

Century Textiles and Industries Limited

115th Annual Report & Accounts

2011-2012



CHAIRMAN'S STATEMENT

Dear Shareholders,

The Indian economy in tandem with that of many countries of the globe entered a lower phase of growth mirroring the world wide financial turmoil and slow down witnessed in the recent past, though mercifully, India escaped many of the worst scenarios. India's return to the former trajectory has been interrupted due, among other reasons, to the sovereign debt crisis in the Euro Zone, political turmoil in the middle east, and a policy reform deadlock at home. Further, the economy has had to battle with nearly double digit inflation for almost two years. Monetary and fiscal policies were geared towards taming domestic inflation which adversely impacted investments and consumption growth. However, recently inflation has moderated somewhat and it is hoped that it will remain under reasonable control. Although RBI has recently taken some steps to reduce the interest rates but the need to further reduce the same would be felt by the industry. Further reduction could make credit more readily available and cheaper. Agriculture continues to perform well and the Indian manufacturing sector remains robust. The expectations of growth of the Indian economy have to be more modest than in the years immediately before 2008 but much



depends on various extraneous factors, such as the price of crude oil and the adequacy of monsoon. Fiscal prudence at home and a supportive and stable business environment, aided by legislation as the Goods and Services Tax Act would be of great help in boosting growth.

Due to difficult circumstances prevailing particularly in industries in which our Company operates, in terms of reduced demand, higher costs of many major inputs including cost of raw materials, fuel and transport and temporary shutdown of the pulp and paper mill at Lalkua, the performance of our Company has not been satisfactory. As the demand for cement and paper which are two major contributors to the revenue of the Company is expected to remain firm due to Government's continuous thrust on infrastructure and education, the performance of our Company in the current year and the near term is expected to reflect this inherent strength of the product portfolio.

I would like to extend my gratitude to all our stakeholders including shareholders, customers, lenders and our loyal, hardworking and committed employees for their continued support and faith in the Company.

B. K. Birla
Chairman

BOARD OF DIRECTORS

(As on 02/05/2012)

Shri B. K. Birla, Chairman
Shri Kumar Mangalam Birla
Shri Pradip Kumar Daga
Shri Arvind C. Dalal
Shri Amal Ganguli
Shri B. L. Jain, (Whole-time Director)

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Company's Grievance Redressal Division's e-mail id for investors:
investorrelations@centurytext.com

TEAM OF EXECUTIVES

AS ON 02/05/2012

Textiles

Century Textiles Birla Century, Century Yarn and Denim

Shri R.K. Dalmia	Senior President
Shri D.K. Agrawal	President (Corporate Finance) & Secretary
Shri U.C. Garg	Executive President (Purchase & Projects)
Shri R.C. Panwar	Joint President (Marketing)
Shri Sanjay Khimesra	Joint President (Birla Century)

Rayon

Century Rayon, Tyrecord and Chemicals

Shri O.R. Chitlange	Senior President
Shri R. Lalwani	President (Commercial)
Shri S.M. Sanklecha	Joint President (Purchase)
Shri S.K. Mital	Joint President (Engineering, Auxiliary & Instrument)
Shri Subodh Dave	Senior Vice President (Personnel & Administration)
Shri Apurva Gupta	Senior Vice President (Rayon)
Shri V.K. Jhingon	Senior Vice President (Tyrecord, CSY & TQM)
Shri Sudhir Luthra	Senior Vice President (Chemicals & Safety)
Shri B. Manmohan	Vice President (Finance)
Shri Arun Jhawar	Vice President (Marketing)

Cement

Century, Maihar, Manikgarh and Sonar Bangla Cements

Shri B.L. Jain	Senior President
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Century Cement & Sonar Bangla Cement

Shri Alok Patni	President (Works)
Shri Vijay Kumar	Joint President (Plant)
Shri M.K. Jain	Senior Vice President (Purchase)
Shri A.K. Panja	Senior Vice President (Commercial)
Shri Satish Gurtoo	Senior Vice President (Electrical & Instrumentation)
Shri Arun Gaur	Senior Vice President (Finance)
Shri C.S. Vithalkar	Vice President (Mechanical)
Shri A.K. Biswas	Vice President (Project)
Shri A.K. Bajpai	Vice President (Marketing)
Shri B.P. Mishra	Vice President (Mines)

Maihar Cement Units I & II Unit I

Shri R.K. Vaishnavi	President (Works)
Shri P. M. Intodia	Executive President (Marketing)
Shri Nand Kumar E.	Joint President (Electrical, Instrumentation & Development)
Shri Arvind Kumar Jain	Joint President (Mechanical)
Shri Manoj Gupta	Senior Vice President (Finance)
Shri Ajai Kumar Jain	Vice President (Production)
Shri R. Deshpande	Vice President (Purchase)

Unit II

Shri R.S. Doshi	Executive President (Commercial)
Shri S.K. Tewari	Joint President (Mines & Projects)
Shri Ashok Maheshwari	Joint President (Marketing)
Shri P.K. Agarwal	Senior Vice President (Purchase)
Shri A.S. Thakur	Vice President (Systems & Materials)
Shri J.P. Pandey	Vice President (Mechanical)
Shri S.K. Singh	Vice President (Personnel)

Manikgarh Cement Units I & II Unit I

Shri P.S. Bakshi	President (Works)
Shri S.K. Mandelia	Executive President (Commercial)
Shri A.D. Karwa	Executive President (Finance & Marketing)
Shri R.K. Udge	Senior Vice President (Mines)
Shri M.P. Joshi	Senior Vice President (Electrical & Instrumentation)
Shri A.K. Jain	Senior Vice President (Mechanical)
Shri Kiran Sharma	Vice President (Generation)
Shri Deepak Jaisinghani	Vice President (Mechanical)

Unit II

Shri J.L. Tiwari	Senior Executive President (Plant)
Shri O.P. Moondra	Senior Vice President (Electrical & Instrumentation)
Shri N.D. Hemke	Senior Vice President (Mechanical)
Shri E.V. Ravikumar	Vice President (Finance)
Shri V.K. Sharma	Vice President (Mechanical)
Shri P.K. Bajaj	Vice President (Commercial)

Paper

Century Pulp and Paper

Shri Ashwani Kumar Sharma	CEO & Senior President
Shri Manjit Singh	Plant Head
Shri A.K. Bhatia	Joint President (Commercial)
Shri Pawan Mehra	Chief Sourcing Officer
Shri Rakesh Nangia	Chief Marketing Officer
Shri Hirender Goyal	Head of Engineering
Shri Jagdeep Hira	Head of Process
Shri R.K. Sharma	Vice President (Energy)
Shri S.L. Sharma	Vice President (Commercial)
Shri S.K. Agarwal	Vice President (RGP & ENV)

Salt

Cenray Minerals and Chemicals

Shri M.M. Sand	Vice President (Salt Works)
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Auditors

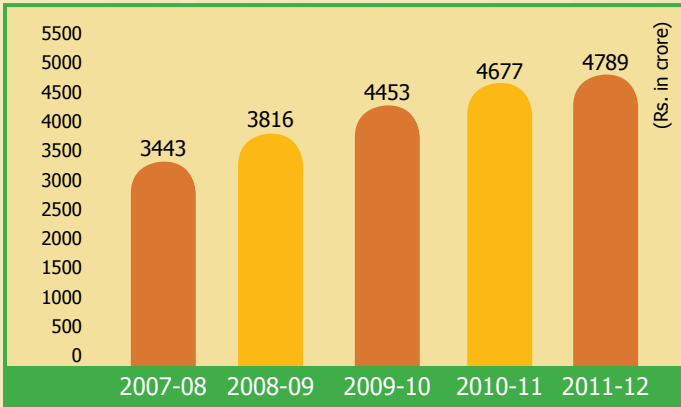
Dalal & Shah, Mumbai

Registered Office

Century Bhavan, Dr. Annie Besant Road, Worli, Mumbai - 400 030

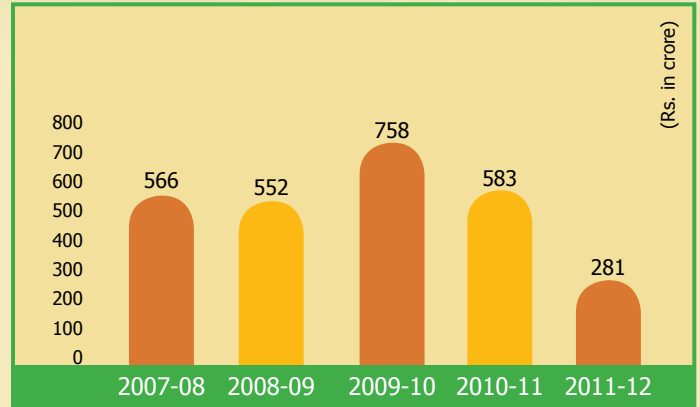
PERFORMANCE HIGHLIGHTS

Net Sales*



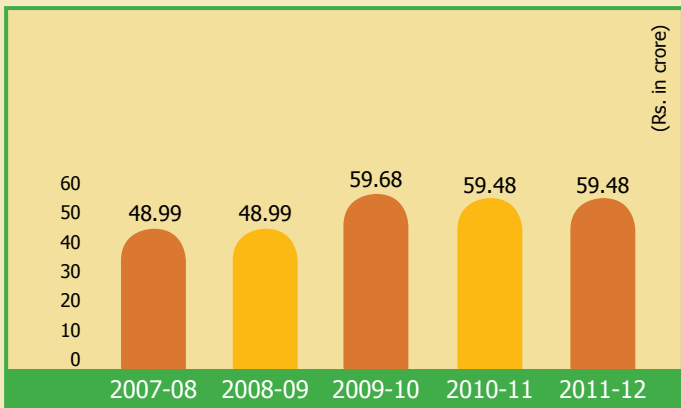
*Net Sales are net of excise duty

Gross Profit

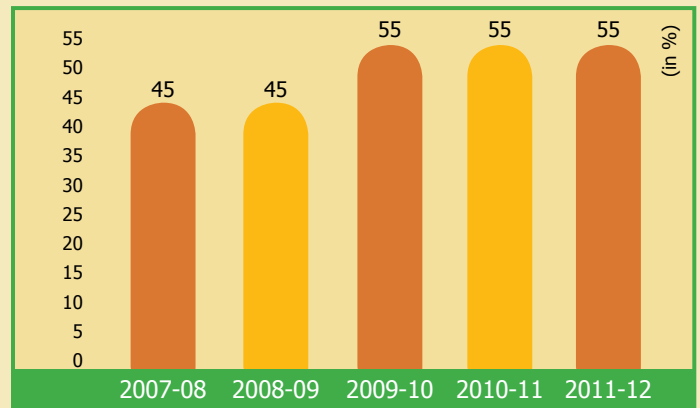


Amount of Dividend

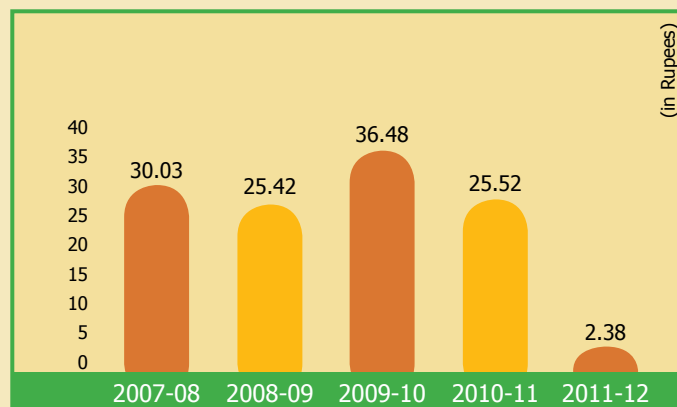
(including tax on it)



Rate of Dividend



Earning Per Share**



** Earning per share is including exceptional items

BIRLA CENTURY LAUNCHING SOON DIGITAL PRINT COLLECTION OF BED SHEETS

Birla Century is set to launch during August 2012, entire bed and bath category range such as bed sheets, towels, top of the bed products etc. This range will cater to both economy and premium market segments.

The premium product range consist of attractive packaging with the products made out of super fine counts in 100% superior cottons, new age fibers and the digital print collection in multi color prints and vibrant motifs.

The made ups are crafted to meet up the international stitching standards and the size.



CENTURY DENIM ADAPTING LATEST TECHNOLOGIES



In our pursuit to adapting latest technologies Century Denim has installed Oerlikon Schlafhorst Open-end machine Autocoro 8, which is considered to be latest revolution in open-end Spinning System.

It is user friendly machine requiring very low maintenance and having very high productivity. Its quick start ensures minimum production loss and Corolab QX clearing system ensures fault free final yarn.

It is capable of producing upto five lots at a time so lot change losses are minimized. Equipped with Corobox 20, single motor driven rotors, magnetic axial and radial bearings, single motor driven opening rolls, single motor driven & digitally controlled sliver intake, it is capable of working at rotor speed of 20,000 rpm to 1,60,000 rpm for high production rate.

This is one of the first machine installed in Century Denim equipped with fancy yarn spinning system for creative designing and production of various varieties of fancy yarns for present days fashion requirements with cost effectiveness.

Pot spun rayon yarn plant capacity was enhanced by adding seven spinning machines to meet the continuously rising market demand for finer denier. These machines were completely indigenously developed by in-house engineering.

Similarly, five machines were added to continuous spun yarn plant. The machines bought from China were commissioned in February, 2012. Caustic soda production was also increased by installing latest generation membrane cell electrolyser imported from Udhenora, Italy. The plant now produces sixty tonnes of caustic soda per day.

Energy conservation has always been in top agenda for Century Rayon. Establishing its own benchmark and then improving it has been the style for energy conservation. Maintaining the high standards, the division once again won state level award for excellence in energy management.



**7th state level award
for excellence in energy
conservation and Management**



**CAPACITY ADDITION TO PSY PLANT
(INDIGENOUSLY DEVELOPED MACHINES)**



**CAPACITY ADDITION TO CSY PLANT
(MACHINES IMPORTED FROM CHINA)**



BIRD'S EYEVIEW OF SONAR BANGLA CEMENT, 1.5 MILLION TPA CEMENT GRINDING UNIT (UNDER CONSTRUCTION), AT SAGARDIGHI, DIST. MURSHIDABAD, WEST BENGAL

Century Textiles And Industries Ltd. has embarked upon augmenting cement manufacturing capacity from 8.5 million tonnes per annum to 12.8 million tonnes per annum. The Company is in the process of establishing a split location cement grinding unit of 1.5 million tonnes per annum capacity at Sagardighi, Dist. Murshidabad in the state of West Bengal and has undertaken establishment of a cement plant of 2.8 million tonnes per annum capacity in the premises adjacent to Manikgarh Cement, at Gadchandur, Dist. Chandrapur in the state of Maharashtra.

Both the plants are unique examples of the state-of-the-art plant & machinery by its exceptional design. Power efficient central drive cement mills both in Manikgarh and Sagardighi and at Manikgarh Cement sky-rise pre-heater tower without gas conditioning tower, single vertical roller mill for raw meal and fine coal and longest pipe conveyor in the country for pollution-free transportation of lime stone are being installed besides setting up a 40 MW captive thermal power plant for self sustaining the production.

In line with Company's policy to provide a clean environment, high efficiency pollution control equipments are being installed to maintain emission

level less than 25 mg/nm³ all around the plant. Company plans to produce 100% Portland pozzolana cement by using fly ash, a waste product of thermal power plant to control green house gas emission & global warming.

Cement grinding unit at Sagardighi is expected to be operational by March, 2013 and Manikgarh Cement Unit-II in September, 2013.

Company is manufacturing and marketing its cement under premium brand "Birla Gold".



NATIONAL AWARD TO MANIKGARH CEMENT FOR ELECTRICAL ENERGY EFFICIENCY IN INDIAN CEMENT INDUSTRY 2010-11

We are one of the largest paper producers in the country and with the commissioning of the packaging board machine, we have become only paper company to offer writing and printing grades, copier, speciality grades, tissue and packaging boards manufactured from varied mix of the raw materials at a single location. This variability of raw material and a mix of the various paper and board offers us to be an agile supplier of paper related solutions to the customers, creating additional value for ourselves in the process. During the coming year, we plan to launch products in various segments which are aimed to be the market leaders in terms of quality and innovation. Century speciality tissue has now been well established in the International market.

We are known for our ability to provide customer delight through a culture that encompasses creation of value and wealth through promotion of quality, environmental and safety concerns. Excellence at Century continues to be all pervasive. Our goal to reach the top in the world of paper and paper board industry will soon become a reality.



NOTICE OF MEETING

REGISTERED OFFICE :
CENTURY BHAVAN, DR. ANNIE BESANT ROAD, WORLI, MUMBAI 400 030

NOTICE is hereby given that the 115th Annual General Meeting of the Shareholders of the Company will be held at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 on Thursday, the 2nd August, 2012 at 3.30 p.m. to transact with or without modifications as may be permissible, the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors of the Company.
2. To declare dividend on Equity Shares for the year ended 31st March, 2012.
3. To appoint a Director in place of Shri Kumar Mangalam Birla who retires from office by rotation, but being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Pradip Kumar Daga who retires from office by rotation, but being eligible, offers himself for re-election.
5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
6. To consider and if thought fit, to pass the following resolution which will be proposed as a Special Resolution: "RESOLVED THAT subject to such approvals as may be necessary, and pursuant to the provisions of Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and any guidelines / circulars / notifications in connection with managerial remuneration issued by the Central Government from time to time, and further in view of the approval by a resolution of the Remuneration Committee of the Company, the Company hereby approves, ratifies and confirms the remuneration of Rs.1,94,16,421/- including the perquisites and other amenities paid to Shri B.L. Jain, Whole-time Director of the Company excluding gratuity as per rules as remuneration for the financial year ended 31st March, 2012 in terms of the resolution passed by the shareholders in the 112th Annual General Meeting of the Company held on 28th July, 2009 and further RESOLVED that in case of loss/inadequate profits during the term of reappointment of Shri B.L. Jain as a Whole-time Director of the Company for two years w.e.f. 1st April, 2012 as approved by the shareholders at the 114th Annual General Meeting of the Company held on 13th August, 2011, consent of the Company be and is hereby accorded for the payment of remuneration to Shri B.L. Jain for the period covered by the aforesaid resolution provided the remuneration is within the limits stipulated in the said resolution.

RESOLVED FURTHER THAT the Board of Directors (which includes Remuneration Committee constituted by the Board of Directors) be and is hereby authorized to do all such acts, deeds and things as may be deemed expedient to give effect to the above resolution."

NOTES FOR MEMBERS' ATTENTION

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (b) Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of item no. 6 of the Notice set out above, is hereto annexed.
- (c) The Registers of Members and Transfer Books in respect of the Equity Shares of the Company will remain closed from Wednesday, the 18th July, 2012 to Thursday, the 2nd August, 2012 both days inclusive.
- (d) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government.
Those shareholders who have so far not claimed or collected their dividend for the said period may claim their dividend directly from the Registrar of Companies, Maharashtra, by submitting an application in the prescribed form.
- (e) Members are hereby informed that dividends which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Sections 205(A) & 205(C) of the Companies Act, 1956.

The following are the details of dividends paid by the Company and their respective due dates of transfer to such Fund of the Central Government, which remain unpaid.

Date of declaration of dividend	Dividend for the year	Due date of transfer to the Government
26 th July, 2005	2004-2005	24 th August, 2012
12 th July, 2006	2005-2006	10 th August, 2013
14 th March, 2007*	2006-2007	12 th April, 2014
23 rd July, 2008	2007-2008	21 st August, 2015
28 th July, 2009	2008-2009	26 th August, 2016
27 th July, 2010	2009-2010	25 th August, 2017
13 th August, 2011	2010-2011	11 th September, 2018

*(Interim treated as final)

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the provisions of Section 205(B) of the Companies Act, 1956.

In view of the above, the Shareholders are advised to send all the unencashed dividend warrants to the **Registered Office of the Company** for revalidation and encash them before the due date for transfer to the Central Government.

- (f) Members are requested to send all their documents and communications pertaining to shares to **Link Intime India Pvt. Ltd. (Formerly known as Intime Spectrum Registry Limited), Share Transfer Agent of the Company at their address** at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, (Maharashtra) Telephone No. 022 – 2596 3838, Fax No. 022 – 2594 6969 for both physical and demat segments of Equity Shares. Please quote on all such correspondence – “Unit – Century Textiles and Industries Limited.” **For Shareholders queries – Telephone No. 022-2594 6970 Email ID – rnt.helpdesk@linkintime.co.in**

- (g) Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to Link Intime India Pvt. Ltd. for their doing the needful.
- (h) Members are requested to notify change in address, if any, immediately to Link Intime India Pvt. Ltd. quoting their folio numbers.
- (i) It is observed that few members have still not surrendered their old Share Certificates for Equity Shares of Rs.100/- each for exchange with the new Share Certificates for Equity Shares of Rs.10/- each. They are once again requested to surrender the Share Certificates for Equity Shares of Rs.100/- each at the **Registered Office of the Company** so as to enable the Company to do the needful.
- (j) Pursuant to the recommendation of the SEBI Committee on Corporate Governance for reappointment of the retiring Directors, the relevant details of the concerned Directors are given in the Report on Corporate Governance forming part of the Annual Report.

