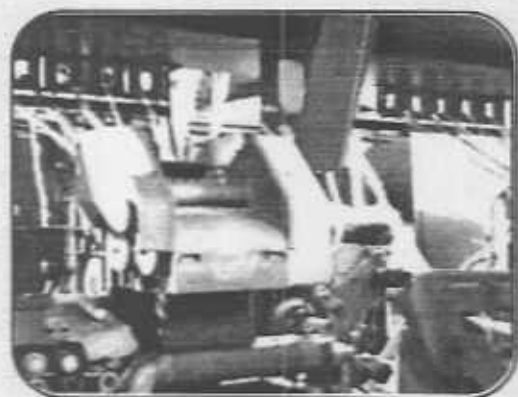
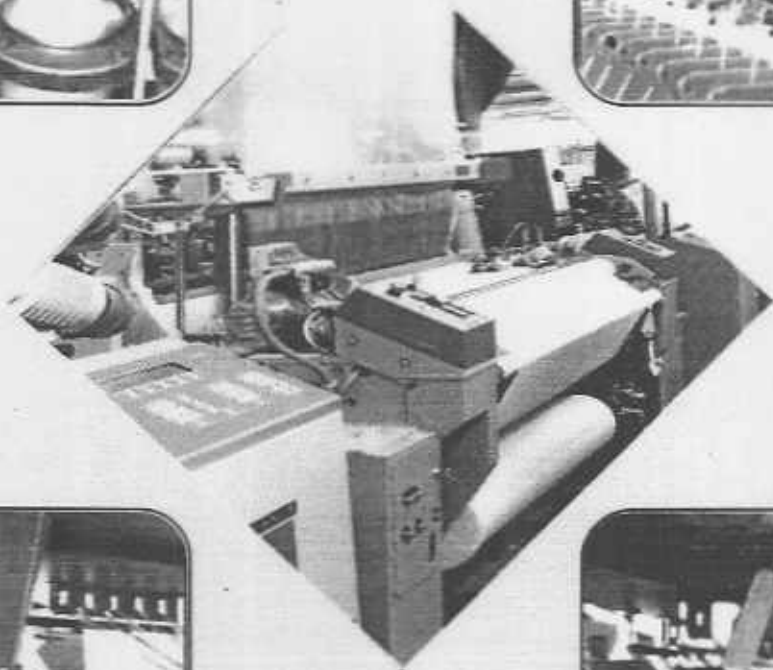
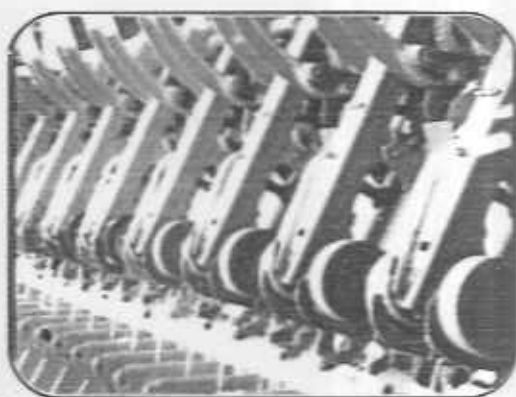
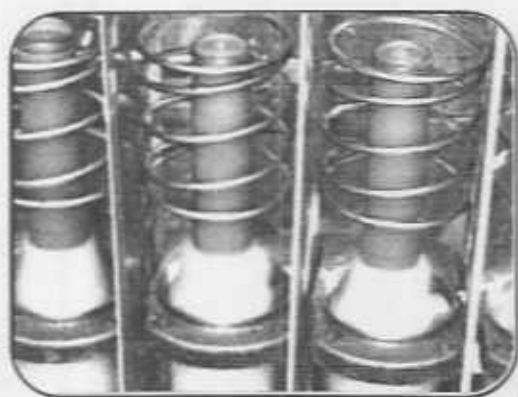


ANNUAL REPORT



2008-2009

Howrah Mills Company Limited

An ISO 9001-2000 Company
An Export House



HMCL

HOWRAH MILLS COMPANY LIMITED

● **DIRECTORS**

OM PRAKASH MALL, Managing Director
GITANSU BANERJEE, Wholetime Director
AMIT KIRAN DEB IAS
BHAG CHAND JAIN
SHANKAR LAL JHAWAR
UTPAL MAJUMDAR

