

**ANNUAL REPORT & ACCOUNTS**  
**2012-2013**

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

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

**DIRECTORS** : Shri Priyavrat Bhartia  
Shri Shamit Bhartia  
Shri V. K. Charoria  
Shri Tolaram Chachan

**AUDITORS** : K. C. GUPTA & ASSOCIATES  
Chartered Accountants

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

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

**NOTICE**

Notice is hereby given that the 117th Annual General Meeting of the Shareholders of THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED, will be held on Monday the 30th September, 2013, at 10.00 a.m. at the Registered Office of the Company at Hindustan Times House, 9th Floor, 18-20, Kasturba Gandhi Marg, New Delhi 110 001 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2013, Profit and Loss Account for the year ended on that date and reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Shamit Bhartia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Virendra Kumar Charoria, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Auditors of the Company to hold office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

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

Place: New Delhi  
Date: 30th May, 2013

V.K. Charoria  
(Director)

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to this notice.
2. The Register of Members of the Company shall remain closed from Monday the 23rd September 2013 to Monday, the 30th September 2013 both days inclusive
3. As required by the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri Shamit Bhartia and Shri Virendra Kumar Charoria Directors retiring by rotation and seeking reappointment under item no. 2 and 3 of the notice respectively are annexed herewith.

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

4. The Securities of the Company are listed on the following Stock Exchanges:
- i. The Delhi Stock Exchange Association Ltd.  
DSE House, 3/1, Asaf Ali Road,  
New Delhi-110 002
  - ii. The Calcutta Stock Exchange Association Ltd.  
7, Lyons Range, Kolkata 700 001

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

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

Place: New Delhi  
Date: 30th May, 2013

V.K. Charoria  
(Director)

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

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

Name of Director	Shri Shamit Bhartia	Shri V.K.Charoria
Date of Birth	April 27, 1979	November 9, 1952
Relationships with other Directors inter-se	Brother of Shri. Priyavrat Bhartia	Nil
Date of Appointment	September 18, 2001	May 2, 1994
Expertise in specific functional areas	General Management & Business Leadership	General Management & Corporate Affairs
Qualification	Graduate in Economics from Dartmouth College, USA	B.Com (Hons), F.C.S, AICWA, PGDBM
No. of Equity Shares held in the Company	Nil	Nil
List of the other companies in which Directorships are held	<ol style="list-style-type: none"> <li>1. Usha Flowell Limited</li> <li>2. HT Media Limited</li> <li>3. Firefly e-Ventures Limited</li> <li>4. HT Digital Media Holdings Limited</li> <li>5. The Hindustan Times Limited</li> <li>6. HT Education Limited</li> <li>7. HT Learning Centers Limited</li> <li>8. Hindustan Media Ventures Limited</li> <li>9. Jubilant Industries Limited</li> <li>10. Jubilant Agri &amp; Consumers Products Limited</li> <li>11. Goldmerry Investment &amp; Trading Company Limited</li> <li>12. BCM Holding Limited</li> <li>13. Birla Real Estate Limited</li> <li>14. Earthstone Investment &amp; Finance Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. HT Films Limited</li> <li>2. White Tide Amusement Limited</li> <li>3. Usha Flowell Limited</li> <li>4. Shradhanjali Investment &amp; Trading Company Limited</li> <li>5. Britex (India) Limited</li> <li>6. The Hindustan Times Limited</li> <li>7. HT Interactive Media Properties Limited</li> <li>8. BCM Holding Limited</li> <li>9. Birla Real Estate Limited</li> <li>10. Earthstone Investment &amp; Finance Limited</li> </ol>
List of committees of the Board of Directors (across all companies) in which Chairmanship /Membership is held	<p><b>Chairman</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee of Firefly e-Ventures Limited.</li> </ol> <p><b>Member</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee of HT Media Limited.</li> </ol>	<p><b>Member</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee of The Birla Cotton Spinning &amp; Weaving Mills Limited.</li> </ol>

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

	<ol style="list-style-type: none"><li>2. Banking &amp; Finance Committee of HT Media Limited</li><li>3. Nomination Committee of The Hindustan Times Limited</li><li>4. Audit Committee of HT Digital Media Holdings Limited</li></ol>	
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**Note:**

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

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

Place: New Delhi  
Date: 30th May, 2013

V.K. Charoria  
(Director)

## DIRECTORS' REPORT

To  
The Shareholders,

Your Directors have pleasure in presenting their Report and the audited accounts of the Company for the year ended 31st March 2013.

### Financial Results:

(Amount in Lacs)

Particulars	2012-2013	2011-2012
Total Income	413.93	359.70
Profit before extraordinary items & Tax	362.71	332.13
Exceptional Items	(1708.28)	(1795.50)
Profit/(Loss) before tax	(1345.57)	(1463.37)
Less: Tax Expenses		
Deferred Tax	0.01	0.61
Current Tax	32.29	43.19
Profit (Loss) after tax	(1377.87)	(1507.17)
Balance brought forward from previous years	1534.73	3041.90
Profit available for appropriation	156.86	1534.73
Appropriations:		
Transfer to Statutory Reserve	-	-
Balance carried to Balance-sheet	156.86	1534.73

### Dividend

No dividend has been recommended for the financial year ended 31st March 2013.

### Subsidiary Companies

During the year, Company incorporated the following Subsidiaries:

1. BCM holding Limited- Incorporated on 31st October,2012
2. Birla Real Estate Limited-Incorporated on 8th November,2012
3. Earthstone Investment & Finance Limited-Incorporated on 21st December,2012

During the year the Company has gifted its Investments in securities to its subsidiary, Earthstone Investment & Finance Limited and Birla Real Estate Limited for the purpose of carrying out their respective business.

### **Directors**

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

### **Consolidated Financial Statements**

The consolidated Financial Statements prepared in accordance with the Accounting standards prescribed by the Institute of Chartered Accountants of India are attached with the Annual Report, pursuant to clause 32 of the listing Agreement.

### **Auditors**

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

### **Compliance Certificate**

Pursuant to the Provisions of Section 383A of the Companies Act, 1956, Certificate has been obtained from M/s G. D. Agrawal & Co., Practising Company Secretaries, confirming compliance of the various applicable provisions of the Companies Act, 1956 and is attached as annexure to the Directors Report as per requirements of the Act.

### **Corporate Governance**

Pursuant to clause 49 of the Listing Agreement with Stock Exchange the company has complied with all mandatory requirements on Corporate Governance. The report on Corporate Governance and Management Discussion & Analysis Report forms part of the Annual Report.

### **Statutory Information**

During the year, there was no employee falling under Section 217(2A) of the Companies Act, 1956.

The information, pursuant to sub section (1)(e) of Section 217 of the Companies Act, 1956, regarding Conservation of Energy, Technology Absorption are either nil or not applicable to Company as Company is a Non-banking Finance Company. Company has neither earned and nor incurred Foreign Exchange.

The Company has not accepted any deposit from the Public during the year. There is no unclaimed or unpaid deposit as on 31st March 2013.

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

The audited statement of accounts, alongwith the report of the Directors and Auditor of the subsidiary of the Company is attached to this report pursuant to the provisions of Section 212 of the Companies Act, 1956.



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

**Directors' Responsibility Statement**

Pursuant to section 217(2AA) of the Companies Act, 1956 (as amended) your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That such accounting policies have been selected, applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the year ended 31st March, 2013.
3. That proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts have been prepared on a going concern basis.

**Acknowledgement**

The Board appreciates and acknowledges the support of everyone.

**For and on behalf of the Board**

Place: New Delhi  
Date: 30th May, 2013

**(Shamit Bhartia)**  
Director

**(V.K.Charoria)**  
Director

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

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

The net aggregate amount of the profits/(Loss) of the Subsidiary company for the last as well as the previous years which concern the members of the Company but have not been dealt with in or for the purpose of the accounts of the company are given below:

S.No.	Name of the Subsidiary Company	Extent of holding (%)	Financial year ended of the Subsidiary	Amount of Profit/ (Loss) of the Subsidiary Company's Last Financial Year (Rs. in Lacs)	Aggregate amount of Profit/ Loss for the previous financial year of the Subsidiary Company (Rs. in lacs)
1	BCM Holdings Limited	100.00	31.03.2013	(0.61)	N.A.
2	Birla Real Estate Limited	100.00	31.03.2013	(0.23)	N.A.
3	Earthstone Investment & Finance Ltd. *	-	31.03.2013	(0.64)	N.A.

\* The Company is wholly owned subsidiary of BCM Holdings Limited

Place: New Delhi  
Date: May 30, 2013

Shamit Bhartia  
V.K.Charoria  
**Directors**

## COMPLIANCE CERTIFICATE

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

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

We have examined the registers, records, books and papers of The Birla Cotton Spinning & Weaving Mills Limited (hereinafter referred to as "the Company") as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Associations of the Company for the financial year ended on 31st March, 2013 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, NCT of Delhi & Haryana within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited company having the minimum prescribed paid up capital, no comments are required.
4. The Board of Directors duly met 7 (Seven) times respectively on 30/04/2012, 30/05/2012, 14/08/2012, 30/08/2012, 12/11/2012, 27/11/2012 and 14/02/2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 21.09.2012 to 29.09.2012 (both days inclusive) during the financial year and has duly complied with the provisions of section 154 of the Act.
6. The annual general meeting for the financial year ended on 31.3.2012 was held on 29th September, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling within the provisions of sections 297 and

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

- 299 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
  11. During the financial year there were no matters falling under section 314 of the Act for the Company to obtain any approvals from the Board of Directors, members or Central Government.
  12. The Board of Directors has approved the issue of duplicate share certificates during the financial year.
  13.
    - (i) The Company has delivered all the certificates on allotment of Equity Shares & Convertible Warrants and on lodgment of equity shares for transfer in accordance with the provision of the Act.
    - (ii) The Company has not deposited any amount of dividend in a separate Bank account as no dividend was declared during the financial year.
    - (iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
    - (iv) There was no unpaid dividend, application money due for refund, matured deposits, and matured debentures remaining unclaimed or unpaid for a period of seven years.
    - (v) The Company has duly complied with the requirements of section 217 of the Act.
  14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
  15. The Company has not appointed any managing director/ whole time director/ manager during the financial year.
  16. The Company has not appointed any sole selling agents during the financial year;
  17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year;
  18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
  19. The Company has issued Equity shares and Convertible Warrants during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. The Company has not redeemed any preference shares during the financial year.
  22. There was no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
  23. The Company has not invited or accepted any deposits including any unsecured loans falling within the provisions of Section 58A of the Act during the financial year.
  24. The Company has not borrowed any amount from directors, members, banks and others during the financial year.
  25. The Company has not made any loans or given guarantees or provided securities to other bodies corporate or investment in shares of other bodies corporate during the financial year.
  26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one State to another during the year.
  27. The Company has altered the provisions of the memorandum with respect to the objects of the Company during the financial year under scrutiny and complied with the provision of the Act
  28. The Company has not altered the provisions of the memorandum with respect to name of the

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

Company during the financial year.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year.
30. The Company has altered its articles of association after obtaining approval of members in the extra-ordinary general meeting held on 29th September, 2012 and the amendments to the Articles of Associations have been filed with the Registrar of Companies during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

Place : New Delhi  
Date: 30th May, 2013

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

## ANNEXURE–A

### Registers as maintained by the Company

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

## ANNEXURE–B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2013.

Sl. No.	Form No.	Filed Under Section	For	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether required additional fee was paid. Yes/No
1	23AC & ACA	220	31.03.2012	16.01.2013	No	Yes
2	66	383A	31.03.2012	29.10.2012	Yes	N.A.
3	20B	159	29.09.2012	29.11.2012	Yes	N.A.
4	20A	149	29.09.2012	08.01.2013	Yes	N.A.
5	23	192	29.09.2012	26.10.2012	Yes	N.A.
6	2	75	14.02.2012	21.02.2013	Yes	N.A.

For G D Agrawal & Co.,  
Company Secretaries

Place : New Delhi  
Date : 30th May, 2013

(G D Agrawal)  
Sole Proprietor  
C.P. No.4275 FCS - 213

## REPORT ON CORPORATE GOVERNANCE

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

### 1. BOARD OF DIRECTORS

#### A) Composition of the Board

The Composition of the Board during the year-ended 31.03.2013 is as follows:

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

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

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

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

During the financial year ended 31st March 2013, Seven Board meetings were held on 30th April 2012, 30th May 2012, 14th August,2012,30th August 2012,12th November 2012, 27th November 2012,14th February, 2013

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

<b>Name of the Director</b>	<b>No. of Board meetings attended during FY 12-13</b>	<b>Attendance at the last AGM held on 29.09.2012</b>	<b>No. of other Directorships held</b>	<b>Committee positions held in other companies</b>	
				<b>Chairman</b>	<b>Member</b>
Shri. Priyavrat Bhartia	7	Yes	15	2	6
Shri. Shamit Bhartia	7	No	14	1	2
Shri. V.K.Charoria	7	Yes	11	1	1
Shri. T.R.Chachan	Nil	No	14	0	0

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

**2. AUDIT COMMITTEE**

During the year ended March 31, 2013 five meetings of Audit Committee were held. The said meetings were held on 30th May 2012, 14th August,2012, 30th August,2012,12th November 2012, 14th February 2013.

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

<b>Name of the Director</b>	<b>Position in the Committee</b>	<b>Number of meetings attended</b>
Shri. V.K.Charoria	Chairman	5
Shri. Priyavrat Bhartia	Member	5
Shri. T.R.Chachan	Member	5

• **SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE**

No Meeting was held during the year.

The composition of Shareholders/Investors Grievance 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

• **GENERAL BODY MEETINGS**

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

<b>Date &amp; Time</b>	<b>30th September 2010 at 10.00 A.M</b>	<b>30th September 2011 at 10.00 A.M.</b>	<b>29th September 2012 at 10.00 A.M.</b>
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	No Special resolution passed	No Special resolution passed	Special resolution was passed: <ul style="list-style-type: none"> <li>• Under section 81(1A)</li> <li>• Allotment of shares and warrants</li> <li>• Alteration in object clause of Memorandum of Association</li> <li>• Alteration in Articles of Association</li> </ul>



• **DISCLOSURES**

- a) During the year ended on 31st March 2013, there were no materially significant transactions with related parties viz. promoters and their relatives or the management that may have potential conflict with the interest of the Company at large. The required disclosures on related parties and transactions with them, is appearing in Para 21 to the notes to the financial statement.
- 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 for non-compliance of any matter related to the capital markets.

• **MEANS OF COMMUNICATION**

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

**7. GENERAL SHAREHOLDER INFORMATION**

**117th Annual General Meeting**

**Day, date and time** -Monday, 30th September 2013 at 10.00 A.M

**Venue** - Hindustan Times House, 9th Floor, 18-20,K.G.Marg,  
New Delhi-110001.

**1. Financial Year**

1st April of each year to 31st March of next year.

