

Friend of the earth



 info@advocommunique.com



Howrah Mills Company Limited
Registered & Administrative Office
‘Howrah House’, 135 Foreshore Road, Howrah - 711 102

Howrah Mills Company Limited | Annual Report 2009-10

This is not an annual
report about what we do.
It's about who we are.

A socially responsible corporate.

An UNFCCC - registered for
CDM Project.

A practitioner of fair trade.

A quality-conscious manufacturer.

An environmentally-mindful
company.

In short, friend of the earth!

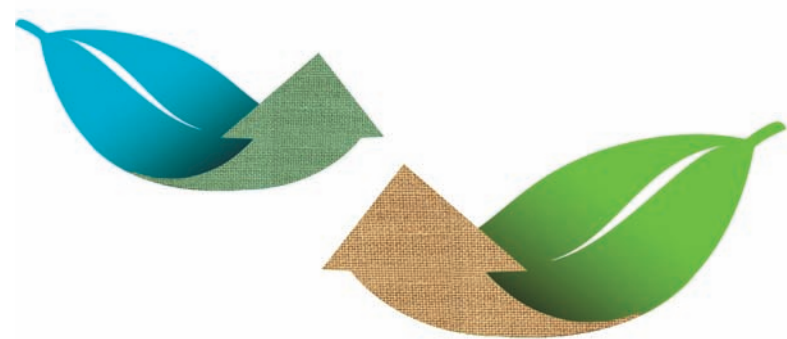
**A green consciousness that
will translate to higher
returns in the foreseeable
future and pave the way for
sustainable growth of the
company.**



Howrah Mills Company Ltd. is an attractive proxy of the future optimism in the Indian jute industry with major diversifications in value-added niche streams such as power and logistics as well as a proposed strategic and integrated presence across the jute value chain.

10 minutes with the management

“It was our ability to transform and seize opportunities even in the face of myriad industrial and operational challenges that translated in a superior performance in 2009-10.”



Last year was one of the most difficult years for the jute industry. In spite of this, the company has been able to improve its performance. While our topline grew by 30.40% from Rs. 162.54 cr in 2008-09 to Rs. 211.98 cr, our bottomline strengthened 290% from Rs. 0.99 cr in 2008-09 to Rs. 2.87 cr, reflecting our future optimism on the one hand and our internal strengths on the other. The corporate strength, management foresight, an incisive diversification strategy and internal prudence have helped the company perform much better in the year under review.

What were some of the highlights of the Company's performance in 2009-10?

The biggest highlight of the year under review was that of sustainable development. Prudent integration of the economic, environmental and social aspects of sustainability represents the key to the company's long-term profitability. Sustainability is all about balance and integration. Integration of the sometimes competing demands of economic, social and environmental aspects of our actions and balance of short-term needs with long-term development. Sustainable development is manifested through applying sustainability thinking to the everyday choices we make, ensuring that it is an integral part of our strategic thinking and implementation. So, while we made a foray into value-added products with higher margins to mitigate raw material price fluctuations, we reduced our carbon footprint with our CDM project that makes all our operational practices eco-friendly and sustainable in the long-run. We consistently believe that making a difference to the Earth and functioning in harmony with the environment will make a positive impact on our business across the foreseeable future.

It was our ability to transform and seize opportunities even in the face of myriad industrial and operational challenges that translated into a superior performance in 2009-10.

Consider these highlights:

- We grew our turnover by 30.4% from Rs. 162.54 cr in 2008-09 to Rs. 211.98 cr in 2009-10, even as exports grew by 30.5%
- We grew our PBT by 290% from Rs. 0.99 cr in 2008-09 to Rs. 2.87 cr in 2009-10
- We forayed into the hitherto unexplored markets in Africa and Latin America in 2009-10, increasing our footprints in these continents
- We made a foray into the value-added segment of technical textiles and jute decoratives
- We installed a 3-ton boiler at our mill to cater to the requirement of additional steam fired by biomass fuel instead of coal to add to our UNFCCC's CDM project

We mentioned that there were myriad industrial and operational challenges that the company faced in 2009-10. What were they?

The 62 days long industry-wide strike called by the workmen along with the unprecedented rise in raw jute prices were one of the biggest challenges faced by the industry. The strike was finally settled after several meetings at a tripartite settlement headed by the labour minister. The said settlement inter alia provides to make payment of all arrears of dearness allowance to the eligible workmen in phased manner with a provision for payment of future dearness allowance as also the provision for entry level minimum payment to new workmen who will be employed after the said settlement. As a result of this there will be a significant increase in the wage cost. Apart from the above the industry was faced with the problem of rampant exports of raw jute to countries such as Pakistan, China and Vietnam at a time when jute mills in

India are starving of the fibre crop. As per industry estimates, almost 73,000 bales of raw jute were exported during April-October 2009 to countries in Asia, Africa and Europe. Consequently, raw jute prices increased alarmingly from Rs. 2200 per quintal to Rs. 3500 per quintal, affecting profitability of jute mills. Certain hoarding exercises have also fuelled clandestine exports that are taking place through various ports in the country and also through the porous borders of Nepal and Bangladesh. The artificial shortage of raw jute has been created at a time when the production in the country stood at 10 million bales in 2009-10, according to the IJMA. Despite a favourable crop production, the jute mills in the country have been grappling with shortfall of raw jute due to spurt in exports and hoarders who have engineered an artificial raw jute crisis.

The dilution of compulsory packing at 100% for both foodgrains and sugar in jute packing materials is a continuous threat which the industry is facing.

All in all, the industry faced quite a few impediments to growth in 2009-10.

Sustainable development is manifested through applying sustainability thinking to the everyday choices we make, ensuring that it is an integral part of our strategic thinking and implementation.

With several Indian states banning use of polythene bags as a measure to protect the environment, jute has got a new lease of life.



What initiatives did the company take in 2009-10 to safeguard its prospects in the face of these challenges?

We can say we followed the 3-Ps principle-perspective, policy and performance.

Perspective: The Company defined its preferred sectors of presence - jute and logistics -with the objective to emerge as a derisked company with a diversified business and resultant revenue stream.

Policies: During the year 2009-10, a number of management initiatives were taken to make our growth structured and sustainable. One of the most significant was our financial restructuring, decreasing our interest liability and private placement of 10 lacs Equity Shares with a premium of Rs.20 per share to fund our capex plans.

Performance: Revenues increased 30.40% from Rs. 162.54 cr in 2008-09 to Rs.211.98 cr in 2009-10 and net profit increased by 290% from Rs.0.99 cr in 2008-09 to Rs. 2.87 cr in 2009-10.

Our initiatives were the following:

- We conscientiously focused on converting spare warehousing capacity within our mill's premises at Howrah and completed 40,000 sq. ft. Work is under progress for new hubs.
- We have set up three Jute Parks (with a minimum area of 25 acres each) under the aegis of the Govt of India, Jute Mission in Coochbehar, Murshidabad and Howrah in West Bengal. In these, two anchor units will be solely engaged for manufacturing fabric and high quality yarn.
- We have expanded through the inorganic route by taking on lease a jute twine unit in Andhra Pradesh that will be upstream by September 2010 and is capable of producing

30 tonnes per day, with a much lower comparative unit cost of labour.

■ We have invested more than Rs. 8 cr in 2009-10 for the ongoing modernization cum expansion of our existing mill and the newly commissioned Logistic Hub.

What is the outlook for the jute industry going forward?

The impact of the global meltdown experienced last year is gradually subsiding and the market conditions are improving with a revival in export demand. The healthy export order book is a sign of this trend. Domestic demand has been adversely impacted because of the 62 days long strike as many consumers have switched to substitutes to fulfill their demands, but with a bumper crop being expected due to favourable monsoons, we expect the next year to be a good one for the jute industry.

India is the world's largest jute producer, accounting for two-thirds of the global jute production, exporting to the US, Europe and other countries. It has been averaging a production of 1.6 million tones annually in the last five years with a domestic market of 1.4 million tones.

India has launched the Jute Technology Mission and the next two years will be significant. If jute products are marketed effectively at home and abroad, the Indian jute industry has the potential to increase its current turnover by more than 40%.

Industrial relations have also been smoothened in 2010 and this also signals the start of healthy management-worker relations. It was agreed that the arrears in dearness allowance (DA) would be settled in six installments spread over three years. A wage hike for new entrants has also been agreed upon. Earlier, the entry-level wage was fixed at Rs. 100 per day but now it has been increased to Rs. 157

per day. Thus, labour issues should not pose any threat in the next few years.

The Govt. of India's decision to increase the cap on capital subsidy from Rs. 75 lakhs to Rs. 3.5 cr in respect of existing units for modernization under the Jute Technology Mission is a welcome step and will help the industry in its modernization.

Going forward, the industry is poised to move from strength to strength.

What is the future strategy and optimism for the company going forward?

We have chalked out the following strategies to generate further revenue growth in 2010-11 to reach the Rs. 250 cr turnover mark:

- Widen our international presence and double our exports in 2010-11
- Increase the volume of our product lines on the one hand to drive revenue growth
- Increase the production of value-added products to strengthen margins
- Increase production capacity
- Increase adoption of modern technologies to aid value-added production and enhance productivity
- Diversify into newer verticals such as power and logistics to strengthen our ROCE and enhance shareholder's value
- The company is also planning to develop organic raw jute cultivation so as to meet critical global requirements of food processing and FMCG industries

Highlights, 2009-10

30.4%

growth in revenues from
Rs. 162.54 cr in 2008-09 to
Rs. 211.98 cr in 2009-10

476%

growth in post tax profit
from Rs. 0.5 cr in 2008-09
to Rs. 2.4 cr in 2009-10

350

basis point increase in ROCE
from 1.27% in 2008-09 to
4.77% in 2009-10

Credentials

Howrah Mills Company Limited (established in 1890) is a leading manufacturer and exporter of jute products in India, managed by the Emjay Group and based in Kolkata, West Bengal.

Core products and services

The company has a rich and diverse product mix and has emerged as the one-stop shop for jute products over the last few years. Products include hessian, double warp cloth, sacking cloth, tarpauline cloth, canvas cloth, scrim cloth, Hessian bags, sacking bags, double warp bags, yarn, geo textiles, soil savers, jute tape, nursery liners and sheets and other specialty downstream products.

Customers

Companies in the US, Europe, Japan, South Korea, Turkey, Ghana, Brazil, Argentina, Peru, Mexico, Syria and Middle East constitute our export customers. Domestic customers also include the Indian government as well as brand-enhancing private downstream companies.

Public holding

- We are listed on the Calcutta Stock Exchange
- We enjoyed Rs. 13.97 cr market capitalization.
- Our promoters' stake was 51.65% as on 31 March 2010.



Turnover
Rs. 211.98 cr

PAT
Rs. 2.43 cr

Certifications

- ISO 9001-2000 certification from Bureau of Indian Standards
- It is the only mill to run on 100% IJIRA Certified Food Grade Batching oil
- Export house duly recognized by Govt. of India
- Registered under CDM (Clean Development Mechanism, Kyoto Protocol) as certified by United Nations Framework Conventions Upon Climate Change (UNFCCC)



Turnover (Rs./cr)

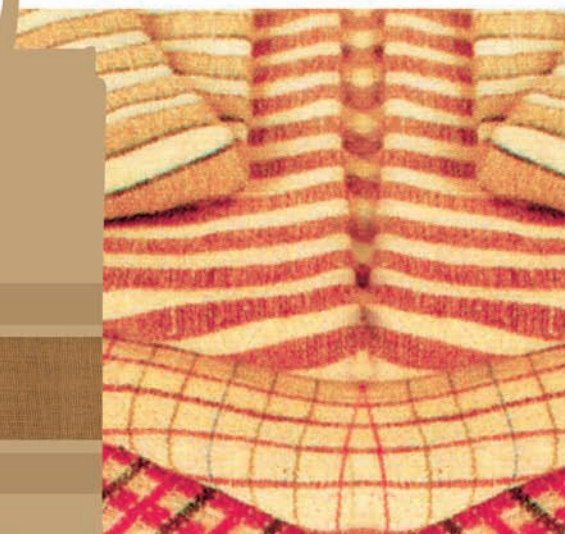
2008-09		162.54
2009-10		211.98

PAT (Rs./cr)

2008-09		0.51
2009-10		2.43

ROCE (%)

2008-09		1.27
2009-10		4.77





We are not
environmentalists.

We are Earth warriors.

In the present scenario, the growing concerns among the people globally against the use of synthetic polymers, toxin liberating substances and non-biodegradable products, because of their hazardous after effects on environment and human health, re-established the needs of natural fibres to our society in terms of packaging and daily use products.

Jute, the ligno-cellulosic biodegradable, natural bast fibre is known for decades as low cost packaging material. With increase in awareness for eco-friendly materials from sustainable resources, Jute sector started regaining its market both in traditional and diversified applications. However, for eco-compliance of Jute products and to increase the cost competitiveness of jute commodity items, efforts have been continuing to develop effective eco-friendly and cleaner process technologies.

At Howrah Mills, we care for the environment in which we operate. Our initiatives are our proactive 'green' concern opposed to a reactive damage control.

We were the first company to substitute coal with jute biomass residue (caddies) in the steam generating boiler at our plant premises. This leads to reduction in carbon dioxide emissions by the avoidance of fossil fuel emissions using jute caddies that are carbon neutral on account of their biogenic source. Approximately average 397.3 tonnes of coal were consumed to generate 2825.361 tonnes of steam per annum on average prior to the project. The biomass replacement of coal led to 5169.6 tonnes of CO₂ reduction per year.

Why biomass fired boilers?

- With the reduction in use of coal, both air and water pollution associated with coal burning and coal handling has reduced
- Disposal of fly ash from the coal fired boiler and the disposal of caddies caused land pollution and both problems were solved with the project. Moreover caddies being biomass would have also led to methane emissions due to its disposal on open land and landfills
- Worker health hazard from handling coal was avoided.

Our green philosophy of business

The biomass replacement of coal led to 5169.6 tonnes of CO₂ reduction per year.



Corporate information

Board of Directors

Sitansu Banerjee *Whole-time Director*

Bhag Chand Jain *Director*

Shankar Lal Jhawar *Director*

Utpal Majumdar *Director*

Sanjay Mall *Director*

Company Secretary

Tuhinangsu Roy

Bankers

State Bank of India

The Federal Bank Limited

Auditors

S. Jaykishan

Chartered Accountants

12, Ho-Chi-Minh Sarani, Kolkata - 700 071

Cost Auditor

D. Radhakrishnan

11A, Dover Lane, Kolkata - 700 029

Solicitors & Advocates

Utpal Majumdar

7C, Kiran Shankar Roy Road

Hastings Chamber, 3rd Floor, Kolkata - 700 001

Registrar & Share Transfer Agent

Maheshwari Datamatics Private Limited

6, Mangoe Lane, 2nd Floor, Kolkata - 700 001

Phone: 033-2243-5029/5809

Fax: 033-2248-4787

Email: mdpl@cal.vsnl.net.in

Registered & Administrative Office

“Howrah House”

135 Foreshore Road, Howrah - 711 102

Phone: 2641-2402/4446/4159/2748

Fax: 033-2641-2796/1447

E-mail: shreehrt@vsnl.com

Notice

NOTICE is hereby given that the One hundred and Eighty Fourth Annual General Meeting of the members of Howrah Mills Company Limited will be held on Tuesday the 21st September 2010 at 11.30 a.m. at the Registered Office of the Company at "Howrah House", 135, Foreshore Road, Howrah - 711 102 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31.03.2010, the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Utpal Majumdar who retires by rotation and being eligible, offers himself for reappointment.
4. To re-appoint M/s S. Jaykishan, Chartered Accountants, the retiring Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be mutually agreed upon with the Board of Directors.

SPECIAL BUSINESS:

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

"RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Sanjay Mall, who was appointed as an Additional Director pursuant to the provisions of Section 260

of the Companies Act, 1956 read with Article 81 of the Articles of Association of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED that in accordance with the provision of sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Sitansu Banerjee as a Whole time Director for a period of two years with effect from 01.04.2010 to 31.03.2012 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER that the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

By order of the Board
For **Howrah Mills Company Limited**

Tuhinangsu Roy
Company Secretary

Registered Office:
"Howrah House",
135, Foreshore Road,
Howrah-711102

Date: 4th day of August, 2010

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than forty-eight hours before the Meeting.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items of special business is annexed hereto and forms a part of this notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 15th September, 2010 to 21st September 2010 (both days inclusive).
4. The Company's Registrar and Share Transfer Agent M/s.

Maheshwari Datamatics (P) Limited, 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 should be contacted

- by the Members to notify their change of address, if any, and for any queries relating to shares and
 - By the investors to send their documents for transfer/transmission of shares.
5. With effect from 1st October 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS). The advantages of NECS over ECS include faster credit of remittance to the beneficiary's account, coverage of more branches and ease of operations for remitting agencies.

NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking

Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. Members are advised to avail NECS facility whereby the dividend will be directly credited electronically to their respective bank accounts.

Members holding the Company's shares in dematerialized mode are requested to provide NECS particulars i.e. new bank account number allotted after implementation of CBS along with a photocopy of a cheque pertaining to the concerned account to their respective Depository Participants (DPs), if they had not done so already.

Members holding the Company's shares in physical form who have not opted for NECS are requested to provide their NECS particulars in the enclosed 'NECS Mandate Form' and forward the same duly filled in and signed to the Company's Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Private Limited at the earliest to avail this facility.

6. Shareholders can get their shares dematerialised by opening a demat account with a Depository Participant through National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).
7. The Register of Directors' Shareholding kept pursuant to section 307 of the Companies Act, 1956 shall remain open for inspection by any member of the Company at the Registered Office of the Company during 11.00 a.m. to 1.00 pm. on each working day beginning 14 days before the date of the Annual General Meeting and ending 3 days after the date of its conclusion.

8. Dividend, as recommended by the Board of Directors, if declared at the meeting will be paid on or before 20.10.2010 to members holding shares in physical mode, whose names shall appear in the Company's Register of Members at the close of working hours of the Company on 14.09.2010. In respect of the shares held in electronic form, the dividend will be paid to the persons whose names shall appear as beneficial owner as at the end of the business hours on 14.09.2010 as per details furnished by NSDL & CDSL.
9. Members/ Proxies are requested to bring the attendance slip duly filled in for attending the Meeting. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
10. Members are also requested to bring their copy of Annual Report to the Meeting.
11. Members desirous of getting any information about the accounts or operations of the Company are requested to forward their queries to the Company at least seven working days prior to the meeting so that proper information can be made available at the meeting.
12. Members are entitled to make nominations in respect of shares held by them in physical form by sending their request to the Company's Registrar and Share Transfer Agent and for shares held in dematerialized form they are requested to contact their respective DPs.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

The Board of Directors at its meeting held on 28.01.2010 had, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 81 of the Articles of Associations of the Company, appointed Mr. Sanjay Mall as an Additional Director of the Company.

In terms of the provisions of Sections 260 of the Act, Mr. Sanjay Mall will hold office upto the date of this Annual General Meeting. The Company has received a notice in writing along with a deposit of Rs. 500/- from a member of the Company under Section 257 of the Act proposing the candidature of Mr. Sanjay Mall for the office of Director of the Company. Mr. Sanjay Mall is not disqualified under Section 274 of the Act and has given his consent to act as a Director if appointed.

Keeping in view the qualifications and vast experience possessed by Mr. Sanjay Mall, your Directors feel that the appointment of Mr. Sanjay Mall as a Director will be beneficial to the Company and accordingly recommend the Resolution set out in item No. 5 of the convening notice for your approval.

Except Mr. Sanjay Mall, no other Director is concerned or interested in the Resolution.

Item No. 6:

In the 182nd Annual General Meeting of the Company, Mr. Sitansu Banerjee was appointed as the Whole-time Director of the Company for a period of two years with effect from 01.04.2008, the term of which has expired on 31.03.2010.

The Board of Directors at its meeting held on 30.03.2010 has approved the re-appointment of Mr. Sitansu Banerjee as a Whole time Director of the Company for a further period of two years with

effect from 01.04.2010 till 31.03.2012 on a remuneration in conformity with Schedule XIII of the Companies Act, 1956 (the Act) as approved by the Remuneration Committee and upon such terms and conditions as stated hereunder.

Mr. Sitansu Banerjee has over 40 years of experience in finance, accounts and has served in several reputed industrial organizations in senior positions both in India and abroad.

The proposed re-appointment of Mr. Sitansu Banerjee as a Whole time Director of the Company and the payment of remuneration to him in the manner stated below are subject to the necessary approval of the members of the Company in general meeting as required under the relevant provisions of the Act. The remuneration payable to Mr. Banerjee is in conformity of the Act read with Schedule XIII.

Broad particulars of the terms and conditions of re-appointment and remuneration payable to Mr. Sitansu Banerjee are as under:

A. Basic Salary: Rs. 42,500/- (Rupees Forty two thousand five hundred) only per month.

B. Perquisites:

(i) Housing: The expenditure by the Company on hiring unfurnished accommodation will be subject to a maximum of 40% of the basic salary per month.

(ii) Medical benefits for self and family: Re-imbursements of expenses actually incurred the total cost of which to the Company shall not exceed one month basic salary in a year or two months basic salary in a block of two years.

(iii) Leave travel concession: One month basic salary shall be paid by the Company once a year towards leave travel concession.

(iv) Free use of Company's car with driver: The Company shall provide fully maintained one car with driver for Company's business purpose only subject to, that the Whole time Director would endeavour to limit the fuel cost within 150 liters per month on an average.

(v) Free Telephone: The Company shall bear the cost of all official calls incurred towards residential telephone and one mobile phone.

(vi) Gratuity: Gratuity payable in accordance with the Gratuity Act, 1972.

(vii) Leave: On full pay and allowances, but not more than one month leave for every eleven months of service. However, leave accumulated but not availed, will be allowed to be encashed on retirement.

The above remuneration is in conformity with Schedule XIII of the Act and is approved by the Remuneration Committee. Provision of car for use on Company's business, telephone at residence and mobile will not be considered as perquisites.

C. Overall Remuneration: The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198,309 and other applicable provisions of the Act read with Schedule XIII as may for the time being in force.

D. Other Terms and Conditions:

- i) As long as Mr. Banerjee functions as the Whole time Director of the Company no sitting fees shall be paid to him for attending the meetings of the Board of Directors of the Company or any Committee thereof.
- ii) Mr. Banerjee shall devote himself exclusively to the business affairs of the Company and shall not be involved in any other occupation, trade or business.
- iii) Either party shall be entitled to terminate this appointment at any time by giving to the other party two months notice in writing.
- iv) Mr. Banerjee shall not divulge or disclose to others any of the secrets or confidential information of the Company during and/or after his employment with the Company.
- v) Mr. Banerjee shall not as long as he functions as the Wholetime Director of the Company become interested or otherwise concerned directly or indirectly in a contract or arrangement with the Company without the prior approval of the Board of Directors of the Company.
- vi) In terms of section 255 of the Act and other applicable provisions if any, Mr. Banerjee shall not be subject to retirement by rotation and he shall immediately cease to be the Wholetime Director if he ceases to hold the Office of Directorship for any reason.

The special resolution set out in the convening notice under item 6 is intended to obtain the approval of the members in this Annual General Meeting and your Directors recommend the acceptance of the Resolution.

Mr. Sitansu Banerjee is interested in the Resolution as set out at item No. 6 of the Notice which pertains to his re-appointment and remuneration payable to him. Save and except Mr. Banerjee, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

By order of the Board
For **Howrah Mills Company Limited**

Tuhinangsu Roy
Company Secretary

Registered Office:
"Howrah House",
135, Foreshore Road,

Date: 4th day of August, 2010

Howrah-711102

DETAILS OF DIRECTORS AS AT 31.03.2010 SEEKING RE-APPOINTMENT / APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 IV (G) (I) OF THE LISTING AGREEMENT)

Name of Director	Mr. Utpal Majumdar
Date of Birth	17.02.1952
Qualification	B.Sc, LL.B.
Expertise in specific functional area	Legal
Directorships held in other companies (excluding foreign companies)	Ramrajya Overseas Pvt. Ltd. Aarchi Consultancy Pvt. Ltd.
Committee Membership if any, with position (other than in Howrah Mills Co. Ltd.)	Nil
Shareholding in the Company	Nil
Name of Director	Mr. Sanjay Mall
Date of Birth	17.08.1968
Qualification	B.Com
Expertise in specific functional area	Expertise in the management and administration of Jute industry.
Directorships held in other companies (excluding foreign companies)	HMC Jute Park Enterprises Ltd. Bengal Techno Industrial Projects Ltd. Mall Eximp Pvt. Ltd. West Bengal Agro Textile Corpn. Ltd.
Committee Membership if any, with position (other than in Howrah Mills Co. Ltd.)	Nil
Shareholding in the Company	Nil
Name of Director	Mr. Sitansu Banerjee
Date of Birth	01.07.1933
Qualification	ACMA(Lond.), FICWA
Expertise in specific functional area	Finance and Accounts Management.
Directorships held in other companies (excluding foreign companies)	H.R. Infracon Ltd. H.R. Global Finance Ltd. Standard Pharmaceuticals Ltd. West Bengal Agro Textile Corpn. Ltd.
Committee Membership if any, with position (other than in Howrah Mills Co. Ltd.)	Nil
Shareholding in the Company	Nil

Directors' report

Your Directors have pleasure in presenting their 184th Annual Report alongwith the Audited accounts of the Company for the year ended 31st March, 2010.