By Order of the Board,

Mumbai,
Dated : 2nd May, 2012

D.K. AGRAWAL
Secretary

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No.6

Shri B.L. Jain was reappointed as a Whole-time Director of the Company for a period of two years w.e.f. 1st April, 2010 and his reappointment was confirmed by a Special Resolution passed by the members at their meeting held on 28th July, 2009. The remuneration paid to Shri B.L. Jain for the year 2011-12 is well within the limit mentioned in the aforesaid resolution. For the nine months period ended 31st December, 2011 the Company had sufficient net profits. However, for the year ended 31st March, 2012 Company is having inadequate profits. In view of the aforesaid and the relevant extant provisions of law relating to managerial remuneration [Clause 1(C) of Section II of Part II of Schedule XIII to the Companies Act, 1956], consent of the shareholders of the Company would be required. The said clause 1(C) of Section II of Part II of Schedule XIII to the Companies Act, 1956 provides that in case of inadequacy of profits, the remuneration in excess of Rs. 48 lacs can be paid if –

- (i) the payment of remuneration is approved by a resolution passed by the Remuneration Committee of Directors,
- (ii) that there is no default in repayment of any debt or interest payable,
- (iii) that a Special Resolution is passed at a General Meeting of the Company.

The Remuneration Committee consisting of three independent directors at its meeting held on 2nd May, 2012 has already approved the remuneration paid/payable to Shri B.L. Jain, Whole-time Director of the Company in terms of the resolutions passed by the shareholders at Annual General Meetings held on 28th July, 2009 and 13th August, 2011. Further, the Company has not made any default in repayment of any of its debts or interest payable thereon.

Shri B.L. Jain being a Professional Director, approval of Central Government is not required pursuant to General Circular No. 46/2011 and Notification No. GSR534(E) both dated 14.7.2011 issued by Government of India, Ministry of Corporate Affairs, New Delhi.

Shri B.L. Jain was reappointed as a Whole-time Director of the Company for a further period of two years w.e.f 1st April, 2012 and his reappointment was also confirmed by a Special Resolution passed by the members at their meeting held on 13th August, 2011. However, in the aforesaid circumstances, the remuneration as mentioned in the aforesaid resolution is once again required to be consented to by the Shareholders of the Company.

None of the Directors of the Company, except Shri B.L. Jain, is in any way concerned or interested in this resolution. The information while seeking approval/consent of shareholders as required under Schedule XIII is listed out hereinbelow :

I. General Information :		
1.	Nature of Industry	The Company is engaged in manufacturing of diversified products viz. Textiles including Yarn, Viscose Filament Yarn, Cement and Paper.
2.	Date or expected date of commencement of commercial production	The Company is in manufacturing operations since 1899.
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not applicable.

4.	Financial performance based on given indicators	As per audited financial results for the year ended :		
		Rs. in Crore		
		31.3.2010	31.3.2011	31.3.2012
Net Sales and other income		4547.57	4802.07	4899.96
Profit before interest, depreciation & Tax (EBIDTA)		858.34	701.13	452.75
Interest		100.53	118.27	172.08
Profit before Depreciation & Tax (PBDT)		757.81	582.86	280.67
Profit before Tax (PBT)		523.34	343.20	22.55
Provision for Tax		183.87	105.71	0.42
Profit after Tax (PAT)		339.47	237.49	22.13

Rs. in Crore				
5.	Export performance and net foreign exchange collaborations	2009-10	2010-11	2011- 12
	Total exports	372	366	367
		There is no Foreign Exchange collaboration.		
6.	Foreign investments or collaborators, if any.	NIL		

II. Information about the Appointee :

1.	Background details	Shri B.L. Jain is a Commerce Graduate and Chartered Accountant. He is the Senior Most Executive of the Company and has been in the service of the Company for the last over 50 years holding very senior positions and has considerable experience about the business and affairs of the Company.		
2.	Past remuneration		2009 -10	2010-11
			(Rs.)	(Rs.)
		Salary and allowances	1,50,99,333	1,65,62,833
		Contributions to :		
		Provident Fund	3,74,400	4,39,200
Superannuation Fund	4,68,000	5,49,000		
	Perquisites	1,28,806	6,26,166	
	Total	1,60,70,539	1,81,77,199	
3.	Recognition or awards	Shri B.L. Jain, Whole-time Director, has been instrumental in getting various awards for Cement Divisions of the Company.		
4.	Job profile and his suitability	The Whole-time Director is entrusted with the powers and authorities to manage the affairs of the Company subject to superintendence, direction and control of the Board of Directors. Shri B.L. Jain is having vast experience of corporate management and particularly of cement industry and has been successfully working as a Whole-time Director of the Company since 1.4.1999.		

5.	Remuneration proposed	Payment of remuneration is within the limits stipulated in resolutions passed by the shareholders in Annual General Meetings held on 28.7.2009 and 13.8.2011.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	Remuneration of Chief Executive Officers in the industry in general has gone up manifold in past few years. The remuneration in the industry for a person of the same caliber / position of Shri B.L. Jain would generally be higher than what is being paid to him. The remuneration to Shri B.L. Jain is purely based on merits.
7.	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Shri B.L. Jain has no pecuniary relationship with the Company, other than his remuneration as a Whole-time Director of the Company. There are no managerial personnel related to Shri B.L. Jain.

III. Other Information :		
1.	Reasons of loss or inadequate profits	The high and volatile raw material prices particularly in textile segment and adverse market conditions prevailing in all business segments coupled with high input costs and increasing interest rates have severally affected the margins resulting in very thin profits for the financial year 2011-12.
2.	Steps taken or proposed to be taken for improvement	The Company has initiated certain steps such as borrowing at cheaper rates, better product mix, cost control and improving efficiency etc. Though, the prices of raw materials and products are influenced by external factors the Company is making all possible efforts to improve the margins.
3.	Expected increase in productivity and profits in measurable terms	The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.

IV. Disclosures :		
1.	The remuneration package along with the corresponding details payable to Shri B.L. Jain have already been mentioned earlier. The Report on Corporate Governance in the Annual Report indicates the remuneration paid to the managerial personnel as well as to all other Directors. There is no severance fee or stock option in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by the resolutions passed by Shareholders in General Meetings with a notice period of three months.	
2.	Shri B.L. Jain is not having any interest in the capital of the Company, directly or indirectly or through any other statutory structures except that he is holding 500 equity shares of face value of Rs.10/- each of the Company and not having any direct or indirect interest or related to the directors or promoters of the Company at any time during last two years before or on the date of appointment.	

By Order of the Board,

D.K. AGRAWAL

Secretary

Mumbai,

Dated : 2nd May, 2012

Important Communication

The Ministry of Corporate Affairs, Government of India (MCA) vide its General Circular No. 18/2011 dated 29th April, 2011, has clarified that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. A recent amendment to the listing agreement with the Stock Exchanges now permits Company to send soft copies of the Annual Report to all those shareholders who have registered email address for the purpose. To support this green initiative, you are requested to register your email id with Company's Share Transfer Agent viz. Link Intime India Pvt. Ltd. by giving your consent to receive the Annual Report in future in electronic form. To facilitate you in doing so, please fill the form available on the Company's web site i.e. www.centurytextind.com and send the same to us or to our Share Transfer Agent as mentioned above and also update the email address as and when there is change.

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 115th Annual Report of the Company along with the audited statements of account for the year ended 31st March, 2012. The financial results are shown below. The performance of the Company during the year was not satisfactory because of adverse market conditions prevailing in all business segments coupled with higher input costs and increasing interest rates. Labour relations at all the plants are cordial and an atmosphere of mutual trust and faith prevails.

1. SUMMARISED FINANCIAL RESULTS:

	(Rs. in Crore)	
	2011-12	2010-11
Profit after interest, VRS payments, gratuity, ex-gratia / compensation etc.	280.67	582.86
<u>Less:</u>		
Depreciation	258.12	239.66
Provision for taxation	1.62	93.11
Deferred Tax Debit/(Credit)	(1.20)	12.60
Net Profit	22.13	237.49
<u>Add:</u>		
Balance brought forward	335.90	307.89
Available Profit dealt with as under	358.03	545.38
Transfers & Appropriations:		
Proposed Equity Dividend	51.18	51.18
Corporate Dividend Tax	8.30	8.30
General Reserve	7.00	150.00
Balance carried forward	291.55	335.90
	358.03	545.38

The performance of each business segment of the Company has been comprehensively discussed in the Management Discussion and Analysis Report (forming part of this Directors' Report) based on the reports of the Wholetime Director of the Company and Senior President of each of the units of the Company.

2. DIVIDEND:

The Board of Directors has recommended a dividend of Rs.5.50 (Rupees five and paise fifty) per share of Rs.10/- each equivalent to 55% (fifty five percent) on the paid up equity share capital of the Company for the year ended 31.03.2012 which is the same as paid in the previous year on the equity shares of Rs.10/- each. This dividend will be paid when declared by the shareholders in accordance with law from current profits and out of accumulated profits to the extent required lying to the credit of Profit & Loss account and will be free of tax in the hands of the shareholders. The Company will have to pay dividend distribution tax @ 15% plus applicable surcharge and education cess, aggregating about 16.22% on the dividend.

3. EXPORTS:

The total exports of the Company amounted to Rs.367 crore (Previous year Rs.366 crore) representing about 8 percent of the net sales.

4. EXPANSION & MODERNISATION:

a) Cement

At Sonar Bangla Cement, extensive piling work on account of soil conditions was carried out and 80% of the civil work has been completed. Poor road conditions have resulted in longer lead times for inland transportation of over-dimensional cargo. Erection of the wagon tippler, cement mill, packing plant and 132 KV sub-station has started. Heavy absenteeism and non-availability of the required numbers of skilled labour in north Bengal have caused delays in the progress of civil / mechanical work.

Civil work for Manikgarh Cement Unit-II has started, but it faces various challenging conditions such as delays in getting forest clearance, rocky terrain and the need to cut through hilly topography for installing the pipe conveyor and building civil structures, which have affected adversely the finalization of drawings for necessary plant site arrangements.

The Sonar Bangla Cement Grinding Unit and Manikgarh Cement Unit II are expected to be operational by March, and September 2013 respectively.

After expansion, the Company's total cement manufacturing capacity will stand increased to 12.8 million tonnes per annum.

b) Pulp and Paper

The Fibre Line (Pulp Plant) with a capacity of 1.62 lac tonnes per annum and Multilayer Packaging Board Plant with a capacity of 1.8 lac tonnes per annum at Lalkua, Nainital (Uttarakhand) have started production and the quality of the production at each facility is expected to be stabilized in course of time. Further, the 43 M.W. turbine is also now in operation.

The upgradation of the paper machine based on recycled pulp is in progress. The installation of the A-4 cutter for copier paper has been completed. Orders have been placed for the necessary plant and machinery to increase the bagasse pulping capacity by 23,400 tonnes per annum by installing a continuous digester and carrying out modifications in the existing plant and the work is likely to be completed before the end of the current financial year.

c) General

Modernisation and technological upgradation programmes continue at all the units of the Company to maintain competitiveness and achieve better quality. Stringent cost control measures remain in place in all possible areas and are regularly reviewed.

5. LAND DEVELOPMENT AT WORLI, MUMBAI:

In view of procedural delays in getting various permissions and approvals from regulatory authorities, the construction work of an office building adjacent to Century Bhavan, the Registered Office of the Company, and another office building with entry plaza on Century Mill's land at Worli, Mumbai, both meant for leasing, continues but, regrettably, at a slow pace. Necessary efforts are being made to complete these buildings as early as possible.

6. CORPORATE GOVERNANCE:

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from the Auditors of the Company regarding compliance with Corporate Governance norms stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

7. GENERAL – AWARDS, SPORTS & WELFARE ACTIVITIES:

Various Divisions of the Company have received awards for environmental excellence, efficiency in energy consumption, providing a safe working environment etc. Some notable awards are mentioned below:-

a) Rayon, Tyrecord and Chemicals:

- * The Unit's Quality Circle "Swastik" has won the 'Par Excellence' Award and "Progressive" has won the "Excellence" award in the National Convention for Quality Concepts – 2011 held at Secunderabad in December, 2011.
- * 2 students of our Century School were the Mega Prize winners in Navneet Art Competition.
- * Birla School has obtained ISO 9001-2008 Certification and is in the process of obtaining NABET Accreditation.
- * Birla College of Arts, Science & Commerce, Kalyan won the IMC Ramkrishna Bajaj National Quality (IMC RBNQ Performance Excellence) Awards 2011 in Education.

b) Century Cement:

- * First prize for "Overall Performance", "Standard of Working", "Publicity & Propaganda" and "Use of Explosives" for the limestone mines from the Director General of Mines Safety, Bilaspur & Raigarh Region.

- * First prize for "Water Quality Management" for the limestone mines, from Indian Bureau of Mines, Nagpur Region (Chhattisgarh State).
- * Federation of Indian Mineral Industries (FIMI)'s National Environment Award (Gem Granite Environment Award) for the year 2010-11 for the limestone mines.
- * Six students of our school (2 each in basketball & football and 1 each in netball & volleyball) had participated in national tournaments. One of them, received the silver medal in netball and another has been selected for trials for the selection of the Indian team in basketball.

c) Maihar Cement :

- * First prize for "Standard of Workings", "Electrical Installations & Ore Handling Plant" and "Fire Safety Provision & Organisation" etc. for the limestone mines, from the Director General of Mines Safety, Jabalpur Region.
- * First prize for "Afforestation" and "Air Quality Management" for the limestone mines, from Indian Bureau of Mines, Jabalpur Region.
- * Miss Gyanshri Shukla and Miss Nadira Beig Siddiqui, students of class VI and VIII respectively of our school received the gold medals in the "Akhil Bhartiya Rashtra Bhasha Hindi Pratiyogita Pariksha" conducted by the "Mahatma Gandhi Rashtra Bhasha Hindi Prachar Sansthan, Pune".
- * 5 Students from our school (3 scouts and 2 guides) have been selected for the "Governor's Award" during the academic session 2011-12.
- * Miss Anika Tripathi, a student of our school has been selected for the National Level Girls Cricket Competition.

d) Manikgarh Cement :

- * First Prize for "Injury Rate Performance" and "Explosives" for the limestone mines, from Directorate General of Mines Safety, Western Zone, Nagpur Region.
- * First Prize for "Noise, Vibration Control & Aesthetic Beauty" for the limestone mines from Indian Bureau of Mines, Nagpur Region (Madhya Pradesh & Maharashtra States).
- * "Gold Award" in the International Convention of Quality Circles held at Nagpur on the case study of "To Eliminate Leakages in Gas Conditioning Tower", "Frequent Failure of Carbon Brushes of Pre-Heater Fan HT Motor", "Random Tripping of ESP Fan-2 DC Drive 1600 KW Motor Showing Mains Voltage Low Alarm", "Elimination of Dust Generation during Loading of Dumpers" and "Failure of Thermo Well Inside Boiler Furnace".
- * Best Team "Diamond Award" at the All India Seminar on Quality Progress 2012 organized by The Institute of Engineers (India), Nagpur.
- * "Excellence Award" in the "25th National Convention on Quality Circles" organized by Quality Circle Forum of India, Hyderabad.

e) Pulp and Paper:

- * The unit's stall was adjudged first among the Agro-Forestry, Nursery, Herbal and Medicinal Plants Group at the All India Farmers' Fair and Agro-Industrial Exhibition-2012 organized by G.B. Pant University of Agriculture & Technology, Pantnagar, Uttarakhand from March 15-18, 2012.
- * The unit has bagged the Certificate of Export Recognition, a 'Special Export Award' in recognition of achievement in export in respect of Printing & Writing Paper for the year 2010-11, by CAPEXIL (Sponsored by the Ministry of Commerce & Industry, Govt. of India), in the Annual Award Function held at Mumbai on 30th September, 2011.

8. ENVIRONMENT AND POLLUTION CONTROL:

High priority is accorded to the protection of the environment for sustainable development. Educating the local population on this aspect is given great importance. Tree plantations, rain water harvesting, conservation of energy and water etc.

are practised and propagated. However, environmental requirements are complex and tend to become more stringent with time and the Company will constantly innovate to keep up with all legal requirements and, indeed, exceed laid down standards. In our Pulp & Paper unit, certain requirements for compliance with environmental norms are being complied. As an integral part of the environment protection drive, the Company ensures minimum waste generation, low emission levels and low noise pollution levels during operation of the plant.

Top priority continues to be given to preservation of the environment by all units of the Company. To combat pollution and strengthen and support ecology, considerable emphasis is given to plantation of fragrant and shady trees.

9. DIRECTORS:

Under Article 130 of the Articles of Association of the Company, Shri Pradip Kumar Daga and Shri Kumar Mangalam Birla retire by rotation and being eligible, offer themselves for re-election.

10. AUDITORS:

The retiring Auditors, M/s. Dalal & Shah, Chartered Accountants (Firm Registration Number: 102021W), are eligible for re-appointment and have expressed their willingness to accept the re-appointment. In terms of Section 224A of the Companies Act, 1956, their re-appointment needs to be approved by the members and their remuneration has to be fixed.

11. AUDITORS' REPORT:

The Auditors' Report to the Shareholders does not contain any reservation, qualification or adverse remark.

12. COST AUDITORS AND COST AUDIT REPORT:

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audits relating to several products manufactured by the Company.

13. DIRECTORS' RESPONSIBILITY STATEMENT:

On the basis of compliance certificates received from the concerned executives of the respective Divisions of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations provided relating to material departures, if any;
- ii) the Directors have followed appropriate accounting policies and applied them consistently and 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 at the end of the financial year and of the profit of the Company for that year;
- iii) the Directors have taken proper and sufficient care to ensure the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- iv) the Directors have prepared the annual accounts on a going concern basis.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Energy Conservation Award for Rayon Division

"State Level Award for Excellence in Energy Conservation & Management" – First position in Textile Sector.

b) Cement Divisions

Century Cement has received "Energy Conservation Award 2011" from the Chhattisgarh State Renewable Energy Development Agency, Department of Energy, Govt. of Chhattisgarh.

Manikgarh Cement has received National Award for "Energy Efficiency in Indian Cement Industry" from Director, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Govt. of India instituted by "National Council for Cement and Building Materials (NCCBM)" for Second Best Improvement in Thermal & Electrical Energy Performance for the year 2010-11".

c) Paper Division:

The unit has been awarded First Prize under the category of "Large & Medium Scale Industries" for the outstanding achievement in Energy Conservation for the year 2011 by Govt. of Uttarakhand, which was received in December, 2011 at Dehradun.

d) General:

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'A' and forms part of this Report.

15. PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' report, as an addendum thereto. However, as required by the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts as set out therein, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company, and the same will be forwarded by post.

16. CASH FLOW ANALYSIS:

In conformity with the provisions of clause 32 of the Listing Agreement the Cash Flow Statement for the year ended 31.03.2012 is annexed hereto.

17. APPRECIATION:

The Board places on record its deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company, who have contributed in no small measure to the performance and the Company's continued inherent strength. It also extends grateful thanks to the Central and various State Governments, the investors, the banking circles, financial institutions and district level authorities for their continued support extended to the Company from time to time. Shareholders' appreciation of the managements' efforts expressed at the general meetings of the Company and otherwise, is a great fillip to strive for better performance year after year.

Registered Office:
Century Bhavan,
Dr. Annie Besant Road,
Worli, Mumbai – 400 030

On behalf of the Board,

Dated: 2nd May, 2012

B. K. BIRLA
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

(a) Energy Conservation Measures Taken

Textile Division

- Installation of inlet Guide Vane in one compressor.
- Coating of water pumps to reduce electrical load.

Rayon, Tyre Cord & Chemicals Divisions

- Installation of HT Capacitor bank for improvement in power factor.
- Upgradation of ESP Software for reduction of Energy consumption.
- Detailed Energy audit by external reputed agencies of complete plant, steam path audit, trap monitoring, utilizing modern management tools like thermography, vibration analyses etc.
- Installation of steam condensate recovery system.

Cement Divisions

- Interlocking of kiln shell cooling fan with kiln shell temperature at all our cement plants.
- Replacement of conventional lights with eco-friendly CFL lamps & LED rods at all our cement plants in a phased manner.
- Measurement and analysis by Computational Fluid Dynamics (CFD) to reduce the pressure drop at various points in the process at all our cement plants.
- Replacement of 3 nos. old slip ring induction motor with better efficiency squirrel cage induction motor at Century Cement.
- Installation of vertical roller mill for coal grinding at Maihar Cement Unit No.1.
- Installation of MV drive in booster and ID fan of Coal VRM at Maihar Cement Unit No.1
- Replacement of chain bucket elevator with belt bucket elevator in packing plant at Maihar Cement Unit No.1.
- Optimization of the operation of raw coal feeding system to reduce running hours and power consumption at Manikgarh Cement Unit No.1.
- Reduction of 1st chamber length by shifting of partition diaphragm in cement mill no.2 for improving cement fineness in the mill and reducing separator load at Manikgarh Cement Unit No.1.
- Belt bucket elevator N-26 of polycom circuit retrofitted with Beumer belt for cement mill no.3 at Manikgarh Cement Unit No.1.
- Installation of DCS in packing plant at Manikgarh Cement Unit No.1.
- Installation of bigger fanless dust collector on top of fly ash silo in captive thermal power plant at Manikgarh Cement Unit No.1.

Pulp & Paper Division

- Film press pit agitator No.1 drive motor pulley diameter reduced from 430 mm to 410 mm to save the power.
- Reclaim combing wheel motor rating reduced from 11 Kw/1500 RPM to 7.5 Kw/1000 RPM.
- Commissioned producer gas plant No.5, 6, 7 to save Furnace oil in Rotary lime kilns. (50% replacement of oil with producer gas)
- Commissioned Lime Mud CD filter and Rotary lime kiln No.3 for better fuel efficiency.

(b) Additional investments and proposals, if any, being implemented by the Company for reduction of consumption of energy.

