

**ANNUAL REPORT & ACCOUNTS  
2010-2011**

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**DIRECTORS**

Shri Priyavrat Bhatia  
Shri Shamit Bhatia  
Shri V. K. Charonia  
Shri Tolaram Chachan

**AUDITORS**

K. C. GUPTA & ASSOCIATES  
Chartered Accountants

**REGISTERED OFFICE**

Hindustan Times House  
9th Floor,  
18-20, Kasturba Gandhi Marg,  
New Delhi - 110 001

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**NOTICE**

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED, will be held on Friday the 30<sup>th</sup> September, 2011, at 10.00 A.M. at the Registered Office of the Company at Hindustan Times House, 9<sup>th</sup> Floor, 18-20, Kasturba Gandhi Marg, New Delhi 110 001 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2011, Profit and Loss Account for the year ended on that date and reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Shamit Bhartia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri V.K. Charoria, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Auditors of the Company to hold office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board  
For The Birla Cotton Spinning  
& Weaving Mills Ltd.

V.K. Charoria  
(Director)

Place: New Delhi  
Date: 30th May 2011

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to this notice.
2. The Register of Members of the Company shall remain closed from Friday the 23<sup>rd</sup> September 2011 to Friday, the 30<sup>th</sup> September 2011 both days inclusive.
3. As required by the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri Shamit Bhartia and Shri V.K. Charoria Directors retiring by rotation and seeking reappointment under item no. 2 and 3 of the notice respectively are annexed herewith.

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**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

4. The Securities of the Company are listed on the following Stock Exchanges:

- i. The Delhi Stock Exchange Association Ltd.  
DSE House, 3/1, Asaf Ali Road,  
New Delhi-110 002
- ii. The Calcutta Stock Exchange Association Ltd.  
7, Lyons Range, Kolkata 700 001

The annual listing fee has been paid to each of the above mentioned Stock Exchanges.

By Order of the Board  
For The Birla Cotton Spinning  
& Weaving Mills Ltd.

V.K. Charoria  
(Director)

Place: New Delhi  
Date: 30th May 2011

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**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

Details of the Directors seeking re-appointment in the One hundred and fifteenth Annual General Meeting pursuant to Clause 49 of Listing Agreement with Stock Exchanges

Name of Director	Shri Shamit Bhatia	Shri V.K. Charoria
Date of Birth	April 27, 1979	November 9, 1952
Relationships with other Directors /Inter-se	Brother of Shri Priyavrat Bhatia	Nil
Date of Appointment	September 18, 2001	May 2, 1994
Expertise in specific functional areas	General Management & Business Leadership	General Management & Corporate Affairs
Qualification	Graduate in Economics from Dartmouth College, USA	B.Com (Hons), F.C.S, AICWA, PGDBM
No. of Equity Shares held in the Company	Nil	Nil
List of the other companies in which Directorships are held	1. Usha Flowell Limited 2. HT Media Limited 3. Firefly e-Ventures Limited 4. HT Digital Media Holdings Limited 5. TheHindustan Times Limited 6. HT Mobile Solutions Limited 7. HT Education Limited 8. HT Learning Centers Limited	1. HT Films Limited 2. White Tide Amusement Limited 3. Usha Flowell Limited 4. Shradhanjali Investment & Trading Company Limited 5. Britek (India) Limited 6. The Hindustan Times Limited

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

List of committees of the Board of Directors (across all companies) in which Chairmanship/ Membership is held	<p><b>Chairman</b></p> <p>1. Audit Committee of Firefly e-Ventures Limited.</p> <p><b>Member</b></p> <p>1. Audit Committee of HT Media Limited.</p> <p>2. Audit Committee of The Hindustan Times Limited</p> <p>3. Investors Grievance Committee of HT Media Limited.</p> <p>4. Audit Committee of HT Mobile Solutions Limited</p>	<p><b>Member</b></p> <p>1. Audit Committee of The Birla Cotton Spinning &amp; Weaving Mills Limited.</p>
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**Note:**

1. The Directorships held by Directors as mentioned above, do not include directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.
2. Pursuant to Clause 49 of the Listing Agreement, only two Committees viz. Audit Committee and Shareholders Grievance Committee have been considered.

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**DIRECTORS' REPORT**

To  
The Shareholders,  
Your Directors have pleasure in presenting their Report and the audited accounts of the Company for the year ended 31st March, 2011.

**Financial Results**

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Total Income	3,21,96,693	2,67,43,515
Profit before Tax	2,73,25,376	2,46,29,665
Less: Provision for Taxation		
Deferred Tax	(22,036)	20,653
Current Tax	21,00,000	21,00,000
Profit after Tax	2,52,47,412	2,25,09,012
Balance brought forward from previous years	28,40,42,721	26,61,33,709
Profit available for appropriation	30,92,90,133	28,66,42,721
Appropriations:		
Transfer to Reserve Fund	51,00,000	46,00,000
Balance carried to Balance-sheet	30,41,90,133	28,40,42,721

**Dividend**

No dividend has been recommended for the financial year ended 31<sup>st</sup> March 2011.

**Directors**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Shamit Bhatia and Shri V.K. Charoria, Directors of the Company retire by rotation being eligible have offered themselves for re-appointment.

**Auditors**

M/s. K. C. Gupta and Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of the Annual General Meeting and being eligible, have offered themselves for re-appointment. In terms of the requirement under section 224 (1B) of the Companies Act, 1956, the retiring Auditors have given a certificate regarding their eligibility for re-appointment as auditors of the Company.

**Compliance Certificate**

Pursuant to the Provisions of Section 389A of the Companies Act, 1956, Certificate has been obtained from M/s G. D. Agrawal & Co., Practising Company Secretaries, confirming compliance of the various applicable provisions of the Companies Act, 1956 and is attached as annexure to the Directors Report as per requirements of the Act.

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**Corporate Governance**

Pursuant to clause 49 of the Listing Agreement with Stock Exchange the company has complied with all mandatory requirements on Corporate Governance. The report on Corporate Governance and Management Discussion & Analysis Report forms part of the Annual Report. The certificate issued by the Company Secretary-in-practice in terms of the requirements of the Listing Agreement is annexed as "Annexure-A".

**Statutory Information**

During the year, there was no employee falling under Section 217(2A) of the Companies Act, 1956. The information, pursuant to sub section (1)(e) of Section 217 of the Companies Act, 1956, regarding Conservation of Energy, Technology Absorption are either nil or not applicable to Company as Company is a Non-banking Finance Company. Company has neither earned and nor incurred Foreign Exchange. The Company has not accepted any deposit from the Public during the year. There is no unclaimed or unpaid deposit as on 31<sup>st</sup> March 2011.

As regards, observations made by the Auditors in their Report, the relevant Notes on the Accounts are self-explanatory.