Financial results

(Rs. in lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
Operating Profit before Interest and Depreciation	1,064.36	816.05
Other Income	24.89	87.32
	1,089.25	903.37
Less - Interest	438.84	424.66
	650.41	478.71
Less - Depreciation	363.80	379.91
Profit before tax	286.61	98.80
Less - Provision for Tax (net)	43.14	47.89
Profit after tax	243.47	50.91
Less - Dividend on Preference Share	-	31.69
Less - Proposed Dividend on Equity Shares	24.72	-
Less - Corporate Dividend Tax	4.20	5.39
	214.55	13.83
Less - Transfer to Capital Redemption Reserve	26.25	-
	188.30	13.83
Accumulated Profit brought forward from previous year	1,531.01	1,517.18
Accumulated Profit carried forward to next year	1,719.31	1,531.01

Operations

During the year the Company's production was 32270 MT as compared to 40202 MT last year. The loss in production was due to the 62 days long strike in the jute industry. Jute mill workers in West Bengal called off their indefinite strike after signing a tripartite agreement in which it was agreed that the arrears in dearness allowance (D.A) would be settled in six installments spread over three years. Payment of future dearness allowance, 169 points of D.A at the rate of Rs. 1.90 would be paid effective from February 1, 2010 and the future D.A on a quarterly basis henceforth. A wage hike for new entrants has also been agreed upon. As a result there has been

some increase in the wage cost in 2009-2010 and wage cost will increase considerably in the future. As workers in West Bengal's Jute Industry have repeatedly gone on strike over the past decade, including in 2002, 2004, 2007 and 2008 it is expected that with this settlement there will be peace in the labour front in the next three years.

Raw jute prices also exhibited volatile swings in the year under review and were ruling at about Rs. 3,500/- per quintal as against Rs. 2,200 per quintal in the previous year which has reduced the profit margin.

The Company's exports suffered badly due to the volatile movement of foreign exchange and for the long industrial strike. However, current order book position is good and exports are expected to rise significantly in the current year.

Despite various adverse factors as mentioned above the profit before tax has gone up from Rs. 98.80 lakhs in 2008-2009 to Rs. 286.61 lakhs in 2009-2010. Price for raw jute is expected to come down due to the bumper crop and with increase in the profit margin your Company will improve its profit considerably.

Infusion of capital

The Company to meet a part of its fund requirements for its ongoing expansion projects and also for undertaking diversified new projects in future had during the financial year 2009-2010 issued 970,000 equity shares of Rs 10/- each at a premium of Rs. 20/- per share on a preferential basis the pricing of which was carried out by the statutory auditors of the Company.

Dividend

In view of the improved financial results, your Board recommended a dividend of 5% (Re. 0.50) per equity share for the financial year 2009-2010.

Subsidiary companies

Our major subsidiary West Bengal Agro Textile Corporation Limited (Bharat Jute) like other jute mills also suffered due to the 62 days strike in the Jute Industry which resulted in loss of production from 4406 MT in 2008-2009 to 4025 MT in 2009-2010. However with better realization the turnover has increased from Rs.14.18 crores to Rs. 16.38 crores.

This year we have promoted HMC Jute Park Enterprises Limited for setting up of a diversified Jute Park at Gumadangi in the District of Howrah for which the Empowered Committee for Jute Technology Mission, Government of India has given us the necessary approval.

During the year we have also promoted HMC Power Companies Limited for setting up a 5 MW Bio-mass based Power Plant in the District of Hooghly and also for setting up Solar Power Projects in West Bengal and Rajasthan.

Since both the new subsidiary companies have been incorporated during the year 2009-2010 the operations are yet to take off.

Green house gas reduction and green projects

The Board is pleased to inform you that pursuant to the Report made during the year 2008-2009, your Company has made further progress in Green Power Project. To meet the requirement of additional process steam one 3 ton capacity biomass fired boiler has been commissioned on 29.03.2010. This boiler is having all the necessary eligibilities required for CDM registration and the Company is on the process of registering with UNFCCC as a CDM project.

The Ministry of New and Renewable Energy (MNRE) Government of India, has recently declared Jawaharlal Nehru National Solar Mission (JNNSM) under the brand "Solar India" with a target of 20,000 MW Solar Power in 3 phases i.e. 2012-13, 2013-17 and 2017-2022. Your Company will be taking part in this mission and all the preparatory ground work in this respect is under progress. The setting up of two 5 MW solar plants each, one in Rajasthan and the other in West Bengal are in progress and your Company has already received the registration as a Developer of Solar Power Projects with Rajasthan Renewable Energy Corporation, the nodal authority of

solar power at Rajasthan. The proposal for a similar capacity project at West Bengal has been forwarded to West Bengal Renewable Energy Development Authority (WBREDA) the State Nodal Authority for the solar project.

Your Company is also planning to set up one 500 KWp roof top solar power plant in West Bengal under the "Solar India" Mission, the pre-registration certificate for which has been received from the West Bengal Green Energy Development Corporation Limited (WBGEDCL), the nodal authority. All the solar power plants will be of grid interactive and the generated power will be evacuated to the respective Power Distribution Authorities.

A 5 MW biomass based power plant at Hooghly District is under progress and the erection job is expected to commence in the current financial year. This project is also having all the necessary eligibilities required to be registered as a CDM project and is likely to be qualified for registration with UNFCCC. It is expected that about 25,000/ 27,000 tCO₂ per year emission reduction from this project will be possible.

Your Board is pleased to inform that the endeavor of the Company to combat GHG (Green House Gas) emission will continue and emphasis has been given to diversify to areas which are of eco friendly in nature as far as possible.

Further your Company is putting continues efforts for sustainable development in mitigating Green House Gas in the sectoral area.

Diversification & Expansion

Your Company's efforts for diversification for power projects and jute parks have been mentioned above in details.

For real estate division the Company has already constructed one unit of logistic hub for 40,000 sq.ft. and construction is in progress for new hubs.

The Company will expand the existing mill capacity by 5000 MT per annum and will take on lease a jute mill in Andhra Pradesh with 30 tonnes production per day.

Management discussion and analysis report and report on corporate governance

As required in terms of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report and a Report on Corporate Governance along with a certificate from the Statutory Auditors on its compliances are annexed forming part of this Report.

Directors

During the year under review Mr. O.P. Mall the Managing Director of the Company had resigned with effect from 28.01.2010 on health grounds. The Board wishes to put on record its sincere appreciation for the valuable services rendered by Mr. Mall during his tenure as the Managing Director of the Company.

- Since the last Report Mr. Amit Kiran Deb had resigned with effect from 06.10.2009 on personal grounds. The Board also wishes to put on record their sincere appreciation for the valuable services rendered by Mr. Deb during his tenure as a Director of the Company

- Mr. Sanjay Mall has been appointed as an Additional Director with effect from 28.01.2010. In terms of Article 81 of the Articles of Association of the Company read with section 260 of the Companies Act, 1956 Mr. Mall holds office upto the date of the next Annual General Meeting of the Company. The Company has received a notice in writing pursuant to section 257(1) of the Companies Act, 1956 from a member signifying its intention to propose Mr. Mall for election to the Office of Director at the ensuing Annual General Meeting.

- In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Utpal Majumdar retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

- The Members at the 182nd Annual General Meeting of the Company had appointed Mr. Sitansu Banerjee as the Whole-time Director of the Company for a period of two years with effect from 01.04.2008 the term of which has expired on 31.03.2010. The Board at its meeting held on 30.03.2010 had re-appointed Mr. Banerjee as the Whole time Director of the Company for a further period of two years with effect from 01.04.2010 on the terms and conditions as stated in the Notice subject to the approval of the members at the ensuing Annual general Meeting.

Directors' responsibility statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state as follows.

(a) that in the preparation of the annual accounts, for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(b) that the Directors have 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 at the end of the financial year and of the profit of the Company for the year .

(c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) that the Directors have prepared the annual accounts for the financial year ended 31.03.2010 on a going concern basis.

Particulars of employees

Your Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956. Hence, no information is appended to this Report in this regard.

Quality assurance

The Company has received ISO 9001-2000 accreditation by the Bureau of Indian Standards. The Company is committed to maintain the highest quality of its products and stringent quality assurance procedures are in place.

Auditors and auditors' report

M/s. S. Jaykishan, Chartered Accountants, the Auditors of your Company retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

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

Cost audit

The Ministry of Corporate Affairs, Government of India by an order directed audit of the Cost Accounts maintained by the Company

under Section 209(1) (d) of the Companies Act, 1956 on a yearly basis. In terms of the said Order, Cost Audit is being conducted by M/s. D. Radhakrishnan & Co., Cost Accountants, who are appointed as the Cost Auditor of the Company with the approval of the Ministry of Corporate Affairs.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Particulars in respect of conservation of Energy and Technology absorption under Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are annexed hereto and forms part of the Report.

Consolidated financial statements

The Consolidated Financial Statements have been prepared by your Company in accordance with the requirements of the Accounting Standards issued by The Institute of Chartered Accountants of India. The audited Consolidated Financial Statements together with Auditors' Report forms part of the Annual Report.

Public deposit

The Company has not accepted any deposits from the public under section 58A of the Companies Act 1956 and rules framed thereunder.

Acknowledgement

Your Directors express their sincere appreciation for the continued co-operation and support extended to the Company by the Central Government, Government of West Bengal, Government Agencies & Local Authorities, Bankers, Financial Institutions, Business Associates and Shareholders. Your Directors also place on record their deep appreciation of the valuable contribution of the employees at all levels for the progress of your Company during the year and look forward to their continued cooperation in realization of the corporate goals in the years ahead.

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhwar *Director*

Sanjay Mall *Director*

Place: Howrah

Date: 4th day of August, 2010

Annexure to the Directors' report

Information pursuant to Section 217 (1) (e) of the Companies Act 1956

A. Conservation of Energy

- a. Energy conservation measures taken : The Company has installed energy saving spinning frames, looms, motors and equipments. One 3 ton Bio-mass based (caddies) fired boiler has been installed for generation of additional steam for in house use leading to saving of energy by discarding use of coal.
- b. Additional investments and proposals being implemented for reduction of consumption of energy. : The Company will set up one 500 KWp roof top Solar Power Plant.
- c. Impact : To replace fossil fuel with Bio Mass and to generate power from solar energy against use of conventional electricity which will contribute in mitigating Green House Gas (GHG).
- d. Form A :

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
i) Power & Fuel Consumption		
Electricity		
Purchased Units	16,932,624	20,089,740
Total Amount (Rs.)	78,227,006	83,257,630
Rate/Unit (Rs.)	4.62	4.14
Own Generation through Diesel		
Generators - Units	207,774	260,102
Units per Ltr. of Diesel	2.95	3.28
Cost per unit (Rs.)	11.49	10.73
Coal		
(B & C Grades used mainly for generation of steam boiler)		
Quantity - Ton	-	-
Total Cost - (Rs.)	-	-
Average Rate - Rs. / Ton	-	-
ii) Consumption per unit of production		
Production - Ton	32,709	40,826
Electricity per Ton (Unit)	465	450
Coal (B & C grades)/ton of production-(Ton)	-	-

B. Technology Absorption

Form B

Research and Development (R &D)

1. Specific areas in which R & D was carried out by the Company

R & D activities are carried out for improvement in quality of existing products, development of value-added products and production process for better productivity.

The Company has set up a laboratory for quality control check at different stages of production.

2. Benefits derived as a result of above R & D

Improvement in quality of the product, cost effectiveness and utilization of waste materials.

3. Future plan of action

The Company is following up the proposal of Green Power Generation from Bio-mass and Solar Energy. The Company has received pre-registration certificate for one 500 KWp roof top solar power plant from the West Bengal Green Energy Development Corporation Limited and is in the process of registering the new installed 3 ton Bio-mass boiler with UNFCCC as a CDM project.

4. Expenditure on R & D

- | | |
|--|---|
| a. Capital | In accordance with Company's |
| b. Recurring | consistent practice, expenditure |
| c. Total R & D expenditure as a percentage of turnover | incurred on R & D activities remains merged with various heads. |

Technology Absorption, Adaptation and Innovation

- | | |
|--|--|
| i) Efforts in brief made towards technology absorption, adaptation & innovation. | : Suitable machineries & equipment are procured to conform to the latest technology. |
| ii) Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development. | : Improvement in productivity & quality of products. |
| iii) Details of imported Technology | : No technology has been imported. |

C. Foreign Exchange Earnings and Outgo

- | | |
|-----------------------------------|--|
| a) Export activities | : The Company exported Jute Goods worth Rs. 1,030.48 lakhs directly, apart from export through Merchant Shippers, as against Rs. 1,689.76 lakhs in the previous year. This year your Company exported other goods worth Rs. 14.85 lakhs. The Company is exploring new markets and expects to increase its exports substantially. |
| b) i) Total foreign exchange used | : Rs. 522.67 lakhs. |
| ii) Total foreign exchange earned | : Rs. 1,102.66 lakhs. |

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhavar *Director*

Sanjay Mall *Director*

Place: Howrah

Date: 4th day of August, 2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and developments

The Government of India has further extended the compulsory packing at 100% for both food grains and sugar under the Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA) upto September 2010. The Industry remains with uncertainty due to frequent revision of guidelines for which the

Government of India should formulate a continuous standing policy which will help the industry in its long term planning.

The Government of India's decision to increase the cap on capital subsidy from Rs. 75.00 lakhs to Rs. 3.50 crores in respect of existing units for modernization under the Jute Technology Mission is a welcome step and will help the industry for future modernization.

Opportunities and threats

Opportunities

- The growing global awareness in the use of natural fibre should lead to greater demand for jute goods as jute is bio-degradable and eco-friendly which will help in protecting the environment.
- The higher cap for Government grants for modernization of mills and for development of jute parks under the scheme of Jute Technology Mission will encourage entrepreneurs for more investments in the Jute Industry.

Threats

- Increase in wage cost due to continuous increase in Dearness Allowances without any increase in productivity.
- Competition arising from exports from Bangladesh where labour cost, power cost etc are much lower and apart from that they get huge incentives for exports.
- Poor availability of raw jute and unprecedented price rise in the past.
- Wide fluctuations of the Rupee against other currencies are of great concern.

Segment wise or product wise performance

The Company is operating under two segments i.e. jute activity and real estate. Though jute is the core activity but unfortunately due to the long strike and steep increase in the price of raw jute the profit on this segment has been severely affected but real estate segment has shown 30% increase in profit as compared to the previous year.

Outlook

Price of raw jute is expected to come down in the coming months due to bumper crop, healthy order book with higher demand for exports and stability in the labour front is expected to show a better result in the current year. The Company continues its thrust to modernize the mill and strive for value added product.

Risks and concerns

- Frequent revision of JPMA guidelines (to add or delete items for jute packaging) leaves the industry in confusion whether to invest further in jute technology development / product development / market expansion or wait for the new policies.
- Jute industry is labour intensive and wage cost will go up further due to recent tripartite agreement.

Place: Howrah

Date: 4th day of August, 2010

- Multi-unionism is one of the major problems faced by the jute industry.

Internal control systems and their adequacy

The Company has adequate internal control systems. The job allocation, internal checks and the control parameters designed through software ensure proper checks and balances for eradication of error / frauds and at the same time giving flexibility in operation and decision making. The Company has appointed Kay & Kay Associates, Chartered Accountants for regular Internal Audit for various departments and operational activities of the Company.

Discussion on financial performance

Financial performance during the year under review having been affected due to the industry wide strike, inspite of this the Company was able to achieve better results as follows:

- a) Income from operations was Rs. 21,198.12 lakhs in 2009 - 2010 as compared to Rs. 16,254.91 lakhs in the previous year.
- b) Profit after tax was Rs. 243.47 lakhs in the year under review as against Rs. 50.91 lakhs in the last year.
- c) The Company made additions to fixed assets of Rs. 862.52 lakhs during the current year as compared to Rs. 522.85 lakhs in the previous year.

Human resources

Your Company attaches significant importance to Human Resource Development (HRD) and harmonious industrial relations. The Management is continuously working on the development of human capital which is very vital for achieving the goals and realizing the vision of the Company in an ever changing and challenging business environment. In the year, the 62 days labour strike was brought to an end in February 2010 with a mutual settlement of dues and pending arrears to be paid over a period of time. Industrial relations otherwise have been cordial throughout the year.

Cautionary statement

Statements made in this Report are made on good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhavar *Director*

Sanjay Mall *Director*

Corporate governance report

for the year 2009-2010

1. Company's philosophy on code of corporate governance

The company believes that the principles of sound corporate governance not only encompass within its purview the statutory requirements but also that the enterprise is governed in a manner that it meets its objective of growth and prosperity, and has the competitive edge in the current market scenario. The company recognizes that transparent, credible and accountable governance is a must in today's scenario. It recognizes that procedures, practices and systems requires constant review for improving standards of sound corporate practices in tandem with the ever changing environment in which the organization is operating to ensure overall growth - a product for ensuring customer satisfaction. The activities and actions are undertaken considering the concern of all the stakeholders, viz. Shareholders, creditors, distributors, customers, employees and the society at large.

2. Board of directors

I. Composition

The Board of Directors of your Company as at 31st March, 2010 comprises of five Directors as under:

- One Whole-time Director
- Two Non-Executive & Independent Directors.

The above particulars are stated below:

Name of Director	Category	Attendance Particulars		Number of Other Directorship and Committee Membership / Chairmanship		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. O.P. Mall*	Managing Director	6	Yes	4	Nil	Nil
Mr. Sanjay Mall**	Non-Executive & Promoter	3	N.A.	4	Nil	Nil
Mr. S. Banerjee	Whole-time Director	8	Yes	4	Nil	Nil
Mr. S. L. Jhawar	Non-Executive & Promoter	9	Yes	5	Nil	Nil
Mr. B. C. Jain	Non-Executive & Independent	9	No	4	4	2
Mr. U. Majumdar	Non-Executive & Independent	4	No	2	Nil	Nil
Mr. Amit Kiran Deb***	Non-Executive & Independent	1	No	-	-	-

* Mr. O.P. Mall resigned from the Board of Directors w.e.f. 28.01.2010

** Mr. Sanjay Mall was appointed as an Additional Director w.e.f. 28.01.2010

*** Mr. Amit Kiran Deb resigned from the Board of Directors w.e.f. 06.10.2009

- Two Non-Executive & Promoter Directors.

The Board has a combination of Executive and Non-Executives Directors and half of the Board comprises of Independent Directors. No Director is related to any other Director on the Board in terms of the definition of "relative" given under the Companies Act, 1956.

II. 9 (Nine) Board Meetings were held during the financial year ended 31st March, 2010. The dates on which the Board Meetings were held are 24.04.2009, 31.07.2009, 21.08.2009, 06.10.2009, 01.01.2010, 28.01.2010, 10.02.2010, 09.03.2010 and 30.03.2010.

III. Attendance at the Board Meetings/ last AGM, Directorship and Chairmanship/Membership in other Board / Board Committees

Name and category of the Directors on the Board, their attendance at Board Meetings held during the financial year ended 31st March, 2010, number of Directorships and Committee Chairmanships/ Membership held by them in other public limited companies are given below. For the purpose of considering the limit of the committees on which a Directors can serve, all public limited companies (both listed and non-listed) are included and all other companies including private limited companies, companies under section 25 of the Companies Act, 1956 and foreign companies are excluded. Chairmanship/ Membership of Board Committees relate to only Audit and Shareholders'/Investors' Grievance Committees.

3. Audit committee

The Audit Committee of the Board as at 31st March, 2010 comprised of Messrs B.C. Jain, S.L. Jhavar, S. Banerjee and U. Majumdar. Mr. B.C. Jain a Non-Executive Independent Director, having adequate financial, accounting qualification and expertise is the Chairman of the Audit Committee. The other members of the Committee are also financially literate. The Secretary of the Company is also the Secretary of the Committee.

The role and terms of reference of the Audit Committee covers the areas mentioned under clause 49 of the Listing Agreement. Brief descriptions of the terms of reference of the Audit Committee are as follows:

I. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

II. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees, and also approval of payment for any other services rendered by the statutory Auditor.

III. Reviewing with the management of the annual financial statements before submission to the Board for approval with particular reference to:

- Matters required to be included in the Directors' Responsibility

Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.

- Changes, if any, in accounting policies and practices and the reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Reviewing compliances with listing and other legal requirements relating to financial statements.
- Qualifications in the draft audit report.
- Discussion with the statutory auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Discussion with internal auditor of any significant findings and follow up thereon.

The particulars of meetings attended by the members of the Audit Committee during the financial year ended 31st March, 2010 are given below:

Names of Members	Status	Category	Meetings held during the financial year ended on 31st March, 2010 and attendance				
			24.04.09	31.07.09	21.08.09	06.10.09	28.01.10
Mr. B. C. Jain	Chairman	Non-Executive & Independent	Yes	Yes	Yes	Yes	Yes
Mr. S. L. Jhavar	Member	Non-Executive & Promoter	Yes	Yes	Yes	Yes	Yes
Mr. S. Banerjee	Member	Whole-time Director	Yes	Yes	Yes	Yes	Yes
Mr. U. Majumdar	Member	Non-Executive & Independent	Yes	Yes	No	Yes	Yes

4. Remuneration committee

I. Brief description of terms of reference and remuneration Policy

The Remuneration Committee has been constituted to recommend/review remuneration to the Managing Director and Whole-time Director based on qualification, experience and the financial position of the Company.

II. Composition, name of members and Chairperson

The Remuneration Committee comprises of Messrs B.C. Jain, S.L. Jhavar, U. Majumdar. Mr. B.C. Jain a Non-Executive Independent Director is the Chairman of the Committee. The Committee met on 30.03.2010 in which meeting all the members were present.

III. Details of Remuneration of Directors for the year ended on 31st March, 2010

Names	Salary & Allowances	Commission	Other Perquisites	Sitting Fees	Total
Mr. O. P. Mall	415,000/-	-	171,851/-	-	586,851/-
Mr. S. Banerjee	588,000/-	-	129,165/-	-	717,165/-
Mr. S. L. Jhawar	-	-	-	10,800/-	10,800/-
Mr. B. C. Jain	-	-	-	10,800/-	10,800/-
Mr. U. Majumdar	-	-	-	3,000/-	3,000/-
Mr. Amit Kiran Deb	-	-	-	1,200/-	1,200/-
Mr. Sanjay Mall	-	-	-	1,800/-	1,800/-
Total	1,003,000/-	-	301,016/-	27,600/-	1,331,616/-

5. Shareholders'/investors grievance committee

I. Composition of the Committee and the non-executive Directors heading the Committee

The Shareholders'/ Investors' Grievance Committee comprises of Mr. B. C. Jain, Mr. S. L. Jhawar and Mr. S. Banerjee as members. Mr. B.C. Jain a Non-Executive Independent Director is the Chairman of the Committee.

II. Brief description of the terms of reference

The terms of reference of the Committee are to look into the redressal of Shareholders' / Investors' complaints relating to non receipt of notices, share certificates, annual reports, transfer / transmission of shares, dematerialization of shares and other grievances.

III. Meetings and attendance during the year

During the financial year ended 31st March, 2010, 6 (six) meetings of the Shareholders' /Investors' Grievance Committee were held on 15.05.2009, 30.05.2009, 30.06.2009, 15.07.2009, 31.12.2009 and 26.02.2010

Names of Members	Status	Category	No. of Meetings held	No. of Meetings attended
Mr. B. C. Jain	Chairman	Non-Executive & Independent	6	6
Mr. S. L. Jhawar	Member	Non-Executive & Promoter	6	6
Mr. S. Banerjee	Member	Whole-time Director	6	6

IV. Name and designation of the Compliance Officer

Mr. Tuhinangsu Roy

Company Secretary
Howrah Mills Company Limited
"Howrah House"
135, Foreshore Road.
Howrah-711102

V. During the year ended 31st March, 2010 no complaints were received from the shareholders, investors. There were no pending complaints as at 31.03.2010.

6. General body meetings

Location and time of last three Annual General Meetings

Year	Location	Date	Time
2006 - 2007	Registered Office, 'Howrah House', 135, Foreshore Road, Howrah - 711 102.	19.09.2007.	11.00 A. M.
2007 - 2008	Registered Office, 'Howrah House', 135, Foreshore Road, Howrah - 711 102.	23.09.2008	11.00 A. M.
2008-2009	Registered Office, 'Howrah House', 135, Foreshore Road, Howrah - 711 102.	22.09.2009	11.00 A. M.

There was no resolution in last year's Annual General Meeting that was required to be put through postal ballot. No such resolution is proposed at the forthcoming Annual General Meeting, which is required to be put through postal ballot as per law.

AGM held on	Special Resolutions passed
19.09.2007	None
23.09.2008	None
22.09.2009	Yes. The following Resolutions were passed:
	1) A Special Resolution pursuant to section 31 of the Companies Act, 1956 for alternation of Articles of Association.
	2) A Special Resolution pursuant to section 81 (1A) of the Companies Act, 1956 for further issue of shares.

7. Disclosures

Related party transactions are set out in the Notes to Accounts, forming part of the Annual Report for the year ended on 31st March, 2010. There is no other pecuniary relationship or transactions with the non-executive independent directors. During the last three years there were no strictures or penalties imposed on the Company by the Stock Exchange or SEBI or any statutory authority for non-compliance of matter related to Capital Markets. Details of adoption of non-mandatory requirements are shown separately.

8. Means of communication

Quarterly, half yearly and annual results are published in prominent dailies such as Business Standard (English) Arthik Lipi (Bengali) in the form prescribed under clause 41 of the Listing Agreement.

9. General shareholder information

I. Annual General Meeting

Date and Time: Tuesday, 21st September 2010, at 11.30 a.m.

Venue: "Howrah House", 135, Foreshore Road, Howrah - 711102.

II. Financial calendar for 2010-2011

- Financial year 1st April to 31st March

- 1st quarterly results - on or before 14.08.2010
- 2nd quarterly/half yearly results - on or before 14.11.2010
- 3rd quarterly results - on or before 14.02.2011
- 4th quarterly results - on or before 15.05.2011
- Annual results - on or before 31.08.2011

III. Date of Book Closure

15.09.2010 to 21.09.2010 (both days inclusive).

IV. Dividend Payment Date

On or before 20.10.2010.

