

ANNUAL REPORT & ACCOUNTS  
2016-2017

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

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

**Board of Directors**

Virendra Kumar Charoria  
Tolaram Chachan  
Manju Gupta

**Chief Executive Officer**

Vishal Jain

**Chief Financial Officer**

Pratiksha Agrawal

**Company Secretary/Compliance Officer**

Neha Jain

**Auditors**

K.C. Gupta & Associates

**Registered Office**

Hindustan Times House, 9th Floor  
18-20, Kasturba Gandhi Marg,  
New Delhi 110 001  
Tel.: +91-011-66561206  
Fax: +91-011-66561206  
Email: [secretarial.ht@rediffmail.com](mailto:secretarial.ht@rediffmail.com)  
Website: [www.birlacotton.com](http://www.birlacotton.com)

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

Regd Office: 9<sup>th</sup> Floor, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi 110 001

CIN: L95000DL1920PLC099621

Phone: 011-66561206

**DIRECTOR'S REPORT**

To,

The Members,

Your Directors have pleasure in presenting the Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2017.

***Standalone Financial summary (Amount in Lacs)***

| Particulars                                 | <b>2016-2017</b> | <b>2015-2016</b> |
|---|------------------|------------------|
| Total Income                                | 253.23           | 404.78           |
| Less: Expenses                              | 153.37           | 227.62           |
| Profit/(Loss) before Tax                    | 99.86            | 177.16           |
| Less: Tax Expense                           |                  |                  |
| Current Tax                                 | 19.17            | 36.24            |
| Deferred tax charge                         | (0.77)           | (0.52)           |
| Profit/(Loss) after Tax                     | 81.46            | 141.44           |
| Less: Transfer to Statutory Reserve         | 17.00            | 28.50            |
| Balance brought forward from previous years | (3218.18)        | (3331.12)        |
| Balance carried to Balance Sheet            | (3153.72)        | (3218.18)        |

**Dividend**

In order to conserve the resources of the Company, your Directors do not recommend any dividend for the year.

**Company's working & State of Company's affair**

The performance of the Company during the financial year was satisfactory. The Company during the year had transferred Rs.17 Lacs to statutory reserve pursuant to section 45-IC of the Reserve Bank of India(Amendment) Act, 1997.

There was no change in the nature of the business in the preceding financial year.

There was no significant or material order passed by the regulators or courts imparting the going concern status and company's operation in future.

There was an adequacy of Internal financial control system with reference to the Financial Statements during the preceding financial year.

The Company has not issued equity shares with differential rights, sweat equity shares and employee stock options during the year.

The Company has not received any report from auditors in respect of any fraud pursuant to section 143(12) of Companies Act, 2013.

### **Deposits**

The Company has not accepted any deposits during the year and no deposits have been remained unpaid or unclaimed at the end of the year.

The Company has not defaulted in repayment of deposits or payment of interest thereon during the year.

### **Statutory Auditors**

Pursuant to section 139(2) of Companies Act, 2013 and Rule 6 of Companies (Audit and Auditors) Rule, 2014, the statutory auditors M/S K.C. Gupta & Associates have completed their terms and hence are liable to be rotated. Therefore, the Board of Directors of the Company has recommended the appointment of M/s. K.N. Gutgutia & Company, Chartered Accountants as the statutory auditor of the Company. In terms of requirements under section 139 of the Companies Act, 2013, and other applicable rules M/s. K.N. Gutgutia & Company have confirmed their eligibility for appointment as Statutory Auditor of the Company. Further M/s. K.N. Gutgutia & Company, if appointed as a Statutory Auditor, shall hold their office up to the conclusion of the Annual General Meeting to be held in the calendar year 2022, subject to the ratification of appointment by the shareholders at every Annual General Meeting to be held in the intervening period.

Further, there are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report.

### **Material changes and commitments**

There were no material changes and commitments, affecting the financial position of the Company, which have occurred between 31st March, 2017 and the date of the report i.e. 14th August, 2017.

### **Disclosures under Companies Act, 2013**

#### **(I) Extract of Annual Return**

The extract of the annual return in Form No. MGT – 9 is annexed as “**Annexure- A**”

(II) **Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

(A) **Conservation of energy:**

- (i) the steps taken or impact on conservation of energy;- The Company has started replacing traditional bulbs with LED lights.
- (ii) the steps taken by the company for utilising alternate sources of energy; The Company is exploring the possibility of using the solar energy.
- (iii) the capital investment on energy conservation equipments; The Company has not incurred any capital expenses on energy conservative equipment as same is not required considering the present business activities.

(B) **Technology absorption**

The Company has not obtained any technology, hence provisions are **Not Applicable**

(C) **Foreign exchange earnings and Outgo**

During the year neither there was any foreign exchange earned nor incurred any expenditure on foreign exchange.

(III) **Directors and Key Managerial Personnel:**

There were no changes in the directors during the year.

Shri Virendra Kumar Charoria, Shri Tolaram Chachan and Smt Manju Gupta, Independent Directors of the Company has given the declaration to the Company that they meet the criteria of Independence as provided in sub-section (6) of section 149 of the Companies Act, 2013 and regulation 25 of SEBI (Listing Obligation and Disclosure Requirements), 2015.

(IV) **Number of meetings of the Board of Directors**

The Board of Directors duly met 4 times respectively on 30th May 2016, 12th August 2016, 14th November 2016 and 14th February 2017 **during the financial year 2016-17.**

(V) **Audit Committee**

The Audit Committee of the Board presently comprises of, Shri Tolaram Chachan, Shri Virendra Kumar Charoria and Smt. Manju Gupta.

During the year, the Committee met four times respectively on 30th May 2016, 12th August 2016, 14th November 2016 and 14th February 2017.

(VI) **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Board presently comprises of Shri Virendra Kumar Charoria, Shri Tolaram Chachan and Smt Manju Gupta.

During the year, the meeting of the committee held on 12th August, 2016.

**(VII) Stakeholder Relationship Committee**

The Stakeholder Relationship Committee of the Board presently comprises of Shri Virendra Kumar Charoria, Shri Tolaram Chachan and Smt Manju Gupta.

During the year, the meeting of the committee held on 19th January, 2017.

**(VIII) Particulars of loans, guarantees or investments under section 186 of Companies Act, 2013**

The Company during the year did not provide guarantee/security or made investments under section 186 of Companies Act, 2013. The details of loans given pursuant to section 186 of Companies Act, 2013 are provided in the financial statements.

**(IX) Particulars of contracts or arrangements with related parties:**

All related party transactions that were entered into during the year ended 31st March, 2017 were on arm's length basis and in the ordinary course of business. There was no materially significant related party transactions made by your Company during the year and hence no information is required to be provided under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014.

**(X) Formal Annual Evaluation**

Pursuant to the provisions of Companies Act, 2013, and SEBI (Listing obligation and disclosure requirement) 2015, the formal annual evaluation has been carried out by the Board of its own performance and that of its Committees and individual directors through collective feedback.

The evaluation criteria for Independent Directors are as under:-

- Relevant Knowledge, Expertise and Experience.
- Devotion of time and attention to the Company's long term strategic issues.
- Addressing the most relevant issues for the Company
- Professional Conduct, Ethics and Integrity
- Understanding the Duties, Roles and Function as Independent Director.

**Managerial Remuneration**

The Company do not pay any amount by way of remuneration to any of its Director(s), hence the details of the ratio of the remuneration of each director to the median employee's remuneration as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable on the Company.

None of the employees drawing remuneration in excess of amount prescribed in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Other information required to be disclosed pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as "**Annexure-B**".

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

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In terms of the provisions of Section 136(1) of Companies Act, 2013, the Board's Report is being sent to the shareholder's without this annexure. However, the same is available for inspection by the members at the registered office of the Company during business hours on all working days upto the date of ensuing AGM. Members interested in obtaining a copy of the same may write to the Company Secretary at the registered office of the Company.

### **Corporate Governance & Management Analysis Report**

Pursuant to regulation 34 of (Listing Obligation and Disclosure Requirement) Regulation, 2015 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 as “**Annexure-C**” and “**Annexure-D**” respectively.

### **Details of establishment of vigil mechanism for directors and employees**

Pursuant to regulation 34 of (Listing Obligation and Disclosure Requirement) 2015 the company has established a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct or ethics policy.

Further during the year, no case was reported under the vigil mechanism.

### **Remuneration Policy**

The Board on the recommendation of the Nomination and Remuneration Committee, framed a policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of Companies Act, 2013.

The Nomination and remuneration Policy of the Company is set out as “**Annexure-E**”

### **Secretarial Audit Report**

Pursuant to Provision of section 204 of the Companies Act, 2013 and Rules made there under, the Board of Directors has appointed Shri Arun Kumar Soni Company secretary-in-practice, as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial year 2016-2017. The Secretarial Audit report is annexed as “**Annexure- F**”. The secretarial audit report contains some remarks which occurred due to inadvertence and Company taking care the same in future.

### **Certificate on Corporate Governance**

As required by SEBI (Listing Obligation & Disclosure Requirement) regulation 2015, the certificate on corporate governance is enclosed as “**Annexure-G**” to the Board Report.

### **Corporate Social Responsibility**

The CSR Committee of the Board presently comprises of Shri Virendra Kumar Charoria, Shri. Tolaram Chachan and Smt Manju Gupta. The Company has performed the activity as prescribed under Schedule VII of the Companies Act, 2013. The Corporate Social Responsibility(CSR) activities are being undertaken through Shine Foundation as implementing agency for CSR activities of your company. The disclosures pursuant to Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed with the report as “**Annexure-H**”. The provisions relating to CSR of the Companies Act 2013 are not applicable to the Company during the preceding financial year. However, the Company is contributing to CSR as per the Rule 3(2) of Companies (CSR Policy) Rules, 2014. During the year, the meeting of the committee held on 14<sup>th</sup> February, 2017.

### **Risk management policy**

Your Company has a robust risk management framework to identify, evaluate and mitigate risk. The risk is periodically reviewed by the management keeping in view the changing economic and business environment. The Audit Committee and Board of Directors are periodically apprised of key risks and mitigation measures.

### **Directors’ Responsibility Statement**

The Directors’ Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- (a) in the preparation of the annual accounts for the Financial year ended on March 31,2017, the applicable accounting standards have been followed and there are no material departures;
- (b) such accounting policies have been selected and applied them consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the company as on March 31, 2017; and of the profit of the Company for that period;
- (c) proper and sufficient care 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;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) internal financial controls were in place and that such internal financial control were adequate operating effectively.
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively



THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED \_\_\_\_\_

**Acknowledgements**

Your Directors place on record their deep appreciation for the committed services of Executives, staff and workers of your Company.