**Directors' Responsibility Statement**

- Pursuant to section 217(2AA) of the Companies Act, 1956 (as amended) your Directors confirm:
1. That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
  2. That such accounting policies have been selected, applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2011.
  3. That proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
  4. That the annual accounts have been prepared on a going concern basis.

**Acknowledgement**

The Board appreciates and acknowledges the support of everyone.

For and on behalf of the Board

Place : New Delhi  
Date : 30<sup>th</sup> May, 2011

(Priyavrat Bhatia)  
Director

(V.K. Charoria)  
Director

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

COMPLIANCE CERTIFICATE

Registration no. of the Company : 55-99621  
Nominal Capital : Rs.2.00 Crore

To,  
The Members  
The Birla Cotton Spinning & Weaving Mills Limited  
Hindustan Times House, 9th Floor  
18-20, Kasturba Gandhi Marg,  
New Delhi - 110 001

We have examined the registers, records, books and papers of The Birla Cotton Spinning & Weaving Mills Limited (hereinafter referred to as "the Company") as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Associations of the Company for the financial year ended on 31st March, 2011 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, NCT of Delhi & Haryana within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited company having the minimum prescribed paid up capital, no comments are required.
4. The Board of Directors duly met 4 (four) times respectively on 29/05/2010, 31/07/2010, 01/11/2010, and 11/02/2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 24.09.2010 to 30.09.2010 (both days inclusive) during the financial year and has duly complied with the provisions of section 154 of the Act.
6. The annual general meeting for the financial year ended on 31.3.2010 was held on 30th September, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling within the provisions of sections 297 and 299 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

11. During the financial year there were no matters falling under section 314 of the Act for the Company to obtain any approvals from the Board of Directors, members or Central Government.
12. The Board of Directors has approved the issue of duplicate share certificates during the financial year.
13. (i) The Company has delivered the certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act. There was no allotment of securities during the financial year.  
(ii) The Company has not deposited any amount of dividend in a separate Bank account as no dividend was declared during the financial year.  
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.  
(iv) There was no unpaid dividend, application money due for refund, matured deposits, and matured debentures remaining unclaimed or unpaid for a period of seven years.  
(v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any managing director/whole time director/manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued no shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not redeemed any preference shares during the financial year.
22. There was no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the provisions of Section 58A of the Act during the financial year.
24. The Company has not borrowed any amount from directors, members, banks and others during the financial year.
25. The Company has not made any loans or given guarantees or provided securities to other bodies corporate or investment in shares of other bodies corporate during the financial year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one State to another during the year.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year.

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29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year.
30. The Company has not altered its articles of association during the financial year.
31. As per information given to me, Company has not received any notices for alleged offences under the Act and also no fines and penalties or any other punishment imposed on the Company.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

Place: New Delhi  
Date: 30th May, 2011

For G D Agrawal & Co.  
Company Secretaries  
(G D Agrawal)  
C.P. No.4275 FCS - 213

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**ANNEXURE - A**

**Registers as maintained by the Company**

1. Register of Members u/s 150.
2. Register of charges u/s 143
3. Register of Directors' shareholdings u/s 307.
4. Register of contracts u/s 301.
5. Register of Loans, Investments etc u/s 372A.
6. Copies of Annual Returns u/s 159 with certificates specified u/s 161.
7. Minutes Book of Board Meetings u/s 193.
8. Minutes Book of General Meetings u/s 193.
9. Books of Accounts u/s 209.
10. Register of Directors etc. u/s 303.
11. Register of Transfer of Shares.
12. Fixed Assets Register

**ANNEXURE - B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31<sup>st</sup> March, 2011.

Sl. Form No.	Filed Under Section	For	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether required additional fee was paid Yes/No	
1	23A & ACA	220	31.03.2010	11.10.2010	Yes	N.A.
2	66	383A	31.03.2010	06.10.2010	Yes	N.A.
3	20B	159	30.09.2010	29.11.2010	Yes	N.A.

For G D Agrawal & Co.  
Company Secretaries  
(G D Agrawal)  
C.P. No.4275 FCS - 213

Place: New Delhi  
Date: 30th May, 2011

**REPORT ON CORPORATE GOVERNANCE**

The Management of The Birla Cotton Spinning & Weaving Mills Limited has always believed that Corporate Governance is the process which will be useful for direction and managing the affairs of the Company with the ultimate objective of realizing long term shareholder value whilst taking into account the interest of other stakeholders.

**1. BOARD OF DIRECTORS**

A) Composition of the Board  
The Composition of the Board during the year-ended 31.03.2011 is as follows:

Sr. No.	Name of the Director	Designation	Category
1	Shri Priyavrat Bhatia	Non-executive director	Promoter Group
2	Shri Shamit Bhatia	Non-executive director	Promoter Group
3	Shri V.K. Charoria	Non-executive director	Independent
4.	Shri T.R. Chachan	Non-executive director	Independent

In accordance with the requirements of Clause 49 of the Listing Agreement of Stock Exchanges (Clause 49), half of the Board of Directors comprises of Non Executive Directors and Independent Directors.

The Non Executive Directors do not hold any shares/convertible instruments of the Company.

**B) BOARD MEETINGS & ATTENDANCE AT BOARD MEETINGS & ANNUAL GENERAL MEETING**

During the financial year ended 31<sup>st</sup> March 2011, Four Board meetings were held on 29<sup>th</sup> May, 2010, 31<sup>st</sup> July 2010, 1<sup>st</sup> November 2010, 1<sup>st</sup> February 2011.

Attendance record of the directors at the above Board Meetings and at last Annual General Meetings (AGM) alongwith the number of other positions held by them in other companies, are as follows

Name of the Director	No. of Board meetings attended during FY 10-11.	Attendance at the last AGM held on 30.09.2010	No. of other Directorships held*	Committee positions held in other companies
Shri Priyavrat Bhatia	4	Yes	11	Chairman 1 Member 4
Shri Shamit Bhatia	4	No	8	1
Shri V.K. Charoria	4	Yes	6	0
Shri T.R. Chachan	Nil	No	14	0

\*Excluding directorships in Private Limited Companies and Companies under section 25.

**2. AUDIT COMMITTEE**

During the year ended March 31, 2011 four meeting of Audit Committee were held. The said meetings were held on 29<sup>th</sup> May, 2010, 31<sup>st</sup> July 2010, 1<sup>st</sup> November 2010, 1<sup>st</sup> February 2011.

The composition of Audit Committee and attendance of Directors at the above meetings is as follows:

Name of the Director	Position in the Committee	Number of meetings attended
Shri V.K. Charoria	Chairman	4
Shri Priyavrat Bhatia	Member	4
Shri T.R. Chachan	Member	4

**3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

During the year ended March 31, 2011 one meeting of Shareholders' Grievance Committee was held. The said meeting was held on 31<sup>st</sup> March 2011.

