



THE YASH BIRLA GROUP

66th Annual Report 2007-2008

Setting the fashion revolution in motion...



BIRLA COTSYN
(I N D I A) L T D .



66th ANNUAL REPORT 2007-2008

DIRECTORS :

SHRI P. B. BHARDWAJ, *Chairman*
 SHRI YASHOVARDHAN BIRLA, *Co-Chairman*
 SHRI P. V. R. MURTHY
 SHRI SANJAY AGARWAL
 SHRI MOHANDAS SHENOY ADIGE *w.e.f. 03.08.07*
 SHRI NAVINCHANDRA SHAH *w.e.f. 03.08.07*
 SHRI Y. P. TRIVEDI *w.e.f. 06.12.07*
 SHRI MOHAN JAYAKAR *w.e.f. 06.12.07*
 SHRI G. L. LATH *upto 06.12.07*
 SHRI MOHAN RAO DATARI *upto 06.12.07*

CHIEF EXECUTIVE OFFICER :

SHRI K. K. BAHETI

COMPANY SECRETARY :

SHRI TUSHAR DEY

AUDITORS:

DALAL & SHAH
 CHARTERED ACCOUNTANTS, MUMBAI

BANK / FINANCIAL INSTITUTIONS:

AXIS BANK
 BANK OF INDIA
 HDFC BANK
 UNION BANK OF INDIA
 SICOM LIMITED
 STATE BANK OF INDIA
 ORIENTAL BANK OF COMMERCE
 INDIAN OVERSEAS BANK

PLANT LOCATIONS :

1. C-6/1, MIDC AREA, MALKAPUR 443 101,
DIST. BULDHANA (MS)
2. A/82, MIDC AREA, KHAMGAON 444 303,
DIST. BULDHANA (MS)
3. SHREE HOUSE, SHEGAON ROAD, KHAMGAON,
DIST. BULDHANA (MS)
4. POST BOX NO. 1, GHATANJI, DIST. YAVATMAL (MS)
5. NEAR COTTON MARKET, PAROLA ROAD,
DHULE 424 004 (MS)

REGISTERED OFFICE:

DALAMAL HOUSE, FIRST FLOOR,
 NARIMAN POINT,
 MUMBAI – 400 021

REGISTRAR AND SHARE TRANSFER AGENT:

ADROIT CORPORATE SERVICES PVT. LTD.
 19/20, 1ST FLOOR, JAFERBHOY INDUSTRIAL ESTATE,
 MAKWANA ROAD, MAROL NAKA, ANDHERI (E),
 MUMBAI - 400 059, INDIA.
 TEL.: 022-28596060 / 28594060
 FAX: 022-2850 37748

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 66th Annual General Meeting of Birla Cotsyn (India) Limited will be held on Friday, 24th October, 2008 at 12.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended on March 31, 2008, the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2008.
3. To appoint a Director in place of Shri Sanjay Agarwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Dalal & Shah, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

5. Appointment of Shri Mohandas Shenoy Adige as a Director

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

“RESOLVED THAT in accordance with the provisions of the Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification (s) or re – enactment thereof, Shri Mohandas Shenoy Adige, who was appointed as an additional Director on 3rd August, 2007, pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation under the provisions of the Articles of Association of the Company.

6. Appointment of Shri Navinchandra Shah as a Director

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

“RESOLVED THAT in accordance with the provisions of the Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification (s) or re – enactment thereof, Shri Navinchandra Shah, who was appointed as an additional Director on 3rd August, 2007, pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation under the provisions of the Articles of Association of the Company.

7. Appointment of Shri Y. P. Trivedi as a Director

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

“RESOLVED THAT in accordance with the provisions of the Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification (s) or re – enactment thereof, Shri Y. P. Trivedi, who was appointed as an additional Director on 6th December, 2007, pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation under the provisions of the Articles of Association of the Company.

8. Appointment of Shri Mohan Jayakar as a Director

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

“RESOLVED THAT in accordance with the provisions of the Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification (s) or re – enactment thereof, Shri Mohan Jayakar, who was appointed as an additional Director on 6th December, 2007, pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation under the provisions of the Articles of Association of the Company.

9. Increase in Borrowing Powers

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

“RESOLVED THAT pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, (including any statutory modification or reenactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of all resolutions passed in this regard, the Company hereby accords its consent to the



Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) to borrow any sum or sums of money from time to time from any one or more of the Company’s bankers and/or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise including External Commercial Borrowings/ Foreign Currency Convertible Bonds and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company’s assets and properties whether movable or stock-in-trade (including raw materials, stock in process, finished goods, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed, together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the sum of Rs.300 Crores over and above the total paid up capital of the Company and its free reserves, exclusive of interest, and the Board is hereby, further authorised to execute such deed of mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board may think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

10. Creation of Charge / mortgage.

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

“**RESOLVED THAT** the Company do hereby accord its consent under Section 293(1)(a) of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) to mortgaging and/or charging by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) of all or any of the immovable or movable properties of the Company wherever situate, both present and future, the whole or substantially the whole of the undertaking/s of the Company in such form and in such manner as the Board may think fit, for securing any loans and/or advances already obtained or that may be obtained from any financial institutions/banks/insurance companies or person or persons, and/or to secure any debenture/bonds issued or that may be issued and all interests, compound/additional interest, commitment charges, costs, charges, expenses and all other monies payable by the Company to the concerned lenders within the overall limits specified under Section 293(1)(d) of the Companies Act, 1956.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

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

Tushar Dey
Company Secretary

Place: Mumbai
Date: 19th September, 2008

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. The proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
2. The Register of Members and share transfer books of the Company will remain closed from Monday, the 20th October, 2008 to Friday, 24th October, 2008 (both days inclusive) for the purpose of dividend to those members whose name stand on the Register of Members as on close of the business hours on 18th October, 2008. The dividend in respect of Equity Shares held in electronic form will be payable to the beneficial owners of the Equity Shares as at close of the business hours on 17th October, 2008, as per the details furnished by the depositories for this purpose.

3. Members are requested to forward all application for Transfer, Demat, and all other share related correspondence, including intimation of change of address, if any, to the Registrar and Transfer Agents of the Company at the following address:

Adroit Corporate Services Pvt. Ltd
19/20, 1st Floor, Jaferbhoy Industrial Estate
Makwana Road
Marol Naka, Andheri (E),
Mumbai, Maharashtra 400059, India
4. Members are requested to:
 - a) complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - b) bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - c) send their questions atleast 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.
5. As required under clause 49 VI (A) of the Listing Agreement, the relevant details in respect to the directors seeking re-appointment at the ensuing Annual General Meeting is provided in the Corporate Governance report.



ANNEXURE TO NOTICE

Explanatory Statement to Special Businesses pursuant to Section 173(2) of The Companies Act, 1956.

Item No. 5, 6, 7 & 8 - Appointment of Additional Directors

Shri Mohandas Shenoy Adige, Shri Navinchandra Shah, were appointed as Additional Directors of the Company with effect from 3rd August, 2007 and Shri Y. P. Trivedi and Shri Mohan Jayakar were appointed as Additional Directors with effect from 6th December, 2007 pursuant to the provisions of the Section 260 of the Companies Act, 1956 and Article 95 of the Articles of Association of the Company and hold office upto the date of this Annual General Meeting.

The Company has received notices, along with requisite fee, from members under Section 257 of the Companies Act, 1956, proposing the candidature of Shri Mohandas Shenoy Adige, Shri Navinchandra Shah, Shri Y. P. Trivedi and Shri Mohan Jayakar as Directors of the Company under the provision of Section 257 of the Act.

The Board recommend passing of the resolutions set out at Item no. 5, 6, 7 & 8 of the Notice for your approval

None of the Directors except Shri Mohandas Shenoy Adige, Shri Navinchandra Shah, Shri Y. P. Trivedi and Shri Mohan Jayakar are concerned or interested in Item no. 5, 6, 7 & 8 of the notice respectively.

Item No. 9 - Increase in Borrowing Powers

In terms of provision of section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in General Meeting, borrow money, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of paid up capital and its free reserves not set apart for any specific purpose.

At the Extra Ordinary General Meeting held on 30th October, 2007 authority was accorded to the Board of Directors of your Company to borrow upto Rs. 200 Crores over and above the total paid up capital and free reserves of the Company. Keeping in view the Company's business requirement, it is considered desirable to increase the said borrowing limits to Rs 300 Crores over and above the total paid up capital and free reserves of the Company.

The Board recommends the Ordinary Resolution as set out in item no.9 of the Notice for member's approval.

None of the Directors is concerned or interested in the resolution.

Item no. 10 – Creation of Charge/ mortgage

The borrowing of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and rankings as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender (s).

Under section 293 (1)(a) of the Companies Act, 1956, the Board of Directors, except with the consent of the shareholders in a General Meeting, can not create charge, mortgage, hypothecate the Company's movable and immovable properties in favour of lender(s).

The Board recommends the Ordinary Resolution as set out in item no. 10 of the Notice for member's approval.

None of the Directors is concerned or interested in the resolution.

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

Place: Mumbai
Date: 19th September, 2008

**Tushar Dey
Company Secretary**

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Sixty Sixth Annual Report together with the Audited Statements of Accounts of your Company for the period ended 31st March, 2008.

DIRECTORS REPORT

1. Financial Results

(Rs.)

FINANCIAL RESULTS	Year ended 31.03.2008	Year ended 31.03.2007
GROSS INCOME	850,754,266	547,227,880
Less : Excise Duty	6,867,400	1,322,303
NET INCOME	843,886,866	545,905,577
PROFIT/(LOSS) BEFORE INTEREST, DEPRECIATION, TAXATION	58,240,840	50,148,728
Interest and Finance Expenses	7,256,818	3,659,880
PROFIT/(LOSS) BEFORE DEPRECIATION, TAXATION	50,984,023	46,488,848
Depreciation	14,645,606	7,241,318
NET PROFIT/(LOSS) BEFORE TAX (PBT)	36,338,416	39,247,530
Less: Deferred Tax Liability	15,223,222	2,877,956
Less : Fringe Benefit Tax (FBT)	357,759	360,123
Less : Current Year Tax (MAT)	4,125,000	10,312,049
PROFIT AFTER TAX (PAT)	16,632,435	25,697,402

2. Operating and Financial Performance:

During the year under review total income increased from Rs. 547,227,880 to Rs. 850,754,266 i.e. increased by 55.46 % over the previous year. Profit after Tax has decreased from Rs.25,697,402 to Rs.16,632,435 because of increase in raw material prices and decrease in sales price and depreciation on account of capitalization of new projects. Your Company continues to remain a leading exporter of synthetic yarn in various other countries. Exports turnover increased by almost 52.42 % i.e. from Rs. 50,283,851 to Rs.76,642,935 during the year under review. Your Company continues to remain net earner of the valuable foreign exchange.