For and on behalf of the Board of Directors

For THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

Place: New Delhi  
Date: 14th August, 2017

**V.K Charoria**  
Director  
DIN-00046895

**Manju Gupta**  
Director  
DIN- 00124974

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31/03/2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN:- L95000DL1920PLC099621
- ii) Registration Date: 10/03/1920
- iii) Name of the Company: The Birla Cotton Spinning & Weaving Mills Limited
- iv) Category / Sub-Category of the Company: Company Limited by Shares
- v) Address of the Registered office and contact details: Hindustan Times House, 9<sup>th</sup> Floor, 18-20, Kasturba Gandhi Marg, New Delhi-110001
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : In House

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services of the Company | NIC Code of the Product / Service | % of total turnover of the Company |
|---------|---|-----------------------------------|------------------------------------|
| 1       | Interest Income   | -                                 | 32.37                              |
| 2       | Profit on sale of Investment                                    | -                                 | 67.60                              |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| S. No | Name and address of the Company  | CIN/GLN               | Holding / Subsidiary/ Associate | % of shares held | Applicable Section |
|-------|----------------------------------|-----------------------|---------------------------------|------------------|--------------------|
| 1     | Earthstone Holding (Two) Limited | U67120UP2008PLC065196 | Holding Company                 | 56.12            | 2(46)              |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

| Category of shareholders                            | No. of Shares held at the beginning of the year |               |               |                   | No. of shares held at the end of the year |               |               |                   | % Change during the year |
|---|---|---------------|---------------|-------------------|---|---------------|---------------|-------------------|--------------------------|
|   | Demat   | Physical      | Total         | % of total Shares | Demat                                     | Physical      | Total         | % of total shares |                          |
| A. Promoter   |   |               |               |                   |   |               |               |                   |                          |
| a) Individual/HUF                                   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| b) Central Government                               | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| c) State Govts                                      | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| d) Bodies. Corp.                                    | -   | 763874        | 763874        | 66.76             | -   | 763874        | 763874        | 66.76             | -                        |
| e) Banks  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| f) Any other  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| Sub total (A)(1):-                                  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| (2) Foreign   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| a) NRI's Individual                                 | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| b) Other Individuals                                | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| c) Bodies Corp.                                     | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| d) Banks/FI   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| e) Any other  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| Sub Total(A)(2)                                     | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Total shareholding of promoter=(A)(1)+(A)(2)</b> | -   | <b>763874</b> | <b>763874</b> | <b>66.76</b>      | -   | <b>763874</b> | <b>763874</b> | <b>66.76</b>      | -                        |
| B. Public Shareholding                              | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| 1. Institutions                                     |   |               |               |                   |   |               |               |                   |                          |
| a) Mutual Funds                                     | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| b) Banks/FI   | -   | 883           | 883           | 0.08              | -   | 883           | 883           | 0.08              | -                        |
| c) Central Gov.                                     | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| d) State gov.                                       | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |

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

|  |   |                |                |              |   |                |                |              |   |
|--|---|----------------|----------------|--------------|---|----------------|----------------|--------------|---|
| e) Venture Capital Funds   | - | -              | -              | -            | - | -              | -              | -            | - |
| f) Insurance Companies   | - | 41330          | 41330          | 3.62         |   | 41330          | 41330          | 3.62         | - |
| g) FIs   | - | -              | -              | -            | - | -              | -              | -            | - |
| h) Foreign venture capital fund  | - | -              | -              | -            | - | -              | -              | -            | - |
| i) other (specify)   | - | -              | -              | -            | - | -              | -              | -            | - |
| <b>Sub Total(B)(1)</b>   | - | <b>42213</b>   | <b>42213</b>   | <b>3.69</b>  |   | <b>42213</b>   | <b>42213</b>   | <b>3.69</b>  | - |
| 2. Non Institutions  | - | -              | -              | -            | - | -              | -              | -            | - |
| a) Bodies Corp   |   |                |                |              |   |                |                |              |   |
| i) Indian  | - | 228268         | 228268         | 19.95        |   | 228268         | 228268         | 19.95        | - |
| ii) 'Overseas  |   |                |                |              |   |                |                |              |   |
| b) Individual  |   |                |                |              |   |                |                |              |   |
| i) Individual shareholder holding nominal share capital upto Rs. 1 Lakh        |   | 54800          | 54800          | 4.79         |   | 54800          | 54800          | 4.79         | - |
| ii) Individual shareholder holding nominal share capital in excess of Rs.1Lakh |   |                |                |              |   |                |                |              |   |
| c) Other s(Trust)  |   | 54974          | 54974          | 4.80         |   | 54974          | 54974          | 4.80         | - |
| <b>Sub Total(B)(2)</b>   | - | <b>338042</b>  | <b>338042</b>  | <b>29.54</b> |   | <b>338042</b>  | <b>338042</b>  | <b>29.54</b> | - |
| <b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>                             | - | <b>380255</b>  | <b>380255</b>  | <b>33.24</b> |   | <b>380255</b>  | <b>380255</b>  | <b>33.24</b> | - |
| c. Share held by custodian for GDRs & ADRs                                     | - | -              | -              | -            | - | -              | -              | -            | - |
| <b>Grand Total(A+B+C)</b>  | - | <b>1144129</b> | <b>1144129</b> | <b>100</b>   | - | <b>1144129</b> | <b>1144129</b> | <b>100</b>   | - |

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**(ii) Shareholding of Promoters**

| S. No. | Shareholder's Name                       | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                  |  | % change in share holding during the year |
|--------|--|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
|        |  | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                        | % of total Shares of the company | % of Shares Pledged / encumbered to Total Shares |   |
| 1      | Earthstone Holding (Two) Limited         | 642,290                                   | 56.12                            | NIL  | 642,290                              | 56.12                            | NIL  | NIL                                       |
| 2      | The Hindustan Times Limited              | 47584                                     | 4.16                             | NIL  | 47584                                | 4.16                             | NIL  | NIL                                       |
| 3      | Earthstone Holding (One) Private Limited | 74000                                     | 6.46                             | NIL  | 74000                                | 6.46                             | NIL  | NIL                                       |

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

| S. No | Name      | Shareholding at the Beginning(01/04/2016) |                                  | Date      | Increase/ Decrease in shareholding | Reasons   | Cumulative shareholding during the year (01.04.2016) to (31.03.2017) |                                  |
|-------|-----------|---|----------------------------------|-----------|------------------------------------|-----------|--|----------------------------------|
|       |           | No. of shares                             | % of total shares of the Company |           |                                    |           | No. of shares  | % of total shares of the Company |
|       | No Change | No Change                                 | No Change                        | No Change | No Change                          | No Change | No Change  | No Change                        |

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| S. No. | Name                                     | Shareholding at the beginning(01.04.2016)/ end of the year(31.03.2017) |                                  | Date | Increase/ Decrease in shareholding | Reasons | Cumulative shareholding during the year (01.04.2016) to (31.03.2017) |                                  |
|--------|--|--|----------------------------------|------|------------------------------------|---------|--|----------------------------------|
|        |  | No. of shares  | % of total shares of the Company |      |                                    |         | No. of shares  | % of total shares of the Company |
| 1      | THE PUNJAB PRODUCE & TRADING Co. LIMITED | 88000  | 8.84                             | -    | -                                  | -       | 88000  | 8.84                             |

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|    |   |       |       |   |   |   |       |       |
|----|---|-------|-------|---|---|---|-------|-------|
| 2  | CALCUTTA MEDICAL INSTITUTE                      | 49666 | 4.99  | - | - | - | 49666 | 4.99  |
| 3  | SHEKHAVATI INVESTMENT & TRADERS LIMITED         | 46600 | 4.68  | - | - | - | 46600 | 4.68  |
| 4  | LIFE INSURANCE CORPORATION OF INDIA             | 31830 | 3.19  | - | - | - | 31830 | 3.19  |
| 5  | JAIPUR FINANCE & DAIRY PRODUCTS PRIVATE LIMITED | 23332 | 2.34  | - | - | - | 23332 | 2.34  |
| 6  | AMER INVESTMENTS (DELHI) LIMITED                | 21000 | 2.11  | - | - | - | 21000 | 2.11  |
| 7  | CENTRAL INDIA INDUSTRIES LIMITED                | 18882 | 1.89  | - | - | - | 18882 | 1.89  |
| 8  | INDUSTRY HOUSE LIMITED                          | 10000 | 1.00  | - | - | - | 10000 | 1.00  |
| 9  | NATIONAL INSURANCE Co. LIMITED                  | 8500  | 0.85  | - | - | - | 8500  | 0.85  |
| 10 | MRS. MEENAKSHI MOHTA & ANURAG MOHTA             | 6066  | 0.609 | - | - | - | 6066  | 0.609 |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| S. No. |  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|--|---|----------------------------------|---|----------------------------------|
|        |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|        | For each of the Director and Key Managerial Person   |   |                                  |   |                                  |
|        | At the beginning of the year   | NIL                                       | NIL                              | NIL                                     | NIL                              |
|        | Date wise increase /Decrease in shareholding during the year specifying the reason for increase/Decrease | NIL                                       | NIL                              | NIL                                     | NIL                              |
|        | At the end of the year(or on date of separation, if separated during the year)                           | NIL                                       | NIL                              | NIL                                     | NIL                              |

**V. INDEBTEDNESS**

**Indebtedness of the company including interest outstanding/accrued but not due for payment**

| <b>Indebtedness on the beginning of the Financial year 2016-2017</b> | <b>Secured Loan Excluding deposits</b> | <b>Unsecured Loans</b> | <b>Deposits</b> | <b>Total Indebtness</b> |
|--|--|------------------------|-----------------|-------------------------|
| i)Principal amount   | NIL                                    | NIL                    | NIL             | NIL                     |
| ii) Interest due but not paid  |  |                        |                 |                         |
| iii) Interest accrued but not due                                    |  |                        |                 |                         |
| <b>Total(i+ii+iii)</b>   | <b>NIL</b>                             | <b>NIL</b>             | <b>NIL</b>      | <b>NIL</b>              |
| <b>Change in Indebtedness during the financial year 2016-2017</b>    | <b>NIL</b>                             |                        | <b>NIL</b>      |                         |
| • Addition   |  | 500 lacs               |                 | 500 lacs                |
| • Reduction  |  | -                      |                 | -                       |
| <b>Net Change</b>  | <b>NIL</b>                             | <b>500 lacs</b>        | <b>NIL</b>      | <b>500 lacs</b>         |
| <b>Indebtedness at the end of the financial year 2016-2017</b>       | <b>NIL</b>                             |                        | <b>NIL</b>      |                         |
| i)Principal Amount   |  | 500 lacs               |                 | 500 lacs                |
| ii)Interest due but not paid   |  | 22.71 lacs             |                 | 22.71 lacs              |
| iii) interest accrued but not due                                    |  | -                      |                 | -                       |
| <b>Total (i+ii+iii)</b>  | <b>NIL</b>                             | <b>522.71 lacs</b>     | <b>NIL</b>      | <b>522.71 lacs</b>      |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:\***

| S. No.                    | Particulars of Remuneration   | Name of MD/WTD/Manager   |     | Total Amount |
|---------------------------|---|--|-----|--------------|
|                           |   |  |     |              |
| 1                         | <b>Gross Salary</b><br>(a) Salary as per provisions contained in section 17(1) of Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | NIL  | NIL | NIL          |
| 2                         | Stock Option  | NIL  | NIL | NIL          |
| 3                         | Sweat Equity  | NIL  | NIL | NIL          |
| 4                         | Commission<br>-as % of profit<br>-others, specify   | NIL  | NIL | NIL          |
| 5                         | Others, please specify  | NIL  | NIL | NI           |
| 6                         | Total(A)  | NIL  | NIL | NIL          |
| <b>Ceiling as per Act</b> |   | <b>9.98 Lacs</b> (being 10% of the Net Profit of the Company for the financial year 2016-17) |     |              |

\*The Company do not have any Managing Director/ Whole Time Director/and or Manager.