The composition of Shareholders/Investors Grievance Committee and attendance of Directors at the above meeting is as follows:

Name of the Director	Position in the Committee	Number of meetings attended
Shri V.K. Charoria	Chairman	1
Shri T.R. Chachan	Member	1

**4. GENERAL BODY MEETINGS**

Details of date, time and venue of the last three Annual General Meetings are as under:

Date & Time	30 <sup>th</sup> September 2008 at 10.00 A.M.	30 <sup>th</sup> September 2009 at 10.00 A.M.	30 <sup>th</sup> September 2010 at 10.00 A.M.
Venue	Hindustan Times House, 9th Floor, 18-20, K.G. Marg, New Delhi-110001	Hindustan Times House, 9th Floor, 18-20, K.G. Marg, New Delhi-110001	Hindustan Times House, 9th Floor, 18-20, K.G. Marg, New Delhi-110001
Special resolution passed	Approval of contribution to charitable and other funds to the extent of Rs. 10000000 or 5% of its average net profits as per Section 349 and 350 of Companies Act, 1956.	No Special resolution passed	No Special resolution passed

**5. DISCLOSURES**

- a) During the year ended on 31<sup>st</sup> March 2011, there were no materially significant transactions with related parties viz. promoters and their relatives or the management, that may have potential conflict with the interest of the Company at large. The required disclosures on related parties and transactions with them, is appearing in Para 6 of Schedule I of Notice to Accounts. During the last three years there were no strictures or penalties imposed by either Securities and Exchange Board of India (SEBI) or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital markets.

**6. MEANS OF COMMUNICATION**

The notices, quarterly and annual financial results etc., of the company are published in Business Standard (English) and Business Standard (Hindi).



**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**7. GENERAL SHAREHOLDER INFORMATION**

**15<sup>th</sup> Annual General Meeting**

Day, date and time –Friday, 30<sup>th</sup> September 2011 at 10.00 A.M  
Venue –Hindustan Times House, 9<sup>th</sup> Floor, 18-20, K.G.Marg, New Delhi-110001.

1. Financial Year  
1<sup>st</sup> April of each year to 31<sup>st</sup> March of next year.

**2. Share Transfer System**

All requests for transfer of shares in physical form are processed and the duly transferred share certificates are returned to the transferee within the time prescribed by law in the said behalf, subject to the share transfer documents being valid and complete in all respects.

As required under Clause 47(c) of the Listing Agreement of Stock Exchanges, the Company obtains a certificate on half-yearly basis from a Company Secretary-in-practice, regarding share transfer formalities, copy of which is filed with the Stock Exchange.

**3. Registrars & Share Transfer Agents**

Company has in house facilities at its Registered office for transfer of shares.

**4. Distribution of shareholding as on 31<sup>st</sup> March 2011:**

Range	No. of Shares of Nominal Value of	Shareholder Number	% to total Holders	Numbers	Shares	% To Total Capital
Upto -5000	183	22650	79.57	22650	2.83	
5001-10000	15	11623	6.52	11623	1.45	
10001-20000	8	13477	3.48	13477	1.69	
20001-30000	2	5300	0.87	5300	0.66	
30001-40000	4	13997	1.74	13997	1.75	
40001-50000	2	9332	0.87	9332	1.17	
50001-100000	3	24566	1.30	24566	3.07	
100001 and above	13	698184	5.65	698184	87.37	
Total	230	799129	100.00	799129	100.00	

**5. Shareholding Pattern of the Company as on 31<sup>st</sup> March 2011:**

Category	No. of shares held	Percentage of shareholding %
(A) Shareholding of Promoters and Promoter's Group	418874	52.41
(B) Public Shareholding:		
(a) Financial Institutions/Banks	42013	5.26
(b) Bodies Corporate	228258	28.56
(c) Individuals	55000	6.88
(d) Others	54974	6.88
Total Public Shareholding	380255	47.59
TOTAL (A)+(B)	799129	100.00

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**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**a. Dematerialization of Shares:**

The Company is in process for dematerialization of its equity shares.

**b. Dividend**

No dividend has been recommended for the financial year ended 31<sup>st</sup> March 2011.

**8. Status of Dematerialization as on March 31, 2011:**

Particulars	No. of equity Shares	% to total equity share capital
National Securities Depository Limited	Nil	Nil
Central Depository Services (India)	Nil	Nil
Total Dematerialized	Nil	Nil
Physical	799129	100.00
Grand Total	799129	100.00

**9. Listing on Stock Exchange**

a) The Delhi Stock Exchange Association Ltd.  
DSE House, 3/1, Asaf Ali Road,  
New Delhi 110 002

b) The Calcutta Stock Exchange Association Ltd.  
7, Lyons Range,  
Calcutta 700 001

The annual listing fees for the financial year 2010-2011 has been paid to both the above mentioned stock exchanges.

**10. Scrip Code**

Company's shares are not traded due to non-working of trading facilities in the Stock Exchange.

**11. Plant Location**

: N/A

**12. Market Price Data: Average monthly High and Low price :**

There is no trading of any scrip during the year ended 31<sup>st</sup> March 2011 on both the Stock Exchanges, where Company equity shares are listed.

**13. Address for correspondence:**

9<sup>th</sup> Floor, Hindustan Times House,  
18-20, Kasturba Gandhi Marg,  
New Delhi-110001

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THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

**Declaration of compliance with 'Code of Conduct for Directors and Key Managerial Personnel' of the Company**

I, V.K. Charoria, Director of the Company, do hereby confirm that all the members of Board and the Key Managerial Personnel of the Company have complied with the 'Code of Conduct for the Directors and Key Managerial Personnel', during the financial year 2010-2011.

This declaration is based on and is in pursuance of the individual affirmations received in writing from the members of Board and the Key Managerial Personnel of the Company.

Date: 30th May 2011  
Place: New Delhi

(V.K. Charoria)  
Director

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THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

**CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE**

The Members,  
The Birla Cotton Spinning & Weaving Mills Limited  
New Delhi

I have examined the compliance of conditions of Corporate Governance by The Birla Cotton Spinning & Weaving Mills Limited for the year ended on 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement executed by the said Company with the Stock Exchanges.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement in all material respects.

I state that no investor grievances are pending for a period exceeding one month against the Company.

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

Arun Kumar Soni  
Company Secretary in Practice  
CP No. 1726

Place: New Delhi  
Date: 30<sup>th</sup> May, 2011

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**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**1. Operating Results & Financial Performance: -**

The company's total income for the year under review is Rs. 321.97 lakhs as compared to Rs. 267.44 lakhs in the previous year. During the year under review profit before tax amounts to 273.25 lakhs as compared to 246.30 lakhs in the previous year.

**2. Industry Trends and Business Analysis:**

The NBFC sector in India has become mature with reduced dependence on the acceptance of public deposits as part of overall funding.

**3. Opportunities and Threats:**

With the globalization and electronic age, Indian stock market has changed over the past decade. The developments of high-tech and transparent markets with an increasingly wide geographic footprint have increased the number of trading avenues offering diverse pools of liquidity.