V. Listing on Stock Exchanges

The Calcutta Stock Exchange Limited
7, Lyons Range, Kolkata - 700 001.

VI. Stock Codes

The Calcutta Stock Exchange Limited: 10018016
Demat ISIN Number for NSDL and CDSL - INE964CO1015

VII. Market Price Data

During the year under review the share prices were not quoted regularly.

VIII. Performance in comparison to BSE Sensex

Presently the Company is not listed with BSE.

IX. Registrar and Share Transfer Agent

Maheshwari Datamatics Private Limited
6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
Phone: (033) 2243 5809/2243 5029
Fax: (033) 2248 4787.
E-Mail: mdpl@cal.vsnl.net.in

X. Share Transfer System

Trading in equity shares of the Company is permitted only in

dematerialized form. The applications for transfer of shares in physical form are processed by the Company's Registrar and Transfer agent, Maheshwari Datamatics (P) Ltd. The Shareholders/Investors Committee constituted for transfer/transmission of shares and allied matters, acts as the Share Transfer Committee, has during the year approved all good deliveries of transfer and transmission of shares and in case of bad deliveries the relevant documents were sent immediately after specifying the defects through a covering letter.

XI. Distribution of equity shareholding as at 31.03.2010

Number of Shares	Shareholders		Shares	
	Number	% Total	Number	% Total
1 - 500	1207	89.8066	134,563	2.7216
501 - 1000	48	3.5714	36,725	0.7428
1001 - 2000	12	0.8929	19,400	0.3924
2001 - 3000	4	0.2976	10,500	0.2124
3001 - 4000	6	0.4464	23,275	0.4707
4001 - 5000	24	1.7857	120,000	2.4270
5001 - 10000	17	1.2649	163,105	3.2988
10001 - and above	26	1.9345	4,436,739	89.7343
Grand Total	1344	100.00	4,944,307	100.00

XII. Category of Equity Shareholders as at 31.03.2010

Public Financial Institutions	Number of Shares Held	% of Total
Promoters' Group	2,553,739	51.6502
Financial Institutions/Banks	115,007	2.326
Central / State Governments	530	0.0107
Insurance Companies	27,575	0.5577
Foreign Nationals & Companies	4,600	0.093
Non-Resident Individuals	1,588	0.0321
Bodies Corporate	1,365,386	27.6153
Individuals	875,882	17.715
Grand Total	4,944,307	100.0000

XIII. Dematerialization of Equity Shares & Liquidity as at 31.03.2010

Particulars	Holders	No. of Shares	% of Total
Physical	1181	2,666,231	53.9253
NSDL	128	2,276,973	46.0524
CDSL	35	1,103	0.0223
Total	1344	4,944,307	100.00

XIV. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments

The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.

XV. Plant Location

493/C/A, G. T. Road (S), Howrah - 711 102.

XVI. Address for Correspondence

Any assistance regarding Share transfers, transmissions, change of address, non-receipt of share certificate/duplicate share certificate, demat and other matters and also for redressal of all share related complaints and grievances, the members are requested to write to or contact the Registrar and Share Transfer Agent or the Share Department of the Company for all their queries or any other matter relating to their shareholding in the Company at the addresses given below:

a) Company's Registered Office at

"Howrah House",

135, Foreshore Road,

Howrah - 711 102,

Phone No.: (033) 2641-2402/4446/4159

Fax No: 91 33 2641-1447/2641-2796.

E-mail: shreehrt@vsnl.com

secretarialhmcl@gmail.com

b) Registrar & Transfer Agent's Office at

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane,

2nd Floor, Kolkata-700 001

Phone: (033) 2243 5809/2243 5029/2248-2248

Fax: (033) 2248 4787;

E-mail: mdpl@cal.vsnl.net.in.

Place: Howrah

Date: 4th day of August, 2010

Compliance of Non Mandatory Requirements

(i) The Board

The Independent Directors of the Company have the requisite qualifications and experience which in the opinion of the Company would enable them to contribute effectively to the Company in their capacity as Independent Directors.

(ii) Remuneration Committee

The Company has a Remuneration Committee comprising of Messrs B.C. Jain, S.L. Jhawar and U. Majumdar as members.

(iii) Shareholder Rights

The quarterly, half -yearly and annual financial results of the Company are published in newspapers.

(iv) Audit Qualification

The Company is taking steps to move toward a regime of unqualified financial statements.

(v) Training of Board Members

The Company has not yet adopted any training programme for its Directors.

(vi) Mechanism for evaluating non-executive Board Members

There is no mechanism for evaluating non -executive Board Members at present. All the non-executive Board Members are having requisite qualification and expertise in their respective functional areas.

(vii) Whistle Blower Policy

There is no Whistle Blower Policy at present.

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhawar *Director*

Sanjay Mall *Director*

Certificate by the whole time director under Clause 49 (V) of the listing agreement

Date: 4th day of August, 2010

The Board of Directors,
Howrah Mills Company Limited,
"Howrah House"
135, Foreshore Road,
Howrah-711102

I, Sitansu Banerjee, Whole-time Director of Howrah Mills Company Limited certify to the Board that I have reviewed the financial statement and cash flow statement of the Company for the financial year ended 31st March, 2010 and to the best of my knowledge and belief, I certify that-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; that the statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards; applicable laws and regulations;
2. There are no fraudulent or illegal transactions;
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4.
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) There have been no instances of frauds of which I am aware during the year.

Sitansu Banerjee
Wholetime Director

Certificate of Corporate Governance

To
The Members of
Howrah Mills Company Limited

We have examined the compliance of the conditions of Corporate Governance by Howrah Mills Company Limited for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the 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 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 and representations made by the Directors and the management to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that as per the records maintained by the Registrars and Share Transfer Agents of the Company and presented to the Shareholders/ Investor Grievance Committee no investor grievances are pending for a period exceeding one month against the Company.

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.

For S. Jaykishan
Chartered Accountants,
FRN: 309005E

Y. Gupta
Partner
Membership No. 60539

Place: Kolkata
Date: 4th day of August, 2010

Auditor's Report

To
The Members of
Howrah Mills Company Limited

1. We have audited the attached Balance Sheet of HOWRAH MILLS COMPANY LIMITED as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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 (Auditors' Report) Order, 2003 (as amended) issued by the Central Government in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account 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 Companies Act, 1956; subject to:

Non-compliance with Accounting Standard - 15, "Employee Benefits" in respect of non ascertainment and provision of accrued gratuity liability.

- (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2010 from being appointed as director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts subject to –
 - i) Note No. 4(i) regarding non ascertainment and provision of accrued gratuity liability.
 - ii) Note No. 4(ii) regarding non ascertainment and provision of interest on delay payments of statutory dues such as Gratuity etc.
 - iii) Note No. 5 regarding non provision of old and doubtful debtors & advances.
 - iv) Note No. 7 regarding non ascertainment and provision of interest on Sales Tax Loan.
 - v) Note No. 20 regarding capitalization of interest cost to the extent of Rs. 81,98,258/- to the cost of investments held in Subsidiary Company - WBATC Ltd.
 - vi) Note No. 21 regarding non transfer of unpaid dividend on cumulative preference shares to unpaid dividend account with scheduled bank as required by Section 205A of the Companies Act, 1956.

and read with the significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- ii) In the case of the Profit and Loss Account, of the profit of the Company 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 **S. Jaykishan**
Chartered Accountants
FRN: 309005E

Y. Gupta
Partner

Place: Kolkata
Date: 4th day of August, 2010

Membership No.60539

Annexure referred to in our report of even date

- i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets subject to the following remarks:
- I. In respect of Building, Plant and Machinery, Electric Installation, Sprinkler Installation, Sundry Equipment and Furniture acquired prior to 1st April 1960 such records were compiled allocating the total cost and depreciation on individual items pro-rata on the basis of physical verification and valuation carried by Mill Manager.
- II. In respect of Building, Plant and Machinery, Electric Installation, Sprinkler Installation, Sundry Equipment and Furniture acquired during the period from 1st April 1960 to 31st March, 1977 year wise depreciation has been allocated to individual assets proportionately on the basis of their written down values, for purpose of entry in the record.
- (b) As explained to us, the fixed assets of significant values have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of fixed assets during the year.
- ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records of inventories. No material discrepancy has been noticed on physical verification as compared to book records.
- iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained U/s. 301 of the Companies Act, 1956.
- (b) Since the Company has not granted any loans as aforesaid, Sub-clause (b), (c) & (d) of Clause (iii) of Paragraph 4 of the Order are not applicable to the Company.
- (c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained U/s. 301 of the Companies Act, 1956.
- (d) Since the Company has not taken any loans as aforesaid, sub-clause (f) & (g) of Clause (iii) of Paragraph 4 of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, 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, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register required to be maintained under that Section have been so entered.
- (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 lakh in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at relevant time.
- vi) The Company has not accepted any deposit during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have reviewed the books of account maintained by the Company pursuant to Rules made by the Central Government for the maintenance of cost records U/s. 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the same.

Annexure referred to in our report of even date

- ix) (a) According to the books and records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Employees' Pension Scheme, TDS, Sales Tax, Profession Tax and other statutory dues applicable to it with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Sales Tax, Provident fund, ESI and other statutory dues were in arrears as at 31st March, 2010 payable for a period of more than six months from the date they became payable, except the following:-

Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Date of Payment
Service Tax	1,845,684	2007-2008	Not yet
	2,242,758	2008-2009	
	1,091,933	2009-2010	
Fringe Benefit Tax	182,631	2007-2008	Not yet
	350,000	2008-2009	
Income Tax	305,501	2007-2008	Not yet
	1,100,000	2008-2009	

- (c) According to information & explanations given to us, details of Sales Tax & Urban Land Tax, which have not been deposited on account of any dispute are given below :

Particular	Amount (Rs.)	Forum where appeal pending
Sales Tax	1,865,171	Sales Tax Appellate Revision Board
Urban Land Tax (Disputed)	154,759	Urban Land Ceiling Department

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- xi) Except Sales Tax Loan of Rs. 33,881,000/- (including interest Rs. 8,181,000/-) and Excise Loan of Rs. 1,269,000/- for which repayment was rescheduled by BIFR, no repayment was made during the year. In case of other loans the Company has not defaulted in repayment of dues to other banks and financial institutions.

- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Clause (xiii) of the Order is not applicable to the Company, as the Company is not a chit fund Company or nidhi / mutual benefit fund / society.
- xiv) Clause (xiv) of the Order is not applicable, as the Company has not dealt or traded in shares, securities, debentures or other investments during the year.
- xv) We are informed that the Company has given corporate guarantee for loans taken by the Subsidiary Company from State Bank of India.
- xvi) On the basis of review of utilisation of funds pertaining to term loan on overall basis and related information as made available to us, the Company has applied the term loan for the purpose for which the loan was obtained during the year.
- xvii) In our opinion and according to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to the companies covered in the Register maintained u/s 301 of the Companies Act, 1956.
- xix) No debentures have been issued by the Company and hence the question of creating securities in respect thereof does not arise.
- xx) The Company has not raised any money by way of public issue during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **S. Jaykishan**
Chartered Accountants
FRN: 309005E

Y. Gupta
Partner

Place: Kolkata
Date: 4th day of August, 2010

Membership No.60539

Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	Schedule	As at 31st March 2010	As at 31st March 2009
I. SOURCES OF FUNDS			
1) Shareholder's Funds :			
a) Share Capital	A	49,443,070	39,743,070
b) Share Application Money (Pending Allotment)		-	30,000,000
c) Reserves and Surplus	B	318,215,025	286,807,055
2) Loan Funds :			
a) Secured Loans	C	457,031,620	440,252,413
b) Unsecured Loans		37,000,000	27,500,000
3) Deferred Tax Liability			
Total		862,394,110	824,302,538
II. APPLICATION OF FUNDS			
1) Fixed Assets :			
a) Gross Block	D	977,495,797	906,315,785
b) Less : Depreciation		641,314,132	611,535,351
c) Net Block		336,181,665	294,780,434
d) Capital Work-In-Progress		42,621,066	46,674,455
		378,802,731	341,454,889
2) Investments :			
3) Current Assets, Loans and Advances :			
a) Inventories	F	452,358,108	324,000,425
b) Sundry Debtors		135,692,452	174,900,716
c) Cash and Bank Balances		13,620,917	19,323,711
d) Loans and Advances		153,964,248	146,674,397
		755,635,725	664,899,249
Less: Current Liabilities & Provisions :			
a) Current Liabilities	G	329,332,505	239,908,997
b) Provisions		11,330,428	1,938,132
		340,662,933	241,847,129
Net Current Assets			
		414,972,792	423,052,120
4) Miscellaneous Expenses :			
(to the extent not written off or adjusted)			
a) Amalgamation Expenses		64,200	96,300
b) Preliminary Expenditure		60,000	80,000
		124,200	176,300
Total			
		862,394,110	824,302,538
Significant Accounting Policies & Notes to Accounts			
	O		

Schedules A to G and O form an integral part of the Balance Sheet

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhawar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 4th day of August, 2010

Sanjay Mall
Director

Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

Schedule	Year ended 31st March 2010	Year ended 31st March 2009
INCOME		
Income from Operations H	2,119,811,680	1,625,491,115
Other Income I	2,489,431	8,731,750
Increase/(Decrease) In Stocks J	53,219,393	39,120,615
Total	2,175,520,504	1,673,343,480
EXPENDITURE		
Materials Consumed K	1,477,926,950	893,163,012
Payments to Employees L	343,525,600	371,733,866
Operational & Other Expenses M	262,788,081	7,869,530
Total	2,084,240,631	1,582,766,407
Profit before Interest, Depreciation, Prior period Adjustments, Exceptional Items & Tax	91,279,873	90,577,073
Less:		
Interest N	43,883,797	42,466,282
Depreciation	37,595,569	39,319,286
Less: Transfer from Revaluation Reserve	1,215,451	36,380,118
Profit before prior period Adjustments Exceptional Items & Tax	11,015,958	10,119,723
Add/(Less): Prior period Adjustments (Refer Note No. 9(i))	-	(239,624)
Exceptional Items (Refer Note No. 9(ii))	17,645,324	-
Profit before Tax	28,661,282	9,880,099
Add/(Less): Provision for Taxes		
Current Tax	(6,500,000)	(4,130,000)
Less: Fringe Benefit Tax (FBT)	-	(350,000)
Add: Deferred Tax Credit	2,186,250	-
Less: Income tax/FBT for Earlier years	-	(308,804)
Profit after Tax	24,347,532	5,091,295
Add: Surplus brought forward from last year	153,101,167	151,718,072
Profit available for Appropriation	177,448,699	156,809,367
Less: Proposed Dividend on Equity Shares	2,472,154	-
Less: Dividend on Preference Shares	-	3,169,530
Less: Proposed Corporate Dividend Tax	420,142	538,670
Less: Capital Redemption Reserve	2,625,000	-
Surplus carried to Balance sheet	171,931,403	153,101,167
Earning Per Share [Refer Note No. 19]		
Basic (Rs.)	6.12	0.35
Diluted (Rs.)	6.12	0.34
Significant Accounting Policies & Notes to Account O		

Note : Schedules H to O form an integral part of the Profit & Loss Account

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhawar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 4th day of August, 2010

Sanjay Mall
Director

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 'A' SHARE CAPITAL		
Authorised		
6,737,500 Equity Shares of Rs. 10 each	67,375,000	67,375,000
26,250 9.1% Cumulative Redeemable Preference Shares of Rs.100 each	2,625,000	2,625,000
	70,000,000	70,000,000
Issued, Subscribed and Paid up		
4,944,307 Equity Shares of Rs. 10 each fully paid up in cash (3,974,307) "(Includes 17,757 Equity Shares allotted pursuant to Scheme of Amalgamation u/s 391/394 of the Companies, Act 1956, Approved by the Calcutta High Court Dated 04/05/07)"	49,443,070	39,743,070
Total	49,443,070	39,743,070

SCHEDULE 'B' RESERVES AND SURPLUS

Capital Reserve		
(created by Revaluation of Land, Buildings, Plant & Machinery, Electrical Installations and Sprinkler Installations)		
As per Last Account	64,352,048	65,681,183
Less : Transfer to Profit and Loss Account	1,215,451	1,328,218
Less : Adjustment on Sale	132	917
	63,136,465	64,352,048
Capital Reserve		
Incentive received from J.M.D.C.	-	5,341,038
Amalgamation Reserve		
(Arising on Amalgamation)	1,789,207	1,789,207
Investment Allowance Reserve		
As per last Account	129,150	129,150
Capital Redemption Reserve		
(Created on redemption of Cumulative Redeemable Preference Shares)	2,625,000	-
Securities Premium		
(Received during the year)	19,400,000	-
General Reserve		
As per Last Account	62,094,445	62,094,445
Less: Deferred Tax Liability as at 1.4.2009	2,890,645	59,203,800
Surplus as per Profit & Loss Account annexed	171,931,403	153,101,167
	318,215,025	286,807,055

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 'C' LOAN FUNDS		
I. SECURED LOANS		
a) Interest free Excise loan	1,269,000	1,269,000
From Govt of India through I.F.C.I.		
Secured by hypothecation of movable assets of the Company ranking pari passu with the charges created/ to be created in favour of Financial Institution & banks		
b) i) Sales Tax Loan	25,700,000	25,700,000
ii) Interest Accrued on above	8,181,000	8,181,000
From Government of West Bengal through WBIDC		
Secured by creation of residuary charges on all assets, subject to the existing charges in favour of other Institutions & Banks		
c) 1. From State Bank of India		
(i) Cash Credit and Export Packing Credit	153,358,559	156,131,390
(ii) Term Loan		
Term Loan II	3,386,544	7,120,353
Term Loan III	10,140,765	15,221,551
Term Loan IV	8,465,911	9,436,960
Term Loan V	61,529,340	-
	83,522,560	31,778,864
(iii) Corporate Loan	8,357,029	12,158,961
(iv) Short term Bonus Loan	3,272,629	3,311,297
2. From The Federal Bank Ltd		
(i) Cash Credit Account	73,302,477	102,896,834
(ii) Term Loan		
Term Loan I	4,146,757	6,148,358
Term Loan II	5,924,379	10,071,136
	10,071,136	4,815,050
(iii) Corporate Loan	10,824,853	14,338,961
(iv) Overdraft on conversion of FCDL into Rupee Loan	7,150,404	30,254,632
(v) Foreign Currency Demand Loan	18,595,763	-
Loans from State Bank of India & The Federal Bank Limited are secured by :		
i. Hypothecation of all the Stock-in-trade, Stores & Book Debts of the Company, ranking Pari-passu		
ii. First Pari Passu charge on the entire fixed assets		
iii. Personal guarantees of Shri Om Prakash Mall, Shri Shree Mohan Mall & Shri Nand Kishore Jhavar		
d) The Federal Bank Ltd		
Term Loan	53,426,210	43,268,067
(Under Rent Securitisation, Secured against Rent Receivables)		
	457,031,620	440,252,413
II. UNSECURED LOANS		
From Bodies Corporate	37,000,000	27,500,000
	37,000,000	27,500,000

Schedules to the Balance Sheet as at 31st March, 2010

SCHEDULE D FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2009	Additions during the year	Deductions / Adjustments during the year	As at 31st March 2010	As at 1st April 2009	For the year	Deductions / Adjustments during the year	As at 31st March 2010	As at 31st March 2009
Land	71,283,743	-	-	71,283,743	-	-	-	71,283,743	71,283,743
Factory Building	218,407,278	55,125,400	-	273,532,678	152,261,097	7,208,836	-	159,469,933	114,062,745
Buildings others	104,538,364	-	-	104,538,364	80,461,561	894,589	-	81,356,150	23,182,214
Plant & Machinery	452,266,174	23,284,685	12,220,214	463,330,645	335,765,011	26,834,338	5,741,369	356,857,981	24,076,803
Electric Installation	30,248,770	6,411,285	-	36,660,055	20,206,833	1,429,457	-	21,636,290	116,501,163
Tramway	11,520	-	11,520	-	11,517	-	11,517	-	10,041,937
Sprinkler Installation	6,767,165	-	-	6,767,165	6,624,704	19,816	-	6,644,520	142,461
Electric Fork Lift Truck	1,517,380	-	-	1,517,380	1,425,020	18,472	-	1,443,492	92,360
Railway	21,962	-	21,962	-	21,891	-	21,891	-	70
Computer	5,882,583	264,968	-	6,147,551	5,138,422	321,523	-	5,459,945	744,161
Lift	257,000	461,217	-	718,217	238,007	55,724	-	293,731	18,993
Sundry Equipments	8,838,762	629,613	-	9,468,375	5,064,817	576,322	-	5,641,139	3,773,945
Furniture	3,086,866	49,050	-	3,135,916	1,936,233	212,697	-	2,148,930	1,150,632
Motor Vehicle	3,188,219	26,220	2,818,730	395,709	2,380,238	23,796	2,042,012	362,022	807,981
Total	906,315,785	86,252,438	15,072,426	977,495,797	611,535,351	37,595,569	7,816,789	641,314,132	294,780,434
Previous Year	857,218,915	52,285,231	3,188,361	906,315,785	575,402,169	39,319,286	3,186,104	611,535,351	281,816,746
Capital Work-in-Progress	46,674,455	62,232,333	66,285,722	42,621,066	-	-	-	42,621,066	46,674,455

Notes :

- The Company revalued its Land, Buildings, Plant & Machinery, Electric Installation and Sprinkler Installation as at 31st March, 1984. The revaluation was carried out by an approved valuer and the net increase in value of Rs. 283,896,474 (Gross Rs. 401,275,536 minus accumulated depreciation of Rs. 117,379,062) was transferred to Capital Reserve.
- The Company has made necessary applications for exemption under Urban Land (Ceiling Regulation) Act, 1976 for the excess land that may be held under the Act.
- Land measuring 651 Cottahs, the original cost of which is Rs. 204,160 was not revalued since the Company agreed to transfer the portion of land to the workers occupying it. Adjustments in this respect will be made on finalisation of sale agreement.
- Additions to Plant & Machinery and Building during the year includes Rs. 6,042,740/- (P.Y. Rs. 8,628,477/-) on account of expenditure on replacement of certain components and spare parts of the machinery, as in the opinion of the Management the renovation and the replaced components and spare parts which are of better design and technology will enhance the life of the machinery and increase the efficiency and production capacity thereby resulting in long term benefits to the Company.
- Immovable Properties transferred from Howrah Land & Holding Limited pursuant to scheme of Amalgamation are pending to be registered in the name of the Company.
- Deductions under Plant & Machinery, gross block includes Rs. 11,066,838/- on account of adjustment for subsidy received by the company against the said assets. Excess depreciation charged in the earlier years on the said assets and amounting to Rs. 4,589,324/- has been written back in the accounts.