**2. Share Transfer System**

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

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

**3. Registrars & Share Transfer Agents**

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

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**4. Distribution of shareholding as on 31st March 2013:**

SHARE OR DEBENTURE HOLDING OF NOMINAL VALUE OF		SHARE/DEBENTURE HOLDERS		SHARE/DEBENTURE AMOUNT	
Rs.	Rs.	Number	% to Total	In Rs.	% to Total
(1)		(2)	(3)	(4)	(5)
Upto	– 5,000	183	79.22	226500	2.54
5,001	– 10,000	15	6.49	116230	1.30
10,001	– 20,000	8	3.46	134770	1.51
20,001	– 30,000	2	0.87	53000	0.59
30,001	– 40,000	4	1.73	139970	1.57
40,001	– 50,000	2	0.87	93320	1.05
50,001	– 1,00,000	4	1.73	1175660	13.18
1,00,001 and above		13	5.63	6981840	78.26
<b>TOTAL</b>		<b>231</b>	<b>100</b>	<b>8921290</b>	<b>100</b>

**5. Shareholding Pattern of the Company as on 31st March 2013:**

Category	No. of shares held	Percentage of shareholding %
(A) Shareholding of Promoters and Promoter's Group	511874	57.38
(B) Public Shareholding:		
(a) Financial Institutions/Banks	42013	4.70
(b) Bodies Corporate	228268	25.59
(c) Individuals	55000	6.17
(d) Others	54974	6.16
Total Public Shareholding	380255	42.62
<b>TOTAL (A)+(B)</b>	<b>892129</b>	<b>100.00</b>

**a. Dematerialization of Shares:**

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

**b. Dividend**

No dividend has been recommended for the financial year ended 31st March 2013.

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**8. Status of Dematerialization as on March 31, 2013:**

<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)	Nil	Nil
Total Dematerialized	Nil	Nil
Physical	892129	100.00
Grand Total	892129	100.00

**9. Listing on Stock Exchange**

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

The annual listing fees for the financial year 2013-14 has been paid to both the above mentioned stock exchanges.

**10. Scrip Code** :

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

**11. Plant Location** : N.A

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

There is no trading of any scrip during the year ended 31st March 2013 on both the Stock Exchanges, where Company equity shares are listed.

**13. Address for correspondence:**

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

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

**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,  
Tel:-66561206

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

I, V.K.Charoria, Director of the Company, do hereby confirm that all the members of Board and the Key Managerial Personnel of the Company have complied with the 'Code of Conduct for the Directors and Key Managerial Personnel', during the financial year 2012-2013.

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

Date: 30<sup>th</sup> May 2013  
Place: New Delhi

(V.K.Charoria)  
Director

**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 under review is Rs.413.93 lakhs as compared to Rs.359.70 lakhs in the previous year. During the year under review Loss before tax amounts to 1345.57 lakhs as compared to 1463.37 lakhs in the previous year.

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

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

**3. Opportunities and Threats:**

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

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

**4. Future Prospects and Outlook:**

The 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.

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## THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

The company has significant quoted investments which are exposed to fluctuations in stock prices. These investments represent a substantial portion of the Company's core capital, and are vulnerable to fluctuations in stock markets. Any decline in these quoted investments may severally impact its financial position and results of operations.

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:**

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

### **8. Cautionary Statement:**

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

## **AUDITOR'S REPORT**

To the Members of  
**THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

We have audited the accompanying financial statements of THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

2. As required by section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

C.A Kailash Gupta  
(Prop.)  
Membership No. : 083547

Place: New Delhi  
Date : 30 May, 2013



**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED. on the accounts of the company for the year ended 31st March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) All Fixed Assets have not been physically verified by the management during the year but there is a regular program of verification which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed no material discrepancies were noticed on such verification. The fixed assets have not been revalued during the year.  
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. The clause regarding physical verification of inventory is not applicable to the Company.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loan, secured or unsecured, to/from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Hence the questions of reporting whether reasonable steps for recovery/repayment of over dues for such loans are taken does not arise.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weakness in the internal controls has been noticed.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceed five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arise.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed maintenance of Cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no

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

outstanding statutory dues as on 31st of March, 2013 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 is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company has no accumulated losses at the end of the financial year ending on 31st March, 2013, however the Company has incurred cash loss during the financial year of Rs.13.77 crore and preceding year cash loss was Rs.15.07 crore.
  11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
  12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
  14. According to information and explanations given to us, the Company is trading in Shares, Mutual Funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
  15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
  16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
  17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
  18. The Company has made preferential allotment of 93,000 equity shares of Rs. 10 at a premium of 1190 per share and 2,72,000 convertible warrants @ Rs. 1200 (Rs. 300 paid) during the year.
  19. The Company has no outstanding debentures during the period under audit.
  20. The Company has not raised any money by public issue during the year.
  21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

C.A Kailash Gupta  
(Prop.)  
Membership No. : 083547

Place : New Delhi  
Date : 30, May, 2013

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in Lacs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	89.22	79.92
(b) Reserves and surplus	3	4,055.68	4,326.85
(c) Money Received against convertible Warrants	4	816.00	—
		<u>4,960.90</u>	<u>4,406.77</u>
<b>Non current liabilities</b>			
Long Term Provision	5	2.56	1.99
<b>Current liabilities</b>			
Other current liabilities	6	11.56	7.75
<b>TOTAL</b>		<u><u>4,975.02</u></u>	<u><u>4,416.51</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets- Tangible Assets	7	236.11	239.92
(b) Non-current investments	8	600.55	2,500.20
(c) Deferred tax assets (net)	9	2.31	2.32
(d) Long-term loans and advances	10	19.19	14.37
		<u>858.16</u>	<u>2,756.81</u>
<b>Current assets</b>			
(a) Current investments	11	4,005.33	1,208.59
(b) Trade receivables	12	43.70	40.49
(c) Cash and Bank Balances	13	60.05	409.81
(d) Short Term Loans and advances	14	6.25	0.81
(e) Other current assets	15	1.53	—
		<u>4,116.86</u>	<u>1,659.70</u>
<b>TOTAL</b>		<u><u>4,975.02</u></u>	<u><u>4,416.51</u></u>

Notes on Financial Statement 1 to 27

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.-83547

New Delhi

30th May, 2013

(Shamit Bhartia)

Director

(V.K.Charoria)

Director

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in Lacs)

Particulars	Note No.	for the year 2012-13	for the year 2011-12
Revenue from operations	16	406.10	351.87
Other income	17	7.83	7.83
<b>Total Revenue</b>		<b>413.93</b>	<b>359.70</b>
<b>Expenses:</b>			
Employee benefits expense		4.40	5.48
Depreciation		3.81	3.81
Other expenses	18	43.01	18.28
<b>Total expenses</b>		<b>51.22</b>	<b>27.57</b>
<b>Profit before tax</b>		<b>362.71</b>	<b>332.13</b>
Tax Expense:			
(1) Current tax	19	32.29	43.19
(2) Deferred tax	9	0.01	0.61
		32.30	43.80
<b>Profit after tax</b>		<b>330.41</b>	<b>288.33</b>
Exceptional Items	20	1,708.28	1,795.50
Profit/(Loss) after Tax & Exceptional items		(1,377.87)	(1,507.17)
Earnings per equity share (in Rs.):			
(1) Basic		(169.92)	(188.59)
(2) Diluted		(169.92)	(188.59)

Notes on Financial Statement 1 to 27

As per our attached Report of even date

For K.C. GUPTA & ASSOCIATES

(Firm Registration No. 021164N)

Chartered Accountants

Per KAILASH GUPTA

(Prop.)

Membership No.-83547

New Delhi

30th May, 2013

For and on behalf of Board of Directors

(Shamit Bhartia)

Director

(V.K.Charoria)

Director

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Lacs)

Particulars	for the year 2012-13	for the year 2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax as per Statement of Profit and Loss	362.71	332.13
Adjustment for :		
Depreciation	3.81	3.81
Interest paid to Income Tax Department	1.39	1.65
Investment Written off	0.14	-
Interest Income	(12.87)	(1.79)
Dividend Income	(212.15)	(170.75)
Profit on sale of Investment	(94.15)	(96.16)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>48.88</b>	<b>68.89</b>
Adjustment for :		
Trade & other receivables	(8.64)	308.23
Trade & other payables	4.38	1.75
Cash Generated from Operations	44.62	378.87
Direct Taxes Paid (Net)	(38.50)	(40.58)
Net Cash from Operating Activities	<b>6.12</b>	<b>338.29</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received	11.34	1.79
Dividend Received	212.15	170.75
Profit on sale of Investment	94.15	96.16
Purchase of Investment	(3,260.52)	(2,218.10)
Sale of Investment	655.00	1,903.57
Net Cash provided by investing activities	<b>(2,287.88)</b>	<b>(45.83)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of Equity Shares	1,116.00	-
Proceeds from issuance of Equity Shares Warrants	816.00	-
	<b>1,932.00</b>	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(349.76)</b>	<b>292.46</b>
Cash and cash equivalents as at (Opening)	409.81	117.35
<b>Cash and cash equivalents as at (Closing)</b>	<b>60.05</b>	<b>409.81</b>

As per our attached Report of even date

For K.C. GUPTA & ASSOCIATES

Chartered Accountants

(Firm Registration No. 021164N)

Per KAILASH GUPTA

(Prop.)

Membership No.-83547

New Delhi

30th May, 2013

For and on behalf of Board of Directors

(Shamit Bhartia)

Director

(V.K.Charoria)

Director

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

**NOTE-1: SIGNIFICANT ACCOUNTING POLICIES**

**(i) Basis of Accounting**

The financial statements have been prepared and presented except as stated in clause (vii) below, under the historical cost convention method on the accrual basis of accounting and in accordance with Generally Accepted Accounting Principles ("GAAP"), and Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 and the presentation requirements of relevant provisions of the Companies Act, 1956, to the extent applicable.

**(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 is provided on straight-line method in terms of section 205(2) (b) of the Companies Act, 1956. The rates of depreciation considered are on the following basis:

- a) On fixed Assets installed upto 31st March, 1987, at the rates corresponding to the rates applicable under the Income Tax Rules in force at the time of acquisition / purchase of respective assets.
- b) On fixed Assets installed after 31st March 1987, at the rates specified in Schedule XIV of the Companies Act, 1956 as applicable at the time of acquisition of the respective assets.

**(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 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 recognised 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 on financial Statements for the year ended 31st March, 2013

## 2 SHARE CAPITAL

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>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>Issued, Subscribed and Paid up Equity Shares</b>		
8,92,180 (Previous year 7,99,180) equity shares of Rs. 10 each fully paid	89.22	79.92

## 2.1 Reconciliation of number of shares

Particulars	March 31, 2013		March 31, 2012	
	No. of shares	Amount in Lacs	No. of shares	Amount in Lacs
<b>Equity shares</b>				
Opening Balance	799180	79.92	799,180	79.92
Changes during the year	93000	9.30	—	—
Closing Balance	892180	89.22	799,180	79.92

## 2.2 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.

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

**2.3 Details of shreholders holding more than 5% of Equity Shares in the Company**

Name of the shareholders	March 31, 2013		March 31, 2012	
	No of shares	% holding of share capital	No of shares	% holding of share capital
Britex (India) Ltd.	75,714	8.49	75,714	9.47
Calcutta Medical Institute	49,666	5.57	49,666	6.22
HTL Investment & Trading Co. Ltd.	75,000	8.41	75,000	9.39
Shradhanjali Investment & trading Co. Ltd.	65,784	7.37	65,784	8.23
Shekhavati Investments & Traders Ltd.	46,600	5.22	46,600	5.83
The Hindustan Times Ltd.	47,584	5.33	47,584	5.95
The Punjab Produce & Trading Co. Ltd.	88,000	9.86	88,000	11.01
Usha Flowell Ltd.	77,292	8.66	77,292	9.67
Udit (India) Ltd.	77,500	8.69	77,500	9.70
Earthstone Holding Private Ltd.	93,000	10.42	–	–

**3 RESERVES AND SURPLUS**

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>3.1 Capital Reserve</b>		
As per last Balance Sheet	120.72	120.72
<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	1,138.00	1,138.00
Add: Transfer from Profit & Loss Account	–	–
	<u>1,138.00</u>	<u>1,138.00</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>		
Received during the year on 93000 equity shares @ Rs. 1190 per shares	1,106.70	–
	<u>1,106.70</u>	<u>–</u>

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

<b>3.6 General Reserve</b>		
As per last Balance Sheet	<u>1,508.30</u>	<u>1,508.30</u>
<b>3.7 Profit &amp; Loss A/c</b>		
As per last Balance Sheet	1,534.73	3,041.90
Profit/ (Loss) for the year	<u>(1,377.87)</u>	<u>(1,507.17)</u>
	156.86	1,534.73
Less:- Appropriations		
Transfer to Statutory Reserve	<u>-</u>	<u>-</u>
<b>Surplus carried to Balance Sheet</b>	<u>156.86</u>	<u>1,534.73</u>
<b>Total of Reserve &amp; Surplus</b>	<b>4,055.68</b>	<b>4,326.85</b>

**4 Money Received against Convertible Warrants**

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
272 000 convertible Warrants of Rs. 1200 each, Rs. 300 paid per share	<u>816.00</u>	<u>-</u>
	<b>816.00</b>	<b>-</b>

Warrants are convertible within 18 months at the option of warrant holder on payment of Balance money.