3. Dividend

In view of the good performance of the Company, your Directors are pleased to recommend a final dividend of 5% on the paid up equity share capital of Company as on 31st March, 2008 which translate to 0.58 % on the current paid up equity share capital.

4. Initial Public Offer.

In June – July, 2008 the Company had its Public Issue of 102,982,729 Equity shares of Rs. 10/- each for cash at a price of Rs. 14/- per Equity share aggregating to Rs.1441.80 millions. The issue was oversubscribed by 1.30 times. The equity shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange of India Limited on July 30, 2008.

5. Expansion Project

The Company has implemented the spinning unit of 36000 spindles and has commenced operations on 12,000 spindles of the project from 31.03.2008. The open end project has also been installed and commercial operation would commence within a short period. The Civil and Construction work of the weaving plant is in progress and will be operational by shortly. As per the expansion project, part of the funding of equity is through IPO, which the company has completed successfully.



6. Employee Stock Options plan:

The company has authorised an Employee Stock Option Plan 2007(ESOP) in their Extraordinary General Meeting held on 6th December, 2007 As per the ESOP, the options granted would vest over a period of six years from the date of Grant. The employees of the company who have been covered under this plan have a period of 5 years from the date of vesting to exercise the options that would vest. No shares have been allotted under the ESOP till date.

The disclosures required to be made in the Director's Report in respect of the above referred stock options, in terms of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are as per the Annexure forming part of the Director's Report

7. Subsidiary Company

Your Company does not have any Subsidiary Company.

8. Management Discussion and Analysis Report

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

9. Corporate Governance

Your Company will continue to strive to incorporate best of standards for good corporate governance. As the equity shares of the Company were listed on July 30, 2008 with Bombay Stock Exchange and National Stock Exchange, all required measures are being taken to comply with the the Stock Exchange Guidelines and other statutory regulations. A separate report on Corporate Governance along with a Certificate of Compliance from the Auditors forms part of this report.

10. Directors Responsibility Statement:

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

1. In the preparation of annual accounts, applicable Accounting Standards had been followed along with proper explanation relating to material departure;
2. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and the profit or loss of the Company for the year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud & other irregularities;
4. that the annual accounts have been prepared on a 'going concern' basis.

11. Auditors Remarks

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

12. Directors

During the year under review, Shri Mohandas Shenoy Adige and Shri Navinchandra Shah were appointed as an Additional Directors of the Company w.e.f. 3rd August, 2007. The Board of your Company has been further strengthened by the induction of Shri Y. P. Trivedi and Shri Mohan Jayakar, who were appointed as Additional Directors on 6th December, 2007.

As per provisions of Section 260 of the Companies Act 1956, these directors hold office only upto the date of forthcoming Annual General Meeting of the Company. The Company has received notices proposing all the above persons as candidates for the office of Director pursuant to Section 257 of the Companies Act, 1956.

Shri G. L Lath and Shri Mohan Rao Datari have resigned from the office of Director of the Company w.e.f. 6th December, 2007. The Board records its appreciation for the valuable contribution made by them during their tenure as directors of the Company.

Shri Sanjay Agarwal, Director of the Company, retires by rotation and being eligible, offers himself for reappointment.

13. Fixed Deposits

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

14. Auditors

M/s. Dalal & Shah, Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment at the forthcoming Annual General Meeting.

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

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

16. Particulars of Employees

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

17. Personnel

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

18. Acknowledgements

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

For and on behalf of the Board of the Directors

Place: Mumbai
Date: 19th September, 2008

Yashovardhan Birla
Co-Chairman

ANNEXURE TO DIRECTORS' REPORT

I) (Information under Section 217 (1) (e) of the Companies Act 1956, read with Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2008)

A. CONSERVATION OF ENERGY:

a) Energy Conservation Measures Taken:

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

1. maintaining power factor unity continuously & availing load factor & power factor benefits in MSDCL power tariff.
2. Replacement of high efficiency motors in ring frame department at six places
3. Carrying out transformer parallel operation for equal load distribution for energy saving.
4. Formation of energy cell to study various areas for saving of energy.
5. Replacement of reciprocating air compressor with atlas copco screw compressors with saving of 60 HP load.
6. Replacement of magnetic ballast with electronic ballast.
7. Providing PRV station & condensate heat recovery pump at boiler house & observed 1.0 TON coal saving per day.

b) The above measures have resulted in energy saving and consequent decrease in consumption of unit per KG from 2.0 U/KG to 1.75 U/KG.

B. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption as per Form B.

FORM "B"

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company.
 - (a) R & D Work is going on to give more yield and to reduce time cycle of process for optimizing the raw material consumption and utilities norms.
 - (b) Development of new value added products.
2. Future Plan of Action
To develop further new value added products and fancy yarns of high quality according to market trend.
3. Expenditure on R & D:
The expenditure on in-house R & D is shown under respective heads and no separate account is maintained.
4. Technology Absorption, Adaptation and Innovation: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2007-08	(Rs.) 2006-07
Total Foreign Exchange earnings	76,642,935	50,283,851
Total Foreign Exchange outgo *	260,572,658	27,516,788

* Foreign Exchange Outgo incurred is mainly towards the capital expenses.

II) PARTICULARS OF EMPLOYEES:

Information as per Section 217 (2A) of the Companies Act, 1956 read with companies (particulars of employees) Rules, 1975 and forms part of the Directors Report for the year ended 31st March, 2008.

Sr. no.	Name	Designation	Age	Qualification	Experience	Gross Remuneration	Dt. of joining	Last employment
1	Shri K. K. Baheti	President & CEO	55 Years	MBA, BITS (PILANI)	35 Years	Rs. 27,72,752	16 th Sep 2005	Modern Group

Annexure to the Director's Report regarding the ESOP.

	Particulars	
a	Options granted	4,245,200
b	Pricing Formulae	At a price not less than the face value per share. All options outstanding have been granted at Rs. 10.
c	Options Vested	0
d	Options Exercised	Nil
e	Total no. of shares arising as result of exercise of Options	4,245,200
f	Options lapsed *	Nil
g	Variation in terms of Options	None
h	Money realised by exercise of Options (in lakhs)	Nil
i	Total number of options in force	4,245,200
j	Employee wise details of options granted to:	
	– Senior Management	
	P V R Murthy	1,000,000
	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000
	O.P. Jain	124,800
	Tushar Dey	109,800
	C. S. Rathi	36,900
	D. S. Boke	23,200
	B. N. Pandey	22,800
	C. M. Saoji	25,400
	O.B. Sharma	34,500
	V. K. Sethi	171,800
	– any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	
	P V R Murthy	1,000,000
	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000



	Particulars	
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	
	P V R Murthy	1,000,000
	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000
k	Weighted average exercise price of Options granted during the year whose	
(a)	Exercise price equals market price	NA
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	10

Note :

*Lapsed Options includes options forfeited and options cancelled/lapsed.

Lock-in period for the shares to be issued and allotted will be pursuant to the exercise of options, as mentioned above, will be at the discretion of the remuneration committee.

The above mentioned options shall be exercisable only after the date either on the date of commencement of commercial production or April 1, 2009, whichever is earlier.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and Business Overview:

Textile industry include the organized Cotton/ Man Made Fibre Textile Mill Industry, Man made fibre/ filament yarn industry, the decentralized power loom sector, woollen textile industry, silk industry, handloom industry, handicraft industry, jute industry and textile exports.

The textiles industry is one of the most important industries in the Indian economy and it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture. India is the world's third largest producer of cotton and the second largest producer of cotton yarns and textiles.

Not only is it the largest foreign exchange earner, contributing to over 20 per cent of India's exports and 14 per cent of industrial output, it also accounts for more than 5 per cent of GDP and provides direct employment to 38 million people. In fact, it is the second most important sector next only to agriculture.

India however, has natural advantages, which can be capitalized on, strong raw material base (cotton, man-made fibres, jute, silk), large production capacity (Spinning - 21% of world capacity and weaving - 33% of world capacity but of low technology) and a vast pool of skilled manpower.

b) Opportunities & Threats:

Opportunities:

1. The end of Multi Fibre Arrangement (MFA) is projected to lead to higher demand for finished fabric.
2. India is aggressively expanding its capacities, key government policies are also changing favorably with (easier access to capital, favorable duty structures, dereserving products and flexible labor laws etc.).
3. Indian textile companies are aiming to create large capacities across the value chain. Aggressive capacity expansion plans demonstrate the industry's commitment to taking advantage of the emerging global growth opportunity

Threats:

1. Our company faces increased competition from domestic as well as low-cost producing countries all of who are in the expansion mode.
2. Changes in the government policy may impact the earnings of our company.
3. The preferences of customers undergo frequent changes and our Company would need to adapt to the changing patterns.

(Our proposed expansion plant would have the flexibility to process a wide range of yarns and therefore we are confident of being able to meet the varied and changing requirements of the customers).

4. China continues to pose a threat, more so in the post quota period. China's scale, infrastructure and cost advantage give it an edge over India's infrastructure score. (However, India is also gaining advantages in the areas of technology, economies of scale etc and the promoters are confident of overcoming any threat posed by the Chinese in this regard).
5. With India not being a part of trade blocs like NAFTA, AGOA, Caribbean Basin, it does not enjoy duty-free/ quotafree status or any preferential access to the key developed markets of EU and US.

(With the dismantling of the Quota system w.e.f 1st Jan. 2005, the Global Market has been thrown wide open and the promoters would like to capitalise on it.)

c) Risk Management:

1. The Company is exposed to risks from market fluctuations of foreign exchange, interest rates and crude oil prices.
2. The Company's policy is to systematically hedge its long term foreign exchange risks as well as short term exposures.
3. The Company has adopted risk mitigating strategies by way interest and currency swaps to reduce the risk of rising interest rate.
4. The Company is exposed to the risk of price fluctuation on cotton as well as finished goods in all its products. These risks are not significant considering the inventory levels and normal co - relation in the price of cotton and finished goods.



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

d) Segment-wise Performance:

Segment-wise performance of the company during the financial year 2007-08 is given below: (Rs.)