- Replacement of condenser and chilled water pump by LLC – State of the art technology, energy efficient pumps.
- Conversion of SEE to DEE (Single Effect Evaporator to Double Effect Evaporator).
- Installation of VRM for coal at Century Cement and Manikgarh Cement Unit No.1 to facilitate the use of pet coke as partial replacement of coal as fuel.

- Replacement of old reciprocating compressors with screw compressors at Century Cement.
- Installation of energy management system in captive thermal power plant at Century Cement.
- Installation of solar photo voltaic power generation plants of 600 kw peak capacity each at Century Cement and Maihar Cement Unit No.1.
- Installation of truck tippler and transport system of fly ash at Maihar Cement Unit No.1.
- Installation of high efficiency pumps for cooling tower of packing plant at Manikgarh Cement Unit No.1.
- Conversion of inefficient LP reciprocating compressors into new air cooled compressors for unloading of fly ash at Manikgarh Cement Unit No.1.

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

- Increase in productivity.
- Reduction in energy consumption.
- Optimum loading of captive water sources.
- Increase in Efficiency.

(d) Total energy consumption and energy consumption per unit of production as per Form 'A' of the Annexure in respect of industries specified in the Schedule thereto.

As per Form 'A' attached.

B. TECHNOLOGY ABSORPTION:

(e) Efforts made in Technology Absorption as per Form 'B' given below:

Form 'B'

Research and Development (R & D)

1. Specific areas in which R & D has been carried out by the Company:
 - Development of yarn with new cross sections for value added applications.
 - Modification of yarn path during spinning and coning operations.
 - Texturised yarn development.
 - Optimization of residence time between post spinning and washing of cakes.
 - Development of special qualities like Shuttering base paper 40 GSM, Bible Printing quality, Book printing paper with High bulk 1.7 + cc/gm, etc. in Wood based paper plant.
 - Development of special qualities like Crystal Maplitho paper for four color printing jobs & Amber Maplitho quality for stationery segment in Bagasse based paper plant.
 - C-Fold quality developed on Tissue machine.
 - Raw material like Subabul & Acacia wood is used in Wood based paper plant apart from eucalyptus wood, bamboo and wood chips.
2. Benefits derived as a result of the above R & D :
 - Improved quality & higher production of rayon yarn.
 - Development of new market segment.
 - Water conservation.
 - Increase in productivity.
 - Cost reduction.
3. Future Plan of Action :
 - Development of Two ply yarn in coning from reject cakes.
 - Increase of Wet Tenacity of yarn.
 - Cake to Cone sizing in coning machines.
 - Re-engineering of Spinning accessories for improved cake formation.
 - Capacity enhancement for limestone grinding with installation of roller press in finish mode at Maihar Cement Unit No.1.
 - Modification of pre-heater and pyro-section to achieve higher production from kiln at Maihar Cement Unit No.2 and Manikgarh Cement Unit No.1.

- Installation of waste heat recovery system to utilize exhaust gases of pre-heater and kiln cooler at Manikgarh Cement Unit No.1 after feasibility study.
 - Optimization of fly ash absorption in cement.
 - Development of New Qualities of papers.
4. Expenditure on R & D

	(Rs. in Crore)
(a) Capital	--
(b) Recurring (including contribution)	6.49
(c) Total	6.49
(d) Total R&D expenditure as a percentage of total turnover	0.12

Technology absorption, adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

Cement Divisions

- Installation of air cooled condensers at captive thermal power plants at Century Cement and Maihar Cement Unit No.1.
- Installation of online monitoring system for stacks and ambient air emission as per the state pollution control board requirement at all our cement plants.

Pulp & Paper Division

- A new 250 TPD Fully Automated A-4 cutting line commissioned for Copier.
- New Pope Reel Drum installed for better reel build up and surface properties improvement on Bagasse based paper machine.
- Installed two nos. "Matangi" Make cooling towers to cool Vacuum pump sealing water and recycle the same resulting in saving of 50m³/hr fresh water at Chemical Recovery.

2. Benefits derived as a result of above efforts :

Cement Divisions

- Water conservation of 28 lac litres per day.
- Pollution free atmosphere in the plants.

Pulp & Paper Division

- Improvement in Productivity & quality of Pulp & Paper.
- Cost reduction.

3. Information regarding technology imported during the last 5 years : NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(f) Activities relating to exports, initiatives taken to increase exports, developments of new export markets for products and services, and export plans.

During the year 2011-12, Tyre Yarn witnessed continuous growth due to revival of market backed with good demand from Europe. Efforts were made to supply more quantity of Dipped fabric using independent converters based in Middle East and Europe.

We have been successful in developing new markets in South East Asian countries apart from existing Asian and African countries to which paper was being exported. We plan to expand our exports based on tissue and board to Europe and US markets to compete with world's leading brands.

Cement/Clinker has been exported to Nepal, for which payment is made in Indian Rupees by the purchaser.

(g) Total Foreign Exchange used and earned.

The information on Foreign Exchange earnings and outgo is contained in note no.35(a) & 34(b) of the Financial Statements to the accounts.

On behalf of the Board,

B. K. BIRLA

Chairman

Mumbai

Date: 2nd May, 2012

FORM 'A'

Form for disclosure of particulars with respect to conservation of energy.

	Textiles (Birla Century)	Cotton Yarn	Denim	Cement	Paper	Rayon & Tyre yarn / Fabric & Chemicals
A. POWER AND FUEL CONSUMPTION :						
1. Electricity						
(a) Purchased Unit (KWH in lacs)	105.19	211.86	393.48	1613.46	51.70	1290.45
	(-)	(216.92)	(394.94)	(1437.05)	(137.95)	(869.32)
Total Amount (Rs.in Crore)	-	10.21	18.74	98.15	3.21	79.66
	(-)	(9.45)	(16.51)	(80.69)	(7.02)	(44.62)
Rate/Unit (Rs.)	-	4.82	4.76	6.08	6.21	6.17
	(-)	(4.36)	(4.18)	(5.61)	(5.09)	(5.13)
(b) Own Generation						
(i) Through Diesel Generator Unit (KWH in lacs)	-	0.26	1.91	37.20	0.00	62.77
	(-)	(0.54)	(1.43)	(33.77)	(0.05)	(400.68)
Units per Kg./Ltr. of LSHS & Diesel Oil	-	3.57	3.90	3.40	2.96	4.34
	(-)	(4.25)	(4.09)	(3.51)	(2.49)	(4.39)
Cost/Unit (Rs.)	-	7.51	9.51	15.55	12.31	15.28
	(-)	(6.17)	(6.40)	(13.04)	(13.38)	(7.74)
(ii) Through Steam turbine/generator Unit (KWH in lacs)	-	-	-	4472.68	1896.57	517.09
	(-)	(-)	(-)	(4555.79)	(2553.72)	(456.33)
Units per ton of Coal	-	-	-	909.98	964.00	*
	(-)	(-)	(-)	(910.86)	(869.00)	(*)
Cost/Unit (Rs.)	-	-	-	4.22	2.50	*
	(-)	(-)	(-)	(3.35)	(1.85)	(*)
(iii) Through Gas Turbine Unit (KWH in lacs)	804.11	-	-	-	-	-
	(1007.30)	(-)	(-)	(-)	(-)	(-)
Units per SCM of Gas (KWH per SCM)	3.41	-	-	-	-	-
	(3.48)	(-)	(-)	(-)	(-)	(-)
Cost/Unit(Rs.)	6.22	-	-	-	-	-
	(4.86)	(-)	(-)	(-)	(-)	(-)
	Textiles (Birla Century)	Cotton Yarn	Denim	Cement	Paper	Rayon & Tyre yarn / Fabric & Chemicals
2. Coal (Grade B,C,D and E)						
Quantity (in lac M. Tons)	-	-	-	13.82	1.07	1.02
	(-)	(-)	(-)	(14.15)	(1.44)	(0.89)
Total Cost (Rs.in Crore)	-	-	-	633.87	45.93	58.97
	(-)	(-)	(-)	(483.79)	(41.87)	(43.72)
Average Rate (Rs. per M.T.)	-	-	-	4585.11	4290.43	5758.30
	(-)	(-)	(-)	(3419.90)	(2903.00)	(4935.25)
3. Furnace Oil / Diesel Oil						
Quantity in M.T. (incl. LSHS & Diesel Oil & per thousand SCM)	-	-	3596.61	1445.99	3431.00	12.94
	(-)	(-)	(3631.26)	(2763.76)	(3916.00)	(35.00)
Total Cost (Rs. in Crore)	-	-	13.33	6.32	13.60	0.05 **
	(-)	(-)	(9.52)	(8.94)	(12.32)	(0.09)
Average Rate (Rs. per M.T.)	-	-	37103.00	43722.32	39642.14	38840.24
	(-)	(-)	(26213.00)	(32351.16)	(31450.37)	(26152.71)
4. Coal for producer Gas (Grade B, C, D & E)						
Quantity (MT in lacs)	-	-	-	-	0.13	-
	(-)	(-)	(-)	(-)	(0.16)	(-)
Total Cost (Rs. In Crore)	-	-	-	-	5.53	-
	(-)	(-)	(-)	(-)	(4.70)	(-)
Average Rate (Rs. per MT)	-	-	-	-	4290.43	-
	(-)	(-)	(-)	(-)	(2903.00)	(-)

	Textiles (Birla Century)	Cotton Yarn	Denim	Cement	Paper	Rayon & Tyre yarn / Fabric & Chemicals
5. LP Gas						
Quantity (MT)	-	-	-	-	814.50	-
	(-)	(-)	(-)	(-)	(1095.45)	(-)
Total Cost (Rs. In Crore)	-	-	-	-	4.63	-
	(-)	(-)	(-)	(-)	(5.23)	(-)
Average Rate (Rs. Per MT)	-	-	-	-	56838.45	-
	(-)	(-)	(-)	(-)	(47762.76)	(-)

Note:

- Figures in respect of previous year are given in brackets and have been regrouped/rearranged wherever necessary.
 - * Incidental to generation of Steam, hence no cost allocable.
 - ** Net of tax

B. CONSUMPTION PER UNIT OF PRODUCTION :

	Production Unit	Standards if any	Current Year	Previous Year	Reasons for variations
1. Electricity (KWH)					
Cotton Fabrics	Per 1000 Sq. Mtrs.	-	2038.00	2195.00	(a)
Cotton Yarn (M.P.)	Per 100 Kgs.	-	526.80	511.78	(d)
Denim Fabrics	Per 1000 Sq. Mtrs.	-	1568.69	1682.49	(b)
Rayon Yarn	M.T.	-	4324.54	4109.07	(d)
CSY (Continuous Spg. Yarn)	M.T.	-	5099.40	5133.17	(a)
Tyre Yarn/Fabric/Fibre	M.T.	-	3542.14	4523.48	(c)
Caustic Soda	M.T.	-	2627.11	2646.00	(a)
Carbon-di-sulphide	M.T.	-	1080.23	1053.50	(a)
Sulphuric Acid	M.T.	-	47.89	48.44	(a)
Cement	M.T.	-	78.43	76.94	(a)
Paper	M.T.	-	1262.00	1221.00	(a)
2. Furnace Oil / Diesel Oil (M.T.)					
Cotton Fabrics	Per 1000 Sq. Mtrs.	-	-	-	-
Denim Fabrics	Per 1000 Sq. Mtrs.	-	0.143	0.154	(b)
Rayon Yarn	M.T.	-	-	-	-
CSY (Continuous Spg. Yarn)	M.T.	-	-	-	-
Tyre Yarn/Fibre	M.T.	-	-	-	-
Paper	M.T.	-	0.022	0.018	(a)
Cement	M.T.	-	-	-	-
3. Coal - B, C, D & E Grades (M.T.)					
Rayon Yarn	M.T.	-	3.817	3.736	(a)
CSY (Continuous Spg. Yarn)	M.T.	-	8.387	8.005	(a)
Tyre Yarn/Fibre	M.T.	-	4.141	4.301	(a)
Cement	M.T.	-	0.113	0.115	(a)
Paper	M.T.	-	0.702	0.655	(a)
4. Coal for Producer Gas (Grade B,C & E) (M.T.)					
Paper	M.T.	-	0.084	0.074	(a)
5. LP Gas (MT)					
Paper	M.T.	-	0.005	0.005	-

Notes:

- (a) Minor variations.
- (b) Due to energy conservation.
- (c) Due to increase in production.
- (d) Due to change in denier mix/market mix.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report covers the operations and financial performance of the Company for the year ended 31st March, 2012 and forms part of the Directors' Report.

1. OVERALL REVIEW:

The profitability of the Company, after providing for interest, has suffered a severe set back because of continuing increases in input costs, the global economic slow down, lack of adequate demand due to high inflation and other reasons, fierce competition and high interest costs. The circumstances prevailing in each of the business segments of the Company are separately discussed hereunder. Efforts to improve the performance of the Company are continuing.

2.1 BUSINESS SEGMENT – TEXTILES

(Cotton fabrics and Denim cloth, Yarn, Viscose Filament Yarn & Tyre Yarn)

COTTON TEXTILES, YARN AND DENIM:

a) Industry Structure & Development:

The Indian textile industry has witnessed a year confronting many challenges including sluggish demand in domestic and export markets. Cotton prices reached at an all time high followed by a phase of correction. This left various mills with high cost inventories causing heavy losses as the selling prices of fabrics did not improve. There has been a persistent slowdown in the global demand for yarn, denim and ready- to- wear garments resulting in higher inventories. Textile products from Bangladesh permitted to be imported duty free are cheaper and have flooded the markets, pushing out Indian products with prices that cannot compete. The Indian textile industry is thus passing through an adverse phase although the future would be more optimistic if input costs, including the cost of raw material and interest, could remain generally stable.

b) Opportunities and Threats:

The country's domestic market offers much potential for growth and numerous business opportunities as demand for textile products is expected to keep step with increased purchasing power augering well for the Industry. Experts are of the opinion that the era of domination of the world's textile and apparel market by goods originating in China has reached its zenith and that the base is gradually shifting to India and Pakistan.

Cotton prices which have been highly volatile are of major concern for textile manufacturers along with ever increasing energy prices.

c) Segmental Review and Analysis:

The financial performance of our textile unit known as 'Birla Century' was far from satisfactory due to high volatility in cotton prices mentioned above and also increases in other input costs like wages, oil, gas and other manufacturing costs. At present, the market is very reluctant to absorb increased costs in selling prices because of which margins are under severe pressure and we have to wait for markets to improve and costs to stabilise, allowing unit costs to go down. Similar situation existed for yarn & denim fabrics.

However, the high quality fabric and fashionable up to date styling of ready-to-wear garments under the brand 'Cottons by Century' would enable its continuance even in adverse market conditions like those that have been experienced recently.

d) Risks and Concerns:

The continued weakness and fiscal tightening in developed markets is a matter of concern. Non-availability of skilled manpower coupled with high labour costs prevailing in the country are also adversely affecting the textile industry. Further, competition from low cost manufacturing countries has increased.

e) Outlook:

The Birla Century textile unit has a competitive edge in terms of quality, design and innovative products. The unit continues to explore new markets which will help its growth, both in India and internationally.

Century Rayon – Viscose Filament Yarn (VFY) [Pot Spun Yarn (PSY) & Continuous Spun Yarn (CSY)] and Rayon Tyre Yarn.

a) Industry Structure and Development:

Demand for VFY remained stable during the year but the industry in general, in both the PSY and CSY segments, faced pressure on off-take due to substantial arrivals from China, coupled with inroads made by polyester yarn into some of the sectors hitherto dominated by VFY.

Cheap imports from China continue in large quantities in the form of doubled and twisted yarn and embroidery thread in addition to regular yarn. A review petition for imposition of anti dumping duty has been filed with the Government and it is expected that anti dumping duty on an ad-valorem basis may be imposed shortly.

While no new substantial manufacturing capacities are likely to be added in these segments, our unit has made marginal investment and installed additional 12 machines for manufacture of viscose filament yarn of about 900 tonnes per annum as per deniers produced. These are being used for manufacturing fine denier yarn which is preferred in the market.

In the recent budget, the Government has increased excise duty across the board by 2%. In the prevailing market conditions, we are making all efforts to pass on this burden to the consumers.

b) Opportunities and Threats:

After considerable dialogue between the Governments of India and Pakistan, the Pakistan Government has recently taken VFY out from negative list, thus allowing Indian VFY manufacturers to export their products to Pakistan. Pakistan is a major consumer of viscose filament yarn and its present requirements of about 25000 Tonnes per annum are met by imports from China. Indian VFY manufacturers would be benefited due to geographical proximity.

Due to unique lustre and feel of VFY, the finer deniers of viscose filament yarn (PSY & CSY) have been able to maintain their lead in the fashion industry. To counter the continuous threat of penetration by cotton and polyester, VFY will have to retain its position by technical improvements.

c) Segmental Review and Analysis:

Products manufactured by our unit continue to remain acceptable to the market at a satisfactory level and the unit successfully retains its competitive edge in pot and continuous spun yarn.

The rayon tyre yarn industry continues to show signs of improvement and expected consumption during the second half of 2012 and for the year 2013 seems to be promising. Efforts by the unit to provide quality products have yielded positive results and it is pertinent to mention that for the first time in the last 4 years, full manufacturing capacity is being used. Addition of some balancing equipment is under consideration in order to increase production in this segment marginally.

The year witnessed wide fluctuations in the prices of raw materials, particularly pulp. Labour costs continue to rise without a pause due to the effect of higher dearness allowance. The upwardly spiraling cost of power (both captive and MSEB) is also a major concern. However due to the various cost reduction and optimization initiatives undertaken, the overall performance of the unit has been satisfactory.

Salt Works:

Production of good quality raw salt during the year remained lower due to adverse climatic conditions. This has also affected the production of refined salt. We expect a slightly better situation in the current year.

d) Risks & Concerns:

Shortage of migrant labour continues to pose problems and may lead to non-utilization of capacity at times. High inflation has already added significantly to the labour cost as well as other inputs costs and continues to pose a threat as the unit is not in a position to pass on this burden to end user consumers.

Rapid urbanization being witnessed in and around the plant may pose greater risks in dealing with environmental issues and this continues to be a matter of concern. As the unit is more than 55 years old and the nature of its manufacturing operations is inherently corrosive, substantial costs need to be incurred for structural rehabilitation. The cost of effluent treatment has increased during the year.

e) Outlook:

In spite of the increase in costs, the working of the unit during the year ahead is expected to be stable due to improved demand for rayon tyre yarn and optimum capacity utilization of all machines, equipment and allied facilities.

If embroidery and double and twisted yarns emanating from China are brought under the purview of anti dumping duty or safeguard duty coupled with opening doors for export of VFY to Pakistan and as no addition to capacity is being undertaken outside India, according to available information, the outlook of the industry may be considered to be positive.

2.2 BUSINESS SEGMENT – CEMENT (CEMENT & CLINKER)

a) Industry Structure and Development:

India is the second biggest cement producing nation after China with an installed capacity of about 300 million tonnes per annum (tpa). The industry holds a significant place in the national economy because of its strong linkages to various sectors such as construction, transportation, coal and power. It is also one of the major contributors to the exchequer by way of direct and indirect taxes.

During the year 2011-12, industrial production slowed in the country and GDP is expected to grow by about 6.90% compared to 8.40% achieved in the year 2010-11.

The Indian cement industry witnessed subdued growth in demand of 6.50% in the year 2011-12. The weakness was caused primarily by lower infrastructure spending, slowdown in the realty sector due to high interest rates and an extended monsoon.

The industry has seen constant modernization and implementation of latest technologies during past few years. More than 90% of the total capacity is based on eco-friendly dry process technology.

b) Opportunities and Threats:

The key driver of cement demand has to be the continued expansion in infrastructure, real estate and industrial sectors. Demand revival is expected in the financial year 2012-13 on the back of the Government's stated infrastructure push and increased budgetary allocations to various development schemes.

The cement industry has witnessed a massive capacity addition of over 100 million tpa in the past 3-4 years with no corresponding increase in the demand, putting pressure on the prices.

c) Segmental Review and Analysis:

All the cement units of the Company have operated at optimum levels and achieved capacity utilization of about 96% as against industry capacity utilization of about 75%. Captive thermal power plants have also worked equally well. By carrying out upgradation, the capacity of cement plants has been increased to 8.5 million tpa from 7.8 million tpa from March 2012. On account of planned shut down taken during the year to augment capacity enhancement, the cement production was lower than the previous year. During the year 2011-12, cement production was 75.25 lac tonnes (previous year 77.02 lac tonnes). However, the clinker production during the year 2011-12 continued to be at an optimum level. During the year 2011-12, the Company produced 56.06 lac tonnes of clinker (previous year 55.96 lac tonnes) and also sold 3.30 lac tonnes (previous year 1.98 lac tonnes).

The profit of the division was lower than in the previous year on account of increases in government levies viz. excise duty and input costs particularly power, coal, rail & road freight and machinery spares.

Considerable emphasis is being placed on conservation of energy and protection of the environment by production of blended cement which constitutes about 92% of total cement production as against about 68% in the industry. Continuing efforts are being made to increase productivity, control costs and improve quality.

d) Risks and Concerns:

Securing energy resources, primarily coal, remains critical in view of poor availability and quality and substantial cost. The availability of coal against linkage is about 50-60% necessitating procurement of coal from the open market at substantially higher prices. Adoption of a gross calorific value based pricing model by Coal India Ltd has resulted in a substantial increase in cost.