Capital Markets around the globe have been going through somewhat uncertain times due to European Sovereign Debt Crises. The international global crisis has lesser impact on our financial markets. Therefore, the Indian growth story is intact in spite of all these odds over the long term.

**4. Future Prospects and Outlook:**

The NBFC's industry witnessed testing times with global economic slowdown and weakening profitability and tightening of financial conditions from foreign and non-bank sources. The Company has demonstrated its ability to withstand the challenges posed by the current environment and has emerged as a strong player in registering growth and profitability.

**5. Risks and concerns:**

The Company like any other Company is exposed to specific risks that are particular to its business and the environment within which it operates. The company is exposed to the market risk, which inter alia includes economic/business cycle, interest rate volatility, and credit risk.

The Company is confident of managing these risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.

**6. Internal control system and their adequacy:**

The Company has proper and adequate system of internal controls to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition of assets and that the transactions are properly recorded.

The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

Besides, the Audit Committee reviews the internal controls at periodic intervals.

**7. Human Resources:**

The company has adequate human resources, which is commensurate with the current volume of activity.

**8. Cautionary Statement:**

Statements in this 'Management's Discussion and Analysis' describing the company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' with in the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include interest rates and changes in the Government regulations, tax regimes, economic developments and other factors such as litigation etc.

**AUDITORS' REPORT**

To The Members of

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

We have audited the attached Balance Sheet of The Birla Cotton Spinning & Weaving Mills Limited, as at March 31, 2011 and the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further we report that:-

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 we enclose in this annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the annexure referred to in paragraph 1 above:
  - 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, the Company has kept proper books of account as required by law so far as appears from our examination of those books.
  - c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - e) On the basis of the written representations received from directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company is prima-facie disqualified as on March 31, 2011 for appointment as a Director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956; and

i) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In the case of Balance Sheet, of the state of Company's affairs as on 31<sup>st</sup> March 2011,
- ii. In the case of Profit and Loss Account, of the Profit for the year ended on that date.
- iii. In the case Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Place: New Delhi  
Date: 30th May, 2011

For K.C. Gupta & Associates  
(Firm Registration No. 021164N)  
Chartered Accountants  
Kailash Gupta  
(Prop.)  
Membership No.: 83547

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) All Fixed Assets have not been Physically verified by the management during the year but there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed, no material discrepancies were noticed on such verification. The fixed assets have not been revalued during the year.
2. The clause regarding physical verification of inventory is not applicable to the Company.
3. The Company has not taken any loan, secured or unsecured, to/from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Hence the questions of reporting whether reasonable steps for recovery/repayment of over dues for such loans are taken does not arise.
4. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of fixed assets. During the course of our audit no weakness has been noticed in the internal controls.
5. (a) To the best of knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that the need to be entered into the register maintained under section 301 of Companies Act, 1956 have been so entered;
  - (b) Each of these transactions exceeding the value of Rs. 5 lacs in respect of each party during the financial year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such market prices were available;
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA, of the Companies Act, 1956 and the rules framed there under;
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business;
8. The Central Government has not prescribed maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956;
9. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities and no undisputed arrears of statutory dues were outstanding as such on 31<sup>st</sup> March, 2011 for a period of more than 6 months from the date they become payable;

10. (b) According to the records of the company, there are no statutory dues, which have not been deposited on account of any disputes;
11. There are no accumulated losses at the end of the financial year ending on 31<sup>st</sup> March 2011. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
12. The Company has not defaulted in repayment of dues to financial institution or bank.
13. During the year the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of special statute applicable to chit fund, Nidhi/Mutual Benefit fund/Societies are not applicable to the Company;
15. The company has maintained proper records and contracts with the timely entries have been made therein in regard to dealing or trading in Shares, securities, Debentures and other investments and the shares, Securities, Debentures and other Securities held by the company in its own name.
16. The Company has not given guarantee for loans taken by others from bank or financial institutions.
17. The Company has not obtained/taken any term loan during the year under audit.
18. According to the records examined by us, and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
19. The Company has not made preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Act.
20. During the year the Company has not issued any debentures.
21. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
22. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Place: New Delhi  
Date: 30th May, 2011

For K. C. Gupta & Associates  
(Firm Registration No. 021164N)  
Chartered Accountants  
Kailash Gupta  
(Prop)  
Membership No.: 83547

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2011

	Schedule	
	31st March, 2011 (Rs.)	31st March, 2010 (Rs.)
<b>SOURCE OF FUNDS</b>		
A Shareholder's Fund		
a. Share Capital	79,91,800	79,91,800
b. Reserves & Surplus	58,34,02,646	55,81,55,234
	<u>59,13,94,446</u>	<u>56,61,47,034</u>
<b>APPLICATION OF FUNDS</b>		
A Fixed Assets		
Gross Block	2,88,19,658	2,91,63,680
Less: Depreciation	44,46,353	42,60,331
Net Block	<u>2,43,73,305</u>	<u>2,49,03,349</u>
B Investments		
	<u>51,89,75,750</u>	<u>51,05,03,335</u>
C Current Assets, Loans and Advances		
a. Sundry Debtors	38,49,053	34,67,572
b. Cash & Bank Balances	1,17,35,599	8,45,055
c. Loans & Advances	3,29,66,822	2,67,71,689
	<u>4,85,51,474</u>	<u>3,10,84,316</u>
<b>Less: Current Liabilities &amp; Provisions</b>		
a. Current Liabilities	6,70,655	5,54,829
b. Provisions	1,28,327	60,000
	<u>7,98,982</u>	<u>6,14,829</u>
<b>Net Current Assets</b>	<u>4,77,52,492</u>	<u>3,04,69,487</u>
<b>Deferred Tax Asset (Net)</b>	<u>2,92,899</u>	<u>2,70,863</u>
	<u>59,13,94,446</u>	<u>56,61,47,034</u>

As per our attached Report of even date  
 For K.C. GUPTA & ASSOCIATES  
 (Firm Registration No. 021164N)  
 Chartered Accountants  
 Per KAILASH GUPTA  
 (Prop.)  
 Membership No.-83547  
 New Delhi  
 30th, May 2011

For and on behalf of Board of Directors  
 (Priyavrat Bhatia)  
 Director  
 (V.K. Charonia)  
 Director