**B. Remuneration to other directors:**

| Particular of Director                      | Name of the Director  |     |                       |     | Total Amount |
|---|---|-----|-----------------------|-----|--------------|
|   | Chairman  |     | Independent Directors |     |              |
| Fee for attending Board/ Committee Meetings | NIL   | NIL | NIL                   | NIL | NIL          |
| Commission                                  | NIL   | NIL | NIL                   | NIL | NIL          |
| Total B                                     | NIL   | NIL | NIL                   | NIL | NIL          |
| Total Managerial remuneration               | NIL   | NIL | NIL                   | NIL | NIL          |
| <b>Overall ceiling as per Act</b>           | <b>10.98 Lacs</b> (being 11% of the Net Profit of the Company for the financial year 2016-17) |     |                       |     |              |



**REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

| S. No. | Particulars of Remuneration  | Amount (in Lacs) per annum                   | Amount (in Lacs) per annum                      | Amount (in Lacs) per annum           |
|--------|--|--|---|--------------------------------------|
| 1      | Gross Salary   | Mr. Vishal Jain<br>(Chief Executive Officer) | Ms. Pratiksha Agrawal (Chief Financial Officer) | Ms. Neha Jain<br>(Company Secretary) |
|        | (a) Salary as per Provisions contained section 17(1) of the Income Tax Act, 1961 | 7.02   | 2.76  | 1.44                                 |
|        | (b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961                       | NIL  | NIL   | NIL                                  |
| 2      | Stock Option   | NIL  | NIL   | NIL                                  |
| 3      | Sweat Equity   | NIL  | NIL   | NIL                                  |
| 4      | Commission<br>• As % of Profit<br>• Others, specify                              | NIL  | NIL   | NIL                                  |
| 5      | Others, Please Specify   | NIL  | NIL   | NIL                                  |
|        | Total  | 7.02   | 2.76  | 1.44                                 |

**VII. Penalties/Punishment/Compounding of Offences.**

| Type        | Section of the companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal made if any (give Details) |
|-------------|------------------------------|-------------------|--|----------------------------|-----------------------------------|
| <b>A.</b>   | <b>Company</b>               |                   |  |                            |                                   |
| Penalty     | NIL                          | NIL               | NIL  | NIL                        | NIL                               |
| Punishment  | NIL                          | NIL               | NIL  | NIL                        | NIL                               |
| Compounding | NIL                          | NIL               | NIL  | NIL                        | NIL                               |
| <b>B.</b>   | <b>Directors</b>             |                   |  |                            |                                   |
| Penalty     | NIL                          | NIL               | NIL  | NIL                        | NIL                               |
| Punishment  | NIL                          | NIL               | NIL  | NIL                        | NIL                               |
| Compounding | NIL                          | NIL               | NIL  | NIL                        | NIL                               |

| <b>C. Other Officers in Default</b> |     |     |     |     |     |
|-------------------------------------|-----|-----|-----|-----|-----|
| Penalty                             | NIL | NIL | NIL | NIL | NIL |
| Punishment                          | NIL | NIL | NIL | NIL | NIL |
| Compounding                         | NIL | NIL | NIL | NIL | NIL |

For and on behalf of the Board of Directors  
For THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

Place: New Delhi  
Date: 14th August, 2017

**V.K Charoria**  
Director  
DIN-00046895

**Manju Gupta**  
Director  
DIN- 00124974

**DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:**

- Ratio of remuneration of each Director to the Median remuneration of the employees of the Company for the financial year ended March 31, 2017: Company is not paying any Remuneration to its Directors.

| Name of the KMP & Designation                    | Remuneration (Amt in lacs) | % increase in Remuneration in the F.Y. 2016-2017 | Ratio to median remuneration | Comparison of the Remuneration of the KMP against the performance of the Company |
|--|----------------------------|--|------------------------------|--|
| Mr. Vishal Jain<br>Chief Executive Officer       | 7.02                       | 14.70%   | N.A                          | Profit before Tax decreased by 43.63% and Profit After Tax decreased by 42.24%   |
| Ms. Neha Jain<br>Company Secretary               | 1.44                       | -  | N.A                          |  |
| Ms. Pratiksha Agrawal<br>Chief Financial Officer | 2.76                       | 32.69%   | N.A                          |  |

- There was 20.88% increase in the median remuneration paid to the employees as compared to the financial year 2015-16.
- There were 16 permanent employees on the rolls of the Company.
- The average percentage increase made in the salaries of total employees other than Key Managerial Personnel for fiscal 2017 was around 13.73%, while the percentage increase in the remuneration of the Key Managerial Personnel was 27.21%.
- The Remuneration paid is as per the Company's policy.

## **REPORT ON CORPORATE GOVERNANCE**

### **1. OUR CORPORATE GOVERNANCE PHILOSOPHY**

Corporate Governance is all about maximizing shareholders value legally, ethically and sustainably. 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.

The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2017. The annual report of the Company contains a certificate by the CEO in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, and Senior Management of the Company. The Certificate is enclosed as “**Annexure-I**”

### **2. CODE OF CONDUCT AS PRESCRIBED UNDER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**

In accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has instituted a comprehensive code of conduct to regulate, monitor and report trading by its directors, employees and other connected persons. This code is available on the website of the Company [www.birlacotton.com](http://www.birlacotton.com)

### **3. BOARD OF DIRECTORS**

#### **A) Composition of the Board**

The Composition of the Board during the year-ended 31.03.2017 is as follows:

| <b>S. No.</b> | <b>Name of Director</b> | <b>Category</b>                    | <b>Relationship between Directors</b> |
|---------------|-------------------------|------------------------------------|---------------------------------------|
| 1.            | Shri. V.K.Charoria      | Non-executive Independent director | None                                  |
| 2.            | Shri. T.R.Chachan       | Non-executive Independent director | None                                  |
| 3.            | Smt. Manju Gupta        | Non-executive Independent director | None                                  |

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

#### **B) Board meetings & Attendance at Board Meetings**

During the financial year ended 31<sup>st</sup> March 2017, four Board meetings were held on 30<sup>th</sup> May, 2016, 12<sup>th</sup> August 2016, 14<sup>th</sup> November 2016 and 14<sup>th</sup> February 2017.

## THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

Attendance record of the directors at the above Board Meetings and at previous Annual General Meetings (AGM) & Extra-ordinary General Meeting along with 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 16-17 | Attendance at the last AGM held on 30.09.2016 | Committee positions held in other companies |        | Number of other directorship held |
|----------------------|--|---|---|--------|-----------------------------------|
|                      |  |   | Chairman                                    | Member |                                   |
| Shri. V.K. Charoria  | 4  | Yes   | 2   | 3      | 16                                |
| Shri. T.R. Chachan   | 1  | No  | -   | 2      | 12                                |
| Smt. Manju Gupta     | 4  | No  | -   | 3      | 8                                 |

All Independent Directors inducted into the Board attend an orientation programme. The details of training and familiarization programme is available on the website of the Company [www.birlacotton.com](http://www.birlacotton.com)

#### 4. **AUDIT COMMITTEE**

##### A. **Terms of Reference**

The terms of reference of the Audit Committee are in accordance with the Companies Act, 2013 and SEBI Regulations. The Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company.

The role of the Committee includes oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible, recommending the appointment, re-appointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by statutory auditors, reviewing with the management quarterly results and annual financial statements before submission to the Board for approval, approval or any subsequent modification of any transactions of the Company with related parties, review and monitor the auditor's independence and performance and effectiveness of audit process, scrutiny of inter corporate loans and investments, if any, evaluation of internal financial controls and risk management system, and reviewing the functioning of the whistle blower mechanism.

##### B. **Composition of Audit committee**

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. T.R.Chachan    | Member                    | 1                           |
| Smt. Manju Gupta     | Member                    | 4                           |

**C. Meeting and Attendance**

During the year ended March 31, 2017 four meetings of Audit Committee were held. The said meetings were held on 30<sup>th</sup> May 2016, 12<sup>th</sup> August 2016, 14<sup>th</sup> November 2016 and 14<sup>th</sup> February 2017.

**5. NOMINATION AND REMUNERATION COMMITTEE**

**A. Terms of reference**

The terms of reference of the Nomination & Remuneration Committee are in accordance with the requirements of the Companies Act, 2013 and SEBI Regulations, which includes identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal, carry out evaluation of every director's performance; formulate the criteria for determining qualifications, positives attributes and independence of a director, recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

The Board, have adopted the Remuneration Policy for Directors, Senior Management Personnel, including Key Managerial Personnel and other employees. The Remuneration Policy is designed to attract, motivate and retain talent by offering an appropriate remuneration package and also by way of providing a healthy work environment.

**B. Composition of Nomination & Remuneration Committee**

The composition of Nomination and Remuneration Committee is as follows:

| <b>Name of the Director</b> | <b>Position in the Committee</b> |
|-----------------------------|----------------------------------|
| Shri. V.K.Charoria          | Chairman                         |
| Shri. T.R.Chachan           | Member                           |
| Smt. Manju Gupta            | Member                           |

**C. Meeting & Attendance**

The Meeting of Nomination & Remuneration Committee was held during the year dated 12<sup>th</sup> August, 2016. Shri V.K. Charoria and Smt. Manju Gupta, members of the Committee were present in the meeting.

**D. Performance evaluation criteria for Independent Directors**

The performance of the Independent Directors and Board was assessed on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED \_\_\_\_\_

The evaluation criteria for the Independent Directors was based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as members of the Board.

