

**ANNUAL
REPORT
&
ACCOUNTS
2012 - 13**

KESORAM TEXTILE MILLS LIMITED

KESORAM TEXTILE MILLS LIMITED



14th ANNUAL REPORT & ACCOUNTS 2012-13

Board of Directors

Shri Surendra Kumar Birla - *Chairman*

Shri Jayant Sogani

Shri Uma Shankar Asopa

Secretary

Shri Bishwa Nath Kedia

Manager

Shri Sanjay Kumar Sinha

Auditors

Messrs R. K. Duggar & Co.

Bankers

Allahabad Bank

Punjab National Bank

Registered Office & Factory

42, Garden Reach Road, Kolkata 700 024

Phone Nos. : +91-33 2489 3472, 2469 7825

Fax : +91-33 2469 6788

E-mail : ktmltext@vsnl.net; kesocotton6788@bsnl.in

City Office & Share Department

9/1, R. N. Mukherjee Road, Kolkata 700 001

Phone Nos. : +91-33 2243 5453/2242 9454

Fax : +91-33 2210 9455

E-mail : corporate@kesoram.net; kesocorp@cal3.vsnl.net.in

Share Transfer Agent

MCS Limited, (Unit : Kesoram Textile Mills Limited)

77/2A, Hazra Road, Kolkata 700 029

Phone Nos.: +91-33 2454 1892/1893;

+91-33 4072 4051/4052/4053

Fax No.: +91-33 2454 1961; +91-33 4072 4050

E-mail : mcskol@rediffmail.com

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NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of KESORAM TEXTILE MILLS LIMITED will be held at 11:00 A.M. on Friday, the 26th day of July, 2013 at "KALA KUNJ", 48, Shakespeare Sarani, Kolkata 700 017, to transact the following business :

GENERAL BUSINESS

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jayant Sogani, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and fix their remuneration.

Registered Office :
42, Garden Reach Road
Kolkata 700 024
Dated : 20th April, 2013.

By Order of the Board

B. N. Kedia
Secretary

Notes:

1. **A Member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need not be a Member of the Company. The Instrument of Proxy must be lodged with the Company no less than 48 hours before the Meeting.**
2. The Register of Members shall remain closed from 18th July, 2013 to 26th July, 2013 (both days inclusive).
3. Instruments of Share Transfer, complete in all respect, should reach the **Share Department of the Company** at 9/1, R. N. Mukherjee Road, Kolkata-700 001 or the **Share Transfer Agent, MCS Ltd., (Unit: Kesoram Textile Mills Ltd.) 77/2A, Hazra Road, Kolkata-700 029** well before the Book Closure date as stated above.
4. Members, holding shares in physical form, are requested to notify changes in address, if any, to the **Share Department / Share Transfer Agent** immediately, quoting their folio numbers. Members, holding shares in dematerialized form, should send the above information to the respective Depository Participants.
5. In case the mailing address mentioned on this Annual Report is either without Pin Code or with incorrect Pin Code, Members are requested to inform the **Share Department / Share Transfer Agent** or the respective **Depository Participant(s)**, as the case may be, their Pin Code immediately for speedy and proper delivery of documents.
6. Members holding shares in physical form in identical order of names in more than one folio, are urged to write to the **Share Department / Share Transfer Agent** along with the relevant Share Certificates for consolidation of such Folios into one Folio.
7. (a) Members desirous of receiving Notices and/or documents from the Company through the **electronic** mode are requested to update their email addresses with their **Depository Participants**, where shares are held in electronic form and to the **Share Department of the Company / Share Transfer Agent** where shares are held in physical form.
(b) Email addresses of Members as advised to the Share Department of the Company/ Share Transfer Agent, where shares are held in physical mode, or registered with Depositories where shares are held in the electronic mode, will be deemed to be the Member's registered Email address for serving Company documents/notices as per provisions of the Act and the circular of the Ministry of Corporate Affairs. Members intending to refresh/update their email addresses should do so as soon as possible.

8. As per the provisions of the Act, the facility for making nominations is available to individuals holding shares in the Company. The Nomination **Form-2B**, prescribed by the Government for the purpose, can be obtained from the **Share Department / Share Transfer Agent**.
9. a) **Members desirous of getting any information in relation to the Company's Annual Report 2012-13 are requested to address their query(ies) well in advance, i.e. at least 10 days before the Meeting, to the Secretary of the Company to enable the Management to keep the information readily available at the Meeting.**
b) Members, who hold shares in **Electronic Form**, are requested to bring their **Depository ID Number and Client ID Number** to facilitate their identification for recording attendance at the forthcoming Annual General Meeting.
10. Members are requested to claim their unclaimed shares lying with the Company by sending proper documentary evidence to establish their bona fides. Till such claim, as per Clause 5A II of the Listing Agreement with the Stock Exchange, voting rights on such shares shall remain frozen.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective Depository Participants.
Members holding shares in physical form should submit their PAN details to the Company / Share Transfer Agent, MCS Ltd.
12. As per the requirement of Clause 49(IV)(G)(i) of the Listing Agreement, particulars of retiring Director by rotation and eligible for re-appointment are given in the Corporate Governance Section of the Annual Report.

REPORT OF THE DIRECTORS

For the year ended 31st March, 2013

The Board presents its Fourteenth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

<u>Particulars</u>	<u>31st March, 2013</u>	<u>31st March, 2012</u>
	(₹)	(₹)
Other Income	<u>99,17,210</u>	<u>1,36,00,552</u>
Profit / (Loss) before Depreciation	<u>24,25,351</u>	50,70,138
Depreciation	<u>3,94,131</u>	<u>4,08,343</u>
Profit / (Loss) for the year	<u>20,31,220</u>	46,61,795
Loss brought forward from Last Account	<u>22,47,04,577</u>	<u>22,93,66,372</u>
Loss Carried to Balance Sheet	<u>22,26,73,357</u>	<u>22,47,04,577</u>

DIVIDEND

In view of accumulated losses, no dividend is recommended for the Financial Year.

GENERAL REVIEW

The Mill continues to be under "Suspension of Work" on and from 5th January, 1999 due to labour problems. Due to continued hostile attitude and rigid stand taken by a section of workmen and /or the Union(s) all efforts made by the Management for a settlement were not fruitful. Illegal blockading and barricading in front of the Mill's Gate continues. For want of maintenance, the conditions of the machines, factory sheds, buildings and other assets have further deteriorated.

The matter pending before the 4th Industrial Tribunal referred by the Government of West Bengal, Labour Department, I.R. Branch, Writers' Buildings, Kolkata remains pending at that level.

REFERENCE TO BIFR

The Board for Industrial and Financial Reconstruction has taken the view that the Company is not a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. This position has not changed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 ("the Act") the Board, based on representations from the management and to the best of their knowledge and belief, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure;
- (ii) it has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended 31st March, 2013 ;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on the going concern basis.

AUDITORS' REPORT

As regards the observation in paragraph 'Qualified Opinion' read with clause 1 of the 'Basis for Qualified Opinion' of the Auditors' Report, Note no. 2.1 to the Notes to the Financial Statements is self explanatory and needs no further explanation in this regard.

