories are valued as under:

- i) Stores & Spare parts, at cost.
- ii) Raw materials and packing materials, at cost.
- iii) Finished Goods :
  - a) Manufactured Goods at lower of cost or net realisable value.
  - b) Goods for trade, at lower of cost or net realisable value.

Cost of purchased material is determined on the weighted average basis. Cost of Goods in Process and Finished Goods includes Material cost, Labour cost and Manufacturing Overheads.

#### **G. Employee Benefits:**

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

## **H. Foreign currency transactions:**

All Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of financial year are revalued at the exchange rates prevailing on the balance sheet date. Resultant Exchange differences are recognised in the Profit and Loss Account.

## **I. Borrowing Cost:**

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

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

## **J. Government Grants:**

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

## **K. Taxation:**

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

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

## **L. Provisions, Contingent Liabilities and Contingent Assets:**

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

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

Contingent assets are neither recognized nor disclosed.

## **M. Impairment of Assets:**

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

## **N. Application of Securities Premium Account:**

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

## **O. Expenditure during construction and expenditure on new projects:**

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

## **II. NOTES TO THE ACCOUNTS**

### **I. Contingent Liabilities not provided for in respect of:**

<b>Particulars</b>	<b>2009 - 2010 (Amt in Rs)</b>	<b>2008 - 2009 (Amt in Rs)</b>
a) Claims against Company not acknowledged as debt	102,000	102,000
b) Labour matter pending with the court	1,515,097	-

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

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs.4,453,574 (previous year Rs.10,019,907)
- 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.

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

Component	2008 - 2009	For the year 31.03.2010	2009 - 2010
	(Amt in Rs)	(Amt in Rs)	(Amt in Rs)
Difference between Book and Tax Depreciation	(63,511,243)	(44,744,534)	(108,255,777)
U/S 43 B of Income Tax Act, 1961	9,739,577	3,171,237	12,910,814
Carry Forward Losses / Unabsorbed Depreciation	26,607,609	20,439,580	47,047,189
Deferred Tax (Liability)/Asset	(27,164,057)	(21,133,717)	(48,297,774)

5. Earning per share

Particulars	2009 - 2010	2008 - 2009
Net Profit as per Profit and Loss Account (In Rs)	75,466,534	21,179,149
Weighted Average Number of Equity Shares (In Nos)	1,208,480,429	908,551,280
Basic and Diluted Earnings Per share (In Rs)	0.06	0.02

6. The Government of India has approved import of Capital Equipment under the "Exports Promotion Capital Goods Scheme" at a concessional rate of custom duty. Under the Scheme the Company purchased Capital Goods at nominal duty for which the Company has an export obligation aggregating to Rs.12538.10 Lakhs (previous year Rs.12538.10 Lakhs), to be fulfilled within eight years from the date of issuance of respective licences, failing which the duty saved aggregating Rs.1604.07 Lakhs (previous year Rs.1604.07 Lakhs), together with interest and penalties, if levied, may have to be paid.

As at the year end the Company has fulfilled Export Obligation aggregating Rs.861.54 Lakhs (previous year Rs.46.36 Lakhs)

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

(Amt in Rs)

Particulars	2009 - 2010	2008 - 2009
Salary	1,986,699	3,062,020
Contribution to Provident Fund	26,419	-
Medical Assistance	49,202	119,628
Leave Travel Assistance	101,992	185,385
Other perquisites	250,810	380,400
	<b>2,415,122</b>	<b>3,747,433</b>

Notes :