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	
	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2010 (Rs.)
<b>INCOME</b>		
Interest Received		
From Banks (Gross)	2,708	72,656
(Tax deducted at source Nil)		
Previous year Rs. Rs. 9,302/-)		
Dividend on long term Investment		
Commission Received	1,86,74,313	1,82,64,620
Capital Gain on redemption/sale of Mutual Funds/Share	77,12,410	76,20,364
Other Income	23,55,262	2,875
	<u>34,52,000</u>	<u>7,83,000</u>
	<u>3,21,98,693</u>	<u>2,67,43,515</u>
<b>EXPENDITURE</b>		
Opening and other Expenses		
Depreciation	44,71,078	18,14,296
	<u>4,00,239</u>	<u>2,99,554</u>
	<u>48,71,317</u>	<u>21,13,850</u>
<b>Profit for the year</b>	<u>2,73,29,376</u>	<u>2,46,29,665</u>
Less: Provision for Taxation		
Deferred Tax Assets/(Liabilities)	(22,036)	20,653
Current Tax	21,00,000	21,00,000
Profit after Tax	<u>2,52,47,442</u>	<u>2,25,09,012</u>
Balance brought forward from Previous year	<u>28,40,42,721</u>	<u>26,61,33,709</u>
	<u>30,92,90,133</u>	<u>28,86,42,721</u>
<b>APPROPRIATION</b>		
Transfer to Reserve Fund	51,00,000	46,00,000
Balance carried to Balance Sheet	<u>30,41,90,133</u>	<u>28,40,42,721</u>
	<u>30,92,90,133</u>	<u>28,86,42,721</u>
<b>Earing Per Share (Basic &amp; Diluted)</b>	<u>31.59</u>	<u>28.17</u>

As per our attached Report of even date  
 For K.C. GUPTA & ASSOCIATES  
 (Firm Registration No. 021164N)  
 Chartered Accountants  
 Per KAILASH GUPTA  
 (Prop.)  
 Membership No.-83547  
 New Delhi  
 30th, May 2011

For and on behalf of Board of Directors  
 (Priyavrat Bhatia)  
 Director  
 (V.K. Charonia)  
 Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**  
(Pursuant to the Listing Agreement with Stock Exchanges)

PARTICULARS	2010-2011 (Rs.)	2009-2010 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET PROFIT BEFORE TAX	2,73,25,376	2,46,29,665
Adjustment for:		
Depreciation	4,00,239	2,99,554
Loss on Fixed Assets Discarded	1,29,805	-
Interest Received	(2,708)	(72,656)
Dividend Received	(1,86,74,313)	(1,82,64,620)
Capital Gain on Redemption/sale of Mutual Funds/Shares	(23,55,262)	(2,875)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	68,23,137	65,89,068
Adjustment for:		
Trade & other receivables	(3,81,481)	7,56,757
Debtors	(61,97,163)	10,21,49,289
Advances		
Trade & other payables	1,84,153	1,58,602
Current liabilities	4,28,646	10,96,53,716
CASH GENERATED FROM OPERATIONS	(20,97,970)	(24,27,059)
Direct Taxes Paid (Net)	(16,69,324)	10,72,26,657
Cash flow before extra-ordinary items		
Extraordinary items		
Unspent Liabilities written back	(16,69,324)	10,72,26,657
<b>NET CASH USED FROM OPERATING ACTIVITIES</b>		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received	2,708	72,656
Dividend Received	1,86,74,313	1,82,64,620
Purchase of Investment	(7,10,00,000)	(22,97,28,689)
Sale of Investment	6,25,27,585	10,47,01,104
Purchase of Fixed Asset	-	(24,35,739)
Capital Gain on Redemption/sale of Mutual Funds/Shares	23,55,262	2,875
NET CASH FROM INVESTING ACTIVITIES:	1,25,59,868	(10,91,23,173)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,08,90,544	(18,96,516)
Cash and cash equivalents as at (Opening)	8,45,055	27,41,571
Cash and cash equivalents as at (Closing)	1,17,35,599	8,45,055

For K. C. GUPTA & ASSOCIATES  
(Firm Registration No. 021164N)  
Chartered Accountants  
Per KAILASH GUPTA  
(PrOp.)  
Membership No.-83547  
New Delhi  
30th, May 2011

(V.K. Charoria)  
Director

**SCHEDULE TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

	As at 31st March, 2011 (Rs.)	As at 31st March, 2010 (Rs.)
<b>SCHEDULE -A</b>		
<b>SHARE CAPITAL</b>		
Authorised		
17,50,000 ordinary shares of Rs. 10/- each	1,75,00,000	1,75,00,000
25,000 Preference shares of Rs. 100/- each	25,00,000	25,00,000
	2,00,00,000	2,00,00,000
Issued & Subscribed (Fully Paid)		
7,99,180 Ordinary shares of Rs. 10/- each	79,91,800	79,91,800
	79,91,800	79,91,800

**NOTES**

- The Subscribed Ordinary Share Capital includes 44 Shares remaining to be allotted against surrender of shares in merged company and 21 fractional certificates of one third shares each not yet surrendered for consolidation into fully paid ordinary shares.
- Out of the above Ordinary Shares 1,49,191 Shares are allotted as fully paid for consideration other than cash and 5,99,585 Shares are allotted as fully Paid Bonus Shares by capitalisation of reserves.

<b>SCHEDULE -B</b>	As at 31st March, 2011 (Rs.)	As at 31st March, 2010 (Rs.)
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve	1,20,72,096	1,20,72,096
As per last account		
Capital Reserve (Revaluation of Investments)	10,279	10,279
As per last account		
Capital Redemption Reserve	25,00,000	25,00,000
As per last account		
Reserve Fund	10,87,00,000	10,41,00,000
As per Last Account		
Add: Transferred from Profit & Loss Account	51,00,000	46,00,000
General Reserve	11,38,00,000	10,87,00,000
As per Last Account		
Surplus as per attached Profit & Loss Account	15,08,30,138	15,08,30,138
	30,41,90,133	28,40,42,721
	58,34,02,646	55,81,55,234

SCHEDULE TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE-C

Description of Assets	COST				DEPRECIATION				NET VALUE	
	Cost/Book value as on 01.04.2010 (Rs.)	Additions (Rs.)	Deductions/ Adjustments during the Year (Rs.)	Total as at 31.03.2011 (Rs.)	Upto 31.03.2010 (Rs.)	Provided during the year (Rs.)	Deductions/ Adjustments during the Year (Rs.)	Total upto 31.03.2011 (Rs.)	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Land (freehold) (Conversion fees)	1,77,55,090	-	-	1,77,55,090	-	-	-	-	1,77,55,090	1,77,55,090
Building	75,72,397	-	-	75,72,397	30,62,053	1,20,668	-	31,82,721	43,89,676	45,10,344
Machinery	8,32,436	-	-	8,32,436	7,27,874	19,982	-	7,47,856	84,580	1,04,562
Office Equipment & Air Conditioners	3,56,891	-	1,32,895	2,23,996	2,75,811	17,538	1,14,840	1,78,509	45,487	81,080
Furniture	2,11,127	-	2,11,127	-	88,722	10,655	99,377	-	-	1,22,405
Motor Vehicle	24,35,739	-	-	24,35,739	1,05,871	2,31,396	-	3,37,267	20,98,472	23,29,868
	2,91,63,680	-	3,44,022	2,88,19,658	42,60,331	4,00,239	2,14,217	44,46,353	2,43,73,305	2,49,03,349
Previous year	2,67,27,941	24,35,739	-	2,91,63,680	39,60,777	2,99,554	-	42,60,331	2,49,03,349	-