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 'E' INVESTMENTS		
LONG TERM		
1) In Government Securities (At cost)		
National Savings Certificates	-	10,000
2) In Shares, Debentures and Bonds		
(i) In Shares		
Unquoted, Trade at Cost		
(Subsidiary Companies)		
66655' (66655) Nos. of equity shares of West Bengal Agro Textile Corporation Limited of Rs. 1,000/- each fully paid up.	67,635,627	59,437,369
30000 (Nil) Equity shares of HMC Jute Park Enterprises Ltd. of Rs. 10/- each, fully paid up.	300,000	-
44000 (Nil) Equity shares of HMC Power Companies Limited of Rs. 10/- each, fully paid up.	440,000	-
(ii) Others - Unquoted, Other than Trade (At cost)		
East India Clinic Ltd.		
Nil (91), 1/2% Debenture of Rs. 100 each	-	9,100
5% Non Redeemable Debenture Stock 1957	-	29,000
(iii) Units of Mutual Fund		
Nil (1500) units of SBI Mutual Funds	-	15,000
3) In Gold	118,760	118,760
	68,494,387	59,619,229

SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES

a) Inventories			
Stores and Spares Parts	27,811,380	23,894,941	
Jute	243,120,168	171,898,317	
Finished Goods	163,254,647	107,529,880	
Work-in-Progress	18,171,913	20,677,287	
	452,358,108		324,000,425
b) Sundry Debtors : Unsecured			
Outstanding for a period exceeding six months-			
Considered good	41,640,908	41,333,764	
Considered doubtful	1,005,232	659,421	
Other Debts			
Considered good	94,051,544	133,566,952	
	136,697,684	175,560,137	
Less : Provision for Doubtful debts	1,005,232	659,421	
	135,692,452		174,900,716
c) Cash and Bank Balances			
Cash in hand (As certified)	295,085	298,225	
Balance with Scheduled Banks			
On Current Account	909,603	8,727,603	
On Cash Credit Account (S.B.I N S Rd)	101,115	104,165	
On Fixed Deposits	12,315,113	10,193,717	
(Pledged with bank against Short Term Loan, Letters of Credit & Bank Guarantees)			
	13,620,917		19,323,711

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES (Contd.)		
d) Loans and Advances :		
Unsecured Loans (Considered good)	19,716,407	21,499,094
Advance to Subsidiary Companies	10,000,000	-
Other Advances (Recoverable in cash or in kind or for value to be received)		
Considered good	51,449,366	50,377,166
Considered doubtful	-	107,277
	51,449,366	50,484,443
Less : Provision for doubtful Advances	-	107,277
	51,449,366	50,377,166
Prepaid Expenses	2,679,947	2,000,220
Income Tax deducted at source	7,089,490	3,934,400
Income Tax Payments	134,502	134,502
Mat credit entitlement	4,000,000	4,000,000
EMA Subsidy, DEPB & Other Claims Receivable	50,081,760	59,559,983
Security & Other Deposits	8,613,500	4,898,075
Deposits with Customs, Excise etc.	199,276	199,276
Interest Accrued on Investments	-	71,682
	153,964,248	146,674,397
	755,635,725	664,899,249

SCHEDULE 'G' CURRENT LIABILITIES AND PROVISIONS

a) Current Liabilities :		
Bills Payable	5,028,124	-
Sundry Creditors		
Dues to micro, medium & small enterprises	1,533,546	1,598,331
Dues to other than micro, medium & small enterprises	190,369,465	138,609,065
Creditors for Capital Goods	3,069,565	2,043,498
Preference Shares Redemption amount	1,271,200	1,783,600
Unpaid Dividend on Preference Shares	1,735,188	2,432,722
Corporate Dividend Tax	-	538,670
Income Tax & FBT Payable on Assessment	9,683,607	9,683,607
Other Liabilities	116,641,810	83,219,504
A	329,332,505	239,908,997
b) Provisions :		
Provision for Taxation	7,905,501	1,405,501
Provision for Fringe Benefit tax	532,631	532,631
Provision for Dividend on Equity Shares	2,472,154	-
Provision for Corporate Dividend Tax	420,142	-
B	11,330,428	1,938,132
(A+B)	340,662,933	241,847,129

Schedules to the Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE 'H' INCOME FROM OPERATIONS		
Sales	2,043,764,142	1,567,136,052
Premium from Long Term Lease	34,103,700	22,215,900
Rental Income	16,377,034	13,019,542
Export Incentives	7,881,326	15,993,133
Credit for CER/VER	10,158,581	7,126,488
Foreign Exchange Currency Fluctuation Gain	7,526,898	-
	2,119,811,680	1,625,491,115

SCHEDULE 'I' OTHER INCOME

Interest on Fixed Deposits with Banks (TDS- 103533/-, P.Y. Rs.178765/-)	849,300	847,959
Interest on Other Deposits (TDS- 2766/-, P.Y. Rs.4135/-)	30,910	30,937
Profit On Sale of Fixed Assets	494,083	4,127,654
Profit On Sale of Investments (Long Term)	-	4,619
Miscellaneous Income	316,099	3,126,632
Bad Debt Recovered	-	50,000
Provision for doubtful advances written back	766,698	-
Liability No Longer Required written back	32,341	543,949
	2,489,431	8,731,750

SCHEDULE 'J' INCREASE / (DECREASE) IN STOCK

Closing Stock				
Finished Goods	163,254,647		107,529,880	
Work-in-Progress	18,171,913	181,426,560	20,677,287	128,207,167
Opening Stock				
Finished Goods	107,529,880		71,567,510	
Work-in-Progress	20,677,287	128,207,167	17,519,042	89,086,552
		53,219,393		39,120,615

SCHEDULE 'K' MATERIALS CONSUMED

	Qty (M.T.)		Qty(M.T.)	
Raw Materials				
Opening Stocks		171,898,317		161,789,137
Add : Purchases		1,494,176,049		858,455,051
		1,666,074,367		1,020,244,188
Less : Closing Stocks		243,120,168		171,898,317
	55,609	1,422,954,199	50,477	848,345,871
Purchase of Gunnies	1,216	53,623,707	1,040	37,113,133
Others		1,349,044		7,704,008
(Refer Note No. 23)				
		1,477,926,950		893,163,012

Schedules to the Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE 'L' PAYMENTS TO EMPLOYEES		
Salaries ,Wages and Bonus	279,172,747	302,898,140
Gratuity	4,855,390	5,298,540
Contribution to Provident and other Funds	35,041,471	38,733,345
Staff Welfare Expenses	24,455,992	24,803,841
	343,525,600	371,733,866

SCHEDULE 'M' OPERATIONAL & OTHER EXPENSES

Consumption of Stores & Spare Parts	77,129,193	93,697,291
Power and Fuel	70,676,414	75,358,242
Repairs to Machinery (including consumption of Stores Rs. 10,356,354/- (P.Y. Rs. 12,821,116/-)	13,844,275	16,441,804
Repairs to Building	2,805,208	2,704,336
Rates and Taxes	863,562	668,568
Rent	5,948,378	3,610,922
Insurance	3,675,226	3,310,765
Brokerage & Commission (Other than sole selling agents)	9,401,831	10,693,263
Export Expenditure	6,346,207	8,038,025
Branding Charges	2,188,286	1,885,035
Processing Charges	4,000,458	4,228,620
Stitching Charges	5,112,313	8,426,696
Shipping & Freight Charges	21,399,140	27,578,823
Advances / Bad debts written off	177,206	1,052,886
Directors' Fees	27,600	27,000
Other Establishment Expenses	38,135,453	32,293,556
Provision for Doubtful Debts	1,005,232	-
Loss on Foreign Exchange Currency Fluctuation	-	27,263,668
Sales Tax (For earlier Years)	-	537,929
Amalgamation Expenses Written off	32,100	32,100
Preliminary Expenses Written off	20,000	20,000
	262,788,081	317,869,530

SCHEDULE 'N' INTEREST

Interest		
On Fixed Loans	21,943,377	19,892,922
On Others	34,425,014	34,485,085
	56,368,391	54,378,007
Less : Interest Subsidy	1,555,988	2,214,887
Less : Interest Capitalised on Investment (Refer Note No. 20)	8,198,258	8,198,258
Less : Interest Received on Loans & advances (TDS- Rs.273,035/-, P.Y. Rs.339,579/-)	2,730,348	1,498,580
	43,883,797	42,466,282

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements.

- a. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- b. The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 (As amended) and the relevant provisions of the Companies Act, 1956.
- c. The preparation of the financial statements 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 the actual results and estimates are recognised in the period in which the results are known / materialize.

2. Revenue Recognition

- a. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- b. Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the dispatch of goods. Sales are net of Cess, VAT, Returns, claims & rate differences.
- c. Claims related to sales are recognized in the accounts as and when settled.
- d. Consignment sales are booked on proforma invoice basis at the time of dispatch of goods. Adjustment if any, of actual sale differential and various expenses such as freight, duty, commission, insurance, taxes etc, arising on receipt of account sales are dealt in during the relevant years in which Account Sales are made available.
- e. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- f. Market Assistance Receivable from JMDC and other export benefits are accounted for as soon as the entitlements in respect thereof fall due.
- g. Lease Rent & bonus to employees are accounted for on cash basis.
- h. Incomes from certified emission reduction (CER) & from voluntary emission reduction (VER) are recognized at estimated realizable value on confirmation of CER & VER by the concerned authorities.

3. Fixed Assets

- a. Fixed Assets except for certain assets, which were revalued as at 31st March 1984, are stated at cost less accumulated depreciation and impairment losses, if any.
- b. Cost includes inward freight, duties, taxes, interest till the date of installation and expenses incidental to acquisition and installation. In respect of revalued assets, the resultant net increase in value is transferred to Capital Reserve. Costs of major renovation/ replacement, which in the opinion of the Company enhance the life/ efficiency and production capacity of the assets, are capitalized.
- c. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- d. Depreciation on assets other than freehold land is provided on written down value method at the rates & in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on differential increase in values arising out of the revaluation is recouped from Capital Reserve.
- e. Costs of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses and advances paid to acquire fixed assets are shown as Capital Work-in-progress.

4. Investments

- a. Current investment is stated at Cost or Market Value whichever is lower.
- b. Long term investments are stated at cost unless there is a permanent diminution in the value of investments.

5. Inventories

Raw materials and Stores and Spares are valued at cost, cost being determined on monthly weighted average basis. Finished goods are valued at lower of cost or contract/ market rate as applicable. Work-in-Progress is valued at cost, comprising raw materials and conversion cost incurred in bringing the inventory to their present location & condition.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

6. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the time of transactions. Transactions remaining unsettled, other than those contracts covered under Forward Foreign Exchange contracts are translated at the rate prevailing at the end of the financial year. In case of Forward Exchange Contracts, year-end foreign currency assets & liabilities are translated at the rate ruling on the date of transaction as increased or decreased by the proportionate difference between the forward rate and the said exchange rate, such difference having been recognized over the life of the contract. Exchange differences arising out of aforesaid transactions are dealt in the Profit and Loss Account.

7. Retirement Benefits

Contribution to Provident and Family Pension Fund is charged to the Profit & Loss Account of the year. Accrued liability in respect of retirement gratuities are not provided in the accounts. Gratuities are accounted for on cash basis. The Company has no practice of paying leave encashment benefit on retirement.

8. Borrowing Costs

Borrowing costs attributable to the acquisition/ construction of fixed assets are capitalized up to the date when such assets are ready for its intended use. Interest attributable to investment held in subsidiary company West Bengal Agro Textile Corporation Ltd. is capitalized to cost of investments. Other borrowing costs are recognized as an expense for the year in which they are incurred.

9. Subsidy & Incentives

Government grants are recognized on a prudent basis when there is a reasonable assurance that the Company will comply with the conditions attached thereto.

Capital Investment Subsidy/Incentives are accounted for in the accounts as and when actually received. Capital grant relating to specific fixed assets is reduced from the gross value of the respective fixed asset. Incentives/ Subsidy related to revenue are recognized on a systematic basis in the Profit and Loss Account over the period to match them with the related cost which they are intended to compensate.

10. Amalgamation & Preliminary Expenses

Amalgamation Expenses are written off over a period of 5 years U/s 35DD of the Income Tax Act, 1961.

Preliminary Expenses are written off over a period of 5 years U/s 35D of the Income Tax Act, 1961.

11. Taxes On Income

Tax expenses comprises of current tax and deferred tax.

- a. Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.
- b. Deferred Tax resulting from Timing difference between Book profits and Taxable Profits is accounted for using the tax rates and Laws that are enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets is recognized and carried forward to the extent that there is a reasonable certainty that the asset will be realized in future.

12. Provisions, Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the Financial Statements.

13. Earnings per Share (EPS)

- a) 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.
- b) 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 are adjusted for the effects of all dilutive potential equity shares.

14. Prior Period items:

Prior Period and Exceptional items and Changes in Accounting Policies having material impact on the financial affairs of the Company are separately disclosed.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

B. NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for (Amount in Rupees)

Particulars	As at	As at
	31st March 2010	31st March 2009
a) Bank guarantees given on behalf of the company.	30,870,421	28,305,639
b) West Bengal and Central Sales Tax assessments under appeal for the period 1st October, 2002 to 31st March, 2004	1,865,171	1,865,171
c) Bills discounted from bank (Since realized)	6,534,269	21,649,316
d) Letters of Credit issued in favour of various parties	97,487,734	58,286,589
e) Corporate guarantee given to State Bank of India on behalf of West Bengal Agro Textile Corporation Ltd. (Subsidiary Company).	35,000,000	35,000,000
f) Interest/penalties for non payment of Service Tax realised by the Company	Amount not ascertained	Amount not ascertained

2. Other Establishment Expenses include payments to the Auditors: (Amount in Rupees)

Particulars	As at	As at
	31st March 2010	31st March 2009
As Statutory Audit fee	210,000	160,000
Certification	7,500	-
Total	217,500	160,000

3. Directors' Remuneration (included in various heads of expenses in Schedule "L") (Amount in Rupees)

Particulars	2009-10		2008-09	
	Managing Director *	Whole Time Director	Managing Director	Whole Time Director
Salaries	400,000	420,000	480,000	420,000
Contribution to Provident Fund	40,000	-	48,000	-
Other Perquisites	131,851	129,165	70,280	96,860
Allowances	15,000	168,000	18,000	168,000
Total	586,851	717,165	616,280	684,860

* Figures pertain to 10 months period, since Managing Director resigned with effect from 28.01.2010.

The computation of net profit for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 has not been enumerated since no commission has been paid to any director. Fixed managerial remuneration has been paid to the Managing Director & the whole time Director as per Schedule XIII of the Companies Act, 1956.

4. i. Gratuity is accounted on cash basis. Due to severe financial constraints, provision for future liability of gratuity could not be made, hence it was not determined actuarially. There is no practice for payment of leave encashment and hence actuarial valuation not required.
- ii. Interest arising out of non-payment in due time of retirement gratuity in respect of retired employees has not been ascertained and provided for. However, no claim for interest on delayed payments in this account has been received.
5. Debtors include Rs. 3,143,702/- (P.Y. Rs. 3,657,659/-) and advances include Rs. 413,125/- (P.Y. Rs. 868,125/-) outstanding for more than three years and are doubtful. No provision in this regard has been made in the Accounts.
6. Interest and other charges for Non-Payment/ Delayed payment of Sales Tax, if any, has not been ascertained and provided for.
7. Interest has not been provided on sales tax loan of Rs. 257 lakhs, as the company has made an application for waiver of interest, pending approval from authorities.
8. Current assets include Rs. 3,329,846/- as VAT input credit, carried forward from earlier years on purchase of certain stores and spare part items, which is subject to review as per West Bengal Taxation Tribunal. Pending outcome of the review by the competent authority, no adjustment has been carried out in this year.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

9. (i) Details of Prior period adjustments (debit) are as follows: (Amount in Rupees)

Particulars	As at	As at
	31st March 2010	31st March 2009
a) Subscription	-	239,624
	-	239,624

- (ii) Details of exceptional items are as follows:

Particulars	As at	As at
	31st March 2010	31st March 2009
a) Compensation for Delay Payment	13,056,000	-
b) Excess Depreciation charged in earlier years written back	4,589,324	-
Total	17,645,324	-

10. Certain Secured Loans, Unsecured loans, Sundry Creditors, Sundry Debtors, Loans & Advances are subject to Confirmation/ Reconciliation from the respective parties. The Management however does not expect any material variations.
11. In the opinion of the Board, Current Assets, Loans and advances shall, if realized in the ordinary course of the business have value at least equal to the amount at which they are stated.
12. Estimated amount of Commitments on Capital Account outstanding as at 31st March, 2010 was Rs. 249.54 Lakhs (P. Year- Rs.778.18 Lakhs) net of advances.
13. In pursuance to Joint Venture Transformation Agreement & Share Purchase Agreement dated 25th day of January, 2007, the Company has been allotted 66,655 fully paid up Equity Shares of Rs. 1,000 each in the Share Capital of West Bengal Agro Textile Corporation Limited (WBATCL) on 20.04.07, being 73.98% of the total Issued, subscribed & paid up Capital of the said WBATCL.

Disclosure in respect of Joint Venture

- (a) Details of Joint Venture

Name of Joint Venture	Country of Incorporation	Description of Interest	Proportion of Ownership Interest	
			As at 31.03.2010	As at 31.03.2009
West Bengal Agro Textile Corporation Ltd.	India	Jointly Controlled Entity	73.98%	73.98%

- (b) The Company's Financial Interest in the aforesaid Joint Venture Company is set out below: (Rs. in Thousands)

Particulars	As at	As at
	31st March 2010	31st March 2009
Asset		
Fixed Assets	19,373	21,818
Current Assets, Loans & Advances		
Inventories	29,740	18,358
Sundry Debtors	6,877	6,461
Cash & Bank	667	477
Loans & Advances	37,945	52,026
Accrued interest on Term Deposit	45	10
Total	94,647	99,150
Liabilities		
Secured Loans	14,664	18,517
Current Liabilities	35,910	28,817
Provisions	1,315	1,456
Total	51,889	48,790

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(b) The Company's Financial Interest in the aforesaid Joint Venture Company is set out below (Contd.):

Particulars	As at 31st March 2010	As at 31st March 2009
Income		
Sale	121,146	104,935
Other Receipts	102	1,063
Total	121,248	105,998
Expenses		
Consumption of Raw Material	86,978	59,842
Increase in Stock	(7738)	(487)
Manufacturing Expenses	9,722	10,707
Managing Director's Remuneration	385	385
Selling & Administration Expenses	4,161	3,933
Total	124,130	104,470

14. The Outstanding Forward Contracts at the year end are as follows:

Particulars	Currency	As at 3.03.2010 (Sell)
Forward Contracts in respect of Foreign currency debtors (5).	USD	564,498 (P.Y. 400,000)

15. No provision is considered necessary by the management in respect of claim for damages of Rs. 5,008,807 (P.Y Rs. 5,008,807) by the ESI Authorities for delayed payment of dues for the earlier years, as the company's application for waiver / reduction thereof is under consideration of the authorities.

16. Components of Deferred tax liability as at 31st March, 2010 are as follows: *(Amount in Rupees)*

Particulars	As at 31st March 2010	As at 31st March 2009
Components of Deferred Tax Liability		
Depreciation	1,536,027	3,646,674
Components of Deferred Tax Assets		
Disallowance as per Section 43 B of Income Tax Act	831,632	756,029
Net Deferred Tax Liability	704,395	28,90,64

The company has adopted Accounting Standard 22, Accounting for Taxes issued by ICAI for the first time during the current financial year. Balance of deferred tax liability as at 1-4-2009 amounting to Rs. 2,890,645/- (as detailed above) has been adjusted with general reserves balance as at the said date.

17. There was a single party by name Jati Brothers, covered under Micro, Small and Medium Enterprises to whom the Company owes dues, which were outstanding for more than 45 days as at 31st March, 2010 to the extent of Rs. 1,303,098 (P.Y 1,475,629 No interest was paid / payable to the said party during the year. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

18. Segmental Reporting as per AS -17 *(Amount in Rupees)*

Particulars	Jute Activity	Real Estate	Total
Revenue	2,071,820,377 (1,598,987,097)	50,480,734 (35,235,768)	2,122,301,111 (1,634,222,865)
Segment Results (Profit before Interest, tax & Exceptional Items)	8,042,844 (20,571,066)	46,856,911 (31,775,315)	54,899,755 (52,346,381)
Interest	33,711,874 (38,809,368)	10,171,923 (3,656,914)	43,883,797 (42,466,282)
Exceptional Items	17,645,324 (-)	- (-)	17,645,324 (-)

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

18. Segmental Reporting as per AS -17 (Contd.)

Particulars	Jute Activity	Real Estate	Total
Profit Before tax	-8,023,706 (-18,235,303)	36,684,988 (28,115,402)	28661282 (9,880,099)
Less : Income Tax & FBT	-	-	4,313,750 (4,788,804)
Profit after tax	-	-	24,347,532 (5,091,295)
Other Information			
Assets	1,126,753,340 (1,004,554,109)	76,303,703 (61,595,558)	1,203,057,043 (1,066,149,667)
Liabilities	770,180,305 (658,061,823)	64,514,248 (51,537,720)	834,694,553 (709,599,542)
Capital Expenditure	39,577,983 (44,097,552)	42,621,066 (51,673,774)	82,199,049 (95,771,326)
Depreciation	35,588,225 (37,319,965)	791,893 (671,103)	36,380,118 (37,991,068)
Non Cash Expenses (other than depreciation)	-	-	-
	-	-	-

Previous year's figures are in brackets

19. Earnings Per Share (EPS):

		Year ended 31st March 2010	Year ended 31st March 2009
Net Profit for the period attributable to equity shareholders: (Rs.)	(a)	24,347,532	1,383,095
Weighted average number of Equity Shares of Rs.10/- each outstanding during the period	(b)	3,979,622	3,974,307
Add: Dilutive number of Equity Shares outstanding during the year	(c)	NIL	1,000,000
Diluted number of Equity Shares outstanding during the year	(d)	NIL	4,057,640
Earnings Per Share (Rs.):			
Basic	(e) = (a) / (b)	6.12	0.35
Diluted	(f) = (a) / (d)	6.12	0.34

20. The company during the year has capitalized interest cost amounting to Rs. 8,198,258/- (P.Y 8,198,258/-) to cost of investments in subsidiary company M/s West Bengal Agro Textile Corporation Ltd. instead of charging to revenue. Had it been charged to revenue, the profit for the year net of tax would have been reduced by Rs. 5,411,670/- (P.Y. Rs. 5,664,997/-) and the balances of Reserves & Surplus would have been reduced by Rs. 5,411,670/- (P.Y Rs. 5,664,997/-).

21. Unpaid dividend on Cumulative Preference Shares has not been transferred to unpaid dividend account as required by Section 205A of the Companies Act, 1956.

22. Related Party Disclosure

Relationship	Name	Transaction during the year
Key Managerial Personnel (Managing Director)	Mr. O. P. Mall	Managerial Remuneration Rs. 586,851 (P.Y Rs. 616,280)
Key Managerial Personnel (Wholetime Director)	Mr. S. Banerjee	Managerial Remuneration Rs. 717,165 (P.Y.Rs. 684,860)
Associates & Subsidiary	(i) West Bengal Agro Textile Corpn Ltd	Purchases Rs. 7,662,574 (P.Y. Rs. 298,101) Stores Purchase Rs.353,296 (P.Y. Rs. 325,695) Sales Rs. 1,969,428 (P.Y. 1,166,332) Balance receivable at the end Rs 582,018 (P.Y. Rs.Nil)
	(ii) HMC Power Companies Limited	Rs. 5,000,000 (Receivable)
	(iii) HMC Jute Park Enterprises Limited	Rs. 5,000,000 (Receivable)

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

23. a) The Company manufactures Jute Goods and particulars are as under :

	Year ended 31st March 2010	Year ended 31st March 2009
i. Licensed Capacity p.a	70,761 Tons	70,761 Tons
ii. Installed Capacity p.a	43,500 Tons	43,500 Tons
iii.* Actual Production	32,270 Tons	40,402 Tons
iv. Opening Stock	2,847 Tons (Rs. 107,529,880)	2,366 Tons (Rs. 71,567,510)
v. Closing Stock	3,239 Tons (Rs. 163,254,647)	2,847 Tons (Rs. 107,529,880)
vi. Purchase of Gunnies	1,216 Tons Rs. 53,623,707	1,040 Tons (Rs. 37,113,133)
vii. Sales	33,094 Tons (Rs. 1,463,570,502)	40,961 Tons (Rs. 1,399,870,328)

* After adjustment of 331 Tons (P.Y. 303 Tons) for consumption for packing purpose and 108 Tons (P. Y. 121 Tons) generation of gunny cuttings etc.

Viii: Quantitative Details of items traded in*:

Particulars	Purchases		Sales	
	Year ended 31st March 2010	Year ended 31st March 2009	Year ended 31st March 2010	Year ended 31st March 2009
White liner paper (180 Gsm)	44.828 Tons (Rs. 1,318,444)	-	44.828 Tons (Rs. 1,485,247)	-
Baling hoops	5230 Kgs (Rs. 287,702)	-	5230 Kgs (Rs. 318,725)	-
Neem oil	200 ltr (Rs. 30,600)	-	200 ltr (Rs. 30,600)	-
Coated Duplex Board	-	1,947 bundle (Rs. 1,770,695)	-	1,947 bundle (Rs. 2,020,144)
Polyester Thread	-	1,564 cartoon (Rs. 4,118,400)	-	1,564 cartoon (Rs. 7,499,396)
Printing Paper	-	130 Rolls (Rs. 1,814,913)	-	130 Rolls (Rs. 2,030,838)
Paper Board	-	80 Mt (Rs. 1,400,000)	-	80 Mt (Rs. 1,400,000)

* Opening and Closing stocks are Nil.

b) Value of Raw Materials and Stores (including components & spare parts) consumed :

	Year ended 31st March 2010		Year ended 31st March 2009	
	Value (Rs.)	Percentage	Value (Rs.)	Percentage
Raw Materials*				
Imported	44,478,462	3.13	7,683,121	0.90
Indigenous	1,378,475,737	96.87	840,662,749	99.10
Total	1,422,954,199	100.00	848,345,870	100.00

*Includes sale of Raw Jute, profit from which, being not significant, has not been separately accounted for.