So far as paragraph 'Qualified Opinion' read with clause 2 of the 'Basis for Qualified Opinion' of the Auditors' Report is concerned, no provision for interest was made for the year under review as negotiations to revise loan terms and the outstanding interest with the lenders could not be finalized and are still on.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

A separate Report on "Corporate Governance" along with Auditor's Certificate on its compliance and "Management Discussion & Analysis" are annexed hereto.

DIRECTORS

Shri Jayant Sogani, Director, retires by rotation and is eligible for re-election.

AUDITORS

Messrs R.K. Duggar & Co., Chartered Accountants, Auditors of the Company, retire at the forthcoming Annual General Meeting and offer themselves for re-appointment. The Company has received from them the requisite Certificate pursuant to Section 224 (1B) of the Companies Act, 1956 together with a confirmation that they comply with the ongoing cycle of the peer review process as required by the "Statement on Peer Review" issued by the The Institute of Chartered Accountants of India.

CASH FLOW ANALYSIS

The Cash Flow Statement for the year under review in terms of Clause 32 of the Listing Agreement with The Calcutta Stock Exchange Ltd. is annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since Mill operations have been under suspension of work throughout the year, no figures are available for conservation of energy, technology absorption etc. There were no foreign exchange earnings or outgo during the year under review.

PARTICULARS OF EMPLOYEES

Particulars as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are not given, as no employee of the Company falls under the prescribed category.

ACKNOWLEDGMENT

The Board wishes to put on record its gratitude to the State Government, Shareholders and the lenders for their confidence and understanding.

Kolkata
Dated : 20th April, 2013

Surendra Kumar Birla	<i>Chairman</i>
Jayant Sogani U. S. Asopa	<i>Directors</i>

REPORT ON CORPORATE GOVERNANCE

GOVERNANCE PHILOSOPHY

The Company's philosophy on governance is founded upon and structured on a rich legacy of principles and practices that predicated dealings with stakeholders based on fairness, transparency and ethical behaviour.

BOARD OF DIRECTORS

Composition of the Board, Directorships and Committee positions held in other companies and shares held as on 31st March, 2013 :

The Company's Board consisted of three Non-executive Independent Directors. Their details are as follows :

Directors	No. of outside Directorships held (excluding*)	Outside Committees #(excluding*)		Shares held
		As a Chairman	As a Member including Chairmanship	
Shri Surendra Kumar Birla	None	None	None	23,211
Shri Jayant Sogani	None	None	None	5
Shri Uma Shankar Asopa (appointed w.e.f. 24.05.2012)	10	None	None	600

* private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

Only two Committees viz. Audit Committee and Shareholders' / Investors' Grievance Committee have been considered for this purpose.

Shri Raghu Nath Tibrewal resigned from the Board effective 3rd October, 2012.

Shri Sanjay Kumar Sinha is the Manager of the Company as per the provisions of Sections 384 to 388 of the Act.

Attendance of Directors at Meetings held during the Financial Year 2012-13 :

Nature & Date of Meetings	Name of Directors			
	Shri Surendra Kumar Birla	Shri Jayant Sogani	Shri Raghu Nath Tibrewal	Shri Uma Shankar Asopa
Board on 24th May, 2012	Present	Present	Present	Not Applicable
Board on 2nd August, 2012	Present	Present	Present	Present
Board on 8th October, 2012	Present	Present	Not Applicable	Present
Board on 22nd January, 2013	Present	Present	Not Applicable	Present
AGM on 27th July, 2012	Present	Present	Present	Present

Code of Conduct

The Company has a Code of Conduct applicable to all its Board Members and senior management staff for avoidance of conflicts of interest between each of the above individuals and the Company. Each Board Member and senior management staff has to declare his compliance with the Code of Conduct as at the end of each Financial Year. The required declarations in respect of the Financial Year 2012-13 have been received from all Board Members and senior management staff. There were no materially significant transactions during the Financial Year with Board Members and senior management staff, including their relatives that had or could have had a potential conflict of interest with the Company.

AUDIT COMMITTEE

Terms of Reference

The Audit Committee has been mandated with the terms of reference as specified in the Clause 49 of the Listing Agreement with The Calcutta Stock Exchange Limited. The terms of reference also conform to the requirements of Section 292A of the Companies Act, 1956.

Composition, Name of Members and Chairman

All Board Members who are Non-executive Independent Directors comprised the Audit Committee as on 31st March, 2013.

Four Meetings on 24th May, 2012, 2nd August, 2012, 8th October, 2012 and 22nd January, 2013 were held during the Financial Year ended 31st March, 2013.

KESORAM TEXTILE MILLS LIMITED

The composition of the Audit Committee and the attendance of each Member at these Meetings are as follows :

Members	No. of Meetings attended
Shri Surendra Kumar Birla, Chairman	4
Shri Jayant Sogani	4
Shri Uma Shankar Asopa (inducted on 2nd August, 2012)	2
Shri Raghu Nath Tibrewal (Resigned from the Board effective 03.10.2012)	2

Secretary

Shri Bishwa Nath Kedia, Secretary of the Company, is the Secretary to the Audit Committee.

Invitees : (as and when considered necessary)

- The Statutory Auditors R. K. Duggar & Co., Chartered Accountants.
- Shri Bishwa Nath Kedia, Secretary of the Company.
- Shri Sanjay Kumar Sinha, Manager under the Act and Shri S. K. Choubey, Chief Financial Officer.

Shri Surendra Kumar Birla, Chairman of the Audit Committee, is a veteran Textile Industry executive with over four decades of rich experience. He has expert knowledge in finance and accounting. Shri Jayant Sogani is a qualified engineer and has a Masters in Management Studies. His expertise in finance, accounting and management spanning several decades is considerable. Shri Uma Shankar Asopa is a Bachelor of Science and a Member of The Institute of Chartered Accountants of India with more than 30 years experience in the field of finance and control. Shri Raghu Nath Tibrewal was a member of the committee upto 3rd October, 2012 and he was also a Chartered Accountant with wide ranging experience. All Members of the Committee are therefore financially literate.

Shri Surendra Kumar Birla, Chairman of the Committee, attended the last Annual General Meeting held on 27th July, 2012.

REMUNERATION COMMITTEE

All Board Members, who are Non-executive Independent Directors, comprised the Remuneration Committee as on 31st March, 2013. The Committee met twice during the year on 23rd May, 2012 and 31st July, 2012. Shri Surendra Kumar Birla, Shri Jayant Sogani, present members and Shri Raghu Nath Tibrewal, the then member attended the Meeting. Shri U S Asopa was inducted as member of the Committee effective 2nd August, 2012. Shri Raghu Nath Tibrewal ceased to be member of the Committee effective 3rd October, 2012. Shri Surendra Kumar Birla is the Chairman of the Committee. The Committee essentially discharges the role assigned to it under Part II, Section II of Schedule XIII of the Act and also otherwise recommends the remuneration of the Manager to the Board from time to time. As a part of this role, it approves, as per parameters set out in the law, the remuneration structure in respect of the Manager of the Company appointed under the Act including should there be loss or insufficient profits during a Financial Year and otherwise.