Particulars	Textile	Trading	Others
Income	619,088,538	218,322,635	13,343,093
Expenditure	597,308,319	197,546,647	12,304,065
Depreciation	146,45,606	-	-
PBIT	21,780,219	207,75,988	1,039,028
FOB Value of Exports	68,902,794	-	-

e) Financial Performance:

The Company's net income during the year was Rs. 843,886,866 as against Rs. 545,905,577 during 2006-07. Profit Before tax for the current year decreased to Rs. 36,338,417 as compared to Rs. 39,247,530 during the previous year. The gross cash inflow before working capital changed during the period was Rs.50,142,460 as against Rs.41,292,620 during the previous year.

f) Internal Control Systems:

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

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

g) Related Party Transactions:

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

h) Human Resources:

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

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

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

i) Health & Safety:

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

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

j) Conclusion:

The expansion programme which has been partly commenced has resulted into pursuing business in line with its core competences. The benefits of expansion will be reflected in the financial performances of the company from the next financial year onwards.

Cautionary Statement:

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

REPORT ON CORPORATE GOVERNANCE

I) **Company's Philosophy on Corporate Governance:**

Corporate governance is about promoting corporate fairness, transparency and accountability and commitment. Birla Cotsyn (India) Limited is committed to sound principles of corporate governance. The Board of Directors believes that adherence to sound corporate governance policies and practices is important in ensuring that Birla Cotsyn (India) Limited is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of its stakeholders.

Your Company would continue to constantly upgrade management practices to conform to the norms of ideal corporate governance in the years to come.

II) **Board of Directors:**

a) **Composition of Board:**

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

Name of the Director	No. of shares held in the Company as on 31.03.2008	No. of Directorship and Committee Membership & Chairmanship		
		No. of Directorship in other Public Companies	No. of Membership of other Board Committees *	No. of Chairmanship of other Board Committees *
Shri P. B. Bhardwaj Non Executive Chairman	Nil	2	—	—
Shri Yashovardhan Birla Non-Executive Co-Chairman	93420	6	—	1
Shri P.V.R. Murthy Non-Executive Director	Nil	6	3	1
Shri Sanjay Agarwal Non- Executive Director	Nil	—	—	—
Shri Mohandas Shenoy Adige # Non-Executive - Independent Director	Nil	3	2	—
Shri Navinchandra Shah # Non-Executive - Independent Director	Nil	2	—	—
Shri Y. P. Trivedi # # Non Executive – Independent Director	Nil	10	5	5
Shri Mohan Jayakar # # Non-Executive - Independent Director	Nil	4	—	—
Shri G. L. Lath # # # Non-Executive Director	Nil	5	—	—
Shri Mohan Rao Datari # # # Non-Executive Director	Nil	1	—	—
Shri Alok Bhardwaj Alternate Director to Shri P. B. Bhardwaj	Nil	—	—	—

* Includes only Audit Committee and Shareholder Grievance Committee of public companies.

Appointed as an additional director w.e.f. 3rd August, 2007.



Appointed as an additional director w.e.f. 6th December, 2007.

Resigned w.e.f. 6th December, 2007.

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

b) Board Meetings and Attendance:

During the year ended 31st March, 2008, Nine Board Meetings were held on April 11, 2007, June 1 2007, July 10, 2007, July 20, 2007, August 3, 2007, September 26, 2007, October 30, 2007, December 6, 2007 and February 29, 2008:

Attendance of Directors at Board Meetings and at the Annual General Meeting (AGM)		
Name of Director	No. of Board Meetings Attended	Last Annual General Meeting Attended
Shri P. B.Bhardwaj, Chairman	3	Yes
Shri Yashovardhan Birla, Co Chairman	9	Yes
Shri P.V.R.Murthy	9	Yes
Shri Sanjay Agarwal	4	Yes
Shri Y. P. Trivedi	1	N.A.*
Shri Mohan Jayakar	1	N.A.*
Shri Mohandas Shenoy Adige	4	N.A.*
Shri Navinchandra Shah	1	N.A.*
Shri G. L. Lath(resigned w.e.f. 06.12.2007)	8	Yes
Shri Mohan Rao Datari(resigned w.e.f. 06.12.2007)	3	N.A.*

* Did not hold the office of director on the date of the last Annual General Meeting.

Board Procedure

The Board meets atleast once a quarter to review the quarterly performance and the financial results. Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items in the agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases; the same is tabled at the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, with presentations by functional heads. Senior management is invited to attend the Board Meetings so as to provide additional inputs to the items being discussed by the Board.

The Board's role, functions, responsibility and accountability are clearly defined, in addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory/regulatory requirements, major accounting provisions and write-offs are considered by the Board.

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

c) Brief notes on the background and the functional expertise of the Directors proposed for appointment and re-appointment are furnished below, along with details of Companies in which they are Directors and the Board Committees of which they are members:

Shri Y.P Trivedi, aged 79 years, B.Com. LL.B, is a member of Rajya Sabha and a Senior advocate of Hon. Supreme Court of India. He was President of the Chamber of Income Tax Consultants, Income Tax Appellate Tribunal Bar Association and he was member of Direct Taxes Advisory committee for Western region of India. He is Hon consul of Federal Republic of Ethiopia. He was president of Indian Merchants Chamber and was Chairman of Taxation Committee, Indian Merchant Chamber, Taxation Committee, All India Manufacturers Association. Shri Y. P. Trivedi is Member of Managing Committee and Co ordination Committee of ASSOCHAM. He has been very active in the Social, Sports, Educational and Medical fields. He was conferred with prestigious Gurjar Ratna, Kala Gurjar etc. He has travelled widely in India and abroad.

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

Directorship	Committee Chairmanship / Membership
Reliance Industries Ltd	Audit Committee – Chairman Investor Grievance Committee – Member Remuneration Committee – Member
Reliance Petroleum Ltd	Audit Committee – Chairman Investor Grievance Committee – Chairman
Zodiac Clothing Ltd	Nil
Birla power Solution Ltd	Audit Committee – Chairman
Safari Industries Limited	Nil
Sai Service Station Ltd (Chairman)	Audit Committee – Member
Zandu Pharmaceuticals Works Ltd (Chairman)	Audit Committee – Chairman
Supreme Industries Ltd	Nil
Seksaria Biswan Sugar Factory Ltd	Audit Committee – Member Remuneration Committee – Member
New Consolidated Construction Co. Ltd	Audit Committee – Member Remuneration Committee – Member

Shri Mohan Jayakar, aged 57 years, is presently the Senior Partner in M/s. Khaitan, Jayakar, Sud and Vohra, Advocates & Solicitors and heads the entire operations of the Mumbai branch of the Firm. He obtained his Solicitors Degree in the year 1975, in the last examinations conducted under this aegis of the High Court of Bombay. He was a partner with M/s. Gagrat & Co., for 23 years, having attended to all the aspects of Law and specialized in Customs, Central Excise and Foreign Exchange matters including Writs and Criminal Procedures. He was a member of the Shipping Committee of the Bombay Chamber of Commerce and has attended to International Commercial Commodity Arbitrations and Shipping and other Maritime Arbitrations

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

Directorship	Committee Chairmanship / Membership
Everest Kanto Cylinders Ltd	Nil
Photoquip India Ltd	Nil
Satyagiri Shipping Co. Ltd	Nil
Mysore Petrochemicals Ltd.	Nil

Shri Mohandas Shenoy Adige, aged 63 years, has 40 years of cross functional experience in metal industry with exposure to various functional areas including techno-commercial areas of project management. He is a member of regional council of Confederation of Indian Industry (CII). Specialist in revival and turnaround of ailing units through re-engineering and reorganization. He has retired as the Managing Director of Nagpur Power and Industries Limited. Member of All India Management Association/ Bombay Management Association (BMA), Indian Institute of India Foundrymen and Indian Institute of Materials Management.

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

Directorship	Committee Chairmanship / Membership
Birla Precision Technologies Limited	Audit Committee – Member Investor Grievance Committee – Member
Nagpur Power & Industries Limited	Nil
Artefact Projects Limited	Nil

Shri Navinchandra Shah, aged 69 years, has graduated from London School of Economics and is a Fellow member of the Institute of Chartered Accountant of India and also of England and Wales. He is also a member of the Institute of Taxation, London. He has to his credit an extensive and rich experience of working in Price Waterhouse & Co, He was the president of the Uganda Chamber of Commerce & Industry and had worked in Uganda Govt. sub- committees on Timber Industry and Uganda Metrication .He had been the Secretary of Overseas Indian Jaambo Association. Since 2002, practicing as a Financial Consultant specializing in estate and succession planning.



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

Directorship	Committee Chairmanship / Membership
Sunflag Power Limited	Nil
Sunflag Special Steel Limited	Nil
PSJ Alexander Co. Limited.	Nil

Shri Sanjay Agarwal, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re – appointment.

Shri Sanjay Agarwal, aged 41, is a graduate from St. Xavier's College, Calcutta, where he obtained his B.Com degree with honours in 1987. He is also a Chartered Accountant since 1989 and is also an Associate of the Chartered Certified Accountants of United Kingdom. Shri Sanjay Agarwal, started his career as a Credit and Finance Officer with SBI Home Finance in India and subsequently moved on to become the General Manager, Finance, with Afprint Nigeria Plc. He has wide ranging experience in trade, industry and service sectors in different parts of the world. He possesses extensive accounting, MIS, treasury, change management and corporate strategy skills. He has played a key role in many restructuring, merger integration, MIS, cost savings, turnarounds, new investments – projects and divestment programs. In the PBG, Shri Sanjay Agarwal is responsible for the global management information systems, monthly operations reviews and cost reduction plans. He has also participated in negotiations with suppliers, financial institutions, as well as governments

III) Audit Committee

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

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

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

Composition of Audit Committee:

Shri Navinchandra Shah #	-	Chairman
Shri Mohandas Shenoy Adige #	-	Member
Shri P. V.R.Murthy	-	Member
Shri Sanjay Agarwal	-	Member
Shri G. L. Lath # #	-	Member

Appointed w.e.f. 3rd August, 2007

Resigned w.e.f. 6th December, 2007

During the year ended 31st March, 2008, the Committee met one time on 10th July, 2007. The Attendance of the Meeting is as follows :

Name of the Member	Category	Attendance at the Meeting
Shri Navinchandra Shah	Independent Non-Executive	N.A.
Shri P. V.R. Murthy	Non Independent Non-Executive	Yes
Shri Mohandas Shenoy Adige	Independent Non-Executive	N.A.
Shri Sanjay Agarwal	Non Independent-Non Executive	No
Shri G.L.Lath	Non Independent Non Executive	Yes

Scope of Audit Committee:

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

- To review the quarterly/half yearly and Annual Financial Statements and to submit its comments/observations to the Board of Directors.