● **COMPANY SECRETARY**

J. PRASAD

● **BANKERS**

STATE BANK OF INDIA
COMMERCIAL BRANCH
24, PARK STREET
KOLKATA - 700 016

THE FEDERAL BANK LIMITED
BURRA BAZAR BRANCH
33A, TARACHAND DUTTA STREET
KOLKATA - 700 073

● **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 & TRANSFER AGENT**

M/S. MAHESHWARI DATAMATICS PVT. LTD.
6, MANGOE LANE, KOLKATA - 700 001

● **REGISTERED OFFICE &
ADMINISTRATIVE OFFICE**

'HOWRAH HOUSE'
135, FORESHORE ROAD, HOWRAH - 711 102
PHONE : 2641-2402/4446/4159
E-MAIL : shreehrt@glascl01.vsnl.net.in
shreehrt@vsnl.com
Fax : 033-2641-1447 / 2796

HOWRAH MILLS COMPANY LIMITED

DIRECTORS' REPORT INCLUDING MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have the pleasure in presenting the 183rd Annual Report alongwith the Audited accounts of the Company for the year ended 31st March 2009.

	Rs. in Lakhs	
	Year Ended 31.03.2009	Year Ended 31.03.2008
Operating Profit before Interest and Depreciation	756.62	1254.89
Other Income	146.75	77.20
	903.37	1332.09
Less – Interest	424.66	403.29
	478.71	928.80
Less – Depreciation	379.91	304.51
Profit before tax	98.80	624.29
Less – Provision for Tax	14.50	4.04
Less – IT / FBT for Earlier Years (net)	3.09	–
Less – adjustment of MAT Credit Entitlement	30.30	–
Profit after tax	50.91	620.25
Less – Transfer to General Reserve	–	600.00
Add. Surplus of Amalgamating Company	–	16.45
Add Deferred Tax Liabilities Reversed	–	1.98
Less – Dividend on Preference Share	31.69	–
Less – Corporate Dividend Tax	5.39	–
	13.83	38.68
Accumulated Profit / (Loss) brought forward from previous year	1517.18	1478.50
Accumulated Profit / (Loss) carried forward to next year	1531.01	1517.18

DIVIDEND

Your Directors regret that to preserve the resources they are unable to recommend any dividend for the year under review.

OPERATION

During the year the Company's production was 40202 M Tons as compared to 42228 M Ton last year. The Loss in production was due to 18 days industry-wise strike from 1st December 2008 to 18th December 2008. Apart from this the Raw Jute price rose to historical highs of nearly Rs.2800 per qntl. during the last quarter compared to Rs.1500 per qntl. in the previous year. This sharp increase in price in such a short period is a great cause of concern for the industry. The Govt. must take steps to ensure that there is availability of Raw Materials at reasonable price and there is no speculative and future trading of Raw Jute so that the farmers and industry will be benefited.

HOWRAH MILLS COMPANY LIMITED

The year witnessed a severe recession due to global slowdown and the Indian rupee fluctuated a lot during the year. Due to wide fluctuations of rupee and global slowdown exports of the company were affected but the trends have changed and the order book position of exports has started to improve. The company is very much confident in having a significant rise in the exports during the current year.

THREATS AND CONCERNS

- The compulsory packing of food grains and sugar at 100% under the jute packaging materials Act 1987 still continues but the Government has diluted the order to good extent and this threat continues to hang over the industry.
- Increase in wage cost due to continuous increase in Dearness Allowances without any increase in productivity.
- Competition from imports of 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.
- Wide fluctuations of Rupee vs. US Dollar is of great concern.

FUTURE OUTLOOK

Jute industry is passing through a very critical period, increasing price of Raw Jute, 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.