Inadequate logistics infrastructure is a major hindrance to smooth and efficient operation. Shortage of wagons is a common problem causing bottlenecks in the supply chain. Railway freight has been increased substantially by about 25%. High incidence of various government levies add to the burdens borne by the cement industry. The profitability of cement companies has been eroded by all the factors discussed above. Greenfield projects and capacity expansion planned by cement companies may create excess supply and put pressure on cement prices.

e) Outlook:

The economic outlook is expected to remain modest in spite of India's strong fundamentals. Factors such as high domestic savings and investments, a rapid infrastructure development and urbanization all promise to a steadier economic scenario. Interest rates were at a peak during the year 2011-12 on account of RBI's initiative to control

inflation. The softening of the high interest regime should improve the prospects of the economy and growth. Long term prospects for growth in demand for cement are favourable riding on the back of strong economic fundamentals and the impetus provided to the housing and infrastructure construction activities in the 12th five year plan period (2012-17).

2.3 BUSINESS SEGMENT – PULP AND PAPER

(Pulp, Writing & Printing Paper, Tissue Paper and Multilayer Packaging Board)

a) Industry Structure & Development:

Being in the commodity sector, the paper industry is cyclical in nature and is strongly co-related with global economic factors. The balance between demand and supply at the domestic level is determined by the economic scenario in developed countries. However, demand for paper in India is growing at about 7-8% per annum primarily due to the focus of the Government on literacy. Accordingly, the industry should grow at a reasonable pace along with the economy.

b) Opportunities and Threats:

Higher demand for paper, provides an opportunity to grow but due to increased competition it will be necessary to diversify the product mix and efforts to reduce costs will continue.

Cheap import of paper, mostly from Indonesia and China is a matter of great concern for the Indian paper industry.

Raw materials are in deficit due to shrinking forests and stringent norms imposed by the authorities to curb pollution and to save the environment are challenges with which the paper industry must cope. At the same time, rising input costs have put pressure on the margins.

c) Segmental Review and Analysis:

Prices of paper and other products were under pressure during the year. However, in these testing times to beat the slow down and to attract consumers, we launched new products and fine tuned policies to achieve better levels of realization but due to rising input costs creating pressure on margins, the overall financial performance was not satisfactory.

d) Risks and Concerns:

For this industry to thrive, it requires a plentiful supply of wood at reasonable prices. The prevailing situation is just the opposite and it seems to be getting worse. Wood is scarce and therefore expensive. This does not auger well for the paper industry. Consumption by the particle board and medium density fibre (MDF) industry, specifically in Uttarakhand and U.P. has increased and this has made the situation worse.

Availability of alternate raw material like waste paper and pulp is also not very good. The reduction in basic customs duty on waste paper will be helpful in reducing the landed price. The quantity of coal available and its high price are further obstacles the paper industry has to cope with.

The output from several new manufacturing facilities has further increased finished product supply, flooding the market and it will take some time for demand to catch up with these additional quantities.

e) Outlook:

Long term outlook for writing and printing paper, tissue and packaging board appears to be good but increased input costs will adversely impact profitability in the near future.

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has proper and adequate systems of internal control, to safeguard assets against loss from unauthorised use or disposition. This also ensures that all transactions are authorised, recorded and reported correctly. Regular internal audits and checks are carried out to ensure the robustness of the system. The Management also reviews the internal control systems and procedures to ensure their proper application. The emphasis on internal control prevails across functions and processes, covering the entire gamut of various activities. Effective and comprehensive reviews by the Audit Committee of the Board further enhance the level and quality of internal controls within the organization.

4. HIGHLIGHTS OF AND COMMENTARY ON THE COMPANY'S FINANCIAL PERFORMANCE:

Particulars	(Rs. in crore)	
	2011-2012	2010-2011
1. Net Sales	4789.23	4677.16
2. PBIDT	452.75	701.13
3. Interest	- 172.08	- 118.27
4. Profit before depreciation and taxation	280.67	582.86
5. Depreciation	- 258.12	- 239.66
6. Profit before taxation	22.55	343.20
7. Provision for taxation	- 1.62	- 93.11
8. Deferred Tax (Debit (-) / Credit)	+ 1.20	- 12.60
9. Net Profit	22.13	237.49

Net Sales

Net Sales of the Company have increased by 2.40%, during the year under review.

Net Profit

In view of adverse market conditions, Net Profit after providing depreciation for the year under review amounted to Rs.22.55 crore, which is far from satisfactory.

5. HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS:

The total number of employees as on 31.3.2012 was 12672 (11495 as on 31.3.2011).

The Company firmly believes that motivated and empowered employees are the cornerstone of competitive advantage. The Company's employee value proposition is based on a strong focus on employee development, providing a satisfying work environment, performance appraisal and counselling and appropriate empowerment. Processes such as performance improvement, talent management and competency management are platforms for individual development.

The Company continues to maintain and enjoy a cordial relationship with its employees, providing positive environment to improve efficiency with regular investments in upgrading the knowledge and skills of the employees.

6. HEALTH AND SAFETY MEASURES:

The Company has always considered safety as one of its key focus areas and strove to make continuous improvements on this front. The Company is committed to complying with all relevant regulations and ensure safer plants by conducting safety audits, risk assessments and periodic safety awareness campaigns and training to employees.

7. CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is set out in compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

I. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :-

Corporate Governance means practice of adopting transparency, fairness and accountability in the management of an entity for sustainable development of all of its stakeholders.

II. BOARD OF DIRECTORS

(a) Composition of the Board:

The Board of Directors comprises six members consisting of five Non-executive Directors who account for more than eighty percent of the Board's strength as against the minimum requirement of fifty percent as per the Listing Agreement. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance & public enterprises. The composition is as under:-

Name of the Directors	Category of Directors	No. of outside Directorships held #		No. of other Board Committee(s) of which he is a member @	No. of Other Board Committee(s) of which he is a Chairman@	No. of Shares held in the Company As at 31.03.2012
		Public	Private			
Shri B.K. Birla – Chairman	Promoter – Non Executive	4	-	-	-	1,31,900
Shri Kumar Mangalam Birla	Promoter – Non Executive	9	16	-	-	Nil
Shri Pradip Kumar Daga	Independent – Non Executive	5	-	4	1	80
Shri Arvind C. Dalal	Independent – Non Executive	1	-	-	-	1,300
Shri Amal Ganguli	Independent – Non Executive	10	3	9	5	Nil
Shri B.L. Jain	Executive – Whole-time Director	-	1	-	-	500

Excluding Directorships in Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

@ Committee positions only of the Audit Committee and Shareholders' / Investors' Grievance Committee in Public Companies have been considered.

No Director is related to any other Director on the Board in terms of the provisions of the Companies Act, 1956, except for Shri B.K. Birla and Shri Kumar Mangalam Birla who are related to each other. Shri B.K. Birla is the grandfather of Shri Kumar Mangalam Birla.

Memberships of the Directors in various Committees are within the permissible limits of the Listing Agreement.

(b) Board Meetings and attendance of Directors:

- (i) The members of the Board have been provided with the requisite information mentioned in the Listing Agreement well before the Board Meetings.
- (ii) Five Meetings of the Board of Directors were held during the year ended 31st March, 2012. These were held on :-
 - (1) 2nd May, 2011
 - (2) 2nd May, 2011
 - (3) 12th August, 2011
 - (4) 31st October, 2011
 - (5) 31st January, 2012
- (iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on 31st March, 2012 and of the last Annual General Meeting is as under:-

Directors	No. of Board Meetings attended	Attendance at the last AGM
Shri B.K. Birla	5	Yes
Shri Kumar Mangalam Birla	3	Yes

Directors	No. of Board Meetings attended	Attendance at the last AGM
Shri Pradip Kumar Daga	5	Yes
Shri Arvind C. Dalal	5	Yes
Shri Amal Ganguli	5	Yes
Shri B.L. Jain (Whole-time Director)	5	Yes

(c) Code of Conduct:

The Company has framed a code of conduct for the members of the Board of Directors and Senior Management Personnel of the Company. The said code of conduct is available on the website of the Company. The declaration by Shri B.L. Jain, Whole-time Director of the Company regarding compliance by the Board members and Senior Management Personnel, with the said code of conduct is given as Annexure I to this report. In addition to this a separate code of conduct for dealing in equity shares and other securities conferring voting rights in the Company is also in place and has been complied with.

III. AUDIT COMMITTEE

(i) The Audit Committee was constituted by the Board at its meeting held on 27th May, 2000. Member Directors of the Audit Committee are as under :-

(1) Shri Arvind C. Dalal (2) Shri Pradip Kumar Daga (3) Shri Amal Ganguli

All the members of the Audit Committee are Non-executive Directors. The Committee has elected Shri Arvind C. Dalal as its Chairman with effect from 12th August, 2011. All the members of Audit Committee are financially literate and one member has accounting and related financial management expertise.

(ii) The Audit Committee meetings were held on 2nd May, 2011, 12th August, 2011, 12th August, 2011, 31st October, 2011, 31st January, 2012 and 31st January, 2012. The attendance of each Audit Committee member is as under:-

Name of the Audit Committee Members	No. of meetings attended
Shri Arvind C. Dalal	6
Shri Pradip Kumar Daga	6
Shri Amal Ganguli	6

(iii) At the invitation of the Company, representatives from various divisions of the Company, internal auditors, cost auditors, statutory auditors and President (Corporate Finance) & Secretary, who is acting as Secretary to the Audit Committee, also attended the Audit Committee meetings to respond to queries raised at the Committee meetings.

(iv) The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of Listing Agreement as well as in Section 292A of the Companies Act, 1956.

IV. REMUNERATION COMMITTEE

The Board of Directors of the Company at its meeting held on 31st January, 2012 constituted a Remuneration Committee of the Board comprising of three Non-Executive Independent Directors viz. Shri Arvind C. Dalal, Shri Pradip Kumar Daga and Shri Amal Ganguli. Shri Arvind C. Dalal is the Chairman of the Committee.

The terms of reference of the Remuneration Committee is to recommend / review remuneration of the Whole-time Directors, Executive Directors etc. based on their performance and defined assessment criteria.

Remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in accordance with the existing industry practice.

During the year ended 31st March, 2012 no meeting of Remuneration Committee was held.

Remuneration to Non Executive Directors is decided by the Board of Directors as authorized by the Articles of Association of the Company and within the limits set out in Sections 309 and 198 of the Companies Act, 1956. The members of the Company have in their meeting held on 23.7.2008 authorised the Board of Directors of the Company to pay commission to Non Executive Directors within the limits as set out in section 309(4) of the Companies Act, 1956 for a period of 5

years w.e.f. 1.4.2008. The Board of Directors of the Company each year determine the quantum of commission payable to Non Executive Directors considering the performance of the Company for the said year. The Non Executive Directors are paid sitting fee at the rate of Rs.20,000/- for attending each meeting of the Board and Rs.10,000/- for attending each meeting of various Committees of the Board.

Details of sitting fees and remuneration paid to Directors:

	Name of the Directors	Remuneration paid for the year 2011-2012 (All figures in Rupees)
		Sitting fees paid during the year*
(i)	Shri B.K. Birla	1,00,000
	Shri Kumar Mangalam Birla	60,000
	Shri Pradip Kumar Daga	1,70,000
	Shri Arvind C. Dalal	2,20,000
	Shri Amal Ganguli	1,60,000
(ii)	Shri B.L. Jain (Whole-time Director)	Remuneration**
	Salary and allowances	1,71,43,667
	Contributions to :	
	Provident Fund	5,04,000
	Superannuation Fund	6,30,000
Perquisites	11,38,754	
	Total	1,94,16,421

* Sitting fees for attending meetings of the Board and/or Committee thereof.

**As the employee – wise break up of liability on account of Employee Benefits based on actuarial valuation is not available, the amounts relatable to the Whole-time Director is not considered.

None of the non-executive Directors has any material financial interest in the Company apart from the remuneration by way of fees received by them during the year. In view of the adverse performance of the Company, the Board of Directors of the Company has resolved not to make payment of commission to Non-Executive Directors for the year ended 31st March, 2012.

V. SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

VI. DISCLOSURES

- (i) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Related party transactions have been audited by the Statutory Auditors.
- (ii) All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements.
- (iii) Procedures for assessment of risk and its minimisation have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of a properly defined framework.
- (iv) No money was raised by the Company through any public issue, rights issue, preferential issue, etc. in the last financial year.
- (v) (a) All pecuniary relationships or transactions of the non-executive Directors vis-à-vis the Company have been disclosed in item IV of this report.

- (b) The Company has one Whole-time Director on the Board whose appointment and remuneration has been fixed by the Board in terms of a resolution passed by the members and has been further reviewed/approved by the Remuneration Committee of the Board. The remuneration paid is mentioned in item IV of this report.
- (c) The number of shares held by each director is mentioned in item II(a) of this report.
- (vi) (a) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of clause 49 of the Listing Agreement with Stock Exchanges.
- (b) There were no material financial & commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- (vii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

VII. SHAREHOLDERS

- (a) The Company has constituted a Share Transfer and Shareholders'/Investors' Grievance Committee of which Shri Arvind C. Dalal a Non-Executive Director is the Chairman. The Company Secretary has been designated as the Compliance Officer. During the year ended 31st March, 2012, 59 investor complaints/queries were received and have been resolved. There were no share transfers pending for registration for more than 30 days as on the said date.
- (b) Details of Directors seeking re-appointment at the ensuing Annual General Meeting fixed on 2nd August, 2012 are given hereunder :-

Name of Director	Shri Kumar Mangalam Birla	Shri Pradip Kumar Daga
Date of appointment	07.02.2006	04.06.1963
Expertise in specific Functional areas	Industrialist having rich Business experience	Industrialist having rich Business experience
List of other Directorships held excluding foreign Companies, Companies under Section 25 of the Companies Act, 1956 and Private Companies	Grasim Industries Ltd. Aditya Birla Nuvo Ltd. Hindalco Industries Ltd. Birla Sun Life Asset Management Co.Ltd. Birla Sun Life Insurance Co. Ltd. Essel Mining & Industries Ltd. Ultra Tech Cement Ltd. Idea Cellular Ltd. Pilani Investment And Industries Corporation Ltd.	Continental Profiles Ltd. Deepak Gears Ltd. Deepak Industries Ltd. Deepak Spinners Ltd. Longview Tea Company Ltd.
Chairman/Member of the committees of the Board of other Companies in which he/she is a Director @	Nil	<u>Audit Committee</u> Deepak Spinners Ltd. Member Longview Tea Company Ltd. Member <u>Shareholders/Investors Grievance Committee</u> Deepak Spinners Ltd. Member Longview Tea Company Ltd. Chairman

@ Committee positions only of Audit Committee and Shareholders'/Investors' Grievance Committee in Public Companies have been considered.

VIII. COMPLIANCE CERTIFICATE

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

IX. GENERAL BODY MEETINGS

(a) The details of Annual General Meetings held in last three years are as under:-

AGM	Day	Date	Time	Venue
112 th	Tuesday	28.07.2009	3.30 P.M	Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Mumbai – 400025
113 th	Tuesday	27.07.2010	3.30 P.M	Ravindra Natya Mandir,P.L. Deshpande Maharashtra Kala Academy, Mumbai – 400025
114 th	Saturday	13.08.2011	3.30 P.M.	Nehru Centre Auditorium, Discovery of India Building, Dr Annie Besant Road, Worli, Mumbai – 400 018

(b) Whether any special resolutions passed in the previous 3 AGMs.

Yes, details of which are given hereunder :-

Date	Matter
28.07.2009	Payment of Revised Remuneration to Whole-time Director
28.07.2009	Re-appointment of Whole-time Director
27.07.2010	Re-commencement of shipping business
13.08.2011	Re-appointment of Whole-time Director

(c) Whether any special resolution passed last year through postal ballot and details of voting pattern?

Special Resolution passed at the last Annual General Meeting of the Company was not put through postal ballot.

(d) Person who conducted the postal ballot exercise ?

Not applicable.

(e) Whether any special resolution is proposed to be conducted through postal ballot ?

Special Resolution to be passed at the ensuing Annual General Meeting of the Company is not proposed to be put through postal ballot. However, for other special resolutions, if any, in the future, the same will be decided at the relevant time.

(f) Procedure for postal ballot ?

The procedure for postal ballot is as per the provisions contained in this behalf in the Companies Act, 1956 and rules made thereunder namely Companies (passing of the resolution by Postal Ballot) Rules, 2011.

X. MEANS OF COMMUNICATION

(a) Quarterly results:

- | | |
|--|--|
| (i) Which newspapers normally published in | The Economic Times, Mumbai, Business Standard, Kolkata, Maharashtra Times, Mumbai. |
| (ii) Any web site, where displayed | www.centurytextind.com |
| Whether it also displays official News releases and presentations made to Institutional investors/analysts | Official news releases are displayed on the web site. |
- (b) Shareholders' grievances/complaints:
Grievance redressal division's E-mail ID for investors investorrelations@centurytext.com

XI. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting to be held:

Day, Date, time and venue:

Day : Thursday
Date : 2nd August, 2012
Time : 3.30 P.M.
Venue : Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy,
Sayani Road, Prabhadevi, Mumbai 400 025

(b) Financial Year : 2012-2013

First Quarterly Results : On or before 14th August, 2012
Second Quarterly Results : On or before 14th November, 2012
Third Quarterly Results : On or before 14th February, 2013
Audited Yearly Results for the
Year ended 31st March, 2013 : On or before 30th May, 2013

(c) Dates of Book Closure:

18th July, 2012 to 2nd August, 2012 (Both days inclusive).

(d) Dividend payment date:

Dividend on Equity Shares when approved will be made payable from Monday, the 6th August, 2012 to those Shareholders whose names stand on the Company's Register of Members on 2nd August, 2012 in physical form to whom dividend warrants will be posted. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as per the data to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

(e) Listing on Stock Exchanges:

The Equity Shares of the Company are listed at the following Stock Exchanges:-

- | | |
|---|---|
| (i) Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001. | (ii) National Stock Exchange of India Ltd.
"Exchange Plaza", Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051. |
|---|---|

The Global Depository Receipts (GDRs) each representing one equity share of the face value of Rs.10/- are listed at :-

Societe de la
Bourse de, Luxembourg,
Societe Anonyme,
R.C. B6222, B.P. 165,
L-2011, Luxembourg

Note : Listing fees have been paid to the Indian Stock Exchanges for the year 2012-2013. Listing fee to the Societe de la Bourse de Luxembourg for GDRs has been paid for the calendar year 2012.

(f) Stock/Company/Security/Common Code: Equity Shares

Bombay Stock Exchange Ltd.	-	500040
Luxembourg Stock Exchange	-	005321026
National Stock Exchange of India Ltd.	-	CENTURYTEX

(g) Market price Data:

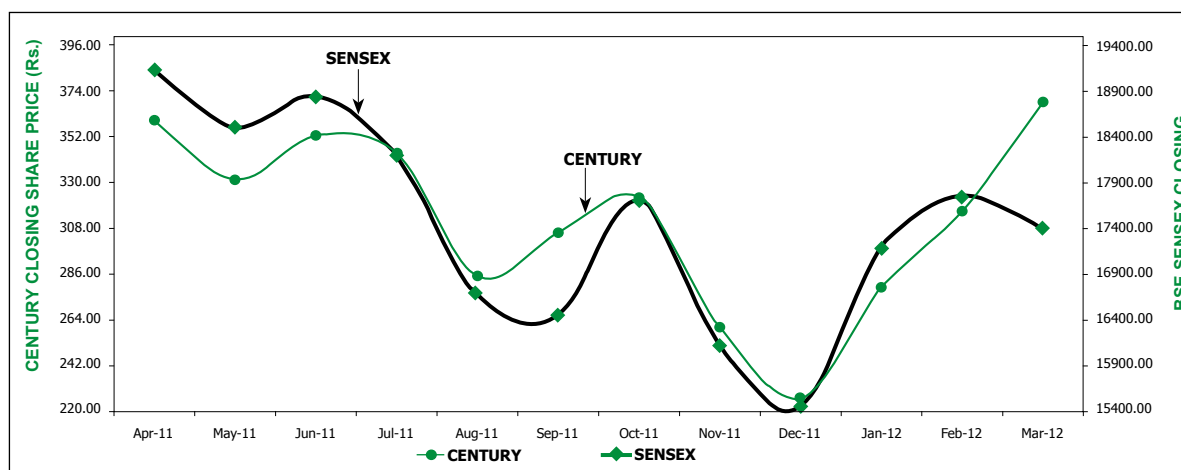
The details of monthly highest and lowest closing quotations of the equity shares of the Company during financial year 2011-2012 are as under :-

(In Rs. Per Share)

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
April, 2011	385.65	359.75	386.35	359.45
May, 2011	349.15	306.55	348.25	306.75
June, 2011	359.30	323.65	359.55	323.55
July, 2011	371.80	344.00	372.05	344.85
August, 2011	343.65	271.75	344.30	271.85
September, 2011	308.80	280.35	309.70	279.75
October, 2011	325.35	284.50	325.55	283.95
November, 2011	337.15	260.50	336.60	260.25
December, 2011	281.40	218.50	282.15	218.00
January, 2012	279.75	218.30	279.65	218.10
February, 2012	336.15	287.80	336.10	287.50
March, 2012	368.60	294.80	368.85	294.20

(h) Performance in comparison to broad based indices :

CENTURY VS BSE SENSEX



(i) Registrar and Transfer Agents:

The Company has appointed Link Intime India Pvt. Ltd. (Formerly known as Intime Spectrum Registry Limited) as its Share Transfer Agent for both physical and demat segments of Equity Shares.