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

IV) Share Transfer and Investor Grievance Committee:

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

Composition of the Share Transfer and Investor Grievance Committee

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

Appointed w.e.f. 6th December, 2007

During the year under review one Meeting of the Share Transfer and Investor Grievance Committee was held on 6th September, 2007. The attendance of the Meeting is as follows:

Name of the Member	Category	Attendance at the Meeting
Shri P. V.R.Murthy	Non Independent Non-Executive	Yes
Shri Mohandas Shenoy Adige	Independent and Non Executive	Yes
Shri Sanjay Agarwal	Non Independent Non-Executive	No
Shri Mohan Jayakar	Independent and Non Executive	N. A.

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



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

Type of Complaints	No. of Complaints		
	Received	Resolved	Pending
Non receipt of Certificates	-	-	-
Non receipt of De-mat Credit	53	52	1
Non receipt of De-mat rejected Certificates	-	-	-
Non receipt of Dividend Warrants	-	-	-
Non receipt of Allotment Advise / Refund Orders	107	107	-
Non Receipt of Refund through ECS	7	7	-
Non Receipt of Refund through RTGS	-	-	-
Others	23	23	-
SEBI/STOCK	NIL	NIL	NIL
Total	190	189	1

V) **Remuneration / Compensation Committee:**

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

Composition of the Remuneration / Compensation Committee:

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

During the year under review one Meeting of the Remuneration / Compensation Committee was held on 6th December, 2007. The attendance of the Meeting is as follows:

Name of the Member	Category	Attendance at the Meeting
Shri P. B.Bhardwaj	Non Independent and Non - Executive	No
Shri Yashovardhan Birla	Non Independent and Non Executive	Yes
Shri P. V.R.Murthy	Non Independent and Non Executive	Yes
Shri Sanjay Agarwal	Non Independent and Non Executive	No

The Company Secretary acts as the Secretary to the Remuneration / Compensation Committee.

No sitting fees was paid to any Director of Company for attending the Board / Committee Meetings held during the year 2007 - 2008. However, the Board of Directors at its Meeting held on 29th February 2008 has, decided to pay a sum of Rs. 2,000/- as sitting fees to Non Executive Directors for attending each meeting of Board / Committee to be held w.e.f. 1-4-2008.

VI) **Code of Business Conduct and Ethics**

Code of Business Conduct and Ethics is being formulated and will be approved by the Board.

VII) **Information on Shareholders' Meetings**

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

Year	AGM	Location	Date & Time
2006-2007	65th	Dalamal House, First Floor, Nariman Point, Mumbai – 400 021	03.08.2007 at 11.00 a.m.
2005-2006	64th	Dalamal House, First Floor. Nariman Point, Mumbai - 400 021	27.09.2006 at 11.00 a.m.
2004-2005	63rd	Queen's Mansion, Prescott Road, Mumbai – 400001	29.09.2005 at 10.00 a.m.

(b) Whether Special Resolutions passed in the previous three AGMs - No Special Resolutions were passed in the AGM held on 29.09.2005, 27.09.2006 and 03.08.2007.

- (c) Whether the Special Resolution were put through postal ballot last year – No.
(d) Whether any Special Resolution is proposed to be conducted through postal ballot - No

VIII) Subsidiary Companies

The Company does not have any subsidiary Company

IX) Disclosures

- 1) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries, or relatives, conflicting with Company's interest. Suitable disclosures as required by the Accounting Standard (AS18) - related party transactions, have been made in the Annual Report.
- 2) There is no pecuniary relationship or transactions of non-executive directors vis-a-vis the Company which has potential conflict with the interests of the Company at large.
- 3) No penalties or strictures have been imposed on the Company by the Stock Exchange, or SEBI, or any Statutory Authority on any matter related to capital markets during the last financial year.

X) Means of Communication

The Board of Directors of the Company shall approve and take on record the unaudited Quarterly Financial Results and Audited Annual Results in the Forms prescribed by the BSE & NSE where the shares of the Company are listed. The same will be published within 48 hours in Free Press Journal (English) and Navshakti (Marathi) newspapers and shall also be uploaded on the Company's website:- www.birlacotsyn.com

XI) General Shareholders Information

- 1 Annual General Meeting proposed to be held
 - Date & Time : 24th October, 2008 at 12.30 p.m.
 - Venue : Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli Mumbai – 400 018
- 2 Financial Calendar for the year 2008-2009 (Proposed)
 - Accounting Year : April 1, 2008 to March 31, 2009
 - First Quarter Year : July, 2008
 - Second Quarter Year : October, 2008
 - Third Quarter Year : January, 2009
 - Fourth Quarter Year : April, 2009
 - Annual results : July/August, 2009
 - Mailing of Annual Report : July/August, 2009
 - Annual General Meeting : On or before 30th September, 2009
- 3 Book Closure Date : Monday, 20th October, 2008 to Friday, 24th October, 2008 (both days inclusive)
- 4 Registered Office : Dalamal House, 1st Floor, 206, J. B. Marg, Nariman Point, Mumbai – 400 021.
- 5 Listing of Equity Shares on the Stock Exchange :
 1. Bombay Stock Exchange Ltd. P. J. Towers, Dalal Street, Mumbai 400 023.
Stock Code - 533006
 2. National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.
Stock Code - BIRLACOT

For the Financial Year 2007–08, the Company has paid Annual Listing Fees to the above Stock Exchanges.

- 6 i. ISIN No. for the Company's Equity Shares in Demat form : INE655I01016
- ii. Depositories connectivity : NSDL and CDSL
7. Stock Price Data :

Monthly High/ Low of market price of the Company's shares traded on the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Limited(NSE) after the Listing of the Company on July 30, 2008 is furnished below:

Months	NSE		BSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
August ' 08	11.80	9.05	11.79	9.10
September' 08	9.20	6.00	9.25	6.00

Source: www.bseindia.com, www.nseindia.com



8. Registrar & Share Transfer Agents

For Electronic & Physical Mode

: **Adroit Corporate Services Pvt. Ltd.**
19/20, 1st Floor, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka, Andheri (E), Mumbai,
Maharashtra 400059 India
Tel. Nos. 91 -22 – 2859 6060/ 2859 4060
Fax No. 91 – 22 – 2850 3748
e.mail: birla_ipo@adroitcorporate.com

9. Share Transfer System

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

10 Distribution of Shareholding:

No. of Equity Shares held	As on 31st March, 2008			As on current date (12/09/2008)		
	No. of Shareholders	No. of Shares held	Percentage Shareholding	No. of Shareholders	No. of Shares held	Percentage Shareholding
1 to 500	2	200	0.01	14526	4238367	64.21
501 to 1000	-	-	-	4026	3345198	17.80
1001 to 2000	-	-	-	2172	3154409	9.60
2001 to 3000	-	-	-	599	1547393	2.65
3001 to 4000	-	-	-	234	842920	1.03
4001 to 5000	-	-	-	251	1211890	1.11
5001 to 10000	-	-	-	526	3540068	2.32
10001 and above	8	13617880	99.99	290	98720565	1.28
Total	10	13618080	100.00	22624	116600810	100.00

11 Categories of Shareholding :

Categories	As on 31st March, 2008			As on current date (12/09/2008)		
	No. of Shareholders	No. of Shares held	Percentage Shareholding	No. of Shareholders	No. of Shares held	Percentage Shareholding
Promoters / Directors and their Associate companies	10	13618080	100.00	*14	39801017	34.14
Domestic Companies	-	-	-	578	35643910	30.57
FII's	-	-	-			
NRI's	-	-	-	144	241926	0.21
Banks/ FIs and Insurance Companies	-	-	-			
Mutual Funds	-	-	-			
Resident Individual (Public)	-	-	-	21748	39197381	33.62
Trusts	-	-	-	1	5250	0.00
Clearing Members	-	-	-	139	1711326	1.47
Total	10	13618080	100.00	22624	116600810	100.00

* Some promoters are holding shares in both demat and physical form. Therefore there is difference in folio in the promoters category.

12. Dematerialization of shares and liquidity:

19.93% of the total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31.03.2008. Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by Securities and Exchange Board of India (SEBI). As on the current date (on 12.09.2008), 92.97 % of the total Equity Capital is held in dematerialized form.

13. Outstanding GDRs : The Company has not issued any GDR.

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

15. Address for Correspondence

Investor Correspondence
Adroit Corporate Services Pvt. Ltd.
19/20, 1st Floor, Jaferbhoy Industrial Estate,
Makwana Road
Marol Naka, Andheri (E),
Mumbai - 400059
India
Tel. Nos. 91 -22 – 2859 6060/ 2859 4060
Fax No. 91 – 22 – 2850 3748
e.mail: birla_ipo@adroitcorporate.com



COMPLIANCE CERTIFICATE

Compliance Certificate for Corporate Governance from Auditors of the Company is given as Annexure to this report.

Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to clause 49 of the Listing Agreement on the Audited Financial Statement for the year 2007 – 2008

We, K. K. Baheti – President & CEO and Ashish Jhunjunwala – Commercial Manager (in the capacity as CFO) of the Company hereby certify that :-

1. We have reviewed the Financial Statements and Cash Flow Statement for the year ended on 31st March, 2008 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true & fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Statutory Auditors, Internal Auditors, Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Statutory Auditors, Internal Auditors and Audit Committee:
 - a. significant changes in internal control during the year;
 - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For **Birla Cotsyn (India) Limited**

Place: Mumbai

Date: 19th September, 2008

K. K. Baheti
President & CEO

Ashish Jhunjunwala
Commercial Manager

CERTIFICATE

To

The Members of

BIRLA COTSYN (INDIA) LIMITED

MUMBAI.

We have examined the compliance of the conditions of Corporate Governance by **BIRLA COTSYN (INDIA) LIMITED** for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the Stock Exchanges. The Company having been listed from 30th July, 2008, the compliances are applicable effective from said date.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. The Company is in the process of implementing the Code of Conduct..

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

For and on behalf of

DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.37310

MUMBAI : 19th September, 2008.



REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **BIRLA COYSYN (INDIA) LIMITED, as** at 31st March 2008 and also the annexed Profit and Loss Account and the Cash flow Statement of the Company for the year ended on that date. 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.