**5 LONG TERM PROVISIONS**

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Provisions for employees benefits- Leave Encashment	<b>2.56</b>	<b>1.99</b>

**6 OTHER CURRENT LIABILITIES**

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Others payables ( statutory dues etc)	<b>11.56</b>	<b>7.75</b>

**7 Fixed Assets**  
**(Amount in Lacs)**

Description of Assets	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As at 01.04.2012	Addition during the year	As at 01.04.2012	Provided during the year	Deductions/ Adjustments during the year	Upto 31.03.2013	As at 31.03.2012
<b>Tangible Assets:</b>							
Freehold Land (Conversion fees)	177.55	-	-	-	-	-	177.55
Building	75.73	-	33.03	1.20	-	34.23	42.70
Plant & Equipment	8.32	-	7.63	0.15	-	7.78	0.69
Vehicle	24.36	-	5.69	2.32	-	8.01	18.67
Office Equipment	2.24	-	1.93	0.14	-	2.07	0.31
	288.20	-	48.28	3.81	-	52.09	239.92
Previous year	288.20	-	44.47	3.81	-	48.28	243.73

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

**8 NON CURRENT INVESTMENTS**

(Amount in lacs)

Particulars	Face Value	No of shares/ units	As at March 31, 2013	No of shares/ units	As at March 31, 2012
<b>QUOTED</b>					
<b>In fully paid up Equity Shares</b>					
<u>In Associates Company</u>					
Duke Commerce Limited	10		—	392200	39.22
<u>Others:-</u>					
Tungabhadra Industries Ltd. (amount written off during the year)	10	1082	—	1082	0.13
Chambal Fertilisers & Chemicals Limited	10		—	8424515	1,528.67
Texmaco Infrastructure & Holdings Ltd.	1	10070	1.43	10070	1.43
Texmaco Rail & Engineering Ltd.	1		—	10070	2.02
			1.43		1,532.25
<b>In Tax Free Bonds:-</b>					
Housing and Urban Development Corpn Ltd.	1000	9000	90.00	9000	90.00
National highways Authority of India	1000	2472	24.72	2472	24.72
			114.72		114.72
<b>In Units of Mutual Fund</b>					
ICICI Prudential FMP Series 58-19 Months Plan F	10		—	1000000	100.00
Sundaram FTP-BQ 18 months	10		—	500000	50.00
Birla Sunlife FMP Series EX- Growth	10		—	2000000	200.00
Sundaram FTP Plan CP 370 days	10		—	1000000	100.00
LIC Nomura FMP Series 52- 367 days	10		—	1000000	100.00
Birla Sunlife FMP Series FE 36 months	10	1000000	100.00		—
HDFC FMP 24 Months April 2012(1) Series XX	10	1000000	100.00		—
ICICI Prudential FMP Series 63-3 years	10	1250000	125.00		—
			325.00		550.00
<b>UNQUOTED</b>					
<b>In fully paid up Equity Shares</b>					
<u>In Subsidiaries Company:-</u>					
Birla Real Estate Ltd.	10	50000	5.00		—
BCM Holding Ltd.	10	50000	5.00		—
			10.00		—
<u>In Others:-</u>					
Hind Cycles Limited (amount written off during the earlier year)	100	440	—	440	—
Mckenzie's Limited (amount written off during the year)	100	26	—	26	0.01
Eastern Economist Limited	100	372	0.37	372	0.37
Akhil Bharat Printers Limited (In Liquidation, amount written off in earlier year)	100	200	—	200	—
The Hindustan Times Limited	10		—	532800	114.59
Paxton Estate Management Services Limited	10	10000	1.01	10000	1.01

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

(Amount in lacs)

Particulars	Face Value	No of shares/ units	As at March 31, 2013	No of shares/ units	As at March 31, 2012
Goldmerry Investment & Trading Co.Limited	10	114000	11.42	114000	11.42
Pramanand Commercial Pvt. Ltd.	10	48750	0.59	48750	0.59
Mehul Finvest Pvt. Limited	10	250000	21.30	250000	21.30
VPC Financial Services Pvt. Limited	10	252700	<u>20.22</u>	252700	<u>20.22</u>
			<u>54.90</u>		<u>169.51</u>
<b>In Fully paid up Preference Shares</b>					
14% Cumulative Non-Convertible Preference Shares of Jubilant Enpro Private Ltd.	10	6000000	600.00	6000000	600.00
10% Non-Convertible Redeemable Preference Shares of Shradhanjali Investment & Trading Co. Ltd.	10	238000	1,190.00	238000	1,190.00
10% Non-Convertible Redeemable Preference Shares of Britex (India) Ltd.	10	20000	<u>100.00</u>	20000	<u>100.00</u>
			1,890.00		1,890.00
Less: Provision for diminution in the value of Non Current Investments			<u>(1,795.50)</u>		<u>(1,795.50)</u>
Total Net Preference Shares			<u>94.50</u>		<u>94.50</u>
<b>Total Non Current Investments</b>			<b>600.55</b>		<b>2,500.20</b>
Aggregate value of quoted Non Current investment			441.15		2,236.20
Market value of quoted Non Current investments			479.04		7,202.57
Aggregate value of unquoted Non Current investment			1,954.90		2,059.50
Gross provision for diminution value of Non Current investments			<u>(1,795.50)</u>		<u>(1,795.50)</u>

**9 DEFERRED TAX**

Deferred Tax Liabilities (Net) of Rs. 0.01 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 2013 and 31st March, 2012 is as given below:-

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Deferrred Tax Assets		
(i) Provision for Interest	2.34	2.34
(ii) Provision for doubtful loans	<u>0.64</u>	<u>0.64</u>
	2.98	2.98
Difference between books & Tax depreciation	<u>(0.67)</u>	<u>(0.66)</u>
Deferred Tax Assets (Net)	<u>2.31</u>	<u>2.32</u>

The Company based on prudence has not recognized Deferred Tax Assets on loss on transfer of shares of Rs. 17.08 crore and in previous year on provision for diminution in the value of Investment of Rs. 17.95 Crore based on future profitability projections.

## THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

### 10 LONG TERM LOANS AND ADVANCES (Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Unsecured Considered Good		
(i) Security Deposits	6.30	6.30
(ii) Advance Income Tax (Net of provision)	12.89	8.07
(b) Unsecured Considered doubtful		
Other Loans and advances	9.64	9.64
Less: Provision for doubtful loans and advances	(9.64)	(9.64)
	<u>19.19</u>	<u>14.37</u>

### 11 CURRENT INVESTMENTS:- (Amount in lacs)

Particulars	Face Value	No of shares	As at March 31, 2013	No of shares	As at March 31, 2012
<b>QUOTED:-</b>					
<b>In fully paid up Equity shares</b>					
<u>In Others:-</u>					
The Federal Bank Ltd.	10		-	17700	23.78
<b>In Units of Mutual Funds</b>					
ICICI FMP Series 55-13 M Plan B Growth	10		-	1000000	100.00
ICICI FMP Series 55-15 M Plan A Growth	10		-	1000000	100.00
IDFC FMP 18 Months EMS 7 Growth	10		-	850000	85.00
Kotak FMP Series 41-Growth	10		-	2000000	200.00
UTI Fixed Term Income Fund Series IX-V	10		-	1000000	100.00
Principal PNB FMP Series A4 Growth	10	3000000	300.00	3000000	300.00
ICICI Prudential FMP Series 58-19 Months Plan F	10	1000000	100.00		-
Sundaram FTP-BQ 18 months	10	500000	50.00		-
Birla Sunlife FMP Series EX- Growth	10	2000000	200.00		-
Sundaram FTP Plan CP 370 days	10	1000000	100.00		-
LIC Nomura FMP Series 52- 367 days	10	1000000	100.00		-
DWS FMP Series 14	10	1000000	100.00		-
Birla Sunlife Cash Manager Fund- Instt Growth	100	29073.699	48.76	29073.699	48.76
Birla Sunlife Cash Manager Fund- Growth	100	-	-	28610.286	70.00
LIC Nomura MF Liquid Fund- Growth	1000	9985.956	181.05	9985.956	181.05
Birla Sunlife MF Daily Dividend	100	214010.938	214.12		-
Birla Sunlife IP Daily Dividend	100	456323.717	456.57		-
LIC MF Liquid Fund- Dividend	1000	14101.765	154.84		-
Morgan Stanley Liquid Fund- Growth	1000	52353.120	600.00		-
Reliance Money Manager Fund- Growth	1000	43876.380	700.00		-
UTI Treasury Advantage Fund- Growth	1000	44417.427	700.00		-
Total			<u>4,005.33</u>		<u>1,184.81</u>
<b>TOTAL CURRENT INVESTMENTS</b>			<b>4,005.33</b>		<b>1,208.59</b>
Agreegate value of quoted Current investment			4,005.33		1,208.59
Market value of quoted Current investments			4154.16		1,341.17

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

**12 TRADE RECEIVABLES** (Amount in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Over six months	-	-
Others	43.70	40.49
	<u>43.70</u>	<u>40.49</u>

**13 CASH AND BANK BALANCES** (Amount in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with Bank:-		
(i) In Current Accounts	59.30	409.32
(ii) Cash in hand	0.30	0.09
Other Bank Balances	0.45	0.40
<b>Total</b>	<u>60.05</u>	<u>409.81</u>

**14 SHORT TERM LOANS AND ADVANCES** (Amount in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Advance paid to Subsidiaries Companies	5.19	-
Others	1.06	0.81
	<u>6.25</u>	<u>0.81</u>

**15 OTHER CURRENT ASSETS** (Amount in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Interest Receivable	1.53	-

**16 REVENUE FROM OPERATION** (Amount in lacs)

Particulars	For the year 2012-2013	For the year 2011-12
Interest Income	12.87	1.79
<u>Dividend Income:</u>		
Dividend from Non current investments	167.30	168.08
Dividend from current investments	44.85	2.67
	<u>212.15</u>	<u>170.75</u>
Commission Income	86.93	81.64
Profit on Sale of Investments	94.15	96.16
Housekeeping Services Income	-	1.53
	<u>406.10</u>	<u>351.87</u>



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

<b>17 OTHER INCOME</b>			(Amount in lacs)
Particulars	For the year 2012-2013	For the year 2011-12	
Rent Received	<u>7.83</u>	<u>7.83</u>	
<b>18 OTHER EXPENSES</b>			(Amount in lacs)
Particulars	For the year 2012-2013	For the year 2011-12	
Insurance	1.17	1.04	
Rent	1.43	1.43	
Rates & Taxes	0.38	0.38	
Legal & Professional Charges	22.82	2.92	
Auditor Remuneration:			
As Auditors	0.12		
For Tax Audit	0.04		
For Other Matters	<u>0.63</u>	0.34	
Miscellaneous Expenses	16.42	12.17	
	<u>43.01</u>	<u>18.28</u>	
<b>19 CURRENT TAX</b>			(Amount in lacs)
Particulars	For the year 2012-2013	For the year 2011-12	
Current Tax for the year	33.00	39.00	
Short/ (Excess) Provision of Income Tax relating to earlier year	(0.71)	4.19	
	<u>32.29</u>	<u>43.19</u>	
<b>20 EXCEPTIONAL ITEMS</b>			(Amount in lacs)
Particulars	For the year 2012-2013	For the year 2011-12	
Provision for diminution in the value of Non Current Investments	-	1,795.50	
Loss on Transfer of Shares *	1,708.28	-	
	<u>1,708.28</u>	<u>1,795.50</u>	
* Refer Note No. 23 in Notes on Financial Statements			

## Notes on Financial Statements for the Year Ended 31st March 2013

### 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 the related Party

##### **Subsidiary Companies**

BCM Holding Ltd.  
Birla Real Estate Ltd.

##### **Step down Subsidiary Company**

Earthstone Investment & Finance Ltd.

##### **Key Management Personnel**

Shri Priyavrat Bhartia

##### **Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives**

Britex (India) Limited  
Usha Flowell Limited  
Udit (India) Limited  
The Hindustan Times Limited  
Goldmerry Investment & Trading Company Limited  
Earthstone Holding Private Limited  
Earthstone Holding (One) Private Limited  
Earthstone Holding (Two) Private Limited  
Earthstone Holding (Three) Private Limited  
Shine Foundation  
Go4 cricket.com (India) Private Limited  
Shradhanjali Investment & Trading Company Limited  
HTL Investment & Trading Company Limited  
Shobhana Print Media LLP  
Shobhana Communications LLP  
PSB Trustee Company Private Limited  
SB Trusteeship Services Private Limited  
Shobhana Trustee Company Private Limited  
SSB Trustee Company Private Limited  
Shamit Media LLP  
Priyavrat Computers LLP  
Priyavrat Traders  
Billigiri Rangan Coffee Estate  
Kumaon Orchards

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

B. Transaction during the year	2012-13	(Amount in Lacs) 2011-12
<b>With Subsidiary Company:-</b>		
<u>Investment in Equity Shares</u>		
BCM Holding Ltd.	5.00	—
Birla Real Estate Ltd.	5.00	—
Earthstone Investment and Finance Ltd.	5.00	—
<u>Sale of Investment in Equity Shares of Earthstone Investment and Finance Ltd.</u>		
BCM Holding Ltd.	5.00	—
<u>Advances paid</u>		
BCM Holding Ltd.	2.43	—
Birla Real Estate Ltd.	0.32	—
Earthstone Investment and Finance Ltd.	2.44	—
<u>Gift of Investment in Equity Shares</u>		
Earthstone Investment and Finance Ltd.	—	—
<b>With Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives</b>		
<u>Rent Received:-</u>		
Usha Flowell Ltd.	0.12	0.12
Udit (India) Ltd.	0.12	0.12
Britex (India) Ltd.	0.12	0.12
Goldmerry Investment & Trading Company Ltd.	0.03	0.03
<u>Rent Paid:-</u>		
The Hindustan Times Ltd.	1.31	1.31
<u>Dividend Received:-</u>		
The Hindustan Times Ltd.	5.33	5.33
Britex (India) Ltd.	0.20	0.20
<u>Housekeeping Services Income</u>		
The Hindustan Times Ltd.	32.64	30.48
<u>Money Received against convertible Warrants</u>		
Earthstone Holding Private Ltd.	579.00	—
Earthstone Holding (one) Private Ltd.	237.00	—
<u>Refund received against share application money</u>		
Earthstone Holding Private Ltd.	—	(310.00)

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

<b>C. Balance outstanding at the end of the year</b>	<b>(Amount in Lacs)</b>	
	<b>2012-13</b>	<b>2011-12</b>
<b>With Subsidiary Company:-</b>		
<u>Investment in Equity Shares</u>		
BCM Holding Ltd.	5.00	–
Birla Real Estate Ltd.	5.00	–
 <u>Advance paid</u>		
BCM Holding Ltd.	2.43	–
Birla Real Estate Ltd.	0.32	–
 <b>With step down Subsidiary Company:-</b>		
<u>Advance paid</u>		
Earthstone Investment and Finance Ltd.	2.44	–
 <b>With Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives</b>		
<u>Investment in Equity Shares</u>		
The Hindustan Times Ltd.	–	114.59
Goldmerry Investment & Trading Company Ltd.	11.42	11.42
 <u>Investment in Preference Shares</u>		
Britex (India) Ltd.	0.05	0.05
Shradhanjali Investment & Trading Company Ltd.	59.50	59.50

## **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 Investments, Operations and others.

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

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

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

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

PARTICULARS	(Amount In Lacs)	
	2012-13	2011-12
<b>1. Segment Revenue (Net Sale/ Income From)</b>		
a) Segment - Investment and Financing	319	269
b) Segment - Operations	87	83
c) Segment - Others	8	8
<b>Total</b>	<b>414</b>	<b>360</b>
<b>2. a) Segment - Investment and Financing</b>	298	251
b) Segment - Operations	83	79
c) Segment - Others	6	7
<b>Total</b>	<b>387</b>	<b>337</b>
Less: Other Un-allocable expenditure net off Un-allocable income	1732	1800
<b>Total Profit Before Tax</b>	<b>(1345)</b>	<b>(1463)</b>
<b>3 Capital Employed</b> (Segment Assets-Segment Liabilities)		
a) Segment - Investment and Financing	4606	3709
b) Segment - Operations	44	40
c) Segment - Others	219	221
<b>Total</b>	<b>4869</b>	<b>3970</b>
Add: Un-allocable Capital employed	92	437
<b>Total</b>	<b>4961</b>	<b>4407</b>

23. During the Year the Company has gifted investments in fully paid up equity shares of Rs. 1708.28 Lacs as per details given hereunder to Earthstone Investment & Finance Ltd. (Step down wholly owned subsidiary)

<u>No. of Equity Shares</u>	<u>Name of Script</u>	<u>Rs. in Lacs</u>
392200	Duke Commerce Ltd.	39.22
8424515	Chambal Fertilisers & Chemicals Ltd.	1528.67
10070	Texmaco Rail and Engineering Ltd.	2.02
532800	The Hindustan Times Ltd.	114.59
17700	The Federal Bank Ltd.	23.78
		<u>1708.28</u>