- a) With respect to provision for gratuity, no disclosure is being made in the absence of separate figure.
- b) Remuneration paid for the year 2009 - 2010 includes Rs.638,035 which is subject to the approval of Shareholders of the Company.
8. The Company hitherto, provided depreciation on its plant and machinery on shift basis, at the rates specified in Schedule XIV to the Companies Act, 1956 (the Schedule). During the year, the Company has, on the basis of a technical opinion, considered its plant and machinery to be a Continuous Process Plant (CPP) and has accordingly recomputed/provided depreciation retrospectively at the rates applicable to a CPP under the Schedule.
- Accordingly, excess depreciation as at March 31, 2009, amounting to Rs.17,808,370 has been credited to the Profit and Loss Account by netting off Depreciation/ Amortisation for the year. As the result of this change, depreciation for the year is lower by Rs. 17,112,932, the profit before tax is higher by an equivalent amount and the Reserves and Surplus is higher by Rs. 23,321,319.
9. a) The Company has split the stocks of face value of Rs.10 each into stock of face value of Rs.1 each with effect from 26<sup>th</sup> October 2009.
- b) The Company during 2008 - 09 made Initial Public Issue of Equity Shares and consequently raised Rs. 144.18 Crores in aggregate. The net proceeds of the issue have been utilized for the object of the issue as detailed below:

S. No	Particulars	Projected Amount	Amount spent till 31-03-10	Balance
		(Amt in Cr)	(Amt in Cr)	(Amt in Cr)
1	Expansion of Integrated Textile Project at Khamgaon and Malkapur	105.77	105.77	-
2	Setting up of garment manufacturing unit	25.21	11.60	13.61
3	Establishing Retail Unit	5.80	2.48	3.32
4	Expenses relating to IPO	7.40	7.40	-
	<b>Total</b>	<b>144.18</b>	<b>127.25</b>	<b>16.93</b>

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

- c) The Company allotted 968,900,000 Equity Shares of the face value of Rs.1 per Share at a premium of Rs.0.20 per Share under the GDR Offer aggregating Rs. 1,128,392,567 including the premium of Rs.159,492,567, on 15<sup>th</sup> March 2010 for General Corporate purpose and long term Working Capital Requirements (including cost of setting up foreign subsidiaries). The proceeds have been held in current account with a non-scheduled bank, pending utilization for the objects of the issue.
10. There are no derivative instruments outstanding as at the year end. Foreign currency exposure which are not hedged as at the year end are as follows

Particulars/ Currency Denomination	2009 – 2010		2008 – 2009	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
Receivables	USD 282,302 Euro 42,598	12,742,984 2,579,738	USD 53,329 -	2,782,389 -
<b>Total</b>		<b>15,322,722</b>		<b>2,782,389</b>
Payables	-	-	-	-

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

A. Defined Contribution Plans:

During year ending 31<sup>st</sup> March 2010, the Company has recognised the contribution to Employees Provident Fund and Pension Fund aggregating Rs.8,617,756 (previous year Rs.7,212,542) in the Profit & Loss Account.

B. Defined Benefit Plans:

I. Contribution to Gratuity.

Provision for Gratuity has been made on the report of Actuary as at the year ended 31<sup>st</sup> March 2010. 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:

		2009 - 2010 (Amt in Rs)	2008 - 2009 (Amt in Rs)
a.	<b>Changes in the Present Value of the Defined Benefits Obligation</b>		
i.	Present value of Defined Benefit Obligation at the beginning of the year	26,073,866	23,020,530
ii	Interest Cost	2,082,550	1,838,282
iii	Current Service Cost	2,516,607	2,242,050
iv	Benefits paid during the year	(713,033)	(1,085,490)
v	Actuarial (Gain) / Loss	(196,520)	58,494
vi	Present Value of Defined Benefit Obligation at the End of the Year	29,763,470	26,073,866
b.	<b>Amounts recognized in the Profit &amp; Loss account</b>		
i	Current Service Cost	2,516,607	2,242,050
ii	Interest Cost	2,082,550	1,838,282
iii	Expected return on plan assets	(168,141)	(180,976)
iv	Net Actuarial (Gain) / Loss	(196,520)	58,494
v	Expenses Recognized in the Statement of Profit & Loss A/c	4,234,496	3,957,850
c.	<b>Change in the fair value of Plan Assets</b>		
i	Fair value of plan assets at beginning of the year	2,091,319	2,010,846
ii	Expected return on plan assets	168,141	180,976
iii	Contributions	4,126	-
iv	Benefits paid	(407,950)	(100,503)
v	Fair value of plan assets at the end of the year	1,855,636	2,091,319
	Present Value of Defined Benefit Obligation at the End of the Year	29,763,470	26,073,866
	Less: Fair value of plan assets for the funded gratuity at the end of the year	1,080,185	1,064,301
	Liability with respect to unfunded Plan recognised in the Balance Sheet	28,683,285	25,009,565