- (1) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order;
- (3) Further to our comments in Annexure referred to in paragraph 2 above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account of the Company;
 - (d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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 Financial Statements, read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008,
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date and
 - (iii) In the case of Cash Flow statement of the cash flows of the Company for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
PARTNER
Membership No: 37310

MUMBAI : 19th September, 2008.

ANNEXURE TO THE AUDITORS' REPORT

STATEMENT REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF **BIRLA COTSYN (INDIA) LIMITED** ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008.

On the basis of the records produced to us for our verification/perusal, such checks as we considered appropriate, and in terms of information and explanations given to us on our enquiries, we state that:

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, which is in the process of updation;.
- (b) As explained to us, the management at reasonable intervals during the year has physically verified all the fixed assets. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material and the same have been properly dealt with in the Books of Account.
- (c) As per the information and explanation given to us on our enquiries, the disposal of assets during the year were not substantial and would not have an impact on the operations of the Company;
- ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year and at the close of the year;
- (b) The procedures of physical verification of inventories followed by the management as explained to us are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) According to the records produced to us for our verification, the discrepancies noticed on physical verification of inventories referred to above, as compared to book records, though not material, have been properly dealt with in the books of account;
- iii) As per the information and explanation given to us and the records produced to us for our verification the Company has neither granted nor taken any loans secured or unsecured to / from Companies, Firms and other parties in the register maintained under section 301 of the Companies Act, 1956;
- iv) 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 the nature of its business with regard to the purchase of inventory and fixed assets and also for the sale of goods and services. As per the information given to us, no major weaknesses in the internal controls have been identified by the management during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the Company;
- v) According to the information and explanation provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Companies Act have been entered into in the register required to be maintained under that section;
- vi) In our opinion, the Company has internal audit system commensurate with the size and nature of its business;
- vii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Company's products to which the said rules are made applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.
- viii) (a) According to the records of the Company, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty, Cess and other Statutory dues with the appropriate authorities. There were no undisputed dues outstanding for more than six months as at 31st March, 2008;.
- (b) According to the records of the Company and the information and explanations given to us upon our enquiries in this regards, there are no disputed dues towards Sales tax Wealth-tax, Service Tax, Customs Duty and Excise Duty / cess unpaid as at the last day of the financial year. The particulars of disputed Income tax dues are as follows:

Nature of the Dues	Rupees	Forum where dispute is pending
Income Tax	8,86,14,840	CIT(Appeals),Mumbai.

- vii) On the basis of the records examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to banks;



-
- viii) In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in shares, securities, debentures and other investments. All the investments of the company are held in its own name.
- ix) According to the information and explanations given to us, and the representation made by the management, the Company has not given any guarantees for loans taken by others from banks or financial institutions;
- x) As per information and explanations given to us, the Term loans availed by the Company were, prima facie, applied for the purposes for which the loans were obtained other than temporary deployment pending application;
- xi) As per the information and explanations given to us and on an overall examination of the Balance Sheet of the Company we report that no funds raised by the Company on short-term basis have been, prima facie, used for long-term investment;
- xii) As per the information and explanations given to us on our enquiries on this behalf there were no frauds on or by the Company which have been noticed or reported during the year.

In view of the nature of business carried on by the Company clause no (xiii) of CARO, 2003 is not applicable to the Company. Further in view of the absence of conditions prerequisite to the reporting requirement of clauses (vi), (x), (xii), (xviii), (xix) and (xx) the said clauses are, at present, not applicable.

For and on behalf of
DALAL & SHAH
Chartered Accountants
SHISHIR DALAL
Partner
Membership No: 37310

MUMBAI 19th September, 2008.

BALANCE SHEET AS AT MARCH 31, 2008

		As at 31st March '2008 Rs.	As at 31st March '2007 Rs.
SOURCES OF FUNDS			
Shareholder's Fund			
Share Capital	1	136,180,800	136,180,800
Share Application Money		366,458,224	92,126,911
Reserves & Surplus	2	248,688,245	242,064,970
		751,327,269	470,372,681
Loan Funds			
Secured Loans	3	795,614,316	200,781,217
Unsecured Loans	4	1,000,000	1,000,000
Deffered Tax Liability (Net)		19,553,512	4,330,290
		816,167,828	206,111,507
TOTAL		1,567,495,097	676,484,188
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		611,095,904	316,304,972
Less: Depreciation		32,245,202	17,810,343
Net Block		578,850,702	298,494,629
Capital Work in Progress		624,142,233	164,292,510
		1,202,992,935	462,787,139
Investments	6	50,000	50,035
Current assets, Loans & Advances			
Inventories	7	103,880,597	101,314,348
Sundry Debtors	8	126,042,642	87,630,021
Cash & Bank Balances	9	67,440,744	83,341,587
Loans & Advances	10	291,378,589	88,172,211
		588,742,572	360,458,167
LESS : Current Liabilities & Provisions			
Current Liabilities	11	191,164,058	108,058,727
Provisions	12	33,126,352	38,752,426
		224,290,410	146,811,153
Net Current Assets		364,452,162	213,647,014
TOTAL		1,567,495,097	676,484,188
Notes to Accounts	20		

Schedule 1 to 12 form part of the Balance Sheet as at 31st March, 2008

**FOR AND ON BEHALF OF
DALAL & SHAH
CHARTERED ACCOUNTANTS**

**(SHISHIR DALAL)
PARTNER
M.No. : 37310
PLACE : MUMBAI
DATE : 19-09-2008**

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

**K.K. BAHETI
President & CEO
TUSHAR DEY
Company Secretary**

**YASHOVARDHAN BIRLA
Co-Chairman
P.V.R. MURTHY
Director**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

		2007-2008 Rs.	2006-2007 Rs.
INCOME			
Sales & Operating Income	13	837,725,441	535,141,106
Other Income	14	13,028,825	12,086,774
TOTAL		850,754,266	547,227,880
EXPENDITURE			
Raw Materials & Finished Goods	15	382,967,397	295,904,353
Purchase of goods for trading		213,962,216	60,934,744
Manufacturing & Maintenance Expenses	16	81,162,957	60,115,998
Employee's Remuneration & Benefits	17	85,927,328	57,052,415
Administrative, Selling & Other Expenses	18	28,493,528	23,071,641
Interest & Finance Expenses	19	7,256,818	3,659,880
TOTAL		799,770,244	500,739,032
Profit Before Depreciation		50,984,022	46,488,848
Depreciation/Amortisation		14,688,530	7,284,242
Less: Transfer from Revaluation Reserve		42,924	42,924
		14,645,606	7,241,318
Profit After Depreciation and Before Taxation		36,338,416	39,247,530
Provision for Taxation			
Current Tax [MAT]		4,125,000	10,312,049
Deferred Tax Liability		15,223,222	2,877,956
Fringe Benefit Tax		357,759	360,123
Profit After Tax		16,632,435	25,697,402
Balance as per last account		24,984,181	5,660,041
TOTAL		41,616,616	31,357,443
Appropriation			
Proposed Dividend		6,809,040	5,447,232
Dividend Distribution Tax		1,157,196	926,030
Balance Transferred Balance Sheet		33,650,380	24,984,181
Earning Per Share (Refer Note 5) (Nominal value Rs.10/- each)		1.22	1.89
Notes to accounts	20		

Schedule 13 to 19 including Accounting Policies and Notes form part of the Profit & Loss Account for the period ended on that date

**FOR AND ON BEHALF OF
DALAL & SHAH
CHARTERED ACCOUNTANTS**

(SHISHIR DALAL)
PARTNER
M.No. : 37310
PLACE : MUMBAI
DATE : 19-09-2008

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

K.K. BAHETI
President & CEO

TUSHAR DEY
Company Secretary

YASHOVARDHAN BIRLA
Co-Chairman

P.V.R. MURTHY
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008.

	31st March, 2008 Rs.	31st March, 2007 Rs.
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
15,00,00,000 (1,50,00,000) Equity Shares of Rs. 10/- each	<u>1,500,000,000</u>	<u>150,000,000</u>
Issued & Subscribed		
13618080 (13618080) equity shares of Rs. 10/- each	<u>136,180,800</u>	<u>136,180,800</u>
Fully paid up of the above		
i) 45000 Equity Shares of Rs.10/- each issued for consideration other than cash in terms of Amalgamation scheme sanctioned by Bombay High Court by its order dated 28th July, 1975 w.e.f. 14 th Nov, 1974		
ii) 11354700 Equity shares of Rs.10/- each have been allotted as fully paid Bonus shares by Capitalisation of Reserves & Securities Premium Account.		
	<u>136,180,800</u>	<u>136,180,800</u>
SCHEDULE '2'		
RESERVE & SURPLUS		
Securities Premium Account		
As Per last account	<u>58,466,000</u>	171,950,000
Less: Capitalised during the year for bonus shares	-	<u>113,484,000</u>
	<u>58,466,000</u>	58,466,000
Revaluation Reserve		
As per last account	<u>156,388,905</u>	3,522,135
Add: Revaluation during the year	-	152,909,694
Less : Depr. On revalued assets	<u>42,924</u>	<u>42,924</u>
	<u>156,345,981</u>	156,388,905
Capital Reserves	<u>225,884</u>	2,225,884
Surplus as per Profit & Loss Account	<u>33,650,380</u>	<u>24,984,181</u>
TOTAL	<u>248,688,245</u>	<u>242,064,970</u>
SCHEDULE '3'		
SECURED LOANS		
Term Loans from Banks & Financial Institutions	<u>729,797,490</u>	122,049,540
Working Capital Loans from Banks.	<u>64,608,787</u>	78,713,354
Car Loans	<u>1,208,039</u>	18,324
TOTAL	<u>795,614,316</u>	<u>200,781,217</u>

Note:

- Term Loans from Banks and Financial Institution are secured by first charge on all, (present & future), immovable properties, movable machineries and plant, office/ factory furniture, fixtures, stores, spares, equipments, computers etc. and second charge on all, present & future, tangible movable goods, current assets, book debts, outstandings, money receivables, claims, bills etc.
- Working Capital loans from Banks are secured by hypothecation of all, present & future, tangible movable goods, current assets, book debts, outstandings, money receivables, claims, bills etc. and by second charge on on all, present & future, movable machineries and plant, office/factory furniture, fixture, stores, spares, equipments, computers etc.
- Car Loans Secured by hypothecation of specific vehicle.