Stores & Spare Parts *				
Imported	-	-	-	-
Indigenous	87,485,547	100	106,518,407	100
Total	87,485,547	100	106,518,407	100

*Includes consumed directly or by way of repairs to machinery.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
c) Work in Progress:		
W.I.P	18,171,913	20,677,287
d) Earnings in Foreign Exchange :		
Export of Finished Goods (FOB Basis) (Excludes export through Merchant Shippers)	98,623,437	1,74,432,892
Export of Traded Goods (FOB basis)	1,485,247	11,550,378
Certified Emission Reduction	10,158,581	-
Voluntary emission reduction	-	7,126,488
Miscellaneous Income	-	2,674,453
e) Value of Imports (CIF Basis)		
Raw Jute	44,478,462	7,683,121
Gunny & others	6,969,521	-
Capital Goods	-	5,145,600
f) Expenditure in Foreign Currencies		
Export Expenses	819,193	2,819,982
Brokerage/Commission	-	1,046,095
Traveling Expenses	484,166	1,883,001
Claims to foreign Buyers	1,027,387	5,456,762

24. The amount of Term Loans outstanding as at 31st March, 2010 and repayable within a period of one year from the said date amounts to Rs. 343.72 Lakhs (P.Y Rs. 450.60 Lakhs)

25. Capital Work in Progress as at 31st March, 2010 Rs. 42,621,066/- (P.Y Rs. 46,674,455)

	Year ended 31st March 2010	Year ended 31st March 2009
a) Capital Advances	22,710,971	40,042,102
b) Machineries & Other fixed assets under installation / construction	19,910,095	6,632,353
	42,621,066	46,674,455

26. Previous year's figures have been reworked, re-grouped, re-arranged and reclassified, wherever considered necessary. Accordingly amounts and other disclosures for the preceding year are included as an integral part of the current year financial Statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signatures of the Schedules A to O

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhavar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 4th day of August, 2010

Sanjay Mall
Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. of 1890 - 91 State Code

Balance Sheet Date
Date Month Year

II Capital raised during the year (Amount in Rs. Thousand)

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of funds

Net Fixed Assets Investments

Net Current Assets Mis Expenditure

Accumulated Profit

IV Performance of Company (Amount in Rs. Thousand)

Turnover Total Expenditure

Profit/Loss Before Tax Profit/Loss After Tax

Please tick Appropriate box + for Profit, - for Loss
 + - + -

Earning per Share in Rs. Dividend Rate %

V Generic Names of principal products of Company

Product Description	Item Code No.
HESSIAN	<input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="3"/>
SACKING	<input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="2"/>
JUTE YARN	<input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="1"/>

Cash Flow Statement For the year ended 31st March, 2010

(Amount in Rupees)

		Year ended 31st March 2010		Year ended 31st March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & exceptional items		11,015,958		9,880,099
Adjustments for				
Depreciation	36,380,193		37,991,068	
Interest paid	43,883,797		42,466,282	
Lease Premium & Rent Received	(50,480,734)		(35,235,442)	
Interest Received	(880,210)		(878,896)	
Profit on sale of Fixed Assets	(494,083)		(4,127,654)	
Profit on sale of Investment	-		(4,619)	
Depreciation Adjusted agnt J.M.D.C. incentive	(4,589,324)		-	
Liability No longer required written back	(32,341)		(543,949)	
Preliminary Expenses Written off	20,000		20,000	
Amalgamation Expenses Written off	32,100		32,100	
Investments written off	63,100	23,902,499	-	39,718,891
Operating Profit before Working Capital Changes		34,918,457		49,598,989
Adjustments for				
Trade and other receivables	31,918,414		53,579,449	
Inventories	(128,357,683)		(48,882,517)	
Trade Payables	91,204,453	(5,234,816)	41,401,407	46,098,339
Cash Generated from/(Used in) Operations		29,683,641		95,697,328
Less: Taxes Paid		538,670		2,358,277
Cash Flow before Exceptional Items		29,144,971		93,339,051
Exceptional Items		17,645,324		-
Net Cash from/(Used in) Operating Activities (A)		46,790,295		93,339,051
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(82,199,049)		(95,820,509)	
Sale of Investments	-		84,619	
Sale of Fixed Assets	1,272,000		4,128,993	
Lease Premium & Rent Received	50,480,734		35,235,442	
Interest Received	880,210		878,896	
Capital Subsidy from J.M.D.C. capitalised	5,725,800		3,094,650	
Investment in subsidiary companies	(740,000)		-	
Net Cash from/(Used in) Investing Activities (B)		(24,580,305)		(52,397,909)

Cash Flow Statement (Contd.) For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money received	-	30,000,000
Share Application Money Refunded	(900,000)	-
Increase/ (decrease) in Unsecured Loans	9,500,000	2,494,411
Increase/ (decrease) in Secured Loans	49,146,395	9,973,074
Increase/ (Decrease) in Cash credits from banks	(32,367,188)	(50,270,322)
Interest paid	(52,082,055)	(50,664,540)
Preliminary Expenses incurred	-	(100,000)
Preference Shares Redeemed	(512,400)	(538,400)
Preference share Dividend Paid	(697,534)	(736,808)
Net Cash from (Used in) Financing Activities (C)	(27,912,783)	(59,842,585)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(5,702,793)	(18,901,442)
Cash & Cash Equivalents at the beginning of the year	19,323,711	38,225,153
Cash & Cash Equivalents at the Closing of the year	13,620,917	19,323,711

Note:

- The Cash Flow Statement has been prepared under the "Indirect method" set out in the Accounting Standard-3 on "Cash Flow Statement" notified in the companies (Accounting Standards) Rules, 2006.
- Cash and Cash Equivalents include Cash in hand and Bank balances on current account and Fixed deposit Accounts. (Refer Schedule F)
- Figures in brackets indicate Cash outflow.
- Previous Year's figures have been regrouped/rearranged, wherever considered necessary to conform to this year's classification.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholtime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhavar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 4th day of August, 2010

Sanjay Mall
Director

Statement pursuant to section 212 of the Companies Act, 1956, relating to the Company's interest in subsidiary companies for the year ended 31st March, 2010

(Rupees in lakhs)

1 Name of the Subsidiary Company	West Bengal Agro Textile Corporation Limited	HMC Power Companies Limited	HMC Jute Park Enterprises Limited
2 The Financial Year of the Subsidiary Company ends on	31st March, 2010	31st March, 2010	31st March, 2010
3 Date from which they became Subsidiary Company	20th April 2007	21st January 2010	18th November 2009
4 Holding Company's Interest	66,655 equity shares of Rs.1,000 each fully paid-up	44,000 Equity Shares of Rs.10 each fully paid-up	30,000 Equity Shares of Rs.10 each fully paid-up
5 Extent of Holding	73.98%	88%	60%
6 The net aggregate amount of the Subsidiary Company profit/loss so far as it concerns the members of the Holding Company			
a) Not dealt with in the Holding Company's accounts:			
i) For the Financial Year ended 31st March, 2010	(102.58)	(0.05)	(0.44)
ii) For the previous Financial Years of the Subsidiary Company since they become the Holding Company's Subsidiary	(87.43)	Nil	Nil
b) Dealt with in the Holding Company's accounts:			
i) For the Financial Year ended 31st March, 2010	Nil	Nil	Nil
ii) For the previous Financial Years of the Subsidiary Company since they became the Holding Company's Subsidiary	Nil	Nil	Nil

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhavar *Director*

Sanjay Mall *Director*

Place: Howrah

Date: 4th day of August, 2010

T. Roy

Company Secretary

Consolidated Auditors' Report

To
The the Board of Directors,
Howrah Mills Company Limited

- We have audited the attached Consolidated Balance Sheet of Howrah Mills Company Limited ('the company' and its subsidiary constitute 'the group'), as at 31st March, 2010, the consolidated Profit and Loss Account and also the Cash flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in 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.
- We did not audit the financial statement of the subsidiaries namely, West Bengal Agro Textile Corporation Ltd., HMC Jute Park Enterprises Limited and HMC Power Companies Limited, whose financial statement reflect total net worth's as at 31st March, 2010, the total revenues and net loss (after tax) for the year ended on that date are as follows:

Particulars	Rs.		
	West Bengal Agro Textile Corporation Ltd.	HMC Jute Park Enterprises Limited	HMC Power Companies Limited
Net Worth	57,796,252	456,383	494,860
Total Revenues	163,893,324	NIL	NIL
Net Loss (After Tax)	10,257,517	43,617	5,140

These financial statements have been incorporated in the consolidated financial statements on the basis of audited accounts of West Bengal Agro Textile Corporation Ltd., HMC Jute Park Enterprises Limited and HMC Power Companies Limited duly audited by other auditor, certified copy of same, as provided to us, by the Management.

- We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- Based on our audit and on consideration of separate audited financial statements and on the other financial information of the components and to the best of our information and

according to the explanations given to us, and subject to the following comments:

- Non-compliance with Accounting Standard - 15, "Employee Benefits" in respect of non ascertainment and provision of accrued gratuity liability and leave encashment.*
- Note No. 4(ii) regarding non ascertainment and provision of interest on delay payments of statutory dues such as Gratuity, etc.*
- Note No. 5 regarding non provision of old and doubtful debtors & advances.*
- Note No. 7 regarding non ascertainment and provision of interest on Sales Tax Loan.*
- Note No. 20 regarding capitalization of interest cost to the extent of Rs. 81,98,258/- to the cost of investments held in Subsidiary Company, WBATC Ltd.*
- Note No. 21 regarding non transfer of unpaid dividend on cumulative preference shares to unpaid dividend account with scheduled bank as required by Section 205A of the Companies Act, 1956.*
- Non identification of Creditors of West Bengal Agro Textile Corporation Ltd., Subsidiary Company, into Medium and small enterprises*
- Preparation of accounts of WBATC Ltd., subsidiary company on the basis of Going Concern concept despite substantial erosion in the Net Worth of the Company*
- Non Compliance of AS-22 " Accounting for taxes on Income" in respect of non ascertainment and provision of Deferred Tax in the accounts of WBATC Ltd., subsidiary Company.*

and read with other notes on accounts and significant accounting policies, in our opinion give a true and fair view, in conformity with the accounting principles generally accepted in India.

- In the case of Consolidated Balance Sheet of the State of Affairs of the group as at 31st March, 2010;
- In the case of Consolidated Profit and Loss Account of the Profit of the group for the year ended 31st March, 2010; and
- In the case of Consolidated Cash flow statement, of the Cash flows of the group for the year ended 31st March, 2010.

For **S. Jaykishan**
Chartered Accountants
FRN: 309005E

Place: Kolkata
Date: 4th day of August, 2010

Y. Gupta
Partner
Membership No.60539

Consolidated Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	Schedule	As at 31st March 2010	As at 31st March 2009
I. SOURCES OF FUNDS			
1) Shareholder's Funds :			
a) Share Capital	A	49,443,070	39,743,070
b) Share Application Money(Pending Allotment)		-	30,000,000
c) Reserves and Surplus	B	304,128,226	280,339,463
2) Minority Interest		15,280,521	17,707,591
3) Loan Funds :			
a) Secured Loans	C	476,853,237	465,275,352
b) Unsecured Loans		37,000,000	27,500,000
4) Deferred Tax Liability		704,395	-
Total		883,409,449	860,565,474
II. APPLICATION OF FUNDS			
1) Goodwill on Consolidation		10,821,856	2,623,598
2) Fixed Assets :			
a) Gross Block	D	1,058,368,874	987,021,527
b) Less : Depreciation		696,000,632	662,757,264
c) Net Block		362,368,242	324,264,264
d) Capital Work-In-Progress		42,621,065	46,674,455
		404,989,307	370,938,719
3) Investments :	E	118,760	181,860
5) Current Assets, Loans and Advances :			
a) Inventories	F	492,558,258	348,808,070
b) Sundry Debtors		144,988,768	183,631,645
c) Cash and Bank Balances		14,675,492	19,967,661
d) Other Current Assets		60,694	85,901
e) Loans and Advances		205,954,918	216,907,596
		858,238,130	769,400,873
Less: Current Liabilities & Provisions :	G		
a) Current Liabilities		377,948,309	278,850,615
b) Provisions		13,107,751	3,905,261
		391,056,060	282,755,876
Net Current Assets		467,182,070	486,644,997
6) Miscellaneous Expenses (to the extent not written off or adjusted)			
a) Amalgamation Expenses		64,200	96,300
b) Preliminary Expenditure		233,256	80,000
		297,456	176,300
Total		883,409,449	860,565,474
Significant Accounting Policies & Notes to Accounts	O		

Schedules A to G and O form an integral part of the Balance Sheet

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholtime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhawar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 4th day of August, 2010

Sanjay Mall
Director

Consolidated Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

Schedule	Year ended 31st March 2010	Year ended 31st March 2009
INCOME		
Income from operations	H 2,273,699,252	1,765,830,378
Other Income	I 2,627,262	10,168,634
Increase/(Decrease) In Stocks	J 63,679,523	39,778,560
Total	2,340,006,037	1,815,777,573
EXPENDITURE		
Materials Consumed	K 1,576,871,189	963,269,954
Payments to Employees	L 385,438,032	412,915,433
Operational & Other Expenses	M 290,361,113	346,950,684
Total	2,252,670,334	1,723,136,071
Profit before Interest, Depreciation, Prior period Adjustments, Exceptional Items & Tax	87,335,703	92,641,503
Interest	N 46,781,314	45,187,014
Depreciation	41,060,158	43,092,658
Less: Transfer from Revaluation Reserve	1,215,451	39,844,707
Profit before prior period Adjustments	709,682	5,690,049
Exceptional Items & Tax		
Add/(Less) : Prior period Adjustments (Refer Note No. 10(i))	-	239,624
Exceptional Items (Refer Note No. 10(ii))	17,645,324	-
Profit before Tax	18,355,006	5,450,425
Add/(Less) : Provision for Taxes		
Current Tax	6,500,000	4,130,000
Fringe Benefit Tax (FBT)	-	417,860
Deferred Tax Credit	2,186,250	-
Less : Income tax/FBT for Earlier years	-	308,804
Profit after Tax before Minority Interest	14,041,256	593,762
Less : Minority Interest	(2,687,070)	(1,170,258)
Less : Share of Deficit in Subsidiary Company (from 20.04.07 to 31.03.08)	-	(3,140,317)
Add : Surplus brought forward from last year	146,633,574	151,718,072
Profit available for Appropriation	163,361,900	150,341,775
Less : Dividend on Preference Shares	-	3,169,530
Less : Dividend on Equity Shares	2,472,154	-
Less : Corporate Dividend Tax	420,142	538,670
Less : Capital Redemption Reserve	2,625,000	-
Surplus carried to Balance sheet	157,844,604	146,633,574
Earning Per Share (Refer Note no. 19)		
Basic (Rs.)	4.20	(1.87)
Diluted (Rs.)	4.20	(1.83)
Significant Accounting Policies & Notes to Account	O	

Schedules H to O form an integral part of the Profit & Loss Account

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholtime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhavar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 4th day of August, 2010

Sanjay Mall
Director

Schedules to the Consolidated Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 'A' SHARE CAPITAL		
Authorised		
6,737,500 Equity Shares of Rs. 10 each (6,737,500)	67,375,000	67,375,000
26,250 9.1% Cumulative Redeemable (26,250) Preference Shares of Rs.100 each	2,625,000	2,625,000
	70,000,000	70,000,000
Issued, Subscribed and Paid up		
4,944,307 Equity Shares of Rs. 10 each fully paid up in cash (3,974,307) "(Includes 17,757 Equity Shares allotted pursuant to Scheme of Amalgamation u/s 391/394 of the Companies, Act 1956, Approved by the Calcutta High Court Dated 04/05/07)" Court 4/5/2007	49,443,070	39,743,070
Total	49,443,070	39,743,070

SCHEDULE 'B' RESERVES AND SURPLUS

Capital Reserve		
(created by Revaluation of Land, Buildings, Plant & Machinery, Electrical Installations and Sprinkler Installations)		
As per Last Account	64,352,048	67,927,571
Add : Incentive received during the year		3,094,650
Less : Transfer to Profit and Loss Account	1,215,451	1,328,218
Less : Adjustment on Sale	132	917
	63,136,465	69,693,086
Amalgamation Reserve		
(Arising on Amalgamation)		
	1,789,207	1,789,207
Investment Allowance Reserve		
As per last Account	129,150	129,150
Capital Redemption Reserve		
	2,625,000	-
Securities Premium		
(Received during the year)		
	19,400,000	-
General Reserve		
As per Last Account	62,094,445	62,094,445
Less: Deferred Tax Liability as at 1.4.2009	2,890,645	59,203,800
Surplus as per Profit & Loss Account annexed	157,844,604	146,633,575
	304,128,226	280,339,463

Schedules to the Consolidated Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 'C' LOAN FUNDS		
I. SECURED LOANS:		
a) Interest free Excise loan	1,269,000	1,269,000
From Govt of India through I.F.C.I.		
Secured by hypothecation of movable assets of the Company ranking pari passu with the charges created/ to be created in favour of Financial Institution & banks		
b) i) Sales Tax Loan	25,700,000	25,700,000
ii) Interest Accrued on above	8,181,000	8,181,000
From Government of West Bengal through WBIDC		
Secured by creation of residuary charges on all assets, subject to the existing charges in favour of other Institutions & Banks		
c) 1. From State Bank of India		
(i) Cash Credit and Export Packing Credit	168,061,493	168,508,157
(ii) Term Loan		
Term Loan	10,118,682	12,646,171
Term Loan II	3,386,544	7,120,353
Term Loan III	10,140,765	15,221,551
Term Loan IV	8,465,911	9,436,960
Term Loan V	61,529,340	-
	93,641,242	44,425,035
(iii) Corporate Loan	8,357,029	12,158,961
(iv) Short term Bonus Loan	3,272,629	3,311,297
2. The Federal Bank Ltd		
(i) Cash Credit Account	73,302,477	102,896,834
(ii) Term Loan		
Term Loan I	4,146,757	6,148,358
Term Loan II	5,924,379	10,963,408
(iii) Corporate Loan	10,824,853	14,338,961
(iv) Overdraft on conversion of FCDL into Rupee Loan	7,150,404	30,254,632
(v) Foreign Currency Demand Loan	18,595,763	-
Loans from State Bank of India & The Federal Bank Ltd. are Secured by :		
i. Hypothecation of all the Stock-in-trade, Stores & Book Debts of the Company, ranking Pari-passu		
ii. First Pari Passu charge on the entire fixed assets		
d) The Federal Bank Ltd		
Term Loan	53,426,210	43,268,067
(Under Rent Securitisation)		
Secured against Rent Receivables		
	476,853,237	465,275,352
II UNSECURED LOANS		
From Bodies Corporate	37,000,000	27,500,000
	37,000,000	27,500,000

Schedules to the Consolidated Balance Sheet as at 31st March, 2010

SCHEDULE 'D' FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2009	Additions during the year	Deductions / Adjustments during the year	As at 31st March 2010	As at 1st April 2009	For the year	Deductions / Adjustments during the year	As at 31st March 2010	As at 31st March 2009
Land	74,180,251	-	-	74,180,251	-	-	-	74,180,251	74,180,251
Factory Building	218,407,278	55,125,400	-	273,532,678	152,261,097	7,208,836	-	159,469,933	114,062,745
Buildings others	112,500,860	349,010	-	112,849,870	84,085,122	1,348,000	-	85,433,122	27,416,748
Plant & Machinery	518,449,776	24,795,765	14,658,214	528,587,327	381,324,673	29,507,915	5,741,369	405,091,219	137,125,103
Electric Installation	31,312,852	6,640,370	-	37,953,221	20,468,864	1,564,064	-	22,032,928	15,920,294
Tramway	11,520	-	11,520	-	11,517	-	11,517	-	-
Sprinkler Installation	6,767,165	-	-	6,767,165	6,624,704	19,816	-	6,644,520	122,645
Electric Fork Lift Truck	1,517,380	-	-	1,517,380	1,425,020	18,472	-	1,443,492	73,888
Railway	21,962	-	21,962	-	21,891	-	21,891	-	-
Computer	6,852,544	314,685	-	7,167,229	5,932,049	392,732	-	6,324,781	842,447
Lift	257,000	461,217	-	718,217	238,007	55,724	-	293,731	424,486
Sundry Equipments	9,542,359	681,472	-	10,223,830	5,516,868	617,147	-	6,134,015	4,089,815
Furniture	4,012,364	86,800	-	4,099,164	2,467,213	289,122	-	2,756,335	1,342,829
Motor Vehicle	3,188,219	403,052	2,818,730	772,541	2,380,238	38,330	2,042,012	376,556	395,985
Total	987,021,527	88,857,771	17,510,426	1,058,368,874	662,757,263	41,060,158	7,816,789	696,000,632	324,264,265
Previous Year	927,201,487	63,008,402	3,188,361	987,021,528	622,850,710	43,092,658	3,186,104	662,757,264	213,231,648
Capital Work-in-Progress	46,674,455	62,232,332	66,285,722	42,621,065	-	-	-	-	46,674,455

Notes :

- The Company revalued its Land, Buildings, Plant & Machinery, Electric Installation and Sprinkler Installation as at 31st March, 1984. The revaluation was carried out by an approved valuer and the net increase in value of Rs. 283,896,474 (Gross Rs. 401,275,536 minus accumulated depreciation of Rs. 117,379,062) was transferred to Capital Reserve.
- The Company has made necessary applications for exemption under Urban Land (Ceiling Regulation) Act, 1976 for the excess land that may be held under the Act.
- Land measuring 651 Cottahs, the original cost of which is Rs. 204,160 was not revalued since the Company agreed to transfer the portion of land to the workers occupying it. Adjustments in this respect will be made on finalisation of sale agreement.
- Additions to Plant & Machinery and Building during the year includes Rs. 6,042,740/- (P.Y. Rs. 8,628,477/-) on account of expenditure on replacement of certain components and spare parts of Machinery, as in the opinion of the Management the renovation and the replaced components and spare parts which are of better design and technology will enhance the life of the machinery and increase the efficiency and production capacity thereby resulting in long term benefits to the Company.
- Immovable Properties transferred from Howrah Land & Holding Limited pursuant to scheme of Amalgamation are pending to be registered in the name of the Company.
- Deductions under Plant & Machinery gross block includes Rs. 11,066,838/- on account of adjustment for subsidy received by the company against the said assets. Excess depreciation charged in the earlier years on the said assets and amounting to Rs. 4,589,324/- has been written back in the accounts.

Schedules to the Consolidated Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 'E' INVESTMENTS		
Long Term		
Government Securities (at cost)		
(i) National Savings Certificates	-	10,000
Share, Debentures and Bonds		
(ii) Others - Unquoted, Other than Trade (At cost)		
East India Clinic Ltd.		
91,1/2% Debenture of Rs 100 each	-	9,100
5% Non Redeemable Debenture Stock 1957	-	29,000
(iii) Units of Mutual Fund		
1500 (9500) units of SBI Mutual Funds	-	15,000
Gold	118,760	118,760
	118,760	181,860

SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES

a) Inventories		
Stores and Spares Parts	32,781,839	29,642,097
Jute	263,185,862	186,254,938
Finished Goods	164,038,333	108,302,760
Work-in-Progress	32,552,225	24,608,275
	492,558,258	348,808,070
b) Sundry Debtors : Unsecured		
Outstanding for a period exceeding six months-		
Considered good	45,402,280	45,078,358
Considered doubtful	1,005,232	659,421
Other Debts		
Considered good	99,586,488	138,553,286
	145,994,000	184,291,066
Less : Provision for Doubtful debts	1,005,232	659,421
	144,988,768	183,631,645
c) Cash and Bank Balances		
Cash in hand(As certified)	529,793	401,602
Cheques in Hand	30,000	
Balance with Scheduled Banks		
On Current Account	1,133,271	8,825,976
On Cash Credit Account	101,115	104,165
On Fixed Deposits	12,315,113	10,193,717
On Margin Money Account	566,200	442,200
(Pledged with Bank against Short Term Loan, Letter of Credit & Bank Guarantees)		
	14,675,492	19,967,661

Schedules to the Consolidated Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES (Contd.)		
d) Loans and Advances :		
Unsecured Loans (Considered good)	19,716,407	4,514,483
Other Advances (Recoverable in cash or in kind or for value to be received)		
Considered good	65,489,164	91,985,931
Considered doubtful	-	107,277
	65,489,164	92,093,208
Less : Provision for doubtful Advances	-	107,277
	65,489,164	91,985,931
Prepaid Expenses	2,679,947	2,000,220
Income Tax deducted at source/Refundable	7,284,429	4,107,659
Income Tax Payments	142,311	142,311
Mat credit entitlement	4,000,000	4,000,000
EMA Subsidy, DEPB & Other Claims Receivable	97,451,816	104,789,159
Security & Other Deposits	8,896,478	5,034,215
Deposits with Customs, Excise and other govn. Dept	294,366	333,619
Interest accrued on Investments	60,694	85,901
	206,015,612	216,993,497

SCHEDULE 'G' CURRENT LIABILITIES AND PROVISIONS

a) Current Liabilities :		
Bills Payable	5,028,124	-
Sundry Creditors		
Dues to micro, medium & small enterprises	1,533,546	1,598,331
Dues to other than micro, medium & small enterprises	228,565,990	169,764,434
Creditors for Capital Goods	3,069,565	2,043,498
Book Overdraft	39,604	-
Preference Shares Redemption	1,271,200	1,783,600
Unpaid Dividend on Preference Shares	1,735,188	2,432,722
Corporate Dividend Tax	-	538,670
Income Tax & FBT Payable on Assessment	9,683,607	9,683,607
Other Liabilities	127,021,485	91,005,753
	377,948,309	278,850,615
b) Provisions :		
Provision for Taxation	7,905,501	1,405,501
Provision for Fringe Benefit tax/Others	648,923	648,923
Provision for Dividend on Equity Shares	2,472,154	-
Provision for Corporate Dividend tax	420,142	-
Provision for Bonus	1,661,031	1,850,837
	13,107,751	3,905,261
(A+B)	391,056,060	282,755,876

Schedules to the Consolidated Profit and Loss Account For the year ended 31st March, 2010
(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE 'H' INCOME FROM OPERATIONS		
Sales	2,197,651,714	1,707,475,315
Premium for Long Term Lease	34,103,700	22,215,900
Rental Income	16,377,034	13,019,542
Export Incentive	7,881,326	15,993,133
Credit of CER/VER	10,158,581	7,126,488
Foreign Exchange Currency Fluctuation Gain	7,526,898	-
	2,273,699,252	1,765,830,378

SCHEDULE 'I' OTHER INCOME

Interest on Fixed Deposits with Banks (TDS Rs. 103,533/-, P.Y. Rs. 178,765/-)	914,091	869,782
Interest on Other Deposits (TDS Rs. 2,766/-, P.Y. Rs. 4,135/-)	100,650	91,123
Profit on Sale of Fixed Assets	494,083	4,530,654
Profit on Sale of Investment	-	4,619
Miscellaneous Income	319,399	4,078,507
Bad Debt Recovered	-	50,000
Provision for doubtful advances written back	766,698	
Liability No Longer Required written back	32,341	543,949
	2,627,262	10,168,634

SCHEDULE 'J' INCREASE / (DECREASE) IN STOCK

Closing Stock		
Finished & Other Goods	169,104,037	108,302,760
Work-in-Progress	27,486,521	24,608,275
Opening Stock		
Finished & Other Goods	108,302,760	72,334,032
Work-in-Progress	24,608,275	20,798,443
	63,679,523	39,778,560

SCHEDULE 'K' MATERIALS CONSUMED

Raw Materials (Raw Jute Including Yarn)		
Opening Stocks	186,254,938	170,184,103
Add : Purchases	1,604,891,194	934,523,648
	1,791,146,132	1,104,707,751
Less : Closing Stocks	263,185,862	186,254,938
	1,527,960,270	918,452,813
Purchase of Gunnies	47,561,875	37,113,133
Others	1,349,044	7,704,008
	1,576,871,189	963,269,954

Schedules to the Consolidated Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE 'L' PAYMENTS TO EMPLOYEES		
Salaries ,Wages and Bonus	312,859,920	336,426,095
Gratuity	5,273,739	5,554,088
Contribution to Provident and other Funds	37,944,277	41,545,575
Staff Welfare Expenses	26,828,908	26,882,830
Other Payments	2,531,189	2,506,845
	385,438,032	412,915,433

SCHEDULE 'M' OPERATIONAL & OTHER EXPENSES

Consumption of Stores & Spare Parts	85,887,736	102,994,692
Power and Fuel	79,900,467	84,762,418
Repairs to Machinery	14,134,685	16,971,270
Repairs to Building	2,978,846	3,002,988
Rates and Taxes	1,005,551	941,318
Rent	6,510,761	4,110,029
Insurance	3,968,305	3,515,755
Brokerage & Commission (Other than sole selling agents)	10,619,664	11,751,919
Export Expenditure	6,346,207	8,038,025
Branding Charges	2,188,286	1,885,035
Labour/Processing Charges	4,164,713	4,477,079
Stitching Charges	7,989,984	11,944,101
Shipping & Freight Charges	21,429,630	27,648,502
Advances / Bad debts written off	177,206	1,052,886
Directors' Fees	27,600	27,000
Other Establishment Expenses	41,950,338	35,973,970
Provision for Doubtful Debts	1,005,232	-
Loss on Foreign Exchange Fluctuation	-	27,263,668
Sales Tax (For earlier Years)	-	537,929
Amalgamation Expenses Written off	32,100	32,100
Preliminary Expenses W/off	43,801	20,000
	290,361,113	346,950,684

SCHEDULE 'N' INTEREST

Interest on fixed Loans & Others	59,265,908	57,098,739
	59,265,908	57,098,739
Less : Interest Subsidy	1,555,988	2,214,887
Less : Interest Capitalised on Investment (Refer Note No. 20)	8,198,258	8,198,258
Less : Interest Received on Loans & advances	2,730,348	1,498,580
	46,781,314	45,187,014

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

1. The consolidated financial statements relate to Howrah Mills Company Limited (the Company) and its subsidiary companies. The Company and its subsidiaries constitute the Group.

a) Basis of Accounting :

- I. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company, i.e. for the year ended 31st March, 2010.
- II. The financial statements of the Group have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

b) Principles of Consolidation:

The consolidated financial statements have been prepared on the following basis:

- I. The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealized profit as per applicable Accounting Standards in India.
- II. The excess of the cost to the Company of its investment in subsidiary over the Company's portion of equity as at the dates on which the investments in subsidiary companies are made is recognized in the financial statements as "Goodwill on Consolidation".
- III. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its separate financial statements. Differences if any, in accounting policies have been disclosed separately.
- IV. The operations of the Company's subsidiaries are considered as non-integral operations for the purpose of consolidation.

c) Particulars of subsidiaries:

Name of the Company	Country of Incorporation	Percentage of Voting Power as at 31st March, 2010
West Bengal Agro Textile Corporation Limited (WBATCL)	India	73.98%
HMC Jute Park Enterprises Limited	India	60.00%
HMC Power Companies Limited	India	88.00%

2. Basis of preparation of financial statements.

- a. The financial statements of group are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- b. The financial statements of group are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 (As amended) and the relevant provisions of the Companies Act, 1956.
- c. The preparation of the financial statements of group 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 the actual results and estimates are recognized in the period in which the results are known / materialize.