24. During the year company has issued 272000 Convertible warrants at the price of Rs. 1200 each on 14th February 2013. Each warrant of Rs. 10 each convertible into one equity Shares of Rs. 10 each at the option of Warrant Holder with in 18 month from the date of allotment. Warrant Holders have paid 25% (i.e. Rs. 300) on allotment of Warrant & 75% (i.e. Rs. 900) is payable at the time of exercise of warrant

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

**25. Earning Per Share**

	<b>Year ended 31st March, 2013</b>	<b>Year ended 31st March, 2012</b>
<b>A</b> Profit/(Loss) after tax as per the Profit and Loss Account (in Lacs.)	(1377.87)	(1507.17)
<b>B</b> Weighted average number of equity shares of Rs.10 each outstanding during the year	8,10,901	7,99,180
<b>C</b> Earning per share - Basic and diluted (in Rs.)	(169.92)	(188.59)

**26. 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".

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

As per our Report of even date

For K.C Gupta & Associates  
(Firm Registration No. 021164N)  
Chartered Accountants

Per KAILASH GUPTA  
Proprietor  
Membership No.-83547  
New Delhi  
May 30, 2013

For and on behalf of the Board of Directors

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

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

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

<b>(Rs. in Lacs)</b>			
<b>Liabilities side:</b>	<b>Particulars</b>	<b>Amount Out-standing</b>	<b>Amount Overdue</b>
<b>(1)</b>	<b>Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures : Secured	Nil	Nil
	: Unsecured (other than falling within the meaning of public deposits)	Nil	Nil
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter-Corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Other Loans (specify nature)	Nil	Nil
<b>Assets side :</b>		<b>Amount outstanding</b>	
<b>(2)</b>	<b>Break-up of Loans and advances including bills Receivables [other than those included in (4) below]:</b>		
	(a) Secured		Nil
	(b) Unsecured		Nil
<b>(3)</b>	<b>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

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

**(4) Break-up Investments :**

***Current Investments:***

1. Quoted :		
(i) Shares : (a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		4005.33
(iv) Government Securities		Nil
(v) Other (please specify)		Nil
2. Unquoted :		
(i) Shares : (a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities		Nil
(v) Others (please specify)		Nil

***Long Term Investments :***

1. Quoted :		
(i) Shares : (a) Equity		1.43
(b) Preference		Nil
(ii) Debentures and Bonds		114.72
(iii) Units of mutual funds		325.00
(iv) Government Securities		Nil
(v) Other (please specify)		Nil
2. Unquoted :		
(i) Shares : (a) Equity		64.90
(b) Preference		94.50
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities		Nil
(v) Others (please specify)		Nil

**(5) Borrower group-wise classification of assets financed as in (2) and (3) above :**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	Nil	Nil
Total	Nil	Nil	Nil



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

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

Category	Market Value/ Break-up or Fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	10.00	10.00
(b) Companies in the same Group	Nil	Nil
(c) Other related parties	75.49	75.92
2. Other than related parties	4987.70	4519.96
<b>Total</b>	<b>5073.19</b>	<b>4605.88</b>

**(7) Other Information**

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
2. Net Non-Performing Assets	
(a) Related Parties	Nil
(b) Other than related parties	Nil
3. Assets acquired in satisfaction of debt.	Nil

As per our report of even date attached

For K.C. GUPTA & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 021164N)

Per KAILASH GUPTA  
Proprietor  
Membership No.-83547  
New Delhi  
30th, May 2013

For and on behalf of the Board of Directors

(Shamit Bhartia)  
Director

(V.K. Charoria)  
Director

## AUDITOR'S REPORT

To the Members of

### THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

We have audited the accompanying consolidated financial statements of THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED, ("the Company") and its subsidiaries BCM Holding Limited, Birla Real State Limited and Earthstone Investment and Finance Limited (herein after referred to as "Group") which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

We report that the Consolidated Financial Statements have been prepared by the company's Management in accordance with requirements of Accounting Standard (AS) 21- Consolidated Financial Statements, referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

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

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

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- b) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Place: New Delhi  
Date: 30 May, 2013

C.A Kailash Gupta  
(Prop.)  
Membership No. : 083547

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

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013**

(Amount in Lacs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	89.22	79.92
(b) Reserves and surplus	3	4,054.20	4,326.85
(c) Money Received against convertible Warrants	4	816.00	-
		<u>4,959.42</u>	<u>4,406.77</u>
<b>Non current liabilities</b>			
Long Term Provision	5	2.56	1.99
<b>Current liabilities</b>			
Other current liabilities	6	11.93	7.75
<b>TOTAL</b>		<u><u>4,973.91</u></u>	<u><u>4,416.51</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets- Tangible Assets	7	236.11	239.92
(b) Non-current investments	8	590.55	2,500.20
(c) Deferred tax assets (net)	9	2.31	2.32
(d) Long-term loans and advances	10	19.19	14.37
		<u>848.17</u>	<u>2,756.81</u>
<b>Current assets</b>			
(a) Current investments	11	4,005.33	1,208.59
(b) Trade receivables	12	43.70	40.49
(c) Cash and Bank Balances	13	69.81	409.81
(d) Short Term Loans and advances	14	1.06	0.81
(e) Other current assets	15	5.85	-
		<u>4,125.75</u>	<u>1,659.70</u>
<b>TOTAL</b>		<u><u>4,973.91</u></u>	<u><u>4,416.51</u></u>

Notes on Financial Statement 1 to 28

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.-83547

New Delhi

30th May, 2013

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

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

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in Lacs)

Particulars	Note No.	for the year 2012-13	for the year 2011-12
Revenue from operations	16	406.10	351.87
Other income	17	7.83	7.83
<b>Total Revenue</b>		<b>413.93</b>	<b>359.70</b>
<b>Expenses:</b>			
Employee benefits expense		4.40	5.48
Depreciation		3.81	3.81
Other expenses	18	44.49	18.28
<b>Total expenses</b>		<b>52.70</b>	<b>27.57</b>
<b>Profit before tax</b>		<b>361.23</b>	<b>332.13</b>
Tax Expense:			
(1) Current tax	19	32.29	43.19
(2) Deferred tax	9	0.01	0.61
		32.30	43.80
<b>Profit after tax</b>		<b>328.93</b>	<b>288.33</b>
Exceptional Items	20	1,708.28	1,795.50
Profit/(Loss) after Tax & Exceptional items		(1,379.35)	(1,507.17)
Earnings per equity share (in Rs.):			
(1) Basic		(170.07)	(188.59)
(2) Diluted		(170.07)	(188.59)

Notes on Financial Statement 1 to 28

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.-83547

New Delhi

30th May, 2013

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

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

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Lacs)

Particulars	for the year 2012-13	for the year 2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax as per Statement of Profit and Loss	361.23	332.13
Adjustment for :		
Depreciation	3.81	3.81
Interest paid to Income Tax Department	1.39	1.65
Investment Written off	0.14	-
Preliminary Expenses Written off during the year	1.08	-
Interest Income	(12.87)	(1.79)
Dividend Income	(212.15)	(170.75)
Profit on sale of Investment	(94.15)	(96.16)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>48.48</b>	<b>68.89</b>
Adjustment for :		
Trade & other receivables	(3.48)	308.23
Trade & other payables	4.01	1.75
<b>Cash Generated from Operations</b>	<b>49.01</b>	<b>378.87</b>
Direct Taxes Paid (Net)	(38.50)	(40.58)
<b>Net Cash from Operating Activities</b>	<b>10.51</b>	<b>338.29</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received	11.34	1.79
Dividend Received	212.15	170.75
Profit on sale of Investment	94.15	96.16
Purchase of Investment	(3,260.53)	(2,218.10)
Sale of Investment	655.00	1,903.57
Miscellaneous Expenditure-Preliminary Expenses	5.38	-
<b>Net Cash provided by investing activities</b>	<b>(2,282.51)</b>	<b>(45.83)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of Equity Shares	1,116.00	-
Proceeds from issuance of Equity Shares Warrants	816.00	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(340.00)</b>	<b>292.46</b>
Cash and cash equivalents as at (Opening)	409.81	117.35
<b>Cash and cash equivalents as at (Closing)</b>	<b>69.81</b>	<b>409.81</b>

As per our attached Report of even date  
For K.C. GUPTA & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 021164N)  
Per KAILASH GUPTA  
(Prop.)  
Membership No.-83547  
New Delhi  
30th May, 2013

For and on behalf of Board of Directors

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

**NOTES TO THE CONSOLIDATED ON FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31ST MARCH, 2013**

**NOTE-1: SIGNIFICANT ACCOUNTING POLICIES**

**(i) Basis of Accounting**

The financial statements have been prepared and presented except as stated in clause (vii) below, under the historical cost convention method on the accrual basis of accounting and in accordance with Generally Accepted Accounting Principles ("GAAP"), and Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 and the presentation requirements of relevant provisions of the Companies Act, 1956, to the extent applicable.

**(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 is provided on straight-line method in terms of section 205(2) (b) of the Companies Act, 1956. The rates of depreciation considered are on the following basis:

- a) On fixed Assets installed upto 31st March, 1987, at the rates corresponding to the rates applicable under the Income Tax Rules in force at the time of acquisition / purchase of respective assets.
- b) On fixed Assets installed after 31st March 1987, at the rates specified in Schedule XIV of the Companies Act, 1956 as applicable at the time of acquisition of the respective assets.

**(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 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 recognised 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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

**2 SHARE CAPITAL**

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>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>Issued, Subscribed and Paid up Equity Shares</b>		
8,92,180 (Previous year 7,99,180) equity shares of Rs. 10 each fully paid	89.22	79.92

**2.1 Reconciliation of number of shares**

Particulars	March 31, 2013		March 31, 2012	
	No. of shares	Amount in Lacs	No. of shares	Amount in Lacs
<b>Equity shares</b>				
Opening Balance	799180	79.92	799,180	79.92
Changes during the year	93000	9.30	-	-
Closing Balance	892180	89.22	799,180	79.92

**2.2 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.

THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED

2.3 Details of shreholders holding more than 5% of Equity Shares in the Company

Name of the shareholders	March 31, 2013		March 31, 2012	
	No of shares	% holding of share capital	No of shares	% holding of share capital
Britex (India) Ltd.	75,714	8.49	75,714	9.47
Calcutta Medical Institute	49,666	5.57	49,666	6.22
HTL Investment & Trading Co. Ltd.	75,000	8.41	75,000	9.39
Shradhanjali Investment & trading Co. Ltd.	65,784	7.37	65,784	8.23
Shekhavati Investments & Traders Ltd.	46,600	5.22	46,600	5.83
The Hindustan Times Ltd.	47,584	5.33	47,584	5.95
The Punjab Produce & Trading Co. Ltd.	88,000	9.86	88,000	11.01
Usha Flowell Ltd.	77,292	8.66	77,292	9.67
Udit (India) Ltd.	77,500	8.69	77,500	9.70
Earthstone Holding Private Ltd.	93,000	10.42	—	—

3 RESERVES AND SURPLUS

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>3.1 Capital Reserve</b>		
As per last Balance Sheet	120.72	120.72
<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	1,138.00	1,138.00
Add: Transfer from Profit & Loss Account	—	—
	1,138.00	1,138.00
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>		
Received during the year on 93000 equity shares @ Rs. 1190 per shares	1,106.70	—
	1,106.70	—

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

<b>3.6 General Reserve</b>		
As per last Balance Sheet	<u>1,508.30</u>	<u>1,508.30</u>
<b>3.7 Profit &amp; Loss A/c</b>		
As per last Balance Sheet	1,534.73	3,041.90
Profit/ (Loss) for the year	<u>(1,379.35)</u>	<u>(1,507.17)</u>
	155.38	1,534.73
Less:- Appropriations		
Transfer to Statutory Reserve	<u>-</u>	<u>-</u>
<b>Surplus carried to Balance Sheet</b>	<u>155.38</u>	<u>1,534.73</u>
<b>Total of Reserve &amp; Surplus</b>	<b>4,054.20</b>	<b>4,326.85</b>

**4 Money Received against Convertible Warrants**

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
272 000 convertible Warrants of Rs. 1200 each, Rs. 300 paid per share	<u>816.00</u>	<u>-</u>
	<b>816.00</b>	<b>-</b>

Warrants are convertible within 18 months at the option of warrant holder on payment of Balance money.

**5 LONG TERM PROVISIONS**

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Provisions for employees benefits- Leave Encashment	<b>2.56</b>	<b>1.99</b>

**6 OTHER CURRENT LIABILITIES**

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Others payables ( statutory dues etc)	<b>11.93</b>	<b>7.75</b>

**7 Fixed Assets**

**(Amount in Lacs)**

Description of Assets	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As at 01.04.2012	Addition during the year	As at 01.04.2012	Provided during the year	Deductions/ Adjustments during the year	Upto 31.03.2013	As at 31.03.2012
<b>Tangible Assets:</b>							
Freehold Land (Conversion fees)	177.55	-	-	-	-	-	177.55
Building	75.73	-	33.03	1.20	-	34.23	42.70
Plant & Equipment	8.32	-	7.63	0.15	-	7.78	0.69
Vehicle	24.36	-	5.69	2.32	-	8.01	18.67
Office Equipment	2.24	-	1.93	0.14	-	2.07	0.31
	288.20	-	48.28	3.81	-	52.09	239.92
Previous year	288.20	-	44.47	3.81	-	48.28	243.73

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

**8 NON CURRENT INVESTMENTS**

(Amount in lacs)

Particulars	Face Value	No of shares/ units	As at March 31, 2013	No of shares/ units	As at March 31, 2012
<b>QUOTED</b>					
<b>In fully paid up Equity Shares</b>					
<u>In Associates Company</u>					
Duke Commerce Limited	10	392200	—	392200	39.22
<u>Others:-</u>					
Tungabhadra Industries Ltd. (amount written off during the year)	10	1082	—	1082	0.13
Chambal Fertilisers & Chemicals Limited	10	8424515	—	8424515	1,528.67
Texmaco Infrastructure & Holdings Ltd.	1	10070	1.43	10070	1.43
Texmaco Rail & Engineering Ltd.	1	10070	—	10070	2.02
			<u>1.43</u>		<u>1,532.25</u>
<b>In Tax Free Bonds:-</b>					
Housing and Urban Development Corpn Ltd.	1000	9000	90.00	9000	90.00
National highways Authority of India	1000	2472	24.72	2472	24.72
			<u>114.72</u>		<u>114.72</u>
<b>In Units of Mutual Fund</b>					
ICICI Prudential FMP Series 58-19 Months Plan F	10		—	1000000	100.00
Sundaram FTP-BQ 18 months	10		—	500000	50.00
Birla Sunlife FMP Series EX- Growth	10		—	2000000	200.00
Sundaram FTP Plan CP 370 days	10		—	1000000	100.00
LIC Nomura FMP Series 52- 367 days	10		—	1000000	100.00
Birla Sunlife FMP Series FE 36 months	10	1000000	100.00		—
HDFC FMP 24 Months April 2012(1) Series XX	10	1000000	100.00		—
ICICI Prudential FMP Series 63-3 years	10	1250000	125.00		—
			<u>325.00</u>		<u>550.00</u>
<b>UNQUOTED</b>					
<b>In fully paid up Equity Shares</b>					
<u>In Others:-</u>					
Hind Cycles Limited (amount written off during the earlier year)	100	440	—	440	—
Mckenzie's Limited (amount written off during the year)	100	26	—	26	0.01
Eastern Economist Limited	100	372	0.37	372	0.37
Akhil Bharat Printers Limited (In Liquidation, amount written off in earlier year)	100	200	—	200	—
The Hindustan Times Limited	10	532800	—	532800	114.59
Paxton Estate Management Services Limited	10	10000	1.01	10000	1.01
Goldmerry Investment & Trading Co.Limited	10	114000	11.42	114000	11.42
Pramanand Commercial Pvt. Ltd.	10	48750	0.59	48750	0.59
Mehul Finvest Pvt. Limited	10	250000	21.30	250000	21.30
VPC Financial Services Pvt. Limited	10	252700	20.22	252700	20.22
			<u>54.90</u>		<u>169.51</u>