### 6. REMUNERATION OF DIRECTORS

- A. Disclosure of Pecuniary Relationship or transactions of non-executive directors : Not Applicable
- B. Disclosure of criteria of making payments to non-executive directors : Not Applicable
- C. Disclosures with **respect to remuneration** : Not Applicable

### 7. STAKEHOLDERS GRIEVANCE COMMITTEE

- A. The composition of Stakeholders Grievance Committee is as follows:

| Name of the Director | Position in the Committee |
|----------------------|---------------------------|
| Shri. V.K.Charoria   | Chairman                  |
| Shri. T.R.Chachan    | Member                    |
| Smt. Manju Gupta     | Member                    |

- B. Name and designation of Compliance Officer: Ms. Neha Jain, Company Secretary/ Compliance Officer.
- C. No Complaints were received from shareholders during the financial year 2016-17.

### 8. 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 2014 at 10.00 A.M.                              | 29 <sup>th</sup> September 2015 at 10.00 A.M.                      | 30 <sup>th</sup> September, 2016 at 09.30 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 | Special resolution was passed:<br>Under section 180 of Companies Act, 2013 | No Special resolution passed                                       | No Special resolution passed                                       |

# No special resolution was passed through postal ballot in last three preceding financial years

## 9. MEANS OF COMMUNICATION

The notices, quarterly and annual financial results etc. of the Company are published in Mint (English) and Naya India (Hindi) and are also available on Company's website: www.birlacotton.com

## 10. GENERAL SHAREHOLDER INFORMATION

a) 121<sup>st</sup> Annual General Meeting

Day, date and time – Friday, 22<sup>nd</sup> September, 2017 at 10.00 A.M  
Venue – Hindustan Times House, 9th Floor, 18-20, K.G. Marg,  
New Delhi-110001.

b) Financial Year

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

c) Listing on Stock Exchange

The equity shares of the Company is listed on Calcutta Stock Exchange.  
Address: The Calcutta Stock Exchange Association Limited  
7, Lyons Range,  
Calcutta – 700001

The annual listing fee for the financial year 2017-18 has been paid to Calcutta Stock Exchange.

As per SEBI's note which is available in public domain has de recognized Delhi Stock Exchange Limited, with effect from 19th November, 2014 where the equity shares of the Company were listed.

d) Scrip Code

The Calcutta stock exchange Limited stock exchange Scrip Code '12196'

e) 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 2017 on the Stock Exchange, where Company equity shares are listed.

f) Registrars & Share Transfer Agents

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

g) Share Transfer System

Company has not received any request for transfer of shares during financial year 2016-17. As required under regulation 40(9) of (Listing Obligation & Disclosure Requirements) Regulations 2015, 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.

h) Distribution of shareholding as on 31<sup>st</sup> March 2017:



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

| <b>Category</b> |  | <b>No. of shares held</b> | <b>Percentage of shareholding %</b> |
|-----------------|--|---------------------------|-------------------------------------|
| (A)             | Shareholding of Promoters and Promoter's Group | 763874                    | 66.76                               |
| (B)             | Public Shareholding:                           |                           |                                     |
| (a)             | Financial Institutions/Banks                   | 883                       | 0.07                                |
| (b)             | Bodies Corporate                               | 228268                    | 19.95                               |
| (c)             | Individuals                                    | 54800                     | 4.79                                |
| (d)             | Insurance Company                              | 41330                     | 3.62                                |
| (d)             | Others   | 54974                     | 4.80                                |
|                 | Total Public Shareholding                      | 380255                    | 33.24                               |
|                 | TOTAL (A)+(B)                                  | 1144129                   | 100.00                              |

## i) Dematerialization of Shares:

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

Status of Dematerialization as on March 31, 2017:

| <b>Particulars</b>                          | <b>No. of equity Shares</b> | <b>% to total equity share capital</b> |
|---|-----------------------------|--|
| National Securities Depository Limited      | Nil                         | Nil                                    |
| Central Depository Services (India) Limited | Nil                         | Nil                                    |
| Total Dematerialized                        | Nil                         | Nil                                    |
| Physical                                    | 1144129                     | 100.00                                 |
| Grand Total                                 | 1144129                     | 100.00                                 |

## j) Plant Location : Not Applicable

k) Address for correspondence : 9<sup>th</sup> Floor, Hindustan Times House,  
18-20, Kasturba Gandhi Marg,  
New Delhi-110001**11. DISCLOSURES**

- a) During the year ended on 31<sup>st</sup> March 2017, 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 policy on materiality of related party transactions & dealing with related parties as approved by the Board may be accessed on the Company's website- [www.birlacotton.com](http://www.birlacotton.com)

- b) 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, on the Company, for non-compliance of any matter related to the capital market.
- c) The Company has established a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behavior actual or suspected, fraud or violation of the company's code of conduct or ethics policy and no personnel has been denied access to the Audit Committee. Further, no case was reported under the vigil mechanism during the year ended March 2017.
- d) The Company is complying with all the mandatory requirements of Companies Act and all other laws and Regulations applicable to the Company.

**12. DISCRETIONARY REQUIREMENTS**

The Company is not complying with the discretionary requirements as specified in Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements), 2015

**13. CORPORATE GOVERNANCE REQUIREMENTS**

The Company has duly complied with corporate governance requirements as specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements), 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **1. Operating Results & Financial Performance**

The Birla Cotton Spinning & Weaving Mills Limited is a registered NBFC. The mainstay of Company's operations continued to be investments in various companies, under which steady dividend income flows into the Company coupled with constant commission income. The company's total income for the year is Rs. 253.23 lakhs as compared to Rs.404.78 lakhs in the previous year. During the year under review Profit before tax amounts to 99.86 lakhs as compared to 177.16 lakhs in the previous year.

### **2. Industry structure and Developments**

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 Company's present business operations are that of an investment company, future of which is largely depends upon financial and capital markets. Your Company has investments in financially sound companies. Company will continue to earn good dividend income. The management is optimistic about the future outlook of the Company.

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.

While the Indian economy has shown sustained growth over the years, 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**

Our Company believes that our human capital is our greatest strength and is the driver of growth, efficiency and productivity. Year-on-year, we continue to deepen our philosophy by investing in developing our talent and leadership through a number of well designed measures. The company has adequate human resources, which 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' within 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.

## **REMUNERATION COMMITTEE AND POLICY**

### **1. Introduction**

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspiration of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and Rules made thereunder and Listing Regulations as amended from time to time.

The policy shall act as a guideline for determining, inter-alia, qualification, positive attributes and independence of a Director, appointment and removal of the Directors, Key Managerial Personnel and matters relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

The Company strives that its Remuneration Policy should attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement.

### **2. Terms of reference**

The terms of reference of the Remuneration Committee, inter alia, consists of reviewing the overall compensation policy, service agreements, performance incentive of the Director's & KMP. The recommendations of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the shareholders, where necessary. The Company Secretary of the Company is the Secretary to the Committee.

### **3. Constitution**

As at 31 March, 2017, the Remuneration Committee comprised of three Directors, with Shri Virendra Kumar Charoria , Shri Tolaram Chahchan and Smt. Manju Gupta are Independent Directors and Shri Virendra Kumar Charoria is the Chairman of the Remuneration Committee.

During the year, one meeting of the Remuneration Committee was held on 12<sup>th</sup> August, 2016.

The details of composition of the Remuneration Committee along with attendance of the Committee Members at the meetings held during the year, is as detailed herein:

|                              |                                      |   |
|------------------------------|--------------------------------------|---|
| Smt Manju Gupta              | Non Executive – Independent Director | 1 |
| Shri Virendra Kumar Charoria | Non Executive – Independent Director | 1 |
| Shri Tolaram Chahchan        | Non Executive – Independent Director | 0 |

**4. Appointment Criteria and Qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

**5. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

In evaluating the suitability of individual Board members, the Nomination & Remuneration Committee may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

**6. Duties of Nomination & Remuneration Committee**

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;

## THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

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- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board.
- Considering any other matters as may be requested by the Board.

### 7. Remuneration payable to Executive Directors

The Company do not have any Executive Director on the Board.

### 8. Remuneration payable to Non-Executive Directors

The Company is not paying any remuneration to its Non- Executive Directors.

### 9. Remuneration payable to Key Managerial Personnel(KMP's):-

The remuneration paid to **Key Managerial Personnel** is subject to the limits laid down under Sections 197 read with Schedule V of the Companies Act, 2013. Their remuneration is recommended by the Remuneration Committee based on factors such as the Company's performance of the **Key Managerial Personnel**.

10. The details of the remuneration paid to **Key Managerial Personnel** of the Company during the year ended 31 March, 2017 is as under:

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

[Amount In Lacs per annum]

| <b>Particulars</b>          | <b>Chief Executive Officer</b> | <b>Chief Financial Officer</b> | <b>Company Secretary</b> |
|-----------------------------|--------------------------------|--------------------------------|--------------------------|
| Salary & Allowances         | 7.02                           | 2.76                           | 1.44                     |
| Perquisites                 | NIL                            | NIL                            | NIL                      |
| Provident Fund Contribution | NIL                            | NIL                            | NIL                      |
| <b>Total</b>                | <b>7.02</b>                    | <b>2.76</b>                    | <b>1.44</b>              |

**Amendments to the Policy:**

This policy is framed under the Companies Act, and rules made there under. The policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to the change in regulation or as may be felt appropriate by the committee. Any changes or modification in the policy as recommended by the committee would be given for approval of the Board of Directors.



**Form No. MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,  
The Birla Cotton Spinning & Weaving Mills Limited  
9<sup>th</sup> Floor, Hindustan Times House  
18-20, Kasturba Gandhi Marg  
New Delhi - 110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Birla Cotton Spinning & Weaving Mills Limited

(hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**I report that**

1. The Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation, about the compliance

of laws, rules and regulation and happenings of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;\*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009\*;
  - (d) The Securities and Exchange Board of India Share Based Employees Benefits Regulations, 2014;\*
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008\*;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding compliance of the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\*;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998\*; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

## THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED \_\_\_\_\_

\* Not applicable because the Company did not carry out the activities covered by the regulations/guidelines during the audit period

vi) The Company has identified the following laws as specifically applicable to the Company:

1. Rules, Regulations and Guidelines issued by Reserve Bank of India as are applicable to non-deposit taking Non-Banking Financial Companies

I have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that

- (i) Company is in process to enter into agreement with a depository for dematerialization of securities & appointment of Registrar & Transfer Agent.
- (ii) Company is yet to entered into Listing Agreement with Stock Exchange as provided in SEBI(LODR) Regulations, 2015

### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and based on the information given by the Company, I report that there were no instances of any dissenting members' views being recorded or captured as part of the minutes.