3. Revenue Recognition

- a. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.
- b. Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the dispatch of goods. Sales are net of Cess, VAT, CST, Excise Duty, returns, claims & rate differences.
- c. Claims related to sales are recognized in the accounts as and when received.
- d. Consignment sales are booked on proforma invoice basis at the time of dispatch of goods. Adjustment if any, of actual sale differential and various expenses such as freight, duty, commission, insurance, taxes etc, arising on receipt of account sales are dealt in during the relevant years in which Account Sales are made available.
- e. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- f. Market Assistance Receivable from JMDC and other export benefits are accounted for as soon as the entitlements in respect thereof fall due.

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- g. Lease Rent and bonus to employees, are accounted for on cash basis.
 - h. Incomes from certified emission reduction (CER) & from voluntary emission reduction (VER) are recognized at estimated realizable value on confirmation of CER & VER by the concerned authorities.
- 4. Fixed Assets**
- a. Fixed Assets except for certain assets, which were revalued as at 31st March, 1984 by the company are stated at cost less accumulated depreciation and impairment losses, if any.
 - b. Cost includes inward freight, duties, taxes, interest till the date of installation and expenses incidental to acquisition and installation. In respect of revalued assets, the resultant net increase in value is transferred to Capital Reserve. Costs of major renovation/ replacement, which in the opinion of the Company enhance the life/ efficiency and production capacity of the assets, are capitalized.
 - c. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
 - d. Depreciation on assets other than freehold land is provided on written down value method at the rates & in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on differential increase in values arising out of the revaluation is recouped from Capital Reserve.
 - e. Costs of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses and advances paid to acquire fixed assets are shown as Capital Work-in-progress.
- 5. Investments**
- a. Current investment is stated at Cost or Market Value whichever is lower.
 - b. Long term investments are stated at cost unless there is a permanent diminution in value of investments.
- 6. Inventories**
- Raw materials and Stores and Spares are valued at cost, cost being determined on monthly weighted average basis. Finished goods are valued at lower of cost or contract/ market rate as applicable. Work-in-Progress is valued at cost, comprising raw materials and conversion cost incurred in bringing the inventory to their present location & condition.
- 7. Foreign Currency Transactions**
- Transactions in foreign currencies are recorded at the rate of exchange prevailing at the time of transactions. Transactions remaining unsettled, other than those contracts covered under Forward Foreign Exchange contracts are translated at the rate prevailing at the end of the financial year. In case of Forward Exchange Contracts, year-end foreign currency assets & liabilities are translated at the rate ruling on the date of transaction as increased or decreased by the proportionate difference between the forward rate and the said exchange rate, such difference having been recognized over the life of the contract. Exchange differences arising out of aforesaid transactions are dealt in the Profit and Loss Account.
- 8. Retirement Benefits**
- Contribution to Provident and Family Pension Fund is charged to the Profit & Loss Account of the year. Accrued liability in respect of retirement gratuities in the group and leave salary (in case of the subsidiary) are not provided in the accounts. Gratuities are accounted for in the group on cash basis. The Company has no practice of paying leave encashment benefit on retirement.
- 9. Borrowing Costs**
- Borrowing costs attributable to the acquisition/ construction of fixed assets are capitalized up to the date when such assets are ready for its intended use. Interest attributable to investment held in subsidiary company West Bengal Agro Textile Corporation Ltd is capitalized to cost of investments. Other borrowing costs are recognized as an expense for the year in which they are incurred.
- 10. Subsidy & Incentives**
- Government grants are recognized on a prudent basis when there is a reasonable assurance that the Company will comply with the conditions attached thereto.
- Capital Investment Subsidy/Incentives are accounted for in the accounts as and when actually received. Capital grant relating to

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

specific fixed assets is reduced from the gross value of the respective fixed asset. Incentives/ Subsidy related to revenue are recognized on a systematic basis in the Profit and Loss Account over the period to match them with the related cost which they are intended to compensate.

11. Goodwill on Consolidation

Goodwill on Consolidation represents the difference between the Group's share in the net worth of the investee companies at the time of acquisition and the carrying amount of investment made. The said goodwill is not amortized. It is tested for impairment at each Balance Sheet date and impairment loss, if any, is provided for.

12. Amalgamation & Preliminary Expenses

Amalgamation Expenses are written off over a period of 5 years U/s 35DD of the Income Tax Act, 1961.

Preliminary Expenses are written off over a period of 5 years U/s 35D of the Income Tax Act, 1961.

13. Taxes On Income

Tax expenses comprises of current tax and deferred tax.

a. Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

b. Deferred Tax resulting from Timing difference between Book profits and Taxable Profits is accounted for using the tax rates and tax laws that are enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets is recognized and carried forward to the extent that there is a reasonable certainty that the asset will be realized in future.

14. Provisions, Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the Financial Statements.

15. Earnings per Share (EPS)

a) 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.

b) 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 are adjusted for the effects of all dilutive potential equity shares.

16. Prior Period items:

Prior Period and exceptional items and Changes in Accounting Policies having material impact on the financial affairs of the Company are separately disclosed.

B. NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for

(Amount in Rupees)

Particulars	As at	As at
	31st March 2010	31st March 2009
a) Bank guarantees given on behalf of the group.	30,074,264	30,074,264
b) West Bengal and Central Sales Tax assessments under appeal of the group.	4,278,023	3,071,597
c) Bills discounted from bank (Since realized)	6,534,269	21,649,316
d) Letters of Credit issued in favour of various parties	97,487,734	58,286,589
e) Corporate guarantee given to State Bank of India on behalf of the group.	37,000,000	36,769,000
f) Claims against disputed liabilities not acknowledged as debts	324,000	-
g) Interest/penalties for non payment of Service Tax realised by the Company	Amount not ascertained	Amount not ascertained

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

2. Group's Establishment Expenses include payments to the Auditors (Amount in Rupees)

Particulars	As at	
	31st March 2010	31st March 2009
As Statutory Audit fee	226,545	187,510
Certification	7,500	-
As Tax Audit fee	11,030	11,030
For other Services	16,545	2,758

3. Directors' Remuneration (included in various heads of expenses in Schedule "L") (Amount in Rupees)

Particulars	2009-10		2008-09	
	Managing Director *	Whole Time Director	Managing Director	Whole Time Director
Salaries	880,000	420,000	960,000	420,000
Contribution to Provident Fund	40,000	-	48,000	-
Other Perquisites	171,851	129,165	110,280	96,860
Allowances	15,000	168,000	18,000	168,000
Total	1,106,851	717,165	1,136,280	684,860

* Figures pertain to 10 months period, since Managing Director of holding company resigned with effect from 28.01.2010.

The computation of net profit for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 has not been enumerated since no commission has been paid to any director. Fixed managerial remuneration has been paid to the Managing Director & the whole time Director as per Schedule XIII of the Companies Act, 1956.

4. i. Gratuity is accounted on cash basis. Due to severe financial constraints in the company, provision for future liability of gratuity could not be made, hence it was not determined actuarially. There is no practice for payment of leave encashment in the company and hence actuarial valuation is not required.
- ii. Interest arising out of non-payment in due time of retirement gratuity in respect of retired employees has not been ascertained and provided for. However, no claim for interest on delayed payments in this account has been received.
5. Debtors of group include Rs. 6,885,702/- (P.Y. Rs. 3,657,659/-) and advances include Rs. 413,125/- (P.Y. Rs. 868,125/-) outstanding for more than three years and are doubtful. No provision in this regard has been made in the Accounts.
6. Interest and other charges for Non-Payment/ Delayed payment of Sales Tax, if any, has not been ascertained and provided for.
7. Interest has not been provided on Sales Tax Loan of Rs. 257 Lakhs, as the Company has made an application for waiver of Interest, pending approval from authorities.
8. Inventories consisting of stores and spare parts in the nature of slow/non moving and obsolete stock of stores have been identified at the time of physical verification of inventories and adjustments are being made in the accounts in phased manner for such inventories.
9. Current assets include Rs. 3,329,846/- as VAT input credit, carried forward from earlier years on purchase of certain stores and spare part items, which is subject to review as per West Bengal Taxation Tribunal. Pending outcome of the review by the competent authority, no adjustment has been carried out in this year.

10. (i) Details of Prior period adjustments (debit) are as follows: (Amount in Rupees)

Particulars	As at	
	31st March 2010	31st March 2009
a) Subscription	-	239,624
	-	239,624

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(ii) Details of exceptional items are as follows:

Particulars	As at	
	31st March 2010	31st March 2009
b) Compensation for Delay Payment	13,056,000	-
c) Excess Depreciation written back	4,589,324	-
Total	17,645,324	-

11. Certain Secured Loans, Unsecured loans, Sundry Creditors, Sundry Debtors, Loans & Advances are subject to Confirmation/ Reconciliation from the respective parties. The Management however does not expect any material variations.
12. In the opinion of the Board, Current Assets, Loans and advances shall, if realized in the ordinary course of the business have value at least equal to the amount at which they are stated.
13. Estimated amount of Commitments on Capital Account outstanding as at 31st March, 2010 was Rs. 249.54 Lakhs (P.Y. Rs. 778.18 Lakhs) net of advances.

14. The Outstanding Forward Contracts at the year end are as follows:

Particulars	Currency	As at 3.03.2010 (Sell)
Forward Contracts in respect of Foreign currency debtors (5).	USD	564,498
		(P.Y. 400,000)

15. No Provision is considered necessary by the management in respect of claim for damages of Rs. 5,008,807/- (P.Y. Rs. 5,008,807) by the ESI Authorities for delayed payment of dues for the earlier years, as the Group's application for waiver/ reduction thereof is under consideration of the authorities.
16. There was a single party by name Jati Brothers, covered under Micro, Small and Medium Enterprises to whom the company owes dues, which were outstanding for more than 45 days as at 31st March, 2010 to the extent of Rs.1,303,098 (P.Y. Rs. 1,475,629). No interest was paid / payable to the said party during the year. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

17. Segmental Reporting as per AS -17

(Amount in Rupees)

Particulars	Jute Activity	Real Estate	Total
Revenue	2,225,845,780 (1,740,763,244)	50,480,734 (35,235,768)	2,276,326,514 (1,775,999,012)
Segment Results (Profit before Interest, tax & Exceptional Items)	6,34,085 (18,862,124)	46,856,911 (31,775,315)	47,490,996 (50,637,439)
Interest	36,609,391 (41,530,100)	10,171,923 (3,656,914)	46,781,314 (45,187,014)
Exceptional Items	17,645,324 (-)	- (-)	17,645,324 (-)
Profit Before tax	-18,329,982 (-22,664,977)	36,684,988 (28,115,402)	18,355,006 (5,450,425)
Less : Income Tax & FBT	- (-)	- (-)	4,313,750 (4,856,664)
Profit after tax	- (-)	- (-)	14,041,256 (593,761)

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

17. Segmental Reporting as per AS -17 (Contd.)

(Amount in Rupees)

Particulars	Jute Activity	Real Estate	Total
Other Information			
Assets	1187,106,694 (1,079,102,193)	76,303,703 (61,515,559)	1,263,346,198 (1,140,617,752)
Liabilities	841,099,444 (723,993,507)	64,514,248 (51,537,720)	905,613,692 (775,531,227)
Capital Expenditure	42,183,315 (54,820,723)	42,621,066 (51,673,774)	84,804,381 (106,494,497)
Depreciation	39,052,814 (41,093,337)	791,893 (671,103)	39,844,707 (41,764,440)

Previous year's figures are in brackets

18. Components of Deferred tax liability as at 31st March, 2010 are as follows:

Particulars	As at 31st March 2010	As at 31st March 2009
Components of Deferred Tax Liability		
Depreciation	1,536,027	3,646,674
Components of Deferred Tax Assets		
Disallowance as per Section 43 B of Income Tax Act	831,632	756,029
Net Deferred Tax Liability	704,395	2,890,645

The company has adopted Accounting Standard 22, Accounting for Taxes issued by ICAI for the first time during the current financial year. Balance of deferred tax liability as at 1-4-2009 amounting to Rs. 2,890,645/- as detailed below has been adjusted with general reserves balance as at the said date.

19. Earnings Per Share (EPS):

		Year ended 31st March 2010	Year ended 31st March 2009
Net Profit for the period attributable to equity shareholders: (Rs.)	(a)	16,728,327	(7,425,014)
Weighted average number of Equity Shares of Rs.10/- each outstanding during the period	(b)	3,979,622	3,974,307
Add: Dilutive number of Equity Shares outstanding during the year	(c)	-	1,000,000
Diluted number of Equity Shares outstanding during the year	(d)	-	4,057,640
Earnings Per Share (Rs.):			
Basic	(e) = (a) / (b)	4.20	(1.87)
Diluted	(f) = (a) / (d)	4.20	(1.83)

20. The company during the year has capitalized interest cost amounting to Rs. 8,198,258/- (P.Y. Rs. 8,198,258/-) to cost of investments in subsidiary company M/s West Bengal Agro Textile Corporation Ltd. instead of charging to revenue. Had it been charged to revenue, the profit for the year net of tax would have been reduced by Rs 5,411,670/- (P.Y. Rs. 5,664,997/-) and the balances of Reserves & Surplus would have been reduced by Rs. 5,411,670/- (P.Y. Rs. 5,664,997/-).
21. Unpaid dividend on Cumulative Preference Shares has not been transferred to unpaid dividend account as required by Section 205A of the Companies Act, 1956.

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

22. Related Party Disclosure

Relationship	Name	Transaction during the year
Key Managerial Personnel	Mr. O. P. Mall (Managing Director)	Managerial Remuneration Rs. 586,851 (P.Y Rs. 616,280)
Key Managerial Personnel	Mr. S. Banerjee (Whole time Director)	Managerial Remuneration Rs. 717,165 (P.Y. Rs. 684,860)
Key Managerial Personnel	Mr. Jyoti Mohan Mall (Whole time Director)	Managerial Remuneration Rs. 520,000 (P.Y. Rs. 520,000)
Related to Key Management Personnel	Surya Twines P. Ltd.	Sales Nil (P.Y. Rs. 129,000) Purchase Rs. 18.05 Lakhs (P.Y. Nil) Advance Nil (P.Y. Rs. 743,000)
		Year End Balance Nil (P.Y. Rs. 870,000)

23. The amount of term loans (including loan under Rent Securitization) outstanding as at 31st March, 2010 and repayable within a period one year from the said date amounts to Rs. 343.72 Lakhs (P.Y. Rs. 450.60 Lakhs)

24. Capital Work in Progress as at 31st March, 2010 Rs. 42,621,066/- (P.Y. Rs. 46,674,455) includes *(Amount in Rupees)*

Particulars	As at	As at
	31st March 2010	31st March 2009
Capital Advances	22,710,971	40,042,102
Machineries & Other fixed assets under installation / construction	19,910,095	6,632,353
Total	42,621,066	46,674,455

25. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Company's financial statements.

26. Previous year's figures have been reworked, re-grouped, re-arranged and reclassified, wherever considered necessary. Accordingly amounts and other disclosures for the preceding year are included as an integral part of the current year financial Statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signatures of the Schedules A to O

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhwar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 4th day of August, 2010

Sanjay Mall
Director

Consolidated Balance Sheet Abstract and Company Business Profile

I. Registration Details

Registration No. of 1890 - 91

State Code

Balance Sheet Date
Date Month Year

II Capital raised during the year (Amount in Rs. Thousand)

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of funds

Net Fixed Assets

Investments

Net Current Assets

Mis Expenditure

Accumulated Profit

IV Performance of Company (Amount in Rs. Thousand)

Turnover

Total Expenditure

Profit/Loss Before Tax

Profit/Loss After Tax

Please tick Appropriate box + for Profit, - for Loss

+ -

+ -

Earning per Share in Rs.

Dividend Rate %

V Generic Names of principal products of Company

Product Description

Item Code No.

HESSIAN

SACKING

JUTE YARN

Consolidated Cash Flow Statement For the year ended 31st March, 2010

(Amount in Rupees)

		Year ended 31st March 2010		Year ended 31st March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & Exceptional items		709,684		5,450,424
Adjustments for				
Depreciation	39,844,781		41,764,440	
Interest paid	46,781,314		45,187,014	
Rent Received	(50,480,734)		(35,235,442)	
Interest Received	(1,039,948)		(960,905)	
Profit on sale of Assets	(494,083)		(4,530,654)	
Profit on sale of Investment	-		(4,619)	
Depreciation Adjusted agnt J.M.D.C. incentive	(4,589,324)		-	
Liability No longer required written back	(32,341)		(543,949)	
Preliminary Expenses Written off	43,801		20,000	
Investments written back	63,100		-	
Amalgamation Expenses Written off	32,100	30,128,666	32,100	45,727,985
Operating Profit before Working Capital Changes		30,838,350		51,178,409
Adjustments for				
Trade and other receivables	49,620,762		45,585,220	
Inventories	(143,750,189)		(57,433,300)	
Trade Payables	100,688,833	6,559,406	56,939,272	45,091,192
Cash Generated from/(Used in) Operations		37,397,755		96,269,601
Less: Taxes Paid		538,670		2,426,137
Cash Flow before Exceptional Items		36,859,085		93,843,464
Exceptional Items		17,645,324		-
Net Cash from/(Used in) Operating Activities (A)		54,504,409		93,843,464
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(84,804,382)		(106,543,680)	
Sale of Investments	-		84,619	
Sale of Fixed Assets	1,272,000			4,531,993
Rent Received	50,480,734			35,235,442
Interest Received	1,039,948			960,905
Capital Subsidy from J.M.D.C. capitalised	8,163,800			3,094,650
Net Cash from/(Used in) Investing Activities (B)		(23,847,899)		(62,636,070)

Consolidated Cash Flow Statement (Contd.) For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money recd / (refunded)	(900,000)	30,000,000
Issue of Share to minority Shareholder	260,000	-
Increase/ (decrease) in Unsecured Loans	9,500,000	2,494,411
Increase/ (decrease) in Secured Loans	46,618,906	18,570,491
Increase/ (Decrease) in Cash credits from banks	(35,041,021)	(46,075,931)
Interest paid	(54,979,572)	(53,385,272)
Preliminary Expenses incurred	(197,057)	(100,000)
Preference Shares Redeemed	(512,400)	(538,400)
Preference share Dividend Paid	(697,534)	(736,808)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(5,292,168)	(18,564,115)
Cash & Cash Equivalents at the beginning of the year	19,967,661	38,531,776
Cash & Cash Equivalents at the Closing of the year	14,675,492	19,967,661

Note:

1. The Cash Flow Statement has been prepared under the "Indirect method" set out in the Accounting Standard-3 on "Cash Flow Statement" notified in the companies (Accounting Standards) Rules, 2006.
2. Cash and Cash Equivalents include Cash in hand and Bank balances on current account and Fixed deposit Accounts. (Refer Schedule F)
3. Figures in brackets indicate Cash outflow.
4. Previous Year's figures have been regrouped/rearranged, wherever considered necessary to conform to this year's classification.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhawar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 4th day of August, 2010

Sanjay Mall
Director

Directors' Report

To
The Members,

Your Directors have pleasure in presenting the Annual Report along with the audited accounts of the Company for the year ended 31st March, 2010.

A. FINANCIAL RESULT & APPROPRIATIONS

(Rs. in Lakhs)

	(a) Year ended 31.03.2010	(b) Year ended 31.03.2009
REVENUE		
Sales	1,637.55	1,418.03
Other Receipts	01.38	14.37
	1,638.93	1,432.40
EXPENDITURE	1,677.88	1,411.76
Gross Profit / (Loss) for the year	(38.95)	20.64
Less : Depreciation	34.65	37.73
Add : Interest on Bank Loan	28.98	27.21
Add: Provision of Fringe Benefit tax & Adjustment relating to previous year	0.00	0.68
Loss transferred to Balance Sheet	(102.58)	(44.98)

B. DIVIDEND:

The Company incurred Operating Losses and after providing for Depreciation, the Net Loss relating to the above two periods worked out at (a) Rs. 102.58 lakhs and (b) Rs. 44.98 lakhs respectively. Under the circumstance, Directors could not declare any dividend for the period.

C. REVIEW OF OPERATIONS & FUTURE PROSPECTS

During the year the Company's production was 4,025.326 M Tons as compared to 4,406.476 M Tons last year. Due to 60 days industry-wise strike from 14th December 2009 to 13th February 2010 we have a huge production Loss. Apart from this the Raw Jute price rose to unexpected highs of nearly Rs. 1,000 Per qntl.. The Govt. must take steps to ensure that there is availability of Raw materials at reasonable price. The sharp increase in price in such a short period is a great cause of concern for the industry.

D. HUMAN RESOURCES & INDUSTRIAL RELATIONS

Your company firmly believes that the employees are its valuable assets. They sustain the company through the years of change and renewal with their resilience, commitments and adaptability. Your company is gearing up its efforts to create a responsive organization and its endeavor to provide a holistic development programmed including succession planning to meet both its technical, financial and leadership requirements. During the year under review the industrial relations remain cordial.

E. FUTURE OUTLOOK

Jute industry is passing through a very critical period,

increasing price of Raw jute, the agreement signed on 12th February, 2010 with the labour unions and Management of industries has increased the wage cost drastically, declining exports, low productivity are main areas of concern but favourable weather conditions and big Government order for the next season will help the industry a lot, your Company is very much hopeful of improved performance in the current year due to certain cost cutting measures, aggressive marketing and increased productivity. The company continues its thrust to modernize the mill and strive for value added products.

F. PARTICULARS OF EMPLOYEES

The information containing the particulars of employees as required under section 217(2A) of the Companies Act 1956 read with the rules made hereunder is not given as there is no employee coming under this category.

G. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The Company has no activities relating to conservation of energy of Technology absorption during the year under review is given in the annexure to the report.

H. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign Exchange Earning was-NIL and outgo during the year under review was NIL.

I. DIRECTORS

Sri Om Prakash Mall resigns at last Board meeting held on 2nd March, 2010 and Sri S. Banerjee appointed as new Director on the same day.

J. AUDITORS:

M/S Ghosal Bera & Co, Chartered Accountants retire at the ensuring Annual General Meeting and being eligible to offer them selves for re-appointment.

K. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- In the preparation of Annual Accounts, the applicable Accounting standards have been followed along with proper explanation relating to the material departure.
- The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimate that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of financial year and the profit or loss of the company for the year.

- The Directors had taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- The Directors have prepared the Annual Accounts on a going concern basis.

L. ACKNOWLEDGEMENT:

The Directors acknowledge with gratitude the sincere cooperation and continuing support and patronage extended by share holders and staffs.