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

(Amount in lacs)

Particulars	Face Value	No of shares/ units	As at March 31, 2013	No of shares/ units	As at March 31, 2012
<b>In Fully paid up Preference Shares</b>					
14% Cumulative Non-Convertible Preference Shares of Jubilant Enpro Private Ltd.	10	6000000	600.00	6000000	600.00
10% Non-Convertible Redeemable Preference Shares of Shradhanjali Investment & Trading Co. Ltd.	10	238000	1,190.00	238000	1,190.00
10% Non-Convertible Redeemable Preference Shares of Britex (India) Ltd.	10	20000	100.00	20000	100.00
			<u>1,890.00</u>		<u>1,890.00</u>
Less: Provision for diminution in the value of Non Current Investments			<u>(1,795.50)</u>		<u>(1,795.50)</u>
Total Net Preference Shares			<u>94.50</u>		<u>94.50</u>
<b>Total Non Current Investments</b>			<b>590.55</b>		<b>2,500.20</b>
Aggregate value of quoted Non Current investment			441.15		2,236.20
Market value of quoted Non Current investments			4,689.14		7,202.57
Aggregate value of unquoted Non Current investment			1,944.90		2,059.50
Gross provision for diminution value of Non Current investments			<u>(1,795.50)</u>		<u>(1,795.50)</u>

**9 DEFERRED TAX**

Deferred Tax Liabilities (Net) of Rs. 0.01 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 2013 and 31st March, 2012 is as given below:-

(Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Deferrred Tax Assets		
(i) Provision for Interest	2.34	2.34
(ii) Provision for doubtful loans	<u>0.64</u>	<u>0.64</u>
	2.98	2.98
Difference between books & Tax depreciation	<u>(0.67)</u>	<u>(0.66)</u>
Deferred Tax Assets (Net)	<u>2.31</u>	<u>2.32</u>

The Company based on prudence has not recognized Deferred Tax Assets on loss on transfer of shares of Rs. 17.08 crore and in previous year on provision for diminution in the value of Investment of Rs. 17.95 Crore based on future profitability projections.

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

**10 LONG TERM LOANS AND ADVANCES** (Amount in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
(a) <b>Unsecured Considered Good</b>		
(i) Security Deposits	6.30	6.30
(ii) Advance Income Tax (Net of provision)	12.89	8.07
(b) <b>Unsecured Considered doubtful</b>		
Other Loans and advances	9.64	9.64
Less: Provision for doubtful loans and advances	(9.64)	(9.64)
	<u>19.19</u>	<u>14.37</u>

**11 CURRENT INVESTMENTS:-** (Amount in lacs)

Particulars	Face Value	No of shares	As at March 31, 2013	No of shares	As at March 31, 2012
<b>QUOTED:-</b>					
<b>In fully paid up Equity shares</b>					
<u>In Others:-</u>					
The Federal Bank Ltd.	10	17700	-	17700	23.78
<b>In Units of Mutual Funds</b>					
ICICI FMP Series 55-13 M Plan B Growth	10		-	1000000	100.00
ICICI FMP Series 55-15 M Plan A Growth	10		-	1000000	100.00
IDFC FMP 18 Months EMS 7 Growth	10		-	850000	85.00
Kotak FMP Series 41-Growth	10		-	2000000	200.00
UTI Fixed Term Income Fund Series IX-V	10		-	1000000	100.00
Principal PNB FMP Series A4 Growth	10	3000000	300.00	3000000	300.00
ICICI Prudential FMP Series 58-19 Months Plan F	10	1000000	100.00		-
Sundaram FTP-BQ 18 months	10	500000	50.00		-
Birla Sunlife FMP Series EX- Growth	10	2000000	200.00		-
Sundaram FTP Plan CP 370 days	10	1000000	100.00		-
LIC Nomura FMP Series 52- 367 days	10	1000000	100.00		-
DWS FMP Series 14	10	1000000	100.00		-
Birla Sunlife Cash Manager Fund- Instt Growth	100	29073.699	48.76	29073.699	48.76
Birla Sunlife Cash Manager Fund- Growth	100	-	-	28610.286	70.00
LIC Nomura MF Liquid Fund- Growth	1000	9985.956	181.05	9985.956	181.05
Birla Sunlife MF Daily Dividend	100	214010.938	214.12		-
Birla Sunlife IP Daily Dividend	100	456323.717	456.57		-
LIC MF Liquid Fund- Dividend	1000	14101.765	154.84		-
Morgan Stanley Liquid Fund- Growth	1000	52353.120	600.00		-
Reliance Money Manager Fund- Growth	1000	43876.380	700.00		-
UTI Treasury Advantage Fund- Growth	1000	44417.427	700.00		-
Total			<u>4,005.33</u>		<u>1,184.81</u>
<b>TOTAL CURRENT INVESTMENTS</b>			<b>4,005.33</b>		<b>1,208.59</b>
Agreegate value of quoted Current investment			4,005.33		1,208.59
Market value of quoted Current investments			4,239.24		1,341.17



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

**12 TRADE RECEIVABLES** (Amount in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Over six months	–	–
Others	43.70	40.49
	<u>43.70</u>	<u>40.49</u>

**13 CASH AND BANK BALANCES** (Amount in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with Bank:-		
(i) In Current Accounts	69.06	409.32
(ii) Cash in hand	0.30	0.09
Other Bank Balances	0.45	0.40
<b>Total</b>	<u>69.81</u>	<u>409.81</u>

**14 SHORT TERM LOANS AND ADVANCES** (Amount in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Others	1.06	0.81

**15 OTHER CURRENT ASSETS** (Amount in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Preliminary Expenditure		
Expenses during the year	4.32	–
Interest Receivable	1.53	–
	<u>5.85</u>	<u>–</u>

**16 REVENUE FROM OPERATION** (Amount in lacs)

Particulars	For the year 2012-2013	For the year 2011-12
Interest Income	12.87	1.79
Dividend Income:		
Dividend from Non current investments	167.30	168.08
Dividend from current investments	44.85	2.67
	<u>212.15</u>	<u>170.75</u>
Commission Income	86.93	81.64
Profit on Sale of Investments	94.15	96.16
Housekeeping Services Income	–	1.53
	<u>406.10</u>	<u>351.87</u>

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

**17 OTHER INCOME** (Amount in lacs)

Particulars	For the year 2012-2013	For the year 2011-12
Rent Received	<u>7.83</u>	<u>7.83</u>

**18 OTHER EXPENSES** (Amount in lacs)

Particulars	For the year 2012-2013	For the year 2011-12
Insurance	1.17	1.04
Rent	1.43	1.43
Rates & Taxes	0.38	0.38
Legal & Professional Charges	22.82	2.92
Auditor Remuneration:		
As Auditors	0.12	
For Tax Audit	0.04	
For Other Matters	<u>0.63</u>	0.34
Miscellaneous Expenses	17.90	12.17
	<u>44.49</u>	<u>18.28</u>

**19 CURRENT TAX** (Amount in lacs)

Particulars	For the year 2012-2013	For the year 2011-12
Current Tax for the year	33.00	39.00
Short/ (Excess) Provision of Income Tax relating to earlier year	(0.71)	4.19
	<u>32.29</u>	<u>43.19</u>

**20 EXCEPTIONAL ITEMS** (Amount in lacs)

Particulars	For the year 2012-2013	For the year 2011-12
Provision for diminution in the value of Non Current Investments	-	1,795.50
Loss on Transfer of Shares *	1,708.28	-
	<u>1,708.28</u>	<u>1,795.50</u>

\* Refer Note No. 24 in Notes on Financial Statements

**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 the related Party**

**Key Management Personnel**

Shri Priyavrat Bhartia

**Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives**

Britex (India) Limited

Usha Flowell Limited

Udit (India) Limited

The Hindustan Times Limited

Goldmerry Investment & Trading Company Limited

Earthstone Holding Private Limited

Earthstone Holding (One) Private Limited

Earthstone Holding (Two) Private Limited

Earthstone Holding (Three) Private Limited

Shine Foundation

Go4 cricket.com (India) Private Limited

Shradhanjali Investment & Trading Company Limited

HTL Investment & Trading Company Limited

Shobhana Print Media LLP

Shobhana Communications LLP

PSB Trustee Company Private Limited

SB Trusteeship Services Private Limited

Shobhana Trustee Company Private Limited

SSB Trustee Company Private Limited

Shamit Media LLP

Priyavrat Computers LLP

Priyavrat Traders

Billigiri Rangan Coffee Estate

Kumaon Orchards

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

<b>B. Transaction during the year</b>	<b>2012-13</b>	<b>(Amount in Lacs) 2011-12</b>
<b><u>With Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives</u></b>		
<u>Rent Received:-</u>		
Usha Flowell Ltd.	0.12	0.12
Udit (India) Ltd.	0.12	0.12
Britex (India) Ltd.	0.12	0.12
Goldmerry Investment & Trading Company Ltd.	0.03	0.03
<u>Rent Paid:-</u>		
The Hindustan Times Ltd.	1.31	1.31
<u>Dividend Received:-</u>		
The Hindustan Times Ltd.	5.33	5.33
Britex (India) Ltd.	0.20	0.20
<u>Housekeeping Services Income</u>		
The Hindustan Times Ltd.	32.64	30.48
<u>Money Received against convertible Warrants</u>		
Earthstone Holding Private Ltd.	579.00	-
Earthstone Holding (one) Private Ltd.	237.00	-
<u>Refund received against share application money</u>		
Earthstone Holding Private Ltd.	-	(310.00)
<b>C. Balance outstanding at the end of the year</b>	<b>2012-13</b>	<b>(Amount in Lacs) 2011-12</b>
<b><u>With Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives</u></b>		
<u>Investment in Equity Shares</u>		
The Hindustan Times Ltd.	-	114.59
Goldmerry Investment & Trading Company Ltd.	11.42	11.42
<u>Investment in Preference Shares</u>		
Britex (India) Ltd.	0.05	0.05
Shradhanjali Investment & Trading Company Ltd.	59.50	59.50

## 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 Investments, Operations and others.

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

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

### SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

PARTICULARS	(Amount In Lacs)	
	2012-13	2011-12
<b>1. Segment Revenue (Net Sale/ Income From)</b>		
a) Segment - Investment and Financing	319	269
b) Segment - Operations	87	83
c) Segment - Others	8	8
<b>Total</b>	<b>414</b>	<b>360</b>
<b>2. a) Segment - Investment and Financing</b>	298	251
b) Segment - Operations	83	79
c) Segment - Others	6	7
<b>Total</b>	<b>387</b>	<b>337</b>
Less: Other Un-allocable expenditure net off Un-allocable income	1733	1800
<b>Total Profit Before Tax</b>	<b>(1346)</b>	<b>(1463)</b>
<b>3 Capital Employed</b> (Segment Assets-Segment Liabilities)		
a) Segment - Investment and Financing	4606	3709
b) Segment - Operations	44	40
c) Segment - Others	219	221
<b>Total</b>	<b>4869</b>	<b>3970</b>
Add: Un-allocable Capital employed	91	437
<b>Total</b>	<b>4960</b>	<b>4407</b>

23 Preliminary Expenses have been amortised in accordance with section 35-D of the Income Tax Act, 1961.

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

- 24.** During the Year the Company has gifted investments in fully paid up equity shares of Rs. 1708.28 Lacs as per details given hereunder to Earthstone Investment & Finance Ltd. (Step down wholly owned subsidiary)

<u>No. of Equity Shares</u>	<u>Name of Script</u>	<u>Rs. in Lacs</u>
392200	Duke Commerce Ltd.	39.22
8424515	Chambal Fertilisers & Chemicals Ltd.	1528.67
10070	Texmaco Rail and Engineering Ltd.	2.02
532800	The Hindustan Times Ltd.	114.59
17700	The Federal Bank Ltd.	23.78
		<u>1708.28</u>

- 25.** During the year company has issued 272000 Convertible warrants at the price of Rs. 1200 each on 14th February 2013. Each warrant of Rs. 10 each convertible into one equity Shares of Rs. 10 each at the option of Warrant Holder with in 18 month from the date of allotment. Warrant Holders have paid 25% (i.e. Rs. 300) on allotment of Warrant & 75% (i.e. Rs. 900) is payable at the time of exercise of warrant

**26. Earning Per Share**

	<u>Year ended 31st March, 2013</u>	<u>Year ended 31st March, 2012</u>
<b>A</b> Profit/(Loss) after tax as per the Profit and Loss Account (in Lacs.)	(1379.35)	(1507.17)
<b>B</b> Weighted average number of equity shares of Rs.10 each outstanding during the year	8,10,901	7,99,180
<b>C</b> Earning per share - Basic and diluted (in Rs.)	(170.07)	(188.59)

**27. 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".

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

As per our Report of even date

For K.C Gupta & Associates  
(Firm Registration No. 021164N)  
Chartered Accountants  
Per KAILASH GUPTA  
Proprietor  
Membership No.-83547  
New Delhi  
May 30, 2013

For and on behalf of the Board of Directors

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

## DIRECTORS' REPORT

To  
The shareholders,  
Your Directors have pleasure in presenting their Report and the audited accounts of the Company for the year ended 31st March 2013.

### **Financial Results:**

Particulars	(Amount in Rs.)
	For the period ended on 31 <sup>st</sup> March 2013
Total Income	–
Profit before Tax	(61,058)
Less: Provision for Taxation	–
Profit after tax	(61,058)
Balance being loss carried to Balance Sheet	(61,058)

### **Dividend**

No dividend has been recommended for the financial year ended 31st March 2013.

### **Directors**

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

### **Auditors**

M/s. Gopal Mittal & Associates, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. In terms of the requirements under Section 224(1B) of the Companies Act, 1956, the retiring Auditors have given a certificate regarding their eligibility for re-appointment as Auditors of the Company.

### **Statutory Information**

During the year, there were no employees falling under Section 217(2A) of the Companies Act, 1956.

The information, pursuant to sub section (1)(e) of Section 217 of the Companies Act, 1956, regarding Conservation of Energy, Technology Absorption etc are either nil or not applicable to Company. Company has neither earned and nor incurred Foreign Exchange.

The Company has not accepted any deposit from the Public during the year. There is no unclaimed or unpaid deposit as on 31st March 2013.