d.	<b>Actuarial Assumption</b>		
i	Discount rate (In %'s)	8.00 - 8.25	8.00
ii	Expected rate of return on Plan Assets (In %'s)	4.50 - 5.00	4.50 - 5.00
iii	The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. (In %'s)	5.00 - 6.00	5.00 - 6.00
e.	Percentage of each category of Plan Assets to total Fair value of Plan Assets as at the year end	N.A	N.A

## II. Leave Encashment

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

## 12. Related Party Disclosure as required by the Accounting Standards 18 (AS – 18)

### a) Nature of Related Party Relationship and balances outstanding

S. No	Particulars	Name of the Parties	Balance Amt as at 31.03.2010		Balance Amt as at 31.03.2009	
			(Amt in Rs)		(Amt in Rs)	
			Receivable	Payable	Receivable	payable
1.	Key Management Personnel	<b>Directors</b>		-	-	-
		a) Shri Yash Birla (Co Chairman)	-	4000	-	-
		b) Shri P.B.Bhardwaj (Chairman)	-	-	-	-
		c) Shri P.V.R.Murthy	-	4000	-	-
		d) Shri Mohandas Shenoy Adige	-	4000	-	-
		e) Shri Sanjay Agrawal	-	-	-	-
		f) Shri Navinchandra Shah	-	-	-	-
		g) Shri Y.P.Trivedi	-	-	-	-
		h) Shri Mohan Jayakar	-	-	-	-
		<b>Chief Executive Officer</b>				
		a) Shri Debashis Poddar (From 28.01.10)	-	-	-	-
		b) Late Shri K.K.Baheti (Upto 31.08.09)	-	-	-	-
2.	Enterprises owned or significantly influenced by Key Management personnel or their relatives	a) Zenith Birla (India) Ltd	-	25,000,000	147,114	329,742
		b) Birla Viking Travels Pvt Ltd	-	-	-	35,688
		c) Birla Global Corporate Ltd	-	7,568,848	-	4,030,660
		d) Birla Infrastructure Ltd	-	-	2,593,634	-
		e) Khamgaon Syntex India Ltd	-	-	30,724	-
		f) Nirved Traders Pvt Ltd	-	-	23,333,037	-
		g) Birla Power Solutions Ltd	-	42,300,000	-	-
		h) Birla Leasing & Infrastructure Ltd	-	-	36,811	-
		i) Zenith Dye Intermediateries Pvt Ltd	-	-	3,192,272	-
		j) Birla Integrated Textile Park Ltd	45,100,000	-	45,000,000	-

### b) Transaction with Related Parties

S. No	Particulars	Key Management Personnel		Enterprise owned or significantly influenced by Key Management personnel or their relatives	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
1.	Travel Expenses (Birla Viking Travels Pvt Ltd)	-	-	1,127,952	1,579,961
2.	Rent Paid (Birla Global Corporate Ltd)	-	-	1,764,800	989,135
3.	Service Charges (Birla Global Corporate Ltd)	-	-	7,941,600	6,808,444
4.	Remuneration	2,415,122	3,747,433	-	-

5.	Loans Received				
	a) Birla Power Solutions Ltd	-	-	42,300,000	-
	b) Zenith Birla (India) Ltd	-	-	25,000,000	-
6.	Loans Granted				
	Birla Integrated Textile Park Ltd	-	-	-	45,000,000
7.	Investment in Shares (Birla Integrated Textile Park Ltd)	-	-	-	100,000
8.	Sitting Fees	86,000	90,000	-	-