SUBSIDIARY COMPANY

After acquisition of 74% shares of West Bengal Agro Textile Corporation Limited (Bharat Jute) on 20.04.07 from the Govt. of West Bengal, the said company is making steady progress. Since then production has gone up from 6 M. T. per day to 15 M. T. per day. Substantial additions have been made for plant & machineries and other fixed assets. The company is making further capital expenditure in fixed assets to improve production. We are glad to inform that inspite of a very difficult year for the entire jute industry this company has earned PBIDT of Rs.20.64 lacs for the year ended 31.03.2009. Production has gone up by 25% and sales volume by 28% over the previous year.

CARBON EMISSION REDUCTION & GREEN PROJECTS

The Directors are pleased to inform that the decision taken by your Company some years back for Mitigation of Carbon Emission has become successful and our project, "Substitution of Coal with Jute Biomass Residue (caddies) in the Steam generation Boiler for use on-site" has been Registered with UNFCCC (United Nation Framework Convention on Climate Changing) as a CDM (Clean Development Mechanism) Project. Your Company perhaps the first organisation in would Jute sector to achieve this honour.

HOWRAH MILLS COMPANY LIMITED

Your Company has already received the 1st Issuance Certificate for Emission reduction from UNFCCC for the period 2007 – 2008 (26.05.07-31.03.08) and the 2nd Issuance for the period 2008-2009 (01.04.08 – 31.03.09) has been successfully uploaded with UNFCCC website. Your Company is committed and have made a sustainable development in the industry in mitigating the carbon emission. Your Company after successfully participating the IInd Belgium JI / CDM Global Tender has entered into a contract for sale of issued CER (Certified Emission Reduction) with the Govt. of Belgium till 2012 i.e. 1st commitment period under Kyoto Protocol and already received substantial revenue as carbon credit.

Your Company is working on a 5 MW Green Power Plant for generation of power from biomass in Hooghly District which will inject about 32 millions units of power to the WBSEDCL grid per year. This will be a help to Hooghly District in getting additional power and will fetch CDM benefit as it fulfils all the requirements of CDM qualifications. The procurement of land for this purpose is in progress and Detailed Project Report (DPR) has been submitted with West Bengal Renewable Energy Development Agency (WBREDA) the sponsoring authority of the project. The enquiries for all the major equipments for the project has been made both indigenously and out side India. The technical committee will be finalizing the tender submitted by the vendors after freezing the technical part. Your Company is also working for setting up a 5 MW Green Power Plant in North Bengal and the survey team has submitted a comprehensive report to Board which is under scrutiny stage.

Considering the enhanced demand of process steam in the factory, your Company has taken decision to instal one 3Ton Boiler to meet the demand of additional Steam. This Boiler is also Bio-mass fired and carbon neutral one. This project is also, in all respect fulfils the qualification of CDM project under UNFCCC and likely to be eligible for obtaining carbon credit. Your Company has already received the NOC from West Bengal Pollution Control Board through their "Consent to Establish" from Environment point of view.

Board of Directors are pleased to inform you that as a part of our commitment for Sustainable Development in Emission reduction of GHG (Green House Gases), on 13th of January, 2009, your Company organized a seminar on Clean Development Mechanism (CDM) under the banner "Carbon Credit and Emission Reduction from use of Jute waste". The objective of the Seminar was to percolate concept and awareness among the fellow members of Jute Industry about the voluntary participation in CDM activities for mitigation of Green House Gases.

DIVERSIFICATION

As mentioned above your company is setting up 5 M.W. Power Plant for generation of power from biomass and is planning to set another such power plant in North Bengal.

Ministry of Textile, Govt. of India, launched a scheme for setting up a number of Jute Parks. Your Company is one of the Anchor units for Jute Park being developed in Rejinagar, Murshidabad in collaboration with West Bengal Small Scale Industrial Development Corporation. Our proposal to set up another Jute Park in Gumadangi, Howrah on our own has been approved in principle by the Ministry of Textile, Govt. of India.

HOWRAH MILLS COMPANY LIMITED

We are making substantial investment for Real Estate Division. A Logistic Hub is being built to construct 200000 sq. ft. of godown space. This will increase the rental income substantially.

Your Company is continuing its thrust for diversification and is constantly upgrading its Machinery for development of value added and new jute products both for domestic and international market. The Company have plans for importing new technology machines which will help it to reduce its manufacturing cost and be competitive in the market.