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

The audited statement of accounts, alongwith the report of the Directors and Auditor of the subsidiary of the Company is attached to this report pursuant to the provisions of Section 212 of the Companies Act, 1956.

***Directors' Responsibility Statement: -***

Pursuant to section 217(2AA) of the Companies Act, 1956 your Directors state:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. that such accounting policies have been selected, applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the period ended on 31st March, 2013;
3. that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on a going concern basis.

**For and on behalf of the Board**

**(Shamit Bhartia) (V.K. Charoria)**  
**Directors**

Place: New Delhi  
Date: 23rd May, 2013



**AUDITOR'S REPORT**

**TO THE MEMBERS OF M/S BCM HOLDING LIMITED**

1. We have audited the attached Balance Sheet of **M/S BCM HOLDING LIMITED** as at 31st March, 2013 and also the Statement of Profit & Loss and cash flow statement of the company for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, an audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, and we believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the annexure referred to in paragraph (3) above and further to observations in Notes to the Accounts, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account 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, Statement of Profit & Loss and cash flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion the Statement of Profit & Loss, cash flow statement and the Balance Sheet referred to in this report, comply with the accounting Standard referred to in this sub-section (3C) of the section 211 of the companies' act 1956.
  - e) On the Basis of written representations received from the directors, as on 31st March, 2013, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the companies act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. In case of balance sheet of the state of affairs of the company as at 31st March, 2013.
  - ii. In case of the Statement of Profit & Loss, of the Loss of the Company for the year ended on that date.
  - iii. In case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**For Gopal Mittal & Associates**

Chartered Accountants  
Firm Regn No 006217N

CA Ashok Kumar Aggarwal  
Partner  
Membership No. : 085775  
New Delhi,  
May 23, 2013

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT  
ON THE ACCOUNTS OF M/S BCM HOLDING LIMITED FOR THE YEAR  
ENDING 2013**

As required by the Companies (Auditor's report) Order, 2003 issued by the central Government of India in terms of section 227(4-A) of the Companies Act, 1956, we report that:

- 1 The company does not hold any fixed asset during the year, hence paragraph 4 (i) of this order is not applicable.
- 2 The company does not hold any inventory during the year, hence paragraph 4 (ii) of this order is not applicable.
- 3 In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956:
  - (A) During the year, the company has not granted any loans secured or unsecured to companies, firms or other parties covered by the register maintained under Section 301 of the Companies Act, 1956. Hence, the disclosure required under this clause is not applicable.
  - (B) During the year the Company has taken unsecured loan from its holding company covered by the register maintained under Section 301 of the Companies Act, 1956. At the year end the outstanding balance of such loans taken was Rs. 2.43 Lakh and the maximum amount involved during the year was Rs.2.43 Lakh.
  - (C) In respect of interest free loans taken by the company, the principal amount is repayable on demand.
  - (D) Since the loans taken by the company is repayable on demand, no question of overdue amounts arises.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control.
- 5 In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
  - (A) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act 1956 have been so entered.
  - (B) In our opinion and explanation given to us, the transactions exceeding the value of 5 lakh in respect of any party during the year have been made at prices which are prima-facie

reasonable having regard to prevailing market prices at the relevant time where such prices are available.

- 6 In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules made there under are not applicable to the Company.
- 7 In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- 8 To the best of our knowledge the Central Government has not prescribed the maintenance of cost records U/s 209(1) (d) of the company act, 1956 for any of the products of the company.
- 9 In respect of statutory dues:
  - (A) According to the information and explanations given to us, the company was generally regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund, Income Tax, and other statutory dues with the appropriate authority during the year.
  - (B) According to the records examined by us and the information and explanations given to us, there are no disputed amounts due in respect of income tax, wealth tax, sales tax, excise duty, Employees provident fund, Employee state insurance fund and other statutory dues at the end of the year.
- 10 The Company is in the first year of its operation. Therefore, the reporting requirements of this clause are not applicable to the company.
- 11 Based on our audit procedures and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to banks, financial institutions and Debentures holders during the year.
- 12 In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.
- 13 In our opinion the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(XIII) of the CARO,2003 are not applicable to the company.
- 14 The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
- 15 In our opinion, the company has not given any guarantees for loans taken by others from bank or financial institutions, hence, clause 4 (xv) is not applicable.

**BCM HOLDING LIMITED**

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- 16 In our opinion and according to information and explanation given to us, the Company has not availed of any term loans during the year. There were no term loans outstanding as at the beginning and as at end of the year.
- 17 According to the information and explanations given to us and on examination of balance sheet, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
- 18 The company has not made any preferential allotment of shares to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year.
- 19 The Clause 13 of the order is not applicable, as the company has not issued any debentures during the year.
- 20 The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- 21 In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

**For Gopal Mittal & Associates**

Chartered Accountants  
Firm Regn No 006217N

CA Ashok Kumar Aggarwal  
Partner  
Membership No. : 085775  
New Delhi,  
May 23, 2013

**BALANCE SHEET AS AT 31st MARCH, 2013**

(Amount in Rs.)

Particulars	Note	As At March 31, 2013
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
(a) Share capital	2	500,000
(b) Reserves and surplus	3	(61,058)
		<u>438,942</u>
<b>Current liabilities</b>		
(a) Short-term borrowings	4	242,969
(b) Other current liabilities	5	18,990
		<u>261,959</u>
<b>TOTAL</b>		<u><u>700,901</u></u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Non-current investments	6	501,253
		<u>501,253</u>
<b>Current assets</b>		
Other Current Assets	7	199,648
		<u>199,648</u>
<b>TOTAL</b>		<u><u>700,901</u></u>

Notes on Financial Statement 1 to 16

As per our attached Report of even date

For GOPAL MITTAL & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006217N

For and on behalf of the Board of Directors

Ashok Kumar Aggarwal  
Partner  
Membership No. 085775  
New Delhi  
23th May, 2013

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

**Statement of Profit & Loss for the Period October 31, 2012 to March 31, 2013**

(Amount in Rs.)

Particulars	Note	Period ended March 31, 2013
Revenue from operations		-
<b>Total Revenue</b>		<b>-</b>
<b>Expenses</b>		
Other expenses	8	61,058
<b>Total Expenses</b>		<b>61,058</b>
Profit (Loss) before Tax from Continuing Operations		(61,058)
Current Tax (Net)		-
<b>Profit/(Loss) after Tax</b>		<b>(61,058)</b>
Earnings per equity share:		
(1) Basic		(6.65)
(2) Diluted		(6.65)
Weighted average number of equity shares (face value of Rs. 10/- each)		9,180

Notes on Financial Statement 1 to 16

As per our attached Report of even date

For GOPAL MITTAL & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006217N

For and on behalf of the Board of Directors

Ashok Kumar Aggarwal  
Partner  
Membership No. 085775  
New Delhi  
23th May, 2013

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2013

PARTICULARS	For the Period ended March 31st, 2013 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Deficit as per Profit & Loss account	(61,058)
<b><i>Adjustment for Non-Operating Exp. Non Cash Exp. and Non-Operating Incomes</i></b>	
Preliminary Expenses written off during the year	<u>49,912</u>
<b><i>Operating profit before Working Capital Adjustment</i></b>	(11,146)
Adjustment for Working Capital Items	
Increase in Current Liabilities	261,959
<b>Cash from Operating Activity</b>	<b>250,813</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Purchase of Investment	(501,253)
Miscellaneous Expenditure- Preliminary Expenses	(249,560)
<b>Cash used in Investing Activity</b>	<b><u>(750,813)</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Proceeds from Issuance of Share Capital	500,000
<b>Cash Flow from Financing Activity</b>	<b>500,000</b>
<b>Net Cash Generated from Operations (A+B+C)</b>	<b>–</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>–</b>
<b>Cash and Cash Equivalents at the end of the year</b>	
<b>Cash in hand</b>	<b>–</b>
<b>Cash at Bank</b>	<b>–</b>

For GOPAL MITTAL & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006217N

For and on behalf of the Board of Directors

(Shamit Bhartia)  
Director

Ashok Kumar Aggarwal  
Partner  
Membership No. 085775  
New Delhi  
23th May, 2013

(V.K.Charoria)  
Director



## NOTE-1: SIGNIFICANT ACCOUNTING POLICIES

**(i) Basis of Accounting**

The financial statements have been prepared and presented under the historical cost convention method on the accrual basis of accounting and in accordance with Generally Accepted Accounting Principles ("GAAP"), and Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 and the presentation requirements of relevant provisions of the Companies Act, 1956, to the extent applicable.

**(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) 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.

**(iv) 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.

**(v) Investment**

Investments of Shares and Securities have been carried over in accordance with Accounting Standard "Accounting for Investments". Dividends are accounted for on receipt basis. Long Term Investments are stated at cost. 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.

**(vi) 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 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.

**(vii) 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 on financial statements for the year ended 31st March, 2013

(Amount in Rs.)

**2 SHARE CAPITAL**

Particulars	As at March 31, 2013
<b>2.1 Authorised</b>	
20,00,000 Equity Shares of Rs.10 each	20,000,000
	<u>20,000,000</u>
<b>2.2 Issued, Subscribed and Paid up</b>	
50,000 Equity Shares of Rs. 10 each fully paid	500,000
	<u>500,000</u>

**2.3 Reconciliation of number of shares**

Particulars	As at March 31, 2013	
	No. of shares	Amount in Rs.
<b>Equity Shares</b>		
Issued during the year	50,000	500,000
Closing Balance	50,000	500,000

**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.

**2.5 Details of Equity shareholders holding more than 5% Shares**

Name of Shareholders	As at March 31, 2013	
	No of shares	% holding of share capital
The Birla Cotton Spinning & Weaving Mills Ltd. (holding Company)	50000	100

**Note:** As per the records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

<b>3 RESERVES AND SURPLUS</b>				<b>(Amount in Rs.)</b>
<b>Particulars</b>				<b>As at March 31, 2013</b>
<b>3.1 Surplus/ (Deficit) in Statement of Profit &amp; Loss</b>				
Profit/ (Loss) for the year				(61,058)
<b>Total of Reserve &amp; Surplus</b>				<b>(61,058)</b>
<b>4 SHORT TERM BORROWINGS</b>				<b>(Amount in Rs.)</b>
<b>Particulars</b>				<b>As at March 31, 2013</b>
<b>Unsecured Loan</b>				
Loan from holding company				<b>242,969</b>
<b>5 OTHER CURRENT LIABILITIES</b>				<b>(Amount in Rs.)</b>
<b>Particulars</b>				<b>As at March 31, 2013</b>
Other payables				<b>18,990</b>
<b>6 NON CURRENT INVESTMENTS</b>				<b>(Amount in Rs.)</b>
<b>Particulars</b>		<b>Face Value</b>	<b>No. of shares</b>	<b>As at March 31, 2013</b>
<b>UNQUOTED</b>				
<u>Investment in Subsidiary Company</u>				
Earthstone Investment & Finance Ltd.		10	50000	501,253
<b>Total Non Current Investments (Unquoted)</b>				<b>501,253</b>
<b>7 OTHER CURRENT ASSETS</b>				<b>(Amount in Rs.)</b>
<b>Particulars</b>				<b>As at March 31, 2013</b>
<u>Preliminary Expenditure</u>				
Expenses during the year				249,560
Less: 1/5th Written off during the year				49,912
				<b>199,648</b>

BCM HOLDING LIMITED

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**8 OTHER EXPENSES**

(Amount in Rs.)

<b>Particulars</b>	<b>Period ended March 31, 2013</b>
Filing fees	1,500
Auditor Remuneration	8,990
Preliminary Expenses Written off	49,912
General Charges	656
	<b>61,058</b>

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**NOTES TO THE FINANCIAL STATEMENTS:**

**9 Deferred Tax**

There is no Deferred Tax Liability/ Assets as per Accounting Standard -22.

**10 Segment Reporting**

The Company's main business is investment in Securities and the entire revenue is generated from this business. As such there is no separate reportable segment as per the Accounting Standard on 'Segment Reporting' (AS-17).

**11 Earnings per Share**

Particulars	Year ended March 31, 2013
Loss after tax as per the Statement of Profit and Loss (In Rupees)	(61,058)
Weighted average number of equity shares of Rs.10/- each outstanding during the year	9,180
Earnings per share (In rupees) {Basic & Diluted}	(6.65)

**12 Micro, Small and Medium Enterprises**

As Per information and explanation provided by the Management 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".

**13 Impairment of assets**

AS-28 Impairment of Assets is not applicable to the Company as there are no such assets which come under the definition of impairable assets.

**14 Preliminary Expenses have been amortised in accordance with section 35-D of the Income Tax Act, 1961.**

**BCM HOLDING LIMITED**

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**15 Related Party Disclosures**

Information relating to related party transaction as per Accounting Standard - 18 are given below:

**List of related parties**

<b>Nature of relationship</b>	<b>Name of the related party</b>
Holding Company	The Birla Cotton Spinning & Weaving Mills Ltd.
Subsidiary Company	Earthstone Investment & Finance Limited
Fellow Subsidiary Company	Birla Real Estate Limited
Key Management Personnel Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives	Shri Priyavrat Bhartia Usha Flowell Limited Britex (India) Limited Udit (India) Limited The Hindustan Times Limited Goldmerry Investment & Trading Company Limited Earthstone Holding Pvt. Limited Earthstone Holding (Two) Pvt. Limited Earthstone Holding (one) Pvt. Limited Earthstone Holding (three) Private Limited HTL Investment & Trading Company Limited Earthstone Holding Overseas Private Limited Go4cricket.com (India) Private Limited PSB Trustee Company Private Limited SB Trusteeship Services Private Limited Shobhana Trustee Company Private Limited SSB Trustee Company Private Limited Shobhana Print Media LLP Shobhana Communications LLP Shamit Media LLP Priyavrat Computers LLP Shine Foundation Priyavrat Traders Billigiri Rangan Coffee Estate Kumaon Orchards

**Related Party Transactions**

Particulars	For year ended March 31, 2013
<b><u>Transactions during the year</u></b>	
<u>The Birla Cotton Spinning &amp; Weaving Mills Ltd. (Holding Company)</u>	
- Subscription in Equity Share Capital	5,00,000
- Purchase of Investment in Equity Shares	5,00,000
- Advance taken	2,42,969
<b><u>Balance outstanding at the end of the year</u></b>	
<u>The Birla Cotton Spinning &amp; Weaving Mills Ltd. (Holding Company)</u>	
- Advance taken	2,42,969
<u>Earthstone Investment and Finance Ltd. (Subsidiary Company)</u>	
- Investment in Shares	5,01,253

16 Additional information pursuant to thereof part II of Revised Schedule VI of Companies Act, 1956 are either nil or not applicable.

For GOPAL MITTAL & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 006217N)

For and on behalf of the Board of Directors

Ashok Kumar Aggarwal  
Partner  
Membership No. 085775  
Place: New Delhi  
Date: 23th May 2013

Shamit Bhartia  
Director

V.K.Charoria  
Director



## DIRECTORS' REPORT

To

The shareholders,

Your Directors have pleasure in presenting their Report and the audited accounts of the Company for the year ended 31st March 2013.