SCHEDULE '4'

UNSECURED LOANS

Dues to body corporate	<u>1,000,000</u>	1,000,000
Others	-	-
TOTAL	<u>1,000,000</u>	<u>1,000,000</u>

SCHEDULE '5' FIXED ASSETS

(Amount in Rs)

Sr. No.	Description of Assets	Book value as on 01.04.2007	Total Additions	Adjustment Deductions/ Sales	Gross block as on 31.03.2008	Depreciation upto 01.04.2007	Depreciation for the year	Depreciation on Sales/ Adjustments	Depreciation upto 31.03.2008	Net Block as on 31.03.2008	Net Block as on 31.03.2007
1	Freehold Land	156,440,032	0	0	156,440,032	0	0	0	0	156,440,032	156,440,032
2	Leasehold Land	5,991,440	3,283,657	0	9,275,097	4,287	14,390	0	18,677	9,256,420	5,987,153
3	Buildings	39,779,867	49,508,242	814,652	88,473,457	2,458,427	1,260,297	0	3,718,724	84,754,733	37,321,439
4	Plant & Machinery	106,567,902	232,953,614	1,221,537	338,299,979	13,597,466	12,660,159	253,672	26,003,953	312,296,026	92,970,436
5	Furniture & Fixtures	728,477	656,846	0	1,385,323	226,023	109,975	0	335,998	1,049,325	502,454
6	Computers	472,076	478,676	0	950,752	106,758	123,532	0	230,291	720,461	365,318
7	Other Assets	11,124	0	0	11,124	0	0	0	0	11,124	11,124
8	Electrical Installation	2,189,987	7,912,165	2,17,484	9,884,668	428,308	136,497	0	564,805	9,319,863	1,761,679
9	Vehicles	4,124,067	2,251,405	0	6,375,472	989,075	383,678	0	1,372,753	5,002,719	3,134,992
	Total	316,304,972	297,044,605	2,253,673	611,095,904	17,810,344	14,688,530	253,672	32,245,202	578,850,702	142,054,595
10	Capital Work in Process (Including Capital Advance)	164,292,510	460,038,952	189,229	624,142,233	0	0	0	0	624,142,233	164,292,510
	Grand Total	480,597,482	757,083,557	2,442,902	1,235,238,137	17,810,344	14,688,530	253,672	32,245,202	1,202,992,935	306,347,107
	Previous Year	51,250,068	277,335,545	897,825	480,597,482	10,955,267	7,284,242	429,163	17,810,345	462,787,139	

- 1) Leasehold Land includes a piece of land pending for transfer in the name of Company.
- 2) The Company has as on 31st March, 2007 revalued its freehold land resulting in increase in book value by Rs.15,29,09,694 as on that date equivalent amount stands transferred to revaluation reserve.
- 3) Deduction includes Rs.20,00,000/- of adjustment of Capital Subsidy written back.
- 4) Preoperative expenses relating to the Malkapur unit have been capitalised.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008.

	31st March, 2008 Rs.	31st March, 2007 Rs.
SCHEDULE '6'		
INVESTMENTS (Non Trade) (Long Term)(At Cost)		
Fully Paid		
Unquoted		
1) Equity Share of Sahakari Kharidi Vikri Samiti Ltd. of Rs.25/-	—	25
2) Equity Sahre of Vividh Karyakari Sahakari Sanstha Ltd. of Rs.10/-	—	10
3) Equity Shares of The Shamrao Vitthal Co-operative Bank Ltd. of Rs.25/- each.	50,000	50,000
TOTAL	50,000	50,035
SCHEDULE '7'		
INVENTORIES (As valued & Certified by Management)		
Stores & Spare parts	5,424,288	5,066,537
Raw materials	28,786,240	28,176,277
Goods in-Process	21,609,398	16,956,331
Waste /Scrap	75,951	77,780
Finished Goods	47,984,720	51,037,423
TOTAL	103,880,597	101,314,348
SCHEDULE '8'		
SUNDRY DEBTORS (UNSECURED)		
(Considered good unless otherwise stated)		
Outstanding over Six months	8,988,068	-
Other Debts	117,054,574	87,630,021
TOTAL	126,042,642	87,630,021
SCHEDULE '9'		
CASH & BANK BALANCES		
Cash in hand (Including Cheques on hand Rs.148,402/-, Pr. Yr. 24,842,572/-)	338,097	25,427,167
In Current Accounts with		
Scheduled Banks	64,221,256	57,286,465
Non-Scheduled Banks	2,781,391	527,955
Dhule Vikas Bank (Max Bal. Rs.1064,860 /-, Pr. Yr. Rs.606,551/-)		
Pusad Urban Bank Ltd (Max Bal. Rs.3,468,184 /-, Pr. Yr. Rs.8,009,514/-)		
In Fixed Deposit Account With Scheduled Bank	100,000	100,000
TOTAL	67,440,744	83,341,587

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH '2008.**

	31st March, 2008 Rs.	31st March, 2007 Rs.
SCHEDULE '10'		
LOANS & ADVANCES		
(Unsecured, considered good except where otherwise stated)		
Loans to Employees & Others	82,196	292,102
Loans to Body Corporates	137,112,341	68,929,648
Loans to Others	35,471,366	-
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	111,845,286	17,628,158
Balance with Excise Authorities (Including CENVAT)	6,867,400	1,322,303
TOTAL	291,378,589	88,172,211
SCHEDULE '11'		
CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro & Small Enterprise (to the extent identified by the Management)	-	-
Others	119,619,338	49,715,157
	119,619,338	49,715,157
Deposits & Advances from customers & others	18,168,045	5,586,747
Other liabilities	53,376,675	52,756,823
TOTAL	191,164,058	108,058,727
SCHEDULE '12'		
PROVISIONS		
Leave Encashment	2,970,931	2,470,452
Gratuity	21,305,368	20,278,313
Taxation	15,680,895	11,303,500
Less: Advance Tax	14,797,078	1,673,101
	883,817	9,630,399
Proposed Dividend	6,809,040	5,447,232
Dividend Distribution Tax	1,157,196	926,030
TOTAL	33,126,352	38,752,426

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	For the year ended 31.03.2008 Rs.	For the year ended 31.03.2007 Rs.
SCHEDULE '13'		
SALES		
Own Products		
Domestic	525,374,782	399,877,167
Exports	76,642,935	50,283,851
	<u>602,017,717</u>	<u>450,161,018</u>
Less: Cash Discount	3,916,794	2,251,224
Less: Claim Allowed	887,907	271,514
Net Sales	<u>597,213,016</u>	<u>447,638,280</u>
Traded Goods	218,322,635	66,947,812
Ginning and Pressing Charges	22,171,586	18,603,165
Job Work Charges	18,204	1,951,849
TOTAL	<u><u>837,725,441</u></u>	<u><u>535,141,106</u></u>
SCHEDULE '14'		
OTHER INCOME		
Miscellaneous Receipts	659,793	605,270
Excess Provisions/ liabilities written back (Net)	723,250	5,372,615
Insurance Claims	1,658,685	973,434
Profit on Sale of Fixed Assets	399,999	1,954,514
Sales Tax Set Off Received	1,102,472	-
Waste/Scrap etc	1,494,389	1,639,720
Interest Received (Gross)(TDS Rs.14,40,914/-)(Pr. Yr. Rs.65,806/-)	6,971,647	728,755
Dividend	3,485	-
Profit on Sale of Investments	-	800,225
Agriculture Receipts	15,105	12,241
TOTAL	<u><u>13,028,825</u></u>	<u><u>12,086,774</u></u>
SCHEDULE '15'		
RAW MATERIAL & FINISHED GOODS		
Raw materials consumed	373,799,590	291,158,741
Colour, Chemicals & Mixing Expenses	8,610,252	8,305,152
Job Work Charges and Expenses	6,267,594	3,964,162
Cotton Purchases	-	6,736,441
(Increase)/Decrease in Stocks of Finished Goods, Process Stock and Waste.		
a) Closing Stock		
Finished Goods	52,096,224	51,064,043
Goods in Process	21,609,398	16,956,331
Scrap	67,291	42,500
TOTAL	<u><u>73,772,913</u></u>	<u><u>68,062,874</u></u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	For the year ended 31.03.2008 Rs.	For the year ended 31.03.2007 Rs.
b) Opening Stock		
Finished Goods	51,064,043	36,857,838
Goods in Process	16,956,331	16,902,393
Scrap	42,500	42,500
TOTAL	68,062,874	53,802,731
(Increase)/Decrease	(5,710,039)	(14,260,143)
TOTAL	382,967,397	295,904,353
SCHEDULE '16'		
MANUFACTURING & MAINTENANCE EXPENSES		
Stores & Spare Parts consumed	22,100,767	14,880,725
Power, Fuel & Water	55,008,866	39,232,603
Repairs to:		
a) Buildings	582,875	1,035,716
b) Machinery	2,864,485	4,675,967
c) Furnitures & Others	605,964	290,987
TOTAL	81,162,957	60,115,998
SCHEDULE '17'		
EMPLOYEES' REMUNERATION & BENEFITS		
Salary & Wages Etc.	77,711,145	50,792,363
Contribution to Provident Fund	6,849,381	5,103,280
Welfare Expenses	1,366,802	1,156,771
TOTAL	85,927,328	57,052,415
SCHEDULE '18'		
ADMINISTRATIVE,SELLING & OTHER EXPENSES		
Rent	88,775	917,466
Municipal Lease	37,500	37,500
Insurance	1,742,870	1,167,279
Rates & Taxes	250,182	808,841
Auditors Remuneration*(including service tax)		
Audit Fees	112,360	56,180
Tax Audit Fees	28,652	16,854
Taxation & other matters	78,140	11,798
Out of Pocket Exp.	26,984	10,612
Miscellaneous Expenses	6,692,501	4,863,602
Freight, Forwarding Exp & Selling Expenses.	12,785,374	10,805,846
Commission & Brokerage	6,640,741	4,367,448
Agriculture Expenses	9,449	8,216
TOTAL	28,493,528	23,071,641

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	For the year ended 31.03.2008 Rs.	For the year ended 31.03.2007 Rs.
SCHEDULE '19'		
INTEREST AND FINANCE EXPENSES		
1 On Fixed Loan	724,088	1,251,820
2 To Banks on working capital facilities	5,699,099	1,161,761
3 To Others	195,170	723,320
4 Bank Commission & Charges	638,461	522,979
TOTAL	7,256,818	3,659,880



SCHEDULE '20'**NOTES FORMING PART OF THE ACCOUNTS****I. SIGNIFICANT ACCOUNTING POLICIES****A) System of Accounting:**

The Financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted and consistently followed by the Company. The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis, except those associated with significant uncertainties.