The Address, Telephone no., Fax no. of the Share Transfer Agent is :

Link Intime India Pvt. Ltd. Unit – Century Textiles and Industries Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078, (Maharashtra) Telephone No. 022 – 2596 3838, Fax No. 022 – 2594 6969. Please quote on all the correspondence – Unit – Century Textiles and Industries Limited. **For shareholders queries - Telephone No. 022 – 2594 6970 Email ID – rnt.helpdesk@linkintime.co.in**

(j) Share Transfer System:

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. Executives of the Company have been authorised to approve transfers in addition to the Committee.

(k) Distribution of share holding :

The shareholding distribution of equity shares of face value of Rs.10/- each as at 31st March, 2012 is given below:-

Sr. No.	No. of Equity Shares held	No. of Folios	No. of Shares	Percentage of Shareholding
1.	1 to 100	56,992	24,51,145	2.63
2.	101 to 500	18,322	46,41,529	4.99
3.	501 to 1000	3,597	27,99,501	3.01
4.	1001 to 5000	3,021	65,95,456	7.09
5.	5001 to 10000	400	28,70,380	3.09
6.	10001 to 100000	349	94,52,825	10.16
7.	100001 to 500000	44	93,35,865	10.03
8.	500001 & above	18	5,48,98,979	59.00
9.	Total	82,743	9,30,45,680	100.00

(l) Share holding pattern as at 31st March, 2012

Sr. No.	Category	No. of Folios	% of Folios	No. of shares Held	% of share holding
1.	Promoters	20	0.02	3,75,69,380	40.38
2.	Resident Individuals	79,247	95.78	2,14,91,015	23.10
3.	Private Corporate Bodies	2,236	2.70	95,34,209	10.25
4.	Financial Institutions	8	0.01	34,37,621	3.69
5.	Nationalised Banks, Govt. Insurance Companies and Mutual Funds	96	0.12	1,38,17,882	14.85
6.	FII's	68	0.08	56,19,921	6.04
7.	NRIs and OCBs	1,066	1.29	12,63,472	1.35
8.	GDRs	2	0.00	3,12,180	0.34
9.	Total	82,743	100.00	9,30,45,680	100.00

(m) Dematerialisation of equity shares:

About 96.82% of total equity share capital is held in dematerialised form with NSDL and CDSL.

(n) Outstanding GDRs:

3,12,180 GDRs were outstanding as at 31st March, 2012. These are traded on the Luxembourg Stock Exchange and represent approximately 0.34% of subscribed and paid up equity share capital of the Company.

(o) Plant (Manufacturing Units):

BIRLA CENTURY
Plot No. 826,
GIDC Industrial Estate,
Jhagadia – 393 110,
Dist. Bharuch (Gujarat).

CENTURY RAYON

Rayon, Tyre Cord & Chemical Plants,
Murbad Road, Kalyan - 421 103, (Maharashtra).

CENRAY MINERALS AND CHEMICALS

Nawa Nagna, Jamnagar - 361 007, (Gujarat).

CENTURY CEMENT

P.O. Baikunth - 493 116, Dist. Raipur, (Chhattisgarh).

MAIHAR CEMENT UNITS I & II

P.O. Sarlanagar - 485 772
Maihar, Dist. Satna, (Madhya Pradesh).

MANIKGARH CEMENT

P.O. Gadchandur - 442 908
Dist. Chandrapur, (Maharashtra).

CENTURY PULP & PAPER

Ghanshyamdham, P.O. Lalkua - 262 402, Dist. Nainital (Uttarakhand).

CENTURY YARN

CENTURY DENIM

Satrati 451 660, Dist. Khargone, (Madhya Pradesh).

(p) Address for correspondence:

Century Textiles and Industries Ltd.
Century Bhavan,
Dr. Annie Besant Road,
Worli, Mumbai- 400 030.

(q) Non-Mandatory Requirements

1. The Board
 - (a) An office for the use of the Chairman is made available whenever required.
 - (b) At present there is no policy fixing the tenure of Independent Directors.
2. Remuneration Committee
A remuneration committee consisting of three independent directors has been constituted for recommending/reviewing remuneration of Whole-time Directors, Executive Directors etc.
3. Shareholders' Rights
Half yearly financial results including summary of the significant events in last six months are presently, not being sent to shareholders of the Company.
4. Audit Qualifications
There are no qualifications in the Auditor's report on the financial statements to the Shareholders of the Company.
5. Training of Board Members
There is no formal policy at present for training of the Board members of the Company as the members of the Board are eminent and experienced professional persons.
6. Mechanism for evaluating non-executive board members
There is no formal mechanism existing at present for performance evaluation of non-executive directors.
7. Whistle Blower Policy
The Company has not established any formal whistle blower policy.

(r) CEO/CFO Certification

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, the CEO and CFO have certified to the Board about compliance by the Company with the requirements of the said sub clause for the financial year ended 31st March, 2012.

The above report has been placed before the Board at its meeting held on 02.05.2012 and the same was approved.

FOR SHAREHOLDERS' INFORMATION

The Cost Audit Reports for the financial year 2010-11 were required to be filed within 180 days from the close of the Company's financial year as per Rule 4 & 5 of the Companies (Cost Audit Report) Rules, 2011 and Section 233B(4) of the Companies Act, 1956.

Details of the Cost audit reports filed during the year in compliance with the requirements under General Circular 15/2011 dated 11th April, 2011 of Ministry of Corporate Affairs are tabled below :-

Products	Name of the Cost Auditors	Date of Filing
<u>Textiles</u> Textiles including Birla Century (Bharuch Unit), Yarn and Denim	M/s. R. Nanabhoy and Co.	30.08.2011
<u>Rayon and Chemicals</u> Century Rayon, Tyrecord and Chemicals	Mr. Mangat Rijhumal Dudani	21.09.2011
<u>Cement</u> a) Century Cement b) Maihar Cement Unit I & II c) Manikgarh Cement	M/s. R. Nanabhoy and Co.	24.08.2011 24.08.2011 22.08.2011
<u>Paper</u> Century Pulp and Paper	M/s. R. Nanabhoy and Co.	22.08.2011

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To,

Century Textiles and Industries Limited
Century Bhavan
Dr. Annie Besant road
Worli, Mumbai – 400 030

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practices of the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2012.

Mumbai
2nd May, 2012

B. L. Jain
Whole-time Director

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of
Century Textiles and Industries Limited

We have examined the compliance of conditions of Corporate Governance by Century Textiles and Industries Limited, for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

Mumbai: May 2, 2012

For **DALAL & SHAH**
Firm Registration No: 102021W
Chartered Accountants
S. Venkatesh
Partner
Membership No:F-037942

AUDITORS' REPORT TO THE MEMBERS OF CENTURY TEXTILES AND INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Century Textiles and Industries Limited as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **DALAL & SHAH**
Firm Registration Number: 102021W
Chartered Accountants

S. Venkatesh
Partner
Membership No.: F-037942

Mumbai: May 2, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of **Century Textiles and Industries Limited** on the financial statements as of and for the year ended 31st March, 2012

1. (a) The Company is generally maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has not granted / taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
The other clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) and (iii) (g) of the Order, are not applicable in the case of the Company for the current year, since in our opinion, there is no matter which arises to be reported in the Order.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
5. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at March 31, 2012 which have not been deposited on account of disputes, are as follows:

Nature of Dues	Amount (Rs in Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax	0.10	2007-08 to 2009-10	Departmental Authorities
Custom Duty	2.20	2000-01 to 2010-11	High Court
	2.70	1996-97 to 2009-10	Tribunal (CESTAT)
	0.05	1987 to 1999	Departmental Authorities
Excise Duty	5.96	1997- 98 to 2001-02	Supreme Court
	0.08	1994-95 to 2006-07	High Court
	36.61	1994-95 to 2011-12	Tribunal
	0.54	1997-98 to 2010-11	Departmental Authorities
Sales Tax, Entry Tax, etc.	98.47	2002-03 to 2007-08	Supreme Court
	8.05	1985 to 2011-12	High Court
	7.82	1994-95 to 2010-11	Tribunal
	34.91	1985-86 to 2011-12	Departmental Authorities
Service Tax	0.13	2005-06 to 2007-08	Supreme Court
	1.02	1998-99 to 2008-09	Tribunal
	1.11	2004-05 to 2011-12	Departmental Authorities

There were no disputed amounts due towards Wealth Tax.

10. The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, funds raised on a short-term basis, aggregating Rs. 777.47 Crore, have been used for long-term investment in Fixed assets.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for two instances of fraud, informed to us by the Management, by a third party by falsifying cheque leaves and forging signature of authorised signatories aggregating Rs.1.45 Crore and by an employee by falsifying cheque leaves aggregating Rs.0.31 Crore, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management. The Company has taken necessary action and recovered the entire amount in both the cases.

For **DALAL & SHAH**
Firm Registration Number : 102021W
Chartered Accountants

S. Venkatesh
Partner
Membership No.: F-037942

Mumbai: May 2, 2012

BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)
I. EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1	93.04	93.04
b) Reserves and Surplus	2	1805.88	1860.06
		1898.92	1953.10
Non-Current Liabilities			
a) Long term Borrowings	3	1977.10	1240.05
b) Deferred Tax Liability (Net)	4	262.74	263.94
c) Other Long term Liabilities	5	19.26	17.01
d) Long term Provisions	6	315.06	276.05
		2574.16	1797.05
Current Liabilities			
a) Short term Borrowings	7	1444.80	1381.47
b) Trade Payables (See Note 25)		311.67	411.74
c) Other Current Liabilities	8	970.06	764.38
d) Short term Provisions (See Note 6)		92.50	79.98
		2819.03	2637.57
TOTAL		7292.11	6387.72
II. ASSETS			
Non-Current Assets			
a) Fixed Assets	9		
i) Tangible Assets		4103.99	2395.01
ii) Intangible Assets		3.48	3.72
iii) Capital work-in-progress		1111.92	1997.58
iv) Intangible assets under development		1.73	1.16
		5221.12	4397.47
b) Non Current Investments	10	69.28	68.36
c) Long term Loans and Advances	11	288.03	265.82
d) Other Non Current Assets	12	5.19	4.98
		362.50	339.16
Current Assets			
a) Current Investments	13	2.07	-
b) Inventories	14	1095.24	1070.66
c) Trade Receivables	15	333.45	307.15
d) Cash and Bank Balances	16	50.09	40.64
e) Short term Loans and Advances (See Note 11)		198.86	201.60
f) Other Current Assets (See Note 12)		28.78	31.04
		1708.49	1651.09
TOTAL		7292.11	6387.72

Notes form an integral part of these financial statements

As per our report of even date
For **DALAL AND SHAH**
Firm Registration Number 102021 W
Chartered Accountants

B. K. BIRLA, Chairman

S. VENKATESH
Partner
Membership No: F-037942
Mumbai : 2nd May, 2012

D. K. AGRAWAL
President (Corporate Finance) &
Secretary

Mumbai : 2nd May, 2012

B. L. JAIN
Whole-time Director

Directors
PRADIP KUMAR DAGA
ARVIND C. DALAL
AMAL GANGULI

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No	2011 - 2012 (Rs. in Crore)	2010 - 2011 (Rs. in Crore)
I. Revenue from Operations	17	4872.78	4760.03
II. Other Income	18	<u>27.18</u>	<u>42.04</u>
III. Total Revenue (I + II)		4899.96	4802.07
IV. Expenses:			
Cost of Materials Consumed	19	1568.78	1576.85
Purchases of Stock-in-trade	20	37.58	18.32
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	21	(43.15)	(33.61)
Employee Benefits Expense	22	424.72	362.07
Finance Cost	23	172.08	118.27
Depreciation and Amortisation Expense		258.12	239.66
Other Expenses	24	<u>2478.51</u>	<u>2188.58</u>
Total Expenses		4896.64	4470.14
Less : Expenditure transferred to Capital Account		<u>19.23</u>	<u>11.27</u>
V. Profit before Tax		22.55	343.20
VI. Tax Expense:			
Current Tax		11.50	91.00
Less : Minimum Alternate Tax Entitlement Credit		<u>(11.50)</u>	<u>-</u>
		-	91.00
Deferred Tax		(1.20)	12.60
Short Provision for tax adjustments in respect of earlier years (Net)		<u>1.62</u>	<u>2.11</u>
		0.42	105.71
VII. Profit for the year (V - VI)		22.13	<u>237.49</u>
VIII. Earnings per equity share of Rs. 10 each (in Rupees) :			
Basic and Diluted (See Note 42)		2.38	25.52

Notes form an integral part of these financial statements

As per our report of even date
For **DALAL AND SHAH**
Firm Registration Number 102021 W
Chartered Accountants

S. VENKATESH
Partner
Membership No: F-037942
Mumbai : 2nd May, 2012

D. K. AGRAWAL
President (Corporate Finance) &
Secretary

Mumbai : 2nd May, 2012

B. L. JAIN
Whole-time Director

B. K. BIRLA, Chairman

Directors
PRADIP KUMAR DAGA
ARVIND C. DALAL
AMAL GANGULI

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	2011-12 (Rs. in Crore)	2010-11 (Rs. in Crore)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	22.55	343.20
Add / (Less) :		
Depreciation and Amortisation	260.07	241.15
(Surplus) / Loss on sale / discardment of Fixed Assets (Net)	(0.52)	(18.81)
Loss on sale of Investment	-	0.22
Finance Costs	172.08	118.27
Interest received	(6.13)	(2.65)
Dividend on Investments	(6.58)	(5.56)
	418.92	332.62
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	441.47	675.82
Adjustments for :		
Trade and other receivables	(76.40)	(136.32)
Inventories	(24.58)	(202.25)
Trade Payables and other liabilities	22.25	263.57
	(78.73)	(75.00)
CASH GENERATED FROM OPERATIONS	362.74	600.82
Add / (Less) :		
Direct Taxes Paid	(14.07)	(115.97)
	(14.07)	(115.97)
NET CASH INFLOW FROM OPERATING ACTIVITIES	348.67	484.85
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (Includes Borrowing Costs Capitalised)	(1055.39)	(987.46)
Sale of Fixed Assets	4.09	25.96
Interest Received	6.13	2.60
Dividend on Investments	18.64	5.56
Long Term Investments Acquired	(2.99)	(11.81)
Long Term Investments Redeemed	-	1.66
Current Investments Acquired	(2716.04)	(2002.92)
Current Investments Sold	2716.04	2002.92
NET CASH OUTFLOW IN INVESTING ACTIVITIES	(1029.52)	(963.49)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012 (contd.)

	2011-12 (Rs. in Crore)	2010-11 (Rs. in Crore)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Short term Borrowings	329.31	248.98
Long Term Borrowings	1225.07	715.58
Repayment of Borrowings	(643.56)	(322.82)
Interest and Finance Charges paid	(162.77)	(115.69)
Dividend Paid	(51.05)	(51.02)
Tax on Dividend	(8.30)	(8.50)
NET CASH INFLOW FROM FINANCING ACTIVITIES	688.70	466.53
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7.85	(12.11)
CASH AND CASH EQUIVALENTS - Opening Balance	39.43	51.54
CASH AND CASH EQUIVALENTS - Closing Balance	47.28	39.43
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7.85	(12.11)

As per our report of even date
For **DALAL AND SHAH**
Firm Registration Number 102021 W
Chartered Accountants

B. K. BIRLA, Chairman

S. VENKATESH
Partner
Membership No: F-037942
Mumbai : 2nd May, 2012

D. K. AGRAWAL
President (Corporate Finance) &
Secretary

B. L. JAIN
Whole-time Director

Directors
PRADIP KUMAR DAGA
ARVIND C. DALAL
AMAL GANGULI

Mumbai : 2nd May, 2012

NOTES FORMING PART OF THE BALANCE SHEET AS AT AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

1. SHARE CAPITAL	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)
a) Authorised :		
14,80,00,000 Equity Shares of Rs. 10 each.	148.00	148.00
1,00,00,000 Redeemable Cumulative Non-convertible Preference Shares of Rs. 100 each.	100.00	100.00
	<u>248.00</u>	<u>248.00</u>
b) Issued :		
9,30,61,090 Equity Share of Rs. 10 each.	93.06	93.06
	<u>93.06</u>	<u>93.06</u>
c) Subscribed and Paid up :		
9,30,45,680 Equity Shares of Rs. 10 each, fully paid up (The Company has only one class of equity share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board is subject to the approval of shareholders except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.)	93.04	93.04
Total	<u>93.04</u>	<u>93.04</u>

d) Shareholders holding more than 5% shares of the Company

	31 March 2012		31 March 2011	
	Number	Percentage	Number	Percentage
Pilani Investment and Industries Corporation Limited.	3,42,20,520	36.78%	3,42,20,520	36.78%

2. RESERVES AND SURPLUS

a) Capital Redemption Reserve		100.00	100.00
b) Revaluation Reserve			
As per last Balance Sheet	16.83		16.94
Less: Transferred to Statement of Profit and Loss	0.10		0.11
Less: Reversed in Current Year (See Note 44)	16.73		-
		-	<u>16.83</u>
c) General Reserve			
As per last Balance Sheet	1407.33		1257.33
Add: Transferred from Statement of Profit and Loss	7.00		150.00
		1414.33	<u>1407.33</u>
d) Surplus - Balance in Statement of Profit and Loss			
As per last Balance Sheet	335.90		307.89
Add: Profit for the year	22.13		237.49
Less: Proposed Equity Dividend	51.18		51.18
Less: Tax on Proposed Equity Dividend	8.30		8.30
Less: Transfer to General Reserve	7.00		150.00
		291.55	<u>335.90</u>
Total		1805.88	<u>1860.06</u>

3. LONG TERM BORROWINGS	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)
	Non-Current		Current Maturities	
Term Loans from Banks - Secured				
1. Term Loan from State Bank of India (Repayable in 24 equal quarterly instalments, last instalment falling due on June 2016. Interest rate as at 31.03.2012 - 11.50 % p.a)	233.30	299.98	66.68	66.68
2. Term Loan from Bank of Baroda (Repayable in 24 equal quarterly instalments, last instalment falling due on June 2014. Interest rate as at 31.03.2012 - 11.50 % p.a)	37.20	60.00	22.80	11.92
3. Term Loan from State Bank of Hyderabad (Repayable in 24 quarterly instalments, last instalment falling due on June 2014. Interest rate as at 31.03.2012 - 11.50 % p.a)	21.10	32.50	11.40	5.96
4. Term Loan from Allahabad Bank (Repayable in 24 quarterly instalments, last instalment falling due on June 2014. Interest rate as at 31.03.2012 - 11.50 % p.a)	21.10	32.50	11.40	5.96
5. Term Loan from Union Bank of India (Repayable in 24 quarterly instalments, last instalment falling due on June 2015. Interest rate as at 31.03.2012 - 11.50 % p.a)	90.84	117.48	26.64	13.92
6. Term Loan from IDBI Bank (Repayable in 24 quarterly instalments, last instalment falling due on June 2014. Interest rate as at 31.03.2012 - 11.50 % p.a)	37.20	60.00	22.80	11.92
7. Term Loan from Dena Bank (Repayable in 22 equal quarterly instalments, last instalment falling due on Mar'2019. Interest rate as at 31.03.2012 - 11.50 % p.a)	64.62	-	-	-
8. Term Loan from Syndicate Bank (Repayable in 22 equal quarterly instalments, last instalment falling due on Mar'2019. Interest rate as at 31.03.2012 - 11.50 % p.a)	62.31	-	-	-
9. Term Loan from State Bank of Tranvancore (Repayable in 22 equal quarterly instalments, last instalment falling due on Mar'2019. Interest rate as at 31.03.2012 - 11.50 % p.a)	53.07	-	-	-
10 Term Loan from State Bank of India (Repayable in 10 equal quarterly instalments, last instalment falling due on Mar'2017. Interest rate as at 31.03.2012 - 11.50 % p.a)	350.00	-	-	-
Carried Over	970.74	602.46	161.72	116.36

3. LONG TERM BORROWINGS		31.03.2012	31.03.2011	31.03.2012	31.03.2011
		(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
		Non-Current		Current Maturities	
Brought Over		970.74	602.46	161.72	116.36
11.	Term Loan from IndusInd Bank (Repayable in 12 quarterly instalments, last instalment falling due on Dec'2014. Interest rate as at 31.03.2012 - 11.75 % p.a)	86.59	83.42	49.48	7.58
12.	Term Loan from State Bank of India (Repayable in 20 quarterly instalments, last instalment falling due on Sep'2018. Interest rate as at 31.03.2012 - 11.50 % p.a)	75.00	-	-	-
13.	Term Loan from Bank of Baroda (Repayable in 20 quarterly instalments, last instalment falling due on Sep'2018. Interest rate as at 31.03.2012 - 11.50 % p.a)	15.00	-	-	-
14.	Term Loan from State Bank of Hyderabad (Repayable in 20 quarterly instalments, last instalment falling due on Sep'2018. Interest rate as at 31.03.2012 - 11.50 % p.a)	15.00	-	-	-
15.	Term Loan from Allahabad Bank (Repayable in 20 quarterly instalments, last instalment falling due on Sep'2018. Interest rate as at 31.03.2012 - 11.50 % p.a)	15.00	-	-	-
16.	Term Loan from Union Bank of India (Repayable in 20 quarterly instalments, last instalment falling due on Sep'2018. Interest rate as at 31.03.2012 - 11.50 % p.a)	15.00	-	-	-
17.	Term Loan from State Bank of Mysore (Repayable in 20 quarterly instalments, last instalment falling due on Sep'2018. Interest rate as at 31.03.2012 - 11.50 % p.a)	15.00	-	-	-
18.	Term Loan from IndusInd Bank (Repayable in 12 equal quarterly instalments, last instalment falling due on Sep'2016. Interest rate as at 31.03.2012 - 12.00 % p.a)	100.00	-	-	-
19.	Term Loan from State Bank of India (Repayable in monthly instalments, last instalment falling due on May 2012. Interest rate as at 31.03.2012 - 12.00 % p.a)	-	150.00	150.00	150.00
20.	Term Loan from ICICI Bank (Repayable in 16 equal quarterly instalments, last instalment falling due on Dec'2016. Interest rate as at 31.03.2012 - 12.00 % p.a)	375.00	-	25.00	-
Carried Over		1682.33	835.88	386.20	273.94