### **Financial Results:**

(Amount in Rs.)

Particulars	For the period ended on 31 <sup>st</sup> March 2013
Total Income	–
Profit/(Loss) before Tax	(22,777)
Less: Provision for Taxation	–
Profit/(Loss) after tax	(22,777)
Balance being loss carried to Balance Sheet	(22,777)

### **Dividend**

No dividend has been recommended for the financial year ended 31st March 2013.

### **Directors**

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

### **Auditors**

M/s. KSMC & Associates, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. In terms of the requirements under Section 224(1B) of the Companies Act, 1956, the retiring Auditors have given a certificate regarding their eligibility for re-appointment as Auditors of the Company.

### **Statutory Information**

During the year, there were no employees falling under Section 217(2A) of the Companies Act, 1956.

The information, pursuant to sub section (1)(e) of Section 217 of the Companies Act, 1956, regarding Conservation of Energy, Technology Absorption etc are either nil or not applicable to Company. Company has neither earned and nor incurred Foreign Exchange.

The Company has not accepted any deposit from the Public during the year. There is no unclaimed or unpaid deposit as on 31st March 2013.

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

***Directors' Responsibility Statement: -***

Pursuant to section 217(2AA) of the Companies Act, 1956 your Directors state:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. that such accounting policies have been selected, applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the period ended on 31st March, 2013;
3. that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on a going concern basis.

**For and on behalf of the Board**

(Shamit Bhartia) (V.K. Charoria)  
**Directors**

Place: New Delhi  
Date: 23rd May, 2013

## **AUDITOR'S REPORT**

To the Members of

### **BIRLA REAL ESTATE LIMITED.**

We have audited the accompanying financial statements of **BIRLA REAL ESTATE LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For KSMC & Associates  
**Chartered Accountants**  
FRN:003565N

Place: New Delhi  
Date: 23 May, 2013

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

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of BIRLA REAL ESTATE LIMITED. on the accounts of the company for the year ended 31st March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 1 The company does not hold any fixed asset during the year, hence paragraph 4 (i) of this order is not applicable.
- 2 The company does not hold any inventory during the year, hence paragraph 4 (ii) of this order is not applicable.
- 3 In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956:
  - (A) During the year, the company has not granted any loans secured or unsecured to companies, firms or other parties covered by the register maintained under Section 301 of the Companies Act, 1956. Hence, the disclosure required under this clause is not applicable.
  - (B) During the year the Company has taken unsecured loan from its holding company covered by the register maintained under Section 301 of the Companies Act, 1956. At the year end the outstanding balance of such loans taken was Rs. 0.32 Lakh and the maximum amount involved during the year was Rs.0.32 Lakh.
  - (C) In respect of interest free loans taken by the company, the principal amount is repayable on demand.
  - (D) Since the loans taken by the company is repayable on demand, no question of overdue amounts arises.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment of expenses & Sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. (a) Based on the audit procedures applied by us and according to the information and explanation provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed maintenance of Cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 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 is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company is in the first year of its operation. Therefore, the reporting requirements of this clause are not applicable to the company.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not dealing or trading in Shares, Securities during the year.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

**BIRLA REAL ESTATE LIMITED**

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16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For KSMC & Associates  
**Chartered Accountants**  
FRN:003565N

Place: New Delhi  
Date: 23 May, 2013

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

**BALANCE SHEET AS AT 31st MARCH, 2013**

(Amount in Rs.)

Particulars	Note No.	As At March 31, 2013
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
(a) Share capital	2	500,000
(b) Reserves and surplus	3	(22,777)
		<b>477,223</b>
<b>Current liabilities</b>		
(a) short-term borrowings	4	32,259
(b) Other current liabilities	5	8,990
		<b>41,249</b>
<b>TOTAL</b>		<b>518,472</b>
<b>ASSETS</b>		
<b>Current assets</b>		
(a) Cash and Cash Equivalent	6	486,264
(b) Other Current Assets	7	32,208
<b>TOTAL</b>		<b>518,472</b>

Notes on financial statement

1 to 16

For KSMC & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 003565 N)

For and on behalf of the Board of Directors

Kailash Gupta  
Partner

(Shamit Bhartia)  
Director

Membership No. 083547  
Place: New Delhi  
Date : 23th May, 2013

(V.K.Charoria)  
Director



**BIRLA REAL ESTATE LIMITED****Statement of Profit & Loss for the Period 8th November 2012 to 31st March, 2013**

(Amount in Rs.)

<b>Particulars</b>	<b>Note No.</b>	<b>Period ended March 31, 2013</b>
Revenue from operations		–
<b>Total Revenue</b>		<b>–</b>
<b>Expenses</b>		
Other expenses	8	22,777
<b>Total Expenses</b>		<b>22,777</b>
Profit/(Loss) before Tax from Continuing Operations		(22,777)
Current Tax (Net)		–
<b>Profit/(Loss) after Tax</b>		<b>(22,777)</b>
Earnings per equity share:		
(1) Basic		(2.48)
(2) Diluted		(2.48)
Weighted average number of equity shares (face value of Rs. 10/- each)		<b>9,180</b>

Notes on financial statement

1 to 16

For KSMC & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 003565 N)

For and on behalf of the Board of Directors

Kailash Gupta  
Partner  
Membership No. 083547  
Place: New Delhi  
Date : 23th May, 2013

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2013**

PARTICULARS	For the Period ended March 31st, 2013 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Deficit as per Profit & Loss account	(22,777)
<b><i>Adjustment for Non-Operating Exp. Non Cash Exp. and Non-Operating Incomes</i></b>	
Preliminary Expenses written off during the year	8,052
<b><i>Operating profit before Working Capital Adjustment</i></b>	(14,725)
Adjustment for Working Capital Items	
Increase in Current Liabilities	41,249
<b>Cash from Operating Activity</b>	<b>26,524</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Miscellaneous Expenditure- Preliminary Expenses	(40,260)
<b>Cash used in Investing Activity</b>	<b>(40,260)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Proceeds from Issuance of Share Capital	500,000
<b>Cash Flow from Financing Activity</b>	<b>500,000</b>
<b>Net Cash Generated from Operations (A+B+C)</b>	<b>486,264</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>–</b>
<b>Cash and Cash Equivalents at the end of the year</b>	
<b>Cash in hand</b>	<b>–</b>
<b>Cash at Bank</b>	<b>486,264</b>

For KSMC & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 003565N

For and on behalf of the Board of Directors

Kailash Gupta  
Partner  
Membership No. 083547  
New Delhi  
Date: 23th May, 2013

(Shamit Bhartia)  
Director

(V.K.Charoria)  
Director

## NOTE-1: SIGNIFICANT ACCOUNTING POLICIES

(i) **Basis of Accounting**

The financial statements have been prepared and presented under the historical cost convention method on the accrual basis of accounting and in accordance with Generally Accepted Accounting Principles ("GAAP"), and Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 and the presentation requirements of relevant provisions of the Companies Act, 1956, to the extent applicable.

(ii) **Use of Estimates**

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(iii) **Fixed Assets**

Fixed Assets are stated at Cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(iv) **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.

(v) **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.

**(vi) Investment**

Investments of Shares and Securities have been carried over in accordance with Accounting Standard "Accounting for Investments". Dividends are accounted for on receipt basis. Long Term Investments are stated at cost. 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.

**(vii) 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 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.

**(viii) 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 on financial statements for the year ended 31st March, 2013

<b>2 SHARE CAPITAL</b>		<b>(Amount in Rs.)</b>
<b>Particulars</b>	<b>As at March 31, 2013</b>	
<b>2.1 Authorised</b>		
1,00,000 Equity Shares of Rs.10 each		1,000,000
		<u>1,000,000</u>
<b>2.2 Issued, Subscribed and Paid up</b>		
50,000 Equity Shares of Rs. 10 each fully paid		500,000
		<u>500,000</u>

**2.3 Reconciliation of number of shares**

<b>Particulars</b>	<b>As at March 31, 2013</b>	
	<b>No. of shares</b>	<b>Amount in Rs.</b>
<b>Equity Shares</b>		
Issued during the year	50,000	500,000
Closing Balance	<u>50,000</u>	<u>500,000</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.

**2.5 Details of Equity shareholders holding more than 5% Shares**

<b>Name of Shareholders</b>	<b>As at March 31, 2013</b>	
	<b>No of shares</b>	<b>% holding of share capital</b>
The Birla Cotton Spinning & Weaving Mills Ltd. (holding Company)	50000	100

**Note:** As per the records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

<b>3 RESERVES AND SURPLUS</b>		<b>(Amount in Rs.)</b>
<b>Particulars</b>	<b>As at March 31, 2013</b>	
<b>3.1</b> <u>Surplus/ (Deficit) in Statement of Profit &amp; Loss</u>		
Profit/ (Loss) for the year		(22,777)
<b>Total of Reserve &amp; Surplus</b>		<b>(22,777)</b>
<b>4 SHORT TERM BORROWINGS</b>		<b>(Amount in Rs.)</b>
<b>Particulars</b>	<b>As at March 31, 2013</b>	
Advance Received from holding company		32,259
<b>5 OTHER CURRENT LIABILITIES</b>		<b>(Amount in Rs.)</b>
<b>Particulars</b>	<b>As at March 31, 2013</b>	
Other payables		8,990
<b>6 CASH AND CASH EQUIVALENT</b>		<b>(Amount in Rs.)</b>
<b>Particulars</b>	<b>As at March 31, 2013</b>	
Cash in hand		--
Balances with Bank:-		
In Current Accounts		486,264
<b>Total</b>		<b>486,264</b>
<b>7 OTHER CURRENT ASSETS</b>		<b>(Amount in Rs.)</b>
<b>Particulars</b>	<b>As at March 31, 2013</b>	
<u>Preliminary Expenditure</u>		
Expenses during the year		40,260
Less: 1/5th Written off during the year		8,052
		<u>32,208</u>

**BIRLA REAL ESTATE LIMITED**

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**8 OTHER EXPENSES**

**(Amount in Rs.)**

<b>Particulars</b>	<b>Year ended March 31, 2013</b>
Filing fees	2,100
Auditor Remuneration	10,226
General Charges	2,399
Preliminary Expenses Written off	8,052
	<b>22,777</b>

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**NOTES TO THE FINANCIAL STATEMENTS:****9 Deferred Tax**

There is no Deferred Tax Liability/ Assets as per Accounting Standard -22.

**10 Segment Reporting**

The Company's main business is investment in Securities and the entire revenue is generated from this business. As such there is no separate reportable segment as per the Accounting Standard on 'Segment Reporting' (AS-17).

**11 Earnings per Share**

Particulars	Year ended March 31, 2013
Loss after tax as per the Statement of Profit and Loss (In Rupees)	(22,777)
Weighted average number of equity shares of Rs.10/- each outstanding during the year	9,180
Earnings per share (In rupees) {Basic & Diluted}	(2.48)

**12 Micro, Small and Medium Enterprises**

As Per information and explanation provided by the Management 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".

**13 Impairment of assets**

AS-28 Impairment of Assets is not applicable to the Company as there are no such assets which come under the definition of impairable assets.

**14 Preliminary Expenses have been amortised in accordance with section 35-D of the Income Tax Act, 1961.**



**15 Related Party Disclosures**

Information relating to related party transaction as per Accounting Standard - 18 are given below:

**List of related parties**

<b>Nature of relationship</b>	<b>Name of the related party</b>
Holding Company	The Birla Cotton Spinning & Weaving Mills Ltd.
Fellow Subsidiary Companies	BCM Holding Limited Earthstone Investment & Finance Limited
Key Management Personnel	Shri Priyavrat Bhartia
Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives	Usha Flowell Limited Britex (India) Limited Udit (India) Limited The Hindustan Times Limited Goldmerry Investment & Trading Company Limited Earthstone Holding Pvt. Limited Earthstone Holding (Two) Pvt. Limited Earthstone Holding (one) Pvt. Limited Earthstone Holding (three) Private Limited HTL Investment & Trading Company Limited Earthstone Holding Overseas Private Limited Go4cricket.com (India) Private Limited PSB Trustee Company Private Limited SB Trusteeship Services Private Limited Shobhana Trustee Company Private Limited SSB Trustee Company Private Limited Shobhana Print Media LLP Shobhana Communications LLP Shamit Media LLP Priyavrat Computers LLP Shine Foundation Priyavrat Traders Billigiri Rangan Coffee Estate Kumaon Orchards

**Related Party Transactions**

Particulars	For year ended March 31, 2013
<b><u>Transactions during the year</u></b>	
<u>The Birla Cotton Spinning &amp; Weaving Mills Ltd. (Holding Company)</u>	
- Subscription in Equity Share Capital	5,00,000
- Advance taken	32,259
<b><u>Balance outstanding at the end of the year</u></b>	
<u>The Birla Cotton Spinning &amp; Weaving Mills Ltd. (Holding Company)</u>	
- Advance taken	32,259

- 16 Additional information pursuant to thereof part II of Revised Schedule VI of Companies Act, 1956 are either nil or not applicable.

For KSMC & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 003565N)

For and on behalf of the Board of Directors

Kailash Gupta  
**Partner**  
Membership No. 083547  
Place: New Delhi  
Date: 23th May 2013

Shamit Bhartia  
**Director**

V.K.Charoria  
**Director**

## DIRECTORS' REPORT

To  
The shareholders,  
Your Directors have pleasure in presenting their Report and the audited accounts of the Company for the year ended 31st March 2013.

### **Financial Results:**

Particulars	(Amount in Rs.)
	For the period ended on 31 <sup>st</sup> March 2013
Total Income	–
Profit/(Loss) before Tax	(63,927)
Less: Provision for Taxation	–
Profit/(Loss) after tax	(63,927)
Balance being loss carried to Balance Sheet	(63,927)

### **Dividend**

No dividend has been recommended for the financial year ended 31st March 2013.

### **Directors**

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

### **Auditors**

M/s. BGJC & Associates, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. In terms of the requirements under Section 224(1B) of the Companies Act, 1956, the retiring Auditors have given a certificate regarding their eligibility for re-appointment as Auditors of the Company.

### **Statutory Information**

During the year, there were no employees falling under Section 217(2A) of the Companies Act, 1956.

The information, pursuant to sub section (1)(e) of Section 217 of the Companies Act, 1956, regarding Conservation of Energy, Technology Absorption etc are either nil or not applicable to Company. Company has neither earned and nor incurred Foreign Exchange.

The Company has not accepted any deposit from the Public during the year. There is no unclaimed or unpaid deposit as on 31st March 2013.

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**EARTHSTONE INVESTMENT & FINANCE LIMITED**

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

***Directors' Responsibility Statement: -***

Pursuant to section 217(2AA) of the Companies Act, 1956 your Directors state:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. that such accounting policies have been selected, applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the period ended on 31st March, 2013;
3. that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on a going concern basis.

**For and on behalf of the Board**

(Priyavrat Bhartia) (V.K. Charoria)  
**Directors**

Place: New Delhi  
Date: 15th May, 2013

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Earthstone Investment & Finance Limited

1. We have audited the accompanying financial statements of **Earthstone Investment & Finance Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2013**, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. Attention is invited to Note - 9 of financial statements. related to preliminary expenses resulting into under statement of loss & accumulated loss by Rs. 1,99,648.