Details of Meeting Fees paid during the Financial Year 2012-13 to Directors :

S.No.	Name of Directors	Sitting Fees paid for	
		Board Meetings (₹)	Committee Meetings (₹)
1	Shri Surendra Kumar Birla	4,000	4,000
2	Shri Jayant Sogani	4,000	2,000
3	Shri Uma Shankar Asopa	3,000	2,500
4	Shri Raghu Nath Tibrewal	2,000	1,500
	Total	13,000	10,000

SHAREHOLDER RELATED COMMITTEES

As on 31st March, 2013, the Committee consisted of Shri Surendra Kumar Birla, a Non executive Independent Director as Chairman and Shri Uma Shankar Asopa, Member. Shri Asopa was inducted as a Member of the Committee during the Financial Year 2012-13 effective 2nd August, 2012. Shri Raghu Nath Tibrewal was a member till his resignation from the Board effective 3rd October, 2012.

The Committee deals with the approval of requests for transfer and transmission of shares in the physical form, issue of duplicate certificates and deals with other shareholder related issues. The Committee met two times during the Financial Year 2012-13.

The Company also has a Shareholders' / Investors' Grievance Committee headed by Shri Surendra Kumar Birla, Chairman, to specifically look into and redressing Shareholders' and Investors' complaints and to improve investor relations. Shri Uma Shankar Asopa is the other member of the Committee inducted during the year. Shri Raghu Nath Tibrewal was a member till his resignation from the Board effective 3rd October, 2012.

The Committee met twice during the Financial Year 2012-13. All the present Committee Members attended the Meeting.

KESORAM TEXTILE MILLS LIMITED

i) Shareholder complaints received and redressed during the Financial Year 2012-13

Nature of Grievances	Complaints received from				Total complaints received during 2012-13	Total redressed	No. of grievances outstanding as on 31.03.2013
	Investors directly	Stock Exchanges	SEBI Scores	ROC			
Non-receipt of Dividend/Interest/ Redemption Warrant(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non-receipt of Share/Debenture Certificate(s)	1	Nil	Nil	Nil	1	1	Nil
Non-Receipt of Duplicate Share/ Debenture Certificate(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Demat related grievance(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non-receipt of Annual Report(s)	10	Nil	1	Nil	11	11	Nil
TOTAL	11	Nil	1	Nil	12	12	Nil

ii) Compliance Officer

Shri B. N. Kedia, Company Secretary, is the Compliance Officer under the Listing Agreement.

iii) Number of pending Complaints as on 31st March, 2013 : Nil

iv) Details of outstanding Shares in the Unclaimed Suspense Account :

Particulars	Aggregate No. of Shareholders	No. of Outstanding Shares lying in the Unclaimed Suspense Account
As on 1st April, 2012	4,825	1,86,581
Shareholders approached for transfer/delivery during 2012-13	8	445
Shareholders approached for transfer/delivery pending compliance of verification process during 2012-13	6	400
Shares transferred/delivered during the year 2012-13	2	45
Balance as on 31st March, 2013	4,817	1,86,136

GENERAL BODY MEETINGS

Details of Annual General Meetings (AGMs) :

Meetings	Date of the Meeting	Location	Time
AGM (11th)	5th August, 2010	Kala-Kunj, 48, Shakespeare Sarani, Kolkata - 700017	11.00 A.M.
AGM (12th)	24th August, 2011	Kala-Kunj, 48, Shakespeare Sarani, Kolkata - 700017	11.00 A.M.
AGM (13th)	27th July, 2012	Kala-Kunj, 48, Shakespeare Sarani, Kolkata - 700017	2.00 P.M.

Special Resolutions passed in the previous three AGMs

Shri Sanjay Kumar Sinha was re-appointed Manager under the Act, effective 3rd April, 2012 to 31st March, 2015. This was approved through a Special Resolution at the Annual General Meeting held on 27th July, 2012. Subject to the above, no other Special Resolution was passed at the last three Annual General Meetings. No Special Resolution was passed during the Financial Year 2012-13 through Postal Ballot.

KESORAM TEXTILE MILLS LIMITED

DISCLOSURES REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

As per requirement of Clause 49(IV)(G)(i) of the Listing Agreement, brief profiles of Shri Jayant Sogani is appended.

"Shri Jayant Sogani, Director of the Company, aged about 59 years, is a Master of Management Studies (MMS) and has extensive experience in the field of finance, accounts and legal matters. He is also holding trusteeship in Swar Sangam and is Deputy Secretary of Birla Sanskriti Trust".

DISCLOSURES

- i) Disclosure of materially significant Related Party Transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large : Details of Related Party transaction(s) during the year has been set out under Note 22 to the Financial Statements. However, these do not have any potential conflict with the interest of the Company at large.
- ii) Details of Non-compliance by the Company, penalties / strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to Capital Market during last three years : None

MEANS OF COMMUNICATION

- Half yearly report sent to each household of Shareholders : No
- Quarterly Results : The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved by the Board of Directors of the Company are forwarded to the Stock Exchange.
- Which newspaper(s) normally published : Financial Express / Business Standard (English) Dainik Statesman (Bengali)
- Any website where displayed : www.kesoramtextiles.com
- Whether it also displays official news releases : Official news releases, if any, are also displayed on the website.
- Whether presentations made to Institutional Investors or to Analyst : No presentations were made to Institutional Investors or Analysts during the Financial Year 2012-13.
- Whether Management Discussion and Analysis Report is a part of Annual Report : Yes

GENERAL SHAREHOLDER INFORMATION

- i) **Next Annual General Meeting :**
- | Date | Time | Venue |
|-----------------|------------|---|
| 26th July, 2013 | 11.00 A.M. | "Kala-Kunj", 48, Shakespeare Sarani, Kolkata - 700 017. |

- ii) **Financial Calendar (tentative) :**

Financial reporting and Limited Review Report date of submission to the Stock Exchange :-

Result for the Quarter ended 30th June, 2013	4th week of July, 2013
Result for the Quarter ended 30th September, 2013	4th week of October, 2013
Result for the Quarter ended 31st December, 2013	4th week of January, 2014
Result for the Quarter ended 31st March, 2014	4th week of April, 2014

- iii) **Financial year** : The Financial Year of the Company covers 1st April to 31st March period.
- iv) **Date of Book Closure** : 18th July, 2013 to 26th July, 2013 (both days inclusive)
- v) **Dividend Payment Date** : Not Applicable.

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- vi) **Listing on Stock Exchanges** : The Shares of the Company are listed only on The Calcutta Stock Exchange Ltd.
- vii) **Stock Codes** : Physical - 21378, Demat -10021378
The Annual Listing Fee for the year 2012-13 of the Exchange has been paid by the Company.
- viii) **ISIN No. for the Company's Equity Share in Demat Form** : INE880A01017
- ix) **Depository Connectivity** : National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)
- x) (a) **Stock Market Data** :
The Company is listed only on the Calcutta Stock Exchange. There were no transactions in the Company's shares during the Financial Year 2012-13.
- (b) **Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.** :
Since there were no transactions in the shares of the Company during the Financial Year 2012-13 as such the performance comparison to broad-based indices is not possible.
- xi) **Registrar and Share Transfer Agent** :
MCS Limited (Unit: Kesoram Textile Mills Ltd.)
77/2A, Hazra Road, Kolkata-700 029
Phone Nos.: +91-33-2454-1892/1893, +91-33-4072-4051/4052/4053
Fax No.: +91-33-2454-1961, +91-33-4072-4050
E-mail : mcskol@rediffmail.com
- xii) **Share Transfer System** :
Subject to documentation being in order, transfer requests of Ordinary Shares lodged with the Company/Registrars in physical form are processed no later than 15 days from the date of receipt. Individual share transfer requests in physical form below 10,000 shares are dealt with and approved at the level of Company Executives. Individual requests for transfers of above 10,000 shares in physical form are referred to the Share Transfer Committee for approval. Transferred shares are dispatched to the transferees immediately upon approval.
- xiii) **Distribution of Shareholding** : As on 31st March, 2013.
- a) **According to Category of holding** :

Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Promoters	22	0.02	1,33,29,049	25.49
Banks/ Mutual Funds and Insurance Cos.	68	0.06	73,90,418	14.14
Foreign Institutional Investors	6	—	82,25,407	15.73
NRI/OCB's	208	0.19	7,02,252	1.34
Enemy Property	5	—	1,942	—
Private Bodies Corporate	1,205	1.08	67,59,009	12.93
Individuals	1,10,522	98.65	1,56,35,289	29.91
Shares in Transit	—	—	2,38,539	0.46
Total	1,12,036	100.00	5,22,81,905	100.00

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b) According to Number of Equity Shares held :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1-100	93,104	83.10	33,02,555	6.32
101-200	10,009	8.93	15,24,172	2.91
201-500	5,451	4.87	18,93,893	3.62
501-1000	1,800	1.61	14,04,154	2.69
1001-5000	1,313	1.17	27,88,495	5.33
5001-10000	170	0.15	12,70,078	2.43
10001 & above	189	0.17	398,60,019	76.24
Shares in transit	—	—	2,38,539	0.46
Total	1,12,036	100.00	522,81,905	100.00

- xiv) **Dematerialisation of Shareholding and liquidity** : Over 89.37% of the Company's Equity Shares are dematerialised as on 31st March, 2013.
- xv) **Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity** : Not Applicable
- xvi) **Insider Trading**
The Code of Internal Procedure & Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, is in full force and effect.
- xvii) **Plant Locations** : The Company has a Textile Mill located at 42, Garden Reach Road, Kolkata 700 024
- xviii) **Address for Correspondence**

a) **For routine matters :**

Any assistance regarding Share transfers and transmissions, change of Address, duplicate /missing Share Certificates, dematerialisation and other matters, please write to or contact the Share Department of the Company at the address given below :

Share Department, Kesoram Textile Mills Ltd. 9/1, R. N. Mukherjee Road, Kolkata-700 001. Phone No.: +91-33-2243-7121 Fax No. +91-33-2210-9455 E-mail : sharedepartment@kesoram.net	Or	MCS Limited (Unit: Kesoram Textile Mills Ltd.) 77/2A, Hazra Road, Kolkata-700 029 Phone Nos. : +91-33-2454-1892/1893, +91-33-4072-4051/4052/4053 Fax No. : +91-33-2454-1961/4072-4050 E-mail : mcskol@rediffmail.com
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b) **For Redressal of Complaints and Grievances :**

The Director,
Kesoram Textile Mills Ltd.
9/1, R.N. Mukherjee Road,
Kolkata-700 001.
Telephone No.+91-33-2243-5453, 2242-9454; Fax No.+91-33-2210-9455
E-mail : sharedepartment@kesoram.net

Surendra Kumar Birla *Chairman*

Kolkata
Dated : 20th April, 2013

Jayant Sogani
U. S. Asopa *Directors*

DECLARATION

All the Board members and the Senior Management Personnel have affirmed their compliance of the “**Code of Conduct for Members of the Board and Senior Management**” during the period from 01.04.2012 to 31.03.2013 in terms of Clause 49(l)(D)(ii) of the Listing Agreement with The Calcutta Stock Exchange Association Limited..

Place : Kolkata
Dated : 02.04.2013

Sanjay Kumar Sinha
Chief Executive Officer

AUDITORS’ COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Kesoram Textile Mills Limited

We have examined the compliance of conditions of Corporate Governance by KESORAM TEXTILE MILLS LIMITED for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

In 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 Agreement.

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

N. Banerjee
Partner

Membership No. 2839

For R. K. Duggar & Co.
Chartered Accountants

Firm Registration No. 309091E

Kolkata
20th April, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Uncertainty continues to prevail about resumption of work at Mill, which is under “Suspension of Work” since 5th January, 1999. Therefore, the Company’s immediate outlook is not known and the Board is unable to express any view on the same.

Surendra Kumar Birla *Chairman*

Kolkata
Dated : 20th April, 2013

Jayant Sogani

U. S. Asopa

Directors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KESORAM TEXTILE MILLS LIMITED

Report on the Financial Statement

We have audited the accompanying financial statement of KESORAM TEXTILE MILLS LIMITED, which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion

1. ***Attention is invited to Note No: - 2.1 of Notes on Accounts regarding the preparation of these accounts on 'Going Concern' basis. In view of its accumulated losses, the net worth of the Company has been completely eroded. After declaration of suspension of work since 5th January 1999, the Company is not carrying on any manufacturing activity. Accordingly, we are unable to express any opinion on the Company's ability to continue as a 'Going Concern'.***
2. ***The Company has not provided interest on loan from Kesoram Industries Limited ever since the amount was borrowed. The interest on loan payable for the year ended 31st March, 2013 amounting to Rs.2,24,79,865/- (Previous year – Rs. 2,04,36,241/-) has not been provided in these accounts. The aggregate interest on loan not provided till date is Rs. 15,17,78,519/- (Previous year - Rs.12,92,98,654/-) including interest not provided during the current year. If interest on this loan had been provided during the year, there would be a loss of Rs. 2,04,48,645/- as against the profit of Rs. 20,31,220/- shown in these financial statements. If interest on loan were provided every year, the debit balance of Profit & Loss Account in the Balance Sheet as on 31st March, 2013 shown under the head "Reserves and Surplus" would be Rs. 37,44,51,876/- (Previous year – Rs. 35,40,03,231/-) as against Rs. 22,26,73,357 /- (Previous year – Rs. 22,47,04,577/-) disclosed in these financial statements. Interest accrued on Secured Loan would amount to Rs. 15,17,78,519/- (Previous year – Rs. 12,92,98,654/-) as against "Nil" (Previous year -"Nil") disclosed in these financial statements.***

Qualified Opinion

In our opinion, and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

N. Banerjee

(Partner)

Membership No. 2839

For R. K. Duggar & Co.

Chartered Accountants

Firm Registration No. 309091E

Place : Kolkata

Dated : 20th April, 2013

ANNEXURE TO THE AUDITORS' REPORT

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

Re : KESORAM TEXTILE MILLS LIMITED

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

- In respect of its fixed assets :
 - The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - As explained to us, all the fixed assets have been physically verified periodically by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - The fixed assets disposed off during the year, in our opinion; do not constitute substantial part of the fixed asset of the Company.
- The Company does not have any inventory. Therefore Sub-Clauses (ii) (a) to (ii) (c) of the said Order are not applicable to the Company.
- The Company has neither granted nor taken any loans, secured or unsecured to /from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, accordingly sub-clauses (iii)(a) to (iii)(g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- We have not come across any transactions which needed to be recorded in the register required to be maintained under Section 301 of the Companies Act, 1956.
- The Company has not accepted any deposits from the public, therefore, the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to acceptance of deposit from the public are not applicable to the Company.
- In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- Manufacturing activities of the Company are under suspension since 5th January 1999. The Company has not maintained cost records in terms of Section 209(1)(d) of the Companies Act, 1956 as it has been permitted by the Assistant Director (Cost), Govt. of India, Ministry of Corporate Affairs, Cost Audit Branch vide letter dated 12.12.2011 not to comply with the cost audit order issued by the department earlier relating to maintenance of cost records, till their further orders.