INTERNAL CONTROL SYSTEM

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.

CORPORATE GOVERNANCE

Your Company is committed to maintain business integrity, high ethical values, transparency and professionalism in all its activities. As an essential part of this commitment, the Board of Directors supports high standards in Corporate Governance at all levels.

HUMAN RESOURCES

Your Company firmly believes that the Employees are its most valuable assets. They sustain the Company through the years of change and renewal with their resilience commitment and adaptability. Your Company is gearing up its efforts to create a responsive organisation and is endeavouring to provide a holistic development programme including succession planning to meet both its technical, financial and leadership requirements. During the year under review the industrial relations remain cordial.

DIRECTORS

As provided in the Articles of Association of the Company Sri B. C. Jain retires by rotation but being eligible offers himself for re-election. Mr. Amit Kiran Deb IAS, Ex-Chief Secretary, Govt. of West Bengal has recently joined the Board of Directors who will retire at the Annual General Meeting and a member has given notice proposing his appointment as a Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby state that :

- (a) In the preparation of the annual accounts, the applicable accounting standard has been followed along with proper explanation relating to material departures.
- (b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent for the operations of the state of affairs of the Company and to obtain proper working result for the financial year of the Company.
- (c) 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

HOWRAH MILLS COMPANY LIMITED

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (d) The Directors have prepared the accounts for the year-ended 31.03.2009 on a going concern basis.

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 thereunder is not given as there is no employee coming under this category.

QUALITY ASSURANCE

The Company's Quality Assurance has been upgraded and 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 product and stringent quality assurance procedures are in place.

AUDITORS

The Company's Auditors M/s. S. Jaykishan, Chartered Accountants, Kolkata who retires at the conclusion of the Annual General Meeting have expressed their willingness to be re-appointed as Auditor and have confirmed that their appointments if made will be in accordance with the limits specified in Sec. 224 (1B) of the Companies Act 1956.

The Auditors in their report have referred to notes forming part of the Accounts, which are self-explanatory and do not require further elucidation.

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.

PUBLIC DEPOSIT

The company has not accepted any deposit 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, AAIFR, Bankers, Financial Institutions, Business Associates and Shareholders. Your Directors also express their warm appreciation to all the employees for their diligence and contribution.

Place : Howrah – 711102
Dated : 21st day of August 2009

For and on behalf of the Board
O. P. Mall Managing Director
S. Banerjee Wholetime Director

HOWRAH MILLS COMPANY LIMITED

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 some energy saving motors and equipments.
- b. Additional Investment proposal being implemented for Energy conservation. : The Company will set up a Power Plant of 5 MW for generation of Power from Bio Mass.
- c. Impact : To replace fossil fuel with Bio Mass which will contribute in mitigating Green House Gas (G_hG).

d. Form A

	For Year ended on 31.03.2009	For Year ended on 31.03.2008
i) Power & Fuel Consumption		
1. ELECTRICITY		
a. Purchased Unit	2,00,89,740	2,12,82,120
Total Amount	8,32,57,630	8,40,93,380
Rate/Unit	4.14	3.95
b. Own Generation through Diesel		
Generators – Units	2,60,102	2,91,125
Unit per Ltr. Of Diesel	3.28	3.24
Cost per unit Rs.	10.73	10.20
2. COAL		
(B & C Grades used mainly for generation of steam boiler)		
Quantity – Ton	–	66
Total Cost –Rs.	–	2,79,184
Average Rate – Rs. / Ton	–	4,230
ii) Consumption per unit of production		
Production – Ton	40,826	42,656
Electricity per Ton (Unit)	450	458
Coal (B & C grades)/ton of production-(Ton)	–	0.01

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 product and production process for better productivity.
2. The Company has set up a laboratory for quality control check at different stages of production.
3. Benefit derived as a result of above R & D.
Improvement in quality of the product, cost effectiveness and utilisation of waste material.

HOWRAH MILLS COMPANY LIMITED

4. Future plan of action :

Follow up of proposal for Bio-mass & Wind Power and/or to obtain bulk power at cheaper rate. We received approval from W.B.R.E.D.A. for generation of power from Bio-mass & Wind Power. We have registration under United Nation Framework Convention for Climate Changing (UNFCCC) for reduction in emission of CO₂ and received 1st issuance certificate and substantial revenue from carbon credit.