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**EARTHSTONE INVESTMENT & FINANCE LIMITED**

7. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - b) In the case of Statement of Profit and Loss, loss for the period ended on that date;
  - c) In the case of Cash Flow Statement of the cash flow for the year ended on that date
8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by section 227(3) of the Act, we report that:
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For BGJC & ASSOCIATES**

Chartered Accountants  
FRN: 003304N

**Darshan Chhajer**

Partner

M.No. 088308

**Place:** New Delhi

**Date:** 15th May, 2013

**ANNEXURE REFERRED TO IN PARAGRAPH 7 OF THE AUDITOR'S REPORT TO THE MEMBERS OF THE EARTHSTONE INVESTMENT & FINANCE LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) The company does not possess any fixed assets. Accordingly, the provisions of this clause of order are not applicable to the company.
- (ii) The company does not hold any physical inventory. Accordingly, the provisions of Paragraph 4 (ii) of the order are not applicable to the company.
- (iii) According to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (g) of this order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of shares/investments and fixed assets & for sale of shares/investments. During the course of our audit, we have not observed any major instance of weakness or continuing failure to correct any major weaknesses in the internal controls of the company in respect of these areas.
- (v)
  - (a) In our opinion & according to the information and explanations given to us by the management, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that are required to be entered in the register maintained u/s 301 have been so entered.
  - (b) In our opinion and according to the information and explanation given to us by the management, the transactions made in pursuance of such contracts or arrangement exceeding value of Rupees five lacs have been entered into during the financial period at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- (vii) In our opinion and as per information & explanations given by the management, the requirements of internal audit are not applicable to the company.
- (viii) According to the information & explanations given by the management, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the business activities of the company.

- (ix) According to the information & explanations given to us in respect of statutory dues:
  - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have been regularly deposited with the appropriate authorities.
  - (b) According to the information and explanations given to us by the management, there were no outstanding statutory dues in arrears as at 31st of March, 2013 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any dispute.
- (x) The Company is in the first year of its operation. Therefore, the reporting requirements of this clause are not applicable to the company.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. The company has no outstanding at period end in respect of dues to a financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a Nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of Order are not applicable to the Company.
- (xiv) In our opinion & according to information and explanations given to us, the company has maintained proper records of transactions & contracts in respect of dealing or trading in shares, securities, mutual fund units & other investments and timely entries are made therein. Further, the shares, securities, mutual fund units & other investments have been held by the company in its own name.
- (xv) According to the information and explanations given to us, the company has not given any guarantees to any bank or financial institution for the term loans availed by others from bank or financial institution.
- (xvi) Based on information & explanations given to us by the management, the company has not obtained any term loans. Accordingly the provisions of this clause of order are not applicable to the company.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.



**EARTHSTONE INVESTMENT & FINANCE LIMITED**\_\_\_\_\_

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money through a public issue during the period.
- (xxi) Based upon audit procedures performed and according to the information and explanations given to us by the management and to the best of our knowledge, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For BGJC & ASSOCIATES**

Chartered Accountants  
FRN.-003304N

**Darshan Chhajer**

Partner

Membership No. 088308

**Place:** New Delhi

**Date:** 15th May, 2013

**EARTHSTONE INVESTMENT & FINANCE LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2013**

(Amount in Rs.)

Particulars	Note	As At March 31, 2013
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
(a) Share capital	2	500,000
(b) Reserves and surplus	3	(63,927)
		<u>436,073</u>
<b>Current liabilities</b>		
(a) Short-term borrowings	4	244,085
(b) Other current liabilities	5	8,990
		<u>253,075</u>
	<b>TOTAL</b>	<b><u>689,148</u></b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Non-current investments	6	-
		<u>-</u>
<b>Current assets</b>		
(a) Current investment	7	-
(b) Cash and Cash Equivalent	8	489,500
(c) Other Current Assets	9	199,648
		<u>689,148</u>
	<b>TOTAL</b>	<b><u>689,148</u></b>

Notes on Financial Statement

1 to 17

For BGJC & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 003304N

For and on behalf of the Board of Directors

Darshan Chhajer  
Partner  
Membership No. 088308  
New Delhi  
15h May, 2013

(Priyavrat Bhartia)  
Director

(V.K.Charoria)  
Director

**EARTHSTONE INVESTMENT & FINANCE LIMITED**

**STATEMENT OF PROFIT & LOSS FOR THE PERIOD 21ST DECEMBER 2012 TO 31ST MARCH, 2013**

(Amount in Rs.)

Particulars	Note	Period ended March 31, 2013
Revenue from operations		–
<b>Total Revenue</b>		<b>–</b>
<b>Expenses</b>		
Other expenses	10	63,927
<b>Total Expenses</b>		<b>63,927</b>
Profit/(Loss) before Tax		(63,927)
Current Tax (Net)		–
<b>Profit/(Loss) after Tax</b>		<b>(63,927)</b>
Earnings per equity share:		
(1) Basic		(6.86)
(2) Diluted		(6.86)
Weighted average number of equity shares (face value of Rs. 10/- each)		9,315

Notes on Financial Statement 1 to 17

For BGJC & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 003304N

For and on behalf of the Board of Directors

Darshan Chhajer  
Partner  
Membership No. 088308  
New Delhi  
15h May, 2013

(Priyavrat Bhartia)  
Director

(V.K.Charoria)  
Director

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2013

PARTICULARS	For the Period ended March 31st, 2013 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Deficit as per Profit & Loss account	(63,927)
<b><i>Adjustment for Non-Operating Exp. Non Cash Exp. and Non-Operating Incomes</i></b>	
Preliminary Expenses written off during the year	49,912
<b><i>Operating profit before Working Capital Adjustment</i></b>	(14,015)
Adjustment for Working Capital Items	
Increase in Current Liabilities	253,075
<b>Cash from Operating Activity</b>	<b>239,060</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Miscellaneous Expenditure- Preliminary Expenses	(249,560)
<b>Cash used in Investing Activity</b>	<b>(249,560)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Proceeds from Issuance of Share Capital	500,000
<b>Cash Flow from Financing Activity</b>	<b>500,000</b>
<b>Net Cash Generated from Operations (A+B+C)</b>	<b>489,500</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>-</b>
<b>Cash and Cash Equivalents at the end of the year</b>	
<b>Cash in hand</b>	<b>-</b>
<b>Cash at Bank</b>	<b>489,500</b>

For BGJC & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 003304N

For and on behalf of the Board of Directors

Darshan Chhajer  
Partner  
Membership No. 088308  
New Delhi  
15th May, 2013

(Priyavrat Bhartia)  
Director

(V.K.Charoria)  
Director

**NOTE-1: SIGNIFICANT ACCOUNTING POLICIES**

**(i) Basis of Accounting**

The financial statements have been prepared and presented under the historical cost convention method on the accrual basis of accounting and in accordance with Generally Accepted Accounting Principles ("GAAP"), and Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 and the presentation requirements of relevant provisions of the Companies Act, 1956, to the extent applicable.

**(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) 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.

**(iv) 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.

**(v) Investment**

Investments of Shares and Securities have been carried over in accordance with Accounting Standard "Accounting for Investments". Dividends are accounted for on receipt basis. Long Term Investments are stated at cost. 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.

(vi) **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 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.

(vii) **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 on financial statements for the year ended 31st March, 2013

**2 SHARE CAPITAL** (Amount in Rs.)

Particulars	As at March 31, 2013
<b>2.1 Authorised</b>	
20,00,000 Equity Shares of Rs.10 each	20,000,000
	<u>20,000,000</u>
<b>2.2 Issued, Subscribed and Paid up</b>	
50,000 Equity Shares of Rs. 10 each fully paid	500,000
	<u>500,000</u>

**2.3 Reconciliation of number of shares**

Particulars	As at March 31, 2013	
	No. of shares	Amount in Rs.
<b>Equity Shares</b>		
Issued during the year	50,000	500,000
Closing Balance	<u>50,000</u>	<u>500,000</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.

**2.5 Details of Equity shareholders holding more than 5% Shares**

Name of Shareholders	As at March 31, 2013	
	No of shares	% holding of share capital
BCM Holding Ltd. (holding Company)	50000	100

**Note:** As per the records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

EARTHSTONE INVESTMENT & FINANCE LIMITED

3	<b>RESERVES AND SURPLUS</b>	(Amount in Rs.)		
Particulars	As at March 31, 2013			
<u>Surplus/ (Deficit) in Statement of Profit &amp; Loss</u>				
Profit/ (Loss) for the year				(63,927)
<b>Total of Reserve &amp; Surplus</b>				<b>(63,927)</b>
4	<b>SHORT TERM BORROWINGS</b>	(Amount in Rs.)		
Particulars	As at March 31, 2013			
<u>Unsecured Loan</u>				
Loan from holding company				244,085
5	<b>OTHER CURRENT LIABILITIES</b>	(Amount in Rs.)		
Particulars	As at March 31, 2013			
Other payables				8,990
6	<b>NON CURRENT INVESTMENTS</b>	(Amount in Rs.)		
Particulars	Face Value	No. of shares	As at March 31, 2013	
<b>OTHER INVESTMENTS (QUOTED)</b>				
<u>Investment in fully paid up Equity Shares:-</u>				
Chambal Fertilisers & Chemicals Limited	10	8424515	-	
Duke Commerce Limited	10	392200	-	
Texmaco Rail & Engineering Limited	1	10070	-	
<b>OTHER INVESTMENTS (UNQUOTED)</b>				
<u>Investment in fully paid up Equity Shares:-</u>				
The Hindustan Times Limited	10	532800	-	
<b>Total Non Current Investments</b>				<b>-</b>
Aggregate value of quoted Non Current investment				-
Market value of quoted Non Current investment				42,10,10,245
Aggregate value of unquoted Non Current investment				-



**EARTHSTONE INVESTMENT & FINANCE LIMITED**

**7 CURRENT INVESTMENTS (Amount in Rs.)**

Particulars	Face Value	No. of shares	As at March 31, 2013
<b>OTHER INVESTMENTS (QUOTED)</b>			
<u>Investment in fully paid up Equity Shares:-</u>			
The Federal Bank Limited	10	17700	-
<b>Total Non Current Investments</b>			<b>-</b>
Aggregate value of quoted Current investment			-
Market value of quoted Current investment			85,07,505

**8 CASH AND CASH EQUIVALENT (Amount in Rs.)**

Particulars	As at March 31, 2013
Cash in hand	-
<u>Balances with Bank:-</u>	
In Current Accounts	489,500
	<b>489,500</b>

**9 OTHER CURRENT ASSETS (Amount in Rs.)**

Particulars	As at March 31, 2013
<u>Preliminary Expenditure</u>	
Expenses during the year	249,560
Less: 1/5th Written off during the year	49,912
	<b>199,648</b>
Preliminary expenses amortised over five years as against charging in full in current year in accordance with the guidance note issued by ICAI which resulted in understatement of loss & accumulated loss by Rs. 199648.	

**10 OTHER EXPENSES (Amount in Rs.)**

Particulars	Year ended March 31, 2013
Filing fees	1,000
Professional Charges	3,309
Auditor Remuneration	8,990
General Charges	716
Preliminary Expenses Written off	49,912
	<b>63,927</b>

**NOTES TO THE FINANCIAL STATEMENTS:**

**11 Deferred Tax**

There is no Deferred Tax Liability/ Assets as per Accounting Standard -22.

**12 Segment Reporting**

The Company's main business is investment in Securities and the entire revenue is generated from this business. As such there is no separate reportable segment as per the Accounting Standard on 'Segment Reporting' (AS-17).

**13 Earnings per Share**

<b>Particulars</b>	<b>Year ended March 31, 2013</b>
Loss after tax as per the Statement of Profit and Loss (In Rupees)	(63,927)
Weighted average number of equity shares of Rs.10/- each outstanding during the year	9,315
Earnings per share (In rupees) {Basic & Diluted}	(6.86)

**14 Micro, Small and Medium Enterprises**

As Per information and explanation provided by the Management 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".

**15 Impairment of assets**

AS-28 Impairment of Assets is not applicable to the Company as there are no such assets which come under the definition of impairable assets.

**EARTHSTONE INVESTMENT & FINANCE LIMITED**

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**16 Related Party Disclosures**

Information relating to related party transaction as per Accounting Standard - 18 are given below:

**List of related parties**

<b>Nature of relationship</b>	<b>Name of the related party</b>
Holding Company	BCM Holding Limited
Ultimate Holding Company	The Birla Cotton Spinning & Weaving Mills Ltd.
Fellow Subsidiary Companies	Birla Real Estate Limited
Key Management Personnel	Shri Priyavrat Bhartia
Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives	Usha Flowell Limited Britex (India) Limited Udit (India) Limited The Hindustan Times Limited Goldmerry Investment & Trading Company Limited Earthstone Holding Pvt. Limited Earthstone Holding (Two) Pvt. Limited Earthstone Holding (one) Pvt. Limited Earthstone Holding (three) Private Limited HTL Investment & Trading Company Limited Earthstone Holding Overseas Private Limited Go4cricket.com (India) Private Limited PSB Trustee Company Private Limited SB Trusteeship Services Private Limited Shobhana Trustee Company Private Limited SSB Trustee Company Private Limited Shobhana Print Media LLP Shobhana Communications LLP Shamit Media LLP Priyavrat Computers LLP Shine Foundation Priyavrat Traders Billigiri Rangan Coffee Estate Kumaon Orchards

**Related Party Transactions**

Particulars	For year ended March 31, 2013
<b><u>Transactions during the year</u></b>	
<u>The Birla Cotton Spinning &amp; Weaving Mills Ltd. (Holding Company)</u>	
- Subscription in Equity Share Capital	4,99,940
- Advance taken	2,44,085
<u>The Birla Cotton Spinning &amp; Weaving Mills Ltd. (Ultimate Holding Company)</u>	
- Equity Shares Received as gift	-
<b><u>Balance outstanding at the end of the year</u></b>	
<u>The Birla Cotton Spinning &amp; Weaving Mills Ltd. (Ultimate Holding Company)</u>	
- Advance taken	2,44,085

- 17 Additional information pursuant to thereof part II of Revised Schedule VI of Companies Act, 1956 are either nil or not applicable.

**For BGJC & ASSOCIATES**  
**Chartered Accountants**  
(Firm Registration No. 003304N)

For and on behalf of the Board of Directors

Darshan Chhajer  
**Partner**  
Membership No. 088308  
Place: New Delhi  
Date: 15th May 2013

(Priyavrat Bhartia)  
**Director**

(V.K.Charoria)  
**Director**

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

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

**PROXY**

I/we.....of.....

being a Member/Members of **THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**, hereby appoint Shri/Smt. ....

of.....or failing him/her Shri/Smt. ....

of.....as my/our proxy to attend and vote for me/us and on my/our behalf at the 117th Annual General Meeting of the Company to be held on Monday, the 30th day of September, 2013 at 10.00 a.m and/or at any adjournment there of, at its Registered Office.

Signed this.....day of.....2013.

Signature(s).....

affix  
Re. 1  
revenue  
stamp

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