KESORAM TEXTILE MILLS LIMITED

9. (a) The Company is regular in depositing undisputed statutory dues including on account of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and other statutory dues with the appropriate authorities, wherever applicable.

No undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and other statutory dues were in arrears as at the last day of the financial year for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, there are no dues outstanding other than the following in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and other statutory dues on account of any dispute :

Act	Nature of Dues	Forum where dispute is pending	Amount (₹)
Central Excise Act, 1944	Excise Duty	Kolkata High Court	14,19,420/-
Central Excise Act, 1944	Excise Duty	Addl. Secretary (R.A.) Govt. of India	3,51,206/-
Central Excise Act, 1944	Excise Duty	Assistant Commissioner of Central Excise	29,36,767/-
Central Excise Act, 1944	Excise Duty	Superintendent of Central Excise	1,066/-
Central Excise Act, 1944	Excise Duty	Central Excise and Service Tax Appellate Tribunal	11,71,182/-
Central Excise Act, 1944	Modvat Credit	Assistant Commissioner of Central Excise	4,06,870/-
Employee's State Insurance Regulation Act, 1950	ESI Contribution	Dy. Director E. S. I.	11,98,269/-

Further, the Company is not liable to pay Wealth Tax and Custom Duty.

10. Accumulated losses of the Company exceeded fifty percent of its net worth at 31st March, 2013. The Company has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. The Company has not borrowed any money from financial institutions or banks. It has also not issued any debentures. Therefore, the question of default does not arise.
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. Accordingly, sub-clause 4(xii) of the said Order is not applicable to the Company.
13. In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of sub-clauses (xiii)(a) to (xiii)(d) of the said Order are not applicable to the Company.
14. The Company is not engaged in dealing or trading in shares, securities and debentures. For other investments, it has maintained proper records of the transactions and contracts and timely entries thereof have been made there-in. Investments are held by the Company in its own name on the date of Balance Sheet.
15. The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
16. The Company has not raised any term loans during the year.
17. The Company has not used short-term funds for long-term investment during the financial year.
18. The Company has not made any preferential allotment of shares to parties and companies listed in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year. Accordingly, the sub-clause (xix) of the said Order is not applicable to the Company.
20. The Company has not raised any money during the year through any public issue.
21. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the management.

N. Banerjee
(Partner)

Membership No. 2839

For R. K. Duggar & Co.

Chartered Accountants

Firm Registration No. 309091E

Place : Kolkata

Dated : 20th April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note	As at	As at
		31st March, 2013	31st March, 2012
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	10,45,63,810	10,45,63,810
Reserves and Surplus	4	(22,19,42,279)	(22,39,73,499)
Non-current Liabilities			
Long-term Provisions	5	3,28,13,572	3,27,02,675
Current Liabilities			
Short-term Borrowings	6	9,56,06,015	9,55,78,155
Other Current Liabilities	7	49,65,074	47,72,360
Short-term Provisions	8	13,79,602	14,43,957
Total		1,73,85,794	1,50,87,458
ASSETS			
Non-current Assets			
Fixed Assets			
- Tangible Assets	9	73,82,098	78,98,334
Long-term Loans and Advances	10	39,65,367	39,38,435
Current Assets			
Current Investments	11	13,74,647	16,05,264
Cash and Bank Balances	12	36,71,500	6,68,098
Short-term Loans and Advances	13	8,79,742	9,04,403
Other Current Assets	14	1,12,440	72,924
Total		1,73,85,794	1,50,87,458
Significant Accounting Policies	2		

The accompanying notes are an integral part of these financial statements.

As per our Report of even date.

For R. K. Duggar & Co.
Chartered Accountants

N. Banerjee
(Partner)
Membership No. 2839
Firm Registration No. 309091E
Dated : 20th April, 2013

B. N. Kedia
Company Secretary

Surendra Kumar Birla Chairman
Jayant Sogani Directors
U. S. Asopa

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

Particulars	Note	Year ended	Year ended
		31st March, 2013	31st March, 2012
		₹	₹
INCOME			
Other Income	16	99,17,210	1,36,00,552
Total Revenue		99,17,210	1,36,00,552
EXPENSES			
Employee Benefits Expense	17	38,77,188	40,63,887
Finance Costs	18	4,731	8,799
Depreciation and Amortization Expense	9	3,94,131	4,08,343
Other Expenses	19	36,09,940	44,57,728
Total Expenses		78,85,990	89,38,757
Profit/(Loss) before tax		20,31,220	46,61,795
Tax Expense :			
Current Tax		—	—
Deferred Tax		—	—
Profit/(Loss) for the period		20,31,220	46,61,795
Earnings per equity share	20		
(Nominal Value per share ₹ 2/-)			
Basic		0.039	0.089
Diluted		0.039	0.089
Significant Accounting Policies	2		

The accompanying notes are an integral part of these financial statements.

As per our Report of even date.

For R. K. Duggar & Co.
Chartered Accountants

N. Banerjee
(Partner)
Membership No. 2839
Firm Registration No. 309091E
Dated : 20th April, 2013

B. N. Kedia
Company Secretary

Surendra Kumar Birla *Chairman*
Jayant Sogani
U. S. Asopa *Directors*

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

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	₹	₹
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax & extraordinary items	20,31,220	46,61,795
Adjustments for :		
Depreciation	3,94,131	4,08,343
Profit on Sale of Tangible Assets	(1,38,575)	(74,734)
Interest Paid	4,731	8,799
Interest Income	(1,23,861)	(97,696)
Dividend Income	(69,384)	(5,264)
Assets Discarded	—	1,09,787
Operating Loss before Working Capital Changes	20,98,262	50,11,030
Adjustments for :		
Changes in Receivables	(41,787)	6,67,794
Changes in Payables	2,67,116	(40,76,963)
Cash generated from Operations	23,23,591	16,01,861
Fringe Benefit Tax Paid (Net)	—	—
Net Cash from (used in) Operating Activities	23,23,591	16,01,861
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Tangible Assets	2,60,680	86,517
Purchase/Sale of Investment	2,30,617	(16,05,264)
Interest Income	1,23,861	97,696
Dividend Income	69,384	5,264
Net Cash from Investing Activities	6,84,542	(14,15,787)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(4,731)	(8,799)
Net Cash from (used in) Financing Activities	(4,731)	(8,799)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	30,03,402	1,77,275
Cash & Cash Equivalents at the beginning of the year	6,68,098	4,90,823
Cash & Cash Equivalents at the end of the year	36,71,500	6,68,098
Cash and Cash Equivalents include :		
Cash in Hand	527	7,668
With Scheduled Banks in -		
Current Accounts	24,274	9,261
S.B.I. A/C KCMP School	5,019	1,09,489
Short Term Deposit	36,41,680	5,41,680
Bank Overdraft	—	—
	36,71,500	6,68,098

As per our Report of even date.