**I further report that** there are reasonable systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company in its Annual General Meeting has approved the contribution to bona fide and charitable fund etc. upto Rs. 1 Crores during the financial year ending 31<sup>st</sup> March, 2017 pursuant to section 181 of Companies Act, 2013

Place : New Delhi  
Date: August 14th, 2017

Sd/-  
Arun Kumar Soni  
ACS No. 5441  
CP No.: 1726

**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 period ended on 31<sup>st</sup> March, 2017, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

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, in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations for the period 01<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

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.

Sd/-

**Arun Kumar Soni**

Company Secretary-in-Practice

CP No. 1726

Place: New Delhi

Date: 14th August, 2017

**ANNEXURE –H to Board’s Report**

**Annual Report on Corporate Social Responsibility for financial year 2016-17**

- (1) A brief outline of the company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

The Company strives to achieve excellence when it comes to undertaking business in a socially, ethically and environmentally responsible manner. The formulation of Corporate Social Responsibility (CSR) Policy is one such step forward in that direction. The Policy outlines the Company’s philosophy as a responsible corporate citizen and also lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community, in and around area of operations of the Company and other parts of the country. The policy applies to all CSR projects or programs undertaken by the Company in India, in relation to one or more activities outlined in Schedule VII of the Companies Act, 2013.

The Composition of the CSR Committee:- The CSR Committee of directors comprises of Shri Virendra Kumar Charoria, Shri Tolaram Chachan and Smt. Manju Gupta.

- (2) Average net profit of the company for last three financial years: Rs. 242.96 Lacs
- (3) Prescribed CSR Expenditure (two per cent of the amount as in item 2 above): Rs. 4.86 Lacs
- (4) Details of CSR spent during the financial year.
- (a) Total amount spent for the financial year;- Rs. 5 Lacs
- (b) Amount unspent, if any;; Nil
- (c) Manner in which the amount spent during the financial year is detailed below

(Amount in Rs. Lacs)

| S. No. | Particulars   |   |
|--------|---|---|
| (1)    | CSR project or activity identified  | * |
| (2)    | Sector in which the project is covered  | * |
| (3)    | Projects or programme<br>(1)Local area or other<br>(2) Specify the state and district where projects or programs was undertaken | * |
| (4)    | Amount outlay (budget project or programme wise)  | * |

|     |  |                  |
|-----|--|------------------|
| (5) | Amount spent on the project or programme<br>Sub Heads;<br>• Direct expenditure on project or programmes<br>• Overheads | *                |
| (6) | Cumulative expenditure up to the reporting period  | *                |
| (7) | Amount Spent direct or through implementing agency.  | Shine Foundation |

\*The Company has contributed towards the corpus of Shine Foundation as a CSR Expenditure.

5. Details of implementing agency: The CSR activity is carried through Shine Foundation and have track record of doing CSR activities more than three years.
6. The responsibility statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is given below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company

Virendra Kumar Charoria  
Chairman of CSR Committee

Manju Gupta  
Member of the CSR Committee

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS  
AND SENIOR MANAGEMENT PERSONNEL WITH THE  
COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees and Non-Executive Directors, Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2017, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, Company Secretary/ Compliance Officer as on 31<sup>st</sup> March, 2017.

Vishal Jain

Chief Executive Officer

Place: New Delhi

Date: 14th August, 2017

## **INDEPENDENT AUDITORS' REPORT**

To the Members of

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**, which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss for the year then ended and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31,2017; and
- (b) In the case of the Statement of profit and loss, of the profit for the year ended on that date.
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2017 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, and the statement of Profit and Loss and the cash flow statement dealt with by this report are in agreement with the books of accounts.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on march 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
  - (g) With respect to the other matters to be included in the Auditors' report in accordance with the Rule 11 of the Companies ( Audit & Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - (i) The company does not have pending litigation which would impact its financial position.
    - (ii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

- (iii) The company did not have any amount which was required to be transferred to the Investor Education and Protection Fund.
- (iv) The Company has provided requisite disclosures in Note 18 to these standalone financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For K.C. Gupta & Associates  
**Chartered Accountants**  
FRN:021164N

C.A Kailash Gupta  
**(Partner)**

Membership No: 083547

Place: New Delhi

Date: 30<sup>th</sup> May 2017

## ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company is a Non Banking Financial Company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Hence this clause does not apply to it.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of duty of customs, income tax, sales tax, duty of excise, service tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiii) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

For K.C Gupta & Associates  
**Chartered Accountants**  
FRN:021164N

Place: New Delhi

Date: 30th May 2017

C.A Kailash Gupta  
**(Partner)**  
Membership No: 083547

## **ANNEXURE - B TO THE AUDITORS' REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K.C Gupta & Associates  
**Chartered Accountants**  
FRN:021164N

Place: New Delhi

Date: 30th May 2017

C.A Kailash Gupta  
**(Partner)**  
Membership No: 083547

**BALANCE SHEET AS AT 31ST MARCH, 2017**

(Amount in Lacs)

| Particulars                       | Note No.     | As At<br>March 31, 2017 | As At<br>March 31, 2016 |
|-----------------------------------|--------------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>     |              |                         |                         |
| Shareholders' funds               |              |                         |                         |
| (a) Share capital                 | 2            | 114.42                  | 114.42                  |
| (b) Reserves and surplus          | 3            | 3,895.40                | 3,813.94                |
|                                   |              | 4,009.82                | 3,928.36                |
| <b>Non current liabilities</b>    |              |                         |                         |
| (a) Long Term Borrowing           | 4            | 500.00                  | -                       |
| (b) Long Term Provision           | 5            | 4.25                    | 4.22                    |
|                                   |              | 504.25                  | 4.22                    |
| <b>Current liabilities</b>        |              |                         |                         |
| (a) Other Current Liabilities     | 6            | 31.51                   | 7.59                    |
| (b) Short Term Provision          | 7            | -                       | 4.16                    |
|                                   |              | 31.51                   | 11.75                   |
|                                   | <b>TOTAL</b> | <b>4,545.58</b>         | <b>3,944.33</b>         |
| <b>ASSETS</b>                     |              |                         |                         |
| <b>Non-current assets</b>         |              |                         |                         |
| (a) Fixed assets- Tangible Assets | 8            | 204.61                  | 208.54                  |
| (b) Non-current investments       | 9            | 330.00                  | 335.00                  |
| (c) Deferred tax assets (net)     | 10           | 4.10                    | 3.33                    |
| (d) Long-term loans and advances  | 11           | 6.30                    | 6.30                    |
|                                   |              | 545.01                  | 553.17                  |
| <b>Current assets</b>             |              |                         |                         |
| (a) Current investments           | 12           | -                       | 4.71                    |
| (b) Trade receivables             | 13           | -                       | 55.25                   |
| (c) Cash and Cash Equivalents     | 14           | 3,447.79                | 3,325.75                |
| (d) Short Term Loans and advances | 15           | 521.43                  | 5.43                    |
| (e) Other current assets          | 16           | 31.35                   | 0.02                    |
|                                   |              | 4,000.57                | 3,391.16                |
|                                   | <b>TOTAL</b> | <b>4,545.58</b>         | <b>3,944.33</b>         |

Notes on Financial Statement  
As per our attached Report of even date

1 to 30

For and on behalf of Board of Directors

**For K.C. Gupta & Associates**

(Firm Registration No. 021164N)

Chartered Accountants

**Per Kailash Gupta**

(Prop.)

Membership No.-083547

New Delhi

30th May, 2017

**Virendra Kumar Charoria**

(Director)

DIN 00046895

**Vishal Jain**

(Chief Executive Officer)

**Neha Jain**

(Company secretary)

**Manju Gupta**

(Director)

DIN 00124974

**Pratiksha Agarwal**

(Chief Financial Officer)

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

(Amount in Lacs)

| Particulars                         | Note No. | for the year<br>2016-17 | for the year<br>2015-16 |
|-------------------------------------|----------|-------------------------|-------------------------|
| <b>Income :</b>                     |          |                         |                         |
| Revenue from operations             | 17       | 108.20                  | 265.30                  |
| Other income                        | 18       | 145.03                  | 139.48                  |
| <b>Total Revenue</b>                |          | <b><u>253.23</u></b>    | <b><u>404.78</u></b>    |
| <b>Expenses:</b>                    |          |                         |                         |
| Interest paid                       |          | 22.71                   | -                       |
| Employee benefits expense           |          | 11.22                   | 8.89                    |
| House Tax Paid                      |          | 19.89                   | 0.30                    |
| Legal & Professional Charges        |          | 16.61                   | 1.14                    |
| Depreciation                        | 8        | 3.93                    | 3.93                    |
| Donation                            |          | 65.00                   | -                       |
| Contribution for CSR Activities     |          | 5.00                    | 200.00                  |
| Other expenses                      | 19       | 9.01                    | 13.36                   |
| <b>Total expenses</b>               |          | <b><u>153.37</u></b>    | <b><u>227.62</u></b>    |
| <b>Profit before Tax</b>            |          | <b>99.86</b>            | <b>177.16</b>           |
| <b>Tax Expense:</b>                 |          |                         |                         |
| (1) Current tax                     | 20       | 21.62                   | 38.62                   |
| Less: MAT Credit                    |          | <u>(2.45)</u>           | <u>(2.38)</u>           |
|                                     |          | 19.17                   | 36.24                   |
| (2) Deferred tax                    |          | <u>(0.77)</u>           | <u>(0.52)</u>           |
|                                     |          | <b><u>18.40</u></b>     | <b><u>35.72</u></b>     |
| <b>Profit for the period</b>        |          | <b>81.46</b>            | <b>141.44</b>           |
| Earnings per equity share (in Rs.): |          |                         |                         |
| (1) Basic                           |          | 7.14                    | 12.36                   |
| (2) Diluted                         |          | 7.14                    | 12.36                   |

Notes on Financial Statement

1 to 30

As per our attached Report of even date

For and on behalf of Board of Directors

**For K.C. Gupta & Associates**

(Firm Registration No. 021164N)

Chartered Accountants

**Per Kailash Gupta**

(Prop.)