B) Fixed Assets :

- i) Fixed Assets are stated at cost which is inclusive of freight, duties, taxes and all other incidental expenses related thereto except certain fixed assets which are stated at revalued amount less accumulated depreciation.
- ii) Lease hold Premises : The Company has been allotted Lease hold premises for industrial use at Khamgoan having lessor Khamgoan Municipal Committee, Khamgaon for a lease period of 30 years expiring on 31st July, 2003, and renewable for further 30 years for which application has been submitted to the concerned authorities. Leasehold land located at MIDC Khamgaon is for a the period of 95 years.

C) Depreciation :

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

D) Investments :

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

E) Revenue Recognition:

- i) Revenue from sale of products are recognized on transfer of all significant risks and rewards of ownership of the product on to the customers, which is generally on dispatch of goods.
- ii) Export sales are accounted on the basis of the dates of bill of lading.
- iii) Export incentives are recognized in the year of export and included in the turnover.
- iv) Revenue from Services rendered is booked on agreements/arrangements with the concerned parties.

F) Inventories :

Inventories are valued as under:

- i) Stores & Spare parts; at cost.
- ii) Raw materials and packing materials, at cost.
- iii) Finished Goods
 - a) Manufactured Goods at lower of cost or net realisable value.
 - b) Trading goods, at lower of cost or net realisable value.
- iv) Agriculture products, at estimated market value.

G) Employee Benefits:

A. Short term Employee Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

B. Retirement Benefits:

- (a) Retirement benefits in the form of Provident Fund / Family Pension Fund and Superannuation Fund, which are Defined Contribution Plans, are accounted on accrual basis and charged to the profit and loss account of the year.

(b) Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, which are Defined Benefit Plans, are determined and accrued on the basis of an Independent actuarial valuation applying the Projected Unit Credit Method.

(c) Actuarial gains/losses arising during the year are recognized in the profit and loss account of the year.

H) Foreign currency transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of financial year are revalued at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognized in the Profit and Loss Account.

I) Borrowing Cost:

Borrowing cost that is attributable to acquisition of qualifying asset (i.e asset that have necessarily taken substantial time to get ready for intended use) is capitalized as part of total cost of such assets.

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

J) Taxation:

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

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

II. Notes:

1. Contingent Liabilities not provided for in respect of:

Particulars	31st March,2008 (Rs.)	31st March,2007 (Rs.)
a) Claims against company not acknowledged as debts	1,02,000	1,02,000
b) Income Tax demand disputed in appeal & stayed by authority.	8,86,14,840	—
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 19,66,43,904 (46,55,37,000)		
3. There are no Micro and Small enterprises to whom the Company owes amounts which are outstanding for more than 45 days as at 31 st March 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of and to the extent information available with the company.		
4. The major components of Deferred Tax Asset/(Liability) are set out below:		

Particulars	31st March,2008 (Rs.)	31st March,2007 (Rs.)
Deferred Tax Liabilities on account of, Depreciation	15,861,742	3,600,030
Total	15,861,742	3,600,030
Deferred Tax Assets on account of, Gratuity	1,378,074	5,37,353
Leave Encashment	500,479	184,721
Total	1,878,553	722,074
Net Deferred Tax Asset/(Liabilities)	15,223,222	2,877,956

5. **Earning per share.**

Particulars	31st March, 2008	31st March, 2007
Net profit as per Profit & Loss Account (Rs.)	16,632,435	25,697,402
Number of Equity Shares of Rs. 10 each	13,618,080	13,618,080
Earning per share (Rs.)	1.22	1.89

6. The Government of India has approved import of Capital Equipment under the "Exports Promotion Capital Goods Scheme" at a concessional rate of custom duty. The Company has undertaken export obligation to the extent of U.S. Dollars 312.73 lakhs (equivalent to Rs.12561.94 lakhs approximately), to be fulfilled during the period of eight years from the date of installation of imported machinery, failing which the differential custom duty of Rs.1602.32 lakhs, together with interest and penalties, if levied, may have to be paid.

Against the aforesaid export obligation, the company has exported goods worth Rs. 1146.25 lakhs till 31/03/2008.

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

Particulars	31st March, 2008 (Rs.)	31st March, 2007 (Rs.)
Salary	2,370,820	451,992
Contribution to Provident Fund and Other funds	-	-
Medical Assistance	95,496	21,884
Leave Travel Assistance	-	73,304
Other perquisites	306,436	126,541
Total	2,772,752	673,721

Note:- With respect to provision for gratuity, no disclosure is being made in the absence of separate figure.

8. In the opinion of the Board, Current Assets, Loans and Advances have value on realization in the ordinary course of business at least equal to the amount at which they are stated.
9. The company has a system of periodically reconciling outstanding balances of Sundry Debtors, Sundry Creditors, advances, deposits etc; and on such reconciliation the necessary adjustments are made in the accounts. Consequently balances as at the end of the year are as per books of account.
10. Disclosure pursuant to Accounting Standard AS-15 "Employee Benefits."

A. **Defined Contribution Plans:**

The Company has recognized the following amounts in the Profit & Loss Account for the year:

	2007-2008 (Rs.)
(a) Contribution to Employees Provident Fund and Pension Fund	6,849,381
(b) Contribution to Employees Superannuation Fund	-

B. Defined Benefit Plans:

I. Contribution to Gratuity.

Provision for Gratuity has been made in the accounts based on the report of Actuary as at 31st March 2008. The Company has funding arrangement with LIC for Khamgaon, Dhule and Ghatanji units. For Head office, Synthetic and Malkapur units there is no such arrangement. The liability towards the employees is discharged in the year of retirement / cessation of employment. Details under the AS – 15, to the extent applicable is furnished below :

	2007-08 (Rs.)
(a) Changes in the Present Value of the Defined Benefits Obligation	
(i) Present value of Defined Benefit Obligation at the beginning of the year	21,795,393
(ii) Interest Cost	1,635,001
(iii) Current Service Cost	1,928,268
(iv) Benefits Paid	(7,31,461)
(v) Actuarial (Gain) / Loss	(1,606,671)
(vi) Present Value of Defined Benefit Obligation at the End of the Year.	23,020,530
(b) Balance Sheet Reconciliation	
(i) Net Liability at the beginning of the year	20,278,313
(ii) Expenses recognized	1,027,055
(iii) Net Liability at the end of the year.	21,305,368
(c) Amounts recognized in the Profit & Loss account	
(i) Current Service Cost	1,928,268
(ii) Interest Cost obligation	1,635,001
(iii) Expected return on plan assets	(202,125)
(iii) Net Actuarial (Gain) / Loss	(1,606,671)
(iv) Expenses Recognised in the Statement of Profit & Loss A/c	1,754,473
(d) Changes in the fair value of Plan Assets	
(i) Fair value of plan assets at beginning of the year	2,263,215
(ii) Expected return on plan assets	202,125
(iii) Contributions	—
(iv) Benefits paid	(454,494)
(v) Fair value of plan assets at the end of the year	(2,010,846)
(e) Actuarial Assumption	
(i) Discount rate	8%
(ii) Expected rate of return on Plan Assets	4.5% - 5%
(iii) The estimate of future salary increases considered in actuarial valuation taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.	5% - 6%

Effective 1st April 2007, the Company has adopted revised Accounting Standard AS-15. Pursuant to the adoption, no adjustment is required to be made to the opening balance of General Reserve as there is no impact of revised AS-15.

As the AS-15 has been followed for the first time this year, there are no figures for the corresponding period.

The above information is certified by actuary.

II. Leave Encashment

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

**11 Related Party Disclosure as required by the Accounting Standard 18 (AS-18)****a) Nature of Related Party Relationship**

SR NO.	PARTICULARS	NAME OF THE PARTIES	BALANCE AS AT 31.03.2008 (Amount in Rs)	
			Receivable	Payable
1	Key Management Personnel	a) Shri Yash Birla	-	-
		b) Shri P.V. R. Murthy	-	-
		c) Shri G.L. Lath	-	-
		d) Shri P.B. Bhardwaj	-	-
		e) Shri Alok Bhardwaj	-	-
		f) Shri Sanjay Agarwal	-	-
		g) Shri K.K. Baheti	-	-
2	Enterprises owned or significantly	a) Zenith Birla (India) Limited	354,146	-
	influenced by key management	b) Birla Power Solutions Limited	-	-
	personnel or their relatives	c) Birla Bombay Pvt. Ltd.	-	26,794
		d) Viking Travels Pvt. Ltd.	-	94,840
		e) Birla Global Corporate Ltd.	-	6,419,947
		f) Birla Infrastructure Pvt. Ltd.	-	-
		g) Khamgaon Syntex (India) Limited	19,886	-
		h) Nirved Traders Pvt. Ltd.	24,245,180	-
		i) Birla Tranasia Carpet Ltd.	4,192,272	-
		j) Birla Leasing & Infrastructure Ltd.	-	4,384
		k) BCI International Ltd.	23,042	-
		l) Zenith Dye Intermediates Ltd.	-	1,000,000

b) Transaction with Related Parties

Sr. No.	Particulars	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives
1	Travel Agency		415,607
2	Rent Paid		1,257,420
3	Service Charges		12,024,663
4	Remuneration	2,772,752	-
5	Sale of Goods		938,031
6	Loan Recovery		-
7	Loan Transfer		-
8	Advance for Purchase of Material		-
9	Sale/Redemption of Investments		-
10	Business Transfer		-
11	Civil Construction Work		3,303,819
12	Share Application Money Received		79,500,000

12 In compliance with Accounting Standard 17- "Segmental Reporting" issued by the Institute of Chartered Accountants of India, segmental disclosures are as follows:

Primary Business Segment

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

	Rs.	Rs.	Rs.	Rs.
	for the period 31st March, 2008	for the period 31st March, 2008	for the period 31st March, 2007	for the period 31st March, 2007
1 Segment Revenue				
a. Textile	606,059,713		456,553,401	
b. Trading	218,322,635		66,947,812	
c. Others	13,343,093		11,639,893	
Total		837,725,441		535,141,106
Less: Inter Segement Revenue		-		-
Net Sales Income from Operation		837,725,441		535,141,106
2 Segment Results Profit / (Loss) (before tax and interest) from Segment				
a. Textile	21,780,218		36,620,015	
b. Trading	20,775,988		5,983,522	
c. Others	1,039,028		303,873	
Total		43,595,234		42,907,410
Less: i) Interest	7,256,818		3,659,880	
		7,256,818		3,659,880
Less: Provision for Taxation (Current & Deffered)	19,348,222		13,190,005	
Fringe Benefit Tax	357,759	19,705,981	360,123	13,550,128
Total Profit / (Loss) after Tax		16,632,435		25,697,402
3 Capital Employed (Segment Assets - Segment Liabilities)				
a. Textile	1,508,385,895		604,970,098	
b. Trading	-7,317,281		3,925,607	
c. Others	66,426,483		67,588,483	
Total		1,567,495,097		676,484,188

Note:

- 1 Textile includes Manufacture of Synthetic Yarn, Ginning and Pressing. Others includes Manufacture of Cotton Seed Oil, Oil Cake etc
- 2 All segment assets and liabilities are directly attributable to the segment. Segment assets include all operating Assets used by the segment and consists principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances.
- 3 Segment revenue and expenses are directly attributable to the segment. It does not include interest income on inter corporate deposits, liabilities/ provisions written back, profit on sale of investments and fixed assets, interest expense.