For R. K. Duggar & Co.
Chartered Accountants

N. Banerjee
(Partner)

Membership No. 2839
Firm Registration No. 309091E

Dated : 20th April, 2013

B. N. Kedia
Company Secretary

Suresh Kumar Birla

Chairman

Jayant Sogani

U. S. Asopa

Directors

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION :

Kesoram Textile Mills Limited was incorporated with the object of running a textile mill. The textile mill is under suspension of work and is not in operation at present. The Company is a public limited company and is listed in the Calcutta Stock Exchange (CSE).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

2.1 Basis of preparation :

- i) These accounts have been prepared on a "Going Concern" basis as the Board for Industrial and Financial Reconstruction vide its order dated 19.09.2006 held that the Company is not a Sick Industrial Company within the meaning of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- ii) These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis and have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956. All 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 the Schedule VI to the Companies Act, 1956.
- iii) The Company's textile mill is under suspension of work since 5th January, 1999 and thus there is no acquisition of assets for processing and consequently their realization in cash and cash equivalents. However, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.
- iv) The previous year's figures have been regrouped or reclassified wherever necessary to conform to the current year's presentation.

2.2 Tangible Assets :

- i) Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.
- ii) Subsequent expenditures related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.
- iii) Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit and Loss in the year of retirement or disposal.

2.3 Depreciation :

- i) In respect of fixed assets acquired up to 31st March, 1983, depreciation is calculated under reducing balance method at applicable rates as per Schedule XIV to the Companies Act, 1956 as revised during 1993-94.
- ii) In respect of fixed assets not covered in clause (i) above, depreciation is calculated -
For addition up to 31st March, 1993
At the rates considered adequate to amortize the depreciable book value over the remaining part (as on 1st April, 1993) of the specified period recomputed by applying the Schedule-XIV rates as revised during 1993-94 in keeping with Circular No.14/93 dated December, 1993 of the Department of Company Affairs, Government of India.
For addition from 1st April, 1993
At applicable rates as per Schedule-XIV to the Companies Act, 1956 as amended during 1993-94.
- iii) In respect of fixed assets capitalized after the expiry of the lease period, depreciation has been calculated under the straight line method at applicable rates as per Schedule-XIV to the Companies Act, 1956 on the basis of remaining life of the assets.

2.4 Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit & Loss Account.

2.5 Investments :

Investments that are readily realizable and are intended to be held for not more than one year from date, on which such investments are made, are classified as current investments and are carried at cost or fair value, whichever is lower.

2.6 Other Income :

Interest : Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend : Dividend income is recognized when the right to receive dividend is established.

Custodial Charges and all other incomes are recognized on accrual basis.

2.7 Employee Benefits :

i) Short Term Employee Benefits :

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

- ii) **Provident Fund :**
Contributions towards Provident funds are recognized as expense. Provident Fund contributions in respect of certain employees are made to trusts administered by the Company; the interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall if any, is to be made good by the Company.
The remaining Provident Fund contributions (for other than covered employees) are made to government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.
- iii) **Employees State Insurance :**
Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees are recognized as charge.
- iv) **Gratuity :**
The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of each year. Actuarial losses/gains are recognized the Statement of Profit and Loss in the year in which they arise.
- v) **Leave Salary :**
Leave salary, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.
- 2.8 **Current and Deferred Tax :**
No provisions have been made in these accounts for Income Tax in view of the brought forward losses eligible for set off against current year's income. No provision has been made for Minimum Alternate Tax as lower of loss or unabsorbed depreciation brought forward is greater than book profits as envisaged in Section 115JB of Income Tax Act, 1961.
By way of prudent accounting principles deferred tax assets has not been recognised as there is reasonable uncertainty of sufficient future taxable income which may be available for its realisation.
- 2.9 **Provisions and Contingent Liabilities :**
- i) **Provisions :**
Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.
- ii) **Contingent Liabilities :**
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.
- 2.10 **Cash and Cash Equivalents :**
In the Cash Flow Statement, cash and cash equivalents include cash in hand, demand and term deposit with banks.
- 2.11 **Earnings Per Share :**
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.
- 2.12 **Segment Reporting :**
In terms of Accounting Standard-17 pertaining to "Segment Reporting" segment information has not been given as the Company's activity falls within a single business segment.

NOTES FORMING PART OF ACCOUNTS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
3. SHARE CAPITAL		
Authorised :		
7,50,00,000 Equity Shares of ₹ 2/- each	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued, Subscribed and Paid up :		
5,22,81,905 Equity Shares of ₹ 2/- each	<u>10,45,63,810</u>	<u>10,45,63,810</u>
Total	<u>10,45,63,810</u>	<u>10,45,63,810</u>

3.1 Reconciliation of number of shares

Particulars	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	5,22,81,905	10,45,63,810	5,22,81,905	10,45,63,810
Balance at the end of the year	5,22,81,905	10,45,63,810	5,22,81,905	10,45,63,810

3.2 Rights, Preferences and Restrictions attached to shares

Equity Shares : The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding after distribution of all preferential amounts.

3.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Nos.	%	Nos.	%
Equity Shares :				
Kesoram Industries Ltd.	49,96,986	9.56	49,96,986	9.56
Deutsche Bank Trust Company Americas	70,41,875	13.47	70,41,875	13.47
Life Insurance Corporation of India	43,03,715	8.23	43,03,715	8.23

3.4 Shares allotted as fully paid up pursuant to contract without payment being received in cash.

3.4.1 Out of Subscribed Capital, 5,22,81,870 shares have been allotted as fully paid up equity shares for consideration other than cash pursuant to Scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court.

3.4.2 No Equity shares have been issued in the last 5 years under the Employee Stock Option Plan as consideration for services rendered by employees.

KESORAM TEXTILE MILLS LIMITED

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
4 RESERVES AND SURPLUS		
4.1 Capital Reserve		
Balance at the beginning of the year	7,31,078	7,31,078
Balance at the end of the year [a]	<u>7,31,078</u>	<u>7,31,078</u>
4.2 Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(22,47,04,577)	(22,93,66,372)
Add: Profit/(Loss) for the year	20,31,220	46,61,795
Balance as at the end of the year [b]	<u>(22,26,73,357)</u>	<u>(22,47,04,577)</u>
Total [a+b]	<u>(22,19,42,279)</u>	<u>(22,39,73,499)</u>
5 LONG-TERM PROVISIONS		
Provision for Employee Benefits :		
Gratuity	3,10,15,015	3,09,57,114
Leave Salary	17,98,557	17,45,561
Total	<u>3,28,13,572</u>	<u>3,27,02,675</u>
6 SHORT-TERM BORROWINGS		
Secured :		
From others parties	9,55,00,000	9,55,00,000
Deposit	1,06,015	78,155
Total	<u>9,56,06,015</u>	<u>9,55,78,155</u>
6.1 Nature of Security and terms of repayment for secured borrowings		
Nature of Security		
Loan from Kesoram Industries Limited amounting to Rs. 9,55,00,000/- is secured by deposit of title deeds of building together with lands of an area of 11,17,620 sq. ft. at 42, Garden Reach Road, Kolkata 700 024.		
7 OTHER CURRENT LIABILITIES		
Other Payables	49,65,074	47,72,360
Total	<u>49,65,074</u>	<u>47,72,360</u>
7.1 Non-provision of Interest on Loan		
The Company has not been providing for interest on loan borrowed from Kesoram Industries Ltd. as the Company is negotiating the revised terms relating to interest on the said loan. The aggregate amount of interest not provided upto 31st March, 2013 is Rs. 15,17,78,519/- (Previous year Rs. 12,92,98,654/-)		
8. SHORT TERM PROVISION		
Gratuity	12,62,173	13,23,500
Leave Salary	96,289	99,317
Provision for Fringe Benefit Tax	21,140	21,140
Total	<u>13,79,602</u>	<u>14,43,957</u>