SCHEDULE TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT  
SCHEDULE - D  
INVESTMENTS

INVESTMENTS (LONG TERM) Other than Trade Investment (Quoted) FULLY PAID-UP EQUITY SHARES	Face Value (Rs.)	No. of Shares/ Units	As at 31st March, 2011 (Rs.)	No. of Shares/ Units	As at 31st March, 2010 (Rs.)
Tungbhadra Industries Ltd.	10	1,082	12,984	1032	12,984
Chambal Fertilisers & Chemicals Limited	10	84,24,515	15,28,67,461	84,24,515	15,28,67,461
Duke Commerce Limited	10	3,92,200	39,22,110	3,92,200	39,22,110
Texmaco Ltd. (Allotted during a previous year pursuant to Scheme of amalgamation/merger between Nero Hydro Ltd. with Texmaco Ltd. Texmaco Rail & Engineering Ltd. \$	1	10,070	1,42,916	10,070	3,45,208
			2,02,292		15,71,47,768
			15,71,47,768		15,71,47,768
<b>UNITS OF MUTUAL FUNDS</b>					
Bharti AXA FMP Series C Plan 1- Growth	10	10,00,000	1,00,00,000	10,00,000	1,00,00,000
DWS Fixed Term Fund Series 67-Growth	10	30,00,000	3,00,00,000	30,00,000	3,00,00,000
Fidelity Mutual Fund FMP SR V Plan F Growth	10	20,00,000	2,00,00,000	2,00,00,000	2,00,00,000
HDFC FMP 18M Oct 09-Growth-Series XI	10	2,50,000	25,00,000	2,50,000	25,00,000
ICICI FMP Series 51-13 M Plan C Growth	10	10,00,000	1,00,00,000	10,00,000	1,00,00,000
ICICI FMP Series 55-13 M Plan B Growth	10	10,00,000	1,00,00,000	10,00,000	1,00,00,000
ICICI FMP Series 55-15 M Plan A Growth	10	10,00,000	1,00,00,000	10,00,000	1,00,00,000
IDFC FMP 18 Months EMS 7 Growth	10	8,50,000	85,00,000	8,50,000	85,00,000
JM Fixed Maturity Fund Series XVI Yearly plan-Growth	10	-	-	30,00,000	3,00,00,000
Kotak FMP Series 41-Growth	10	20,00,000	2,00,00,000	20,00,000	2,00,00,000
Sundaram BNP Paribas FTP 357 days Series P-Growth	10	-	-	2,00,000	20,00,000
Sundaram FTP 14 Months-Series-AA-Growth	10	10,00,000	1,00,00,000	10,00,000	1,00,00,000
Taurus FMP 385 Days Series 1-Institutional Growth	10	10,00,000	1,00,00,000	10,00,000	1,00,00,000
UTI FMP - Yearly FMP Series:TFMP(03/10)-Instlt.Growth	10	10,00,000	1,00,00,000	10,00,000	1,00,00,000
LIC MF Saving Plus Fund-Daily Dividend	10	-	-	30,52,756	3,05,27,535
IDBI Ultra Short Term Fund-Daily Dividend	10	2,50,000	25,00,000	2,50,000	25,00,000
			15,35,00,000		14,50,27,565

(Contd.)



**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

Face Value	No. of Shares/Units	As at 31st March, 2011 (Rs.)	No. of Shares/Units	As at 31st March, 2010 (Rs.)
<b>Other than Trade Investment (Unquoted)</b>				
<b>FULLY PAID-UP EQUITY SHARES</b>				
Hind Cycle Limited (amount written off during the earlier year)				
100	440	-	440	-
100	26	1,170	26	1,170
100	372	37,200	372	37,200
(In Liquidation, amount written off in earlier year)				
100	200	-	200	-
10	5,32,800	1,14,58,700	5,32,800	1,14,58,700
10	10,000	1,00,500	10,000	1,00,500
10	1,14,000	11,41,500	1,14,000	11,41,500
10	48,750	58,794	48,750	58,794
10	2,50,000	21,30,315	2,50,000	21,30,315
10	2,52,700	20,21,600	2,52,700	20,21,600
		<u>1,69,49,779</u>		<u>1,69,49,779</u>
<b>14% Cumulative Non-Convertible Preference Shares of</b>				
10	60,00,000	6,00,00,000	60,00,000	6,00,00,000
10	2,38,000	11,90,00,000	2,38,000	11,90,00,000
10	20,000	<u>1,00,00,000</u>	20,000	<u>1,00,00,000</u>
		<u>18,90,00,000</u>		<u>18,90,00,000</u>
<b>Trade Investment</b>				
<b>FULLY PAID-UP EQUITY SHARES (QUOTED)</b>				
10	17,700	23,78,208	17,700	23,78,208
		<u>51,99,75,750</u>		<u>51,05,03,335</u>
<b>Aggregate amount of Unquoted Investments</b>				
		<u>31,30,26,971</u>		<u>30,45,53,556</u>
		<u>20,59,49,779</u>		<u>20,59,49,779</u>
		<u>51,89,76,750</u>		<u>51,05,03,335</u>
<b>Market Value of Quoted Investments</b>				
		83,42,73,095		67,09,67,875
(Including Equity Shares in Tungabhadra Industries Limited taken at face value, since market rate is not readily available)				

\$ Pursuant to the Scheme of Demerger Texmacco Rail & Engineering Ltd. has issued 10,070 Equity Shares of Rs. 1 each fully paid up to the shareholders of Texmacco Ltd. in the ratio 1 : 1. The Cost has been allocated as per the scheme of Demerger.