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

**13. 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	2009-10			2008-09		
	Textiles	Trading in Fabrics	Total	Textiles	Trading in Fabrics	Total
<b>1. Segment Revenue</b>	1,280,776,804	2,159,280,230	3,440,057,034	777,146,484	1,158,507,508	1,935,653,992
Less: Inter Segment Revenue	-	-	-	-	-	-
<b>Total Sales &amp; Services Income</b>	<b>1,280,776,804</b>	<b>2,159,280,230</b>	<b>3,440,057,034</b>	<b>777,146,484</b>	<b>1,158,507,508</b>	<b>1,935,653,992</b>
<b>2. Segment Results</b>	7,047,127	241,427,461	248,474,588	(45,886,569)	82,296,224	36,409,655
Less: Interest & Finance Expenses			133,821,690			49,880,217
Less: Provision for Tax (Including prior year adjustment)			39,959,808			11,943,998
Add: Interest income			765,944			46,586,209
Add: Dividend Income			7,500			7,500
<b>Total Profit / (Loss) After Tax</b>			<b>75,466,534</b>			<b>21,179,149</b>
<b>3. Segment Assets</b>	2,341,635,650	640,187,035	2,981,822,685	2,257,020,582	220,771,027	2,477,791,609
Unallocated Assets	-	-	2,383,641,072	-	-	1,209,297,134
<b>Total Assets</b>			<b>5,365,463,757</b>			<b>3,687,088,743</b>
<b>4. Segment Liabilities</b>	336,897,154	130,826,620	467,723,774	154,411,676	212,380,947	366,792,623
Unallocated Liabilities			2,092,612,775			1,599,821,963
<b>Total Liabilities</b>			<b>2,560,336,549</b>			<b>1,966,614,585</b>
<b>5. Segment Capital Expenditure</b>	152,790,426	-	152,790,426	1,686,219,391	-	1,686,219,391
<b>6. Segment Depreciation &amp; Amortisation</b>	51,342,728	-	51,342,728	50,983,719	-	50,983,719
Unallocable	-	-	202,476	-	-	232,271
<b>Total Depreciation &amp; Amortisation</b>			<b>51,545,204</b>			<b>51,215,990</b>
<b>7. Significant Non Cash Expenditure</b>	-	-	-	-	-	-

8. Geographical Segment						
Particulars	India		Rest of the World		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	3,356,047,967	1,874,080,846	84,009,067	61,573,146	3,440,057,034	1,935,653,992
Carrying cost of Segment Assets	2,966,499,963	2,475,009,220	15,322,722	2,782,389	2,981,822,685	2,477,791,609
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.

14. Additional information pursuant to the provision of Schedule VI of the Companies Act, 1956 Government's Notification No.C.S.P494(E) dated 30<sup>th</sup> October 1973.

A. Particulars in respect of installed capacity, production, turnover, stocks at commencement and at close etc.,

I) Classes of Goods manufactured and traded

Products	Units	Stock at beginning of the year		Purchases during the year		Turnover during the year		Stock at the close of the year		Weighment Gains/ Losses Spoiled qty
		Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
1. Cotton Seed Oil	Quintal	-	-	-	-	-	-	-	-	-
		(30)	(159,437)	(-)	(-)	(30)	(159,437)	(-)	(-)	(-)
2. Cotton Seed Cake	Quintal	35	38,619	5,464	6,408,412	5,500	8,042,259	-	-	-
		(744)	(594,508)	(12,879)	(12,219,462)	(13,588)	(13,220,181)	(35)	(38,619)	(-)
3. Ginning	Bales	-	-	-	-	50,331	10,704,007	-	-	-
		(-)	(-)	(-)	(-)	(35,298)	(14,657,977)	(-)	(-)	(-)
4. Pressing	Bales	-	-	-	-	30,989	7,014,633	-	-	-
		(-)	(-)	(-)	(-)	(44,828)	(9,010,461)	(-)	(-)	(-)
5. Fancy Shirting & Suiting's	Mtr.	-	-	18,161,501	1,901,450,166	18,161,501	2,146,997,918	-	-	-
		(-)	(-)	(8,758,172)	(964,025,448)	(8,758,172)	(1,055,485,306)	(-)	(-)	(-)
6. Synthetic Yarn	MT.	395	43,249,613	-	-	4,946	627,642,615	260	2,9292,566	-
		(392)	(47,230,775)	(-)	(-)	(4,483)	(545,634,665)	(395)	(43,249,613)	(-)
7. Cotton Bales	Bales	-	-	1,000	9,994,191	500	4,240,054	2	11,650	-
		(-)	(-)	(9,540)	(89,966,514)	(9,551)	(89,802,021)	(-)	(-)	(-)
8. Cotton Seed	Kg	2,985	38,587	-	-	2,985	42,686	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(2,985)	(38,587)	(-)
9. Cotton Yarn	MT.	333	33,170,519	-	-	5,961	623,040,562	620	83,997,455	125 Gain
		(-)	(-)	(99)	(9,999,860)	(2,023)	(202,940,256)	(333)	(33,170,519)	(-)
10. Sale of Waste & Scrap	-	-	-	-	-	-	12,332,300	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(4,743,688)	(-)	(-)	(-)
<b>Total</b>			<b>76,497,338</b>		<b>1,917,852,769</b>		<b>3,440,057,034</b>		<b>113,301,671</b>	
			<b>(47,984,720)</b>		<b>(1,076,211,284)</b>		<b>(1,935,653,992)</b>		<b>(76,497,338)</b>	