For & on behalf of the Board of

Place : Kolkata
Date: 30th day of June, 2010

Jyoti Mohan Mall
Managing Director

Annexure to the Directors' Report

A. Conservation of Energy

- a. Energy conservation measures taken : The Company has replaced power feed Cables to the machines & also installed Capacitors to stop wastage

i) Power & Fuel Consumption

(Rs. In Lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
1. ELECTRICITY		
a. Purchase Units	1,757,012	2,048,952
Total Amount (Rs.)	88.81	90.07
Rate / Units (Rs.)	5.05	4.40
b) Captive Generation through Diesel Generators		
Units (Data available since June, 07)	43,170	49,214
Diesel Consumption per Litre of Unit	3.86	4.40
Cost per Unit (KWH)	7.95	8.06
2. Coal	Nil	Nil
Consumption (since we have no Boiler)		
Consumption per unit of production		
Production in Mts.		
Electricity per MT		

1. Specific areas in which R & D was carried out by the Company:

R & D activities are carried out for improvement in quality of existing products, development of value added product and production process for better productivity.

Auditor's Report

To

The Members,

West Bengal Agro Textile Corporation Ltd.

1. We have audited the attached Balance Sheet of West Bengal Agro Textile Corporation Ltd. as at 31st March, 2010 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts ;
 - d) On the basis of written representations received from the Directors of the company and taken on record by the Board of Directors none of the Directors is disqualified as at 31.3.2010 from being appointed as a Director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - e) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except the following :
 - i. **Retirement Benefits : Provision for leave encashment and Gratuity liability have neither been determined on actuarial basis nor provided for whereby there is non compliance of Accounting Standard 15 [Schedule - 21 Accounting Policies, Retirement Benefits, Note 1D].**
 - ii. **The Deferred tax Assets/ Liabilities as required under Accounting Standard 22 has not been recognized.**
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said

Auditor's Report (Contd.)

statements of accounts subject to the comments made by us in para (e)(i) and (e)(ii) and further subject to our remarks below which might have cumulative impact on operating result and net asset position at the end of the year -

- i. The annexed accounts of the company have been prepared on the basis of Going Concern concept despite substantial erosion in the Net Worth of the Company and, as such we are unable to comment upon the extent of adjustment that would be necessary towards assets and liabilities of the company in case the Company ceases to maintain the status of going concern.
- ii. The amount due to Small Scale and Ancillary undertakings and the Micro, Small and medium enterprises to whom the Company owes dues has not been identified.
- iii. Sundry Debtors : Schedule - 5
 - (a) Non receipt of confirmation in respect of old carried forward balance mostly due from various government undertakings etc. amounting to Rs. 37.42 lakhs. [Refer Notes on Accounts 3]. *
- iv. Loans and Advances : Schedule - 7.
 - (a) Include Rs. 440.81 lakhs due from Government of West Bengal is yet to be confirmed by them. [Refer Notes on Accounts 4(a)]. *

(b) Income Tax Refundable amounting to Rs. 1.47 lakhs being carried forward for earlier years. [Refer Notes on Accounts 4(b)]. *

* the extent of future realisability is not ascertainable at this stage which might have an effect on the current year's profit and the net current assets position as at the year end.

and read with the significant accounting policies and other notes appearing in Schedule-21, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.

- i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010 and
- ii) In the case of the Profit and Loss Account, of the Loss for the year ended 31st March, 2010.
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Ghosal, Bera & Co.
Chartered Accountants

P. Bera
Partner

Place : Kolkata,
Date : 30th day of June, 2010

Membership No. 12956

Annexure to the Auditor's Report

Annexures referred to in the paragraph 3 of the Auditors' Report of even date to the Members of **West Bengal Agro Textiles Corporation Limited** on the account for the year ended to 31st March, 2010 :

- | | |
|---|--|
| <p>(i) (a) The Company has not maintained proper records to show full particulars including quantitative details and situation of its fixed assets and accordingly reconciliation exercise between assets as per fixed assets register and that of the physical count could not be made. However, we have been informed that the company has appointed an outside agency to build up its fixed assets register. [Refer Note no. (II)(2) on Notes on Accounts].</p> <p>(b) The Company has not disposed off any substantial part of its Fixed Asset during the year under review.</p> <p>(ii) (a) The inventories have been physically verified by the management. In our opinion the frequency of verification is reasonable.</p> <p>(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>(c) The company is maintaining proper records of inventories. The discrepancies noticed on such verification between the physical stock and book records were not material.</p> <p>(iii) (a) The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 except as furnished below.</p> <p>(b) The Company has granted loans and advances, in the nature of loans to Teesta Fruit and Vegetable Processing Ltd. amounting to Rs. 22,65,478.48 which is due till this date.</p> | <p>(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in internal control system.</p> <p>(v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.</p> <p>(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public.</p> <p>(vii) In our opinion, the Company has an Internal Audit System commensurate with size and nature of its business.</p> <p>(viii) Government has prescribed to maintain the cost records under Section 209(1)(d) of the Companies Act 1956 in respect of jute sacking and twine produced by the Company. Cost Audit for the relevant goods has been completed only upto the year ending 31st March, 2007.</p> <p>(ix) (a) According to the information and explanations given to us and from the records examined by us, in our opinion the Company is regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund. Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.</p> |
|---|--|

Annexure to the Auditor's Report (Contd.)

- (b) According to the information and explanations given to us the following disputed dues are not deposited :

Financial Year	Forum where the matter is pending	Amount Rs.
2003-2004	Assistant Commissioner of Commercial Taxes, South Circle, Kolkata-15.	Rs. 1,312,179/-
1996-1997 to 2004-2005	Employees' State Insurance Corporation, Kolkata -12	Rs. 534,658/- *

* Since paid Rs. 534,658/-

- (x) The Company has accumulated losses which are less than 50% of its net worth at the end of the Year. The company has incurred cash losses during the year ended on 31st March, 2010. There was cash loss in the immediately preceding financial year also.
- (xi) According to explanations and information obtained and based on our examination of the records the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- (xii) In our opinion and as per explanations given to us, the Company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provision of clause 4(xiii) of the Companies (Auditor's) order, 2003 are not applicable.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures or other investments. Therefore the provision of clause 4(xiv) of the Companies (Auditor's) order, 2003 are not applicable.
- (xv) As informed to us, the company has not given any guarantee for loans taken by others from bank or other financial institutions.
- (xvi) According to the information and explanations given to us and the records of the Company examined by us, the Company has applied the Term Loan for the purpose for which the loan was obtained.
- (xvii) According to the information and explanations given to us, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term investment.
- (xviii) The company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, the company has not issued any debenture during the year covered by our Audit.
- (xx) The Company has not raised any money by public issue during the year. Therefore the provision of clause 4 (xx) of the Companies (Auditor's) order, 2003 are not applicable.
- (xxi) In our opinion and according to information and explanation given to us, no fraud on or by the company has been noticed and reported during the year.

For Ghosal, Bera & Co.
Chartered Accountants

P. Bera
Partner

Place : Kolkata,
Date: 30th day of June, 2010

Membership No. 12956

Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	Schedule	As at 31st March 2010	As at 31st March 2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	90,100,000.00	90,100,000.00
b) Reserves & Surplus	2	1,850,000.00	1,850,000.00
2. Loan Funds			
Secured Loans	3	19,821,616.33	25,022,937.99
Total		111,771,616.33	116,972,937.99
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	4	80,873,075.95	80,705,742.88
b) Less : Depreciation	4	54,686,500.96	51,221,913.25
c) Net Block		26,186,574.99	29,483,829.63
Current Assets, Loans & Advances			
a) Current Assets	5	50,397,864.04	34,182,524.44
b) Accrued Interest	6	60,694.00	14,219.00
c) Loans & Advances	7	51,290,670.02	70,304,880.81
		101,749,228.06	104,501,624.25
Less : Current Liabilities & Provisions	8		
(i) Liabilities		48,540,611.91	38,941,617.63
(ii) Provisions		1,777,323.00	1,967,129.00
		50,317,934.91	40,908,746.63
2. Net Current Assets		51,431,293.15	63,592,877.62
3. Profit & Loss Account (Debit balance thereof)		34,153,748.19	23,896,230.74
Total		111,771,616.33	116,972,937.99
Significant Accounting Policies and Notes on Accounts	21		

In terms of our report of even date

Schedules 1 to 8 form an integral part of the Balance sheet

On behalf of the
Board of Directors**Jyoti Mohan Mall**
Managing Director**for Ghosal, Bera & Co.**
Chartered Accountants**P. Bera**
Partner
Membership Number:12956Kolkata
Date: 30th day of June, 2010

Profit and Loss Account For the year ended 31st March, 2010*(Amount in Rupees)*

	Schedule	Year ended 31st March 2010	Year ended 31st March 2009
REVENUE			
Sales	9	163,755,493.28	141,803,696.00
Other Receipts	10	137,830.71	1,436,883.91
Total		163,893,323.99	143,240,579.91
EXPENDITURE			
Consumption of Jute	11	102,590,641.35	69,851,492.60
Consumption of Stores	12	8,984,590.94	9,297,401.06
Consumption of Hessian Cloth	13	-	77,210.00
Consumption of Jute Yarn in Trusses	14	4,394,730.08	1,627,744.45
Consumption of DWF Cloth	15	-	14,928.00
Purchase of Finished Goods		1,600,742.00	-
Increase/Decrease in Stock In Trade	16	(10,460,129.72)	-657,945.00
Manufacturing Expenses	17	13,141,501.40	14468897.00
Expenses on Employees	18	41,392,432.09	40661566.92
Managing Director's Remuneration	19	520,000.00	520,000.00
Selling & Administrative Expenses	20	5,624,228.59	5,314,856.15
		167,788,736.73	141,176,151.18
Profit/(Loss) before Interest/Depreciation and Taxes		(3,895,412.74)	2,064,428.73
Interest		2,897,517.00	2,720,732.00
Depreciation		3,464,587.71	3,773,371.04
Profit/(Loss) before Taxes		(10,257,517.45)	4,429,674.31
Less : Fringe Benefit Tax Provision		-	67,860.00
Profit/(Loss) For the Year after Taxes		(10,257,517.45)	4,497,534.31
Previous years loss brought forward		(23,896,230.74)	19,398,696.43
Balance carried to Balance Sheet		(34,153,748.19)	23,896,230.74
Significant Accounting Policies and Notes on Accounts	21		

In terms of our report of even date

Schedules 9 to 20 form an integral part of the Profit and Loss Account

On behalf of the
Board of Directors**Jyoti Mohan Mall**
Managing Director**for Ghosal, Bera & Co.**
Chartered Accountants**P. Bera**
Partner
Membership Number:12956

Kolkata

Date: 30th day of June, 2010

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 1 CAPITAL		
Authorised		
90,100 Equity shares of Rs. 1,000/- each	90,100,000.00	90,100,000.00
Issued Subscribed and paid up		
90,100 Equity shares of Rs.1 ,000/- each fully called paid up	90,100,000.00	90,100,000.00

Notes: (a) 75,900 Shares have been issued at par to the Govt. of West Bengal in consideration other than cash.

(b) 23,445 shares are in the Name of the Governor of West Bengal and the Balance 66,655 shares are issued in favour of Howrah Mills Co. Ltd as per Joint Venture agreement dated 25th January 2007

SCHEDULE 2 RESERVES AND SURPLUS

Research & Development Grant	400,000.00	400,000.00
Received for Blanket Project	1,450,000.00	1,450,000.00
	1,850,000.00	1,850,000.00

SCHEDULE 3 SECURED LOAN

I. Cash Credit from State Bank of India, SME Branch, Howrah against Hypothecation of entire stocks and book debts.	9,702,934.33	12,376,766.99
II. Term Loan from State Bank of India, SME Branch,Howrah against Equitable Mortgage entire fixed Assets. (Present and Future)	10,118,682.00	12,646,171.00
	19,821,616.33	25,022,937.99

Schedules to the Balance Sheet As at 31st March, 2010

SCHEDULE 4 FIXED ASSETS

(Amount in Rupees)

Sl. Description	Original Cost on 31.03.09	Addition (Disposal)	Disposal/ Subsidy	Gross Value 31.03.2010	Depreciation			Written Down Value		Rate IN %
					Upto 31.03.09	For the year	Total	On 31.03.2010	On 31.03.09	
1 Land -BJMU	2,896,507.85	0.00		2,896,507.85	0.85	0.00	0.85	2,896,507.00	2,896,507.00	
2 Building - BJMU	7,962,495.62	349,010.43		8,311,506.05	3,623,560.70	453,411.07	4,076,971.77	4,234,534.28	4,338,934.92	10
3 Furniture-BJMU	445,964.90	37,750.00		483,714.90	201,076.59	49,341.71	250,418.30	233,296.60	244,888.31	18.1
4 Plant & Machinery-BJMU	66,183,602.25	1,511,079.80	2,438,000.00	65,256,682.05	45,559,662.28	2,673,576.73	48,233,239.01	17,023,443.04	20,623,939.97	15.33
5 Elect. Installation -BJMU	1,064,081.69	229,084.79		1,293,166.48	262,030.75	134,606.89	396,637.64	896,528.84	802,050.94	13.91
6 Office Equipment -BJMU	285,982.45	35,359.41		321,341.86	186,529.26	17,466.04	203,995.30	117,346.56	99,453.19	13.91
7 Computer-BJMU	224,851.92	49,717.00		274,568.92	193,176.57	13,346.07	206,522.64	68,046.28	31,675.35	40
8 Motor Car	0.00	376,832.30		376,832.30	0.00	14,534.04	14,534.04	362,298.26	0.00	25.89
9 Furniture-WBATIC	479,533.26	0.00		479,533.26	329,903.60	27,082.97	356,986.57	122,546.69	149,629.66	18.10
10 Office Equipment -WBATIC	417,614.14	16,499.34		434,113.48	265,522.10	23,358.89	288,880.99	145,232.49	152,092.04	13.91
11 Computer-WBATIC	745,108.80	0.00		745,108.80	600,450.55	57,863.30	658,313.85	86,794.95	144,658.25	40
	80,705,742.88	2,605,333.07	2,438,000.00	80,873,075.95	51,221,913.25	3,464,587.71	54,686,500.96	26,186,574.99	29,483,829.63	
Previous Year Figure	69,982,571.52	10,724,171.36	1,000.00	80,705,742.88	47,448,542.21	3,773,371.04	51,221,913.25	29,483,829.63	22,534,029.31	

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 5 CURRENT ASSETS		
I. INVENTORIES (Stock-in-Trade)		
Stock of Finished Goods	783,686.15	1,088,746.00
Diversified Items	517,078.50	517,078.50
Loose Stock	5,065,704.00	928,703.00
Raw Materials	19,947,826.30	13,864,261.65
Stores	4,970,458.55	5,747,156.00
Work-in-progress	8,797,529.57	2,169,341.00
Jute Yarn in Trusses	117,867.29	492,359.61
	40,200,150.36	24,807,645.76
II. SUNDRY DEBTORS (Unsecured but Considered good)		
More than 6 months	3,761,372.47	3,744,594.47
Others	5,534,944.00	4,986,334.50
	9,296,316.47	8,730,928.97
III. CASH & BANK BALANCES		
a) Cash in Hand (H.O.)	153,831.00	9,375.50
b) Cash in hand (Factory)	80,877.00	94,001.00
c) With Scheduled Banks in Current A/C		
1) Deposit A/c. with Pay & Accounts Offi, Calcutta	50,000.00	50,000.00
2) Deposit A/c. with Pay & Accounts Office, Calcutta (for Serampore unit)	1,000.00	1,000.00
3) Allahabad Bank, Park Street Br.	7,865.69	8,014.69
4) Punjab National Bank - Howrah (O/D)	8,303.61	5,488.61
5) State Bank of India, SME Branch, Howrah.	33,319.91	33,869.91
d) Margin Money kept in form of Term Deposit with State Bank of India, SME Branch, Howrah.	566,200.00	442,200.00
	901,397.21	643,949.71
GROSS TOTAL	50,397,864.04	34,182,524.44

SCHEDULE 6 ACCRUED INTEREST ON TERM DEPOSIT

Interest Accrued on Term Deposit	60,694.00	14,219.00
	60,694.00	14,219.00

SCHEDULE 7 LOANS AND ADVANCES

Unsecured but considered and recoverable in cash or kind or value to be received		
Advance to Parties & others	744,539.41	21,664,208.41
Advance - Staff	329,779.67	694,466.77
Advance-Fringe Benefit Tax	7,809.00	7,809.00
Vat/CST Receivable (Adjustable Net)	15,902.00	134,342.56
Vat Suspance Account	79,187.56	-
Income Tax Refundable	194,939.24	173,259.24
Teesta Fruit & Vegetable Processing Ltd.	2,265,478.48	2,265,478.48
Cess Deposit	2,760.00	2,760.00
Deposits (Security)	280,218.31	133,380.00
Fund Receivable from W.B. Govt.(Re-imbursable)	851,052.00	1,148,172.00
Capital Subside Receivable from JMDC	2,438,000.00	-
Amount receivable from Govt. of W.B.(Refer Note ii -1 on Schedule 21)		
balance of Loss after all adjustments including Capital Reserve	44,081,004.35	44,081,004.35
	51,290,670.02	70,304,880.81

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 8 CURRENT LIABILITIES & PROVISIONS		
i. Current Liabilities		
Provident Fund (Employees)	36,274.00	11,287.00
Profession Tax (Employees)	3,445.00	1,365.00
E.S.I. (Employees)	5,253.00	2,049.00
Outstanding Liabilities (Current)	5,557,690.91	4,818,703.63
Advance from Parties	3,069,485.00	851,007.00
Security Deposit Received from Parties	255,000.00	255,000.00
Sundry Creditors for Jute	34,290,695.00	27,449,646.00
Sundry Creditors for Goods & others	3,905,830.00	3,705,723.00
Esi Payable against demand	104,760.00	534,658.00
Sales tax Payable for 2003-2004	1,312,179.00	1,312,179.00
	48,540,611.91	38,941,617.63
ii. Provisions		
Provision for Fringe Benefit Tax	116,292.00	116,292.00
Provision for Bonus	1,661,031.00	1,850,837.00
	1,777,323.00	1,967,129.00

Schedules to the Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE 9 SALES		
Jute Goods and others (Sales excluding of Cess/CST and Vat)	163,755,493.28	141,803,696.00
	163,755,493.28	141,803,696.00

SCHEDULE 10 OTHER RECEIPTS

Misc. receipts	3,300.00	10,230.00
Interest on Security Deposit	69,739.71	60,185.91
Packing Charges of B. Twill Bags	-	33,012.00
Insurance Claim Received	-	908,633.00
Interest on Term Deposit	64,791.00	21,823.00
Profit on Sale of Assets	-	403,000.00
	137,830.71	1,436,883.91

Schedules to the Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE 11 CONSUMPTION OF JUTE/ THREAD WASTE ROLL		
Opening Stock of Jute	13,864,261.65	8,394,965.75
Add : Purchases	108,621,296.00	75,223,746.50
Add : Carriage Inward - Jute	52,910.00	97,042.00
	122,538,467.65	83,715,754.25
Less : Closing Stock of Jute	19,947,826.30	13,864,261.65
Consumption of Jute	102,590,641.35	69,851,492.60

SCHEDULE 12 CONSUMPTION OF STORES

Opening Stock of Store	5,747,156.00	3,815,973.09
Add: Purchase	8,191,237.49	11,201,675.97
Add: Carriage Inward - Store	16,656.00	26,908.00
	13,955,049.49	15,044,557.06
Less : Closing Stock	4,970,458.55	5,747,156.00
Consumption of Store	8,984,590.94	9,297,401.06

SCHEDULE 13 CONSUMPTION OF HESSIAN CLOTH

Purchase	-	77,210.00
Less: Closing Stock	-	-
Consumption of Hessian Cloth	-	77,210.00

SCHEDULE 14 CONSUMPTION OF JUTE YARN IN TRUSSES

Opening Stock of Jute Yarn	492,359.61	-
Purchase	4,020,237.76	2,120,104.06
Less: Closing Stock	117,867.29	492,359.61
Consumption of Jute Yarn	4,394,730.08	1,627,744.45

SCHEDULE 15 CONSUMPTION OF DWF CLOTH

Purchase	-	14,928.00
Less: Closing Stock	-	-
Consumption of Dwf Cloth	-	14,928.00

Schedules to the Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE 16 INCREASE/DECREASE IN STOCK IN TRADE		
Opening Stock		
Diversified Products	517,078.50	517,078.50
Finished Goods	1,088,746.00	766,522.00
Loose Stock	928,703.00	1,244,569.00
Work-in-Progress	2,169,341.00	1,517,754.00
	4,703,868.50	4,045,923.50
Closing Stock		
Diversified Products	517,078.50	517,078.50
Finished Goods	783,686.15	1,088,746.00
Loose Stock	5,065,704.00	928,703.00
Work-in-Progress	8,797,529.57	2,169,341.00
	15,163,998.22	4,703,868.50
Increase/Decrease in Stock In Trade	(10,460,129.72)	(657,945.00)

SCHEDULE 17 MANUFACTURING EXPENSES

Insurance Charges	293,079.00	204,990.00
Power & Fuel	9,224,053.40	9,404,175.95
Rates & Taxes	118,395.00	265,750.00
Repair - Buildings	173,638.00	298,651.56
Repair - Plant	290,410.00	529,465.49
Labour Charges	164,255.00	248,459.00
Finishing/Sewing Charges	2,877,671.00	3,517,405.00
	13,141,501.40	14,468,897.00

SCHEDULE 18 EXPENSES ON EMPLOYEES

Salary, Wages, Ex-gratia & Bonus	33,167,172.92	33,007,954.92
Gratuity	418,348.65	255,548.00
Contribution to Provident & Other Funds	2,902,806.00	2,812,230.00
Workman & Staff Welfare	2,372,915.50	2,078,989.00
Other payments	2,531,189.02	2,506,845.00
	41,392,432.09	40,661,566.92

SCHEDULE 19 MANAGING DIRECTOR'S REMUNERATION

Salary	480,000.00	480,000.00
Medical Expenses Reimbursement	40,000.00	40,000.00
	520,000.00	520,000.00

Schedules to the Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE 20 SELLING & ADMINISTRATIVE EXPENSES		
Advertisement	12,200.00	10,900.00
Audit Fees	16,545.00	11,030.00
Tax Audit Fees	11,030.00	11,030.00
Vat Audit Fees	2,758.00	2,758.00
Bank Charges	183,979.00	277,143.00
Books & Periodicals	953.00	1,840.00
Brokerage	1,217,833.44	1,058,656.00
Business Promotion Expenses	30,128.00	-
Car Hire Charges	319,158.00	731,579.00
Carriage Outward	48,954.00	32,845.00
Cess etc. for Cancelled Bill	-	7,122.00
Conveyance & Travelling	78,517.00	73,047.50
Detention Charges	18,812.00	6,439.00
Discount	2,930.00	2,275.00
D.P. Charges	878,712.00	103,038.00
Electricity Charges	123,087.00	100,146.00
Filing Fees	13,500.00	4,500.00
Interest for Fringe Benefit Tax	2,710.00	-
Internal Audit Fees	55,150.00	55,150.00
Inspection Charges	4,000.00	-
Legal Expenses	500.00	82.00
Misc. Expenses	187,067.58	268,208.50
Office & Factory Maintenance	128,487.00	233,841.00
Postage, Telephone & Telegram	175,728.69	177,953.65
Printing & Stationary	125,958.88	122,699.50
Profession Tax (Company's)	2,500.00	2,500.00
Professional Charges	121,135.00	150,828.00
Rent & Maintenance	562,383.00	499,107.00
Repair - Others	-	7,269.00
Subscription	7,001.00	3,200.00
Security charges	1,256,128.00	1,289,990.00
Settlement Of Claim	5,893.00	-
Transportation Charges	30,490.00	69,679.00
	5,624,228.59	5,314,856.15

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(Forming Part of the Accounts for the year ended 31st March, 2010)

I) ACCOUNTING POLICIES

The Annual Accounts have, however, been, prepared on 'Accrued Basis' since 1988-89, pursuant to the Amendments of Sec. 209(3) of the Companies Act, 1956.

A. Fixed Assets

Fixed Assets are stated at cost less depreciation.

B. Depreciation

Depreciation on Fixed Assets have been calculated on the written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 as amended by Notification No. G.S.R. 756(E) dated the 16th December, 1993.

C. Inventories

Raw Materials and Stores & spares are valued at cost or realizable value whichever is lower, cost being determined on monthly weighted average basis. Finished Goods are valued at lower of cost or net realizable value. Work in progress is valued at cost, comprising raw materials and conversion cost incurred in bringing the inventory to their present location. Inventories consisting of stores and spare parts in the nature of slow/non moving and obsolete stock of stores have been identified at the time of physical verification of inventories and adjustments are being made in the accounts in phased manner for such inventories.

D. Retirement Benefits

Payments of Retirement Gratuity are treated in this account on cash basis in accordance with the provisions of "The Payment of Gratuity Act, 1972". Similarly leave encashment is also treated on cash basis. The amount of liability in this regard has also not been actuarially determined.

E. Turnover

Sales are exclusive of Excise duty, CST & VAT.

F. Insurance Claim

Insurance claim has been accounted for on settlement / receipts of related income from the insurance company.

G. Subsidy & Incentive

Capital subsidy relating to fixed assets has been shown as deduction from the gross value of assets.

II) NOTES ON ACCOUNTS

1. Joint Venture Transformation Agreement

In terms of Joint Venture Transformation Agreement entered between Govt. of West Bengal and Howrah Mills Co. Ltd. (Strategic Partner) dated 25.01.2007 followed by Share purchase Agreement, several accounting entries were put through in the books of accounts of West Bengal Agro Textile Corporation Ltd. upto the period ended 20th April, 2007. The resultant net balance to the debit of Govt. of West Bengal has been included under Loans & Advances.