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**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

**SCHEDULE TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	As at 31st March, 2011 (Rs.)	As at 31st March, 2010 (Rs.)
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**SCHEDULE - E  
CURRENT ASSETS, LOANS AND ADVANCES**

<b>A. Sundry Debtors</b>		
(Unsecured and considered good)		
Debits outstanding for a period exceeding Six month	38,49,053	17,649
Other Debts	<u>38,49,053</u>	<u>34,49,923</u>
		<u>34,67,572</u>

**B. Cash And Bank Balances**

Cash-in-hand	1,779	11,304
With schedule Banks in:		
Current accounts	16,95,979	7,04,998
Fixed Deposits Accounts	<u>1,00,37,841</u>	<u>1,28,753</u>
	<u>1,17,35,599</u>	<u>8,45,055</u>

**C. Loans & Advances**

(Unsecured Considered Good except where otherwise stated)		
Loans (to Body Corporate)	2,08,330	2,08,330
Less: Provision for Doubtful loan	<u>2,08,330</u>	<u>2,08,330</u>
	-	-

Interest accrued on loans & Deposits (including Rs. 7,55,654/- considered doubtful of recovery P. Y. Rs. 7,55,654/-)	7,55,829	7,56,056
Less: Provision for Doubtful Debts	<u>7,55,654</u>	<u>7,55,654</u>
	<u>175</u>	<u>402</u>

Other advances recoverable in cash or in kind or for value to be received or pending for Adjustments	3,11,04,610	2,50,67,470
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For Income tax (Net of TDS)	12,31,903	12,33,933
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Deposits	6,30,134	4,69,884
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Total	<u>3,29,66,822</u>	<u>2,67,71,699</u>
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THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

SCHEDULE TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	As at 31st March, 2011 (Rs.)	As at 31st March, 2010 (Rs.)
<b>SCHEDULE - F</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors for Services, Expenses etc.	6,70,655	5,54,829
<b>B. Provisions</b>		
For leave encashment of employees	1,28,327	60,000
	<u>1,28,327</u>	<u>60,000</u>
	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2010 (Rs.)
<b>SCHEDULE - G</b>		
<b>OTHER INCOME</b>		
Rent received (TDS Rs. 74,400/- Previous Year 97,948/-)	7,83,000	7,83,000
Housekeeping and Services Income (TDS Rs. 58,890/- Previous Year Nil)	26,69,000	-
	<u>34,52,000</u>	<u>7,83,000</u>
<b>SCHEDULE - H</b>		
<b>EXPENSES</b>		
Salaries & Allowances	29,25,538	3,00,000
Insurance	39,370	20,867
Rent	1,42,620	1,42,620
Rates & Taxes	39,400	44,228
Legal & Professional Charges.	3,64,155	7,42,709
Loss on Fixed Assets Discarded	1,29,805	-
Auditor Remuneration:		
As Auditors	11,500	-
For Tax Audit	4,000	38,500
For Other Matters	18,000	5,25,372
Miscellaneous Expenses	33,500	18,14,296
	<u>7,96,690</u>	<u>18,14,296</u>
	<u>44,71,078</u>	<u>44,71,078</u>

SCHEDULE - I

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

NOTES  
1. ACCOUNTING POLICIES

- I Basis of Accounting  
The accounts of the Company are prepared under the historical cost convention method except as stated in clause (vi) below and in accordance with the application accounting standards except where otherwise stated.  
The Company follows accrual basis of accounting for preparation of accounts. Interest on Non-performing assets, where interest has become past due for two quarters and/ or instalment of principal has become past due for two quarters or more has been recognized as and when received.
- II Fixed Assets  
Fixed Assets are stated at cost including interest on borrowing for acquisition less accumulated depreciation.
- III Depreciation  
Depreciation is provided on straight-line method in terms of section 205(2) (b) of the Companies Act, 1956. The rates of depreciation considered are on the following basis:  
(a) On fixed Assets installed upto 31<sup>st</sup> March, 1987, at the rates corresponding to the rates applicable under the Income Tax Rules in force at the time of acquisition / purchase of respective assets.  
(b) On fixed Assets installed after 31<sup>st</sup> March 1987, at the rates specified in Schedule XIV of the Companies Act, 1956 as applicable at the time of acquisition of the respective assets.
- IV Tax on Income  
Current Tax is determined at the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods.
- V Inventories  
Stocks of finished goods are valued at lower of cost or market rate.
- VI Investments  
Long term Investments are partly valued at cost and partly at revalued amount as per revaluation done in the year 1988-89. Decline in the market value of any quoted investments is considered to be temporary in nature and hence, no provision has been made for the same.
- VII Retirement Benefits  
Liability on account of leaves standing to the credit of employees as at the year end as ascertained on the basis of last drawn salary of the respective employees is provided for in the accounts.
- VIII Impairment  
The Carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amounts of an assets exceed its recoverable amount. The recoverable amount is the greater of the asset net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

2. In accordance with Section 45-1C of the Reserve Bank of India (Amendment) Act, 1997, twenty percent of the profit after taxation in the current year has been transferred to Reserve Fund.

3. Earning Per Share

	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010
A Profit after tax as per the Profit and Loss Account (in Rs.)	2,52,47,412	2,25,09,012
B Weighted average number of equity shares of Rs. 10 each outstanding during the year	7,99,180	7,99,180
C Earning per share - Basic and diluted (in Rs.)	31.59	28.17

4. Deferred Tax

a) Deferred Tax Liabilities (Net) of Rs. 20,036/- arising on account of temporary differences for the current year have been adjusted in the Profit & Loss account.  
b) Calculation of deferred tax assets as on 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010 is as given below.

	Current year	Previous Year
Deferred Tax Asset		
(i) Provision for interest	2,33,497	2,33,497
(ii) Provision for doubtful loans	64,374	64,374
Total Deferred Tax Assets	<u>2,97,871</u>	<u>2,97,871</u>
Difference between books & Tax depreciation	(4,972)	(27,008)
Deferred Tax Assets (Net)	<u>2,92,899</u>	<u>2,70,863</u>

5. Related party Disclosure

Information relating to related party transaction as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India is given below-

A. Name of the related Party

- Key Management Personnel
- Shri Piyavrat Bhatia
- Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives
- The Hindustan Times Ltd.
- HT Media Ltd.
- Udit (India) Ltd.
- Earlstone Holding Pvt. Ltd.
- Earlstone Holding (one) Pvt. Ltd.
- Earlstone Holding (two) Pvt. Ltd.
- Earlstone Holding (three) Pvt. Ltd.
- Shine Foundation (Company us 25 of the Companies Act, 1956)
- Associated Company
- Duke Commerce Ltd.

B. Transaction during the year (Amount in Rs.)

With related Parties	2010-11	2009-10
Udit (India) Ltd.		
- Rent received	12,000/-	12,000/-
The Hindustan Times Ltd.		
- Rent received	7,44,000/-	7,44,000/-
- Rent Paid	1,30,620/-	1,30,620/-
- Dividend Received	5,32,800/-	5,32,800/-
- Housekeeping & Services Income	26,69,000/-	
- Advance against property		(12,70,00,000/-)
Earlstone Holding Private Ltd.		
- Advance against share application money	3,10,00,000/-	2,50,00,000/-
C. Balance outstanding at the end of the year (Amount in Rs.)		
(i) Investment in Shares	1,53,80,810/-	1,53,80,810/-
(ii) Equity Shares Capital held by- The Hindustan Times Ltd.	4,75,840/-	4,75,840/-
(iii) Advance against share application money	3,10,00,000/-	2,50,00,000/-

6. Segment Reporting

**Business Segment:** Based on the activities and contribution towards the revenue of the Company, the Company has classified its operations into three business segments namely Investments, Operations and others.

**Investment & Financing:** The company is registered as Non-Banking Finance Company with Reserve Bank of India and its primary business Comprises of investment in securities and finance to parties.