9 FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTIZATION			NET BLOCK		
	As at 31.03.2012 ₹	Additions during the year ₹	Other Adjust- ments ₹	Deletions/ Adjust- ments ₹	As at 31.03.2013 ₹	For the year during the year ₹	On Deletions/ Adjustments during the year ₹	As at 31.03.2013 ₹	As at 31.03.2012 ₹
I. Tangible Assets:									
Land:									
- Freehold	9,25,417	—	—	—	9,25,417	—	—	7,48,000	7,48,000
- Leasehold	—	—	—	—	—	—	—	—	—
Buildings	2,00,22,904	—	—	1,35,676	1,98,87,228	1,18,770	1,13,336	40,13,243	41,54,353
Plant and Equipments	24,42,04,105	—	—	—	24,42,04,105	2,20,638	—	20,29,346	22,49,984
Furniture and Fixtures	28,27,893	—	—	3,59,802	24,68,091	10,629	3,52,500	41,258	59,189
Office Equipments	15,80,795	—	—	11,97,723	3,83,072	14,12,527	11,05,260	42,884	1,68,268
Vehicles	5,29,471	—	—	—	5,29,471	—	—	26,470	26,470
Others: Tube Wells	9,06,567	—	—	—	9,06,567	11,173	—	4,80,897	4,92,070
Total	27,09,97,152	—	—	16,93,201	26,93,03,951	3,94,131	15,71,096	73,82,098	78,98,334
Previous Year	27,17,39,367	—	—	7,42,215	27,09,97,152	4,08,343	6,20,645	78,98,334	84,28,247

NOTE :

1. Company is taking steps with the appropriate authority to obtain registration of land in its name acquired consequent upon the scheme of arrangement.

KESORAM TEXTILE MILLS LIMITED

	As at <u>31st March, 2013</u> ₹	As at <u>31st March, 2012</u> ₹
10 LONG-TERM LOANS & ADVANCES		
Unsecured, considered good		
a) Security Deposits	39,63,010	39,36,078
b) Other Loans and Advances Balance with Excise, Port Trust & Customs Authorities	2,357	2,357
Total	<u>39,65,367</u>	<u>39,38,435</u>
11 CURRENT INVESTMENTS		
[At cost or fair value whichever is less]		
UTI Liquid Fund (Quoted)	13,74,647	16,05,264
Total	<u>13,74,647</u>	<u>16,05,264</u>
Aggregate market value of quoted investment	<u>14,11,979</u>	<u>16,11,002</u>
12 CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Cash on hand	527	7,668
Bank Balances		
In Current Accounts	24,274	9,261
Demand Deposits (less than 3 months maturity)		
Fixed Deposit with Allahabad Bank	3,00,000	—
Fixed Deposit with S.B.I. - KCMP School	1,00,000	—
Other Bank Balances		
State Bank of India A/c KCMP School	5,019	1,09,489
Long term deposits with maturity more than 3 months but less than 12 months		
Fixed Deposit with Allahabad Bank	25,00,000	—
Fixed Deposit with S.B.I. - KCMP School	2,00,000	—
Term Deposit Account (Pledged with Allahabad Bank)	5,41,680	5,41,680
Total	<u>36,71,500</u>	<u>6,68,098</u>
13 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Other Loans & Advances		
Advances	44,083	2,22,597
Advance Payment of FBT	19,310	19,310
Tax Deducted at Source	4,55,218	3,12,482
CENVAT & Service Tax Receivable	3,61,131	3,50,014
Total	<u>8,79,742</u>	<u>9,04,403</u>
14 OTHER CURRENT ASSETS		
Accrued Interest on Deposits	1,12,240	71,259
Rent Receivable	200	1,665
Total	<u>1,12,440</u>	<u>72,924</u>
15 CONTINGENT LIABILITIES		
Claims against the Company (in respect of which the Company's objection has either not been responded to or is under consideration of the concerned authorities) not acknowledged as debts and not provided for :		
Relating to Central Excise demands	62,86,510	62,86,510
Pertaining to Employees State Insurance	11,98,269	11,98,269
Pertaining to Building Contractor	12,54,000	12,54,000
Claims from workers have not been acknowledged as debts and not provided for as it is not possible to estimate such claims.		

KESORAM TEXTILE MILLS LIMITED

	Year ended 31st March, 2013 ₹	Year ended 31st March, 2012 ₹
16 OTHER INCOME		
Custody Charges Received	66,00,000	61,00,000
Rent Received	1,95,714	1,85,230
Interest Income :		
-On Bank & Other Deposits	1,23,861	97,696
Dividend Income	69,384	5,264
Income from Sale of Scrap	23,39,666	24,66,542
Miscellaneous Income	1,64,237	1,30,423
Profit on Sale of Fixed Assets (Net)	1,38,575	74,734
Liabilities no longer required written back	2,85,773	45,40,663
Total	99,17,210	1,36,00,552
17 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus etc.	29,77,338	29,90,521
Contribution to Provident and Other Funds [Refer Note (a) below]	3,11,488	3,18,972
Gratuity [Refer Note (b) below]	1,13,355	2,75,957
Contribution under E.S.I. Scheme	22,734	43,408
Staff Welfare Expenses	4,52,273	4,35,029
Total	38,77,188	40,63,887
a. Defined Contribution Plans		
Amount recognised in the Statement of Profit and Loss		
Contribution to Provident Fund	3,05,704	3,08,753
Contribution to Pension Fund	—	4,328
Contribution to W.B. Labour Welfare Fund	78	96
Contribution to D.L.I.	5,706	5,795
Contribution to E.S.I.	22,734	43,408
Total	3,34,222	3,62,380
b. Defined Benefit Plan		

Gratuity : The Company operates a gratuity plan in the form of an unfunded scheme. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

Leave Salary : The leave salary encashment provisions is unfunded. Leave accruing to an employee during the year is credited to the employee's benefit account and accumulated as per the rules of the Company. It becomes payable upon retirement of the employee or separation from the Company whichever is earlier.