Membership No.-083547

New Delhi

30th May, 2017

**Virendra Kumar Charoria**

(Director)

DIN 00046895

**Vishal Jain**

(Chief Executive Officer)

**Neha Jain**

(Company secretary)

**Manju Gupta**

(Director)

DIN 00124974

**Pratiksha Agarwal**

(Chief Financial Officer)



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH' 2017**

(Amount in Lacs)

| PARTICULARS  | for the year<br>2016-17 | for the year<br>2015-16 |
|--|-------------------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>   |                         |                         |
| <b>Net Profit before Exceptional Items and Tax as per Statement of Profit and Loss</b> | 99.86                   | 177.16                  |
| Adjustment for :   |                         |                         |
| Depreciation   | 3.93                    | 3.93                    |
| Interest paid to Income Tax Department   | -                       | 2.23                    |
| Interest Income  | (35.03)                 | (1.76)                  |
| Dividend Income  | (0.02)                  | (0.22)                  |
| Profit on sale of Investment   | (73.15)                 | (221.48)                |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>                                 | <b>(4.41)</b>           | <b>(40.14)</b>          |
| Adjustment for :   |                         |                         |
| Trade & other receivables  | (471.83)                | (35.93)                 |
| Trade & other payables   | 523.95                  | 0.61                    |
| <b>Cash Generated from Operations</b>  | <b>47.71</b>            | <b>(75.46)</b>          |
| Direct Taxes Paid (Net)  | (43.58)                 | (43.58)                 |
| <b>Net Cash from Operating Activities</b>  | <b>4.13</b>             | <b>(119.04)</b>         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>  |                         |                         |
| Interest Received  | 35.03                   | 1.76                    |
| Dividend Received  | 0.02                    | 0.22                    |
| Profit on sale of Investment   | 73.15                   | 221.48                  |
| Purchase of Investment   | (70.72)                 | -                       |
| Sale of Investment   | 80.43                   | 5.00                    |
| <b>Net Cash from investing activities</b>  | <b>117.91</b>           | <b>228.46</b>           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>   | -                       | -                       |
| <b>Net Cash from Financing activities</b>  | <b>-</b>                | <b>-</b>                |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                       | <b>122.04</b>           | <b>109.42</b>           |
| Cash and cash equivalents as at (Opening)  | 3,325.75                | 3,216.33                |
| Cash and cash equivalents as at (Closing)  | 3,447.79                | 3,325.75                |

**For K.C. Gupta & Associates**  
(Firm Registration No. 021164N)  
Chartered Accountants  
**Per Kailash Gupta**  
(Prop.)  
Membership No.-083547  
New Delhi  
30th May, 2017

For and on behalf of Board of Directors

|  |   |
|--|---|
| <b>Virendra Kumar Charoria</b><br>(Director)<br>DIN 00046895<br><b>Vishal Jain</b><br>(Chief Executive Officer)<br><b>Neha Jain</b><br>(Company secretary) | <b>Manju Gupta</b><br>(Director)<br>DIN 00124974<br><b>Pratiksha Agarwal</b><br>(Chief Financial Officer) |
|--|---|

Notes on Financial Statements for the Year Ended 31st March 2017

**Note 1: Summary of significant Accounting Policies**

**1. Nature of operations**

The Birla Cotton Spinning & Weaving Mills Limited is a Public Limited Company Registered in India and incorporated under the provision of Companies Act, 1913. Its Shares are listed on Delhi Stock Exchange & Calcutta Stock exchange. 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 and also earning commission income on trading in fiber.

**2. Statement of Significant Accounting Policies**

**(i) Basis of Preparations**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**(ii) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any change in the accounting estimates is adjusted prospectively in the current and future periods.

**(iii) Fixed Assets**

Fixed assets are stated at cost including interest on borrowing for acquisition less accumulated depreciation.

**(iv) Depreciation**

Depreciation on all Fixed Assets is provided to the extent of depreciable amount on the straight-line methods (SLM) Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

**Notes on Financial Statements for the Year Ended 31st March 2017**

(v) **Inventories**

Stocks of finished goods are valued at lower of cost or market rate.

(vi) **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) **Dividend**

Dividend income is accounted on receipt basis when right to receipt is established.

(b) **Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest and related income on investment made in the units of fixed maturity plans of Mutual funds is recognized to the extent of reasonable certainty and on maturity.

(vii) **Investment**

Investments of Shares and Securities have been carried over in accordance with Accounting Standard "Accounting for Investments". Long Term Investments are stated at cost and partly at revalued amount as per revaluation during in the year 1988-89. Decline in the market value of any quoted investments if considered to be permanent in nature is provided for. Current Investments are stated at lower of cost or net realizable value.

(viii) **Earnings per share**

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

(ix) **Taxes on Income**

Provision for current tax is determined on the income for the year chargeable to tax as per the provisions of Income Tax Act, 1961.

Provision for deferred tax is recognized on timing differences arising between the taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods using the tax rates and law enacted or substantively enacted as on the Balance Sheet Date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income

**Notes on Financial Statements for the Year Ended 31st March 2017**

available to realize such losses. Other Deferred tax assets are recognized, if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

(x) **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. Liability for gratuity is accounted for on payment basis.

(xi) **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 recognized wherever the carrying amounts of an asset 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.

(xii) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liability is disclosed for (a) possible obligation which will be confirmed only by future events not wholly within the control of the company or (b) present obligations arising from past events where it is probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statement.

## Notes to Financial Statements for the year ended 31st March, 2017

## 2 SHARE CAPITAL

(Amount in lacs)

| Particulars   | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2017 | March 31, 2016 |
| <b>2.1 Authorised</b>   |                |                |
| 17,50,000 (Previous year 17,50,000) equity shares of Rs. 10 each            | 175.00         | 175.00         |
| 25,000 (Previous year 25,000) preference shares of Rs. 100 each             | 25.00          | 25.00          |
|   | <u>200.00</u>  | <u>200.00</u>  |
| <b>2.2 Issued, Subscribed and Paid up</b>                                   |                |                |
| 11,44,180 (Previous Year 11,44,180) equity shares of Rs. 10 each fully paid | <u>114.42</u>  | <u>114.42</u>  |

## 2.3 Reconciliation of number of shares

| Particulars             | March 31, 2017   |                | March 31, 2016   |                |
|-------------------------|------------------|----------------|------------------|----------------|
|                         | No. of shares    | Amount in Lacs | No. of shares    | Amount in Lacs |
| <b>Equity shares</b>    |                  |                |                  |                |
| Opening Balance         | 1,144,180        | 114.42         | 1,144,180        | 114.42         |
| Changes during the year | -                | -              | -                | -              |
| Closing Balance         | <u>1,144,180</u> | <u>114.42</u>  | <u>1,144,180</u> | <u>114.42</u>  |

## 2.4 Rights, Preferences and restrictions attached to shares

**Equity Shares**

The Company has one class of equity shares having a par share value of Rs. 10/- each. Each shareholder is eligible for one vote per share held. The dividend, if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Notes on Financial Statements for the Year Ended 31st March 2017**

**2.5 Details of shreholders holding more than 5%**

| Name of the shareholders              | March 31, 2017 |                            | March 31, 2016 |                            |
|---------------------------------------|----------------|----------------------------|----------------|----------------------------|
|                                       | No of shares   | % holding of share capital | No of shares   | % holding of share capital |
| Earthstone Holding (Two) Ltd.         | 6,42,290       | 56.12                      | 6,42,290       | 56.12                      |
| Earthstone Holding (one) Private Ltd. | 74,000         | 6.47                       | 74,000         | 6.47                       |
| The Punjab Produce & Trading Co. Ltd. | 88,000         | 7.69                       | 88,000         | 7.69                       |

**3 RESERVES AND SURPLUS**

(Amount in lacs)

| Particulars  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--|-------------------------|-------------------------|
| <b>3.1 Capital Reserve</b>   |                         |                         |
| As per last Balance Sheet  | 180.72                  | 180.72                  |
| <b>3.2 Capital Reserve (Revaluation of Investments)</b>  |                         |                         |
| As per last Balance Sheet  | 0.10                    | 0.10                    |
| <b>3.3 Capital Redemption Reserve</b>  |                         |                         |
| As per last Balance Sheet  | 25.00                   | 25.00                   |
| <b>3.4 Statutory Reserves</b>  |                         |                         |
| As per last Balance Sheet  | 1,212.50                | 1,184.00                |
| Add: Transfer from Statement of Profit & Loss  | 17.00                   | 28.50                   |
|  | <u>1,229.50</u>         | <u>1,212.50</u>         |
| (In accordance with Section 45-IC of the Reserve Bank of India (Amendment) Act 1997, twenty percent of the profit after taxation has been transferred to Statutory Reserves) |                         |                         |
| <b>3.5 Share Premium Account</b>   |                         |                         |
| As per Last Balance Sheet  | 4,105.50                | 4,105.50                |
| <b>3.6 General Reserve</b>   |                         |                         |
| As per last Balance Sheet  | 1,508.30                | 1,508.30                |
| <b>3.7 Statement of Profit &amp; Loss</b>  |                         |                         |
| As per last Balance Sheet  | (3,218.18)              | (3,331.12)              |
| Profit for the year  | 81.46                   | 141.44                  |
|  | <u>(3,136.72)</u>       | <u>(3,189.68)</u>       |
| Less: Appropriations   |                         |                         |
| Transfer to Statutory Reserve  | 17.00                   | 28.50                   |
| <b>Surplus carried to Balance Sheet</b>  | <u>(3,153.72)</u>       | <u>(3,218.18)</u>       |
| <b>Total</b>   | <b>3,895.40</b>         | <b>3,813.94</b>         |

## Notes to Financial Statements for the year ended 31st March, 2017

**4 LONG TERM BORROWINGS** (Amount in lacs)

| Particulars                       | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-----------------------------------|-------------------------|-------------------------|
| Unsecured Loan from Related Party | <u>500.00</u>           | <u>—</u>                |

**5 LONG TERM PROVISIONS** (Amount in lacs)

| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| Provisions for employees benefits- Leave Encashment | <u>4.25</u>             | <u>4.22</u>             |

**6 OTHER CURRENT LIABILITIES** (Amount in lacs)

| Particulars       | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------|-------------------------|-------------------------|
| Other Liabilities | <u>31.51</u>            | <u>7.59</u>             |

**7 SHORT TERM PROVISION** (Amount in lacs)

| Particulars                   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------------------|-------------------------|-------------------------|
| Provision of Income Tax (Net) | <u>—</u>                | <u>4.16</u>             |

Notes to Financial Statements for the year ended 31st March, 2017

8 Fixed Assets

| Description of Assets           | GROSS BLOCK      |   |                  | DEPRECIATION     |                          |                  | (Amount in Lacs)<br>NET BLOCK |                  |
|---------------------------------|------------------|---|------------------|------------------|--------------------------|------------------|-------------------------------|------------------|
|                                 | As at 01.04.2016 | Additions/ (Deductions) during the year | As at 31.03.2017 | As at 01.04.2016 | Provided during the year | As at 31.03.2017 | As at 31.03.2017              | As at 31.03.2016 |
| <b>Tangible Assets:</b>         |                  |   |                  |                  |                          |                  |                               |                  |
| Freehold Land (Conversion fees) | 177.55           | -                                       | 177.55           | -                | -                        | -                | 177.55                        | 177.55           |
| Building                        | 47.20            | -                                       | 47.20            | 24.19            | 0.72                     | 24.91            | 22.29                         | 23.01            |
| Plant & Equipment               | 5.07             | -                                       | 5.07             | 4.82             | -                        | 4.82             | 0.25                          | 0.25             |
| Vehicle                         | 24.36            | -                                       | 24.36            | 16.74            | 3.21                     | 19.95            | 4.41                          | 7.62             |
| Office Equipment                | 2.24             | -                                       | 2.24             | 2.13             | -                        | 2.13             | 0.11                          | 0.11             |
| Total                           | 256.42           | -                                       | 256.42           | 47.88            | 3.93                     | 51.81            | 204.61                        | 208.54           |
| Previous year                   | 256.42           | -                                       | 256.42           | 43.95            | 3.93                     | 47.88            | 208.54                        |                  |



THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

Notes on Financial Statements for the Year Ended 31st March 2017

9 NON CURRENT INVESTMENTS

(Amount in Lacs)

| Particulars   | Face Value | No. of shares | As at March 31, 2017 | No. of shares | As at March 31, 2016 |
|---|------------|---------------|----------------------|---------------|----------------------|
| <b>QUOTED</b>   |            |               |                      |               |                      |
| <b>In fully paid up Equity Shares</b>   |            |               |                      |               |                      |
| <u>In Others:-</u>  |            |               |                      |               |                      |
| Tungabhadra Industries Ltd.   | 10         | 1082          | -                    | 1082          | -                    |
| (amount written off in earlier year)  |            |               | -                    |               | -                    |
| <b>UNQUOTED</b>   |            |               |                      |               |                      |
| <b>In fully paid up Equity Shares</b>   |            |               |                      |               |                      |
| <u>In Subsidiaries Company:-</u>  |            |               |                      |               |                      |
| BCM Holding Ltd.  | 10         | -             | -                    | 50,000        | 5.00                 |
| <u>In Others:-</u>  |            |               |                      |               |                      |
| Hind Cycles Limited   | 100        | 440           | -                    | 440           | -                    |
| (amount written off during the earlier year)  |            |               |                      |               |                      |
| Mckenzie's Limited  | 100        | 26            | -                    | 26            | -                    |
| (amount written off during the earlier year)  |            |               |                      |               |                      |
| Akhil Bharat Printers Limited   | 100        | 200           | -                    | 200           | -                    |
| (In Liquidation, amount written off in earlier year)  |            |               |                      |               |                      |
| Pramanand Commercial Pvt. Ltd.  | 10         | 9750          | -                    | 9750          | -                    |
| (Received as Bonus in an earlier year)  |            |               |                      |               |                      |
|   |            |               | -                    |               | -                    |
| <b>In Fully paid up Preference Shares</b>   |            |               |                      |               |                      |
| 0.01% Non Cumulative Redeemable Preference Shares of Goldmerry Investment & Trading Co. Ltd.                              |            |               |                      |               |                      |
|   | 100        | 100000        | 100.00               | 100000        | 100.00               |
| 9% Non Participating , Non Cumulative & Non convertible Redeemable Preference Shares of Pramanand Commercial Private Ltd. |            |               |                      |               |                      |
|   | 100        | 230,000       | 230.00               | 230,000       | 230.00               |
| Total Net Preference Shares   |            |               | 330.00               |               | 330.00               |
| <b>Total Non Current Investments</b>  |            |               | <b>330.00</b>        |               | <b>335.00</b>        |
| Aggregate value of quoted Non Current investment  |            |               | -                    |               | -                    |
| Aggregate value of unquoted Non Current investment  |            |               | 330.00               |               | 335.00               |

**Notes on Financial Statements for the Year Ended 31st March 2017**

**10 DEFERRED TAX**

Deferred Tax Assets (Net) of Rs. 1.12 lacs arising on account of temporary difference for the current year have been adjusted in the Profit & Loss account

Calculation of deferred tax assets as on 31st March 2017 and 31st March, 2016 is as given below:-

|   | <b>(Amount in Lacs)</b>         |                                 |
|---|---------------------------------|---------------------------------|
|   | <b>As at<br/>March 31, 2017</b> | <b>As at<br/>March 31, 2016</b> |
| <u>Deferred Tax Assets</u>                  |                                 |                                 |
| (i) Provision for Interest                  | 2.34                            | 2.34                            |
| (ii) Provision for doubtful loans           | 0.64                            | 0.64                            |
|   | 2.98                            | 2.98                            |
| Difference between books & Tax depreciation | 1.12                            | 0.35                            |
| Deferred Tax Assets (Net)                   | <b>4.10</b>                     | <b>3.33</b>                     |

**11 LONG TERM LOANS AND ADVANCES**

**(Amount in Lacs)**

| Particulars                          | <b>As at<br/>March 31, 2017</b> | <b>As at<br/>March 31, 2016</b> |
|--------------------------------------|---------------------------------|---------------------------------|
| <b>(a) Security Deposits</b>         |                                 |                                 |
| Unsecured, Considered Good           | 6.30                            | 6.30                            |
| <b>(b) Advance</b>                   |                                 |                                 |
| Doubtful                             | 9.64                            | 9.64                            |
| Less: Provision for doubtful advance | (9.64)                          | (9.64)                          |
| <b>Total</b>                         | <b>6.30</b>                     | <b>6.30</b>                     |

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

Notes on Financial Statements for the Year Ended 31st March 2017

12 CURRENT INVESTMENTS (Amount in Lacs)

| Particulars   | Face Value | No. of shares | As at March 31, 2017 | No. of shares | As at March 31, 2016 |
|---|------------|---------------|----------------------|---------------|----------------------|
| <b>QUOTED:-</b>   |            |               |                      |               |                      |
| <b>In fully paid up equity shares</b>                       |            |               |                      |               |                      |
| <b>In Others</b>  |            |               |                      |               |                      |
| Vikas Ecotech Ltd. (formerly known as Vikas Globalone Ltd.) | 1          | -             | -                    | 442350        | -                    |
| (Received as Bonus at the ratio 2 : 3 in earlier year)      |            |               |                      |               |                      |
| Seamec Ltd.   | 10         | -             | -                    | 4825          | 4.71                 |
|   |            |               | -                    |               | 4.71                 |
| <b>TOTAL CURRENT INVESTMENTS</b>                            |            |               | -                    |               | 4.71                 |
| Agreegate value of quoted Current investment                |            |               | -                    |               | 4.71                 |
| Market value of quoted Current investments                  |            |               | -                    |               | 71.73                |

13 TRADE RECEIVABLES (Amount in Lacs)

| Particulars                                 | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| <b>Outstanding for more than six months</b> |                      |                      |
| Unsecured, Considered Good                  | -                    | 23.09                |
| Doubtful                                    | 1.50                 | -                    |
| Less: Provision for doubtful                | (1.50)               | -                    |
|   | -                    | 23.09                |
| <b>Others</b>                               |                      |                      |
| Unsecured, Considered Good                  | -                    | 32.16                |
|   | -                    | 32.16                |
| <b>Total</b>                                | -                    | 55.25                |

14 CASH & CASH EQUIVALENTS (Amount in Lacs)

| Particulars                                | Face Value | No. of shares | As at March 31, 2017 | No. of shares | As at March 31, 2016 |
|--|------------|---------------|----------------------|---------------|----------------------|
| <b>Balances with Bank:-</b>                |            |               |                      |               |                      |
| (i) In Current Accounts                    |            |               | 13.07                |               | 9.36                 |
| (ii) Other Bank Balances                   |            |               | 2.82                 |               | 2.94                 |
|  |            |               | 15.89                |               | 12.30                |
| Cash in hand                               |            |               | 4.02                 |               | 0.01                 |
| <b>Short Term Liquid Investment</b>        |            |               |                      |               |                      |
| HDFC Liquid Fund- Growth                   | 1000       | 70576.457     | 1,827.91             | 70576.457     | 1,827.91             |
| Reliance Liquid Fund-Treasury Plan- Growth | 1000       | 35769.190     | 1,175.30             | 35769.190     | 1,175.30             |
| Birla Sunlife Cash Manager Fund- Growth    | 100        | 124573.923    | 424.67               | 88522.501     | 290.23               |
| Sundaram Money Fund- Growth                | 10         | -             | -                    | 65064.560     | 20.00                |
|  |            |               | 3,427.88             |               | 3,313.44             |
| <b>Total</b>                               |            |               | 3,447.79             |               | 3,325.75             |

**Notes on Financial Statements for the Year Ended 31st March 2017**

**15 SHORT TERM LOANS AND ADVANCES**

(Amount in lacs)

| Particulars                           | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------|-------------------------|-------------------------|
| Inter-Corporate Deposit               | 500.00                  | -                       |
| Advance Income Tax (Net of provision) | 20.25                   | -                       |
| Advance Paid to Subsidiary Companies  | -                       | 4.16                    |
| Others                                | 1.18                    | 1.27                    |
| <b>Total</b>                          | <b><u>521.43</u></b>    | <b><u>5.43</u></b>      |

**16 OTHER CURRENT ASSETS**

(Amount in lacs)

| Particulars         | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------|-------------------------|-------------------------|
| Interest Receivable | 31.35                   | 0.02                    |
| <b>Total</b>        | <b><u>31.35</u></b>     | <b><u>0.02</u></b>      |

**17 REVENUE FROM OPERATION**

(Amount in Lacs)

| Particulars                         | for the year<br>2016-17 | for the year<br>2015-16 |
|-------------------------------------|-------------------------|-------------------------|
| Dividend from Current Investments   | 0.02                    | 0.22                    |
| Interest Income                     | 35.03                   | 1.76                    |
| Commission Income                   | -                       | 41.84                   |
| Profit on Sale of Investments (Net) | 73.15                   | 221.48                  |
| <b>Total</b>                        | <b><u>108.20</u></b>    | <b><u>265.30</u></b>    |

**18 OTHER INCOME**

(Amount in Lacs)

| Particulars                        | for the year<br>2016-17 | for the year<br>2015-16 |
|------------------------------------|-------------------------|-------------------------|
| Rent Received                      | 125.03                  | 125.03                  |
| Housekeeping Services Income (Net) | 19.59                   | 14.45                   |
| Unspent Liability written back     | 0.41                    | -                       |
| <b>Total</b>                       | <b><u>145.03</u></b>    | <b><u>139.48</u></b>    |