II) Capacities & Production

	Units of Measurement	Installed Capacity * (Annual)	Actual Production (2009 - 2010) (In Metric Tonnes) as otherwise stated	Actual Production (2008 - 2009 ) (In Metric Tonnes) as otherwise stated
1. Synthetic Yarn	Spindles	22248	4811	4485
		(21808)		
2. Cotton Yarn	Spindles	36000	3269	1403
		(36000)		
3. Cotton Yarn	Rotors	1728	2854	854
		(1728)		
4. Cotton Seed Oil	Quintals	75000	-	-
		(75000)		
5. Cotton Bales (Job work)	Bales	54723	30989 (In bales)	44839 (In Bales)
		(75000)		
6. Cotton Seed	Kgs.	-	-	2985

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

**B. Consumption of Raw Material**

	<b>2009 – 2010</b>		<b>2008 - 2009</b>	
	Quantity	Rs.	Quantity	Rs.
Man-made fibre(MT)	4,958	378,557,767	4,697	359,439,587
Cotton Fibre (MT)	7,280	448,995,850	2,889	184,245,521
Cotton (Quintals)	-	-	59	159,799
		<b>827,553,617</b>		<b>543,844,907</b>

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

	<b>2009 - 2010</b>				<b>2008 - 2009</b>			
	Raw Materials	%	Stores & Spares & Packing Material	%	Raw Materials	%	Stores & Spares & Packing Material	%
	Rs.		Rs.		Rs.		Rs.	
Imported	-		3,285,326	6.82	-		510,570	1.83
Indigenous	827,553,617	100	44,865,434	93.18	543,844,907	100	27,388,988	98.17
	<b>827,553,617</b>	<b>100</b>	<b>48,150,760</b>	<b>100.00</b>	<b>543,844,907</b>	<b>100</b>	<b>27,899,558</b>	<b>100.00</b>

**D. CIF value of Imports**

	<b>2009 – 2010</b>	<b>2008 - 2009</b>
	Rs.	Rs.
Stores	3,285,326	1,396,147
Capital goods	-	90,660,607
	<b>3,285,326</b>	<b>92,056,754</b>

**E. Earnings in Foreign Exchange**

	<b>2009 - 2010</b>	<b>2008 - 2009</b>
	Rs.	Rs.
F.O.B. Value of Exports	84,009,067	61,573,146
	<b>84,009,067</b>	<b>61,573,146</b>

**F. Expenditure in Foreign Currency**

	<b>2009 - 2010</b>	<b>2008 - 2009</b>
	Rs.	Rs.
Travelling Expenses	288,944	2,398,830

**G.**

	<b>2009 - 2010</b>	<b>2008 - 2009</b>
	Rs.	Rs.
1. Net Amount remitted during the year in foreign currency on account of Dividend	1,984,177	1,180,796
2. Number of non-resident shareholders	273	167
3. Number of shares held by nonresident on which dividend is remitted	19,841,770	2,361,592
4. Year for which dividend was due	2008-2009	2007-2008

15. During the year the company has capitalised interest aggregating to Rs. 79,793,905 (previous year Rs.75,959,712).

16. 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. 1,764,800 (previous year Rs.Nil ) has been debited to the Profit and Loss Account for the year.