**Operations:** Commission income on Trading in fibre and Housekeeping Services are operational activities of the Company and contributes a significant portion towards its revenue.

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

PARTICULARS	2010-11	(Rs. in Lacs)	2009-10
1. Segment Revenue (Net Sale/ Income From)			
a) Segment - Investment and Financing	210	183	
b) Segment - Operations	104	76	
c) Segment - Others	8	8	
Total	322	267	
2. Segment Results (Profit (+)/Loss (-))			
a) Segment - Investment and Financing	208	181	
b) Segment - Operations	66	68	
c) Segment - Others	3	5	
Total	277	254	
Less: Other Ur-allocable expenditure net off Ur-allocable income	4	8	
Total Profit Before Tax	273	246	

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

3. Capital Employed (Segment Assets-Segment Liabilities)		
a) Segment – Investment and Financing	5190	5105
b) Segment – Operations	38	35
c) Segment – Others	222	224
Total	5450	5364
Add: Un-allocable Capital employed	464	298
Total	5914	5662

8. Micro, Small and Medium Enterprises  
 "The Company during the year has not entered into transactions with the vendor registered under the Micro, Small and Medium Enterprises Development Act, 2006. Therefore, there is no need of disclosures under Section 22 of the said act."

9. Previous year figures have been re-grouped/re-arranged where found necessary.

Signature to Schedule "A" to "1"

For and on behalf of the Board of Directors

For K.C. GUPTA & ASSOCIATES  
 (Firm Registration No. 021164N)  
 Chartered Accountants  
 Per KAILASH GUPTA  
 (Prop.)  
 Membership No.-83547  
 New Delhi  
 30th, May 2011

(Priyavrat Bhatia)  
 Director  
 (V.K. Charoria)  
 Director

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED  
 ADDITIONAL INFORMATION AS PER PART IV OF SCHEDULE VI OF THE  
 COMPANIES ACT, 1956

Balance Sheet abstract and Company's General Business profile:

1. Registration details	99,621	State Code:	55
Registration no	31.03.2011		
Balance sheet date			

2. Capital raised during the year (Rs. in thousands)			
Public Issue	nil	Right Issue	nil.
Bonus Issue	nil	Private Placement	nil

3. Position of mobilisation and deployment of funds (Rs. in thousands):			
Total Liabilities	5,91,394	Total Assets	5,91,394

Sources of funds			
Paid-up capital	7,992	Reserve & Surplus	5,83,402
Secured loans	Nil	Unsecured Loans	Nil

Application of funds			
Net fixed assets	24,373	Investments	5,18,976
Net current assets	48,045	Miscellaneous	
Accumulated losses	Nil	Expenditure	Nil

4. Performance of company (Rs. in thousands)			
Total income	32,197	Total expenditure	4,872
Profit before tax	27,325	Profit after tax	25,247
Earning per share (in Rs.)	31.59	Dividend rate	Nil

5. Generic names of three principal products/services of company  
 Not applicable

For and on behalf of the Board of Directors

For K.C. GUPTA & ASSOCIATES  
 (Firm Registration No. 021164N)  
 Chartered Accountants  
 Per KAILASH GUPTA  
 (Prop.)  
 Membership No.-83547  
 New Delhi  
 30th, May 2011

(Priyavrat Bhatia)  
 Director  
 (V.K. Charoria)  
 Director

**Schedule to the Balance Sheet of a Non-Deposit taking Non-Banking Financial Company**

(As required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directors, 2007)

(Rs. In Lacs)

Liabilities side:	Particulars	Amount Outstanding	Amount Overdue
(1)	Loans and advances availed by the NBFC'S inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	Nil	Nil
	: Unsecured (other than falling within the meaning of public deposits)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter-Corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Other Loans (specify nature)	Nil	Nil
	<b>Assets side :</b>		Amount outstanding
(2)	Break-up of Loans and advances including bills Receivables (other than those included in (4) below)		
	(a) Secured	Nil	Nil
	(b) Unsecured	Nil	Nil
(3)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	Nil	Nil
	(b) Operating lease	Nil	Nil
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil

(4)	Break-up Investments :		
	Current Investments:		
	1. Quoted :		
	(i) Shares : (a) Equity		Nil
	(b) Preference		Nil
	(ii) Debentures and Bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government Securities		Nil
	(v) Other (please specify)		Nil
	2. Unquoted :		
	(i) Shares : (a) Equity		Nil
	(b) Preference		Nil
	(ii) Debentures and Bonds		Nil
	(iii) Units of mutual funds		1,535.00
	(iv) Government Securities		Nil
	(v) Other (please specify)		Nil
	Long Term Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity		1,595.26
	(b) Preference		Nil
	(ii) Debentures and Bonds		Nil
	(iii) Units of mutual funds		1,535.00
	(iv) Government Securities		Nil
	(v) Other (please specify)		Nil
	2. Unquoted :		
	(i) Shares : (a) Equity		169.50
	(b) Preference		1890.00
	(ii) Debentures and Bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government Securities		Nil
	(v) Others (please specify)		Nil
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above :		
	Category	Secured	Unsecured: Total
	1. Related Parties	Nil	Nil
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
	2. Other than related parties	Nil	Nil
	Total	Nil	Nil

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

(6) Investor group-wise classification of all investments (Current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value/ Break-up or Fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same Group	5,286.70	1,304.59
(c) Other related parties	9.81	39.22
2. Other than related parties	9,350.19	3,845.95
Total	<u>14,646.70</u>	<u>5,189.76</u>
(7) Other Information		
Particulars		Amount
1. Gross Non-Performing Assets		
(a) Related parties		Nil
(b) Other than related parties		Nil
2. Net Non-Performing Assets		Nil
(a) Related Parties		Nil
(b) Other than related parties		Nil
3. Assets acquired in satisfaction of debt.		Nil

As per our report of even date attached

For K. C. GUPTA & ASSOCIATES  
(Firm Registration No. 021164N)  
Chartered Accountants  
Per KAILASH GUPTA  
(Prop.)  
Membership No.-83547  
New Delhi  
30th, May 2011

For and on behalf of the Board of Directors,

(Priyavrat Bhardia)  
Director  
(V.K. Charoria)  
Director

**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

Registered office:  
Hindustan Times House, (9th Floor)  
18-20, Kasturba Gandhi Marg  
New Delhi- 110 001.

**PROXY**

I, we ..... of .....

being a Member/Members of THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED, hereby appoint Shri/Smt. .... or falling him/her Shri/Smt. .... as my/our proxy to attend and vote for me/us and on my/our behalf at the 115th Annual General Meeting of the Company to be held on Friday, the 30th day of September, 2011 at 10.00 a.m and/or at any adjournment thereof at its Registered Office.

Signed this ..... day of ..... 2011.

Signature(s) .....

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Re. 1  
revenue  
stamp

NOTE: The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.