3. LONG TERM BORROWINGS	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)
	Non-Current		Current Maturities	
Brought Over	1682.33	835.88	386.20	273.94
21. TUF Loan from State Bank of India (Repayable in 26 quarterly instalments, last instalment falling due on Mar'2014. Interest rate as at 31.03.2012 - 6.50 % p.a) @	17.50	33.50	16.00	16.00
22. TUF Loan from State Bank of Patiala (Repayable in 26 equal quarterly instalments, last instalment falling due on June 2015. Interest rate as at 31.03.2012 - 7.00 % p.a) @	10.65	15.38	4.73	4.73
23. TUF Loan from State Bank of India (Repayable in 28 equal quarterly instalments, last instalment falling due on June 2014. Interest rate as at 31.03.2012 - 7.40 % p.a) @	1.25	2.19	0.94	0.94
24. TUF Loan from State Bank of India (Repayable in 32 equal quarterly instalments, last instalment falling due on Sep' 2018. Interest rate as at 31.03.2012 - 8.40 % p.a) @	4.99	5.67	0.68	-
25. TUF Loan from State Bank of India (Repayable in 28 equal quarterly instalments, last instalment falling due on Mar'2016. Interest rate as at 31.03.2012 - 7.40 % p.a) @	140.57	187.43	46.86	46.86
26. TUF Loan from State Bank of India (Repayable in 26 quarterly instalments, last instalment falling due on Mar'2015. Interest rate as at 31.03.2012 - 7.40 % p.a) @	1.56	2.37	0.81	0.81
27. TUF Loan from State Bank of India (Repayable in 26 equal quarterly instalments, last instalment falling due on Mar'2016. Interest rate as at 31.03.2012 - 7.40 % p.a) @	34.68	46.20	11.52	11.52
28. TUF Loan from State Bank of India (Repayable in 28 equal quarterly instalments, last instalment falling due on Mar'2016. Interest rate as at 31.03.2012 - 7.40 % p.a) @	15.00	20.00	5.00	5.00
29. TUF Loan from State Bank of Mysore (Repayable in 28 equal quarterly instalments, last instalment falling due on Mar'2016. Interest rate as at 31.03.2012 - 7.40 % p.a) @	32.14	42.86	10.71	10.71
30. TUF Loan from State Bank of Hyderabad (Repayable in 28 equal quarterly instalments, last instalment falling due on Mar'2016. Interest rate as at 31.03.2012 - 7.40 % p.a) @	21.43	28.57	7.14	7.14
Carried Over	1962.10	1220.05	490.59	377.65

3. LONG TERM BORROWINGS		31.03.2012	31.03.2011	31.03.2012	31.03.2011
		(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
		Non-Current		Current Maturities	
	Brought Over	1962.10	1220.05	490.59	377.65
31.	TUF Loan from State Bank of Bikaner & Jaipur (Repayable in 28 equal quarterly instalments, last instalment falling due on Mar'2016. Interest rate as at 31.03.2012 - 7.40 % p.a) @	15.00	20.00	5.00	5.00
32.	TUF Loan from State Bank of Patiala (Repayable in 24 equal quarterly instalments, last instalment paid on 30.03.2012. Interest rate 7.00 %)@	-	-	-	2.50
	Amount disclosed under the head "Other Current Liabilities" (Note 8)			(495.59)	(385.15)
	Total	1,977.10	1,240.05	-	-

@ represents effective interest rate net of 4% - 5% subsidy under Technology Upgradation Fund (TUF) Scheme.

Details of Security :

- Loans covered in S.No. 1 to 6 and 11 above :
First pari passu charge over the entire fixed assets, present and future, of the Company's Textile (Birla Century), Rayon, Cement, Pulp and paper divisions and phase I of Real Estate Development (excluding lease hold land of Birla Century and Pulp and Paper Divisions).
- Loans covered in S.No. 7 to 10 above :
First pari passu charge over the entire fixed assets, present and future of the Company's Textile (Birla Century), Rayon, Cement, Pulp and Paper Divisions and phase I of Real Estate Development (excluding leasehold land at Birla Century, Pulp & Paper, Sonar Bangla Cement and Maihar Cement Unit I & II Divisions).
- Loans covered in S.No. 12 and 18 to 19 above :
First pari passu charge over the entire fixed assets, present and future, of the Company's Textile, Rayon, Cement and Pulp & Paper Divisions and phase I of Real Estate Development (excluding the lease hold land of the Birla Century, Pulp and Paper and Maihar Cement I & II Divisions).
- Loans covered in S.No. 13 to 17 above :
First pari passu charge over the entire fixed assets, present and future, of the Company's Textile (Birla Century), Rayon, Cement and Pulp & Paper Divisions and phase I of Real Estate Development of the Company including those acquired/ to be acquired for the new project (excluding the lease hold land of Birla Century, Pulp & Paper & Sonar Bangla Cement Divisions).
- Loans covered in S.No. 20 above :
First pari passu charge over the entire fixed assets, present and future, of the Company's Textile, Rayon, Cement and Pulp & Paper Divisions and phase I of Real Estate Development including those acquired/to be acquired for the new project (excluding the lease hold land of all Divisions).
- Loans covered in S.No. 21 above :
First pari passu charge over the entire fixed assets, present and future, of the Company's Textile (Birla Century), Rayon, Cement & Pulp and Paper Divisions and phase I of Real Estate Development including expansion project of Denim Division (excluding the lease hold land of the Pulp and Paper Division).
- Loans covered in S.No. 22 to 31 above :
First pari passu charge over the entire fixed assets, present and future, of the Company's Textile (Birla Century), Rayon, Cement and Pulp & Paper Divisions and phase I of Real Estate Development including those acquired/to be acquired for the new project (excluding the lease hold land of Pulp & Paper Division).

4. DEFERRED TAX LIABILITY (NET)	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)
Deferred Tax Liability on account of:		
i) Depreciation and amortisation	463.25	357.69
	<u>463.25</u>	<u>357.69</u>
Deferred Tax Asset on account of :		
i) Unabsorbed depreciation	88.82	-
ii) Payments under voluntary retirement scheme	5.69	6.85
iii) Expenses allowable for tax purpose when paid	90.45	71.48
iv) Earned leave	13.62	11.79
v) Provision for doubtful debts and advances	1.93	3.63
	<u>200.51</u>	<u>93.75</u>
Net Deferred Tax Liability / (Asset) :	<u>262.74</u>	<u>263.94</u>

Deferred Tax asset on account of unabsorbed depreciation has been recognised to the extent it is adjustable against deferred tax liability.

5. OTHER LONG TERM LIABILITIES

Retention money payable	8.51	3.62
Deposits	5.08	6.59
Others	<u>5.67</u>	<u>6.80</u>
Total	<u>19.26</u>	<u>17.01</u>
	<u>19.26</u>	<u>17.01</u>

6. PROVISIONS

	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)
	Long term		Short term	
a) Provision for Employee Benefits				
- Leave Entitlement	27.38	22.02	14.60	13.49
- Gratuity	-	-	11.40	-
- Workers termination benefits	39.66	38.26	5.22	4.93
	<u>67.04</u>	<u>60.28</u>	<u>31.22</u>	<u>18.42</u>
b) Provisions - Others				
- Proposed equity dividend	-	-	51.18	51.18
- Tax on proposed equity dividend	-	-	8.30	8.30
- Disputed matters (See Note 26)	248.02	215.77	1.80	2.08
	<u>248.02</u>	<u>215.77</u>	<u>61.28</u>	<u>61.56</u>
Total	<u>315.06</u>	<u>276.05</u>	<u>92.50</u>	<u>79.98</u>

The Board has recommended dividend @ Rs. 5.50 (Rupees five and paise fifty only) per equity share of Rs. 10 each on 9,30,45,680 equity shares for the year ended 31st March, 2012 (Previous year Rs. 5.50 per equity share of Rs. 10 each on 9,30,45,680 equity shares.)

7. SHORT TERM BORROWINGS	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)
Secured		
Working capital loans from banks	689.09	470.98
Nature of Security		
(i) Working capital loans from banks are secured against the hypothecation of the whole of the Company's raw materials, finished goods, material-in-process, stores and spares, present and future book debts, receivables, etc. and second charge created over movable and immovable fixed assets of Company's Divisions viz. Birla Century, Cement, Pulp & Paper and Rayon Divisions (excluding leasehold land at Birla Century, Pulp & Paper and Sonar Bangla Cement Division) and also a portion of the land at Worli, Mumbai.		
(ii) The charge created as per para (i) also extends to the guarantees given by the banks on behalf of the Company, aggregating Rs. 228.64 Crore (31.3.2011 Rs. 175.78 Crore).		
Unsecured		
(a) Fixed Deposits (See Note 43)	54.34	53.47
(b) Short Term Borrowings from Banks:		
Under buyers credit arrangement in foreign currency	601.37	512.02
Rupee Loans	<u>100.00</u>	<u>195.00</u>
	701.37	707.02
(c) Commerical Paper (Maximum balance outstanding during the year Rs.975 Crore; Previous year Rs.875.00 Crore)	-	150.00
Total	<u>1444.80</u>	<u>1381.47</u>

8. OTHER CURRENT LIABILITIES

a) Current maturities of long-term borrowings (See Note 3)	495.59	385.15
b) Interest accrued but not due on borrowings	25.42	16.11
c) Unclaimed dividends	1.11	0.98
d) Others :		
Retention money payable	25.73	13.06
Overdrawn bank balances as per books	3.09	2.63
Tax deducted at source and other statutory dues	27.73	26.68
Advance received from customers	59.45	66.71
Deposits from dealers and agents	116.95	104.86
Employee related liabilities	54.07	48.01
Premium payable on outstanding forward contracts	28.14	1.82
Liability on account of capital goods	43.39	26.13
Other current liabilities	<u>89.39</u>	<u>72.24</u>
Total	<u>447.94</u>	<u>362.14</u>
	<u>970.06</u>	<u>764.38</u>

Note:

- (i) Unclaimed dividend amounting to Rs.0.03 Crore (31.3.2011 Rs. 0.03 Crore) is pending on account of litigation among claimants / notices from the tax recovery officer.
- (ii) There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at the balance sheet date other than cases under litigation among claimants regarding beneficial ownership.

DESCRIPTION OF ASSETS		GROSS BLOCK AT COST			DEPRECIATION / AMORTISATION			NET BLOCK			
		As at 31.03.2011	Additions/ Adjustments (e)	Deductions/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Deductions/ Adjustments (e)	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
(i) TANGIBLE ASSETS											
Land at Worli :		9.99	(9.92)	-	0.07	-	-	-	-	0.07	9.99
Freehold and Leasehold (a) (d) and (e)											
Land Others :-		31.36	3.56	0.02	34.90	-	0.25	-	0.25	34.65	31.36
Freehold Land (b) and (e)		41.70	0.16	-	41.86	5.23	0.81	-	6.04	35.82	36.47
Leasehold Land		451.60	175.36	0.75	626.21	113.97	14.16	9.83	118.30	507.91	337.63
Buildings (b) and (e)		3905.79	1705.09	17.69	5593.19	2086.07	228.86	52.86	2262.07	3331.12	1819.72
Plant and Equipment (e)		34.40	3.97	0.18	38.19	18.18	2.08	0.15	20.11	18.08	16.22
Furniture and Fixtures		9.51	1.51	0.29	10.73	4.00	0.85	0.21	4.64	6.09	5.51
Vehicles		21.77	1.83	0.74	22.86	9.46	1.58	0.60	10.44	12.42	12.31
Office equipment		45.14	7.20	-	52.34	12.75	2.08	0.11	14.72	37.62	32.39
Water Pipe Lines and Tanks		29.54	4.69	-	34.23	18.17	1.07	1.07	18.17	16.06	11.37
Railway Sidings and Locomotives		4.06	-	-	4.06	3.85	-	-	3.85	0.21	0.21
Ropeway		0.27	(0.04)	-	0.23	0.27	-	0.04	0.23	-	-
Reservoir and Pans, etc.		142.16	26.82	0.17	168.81	70.48	6.21	1.93	74.76	94.05	71.68
Electric Installations		1.12	(0.44)	-	0.68	1.09	-	0.44	0.65	0.03	0.03
Air-conditioning Plant (e)		5.13	0.64	1.16	4.61	4.58	0.57	1.16	3.99	0.62	0.55
Improvement to Leased Premises		2.03	-	-	2.03	2.03	-	-	2.03	-	-
Floral Plantation		4735.57	1920.43	21.00	6635.00	2350.13	258.52	68.40	2540.25	4094.75	2385.44
Sub Total :											
Assets acquired under lease											
Plant and Equipment		7.01	-	-	7.01	0.56	0.33	-	0.89	6.12	6.45
Railway Wagons (c)		62.05	-	-	62.05	58.93	-	-	58.93	3.12	3.12
Total Tangible Asset :		4804.63	1920.43	21.00	6704.06	2409.62	258.85	68.40	2600.07	4103.99	2395.01
(ii) INTANGIBLE ASSETS											
Computer software		6.16	1.08	-	7.24	2.44	1.32	-	3.76	3.48	3.72
Total Intangible Asset :		6.16	1.08	-	7.24	2.44	1.32	-	3.76	3.48	3.72
Grand Total :		4810.79	1921.51	21.00	6711.30	2412.06	260.17	68.40	2603.83	4107.47	2398.73
Previous Year's Total :		4674.80	161.57	25.58	4810.79	2190.43	241.37	19.74	2412.06	2398.73	
(iii) Capital Work In Progress											
Less:- Impairment in book Value (net of write back Rs.0.52 Crore)										1185.82	2072.00
										73.90	74.42
(iv) Intangible assets under Development										1111.92	1997.58
										1.73	1.16

FIXED ASSETS NOTES :

- (a) Includes Rs. 5.20 Crore (Previous year Rs. 5.44 Crore) for which sale and conveyance deeds and other transfer formalities are yet to be executed. Stamp duty and other incidental expenses will be capitalised on execution of the same.
- (b) Includes premises on ownership basis Rs. 2.67 Crore (Previous year Rs. 2.67 Crore), leasehold premises Rs. 0.01Crore (Previous year Rs. 0.01 Crore) and cost of shares in co-operative societies (Rs. 750 /-)]Previous year (Rs.750/-)].
- (c) Wagons acquired under "Own Your Wagon" scheme have been given on lease to railways.
- (d) Land Development at Worli, Mumbai - Construction of two commercial building with car parking spaces etc. has commenced on the Company's freehold land at Worli, Mumbai as permitted by the relevant regulations. The buildings will cover a constructed area of about 13 lac square feet and are expected to be completed by late 2012-13.
- (e) Includes adjustment for Revaluation Reserve (Refer Note 44)
- (f) i) 44 hectares of land were acquired at Manikgarh Cement Division and were subsequently surrendered to the Forest Department, Government of India, pursuant to the provisions of the Forest Conservation Act, 1980. The amount of compensation payable will be accounted for when determined by the Collector.
- ii) In respect of Manikgarh Cement Division, Land measuring 41.20 hectares occupied by the Forest Department and disputed by the Company was adjudicated by the Collector and the Divisional Commissioner (Appeals) in favour of the Company. The Government of Maharashtra on a reference made by the Forest Department directed the Collector for a fresh demarcation of the site boundaries and has also directed the Forest Department to refund the compensation paid by the Company along with interest for the land falling within their boundary. The Revisional Authority has since observed that approx. 17 hectares of land falls within the boundaries of the reserved forest. The Company has filed a writ petition before the Bombay High Court, Nagpur bench against the said order. Adjustments, if any will be made, in the year in which the matter is finally settled.

(g) Break-up of depreciation for the year:-

1. Depreciation / amortisation for the year
2. Less : Amount withdrawn from Revaluation Reserve
3. Less : Amount included under Cost of raising and transporting Limestone and Laterite [See Note 29]

	2011-12	2010-11
	(Rs. in Crore)	(Rs. in Crore)
	<u>260.17</u>	<u>241.37</u>
	0.10	0.11
	<u>1.95</u>	<u>1.60</u>
	<u>258.12</u>	<u>239.66</u>

10. NON-CURRENT INVESTMENTS (AT COST)

	31.03.2012 (Rs. in Crore)	31.03.2011 (Rs. in Crore)
TRADE :		
Unquoted :		
Fully Paid :		
2		
Equity Shares of Rs. 5,000 each, of Maharashtra Co-operative Floriculture Development Society Ltd, (Rs.10,000) [31.3.2011 (Rs. 10,000)].		
OTHER THAN TRADE :		
Shares and Other Investments :		
Quoted :		
Fully paid :		
22,690 (4,538)		
Equity Shares of Rs. 10 each, of the Tata Motors Ltd. (Sub-Division of Equity Shares from Rs. 10 each to Rs. 2 each on 12.08.2011)	0.01	0.01
3,00,000		
Equity Shares of Rs. 5 each, of Jayshree Tea and Industries Ltd.	0.19	0.19
22,20,500 (19,42,500)		
Equity Shares of Rs. 10 each, of Mangalam Cement Ltd.	7.21	4.22
7,60,000		
Equity Shares of Rs. 10 each, of Mangalam Timber Products Ltd.	0.76	0.76
12,66,887		
Equity Shares of Rs. 10 each, of Century Enka Ltd.	21.52	21.52
21,32,000		
Equity Shares of Rs. 10 each, of Kesoram Industries Ltd.	31.60	31.60
1,25,000		
Equity Shares of Rs. 2 each, of Kesoram Textile Mills Ltd. (Allotted without any consideration in terms of the Scheme of Arrangement against the holding of 1,25,000 Shares of Rs. 10 each, held in Kesoram Industries Ltd.)	-	-
	<u>61.29</u>	<u>58.30</u>
Unquoted : Equity		
Fully paid :		
85		
Shares of Rs.100 each, of Maharashtra State Financial Corporation (Rs.8,500) ; [31.3.2011 (Rs.8,500)]		
2		
Shares of Rs. 50 each, of the Maharashtra State Co-operative Bank Ltd. (Rs. 114) [31.3.2011 (Rs.114)]		
5,625		
Equity Shares of Rs. 100 each, of Industry House Ltd.	0.04	0.04
12,000		
Equity Shares of Rs. 10 each, of Birla Consultants Ltd.	0.01	0.01
4,22,496		
Shares of Pesos 10 each, of Indo Phil Textile Mills Inc., Republic of Philippines.	0.04	0.04
2,500		
Ordinary Shares of Swiss Francs 100 each, of Birla International Ltd.	0.52	0.52
3,75,000		
Equity Shares of Rs. 10 each, of Bander Coal Company Pvt. Ltd.	0.38	0.38
2,25,000		
Equity Shares of Rs. 10 each, of Kesoram Insurance Broking Services Ltd.	0.05	0.05
41,400		
Equity Shares of Rs. 10 each of Vasavdatta Services Ltd.	0.04	0.04
	<u>1.08</u>	<u>1.08</u>
Carried Over	<u>62.37</u>	<u>59.38</u>

10. NON-CURRENT INVESTMENTS (AT COST)			31.03.2012	31.03.2011
			(Rs. in Crore)	(Rs. in Crore)
Brought Over			62.37	59.38
Government and Trust Securities :				
Quoted :				
-	6.95 % (2013) Tamil Nadu State Development Plan	-		2.07
(2,00,000)				
50,000	11.83 % (2014) Government of India Bonds	0.56		0.56
50,000	10.70 % (2020) Government of India Bonds	0.53		0.53
1,00,000	7.95 % (2032) Government of India Bonds	1.21		1.21
90,000	8.20% Government of India Bonds (Oil Special Bond 2024)	0.89		0.89
3,80,000	8.26% (2027) Government of India Bonds	3.72		3.72
			6.91	8.98
Total			69.28	68.36

Note : All the above Investments are intended to be held on a long term basis and have been classified accordingly.