## Notes on Financial Statements for the Year Ended 31st March 2017

## 19 OTHER EXPENSES

(Amount in Lacs)

| Particulars                  | for the year<br>2016-17 | for the year<br>2015-16 |
|------------------------------|-------------------------|-------------------------|
| Insurance                    | 0.73                    | 0.68                    |
| Rent                         | 1.31                    | 1.45                    |
| Provision for Doubtful Debts | 1.50                    | -                       |
| Auditor Remuneration:        |                         |                         |
| As Auditors                  | 0.12                    |                         |
| For Tax Audit                | 0.04                    |                         |
| For Other Matters            | 0.24                    | 0.40                    |
| Miscellaneous Expenses       | 5.07                    | 10.83                   |
| <b>Total</b>                 | <b>9.01</b>             | <b>13.36</b>            |

## 20 CURRENT TAX

(Amount in Lacs)

| Particulars   | for the year<br>2016-17 | for the year<br>2015-16 |
|---|-------------------------|-------------------------|
| Current Tax for the year                                | 23.00                   | 39.00                   |
| Excess Provision of Income Tax relating to earlier year | (1.38)                  | (0.38)                  |
| <b>Total</b>  | <b>21.62</b>            | <b>38.62</b>            |

**Notes on Financial Statements for the Year Ended 31st March 2017**

**21 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 related Party**

**Holding Company**

Earthstone Holding (Two) Limited

**Fellow Subsidiaries**

(with whom transactions have occurred during the year)

The Hindustan Times Limited

**Associates**

Duke Commerce Limited

**Key Management Personnel**

Vishal Jain (Chief Executive Officer)

Pratiksha Agrawal (Chief Financial Officer)

Neha Jain (Company Secretary)

**B. Transaction during the year**

**(Amount in Lacs)**

|   | <b><u>2016-17</u></b> | <b><u>2015-16</u></b> |
|---|-----------------------|-----------------------|
| <b>- With Subsidiary companies -</b>                  |                       |                       |
| <b><u>Advance Given / (Refund received)</u></b>       |                       |                       |
| BCM Holding Ltd.                                      | (1.00)                | 1.00                  |
| <b>- With Fellow Subsidiary companies –</b>           |                       |                       |
| <b><u>Rent Paid</u></b>                               |                       |                       |
| The Hindustan Times Ltd.                              | 1.31                  | 1.31                  |
| <b><u>Receipt of Housekeeping Services Income</u></b> |                       |                       |
| The Hindustan Times Ltd.                              | 8.10                  | 7.20                  |
| <b><u>Unsecured loan</u></b>                          |                       |                       |
| The Hindustan Times Ltd.                              | 500.00                | -                     |
| <b><u>Interest on Unsecured Loan</u></b>              |                       |                       |
| The Hindustan Times Ltd.                              | 22.71                 | -                     |

**Notes on Financial Statements for the Year Ended 31st March 2017**

**- With Key Management Personnel –**

Remuneration paid to Key managerial personnel

|                   |      |      |
|-------------------|------|------|
| Vishal jain       | 7.02 | 6.12 |
| Pratiksha Agrawal | 2.76 | 1.56 |
| Neha Jain         | 1.44 | 1.14 |

**C. Balance outstanding at the end of the year** **(Amount in Lacs)**

|                                    | <u>2016-17</u> | <u>2015-16</u> |
|------------------------------------|----------------|----------------|
| <b>-With Subsidiary Company -</b>  |                |                |
| <u>Investment in Equity Shares</u> |                |                |
| BCM Holding Ltd.                   | –              | 5.00           |
| <u>Advance paid</u>                |                |                |
| BCM Holding Ltd.                   | –              | 4.16           |

**22. 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 Investment & Financing, 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 is operational activity of the Company and contributes a significant portion towards its revenue.

**Others:** Renting & Housekeeping Activities

Notes on Financial Statements for the Year Ended 31st March 2017

**SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

| PARTICULARS   | (Rs. In Lacs) |             |
|---|---------------|-------------|
|   | 2016-17       | 2015-16     |
| <b>1. Segment Revenue (Net Sale/ Income From)</b>               |               |             |
| a) Segment – Investment and Financing                           | 108           | 223         |
| b) Segment – Operations   | -             | 42          |
| c) Segment – Others   | 145           | 140         |
| d) Unallocated  | -             | -           |
| Total   | <b>253</b>    | <b>405</b>  |
| <b>2. Segment Result</b>  |               |             |
| Profit before interest and Tax for each segment                 |               |             |
| a) Segment – Investment and Financing                           | 66            | 202         |
| b) Segment – Operations   | -             | 42          |
| c) Segment – Others   | 120           | 134         |
|   | 186           | 378         |
| Less: (i) Interest  | -             | -           |
| (ii) Other Un-allocable expenditure net off Un-allocable income | 86            | 201         |
| <b>Total Profit Before Tax</b>                                  | <b>100</b>    | <b>177</b>  |
| <b>3 Capital Employed</b>                                       |               |             |
| (Segment Assets-Segment Liabilities)                            |               |             |
| a) Segment – Investment and Financing                           | 861           | 340         |
| b) Segment – Operations   | -             | 55          |
| c) Segment – Others   | 200           | 201         |
| Total   | 1061          | 596         |
| Add: Un-allocable Capital employed                              | 2949          | 3332        |
| <b>Total</b>  | <b>4010</b>   | <b>3928</b> |

**23. Earning Per Share**

|   | Year ended<br>31st March, 2017 | Year ended<br>31st March, 2016 |
|---|--------------------------------|--------------------------------|
| A Profit after tax as per the Profit and Loss Account<br>(in Lacs.)                     | 81.46                          | 141.44                         |
| B Weighted average number of equity shares of Rs.10<br>each outstanding during the year | 11,44,180                      | 11,44,180                      |
| C Earning per share (in Rs.)  |                                |                                |
| Basic   | 7.14                           | 12.36                          |
| Diluted   | 7.14                           | 12.36                          |



**Notes on Financial Statements for the Year Ended 31st March 2017**

**24. Contribution for corpus Donation and CSR Activities**

During the year Rs. 65 lacs has been contributed towards Corpus Donation and Rs. 5 lacs has been contributed towards CSR corpus to shine foundation.

**25. Micro, Small and Medium Enterprises**

“The company during the year has not entered into transactions with the vendors 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”.

**26. Details of specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016**

|                                       | SBNs                 | Other denomination                       | Total       |
|---------------------------------------|----------------------|--|-------------|
| Closing cash in hand as on 08.11.2016 | 1,000 * 1<br>500 * 1 | 100 * 1<br>10 * 4<br>1 * 6               | 1,646.00    |
| (+) Permitted receipts                |                      | 2000 * 125                               | 2,50,000.00 |
| (-) Permitted payments                | -                    | -  | -           |
| (-) Amount deposited in Banks         | 1,000 * 1<br>500 * 1 | -  | 1,500.00    |
| Closing cash in hand as on 30.12.2016 |                      | 2000 * 125<br>100 * 1<br>10 * 4<br>1 * 6 | 2,50,146.00 |

**27. Contingent liability**

In respect of Income Tax matters under appeals against Income Tax Demand of Rs. 97.84 lacs.

In respect of House Tax matters under appeals against House Tax Demand of Rs. 166.86 lacs

**28. Other additional information as required under part II of schedule III of Companies Act, 2013 is not applicable**

**29. Previous year figures have been re-grouped/re-arranged where ever found necessary.**

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.-083547

New Delhi

30th May, 2017

For and on behalf of Board of Directors

**Virendra Kumar Charoria**

(Director)

DIN 00046895

**Vishal Jain**

(Chief Executive Officer)

**Neha Jain**

(Company secretary)

**Manju Gupta**

(Director)

DIN 00124974

**Pratiksha Agarwal**

(Chief Financial Officer)

## The Birla Cotton Spinning & Weaving Mills Ltd.

### 30. 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) Directions, 2007)

(Rs. in Lacs)

| <i>Liabilities side :</i>   | <b>Particulars</b>   | Amount<br>out-standing | Amount<br>overdue |
|---|--|------------------------|-------------------|
| <b>(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>          |  |                        |                   |
| (a) Debentures  | : Secured  | NIL                    | NIL               |
|   | : Unsecured<br>(other than falling within the<br>meaning of public deposits) | NIL                    | NIL               |
| (b) Deferred Credits  |  | NIL                    | NIL               |
| (c) Term Loans  |  | NIL                    | NIL               |
| (d) Inter-corporate loans and borrowing   |  | 523                    | NIL               |
| (e) Commercial Paper  |  | NIL                    | NIL               |
| (f) Other Loans (specify nature)  |  | NIL                    | NIL               |
| <br><i>Assets side :</i>  |  |                        |                   |
| <b>(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b> |  | Amount outstanding     |                   |
| (a) Secured   |  |                        | NIL               |
| (b) Unsecured   |  |                        | 535               |
| <b>(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>         |  |                        |                   |
| (i) Lease assets including lease rentals under sundry debtors :   |  |                        |                   |
| (a) Financial lease   |  |                        | NIL               |
| (b) Operating lease   |  |                        | NIL               |
| (ii) Stock on hire including hire charges under sundry debtors :  |  |                        |                   |
| (a) Assets on hire  |  |                        | NIL               |
| (b) Repossessed Assets  |  |                        | NIL               |
| (iii) Other loans counting towards AFC activities   |  |                        |                   |
| (a) Loans where assets have been repossessed  |  |                        | NIL               |
| (b) Loans other than (a) above  |  |                        | NIL               |



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

| Category                             | Market Value /<br>Break up or<br>fair value or<br>NAV | Book Value<br>(Net of<br>Provisions) |
|--------------------------------------|---|--------------------------------------|
| <b>1. Related Parties</b>            |   |                                      |
| (a) Subsidiaries                     | Nil   | Nil                                  |
| (b) Companies in the same<br>group   | Nil   | Nil                                  |
| (c) Other related parties            | Nil   | Nil                                  |
| <b>2. Other than related parties</b> | <u>330.00</u>   | <u>330.00</u>                        |
| <b>Total</b>                         | <u><b>330.00</b></u>                                  | <u><b>330.00</b></u>                 |

**(7) Other Information**

| Particulars                                    | Amount |
|--|--------|
| (I) Gross Non- performing Assets               |        |
| (a) Related parties                            | NIL    |
| (b) Other than related parties                 | NIL    |
| (ii) Net Non Performing Assets                 |        |
| (a) Related parties                            | NIL    |
| (b) Other than related parties                 | NIL    |
| (iii) 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.-083547  
New Delhi  
30th May, 2017

For and on behalf of Board of Directors

|   |  |
|---|--|
| <p><b>Virendra Kumar Charoria</b><br/>(Director)<br/>DIN 00046895<br/><b>Vishal Jain</b><br/>(Chief Executive Officer)<br/><b>Neha Jain</b><br/>(Company secretary)</p> | <p><b>Manju Gupta</b><br/>(Director)<br/>DIN 00124974<br/><b>Pratiksha Agarwal</b><br/>(Chief Financial Officer)</p> |
|---|--|