2. Fixed Assets

A firm of Chartered Accountants has been appointed to restructure the existing fixed assets register after detailed physical verification of the fixed assets. The physical verification has been conducted and the same is being reconciled with the book balances in order to ascertain discrepancies, if any. The reconciliation between the physical result and that of fixed assets of major items has been completed in respect of certain years and it is expected to complete the assignment shortly. As far as furniture & fittings is concerned since the same is numerous and the values are also insignificant, the fixation of deadline for completion of the exercise is not ascertainable at this stage.

3. Sundry Debtors (Schedule - 5.II)

Includes Rs. 37.42 lakhs due from various Undertaking/Companies of Central/ West Bengal Government subject to reconciliation & consequential adjustment if any will be made on realization or on obtaining confirmation. Constant efforts are being made with appropriate follow up for the earlier realization of the above amounts. The management is hopeful to recover this amount and accordingly no provision is required at this stage.

4. Loans & Advances (Schedule -7)

(a) Loan receivable from Government of West Bengal (Schedule-7) amounts to Rs. 440.81 lakhs as highlighted in Note no. 1 on

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Notes on Accounts, in respect of which confirmation has not been obtained. Pending receipt of confirmation/agreement of the balance, the extent of provision, if any, is not presently ascertainable and accordingly no provision is called for at this stage.

- (b) Income Tax Refundable include Rs. 146,936.24 representing refund related to accounting year 1985-1986 Rs. 91,854.00, 1998-1999 Rs. 28,020.26, 1999-2000 Rs. 7,723.98, 2004-2005 Rs. 1,028.00, 2005-2006 Rs. 17,261.00, and 2006-2007 Rs. 1,049.00 respectively. The efforts are being initiated by the management for its early recovery and as such the company do not contemplate that any provision is necessary at this stage. (Schedule - 7).

5. Deferred Tax Assets & Liabilities

In accordance with the Accounting Standard-22, on "Accounting of Taxes on Income" issued by The Institute of Chartered Accountants of India and effective from 1st April, 2001, the company has not computed or recognized deferred tax assets as at 31st March, 2010 since the company has substantial losses from prior year's and future taxable income is unascertainable at this stage against which the deferred tax assets could be realized.

6. Contingent Liabilities not provided for in respect of :

- Bank Guarantee issued in favour of CESC Ltd. for Rs. 1,768,625.00.
- Counter Guarantee given in favour of the company's bankers for guarantees given by them for Rs. 2,000,000.00.
- Value added tax (West Bengal) and central sales tax for the financial year 06-07.
Value Added Tax - Rs. 688,733.00
Central Sales Tax - Rs. 517,693
- Claims against the company/disputed liabilities not acknowledged as debts.
 - In respect of land revenue Rs. 2.04 lakhs
 - In respect of car hire charges Rs. 1.20 lakhs.

7. Related Party Disclosures :

- (a) List of Related Parties and Relationships :

Party	Relationship
Howrah Mills Co. Pvt. Ltd.	Holding Company
Surya Twines Pvt Ltd	Related to key management personnel
Mr. Jyoti Mohan Mall	Key Management Personnel

- (b) Transaction during the year with related parties :

(Rs. in lakhs)

Transaction	Holding Company	Total	
		2009-10	2008-09
	Howrah Mills Co. Pvt. Ltd.		
Sales (Including Scrap Sale of Rs. 2.26 Lakhs)		78.89	2.98
Purchase Hessian Cloth/Jute & juteyarn		17.15	11.66
Purchase of Stores		2.65	3.26
Brokerage		0.00	0.02
Balance at the end of the year/period			
(Sundry Creditors)		5.82	0.00

Related to Key Management Personnel Surya twines Pvt. Ltd

Sales		0.00	1.29
Purchase		18.05	0.00
Advance		0.00	7.43
Balance at the end of the year/period		0.00	8.70(Dr.)
Mr. Jyoti Mohan Mall	Key Management Personnel		
Remuneration		4.80	4.80
Medical Reimbursement		0.40	0.40

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

8. Auditors' Remuneration :			<i>(Amount in Rupees)</i>	
Particulars	2009-10	2008-09		
Statutory Audit Fees	16,545.00	16,545.00		
Tax Audit Fees	11,030.00	11,030.00		
Other services	16,545.00	16,545.00		

9. Consignment Sales

In respect of consignment sales for which account sales have not been received, effect is given to sales account on the basis of proforma invoice of goods transferred. Adjustment if any, of actual sale differential and various expenses such as freight, duty, Insurance and taxes, arising on receipts of account will be dealt in during the relevant year in which account sales are made available.

10. Segment Reporting

The company has considered the business segment to be the primary segments and operates within a single business segments- viz. Jute and jute product.

11. Production

Due to the strike in the jute industry, the factory was not in operation from 14th December, 2009 to 13th February, 2010 resulting in loss of production for the concerned period.

12. Comparison

Previous year's figures have been regrouped/rearranged wherever considered necessary to make them comparable.

Additional Information

Information pursuant to the provision of paragraphs 3 & 4 of Part - II of the Schedule - VI of the Companies Act, 1956.

(Rs. in lakhs)

	Goods	Unit	01.04.2009 to 31.03.2010	Value	01.04.2008 to 31.03.2009	Value
i) Licensed Capacity	Sacking	MT	Not known		Not known	
ii) Installed Capacity	Sacking	MT	7,200		7,200	
iii) Opening Stock			Qty.		Qty.	
	Loose Stock	MT	31.338	9.29	88.637	12.45
	Bale Stock	MT	36.469	10.89	30.858	7.67
			67.807	20.18	119.495	20.12
iv) Production	Sacking	MT	4025.326		4,406.476	
			4093.133		4525.971	
v) Sales	B. Twill Bag	MT	3850.672	1581.43	4,468.704	1,407.83
	Jute Yarn	MT	114.584	34.41	16.460	4.63
	Hessian Cop	MT	0.00	0.00	0.765	0.26
vi) Trading Sale	B.Twill Bag	MT	35.838	16.38	0	0
vii) Closing Stock	Loose Stock	MT	111.090	27.86	31.338	9.29
	Bale Stock	MT	16.787	7.84	36.469	10.89
viii) Raw Material and Store Consumed:						
	(i) Jute/T.W Roll	MT	4240.017	1025.91	4,858.608	698.51
	(ii) Store etc. J. B. O.	MT	91.172	35.17	78.531	39.23
	Diesel	Ltr.	10.000	3.43	11.400	3.97
	Others	Lot		54.68	Lot	53.74

Information Pursuant to Provision of Paragraph 4-D(b) of Part - II of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

1. Registration Detail:

Registration No. (year 1973)	28732		
Balance Sheet as at	31.03.2010	State Code	21

2. Capital raised during the year (Amount in Rs. Thousand)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

3. Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousand)

Total Liabilities	162,090	Total Assets	162,090
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Source of Funds:

Paid up Capital	90,100	Reserves and Surplus	1,850
Secured Loan	19,822	Unsecured Loan	Nil

Application of Funds:

Net Fixed Assets	26,187	Investment	Nil
Net Current Assets	51,431	Miscellaneous Expenditure	Nil
Accumulated Loss	34,154		

4. Performance of the Company (Amount in Rs. Thousand)

Turnover/Other Income etc	163,893	Total Expenditure	174,151
Profit before Tax	(10,258)	Dividend %	Nil
Profit after Tax	(10,258)	Earning per Share	Nil

5. Generic Names of Principal Products/Services of the Company (as per monetary terms)

(i) Item Code No.	630190.02
Product Description	Caplon Blanket
(ii) Item Code No.	630510.04
Product Description	Jute Sacking Cloth & Bags

Cash Flow Statement For the year ended 31st March, 2010*(Amount in Rupees)*

	Year ended 31st March 2010	Year ended 31st March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(10,257,517.45)	(4,429,674.31)
Adjustment for :		
Depreciation	3,464,587.71	3,773,371.04
Profit on Sale of Assets	-	(403,000.00)
Interest Expenses	2,897,517.00	2,720,732.00
Provision for Taxation	-	(67,860.00)
Interest Income	(134,530.71)	(82,008.91)
Operating Profit/(Loss) before Working Capital Changes	(4,029,943.45)	1,511,559.82
Adjustment for :		
(Increase)/Decrease in Trade and Other Receivables	18,402,348.29	(7,994,228.48)
Increase / (Decrease) in Inventories	(15,392,504.60)	(8,550,783.42)
Increase/(Decrease) in Trade and Other Payable	9,409,188.28	15,537,865.66
Cash Generated from Operations	12,419,031.97	(1,007,146.24)
Net Cash from Operating Activities	8,389,088.52	504,413.58
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,605,333.07)	(10,724,171.36)
Sale of Fixed Assets	-	404,000.00
Interest Received on :-		
Term Deposit	64,791.00	21,823.00
Security Deposit	69,739.71	60,185.91
Capital Subsidy	2,438,000.00	-
Net Cash Used In Investing Activities	(32,802.36)	(10,238,162.45)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(2,897,517.00)	(2,720,732.00)
Repayment of Term Loan	(2,527,489.00)	12,791,807.87
Increase/(Decrease) of Cash Credit	(2,673,832.66)	-
Net Cash From Financing Activities	(8,098,838.66)	10,071,075.87
Net (Decrease)/Increase in Cash & Cash Equivalents	257,447.50	337,327.00
Opening balances of cash & cash equivalents	643,949.71	306,622.71
Closing balance of cash & cash equivalents	901,397.21	643,949.71

In terms of our report of even date

On behalf of the
Board of Directors**Jyoti Mohan Mall**
*Managing Director***for Ghosal, Bera & Co.**
*Chartered Accountants***P. Bera**
Partner
Membership Number:12956Kolkata
Date : 30th day of June, 2010

Directors' Report

To
The Members,

Your Directors have pleasure in submitting their First Annual Report together with the Audited Accounts for the year ended 31st March, 2010.

ACCOUNTS

Profit & Loss Account for the year under review reveals a Net Loss of Rs. 43,617 which the Directors have decided to carry over to the next year.

Notes on Accounts are self explanatory.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND EARNING AND OUTGO IN FOREIGN EXCHANGE.

These particulars are not applicable during the year under review.

There is no Foreign Exchange Earning and outgo during the year under review.

DIRECTORS

Mr. Shree Mohan Mall, Director retires by rotation but being eligible offers himself for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm :

- a. That in the preparation of the annual accounts , the applicable accounting standards have been followed and that no material departures have been made from the same ;

- b. That they have selected such 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 or Loss of the Company for that period ;
- c. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- d. That they have prepared the annual accounts on a going concern basis.

AUDITORS

M/s Kshitiz & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting but being eligible offer themselves for reappointment.

By order of the Board

Registered office

216, Mahatma Gandhi Road
Kolkata 700007

Date: 13th day of July, 2010

Shree Mohan Mall

Mukul Mohan Mall

Directors

Auditor's Report

To

The Members,

HMC Jute Park Enterprises Limited

1. We have audited the attached Balance Sheet of HMC JUTE PARK ENTERPRISES LIMITED as at 31st March, 2010 and Profit & Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These 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. We report that :
 - i) 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;
 - ii) 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 ;
 - iii) The Balance Sheet and Profit & Loss Accounts dealt with by this report are in agreement with the books of account;
 - iv) The Balance Sheet and Profit & Loss Accounts dealt with by this report comply with the Applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ;
 - v) On the basis of written representations received from the Directors, as at 31st March, 2010, and taken on record by

the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2010 from being appointed as director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act, 1956 ;

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with "NOTES" and "OBSERVATIONS" on the face of the accounts and Schedules annexed thereto and the "NOTES" as per Schedule "6" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2010. and
 - b) In the case of Profit & Loss Account, of the "Loss" for the year ended on that date.
- 4) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we further report that:
 1. The Company has no fixed assets.
 2. The Company has no Stock-in-Trade as at 31.03.2010.
 3. The Company has not taken/granted any unsecured loans from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except advances on Current Account.
 4. There is no purchase of inventory and fixed assets and sales of goods during the year. Therefore, this clause is not applicable.

5. The Company has not entered into any transactions that need to be entered into a register in pursuance of section 301 of the Act.
6. The Company has not accepted any deposits from the public during the year under review.
7. As the paid-up capital of the Company is less than Rs. Twenty Five Lakhs this clause is not applicable.
8. The Central Government has not prescribed maintenance of cost records under clause(d) of sub-section(1) of section 209 of the Act, for any of the product / services of the Company.
9. The Company is not liable to pay any tax during the year.
10. This being the first year this clause is not applicable during the year.
11. The Company has neither obtained any loan from financial institutions or bank, nor has issued any debentures. Therefore, this clause is not applicable.
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. Provisions of any special statute applicable to Chit fund are not applicable on the Company during the year under review.
14. The Company is not dealing or trading in shares, securities, debentures and other Investments.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not obtained any term loans during the year. Therefore, this clause is not applicable.
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, there are no funds raised on a short term basis which have been used for long term investments.
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.
19. The Company has not issued any Debentures.
20. The Company has not raised any funds by public issue 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, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor we have been informed of such case by the management.

For **Kshitiz & Co.,**
Chartered Accountants

51, Nalini Sett Road
5th Floor, Room No 19
Kolkata 700007
Date: 10th day of July, 2010

Kshitiz Patni
Proprietor
M. No. 66651
Firm Regn. No. 326849E

Balance Sheet As at 31st March, 2010*(Amount in Rupees)*

	Schedule	As at 31st March 2010
SOURCES OF FUNDS		
Share Capital	1	500,000
		500,000
APPLICATION OF FUNDS		
Current Assets and Advances		
Cash and Bank Balances	2	123,179
Advances	3	5,250,000
		5,373,179
Less : Current Liabilities	4	5,012,000
Net Current Assets		361,179
Miscellaneous Expenditure	5	95,204
Profit & Loss Account		43,617
		500,000
Accounting Policies and Notes on Accounts	6	

As per our annexed Report of even date.

For **Kshitiz & Co.**,
*Chartered Accountants,***Kshitiz Patni***Proprietor*

Membership No. 66651

51, Nalini Sett Road
5th Floor, Room No 19
Kolkata 700007

Date: 10th day of July, 2010

For and on behalf of the Board of Directors

Shree Mohan Mall
Mukul Mohan Mall
Directors

Profit and Loss Account For the year ended 31st March, 2010*(Amount in Rupees)*

Schedule	As at 31st March 2010
INCOME	NIL
EXPENSES	
Rates & Taxes	7,594
Auditors' Remuneration	
Audit Fees	5,000
For Certificates	3,000
Miscellaneous Expenses	4,222
Preliminary Expenses Written off	23,801
	43,617
Loss for the year carried to Balance Sheet	43,617
Accounting Policies and Notes on Accounts	6

As per our annexed Report of even date.

For **Kshitiz & Co.**,
Chartered Accountants,

Kshitiz Patni
Proprietor
Membership No. 66651

51, Nalini Sett Road
5th Floor, Room No 19
Kolkata 700007

Date: 10th day of July, 2010

For and on behalf of the Board of Directors

Shree Mohan Mall
Mukul Mohan Mall
Directors

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010
SCHEDULE 1 SHARE CAPITAL	
Authorised	
500,000 Equity Shares of Rs. 10/- each	5,000,000
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each fully paid-up in Cash (Out of this 30,000 Shares are held by the Holding Company Howrah Mills Company Limited)	500,000
SCHEDULE 2 CASH AND BANK BALANCES	
Balance with Scheduled Bank	
On Current Account	123,179
SCHEDULE 3 ADVANCES	
(Unsecured, Considered Good)	
Advances	5,250,000
SCHEDULE 4 CURRENT LIABILITIES	
Sundry Creditors and Advances	5,012,000
SCHEDULE 5 MISCELLANEOUS EXPENDITURE	
(To the extent not written off or adjusted)	
Preliminary Expenses	95,204
SCHEDULE 6 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	

A . SIGNIFICANT ACCOUNTING POLICIES**1 Accounting Concept**

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on accrual basis. The Accounts are prepared on historical cost convention in accordance with applicable accounting standards and as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.

2 Taxation

Provision for tax comprises of current tax and deferred tax charge or release. Current income tax is measured at the amount expected to be paid to the taxing authority in accordance with Indian Income Tax Act, 1961. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized unless there is a 'virtual certainty' that sufficient taxable income will be available against which such deferred tax assets will be realized.

3 Miscellaneous Expenditure

Preliminary Expenses are amortised over a period of 5 years.

B . NOTES ON ACCOUNTS

1 The Company has no Deferred Tax Assets/Liabilities as at 31st March, 2010.

2 There are no Micro and Small Enterprises to which the Company owes dues.

This information as required under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company,

- 3 This being the first year, previous year's figures have not been given.
4 Schedule '1' to '6' form an integral part of the Company's Balance Sheet .

As per our annexed Report of even date.

For **Kshitiz & Co.,**
Chartered Accountants,

Kshitiz Patni

Proprietor

Membership No. 66651

51, Nalini Sett Road
5th Floor, Room No 19
Kolkata 700007

Date: 10th day of July, 2010

For and on behalf of the Board of Directors

Shree Mohan Mall
Mukul Mohan Mall
Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	139485
State Code	21
Balance Sheet Date	31.03.2010

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

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	500

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

Total Liabilities	5,512
Total Assets	5,512

Sources of Funds

Paid-up Capital	500
Reserves & Surplus	NIL
Deferred Tax Liability	NIL
Secured Loans	NIL
Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	NIL
Investments	NIL
Net Current Assets	361
Miscellaneous Expenditure	95
Accumulated Losses	44

IV. Performance of Company (Amount in Rs. Thousand)

Turnover & Other Income	NIL
Total Expenditure	44
Profit/(Loss) before Tax	(44)
Profit/(Loss) after Tax	(44)
Earning per share (in Rs.)	(0.87)
Dividend Rate	NIL

V. Generic Names of Principal Products / Services (As per monetary terms)

Item Code No. (ITC Code)	N.A.
Product / Service Description	N.A.

Directors' Report

To
The Members,

Your Directors have pleasure in submitting their First Annual Report together with the Audited Accounts for the year ended 31st March, 2010.

ACCOUNTS

Profit & Loss Account for the year under review reveals a Net Loss of Rs. 5,140 which the Directors have decided to carry over to the next year.

Notes on Accounts are self explanatory.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND EARNING AND OUTGO IN FOREIGN EXCHANGE.

These particulars are not applicable during the year under review.

There is no Foreign Exchange Earning and outgo during the year under review.

DIRECTORS

Mr. Shree Mohan Mall, Director retire by rotation but being eligible offers himself for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm :

- a. That in the preparation of the annual accounts , the applicable accounting standards have been followed and that no material departures have been made from the same ;
- b. That they have selected such 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 or Loss of the Company for that period ;

- c. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- d. That they have prepared the annual accounts on a going concern basis.

AUDITORS

M/S Kshitiz & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting but being eligible offer themselves for reappointment.

By order of the Board

Registered office

Howrah House
135, Foreshore Road
Howrah 711102
Date: 19th day of May, 2010

Shree Mohan Mall
S. L. Jhawar
Directors

Auditor's Report

To
The Members,
HMC Power Companies Limited

1. We have audited the attached Balance Sheet of HMC POWER COMPANIES LIMITED as at 31st March, 2010 and Profit & Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These 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. We report that :
 - i) 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;
 - ii) 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 ;
 - iii) The Balance Sheet and Profit & Loss Accounts dealt with by this report are in agreement with the books of account;
 - iv) The Balance Sheet and Profit & Loss Accounts dealt with by this report comply with the Applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ;
 - v) On the basis of written representations received from the Directors, as at 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2010 from being appointed as director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act, 1956 ;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with "NOTES" and "OBSERVATIONS" on the face of the accounts and Schedules annexed thereto and the "NOTES" as per Schedule "6" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March , 2010. and
 - b) In the case of Profit & Loss Account, of the "Loss" for the year ended on that date.
- 4) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we further report that:
 1. The Company has no fixed assets.
 2. The Company has no Stock-in-Trade as at 31.03.2010.
 3. The Company has not taken/granted any unsecured loans from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 4. There is no purchase of inventory and fixed assets and sales of goods during the year. Therefore, this clause is not applicable.

Auditor's Report (Contd.)

5. The Company has not entered into any transactions that need to be entered into a register in pursuance of section 301 of the Act.
6. The Company has not accepted any deposits from the public during the year under review.
7. As the paid-up capital of the Company is less than Rs. Twenty Five Lakhs this clause is not applicable.
8. The Central Government has not prescribed maintenance of cost records under clause(d) of sub-section(1) of section 209 of the Act, for any of the product / services of the Company.
9. The Company is not liable to pay any tax during the year.
10. This being the first year this clause is not applicable during the year.
11. The Company has neither obtained any loan from financial institutions or bank, nor has issued any debentures. Therefore, this clause is not applicable.
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. Provisions of any special statute applicable to Chit fund are not applicable on the Company during the year under review.
14. The Company is not dealing or trading in shares, securities, debentures and other Investments.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not obtained any term loans during the year. Therefore, this clause is not applicable.
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, there are no funds raised on a short term basis which have been used for long term investments.

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.
19. The Company has not issued any Debentures.
20. The Company has not raised any funds by public issue 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, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor we have been informed of such case by the management.

For **Kshitiz & Co.**,
Chartered Accountants

51, Nalini Sett Road
5th Floor, Room No 19
Kolkata 700007
Date: 17th day of May, 2010

Kshitiz Patni
Proprietor
M. No. 66651
Firm Regn. No. 326849E

Balance Sheet As at 31st March, 2010*(Amount in Rupees)*

	Schedule	As at 31st March 2010
SOURCES OF FUNDS		
Share Capital	1	500,000
		500,000
APPLICATION OF FUNDS		
Current Assets and Advances		
Cash and Bank Balances	2	30,000
Advances	3	5,450,000
		5,480,000
Less : Current Liabilities	4	5,063,192
Net Current Assets		416,808
Miscellaneous Expenditure	5	78,052
Profit & Loss Account		5,140
		500,000
Accounting Policies and Notes on Accounts	6	

As per our annexed Report of even date.

For Kshitiz & Co.,
*Chartered Accountants,***Kshitiz Patni***Proprietor*

Membership No. 66651

51, Nalini Sett Road
5th Floor, Room No 19
Kolkata 700007

Date: 17th day of May, 2010

For and on behalf of the Board of Directors

Shree Mohan Mall**S. L. Jhawar***Directors*

Profit and Loss Account For the year ended 31st March, 2010*(Amount in Rupees)*

Schedule	As at 31st March 2010
INCOME	NIL
EXPENSES	
Bank Charges	140
Audit Fees	5,000
	5,140
Loss for the year carried to Balance Sheet	5,140
Accounting Policies and	
Notes on Accounts	6

As per our annexed Report of even date.

For **Kshitiz & Co.**,
Chartered Accountants,

Kshitiz Patni*Proprietor*

Membership No. 66651

51, Nalini Sett Road
5th Floor, Room No 19
Kolkata 700007

Date: 17th day of May, 2010

For and on behalf of the Board of Directors

Shree Mohan Mall**S. L. Jhavar***Directors*

Schedules to the Balance Sheet As at 31st March, 2010

(Amount in Rupees)

	As at 31st March 2010
SCHEDULE 1 SHARE CAPITAL	
Authorised	
250,000 Equity Shares of Rs. 10/- each	2,500,000
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each fully paid-up in Cash	500,000
(Out of this 44,000 Shares are held by the Holding Company Howrah Mills Company Limited)	

SCHEDULE 2 CASH AND BANK BALANCES

Cheques in Hand	30,000
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SCHEDULE 3 ADVANCES

(Unsecured, Considered Good)	
Advances	5,450,000

SCHEDULE 4 CURRENT LIABILITIES

Sundry Creditors and Advances	5,023,588
Temporary Bank (Book) Overdraft	39,604
	5,063,192

SCHEDULE 5 ADVANCES

(To the extent not written off or adjusted)	
Preliminary Expenses	78,052

SCHEDULE 6 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**A . SIGNIFICANT ACCOUNTING POLICIES****1 Accounting Concept**

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on accrual basis except Rates & Taxes. The Accounts are prepared on historical cost convention in accordance with applicable accounting standards and as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.

2 Taxation

Provision for tax comprises of current tax and deferred tax charge or release. Current income tax is measured at the amount expected to be paid to the taxing authority in accordance with Indian Income Tax Act, 1961. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized unless there is a 'virtual certainty' that sufficient taxable income will be available against which such deferred tax assets will be realized.

B . NOTES ON ACCOUNTS

1 The Company has no Deferred Tax Assets/Liabilities as at 31st March, 2010.

2 There are no Micro and Small Enterprises to which the Company owes dues.

This information as required under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company,

HMC POWER COMPANIES LIMITED

- 3 This being the first year, previous year's figures have not been given.
- 4 Schedule '1' to '6' form an integral part of the Company's Balance Sheet.

As per our annexed Report of even date.

For **Kshitiz & Co.**,
Chartered Accountants,

Kshitiz Patni

Proprietor

Membership No. 66651

51, Nalini Sett Road
5th Floor, Room No 19
Kolkata 700007

Date: 17th day of May, 2010

For and on behalf of the Board of Directors

Shree Mohan Mall

S. L. Jhavar

Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	141204
State Code	21
Balance Sheet Date	31.03.2010

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

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	500

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

Total Liabilities	5,563
Total Assets	5,563

Sources of Funds

Paid-up Capital	500
Reserves & Surplus	NIL
Deferred Tax Liability	NIL
Secured Loans	NIL
Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	NIL
Investments	NIL
Net Current Assets	417
Miscellaneous Expenditure	78
Accumulated Losses	5

IV. Performance of Company (Amount in Rs. Thousand)

Turnover & Other Income	NIL
Total Expenditure	5
Profit/(Loss) before Tax	(5)
Profit/(Loss) after Tax	(5)
Earning per share (in Rs.)	(0.10)
Dividend Rate	NIL

V. Generic Names of Principal Products / Services (As per monetary terms)

Item Code No. (ITC Code)	N.A.
Product / Service Description	N.A.