Book value / Market value of Investments :

	Book-Value		Market-Value	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
Quoted	68.20	67.28	81.76	103.80
Unquoted	1.08	1.08		
Total	69.28	68.36		

11. LOANS AND ADVANCES	31.03.2012	31.03.2011	31.03.2012	31.03.2011
(Unsecured, considered good, unless otherwise specified)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
	Long term		Short term	
a) Capital Advances	143.36	173.63	-	-
b) Security Deposits	32.10	28.17	2.05	1.97
Doubtful	1.07	0.37	-	-
Less: Provision for doubtful advances	1.07	0.37	-	-
	32.10	28.17	2.05	1.97
c) Other Loans and Advances				
Advances recoverable in cash or in kind or for value to be received	89.85	56.06	194.67	193.98
Doubtful	3.12	3.50	-	-
Less: Provision for doubtful advances	3.12	3.50	-	-
	89.85	56.06	194.67	193.98
Advance Tax (Net of provisions Rs.569.27 Crore; 31.03.2011 Rs.555.31 Crore)	22.72	7.96	2.14	5.65
Total Loans and Advances	288.03	265.82	198.86	201.60
- Related Parties	-	-	-	-
- Others	288.03	265.82	198.86	201.60
Total	288.03	265.82	198.86	201.60

12. OTHER ASSETS	31.03.2012	31.03.2011	31.03.2012	31.03.2011
(Unsecured, considered good, unless otherwise specified)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
	Non-Current		Current	
a) Long term trade receivables (See Note 15)	-	-	-	-
b) Others				
Minimum Alternate Tax entitlement receivable	-	-	11.50	-
Interest subsidy and interest receivable	0.16	0.12	11.40	23.50
Export incentive receivable	-	-	4.45	5.87
Claims and other receivables	-	-	1.17	1.41
Assets held for disposal	-	-	0.09	0.09
Interest accrued on Investments	-	-	0.12	0.12
Others	5.03	4.86	0.05	0.05
	5.19	4.98	28.78	31.04
Total	5.19	4.98	28.78	31.04

13. CURRENT INVESTMENTS (AT COST)	31.03.2012	31.03.2011
	(Rs. in Crore)	(Rs. in Crore)
Current maturity of Long term investments (Non-trade)		
Quoted :		
2,00,000 6.95 % (2013) Tamil Nadu State Development Loan	2.07	-
(-) (Market Value Rs. 1.97 Crore)	2.07	-

14. INVENTORIES

(At cost or net realisable value, whichever is lower) :

a) Raw Materials	321.90	408.81
Goods in transit	36.04	24.93
b) Other Materials	26.88	19.74
c) Work-in-progress	194.77	183.32
d) Finished goods	240.77	220.59
e) Stock-in-trade	29.57	16.20
f) Stores and spares	243.37	192.43
Goods in transit	1.94	4.64
Total	1095.24	1070.66

15. TRADE RECEIVABLES	31.03.2012	31.03.2011	31.03.2012	31.03.2011
(Unsecured, considered good, unless otherwise specified)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
	Non-Current		Current	
a) Outstanding for a period exceeding six months from the due date				
Good	-	-	2.01	0.99
Doubtful	3.01	3.20	-	-
Less: Provision for doubtful debts	3.01	3.20	-	-
	-	-	2.01	0.99
Carried Over	-	-	2.01	0.99

15. TRADE RECEIVABLES		31.03.2012	31.03.2011	31.03.2012	31.03.2011
(Unsecured, considered good, unless otherwise specified)		(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
		Non-Current		Current	
	Brought Over	-	-	2.01	0.99
b)	Others				
	Good	-	-	331.44	306.16
	Doubtful	-	-	-	0.17
	Less: Provision for doubtful debts	-	-	-	0.17
		-	-	331.44	306.16
	Total	-	-	333.45	307.15

16. CASH AND BANK BALANCES		31.03.2012	31.03.2011
		(Rs. in Crore)	(Rs. in Crore)
1. Cash and Cash Equivalents			
a)	Balances with Banks		
-	Current Accounts	44.56	35.77
-	Debit balance in Cash Credit / Overdraft Accounts	0.19	-
-	Fixed Deposit Accounts	0.02	0.06
		44.77	35.83
b)	Cheques, Drafts on Hand	2.11	3.15
c)	Cash on Hand	0.40	0.45
		47.28	39.43
2. Other Bank Balances			
	Unclaimed Dividend Accounts	1.11	0.98
	Margin Money Deposits	1.70	0.23
		2.81	1.21
	Total	50.09	40.64

Bank Deposits of Rs. 0.40 Crore (31.03.2011 Rs. 0.40 Crore) with more than 12 months maturity have been disclosed under Note 12 'Other Non-Current Assets' - Others.

17. REVENUE FROM OPERATIONS		2011-2012	2010-2011
		(Rs. in Crore)	(Rs. in Crore)
a)	Sale of products (See Note 27 A and B)	5287.84	5133.30
b)	Sale of services	0.85	0.10
		5288.69	5133.40
	Less: Excise duty	499.46	456.24
		4789.23	4677.16
c)	Other operating revenues		
	Export benefits	15.76	13.54
	Sale of scrap	21.38	17.31
	Insurance and other claims	0.60	0.79
	Provision no longer required	30.50	31.48
	Others	15.31	19.75
		83.55	82.87
	Total	4872.78	4760.03

18. OTHER INCOME	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
Dividend on Investments other than Trade :		
From Mutual Funds	3.21	1.90
From Domestic Companies	3.27	3.60
From Foreign Company	<u>0.10</u>	<u>0.06</u>
	6.58	5.56
Interest Received :		
On Government securities	0.72	0.64
On Income tax refund	1.70	-
Others	<u>3.71</u>	<u>2.01</u>
	6.13	2.65
Rent from properties	8.24	9.74
Lease Rent received under 'Own Your Wagon' scheme	0.50	0.50
Surplus on sale of Assets	2.25	20.64
Miscellaneous Income	3.48	2.95
Total	<u>27.18</u>	<u>42.04</u>

19. COST OF MATERIALS CONSUMED

Raw Material Consumed [See Note 28 (A)]

Opening Stock	408.81	269.30
Add: Purchases (including cost of raising and transporting Limestone and Laterite Rs. 149.09 Crore; Previous year Rs. 117.14 Crore) [See Note 29]	<u>1197.55</u>	<u>1407.78</u>
	1606.36	1677.08
Less: Closing Stock	<u>321.90</u>	<u>408.81</u>
	1284.46	1268.27

Dyes, Colour and Chemicals Consumed

Opening Stock	12.54	9.43
Add: Purchases	<u>141.00</u>	<u>161.75</u>
	153.54	171.18
Less: Closing Stock	<u>20.03</u>	<u>12.54</u>
	133.51	158.64

Packing Materials Consumed

Opening Stock	7.20	7.27
Add: Purchases	<u>150.46</u>	<u>149.87</u>
	157.66	157.14
Less: Closing Stock	<u>6.85</u>	<u>7.20</u>
	150.81	149.94
Total	<u>1568.78</u>	<u>1576.85</u>

20. PURCHASE OF STOCK-IN-TRADE

Purchase of traded goods [See Note 28 (B)]	<u>37.58</u>	<u>18.32</u>
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21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (See Note 31)	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
Opening Stock :-		
Finished goods	220.59	224.63
Work-in-progress	183.32	144.87
Stock-in-trade	<u>16.20</u>	<u>12.55</u>
	420.11	382.05
Closing Stock :-		
Finished goods	240.77	220.59
Work-in-progress	194.77	183.32
Stock-in-trade	<u>29.57</u>	<u>16.20</u>
	465.11	420.11
	(45.00)	(38.06)
Add/(Less) : Variation in excise duty on closing and opening stock of finished goods	1.85	4.45
Total	(43.15)	(33.61)

22. EMPLOYEE BENEFITS EXPENSE

a) Salaries, Wages, Bonus, etc.	357.47	312.81
b) Contributions to Provident and other funds	49.28	33.85
c) Staff welfare expenses	17.97	15.41
Total	424.72	362.07

23. FINANCE COSTS

Interest Expense :		
- Interest on borrowings*	200.20	137.59
- Interest - Others	<u>47.81</u>	<u>21.84</u>
	248.01	159.43
Applicable net loss on currency fluctuations and translations	36.73	-
Other borrowing costs	73.52	<u>41.68</u>
	358.26	201.11
Less :		
Borrowing Costs Capitalised	186.18	82.84
Total	172.08	118.27

*Net of subsidy Rs.23.44 Crore (Previous year Rs.29.88 Crore) under the Technology Upgradation Fund Scheme of the Government of India.

24. OTHER EXPENSES

Consumption of stores and spares	242.47	251.10
Job work charges	9.43	9.25
Power, Fuel and Water	1187.27	961.10
Buildings repairs	16.17	17.91
Carried Over	1455.34	<u>1239.36</u>

24. OTHER EXPENSES

	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
Brought Over	1455.34	1239.36
Machinery repairs	73.06	65.41
Floriculture cultivation expenses	1.07	1.14
Rent	18.59	15.27
Rates and Taxes	3.69	2.90
Insurance	6.95	7.88
Freight, forwarding, octroi, etc.	697.38	626.24
Advertisement and publicity	11.67	10.23
Loss on foreign currency fluctuations and translations (net) (Other than considered under Note 23)	6.50	11.49
Advances, loans and other debit balances, written off	0.43	1.18
Commission	32.10	35.35
Brokerage, discounts, incentives, etc.	14.00	11.66
Director's Commission, fees and travelling expenses	0.13	1.13
Bad debts	0.39	2.73
Loss on sale/discardment of fixed assets	1.73	0.56
Loss on sale of Investments	-	0.22
Provision for impairment in value of assets	-	1.83
Provision for doubtful debts and advances	1.00	2.91
Other expenses	23.14	23.30
Miscellaneous expenses	131.34	127.79
Total	2478.51	2188.58

25. (a) Trade payables include (i) Rs. 1.82 Crore (31.03.2011 - Rs.0.95 Crore) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and (ii) Rs. 309.85 Crore (31.03.2011 - Rs. 410.79 Crore) due to other creditors.

(b) The amount due to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006 ('MSMED Act')

		(Rs.in Crore)	
Sr. No	Particulars	31.03.2012	31.03.2011
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.82	0.95
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointment day during the year	0.08	-
4	Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointment day during the year	(Rs. 4125)	-
5	Interest due and payable towards suppliers registered under MSMED Act, for payment already made	-	-
6	Further interest remaining due and payable for earlier years	-	-

(c) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

26. Provision for disputed matters in respect of known contractual risks, litigation cases and pending assessments in respect of taxes, duties and other levies / claims, the actual outflow on which will depend on the outcome of the respective proceedings.

The movements in the above account are summarized below:-

(Rs. in Crore)					
Sr. No.	Nature of liability	As at 31.03.2011	Amounts provided for during the year	Amounts paid / written back during the year	As at 31.03.2012
1	Water Charges	57.93	5.23	0.22	62.94
2	Octroi Duty	32.78	4.83	0.08	37.53
3	Mandi Samiti Shulk and Interest thereon	31.33	8.76	-	40.09
4	Entry Tax / Sales Tax	56.76	19.59	24.62	51.73
5	Excise Duty	7.30	-	-	7.30
6	Lease Tax and Interest thereon	3.52	0.27	-	3.79
7	Cess	11.41	2.55	0.26	13.70
8	Reimbursement of Taxes to suppliers, etc.	8.08	14.14	0.06	22.16
9	Claims against Lease Rentals	5.29	0.03	-	5.32
10	Others	3.45	3.65	1.84	5.26
	Total	217.85	59.05	27.08	249.82

27. SALES (GROSS) :	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
Class of Goods		
(A) Sale of Products (Manufactured) :		
Cotton Fabric	274.03	271.96
Cotton Yarn	55.36	70.50
Denim Cloth	224.40	189.74
Rayon Yarn	567.51	494.96
Tyre Yarn and Fabric	121.38	76.52
Cement and Clinker	3075.49	2854.30
Pulp & Paper	801.52	1017.19
Others	137.49	130.11
(B) Goods traded in :		
Garments	29.39	26.30
Cotton Fabrics	0.46	0.80
Others	0.81	0.92
Total	5287.84	5133.30

28. RAW MATERIALS CONSUMED, PURCHASE OF GOODS FOR TRADE AND IMPORTED AND INDIGENOUS MATERIAL CONSUMPTION:

(A) Raw Materials Consumed :	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
Cotton	262.61	210.12
Cotton Yarn	60.79	48.81
Wood Pulp	122.56	60.18
Limestone	166.28	139.64
Gypsum	49.19	51.54
Pozzolana	124.28	108.36
Slag	6.94	13.21
Laterite	16.30	11.11
Eucalyptus Wood	128.02	148.02
Pulp for Paper	74.90	95.32
Bagasse	96.12	120.69
Waste Paper	102.32	191.96
Others	74.15	69.31
Total :	1284.46	1268.27
(B) Purchase of Stock in Trade:		
Garments	29.61	16.43
Fabrics	7.01	0.39
Cut Rose Flowers	0.01	0.02
Rose Plants	0.06	0.01
Refined Salt	-	0.68
Towels	0.13	0.17
Made Ups	0.76	0.35
Others	-	0.27
	37.58	18.32

(C) Imported and Indigenous Consumption of Raw Material:

	2011-2012		2010-2011	
	(Rs. in Crore)	Percentage	(Rs. in Crore)	Percentage
Raw Materials :				
Imported	237.28	18.47	251.57	19.84
Indigenous	1047.18	81.53	1016.70	80.16
	1284.46	100.00	1268.27	100.00

29. Cost of raising and transporting limestone and laterite :

	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
Stores and Spare Parts consumed	21.73	17.22
Power and Fuel	14.09	11.03
Building Repairs	0.98	0.83
Machinery Repairs	3.10	1.43
Royalty and Cess	53.28	49.23
Payments to and Provisions for employees	11.87	10.12
Insurance	0.15	0.11
Hire Charges of Mining Equipments	33.79	21.34
Other Expenses	8.15	4.23
	147.14	115.54
Depreciation and Amortisation	1.95	1.60
Total :	149.09	117.14

30. Imported and Indigenous Consumption of Spare Parts:

	2011-2012		2010-2011	
	(Rs. in Crore)	Percentage	(Rs. in Crore)	Percentage
Spare Parts				
Imported	27.33	15.83	40.98	17.30
Indigenous	145.26	84.17	195.87	82.70
	<u>172.59</u>	<u>100.00</u>	<u>236.85</u>	<u>100.00</u>

31. Details of Inventories :

Class of Goods	2011-12 (Rs. in Crore)	2010-11 (Rs. in Crore)
(A) Finished Goods :		
Cotton Fabric	45.96	33.73
Cotton Yarn	3.81	6.54
Denim Cloth	14.75	4.07
Rayon Yarn	47.00	14.83
Tyre Yarn and Fabric	8.09	7.26
Cement	83.71	89.56
Paper (including Paper Board/Straw Board)	0.89	1.52
Rayon and/or Paper Grade Pulp	19.44	31.96
Bagasse Based Paper	4.30	8.11
Recycle Based Paper	0.18	12.83
Prime Grade Tissue Paper	5.61	7.03
Multilayer Packaging Board	4.85	-
Others	2.18	3.15
Total	<u>240.77</u>	<u>220.59</u>
(B) Goods traded in :		
Garments	24.22	15.95
Cotton Fabrics	5.35	0.25
Total	<u>29.57</u>	<u>16.20</u>
(C) Work in Progress :		
Cotton Fabric	56.26	61.56
Cotton Yarn	1.20	1.02
Denim Cloth	10.96	4.57
Rayon Yarn	8.22	6.43
Tyre Yarn and Fabric	1.68	1.74
Cement	14.46	12.23
Paper (including Paper Board/Straw Board)	0.49	0.97
Rayon and/or Paper Grade Pulp	0.13	0.35
Bagasse Based Paper	95.61	81.98
Recycle Based Paper	0.43	8.41
Prime Grade Tissue Paper	2.26	2.16
Multilayer Packaging Board	0.96	-
Chemicals	2.11	1.90
Total	<u>194.77</u>	<u>183.32</u>

32. Contingent Liabilities not provided for	31.3.2012 (Rs. in Crore)	31.3.2011 (Rs. in Crore)
(a) (i) Claims against the Company not acknowledged as debts in respect of :		
- Custom Duty and Excise Duty	17.98	15.17
- Sales Tax and Entry Tax	94.46	40.49
- Power Charges	15.10	12.48
- Royalty	281.52	202.93
- Others	17.57	33.10
(ii) Claims not acknowledged as debts jointly with other members of "Business Consortium of Companies" in which the Company had an interest (proportionate)	19.19	18.59
(b) Disputed income tax matters under appeal	13.18	11.71
(c) Registration and Road Tax on Dumper of Cement Division		Amount not determinable
(d) Liability on account of Jute packaging obligation upto 30th June, 1997 under the Jute Packaging Materials (Compulsory use in Packing Commodities) Act, 1987 – (Future cash flows in respect of item No.32 (a) to (d) above are determinable only on receipt of judgments/decisions pending with various forums/authorities.)		Amount not determinable
e) Guarantees given by the Company's bankers Guarantees have been given by the Company's bankers in the normal course of business and are not expected to result in any liability on the Company	2.41	4.49
(f) Undertaking given by the company under concessional duty/exemption scheme to government authorities (net of obligation fulfilled)	696.79	746.42
33. Commitments		
(a) Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	751.13	1010.51
(b) Lease rental obligation :		
- not later than one year	7.36	9.12
- later than one year and not later than five years	7.66	12.30
- later than five years	1.76	3.30
(c) Lease rental income :		
- not later than one year	5.58	3.97
- later than one year but not later than five years	7.51	7.44
- later than five years	1.40	5.09
	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
34. (a) C.I.F. Value of Imports (Including in Transit) :		
Raw Materials	253.97	198.40
Spare Parts , etc.	42.34	44.17
Capital Goods	103.91	101.62
(b) Expenditure in Foreign Currency : (including expenses capitalised)		
Interest and Finance charges	16.10	9.12
Technical Supervision charges	20.12	15.38
Other Matters	5.23	3.28

	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
35. (a) Earnings in Foreign Currency :		
F.O.B. value of exports	296.08	288.22
Dividend	0.10	0.06
Others	0.64	0.17
(b) Total exports during the year :		
Exports in Foreign Currency	306.01	298.13
Exports in Indian Currency	49.10	30.24
	<u>355.11</u>	<u>328.37</u>
Sales to Merchants - For exports	11.93	26.13
Deemed exports	-	11.01
	<u>367.04</u>	<u>365.51</u>

36. Disclosures of Derivatives

(a) Hedging commitments outstanding :

(In Million)

	31.03.2012 Forward	31.03.2012 Forward	31.03.2012 Forward
	USD	Euro	CAD
<u>Foreign Currency</u>			
1) Debtors	2.80 (0.91)	4.02 (3.77)	- (-)
2) Creditors	10.87 (1.47)	0.12 (-)	- (-)
3) Loan taken	4.14 (2.17)	78.43 (68.98)	2.35 (2.35)
4) Other payables	2.84 (0.92)	5.03 (4.27)	0.02 (0.02)
5) Other Receivables	13.33 (4.82)	1.60 (0.32)	- (-)

(b) The aforesaid derivative contracts have been entered into for hedging purposes.

(c) Uncovered risks :

(In Million)

	<u>31.03.2012</u>	<u>31.03.2012</u>	<u>31.03.2012</u>	<u>31.03.2012</u>	<u>31.03.2012</u>
	<u>USD</u>	<u>GBP</u>	<u>EURO</u>	<u>JPY</u>	<u>CHF</u>
Foreign Currency					
1) Debtors	0.37	-	0.21	-	-
	(1.56)	(0.04)	(0.05)	(-)	(-)
2) Creditors	-	-	0.05	-	-
	(1.09)	(-)	(0.04)	(-)	(-)
3) Bank balance					
In EEFC account	-	-	-	-	-
	(*USD 2312)	(-)	(-)	(-)	(-)
4) Other receivables	1.17	*GBP 4366	6.59	-	1.00
	(0.67)	(*GBP 3399)	(1.67)	(-)	(1.00)
5) Other payables	0.12	-	0.21	-	-
	(0.55)	(-)	(0.21)	(-)	(-)

* At Actuals

Note : Previous year figures are given in brackets.

37. Revenue expenditure on research and development activities relating to Government recognised in-house research and development laboratories incurred and charged out during the year through the natural heads of account, aggregate Rs.0.60 Crore (2010-2011 Rs. 0.57 Crore). No capital expenditure on research and development has been incurred during the year (2010-11 Rs.Nil)

38. RELATED PARTY INFORMATION**1 Relationships :**

(a) Where significant influence exists :

- (i) Pilani Investment and Industries Corporation Limited
- (ii) Kesoram Insurance Broking Services Limited
- (iii) Vasavadatta Services Limited
- (iv) Industry House Limited
- (v) Bander Coal Company Private Limited

(b) Key Management Personnel :

Shri B.L. Jain (Whole-time Director)

(c) Other Related Parties :

- (1) Shri B.K. Birla
- (2) Kesoram Industries Ltd.
- (3) Century Enka Ltd.
- (4) Jayshree Tea & Industries Ltd.

Note : The parties listed under 1(c) above, are strictly not 'related parties' as per the requirements of AS-18, but are being included herein for making the Financial Statements more transparent.