5. Expenditure on R & D

- | | |
|-----------------------------|--------------------------------------|
| a. Capital | In accordance with Company's |
| b. Recurring | consistent practice, expenditure |
| c. Total R & D Expenditure | incurred on R & D activities remains |
| as a percentage of turnover | 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. : output improvement, cost reduction. | : Improvement in productivity & quality of product. |
| 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. 1689.76 lacs directly, apart from export through Merchant Shippers, as against Rs. 3258.01 lacs in the previous year. This year your Company exported other goods of Rs.115.50 lacs. The Company continues to strive to increase its direct export. |
| b) i) Total Foreign Exchange used | : Rs. 240.35 Lacs. |
| ii) Total Foreign Exchange Earned | : Rs. 1903.27 Lacs. |

D. Information required to be furnished under the listing agreement

The Shares of the Company are listed at :-
The Calcutta Stock Exchange Association Limited
7, Lyons Range, Kolkata - 700001.

The listing fee upto the year 2009-2010 has been paid in time to the above stock exchange.

Place : Howrah - 711102
Dated : 21st day of August 2009

For and on behalf of the Board
O. P. Mall Managing Director
S. Banerjee Wholetime Director

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2008-2009

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

The company believes that 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 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 & the society at large.

2. BOARD OF DIRECTORS :

- (i). The strength of the Board of Directors of the Company as on 31st March 2009 was 5 (five) Directors. The Managing Director and the Wholetime Director being executives, 2/3rd of the board consists of independent Directors. During the financial year ended 31st March 2009, 7 (seven) board meetings were held on 29.04.2008, 28.07.2008, 28.8.2008, 31.10.2008, 27.01.2009, 02.02.2009, 28.03.2009.
- (ii). None of the Directors of the Board is a member of more than 10 (ten) committees or Chairman of 5 (five) committees across all the Companies in which he is a Director.
- (iii). The composition of the Board of Directors as at 31.03.2009 and the attendance of each Director at the Board meetings and also at the last annual general meeting (A.G.M.) and the number of other Directorships and Board Committee Memberships / Chairmanships including changes since the last report are as follows :-

Attendance of each Director at the Board Meetings, last Annual General Meeting & Number of Other Directorship and Chairmanship / Membership of Committee in various Companies:

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)	Promoter (Executive)	7	Yes	4	Nil	Nil
Mr. S. Banerjee (Wholetime Director)	Non - Independent Executive	7	Yes	3	3	Nil
Mr. S. L. Jhawar	Promoter Non-Executive	7	Yes	4	7	Nil
Mr. B. C. Jain	Independent Non-Executive	7	No	3	7	3
Mr. U. Majumdar	Independent Non-Executive	4	No	Nil	6	Nil

HOWRAH MILLS COMPANY LIMITED

- (iv). 7 (Seven) Board Meetings were held during the financial year ended 31st March 2009. The dates on which the Board Meetings were held are 29.4.2008, 28.7.2008, 28.8.2008, 31.10.2008, 27.01.2009, 02.02.2009, 28.03.2009
- (v). Mr. B.C. Jain, Director retires by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment. Consent of the members is sought at the ensuing Annual General Meeting for re-election of Mr. Jain as Non-Executive Independent Director of the Company.

Name of Director	Mr. B. C. Jain
Date of Birth	10th day of February 1946
Qualification	Chartered Accountant
Date of appointment	27th day of February 1988
Expertise in specific functional area	Experience in Accounts & Finance matter
List of other Public Ltd. Companies in which Directorship held	1. Gopalpur Tea Co. Ltd. 2. Inter State Oil Carriers Ltd.
Chairman / Member of the Committees of the Board of Directors of other Companies in which he is a Director.	Nil

3. AUDIT COMMITTEE :

As at 31st March 2009 the Audit Committee comprised of 4 (four) members, 3 (three) members being non-executive and independent one. Majority of members are having either financial, accounting or legal background.