KESORAM TEXTILE MILLS LIMITED

NOTE 17 (Contd.)

i. Present Value of Defined Benefit Obligation

Particulars	Gratuity		Leave Salary	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	₹	₹	₹	₹
Present Value of Obligation at the beginning of the year	3,22,80,614	3,21,64,146	18,44,878	19,18,625
Current Service Cost	12,47,578	12,87,000	1,82,649	1,89,350
Interest Cost	25,28,540	25,50,971	1,47,290	1,47,573
(Benefits paid)	(1,16,781)	(1,59,489)	(99,037)	(2,11,826)
Actuarial (gain) / loss	(36,62,763)	(35,62,014)	(1,80,934)	(1,98,844)
Present Value of obligation at the end of the year	3,22,77,188	3,22,80,614	18,94,846	18,44,878

ii. Fair value of Plan Asset

Balance at the beginning of the year	—	—	—	—
Benefits paid	—	—	—	—
Actuarial (gain) / loss	—	—	—	—
Balance at the end of the year	—	—	—	—

iii. Assets and Liabilities recognised in the Balance Sheet

Present Value of Defined Benefit Obligation	3,22,77,188	3,22,80,614	18,94,846	18,44,878
Less : Fair Value of Plan Assets	—	—	—	—
Amount recognised as liability	3,22,77,188	3,22,80,614	18,94,846	18,44,878

Recognised under:

Long Term Provisions [Refer Note 5]	3,10,15,015	3,09,57,114	17,98,557	17,45,561
Short Term Provisions [Refer Note 8]	12,62,173	13,23,500	96,289	99,317

iv. Expense recognised in the Statement of Profit and Loss

Current Service Cost	12,47,578	12,87,000	1,82,649	1,89,350
Interest Cost	25,28,540	25,50,971	1,47,290	1,47,573
Expected return on Plan Assets	—	—	—	—
Actuarial Gains/(Losses)	(36,62,763)	(35,62,014)	(1,80,934)	(1,98,844)
Total Expense	1,13,355	2,75,957	1,49,005	1,38,079

v. Actuarial Assumptions

Mortality Table	LICI 1994-96	LICI 1994-96	LICI 1994-96	LICI 1994-96
Superannuation Age	58	58	58	58
Attrition Rate	10 per thousand p.a. 6 above age 45	10 per thousand p.a. 6 above age 45	10 per thousand p.a. 6 above age 45	10 per thousand p.a. 6 above age 45
	3 between 29 and 45	3 between 29 and 45	3 between 29 and 45	3 between 29 and 45
	1 below age 29	1 below age 29	1 below age 29	1 below age 29
Discount Rate (per annum)	8.00	8.00	8.00	8.00
Return on Assets	—	—	—	—
Inflation Rate	6	6	6	6
Remaining Working Life	10	11	10	11

The estimates of future salary increases considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

NOTE 17 (Contd.)

vi. Amount recognised in the current year and previous four years

	<u>31.03.2013</u>	<u>31.03.2012</u>	<u>31.03.2011</u>	<u>31.03.2010</u>
	₹	₹	₹	₹
Gratuity				
Defined Benefit Obligation	3,22,77,188	3,22,80,614	3,21,64,146	3,10,60,143
Plan Assets	—	—	—	—
Surplus/Deficit	3,22,77,188	3,22,80,614	3,21,64,146	3,10,60,143
Leave Salary				
Defined Benefit Obligation	18,94,846	18,44,878	19,18,625	16,75,130
Plan Assets	—	—	—	—
Surplus/Deficit	18,94,846	18,44,878	19,18,625	16,75,130
	Year ended		Year ended	
	31st March, 2013		31st March, 2012	
	₹		₹	

18 FINANCE COSTS

Interest on Overdraft	4,731	8,799
Total	4,731	8,799

18.1 Interest on Loan taken from Kesoram Industries Ltd.

The Company has not provided for interest of Rs.2,24,79,865/- for the year ended 31st March, 2013 on loan taken from Kesoram Industries Limited (previous year Rs. 2,04,36,241/-). The above interest has been calculated @10% p.a. as the revised terms of interest on loan are under negotiation.

	<u>Year ended</u>	<u>Year ended</u>
	<u>31st March, 2013</u>	<u>31st March, 2012</u>
	₹	₹
19 OTHER EXPENSES		
Repairs		
– Building	1,23,671	1,00,000
– Others	1,70,010	1,55,686
Rent	—	6,000
Insurance	94,573	85,900
Rates and Taxes	8,50,737	8,50,509
Directors Fees	23,000	24,000
AGM & Annual Report Expenses	9,45,156	9,00,903
Payment to Auditors		
– As Auditor	45,250	41,150
– Tax Audit Fee	9,050	8,250
– Other Services	38,900	40,350
Miscellaneous Expenses	13,09,593	22,44,980
Total	36,09,940	44,57,728

KESORAM TEXTILE MILLS LIMITED

	Year ended 31st March, 2013	Year ended 31st March, 2012
	₹	₹
19.1 Payment to Auditors as :		
Auditor		
– Statutory Audit Fees	45,250	41,150
– Tax Audit Fee	9,050	8,250
– Other Services	38,900	40,350
Total	93,200	89,750
20 EARNINGS PER SHARE		
Basic & Diluted EPS		
Profit after Tax	20,31,220	46,61,795
Weighted average number of shares outstanding	5,22,81,905	5,22,81,905
Basic & Diluted EPS	0.039	0.089
Face Value per share	2	2

21 LEASES

As a Lessee

The Company has taken Plant and Machineries on lease valuing Rs.132.40 Lacs (Previous year : Rs. 132.40 lacs) on the basis of fixed non cancellable period of sixty months from the date of commencement of the lease with an option for yearly renewal for a further period of five years after the expiry of fixed non-cancellable period. Lease for Plant and Machineries valuing Rs.132.40 Lacs (Previous year : Rs.132.40 lacs) are yet to be renewed after the expiry of fixed non-cancellable period.

22 RELATED PARTY DISCLOSURES

Related Party	Relationship	Transactions
Shri S.K. Sinha (Key Management Personnel)	Factory Manager	Remuneration (including contribution to Provident Fund, perquisites etc.) paid Rs. 17,02,834/- (Rs.15,70,495/-)

The notes are an integral part of these financial statements.

As per Report of even date.

For R. K. Duggar & Co.

Chartered Accountants

N. Banerjee

(Partner)

Membership No. 2839

Firm Registration No. 309091E

Dated : 20th April, 2013

B. N. Kedia
Company Secretary

Surendra Kumar Birla *Chairman*

Jayant Sogani
U. S. Asopa *Directors*

KESORAM TEXTILE MILLS LIMITED

Regd. Office : 42, Garden Reach Road, Kolkata 700 024

ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I/We hereby record my/our presence at the FOURTEENTH ANNUAL GENERAL MEETING of the above named Company at 'KALA KUNJ', 48, Shakespeare Sarani, Kolkata 700 017 at 11.00 a.m. on Friday, the 26th July, 2013.

NAME(S) OF THE MEMBER(S)	Registered Folio No
	D.P. ID No
	Client ID No

Name of Proxy (in block letter)
(To be filled in if the Proxy attends instead of the Member)

[Empty box for Name of Proxy]

Member's / Proxy's Signature

Note : The copy of the Annual Report may please be brought to the Meeting Hall.



KESORAM TEXTILE MILLS LIMITED

Regd. Office : 42, Garden Reach Road, Kolkata 700 024
City Office & Share Dept. : 9/1, R. N. Mukherjee Road, Kolkata 700 001

PROXY FORM

Registered Folio No. D.P. ID No. Client ID No.....

I/We.....

of.....

being a member/members of the above named Company, hereby appoint.....

.....of.....

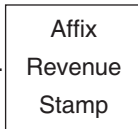
or failing him.....

of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held at 11.00 a.m. on Friday, the 26th July, 2013 and at any adjournment thereof.

As WITNESS my/our hand(s) this..... day of.....2013.

Signed.....



Note : Proxy Form duly completed must reach the Company's Registered Office/Share Department not less than **48 hours** before the time for holding the Meeting.