13. Additional information pursuant to the provision of Schedule VI of the Companies Act, 1956 Government's Notification No., C.S.P. 494(E) dated 30th October, 1973.

- A) Particulars in respect of Licenced and installed capacity, production, turnover, stocks at Commencement and at close etc.,
 I) Classes of Goods manufactured and traded

Products	Units	Stock at Commencement		Purchases		Turnover		Stock at Close		Weighment Gains/ Losses spoiled qty.
		Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
1. Cotton Seed Oil	Quintal	216 (77)	951111 (267270)	-	-	1410 (1304)	6968533 (2583888)	30 (216)	159437 (951111)	-
2. Cotton Seed Cake	Quintal	1719 (491)	1321966 (314732)	10431 (11783)	8382182 (7940967)	19352 (19433)	15758795 (14157457)	744 (1719)	594508 (1321966)	18 (17)
3. Others	Quintal	- (6)	- (1210)	-	-	107 (145)	19610 (29233)	-	-	-
4. Jute Yarn & Wool Yarn	Quintal	-	-	262 (715)	872,516 (2891412)	977 (71527)	3,763,928 (3558211)	-	-	-
5. Ginning	Bales	-	-	-	-	38894 -	13253946 (11634551)	-	-	-
6. Pressing	Bales	-	-	-	-	41086 -	8917615 (8324763)	-	-	-
7. Fancy Shirting & Suitings	Mtr.	-	-	2651075 (582199)	188287944 (50224777)	2651075 (582199)	207980758 (55502050)	-	-	-
8. Synthetic Yarn	MT.	399 (316)	46825689 (36572172)	-	-	4714 (3092)	581099849 (376070541)	392 (399)	47230775 (46825689)	3
9. Cotton Bales	Bales	202	1634157	400 -	4111504 -	202 (5536)	1628002 (45189772)	400 (202)	4111504 (1634157)	-
10. Cotton Seed	Quintal	307	304500	-	-	307 (2042)	247000 (14738074)	- (307)	- (304500)	-

II. Capacities & Production

	Units	Installed Capacity (Annual)	Actual Production (2007-2008) (In Metric Tonnes)	Actual Production (2006-2007) (In Metric Tonnes)
1. Synthetic Yarn	Spindles	21400 (21400)	4710	3175
2. Cotton Yarn	Spindles	12000	Nil	Nil
3. Cotton Seed Oil	Quintals	75000	1224 (75000)	1443
4. Cotton Seed Cake	Quintals	-	7964	8895
5. Cotton Bales	Bales	75000	Nil (75000)	5738
6. Cotton Seed	Quintals	-	Nil	17223
7. Others (Bughra)	Quintals	-	107	139

B) Consumption of Raw Materials

	31st March, 2008		31st March, 2007	
	Quantity	Rs.	Quantity	Rs.
Man-made fibre(MT)	492.38	374527048	3289	231145918
Cotton (Quintals)	Nil	Nil	27458	53602648
Cotton Seed (Quintals)	10328.60	11580612	11441	10,239,949
		<u>386107660</u>		<u>294,988,515</u>

C) Value of imported and indigeneous Raw Materials & Stores & Spares consumed

	31st March, 2008		31st March, 2007	
	Raw Materials Rs.	Stores & Spares & Packing Material Rs.	Raw Materials Rs.	Stores & Spares & Packing Material Rs.
Imported	-	279,537	-	14,039
Indigeneous	386,107,660	21,821,230	294,988,515	14,880,725
	<u>386,107,660</u>	<u>22,100,767</u>	<u>294,988,515</u>	<u>14,894,764</u>

D) C.I.F.value of Imports.

	31st March, 2008	31st March, 2007
	Rs.	Rs.
Raw Material	-	-
Stores	279,537	14,039
Capital goods	260,026,771	23,814,126
Traded goods	-	2,891,412
	<u>260,306,308</u>	<u>26,719,577</u>

E) Earnings in Foreign Exchange

	31st March, 2008	31st March, 2007
	Rs.	Rs.
F.O.B. Value of Exports	68,902,794	45,722,558
	<u>68,902,794</u>	<u>45,722,558</u>

F) Expenditure in Foreign Currency

	31st March, 2008	31st March, 2007
	Rs.	Rs.
Travelling Expenses	266,350	797,211
	<u>266,350</u>	<u>797,211</u>

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

15) Additional Information pursuant to Part IV of Shedule IV of the Companies Act, 1956 as per Annexure A attached

As per our attached report of even date

FOR AND ON BEHALF OF
DALAL & SHAH
CHARTERED ACCOUNTANTS

(SHISHIR DALAL)
PARTNER
M.No. : 37310
PLACE : MUMBAI
DATE : 19-09-2008

FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS

K.K. BAHETI
President & CEO

TUSHAR DEY
Company Secretary

YASHOVARDHAN BIRLA
Co-Chairman

P.V.R. MURTHY
Director



**ANNEXURE 'A' REFERRED TO IN NOTE NO. 13 IN SCHEDULE '20' OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2008.**

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

I. Registration Details

Registration No. State Code

Balance Sheet Date

31	3	2008
Date	Month	Year

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

Public Issue	Right Issue	Bonus Issue	Private Placement
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of Funds (Amount in million)

Total Liabilities	Total Assets
<input type="text" value="1567.50"/>	<input type="text" value="1567.50"/>

SOURCES OF FUNDS

Paid - up capital	Reserves & Surplus	Secured loans	Unsecured Loans
<input type="text" value="136.18 *"/>	<input type="text" value="248.69"/>	<input type="text" value="795.61"/>	<input type="text" value="1.00"/>

APPLICATION OF FUNDS

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenses
<input type="text" value="1202.99"/>	<input type="text" value="0.05"/>	<input type="text" value="364.45"/>	<input type="text" value="-"/>

Accumulated Losses

IV. Performance of Company (Amount in million)

Turnover including other income	Total expenses	Profit Before Tax	Profit After Tax
<input type="text" value="850.75"/>	<input type="text" value="799.77"/>	<input type="text" value="36.34"/>	<input type="text" value="16.63"/>

Earning per Share in Rs.	Dividend rate %
<input type="text" value="1.22"/>	<input type="text" value="5%"/>

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

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

* Paid up capital excludes Rs. 366.46 millions for Share Application Money.

PLACE : MUMBAI

DATE : 19-09-2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Amount in Rs.
A. Cash Flow from operating Activities	
Net Profit before taxation and exceptional items	36,338,416
Adjustments for	
Depreciations	14,645,606
loss/(profit) on assets/investments sold	(399,999)
Interest Expense (net)	285,172
Dividend received	(3,485)
Excess Provision / Liabilities written back	(723,250)
Operating profit before working capital changes	50,142,460
<u>Working capital changes</u>	
Trade Debtors	(38,412,621)
Inventories	(2,566,249)
Loans and Advances	(203,206,378)
Trade Payables and Provisions	82,479,510
	(161,705,738)
Less: Taxes Paid	13,229,341
Cash generated from operating activities	(124,792,619)
B. Cash flow from Investing Activities:	
Purchase of Fixed Assets(Net)	(756,494,328)
Dividend received	3,485
	(756,490,843)
C. Cash flow from Financing Activities	
Interest Expense (net)	(285,172)
Share application money received	274,331,313
Borrowings	597,709,740
Dividend Paid	(6,373,262)
	865,382,619
Net Cash Flow from financing activities	865,382,619
Net Increase in Cash and Cash Equivalents(A+B+C)	(15,900,843)
Opening Cash and Cash Equivalents	83,341,587
Closing Cash and Cash Equivalents	67,440,744

Schedule 1 to 12 form part of the Balance Sheet as at 31st March, 2008

FOR AND ON BEHALF OF
DALAL & SHAH
CHARTERED ACCOUNTANTS

(SHISHIR DALAL)
PARTNER
M.No. : 37310
PLACE : MUMBAI
DATE : 19-09-2008

FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS

K.K. BAHETI
President & CEO

TUSHAR DEY
Company Secretary

YASHOVARDHAN BIRLA
Co-Chairman

P.V.R. MURTHY
Director

BIRLA COTSYN (INDIA) LIMITED

Regd. Office: Dalamal House, First Floor, Nariman Point, Mumbai – 400 021

ATTENDANCE SLIP

DP Id.	
--------	--

Folio No.	
-----------	--

Client Id.	
------------	--

NAME AND ADDRESS OF THE SHAREHOLDER _____

No. of Share (s) held _____

I/We hereby record my/our presence at the SIXTY SIXTH ANNUAL GENERAL MEETING of the Company at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 on Friday, the 24th Day of October, 2008 at 12.30 p.m.

Signature of the Member / Proxy present _____

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

(TERE HERE)

BIRLA COTSYN (INDIA) LIMITED

Regd Office: Dalamal House, First Floor, Nariman Point, Mumbai – 400 021

PROXY FORM

I / We _____

In the district of _____ being a Member / Members

of Birla Cotsyn (India) Limited hereby appoint _____

of _____ in the district of _____

or failing him _____ of _____

in the district of _____ as my/our proxy to attend and vote

for me/ our behalf at the SIXTY SIXTH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 24th day of October, 2008 at 12.30 p.m.

Signed this _____ day of _____ 2008

FOR OFFICE USE ONLY
PROXY NO.
Ledger Folio
No. of Shares

Signature _____

1 Rupee Revenue Stamp

Note: The form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.

Book-Post

BIRLA COTSYN
(I N D I A) L T D .

Regd. Office:
Dalamal House, 1st Floor,
Nariman Point, Mumbai-400 021.