- b. The total future minimum rentals payable as at the Balance Sheet date are as under:

(Amt in Rs)

S. No	Particulars	2009 - 2010	2008 - 2009
1.	For the period not late than one year	2,917,500	-
2.	For the period late than one year and not late than five years	1,050,000	-
3.	For the period late than five years	-	-

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

As per our attached report of even date

**FOR DALAL & SHAH**  
**FIRM REGISTRATION NO.102021W**  
**CHARTERED ACCOUNTANTS**

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

**DEBASHIS PODDAR**  
**CEO**

**YASHOVARDHAN BIRLA**  
**Co-Chairman**

**S. VENKATESH**  
**PARTNER**  
**Membership Number 037942**

**TUSHAR DEY**  
**Company Secretary**

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

**PLACE : MUMBAI**  
**DATE : 10th August, 2010**

**ANNEXURE 'A' REFERRED TO IN NOTE NO.17 IN SCHEDULE '21' OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010.**

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

**I. Registration Details**

Registration No. 3429 State Code 11

Balance Sheet Date	31	3	2010
	Date	Month	Year

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

Public Issue	Right Issue	Bonus Issue	Private Placement
<span style="border: 1px solid black; padding: 2px 10px;">9689.00</span> *	<span style="border: 1px solid black; padding: 2px 10px;">NIL</span>	<span style="border: 1px solid black; padding: 2px 10px;">NIL</span>	<span style="border: 1px solid black; padding: 2px 10px;">NIL</span>

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

Total Liabilities	Total Assets
<span style="border: 1px solid black; padding: 2px 10px;">48977.40</span>	<span style="border: 1px solid black; padding: 2px 10px;">48977.40</span>

**SOURCES OF FUNDS**

Paid - up capital	Reserves & Surplus	Secured loans	Unsecured Loans
<span style="border: 1px solid black; padding: 2px 10px;">21349.08</span>	<span style="border: 1px solid black; padding: 2px 10px;">6702.19</span>	<span style="border: 1px solid black; padding: 2px 10px;">18748.19</span>	<span style="border: 1px solid black; padding: 2px 10px;">1694.96</span>

**APPLICATION OF FUNDS**

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenses
<span style="border: 1px solid black; padding: 2px 10px;">29379.57</span>	<span style="border: 1px solid black; padding: 2px 10px;">1.50</span>	<span style="border: 1px solid black; padding: 2px 10px;">19596.32</span>	<span style="border: 1px solid black; padding: 2px 10px;">-</span>

**Accumulated Losses**

NIL

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

Turnover including other income	Total expenses	Profit Before Tax	Profit After Tax
<span style="border: 1px solid black; padding: 2px 10px;">35252.85</span>	<span style="border: 1px solid black; padding: 2px 10px;">33583.13</span>	<span style="border: 1px solid black; padding: 2px 10px;">1154.26</span>	<span style="border: 1px solid black; padding: 2px 10px;">754.66</span>
Earnings per Share in Rs.	Dividend rate %		
<span style="border: 1px solid black; padding: 2px 10px;">0.06</span>	<span style="border: 1px solid black; padding: 2px 10px;">4.50</span>		

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

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

\* Excludes Share Premium Rs. 1594.93 lakhs.

Place : MUMBAI

Dated : 10th August, 2010

## CASH FLOW STATEMENT

Amount in Rs.