2 Transactions with related parties :

(Rs. in Crore)

Particulars	Related Parties		
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
Purchases :			
Goods and Material	---	---	1.50
	(---)	(---)	(1.22)
Sales :			
Goods and Material	---	---	55.40
	(---)	(---)	(51.97)
Sale of Assets	---	---	---
	(---)	(---)	(0.08)
Additional Subscription paid on Exercise of option to convert 5,00,000 Preferential Warrants to Equity Shares	---	---	---
	(---)	(---)	(7.09)
Expenses :			
Rent and Other Services	0.45	---	0.27
	(0.27)	(---)	(0.42)
Directors Fees and Expenses	---	---	0.01
	(---)	(---)	(0.01)
Commission to Director	---	---	---
	(---)	(---)	(0.17)
Remuneration	---	1.94	---
	(---)	(1.82)	(---)
Income :			
Rent and Other Services	Rs.1750	---	0.11
	(---)	(---)	(0.22)
Outstandings :			
Payable	0.34	---	0.02
	(---)	(---)	(0.25)
Commission to Director	---	---	---
	(---)	(---)	(0.16)
Receivable	---	---	1.77
	(---)	(---)	(6.06)
Deposit Received	---	---	0.04
	(---)	(---)	(0.04)

Note:- Previous year Figures are given in brackets

39. SEGMENT INFORMATION

A. Information about Business Segment - Primary

(Rs. in Crore)

S.No.	Particulars	Textile		Cement		Pulp and Paper		Others		Total	
		2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
1	Segment Revenue										
	Sales of products	1296.92	1160.67	2685.27	2478.78	870.46	1092.14	104.51	95.50	4957.16	4827.09
	Less: Inter Segment Revenue	64.91	56.22	23.54	12.56	79.48	81.15	-	-	167.93	149.93
	Net Revenue from Operations	1232.01	1104.45	2661.73	2466.22	790.98	1010.99	104.51	95.50	4789.23	4677.16
2	Result										
	Segment Result	(35.28)	8.59	296.96	434.31	(61.13)	19.07	13.11	10.78	213.66	472.75
	Add / (Less) :										
	Inter Segment (Profit) / Loss									3.60	(2.08)
	Net Segment Result									217.26	470.67
	Unallocated Corporate Expense (Net of Income)									22.63	9.20
	Operating Profit									194.63	461.47
	Less: Finance Cost									172.08	118.27
	Total Profit before Tax									22.55	343.20
	Add / (Less) :										
	Short Provision for Income Tax									(1.62)	(2.11)
	Provision for Current Tax									-	(91.00)
	Deferred Tax (Charge) / Credit									1.20	(12.60)
	Net Profit after tax									22.13	237.49
3	Other Information										
	Segment Assets @	1517.65	1630.80	1725.97	1244.84	3341.00	2988.03	476.25	312.16	7060.87	6175.83
	Add: Unallocated common Assets									231.24	211.89
	Total Assets									7292.11	6387.72
	Segment Liabilities @	231.86	191.35	458.41	405.48	208.03	169.63	124.19	38.96	1022.49	805.42
	Add: Unallocated Common Liabilities									4370.70	3629.20
	Total Liabilities									5393.19	4434.62
4	Capital Expenditure during the year (excluding advances)	21.45	36.18	453.21	144.44	405.19	544.83	156.05	148.92	1035.90	874.37
	Add: Unallocated Capital Expenditure									-	-
										1035.90	874.37
5	Depreciation and amortisation *	101.16	95.32	73.34	68.12	81.53	72.28	3.89	5.36	259.92	241.08
	Add: Unallocated Depreciation									0.25	0.29
										260.17	241.37
6	Non Cash Expenditure	-	1.83	-	-	-	-	-	-	-	1.83
	Add: Unallocated Non Cash Expenditure									-	-
										-	1.83

* Includes charged to Cost of Raising and transporting Limestone and Laterite.

@ Including projects under implementation.

39. SEGMENT INFORMATION

B. Secondary Segment - Geographical by Customers

(Rs. in Crore)

S.No.	Particulars	Total 2011-2012	Total 2010-2011
1	Segment Revenue		
	In India	4434.12	4348.79
	Outside India	355.11	328.37
	Total	<u>4789.23</u>	<u>4677.16</u>
2	Carrying Cost of Assets by location of Assets		
	In India	7015.59	6141.66
	Outside India	45.28	34.17
	Total	<u>7060.87</u>	<u>6175.83</u>
	Unallocated	231.24	211.89
	Total	<u>7292.11</u>	<u>6387.72</u>
3	Addition to Assets and Intangible Assets		
	In India	1035.90	874.37
	Outside India	-	-
	Total	<u>1035.90</u>	<u>874.37</u>
	Unallocated	-	-
	Total	<u>1035.90</u>	<u>874.37</u>

C. Other Disclosures

1. Segments have been identified in line with the Accounting Standard, AS-17 "Segment Reporting" (AS-17), taking into account the organisation structure as well as the differing risks and returns.
2. The Company has disclosed business segment as the primary segment.
3. Composition of the business segment

Name of the Segment

Types of products / services comprises of :

- | | |
|-------------------|---|
| a. Textiles | Yarn, cloth and denim cloth, viscose filament yarn and tyre yarn. |
| b. Pulp and Paper | Pulp, writing & printing paper , tissue paper, multilayer packaging board and fibre line. |
| c. Cement | Cement and clinker. |
| d. Others | Salt works, chemicals, floriculture and real estate. |
4. Inter segment revenues are recognised at works / factory costs of the transferor unit / division or at sales price.
 5. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each segment and amounts allocated on a reasonable basis.

40. Disclosures pursuant to Accounting Standard - 15 - "Employee Benefits".

(a) An amount of Rs.10.57 Crore (2010-2011 Rs. 9.62 Crore) as contribution towards defined contribution plans is recognised as expense in statement of Profit and Loss.

(b) The disclosures in respect of the Defined Benefit Gratuity Plan are given below :

	<u>31.03.2012</u> <u>(Rs. in Crore)</u>	<u>31.03.2011</u> <u>(Rs. in Crore)</u>			
(i) Changes in present value of obligations					
Present value of Obligations as at the beginning of the year	126.17	119.22			
Interest Cost	10.10	8.52			
Current Service Cost	15.64	14.41			
Benefits Paid	(14.68)	(11.20)			
Actuarial (gain) / loss on obligation	4.91	(4.78)			
Present value of Obligations as at the end of the year	142.14	126.17			
(ii) Changes in Fair Value of plan assets					
Fair value of plan assets as at the beginning of the year	130.35	119.42			
Expected return on Plan Assets	10.06	9.57			
Contributions	5.54	11.50			
Benefits Paid	(14.68)	(11.20)			
Actuarial gain / (loss) on Plan Assets	(0.53)	1.06			
Fair value of plan assets as at the end of the year	130.74	130.35			
(iii) Amounts to be recognised in the Balance Sheet and Profit and Loss Account					
Present value of Obligations as at the end of the year	142.14	126.17			
Fair Value of Plan Assets as at the end of the year	130.74	130.35			
Funded Status	(11.40)	4.18			
Net Asset / (Liability) recognised in the Balance Sheet	(11.40)	4.18			
(iv) Expense recognised in the Statement of Profit and Loss					
Current Service Cost	15.64	14.41			
Interest Cost	10.10	8.52			
Expected return on Plan Assets	(10.06)	(9.57)			
Net Actuarial (gain)/loss on Plan Assets for the period	5.44	(5.84)			
Expense recognised in the statement of Profit and Loss	21.12	7.52			
(v) Percentage of major category of plan assets to total plan assets as at the end of the year					
Bank Deposit, etc.	14%	19%			
Debt Instruments	86%	81%			
		(Rs. in Crore)			
	<u>31.03.2012</u>	<u>31.03.2011</u>	<u>31.03.2010</u>	<u>31.03.2009</u>	<u>31.03.2008</u>
(vi) Assumptions :					
Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult
Discount Rate	8.60%	8.50%	7.50%	7.50%	7.50%
Rate of Increase in compensation	2% to 7%	3% to 6%	3% to 6%	3% to 6%	5% to 8%
Rate of return (expected) on plan assets	8.00%	8.00%	8.00%	8.00%	8.00%
Withdrawal Plan	1% to 10%	1% to 11%	1% to 10%	0.80% to 6%	0.80%
Present value of Obligations	142.14	126.17	119.22	114.41	107.67
Fair Value of plan assets	130.74	130.35	119.42	108.16	107.67
Surplus or (Deficit) in the plan	(11.40)	4.18	0.20	(6.25)	-
Experience Adjustment - (Gain) / Loss	0.53	(12.30)	(31.24)	8.20	2.33

The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Provident Fund Liability :

In case of certain employees, the Provident fund contribution is made to trusts administered by the Company. In terms of guidance note Issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at 31st March, 2012.

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Remaining term of maturity - 11 to 18 years

Expected guaranteed interest rate - 8.25%

Discount rate for the remaining term to maturity of interest portfolio - 8.50%

- 41.** Remuneration has been paid to the whole time director for the year ended 31st March, 2012 in terms of the resolution passed by the shareholders at the Annual General Meeting of the Company held on 28th July, 2009. In the absence of adequate profits for the said year, the remuneration paid, in accordance with the provisions of Revised Schedule XIII to the Companies Act, 1956, is proposed to be ratified at the ensuing Annual General Meeting of the Company.

	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
42. Computation of profit for earnings per share:		
Profit for the year after tax	22.13	237.49
Weighted average number of equity shares outstanding during the year	93045680	93045680
Basic and diluted earnings per equity share (in Rupees)	2.38	25.52

- 43.** Unclaimed fixed deposits amounting to (Rs.22,500) [31.3.2011 (Rs.22,500)] and (Rs. 3150) [31.3.2011 (Rs.3,150)] being interest accrued and due thereon remain unpaid in view of the internal disputes between the claimants which has been referred to the Court whose decision is awaited.

- 44.** The Company had, during the year 1983, carried out a revaluation of certain assets viz. Land, Buildings and Plant and Machinery, at some of its divisions, the residual value of which, as at 31st March, 2012, aggregate Rs.16.73 Crore. Since the revalued amounts do not reflect values which are relevant at present, the Board of Directors, at their meeting dated 2nd May, 2012, has decided to reverse the aforesaid amount which would result in these assets being stated at their historical cost less accumulated depreciation. The above accounting treatment does not have any impact on the Statement of Profit and Loss for the current or subsequent years.

	2011-2012 (Rs. in Crore)	2010-2011 (Rs. in Crore)
45. Auditor's Remuneration :		
(a) Statutory Auditors :		
As Auditors	1.19	1.08
In Other Capacity :		
Tax Audit Fees	0.17	0.17
Certificates and Other jobs	0.40	0.35
	0.57	0.52
For Expenses	0.14	0.11
Total	1.90	1.71

46. Figures less than Rs.50,000 have been shown at actuals in brackets, since the figures are rounded off to the nearest lac.
47. The Financial statements for the year ended 31st March, 2011 had been prepared as per the applicable pre- revised Schedule – VI to the Companies Act 1956. Consequent to the notification under the Companies Act 1956 , the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year’s classification.
48. Significant Accounting Policies followed by the Company are as stated in the statement annexed as Annexure I.

As per our report of even date
For **DALAL AND SHAH**
Firm Registration Number 102021 W
Chartered Accountants

S. VENKATESH
Partner
Membership No: F-037942
Mumbai : 2nd May, 2012

D. K. AGRAWAL
President (Corporate Finance) &
Secretary
Mumbai : 2nd May, 2012

B. L. JAIN
Whole-time Director

B. K. BIRLA, Chairman

Directors
PRADIP KUMAR DAGA
ARVIND C. DALAL
AMAL GANGULI

ANNEXURE I

Statement referred to in Note 48 to the Financial Statements for the year ended 31st March, 2012.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF ACCOUNTING:

The financial statements have been prepared on an accrual basis and under the historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3) (c) and the other relevant provisions of the Companies Act, 1956.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

II. USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known.

III. REVENUE RECOGNITION:

- a) Revenue/Income and Cost/Expenditure are generally accounted for on accrual as they are earned or incurred, except in case of significant uncertainties.
- b) Export Benefits are recognised in the year of export.
- c) Sale of goods is recognised on transfer of significant risks and rewards of ownership which is generally on the despatch of goods. Export sales are accounted for on the basis of the dates of 'On board bill of lading'.

IV. FIXED ASSETS AND DEPRECIATION / AMORTISATION:

A) FIXED ASSETS:

Fixed assets are carried at cost of acquisition or construction or at revalued amounts, less accumulated depreciation and amortisation.

B) DEPRECIATION / AMORTISATION:

a) LEASEHOLD LAND :

Cost of leasehold land is amortised over the lease period.

b) OTHER FIXED ASSETS:

- i) Depreciation on all assets is provided on the straight line method in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956.
- ii) Improvements to leased premises are amortised over the period of the lease / charged off on premature termination of lease.
- iii) Depreciation on other assets, except to the extent stated in (a) and [(b) (ii) and (iii)] above, has been provided on the straight line method over their useful lives or determined on the basis of rates prescribed in Schedule XIV to the Companies Act, 1956.
- iv) Depreciation on additions to fixed assets or on sale/disposal of fixed assets is calculated pro-rata from the month of such addition, or upto the month of such sale/disposal, as the case may be.
- v) Cost of software capitalised is amortised over a period of five years.

V. INVESTMENTS:

Investments are classified into current and long-term investments. Current Investments are stated at lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.

VI. FOREIGN CURRENCY TRANSLATIONS:

All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;

Monetary assets and liabilities in foreign currency, outstanding at the close of the year, are converted into Indian currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. The resultant gain or loss, except to the extent it relates to long term monetary items, is charged to the Statement of Profit and Loss. Such gain or loss relating to long term monetary items for financing acquisition of depreciable capital assets, is adjusted to the acquisition cost of such asset and depreciated over its remaining useful life;

In respect of forward exchange contracts entered into to hedge foreign currency risks of existing assets and liabilities, the difference between the forward rate and exchange rate at the inception of the contract is recognised as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets / liabilities. Profit or loss on cancellations / renewals of forward contracts is recognised during the year.

VII. INVENTORY VALUATION:

- a) Raw materials, work-in-progress, finished goods, goods for trade and stores, spares, etc. are valued at Cost or Net Realisable value, whichever is lower.
- b) Goods in transit are valued at cost to date.
- c) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. The cost formulae used is either 'first in first out', or 'specific identification', or the 'average cost', as applicable.
- d) Due allowances are made for obsolete inventory based on technical estimates made by the Company.
- e) Inter-divisional transfers are valued, either at works/factory costs of the transferor unit/division, plus transport and other charges.

VIII. EMPLOYEE BENEFITS:

- a) **Short term employee benefits** are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- b) **Post employment benefits**
 - i. Defined contribution plans:

The Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which the related service is rendered
 - ii. Defined benefit plans:
 - Gratuity

The present value of the obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Statement of Profit and Loss. The fair value of the plan assets of the Trust administered by the Company, is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on a net basis;

 - Provident Fund

For certain employees, monthly contributions are made to a Trust administered by the Company. The interest rate payable by the Trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on investments of the Trust and the notified interest rate.

- c) Long term compensated absences are provided for on the basis of an actuarial valuation
- d) Termination Benefits

Termination benefits are recognised as and when incurred.

IX. GOVERNMENT GRANTS:

Grants received against specific fixed assets are adjusted to the cost of the assets. Revenue grants are recognised in the Statement of Profit and Loss in accordance with the related scheme and in the period in which these are accrued.

X. RESEARCH AND DEVELOPMENT :

Revenue expenditure, including overheads on Research and Development, is charged as an expense through the natural heads of account in the year in which incurred. Expenditure which results in the creation of capital assets is capitalised and depreciation is provided on such assets as applicable.

XI. EXPENDITURE DURING CONSTRUCTION AND EXPENDITURE ON NEW PROJECTS:

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

XII. BORROWING COSTS:

Interest and other borrowing costs attributable to qualifying assets, are capitalised. Front end fees are amortised over the period of the related borrowing but not exceeding the period of five years. Other interest and borrowing costs are charged to revenue.

XIII. PREMISES TAKEN ON LEASE:

For premises taken on lease, lease rentals payable are charged to revenue.

XIV. TAXATION:

Income-tax expense comprises Current tax and deferred tax charge or credit. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised only if there is a virtual certainty of their realisation, supported by convincing evidence. Deferred tax Assets on account of other timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to obtain reassurance as to realisation. Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal tax during the specified period.

XV. IMPAIRMENT OF ASSETS :

The carrying amounts of assets are reviewed at each Balance Sheet date. If there is any indication of impairment based on internal / external factors, i.e. when the carrying amount of the asset exceeds the recoverable amount, an impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed or reduced if there has been a favourable change in the estimate of the recoverable amount.

XVI. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provision is not discounted to its present value and is determined based on the last estimate required to settle an obligation at the year end. These are reviewed every year end and adjusted to reflect the best current estimate. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

XVII. APPLICATION OF SECURITIES PREMIUM ACCOUNT :

Share issue expenses are charged first against the available balance in the securities premium account.

OPERATING RESULTS FOR FIVE YEARS

(Rs. in crore)

FINANCIAL YEAR	2011-12	2010-11	2009-10	2008-09	2007-08
INCOME					
Sales (Net of rebates and returns)	5288.69	5133.40	4833.22	4215.91	3850.64
Less: Excise Duty	499.46	456.24	380.32	400.22	408.03
	4789.23	4677.16	4452.90	3815.69	3442.61
Other Income (Including Operating Income)	110.73	124.91	94.67	74.97	70.13
	4899.96	4802.07	4547.57	3890.66	3512.74
EXPENDITURE					
Materials & Overheads (+/- Stock Adj.)	4447.21	4100.94	3601.07	3199.70	2764.11
PROFIT BEFORE EXCEPTIONAL ITEMS, INTEREST, DEPRECIATION AND TAX	452.75	701.13	946.50	690.96	748.63
Less : Exceptional Items (Net)	0.00	0.00	88.16	36.43	93.93
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	452.75	701.13	858.34	654.53	654.70
Less : Interest and Finance Charges	172.08	118.27	100.53	103.01	89.18
PROFIT BEFORE DEPRECIATION AND TAX	280.67	582.86	757.81	551.52	565.52
Less : Depreciation (including arrears of depreciation)	258.12	239.66	234.47	231.59	195.45
Less : Tax (Net) - Including Deferred Tax	0.42	105.71	183.87	83.39	90.64
NET PROFIT	22.13	237.49	339.47	236.54	279.43
DIVIDEND (%)	55.00%	55.00%	55.00%	45.00%	45.00%
Earnings per Share (Rs.) (Including Exceptional Items)	2.38	25.52	36.48	25.42	30.03
BOOK VALUE PER SHARE (Rs.)	232.32	236.47	216.09	178.98	145.81

STATEMENT OF ASSETS AND LIABILITIES FOR TWO YEARS

(Rs. in Crore)

Particulars		Year ended 31.03.2012 (Audited)	Year ended 31.03.2011 (Audited)
A	EQUITY AND LIABILITIES		
1	Shareholders' Funds :		
	(a) Share Capital	93.04	93.04
	(b) Reserves and Surplus	1805.88	1860.06
	Sub-total - Shareholders' funds	1898.92	1953.10
2	Non-current liabilities		
	(a) Long-term borrowings	1977.10	1240.05
	(b) Deferred tax liabilities (net)	262.74	263.94
	(c) Other long-term liabilities	19.26	17.01
	(d) Long-term provisions	315.06	276.05
	Sub-total - Non-current liabilities	2574.16	1797.05
3	Current liabilities		
	(a) Short-term borrowings	1444.80	1381.47
	(b) Trade Payables	311.67	411.74
	(c) Other Current liabilities	970.06	764.38
	(d) Short-term provisions	92.50	79.98
	Sub-total - current liabilities	2819.03	2637.57
	TOTAL - EQUITY AND LIABILITIES	7292.11	6387.72
B	ASSETS		
1	Non current assets		
	(a) Fixed assets	5221.12	4397.47
	(b) Non-current investments	69.28	68.36
	(c) Long-term loans and advances	288.03	265.82
	(d) Other non-current assets	5.19	4.98
	Sub-total - Non-current assets	5583.62	4736.63
2	Current assets		
	(a) Current investments	2.07	–
	(b) Inventories	1095.24	1070.66
	(c) Trade receivables	333.45	307.15
	(d) Cash and cash equivalents	50.09	40.64
	(e) Short-term loans and advances	198.86	201.60
	(f) Other current assets	28.78	31.04
	Sub-total - current assets	1708.49	1651.09
	TOTAL ASSETS	7292.11	6387.72

ATTENDANCE SLIP**Century Textiles and Industries Limited**

Registered Office : Century Bhavan, Dr. Annie Besant Road, Worli, Mumbai - 400 030.

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT ENTRANCE OF THE MEETING HALL

DP. Id*	
Client Id*	

Folio No.	
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NAME AND ADDRESS OF THE SHAREHOLDER _____

No. of shares held _____

I/We certify that I am/We are the registered shareholder(s) / Proxy for the registered shareholder(s) of the Company.

I/We hereby record my/our presence at the 115th ANNUAL GENERAL MEETING at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai-400 025 on Thursday, the 2nd August, 2012 at 3.30 P.M.Signature of the Shareholder(s) 1. _____ 2. _____
3. _____ 4. _____

Signature of the Proxyholder 1. _____

* Applicable for investors holding shares in electronic form.

Century Textiles and Industries Limited**PROXY FORM**

Registered Office : Century Bhavan, Dr. Annie Besant Road, Worli, Mumbai - 400 030.

DP. Id*	
Client Id*	

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

I/We _____

being a Member/Members of CENTURY TEXTILES AND INDUSTRIES LTD. hereby appoint

_____ of _____

(or failing him) _____ of _____

(or failing him) _____ of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 115th Annual General Meeting of the Company to be held on Thursday, the 2nd August, 2012 at 3.30 p.m. and at any adjournment thereof.

AS WITNESS my hand/our hands this _____ day of _____ 2012

Signature _____

15 Paise
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

Note : The Proxy must be deposited at the Registered Office of the Company at Century Bhavan, Dr. Annie Besant Road, Worli, Mumbai-400 030 not less than 48 hours before the time for holding the Meeting. The proxy need not be a member of the Company.



BIRLA CENTURY

A Division of Century Textiles and Industries Limited

PREMIUM PRODUCT RANGE



ELITE YARN DYED SHIRTING



ELEGANT LINEN SHIRTING



EVERGREEN WHITE SHIRTING



EXCLUSIVE DOBBY SUITING



B K BIRLA GROUP OF COMPANIES

The Group Logo - As represented by the 21st Century Atlas

Atlas, the Titan - Collective Strength

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun - Enlightenment and Growth

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments - Diversified Activities

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

The Globe - Global Vision

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base - Solid Foundations

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry - The Resilience, Versatility, and Stability

Seen in its entirety, each of the elements -Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

STRONG FOUNDATION • SUSTAINED GROWTH • PROVEN LEADERSHIP

CENTURY TEXTILES AND INDUSTRIES LIMITED

Regd. Office: Century Bhavan, Dr. Annie Besant Road, Worli, Mumbai 400 030

Company's Website: www.centurytextind.com