Particulars	2009-2010		2008-2009	
<b>A. Cash Flow from operating Activities</b>				
Net Profit before Taxation		115,426,342		33,123,147
Adjustments for :				
Depreciation	51,545,204		51,215,990	
Profit on assets sold	(233,101)		(1,521,697)	
Interest Expense (Net of Subsidy)	133,821,690		64,783,204	
Interest Income	(765,944)		(98,385,770)	
Dividend Income	(7,500)		(7,500)	
Excess Provisions / Liabilities written back	(12,485,441)	171,874,908	(2,685,637)	13,398,591
Operating profit before working capital changes		287,301,250		46,521,737
<u>Working capital changes</u>				
Trade Debtors	(446,988,687)		(147,124,119)	
Inventories	(16,446,314)		(82,073,859)	
Loans and Advances	81,369,109		(33,821,958)	
Trade Payables and Provisions	(2,483,302)	(384,549,194)	138,171,415	(124,848,521)
Less: Taxes Paid		1,276,534		4,501,116
<b>Cash generated from operating activities</b>		<b>(98,524,478)</b>		<b>(82,827,900)</b>
<b>B. Cash flow from Investing Activities:</b>				
Purchase of Fixed Assets	(152,790,426)		(1,683,796,528)	
Proceeds from Fixed Assets	590,649		253,673	
Investments	-		(100,000)	
Interest received	765,944		98,385,770	
Dividend received	7,500		7,500	
<b>Net Cash Flow from investing activities</b>		<b>(151,426,333)</b>		<b>(1,585,249,585)</b>
<b>C. Cash flow from Financing Activities</b>				
Interest Paid	(160,427,136)		(97,895,526)	
Issue of Equity Shares	968,900,000		663,369,077	
Securities Premium Received	159,492,567		411,930,926	
Share Issue Expenses Paid	(7,135,715)		(113,648,450)	
Working Capital Loans Received	387,153,195		44,966,396	
Proceeds from Term Loans	247,376,480		754,610,687	
Repayment of Term Loans	(338,067,909)		(26,493,630)	
Car Loan Received	112,400		(331,461)	
From Other Loans Received	169,496,281		(1,000,000)	
Dividend Paid (Including Dividend Distribution Tax)	(13,641,712)		(7,966,236)	
<b>Net Cash Flow from financing activities</b>		<b>1,413,258,451</b>		<b>1,627,541,784</b>
<b>Cash and Cash Equivalents (Schedule 9)</b>		<b>1,163,307,640</b>		<b>(40,535,702)</b>
Opening Cash and Cash Equivalents		26,905,042		67,440,744
Closing Cash and Cash Equivalents		<b>1,190,212,682</b>		<b>26,905,042</b>
<b>Net Increase in Cash and Cash Equivalents(A+B+C)</b>		<b>1,163,307,640</b>		<b>(40,535,702)</b>

As per our attached report of even date

**FOR DALAL & SHAH**  
**FIRM REGISTRATION NO.102021W**  
**CHARTERED ACCOUNTANTS**

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

**DEBASHIS PODDAR**  
**CEO**

**YASHOVARDHAN BIRLA**  
**Co-Chairman**

**S. VENKATESH**  
**PARTNER**  
**Membership Number 037942**

**TUSHAR DEY**  
**Company Secretary**

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

**PLACE : MUMBAI**  
**DATE : 10th August, 2010**



## BIRLA COTSYN (INDIA) LIMITED

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

### ATTENDANCE SLIP

DP. Id

Folio No.

Client Id

Name and Address of the Shareholder : .....

No. of Share(s) held : .....

I hereby record my presence at the 68th ANNUAL GENERAL MEETING of the Company at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 on Monday, the 20th day of September, 2010 at 3.30 pm.

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

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



## BIRLA COTSYN (INDIA) LIMITED

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

### FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ being a  
Member/Members of Birla Cotsyn (India) Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or  
failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/ our behalf at the  
68th ANNUAL GENERAL MEETING of the Company to be held on Monday, the 20th day of September, 2010 at 3.30 p.m.

Signed this .....day of.....2010

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

Affix  
1 Rupee  
Revenue  
Stamp

Signed this .....day of.....2010

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

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

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

*If Undelivered please return to:*  
BIRLA COTSYN (INDIA) LTD.  
Regd. Office: Dalamal House, 1st Floor,  
Nariman Point, mumbai - 400 021