The Terms of Reference include :

- i) Overseeing the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct.
- ii) Recommending the appointment and removal of External auditors and fixation of Audit Fees.
- iii) Review with management the annual financial statements before submission to the Board focusing on :
 - Unaudited Quarterly Accounts.
 - Any change in accounting policies and practices.
 - Major accounting entries.
 - Accounting Standards.
 - Qualifications in draft audit report.
 - Review compliance with accounting standards, stock exchange and legal requirements concerning financial statements.

HOWRAH MILLS COMPANY LIMITED

- iv) The scope of the Audit Committee is inclusive of matters as specified in Clause 49 II D of the listing agreements with the stock exchange and such additional functions as may be decided by the Board of Directors from time to time.

The following table shows the composition, name of members and Chairman and the details of meetings and attendance during the year ended on 31st March 2009 :

Name of Members	Status	Category	Meetings held during the year ended 31st March 2009 and Attendance				
			29.04.08	30.06.08	28.07.08	31.10.08	29.01.09
Mr. B. C. Jain	Chairman	Independent Non-Executive	Yes	Yes	Yes	Yes	Yes
Mr. S. L. Jhavar	Member	Promoter Non-Executive	Yes	Yes	Yes	Yes	Yes
Mr. S. Banerjee	Member	Non-Independent Executive	Yes	Yes	N.A.	Yes	Yes
Mr. U. Majumdar	Member	Independent Non-Executive	Yes	N.A.	Yes	N.A.	N.A.

4. REMUNERATION COMMITTEE :

The Remuneration Committee of Directors has been constituted mainly for the purpose of recommending the Company's policy on Remuneration Package for the Managing / Executive Directors. The remuneration is fixed based on experience, designation and financial position of the Company. The Non-Executive Directors do not draw any remuneration from the Company except their sitting fees for each Board Meeting attended.

The following table shows the composition & name of members during the year ended 31st March 2009 :

Name of Members	Category
Mr. B. C. Jain	Independent, Non - Executive
Mr. S. L. Jhavar	Promoter, Non - Executive
Mr. U. Majumdar	Independent, Non - Executive

Details of Remuneration of Directors for the year ended on 31st March 2009 are given below :

HOWRAH MILLS COMPANY LIMITED

Name(s)	Salary & Allowances (Rs.)	Commission (Rs.)	Other Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. O. P. Mall	4,98,000/-	—	1,18,280/-	—	6,16,280/-
Mr. S. Banerjee	5,88,000/-	—	96,860/-	—	6,84,860/-
Mr. S. L. Jhawar	—	—	—	10,800/-	10,800/-
Mr. B. C. Jain	—	—	—	10,200/-	10,200/-
Mr. U. Majumdar	—	—	—	6,000/-	6,000/-
Total	10,86,000/-	—	2,15,140/-	27,000/-	13,28,140/-

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The functions and power of the Shareholders/Investors Grievance Committee are as follows :

- To supervise the redressal of Shareholder/Investors complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend etc.
- To supervise the approval of transfer of shares, transmission of shares, transposition of shares and issue of duplicate share certificates etc.
- To delegate any of its responsibilities as mentioned above to any of the Company's officers or to registrars or transfer agents and to supervise the same.

The Composition of the Shareholders'/Investors' Grievance Committee and the details of meetings attended by the Members of the Committee during the year ended on 31st March 2009 are given below :

Names of Members	Status	Category	No. of Meetings held	No. of Meetings attended
Mr. B. C. Jain	Chairman	Independent Non-Executive	9	9
Mr. S. L. Jhawar	Member	Promoter Non-Executive	9	9
Mr. S. Banerjee	Member	Executive	9	9

Dates on which the meetings of the committee were held are 15.4.08, 18.6.08, 23.6.08, 30.6.08, 15.7.08, 15.9.08, 29.11.08, 15.12.08, 15.1.09.

Mr. J. Prasad, Company Secretary was the compliance officer who had attended all the meetings of the Shareholders/Investors Grievance Committee.

During the year ended 31st March 2009 no complaint was received from the shareholders, investors. No request for transfer was pending for approval on 31st March 2009.

HOWRAH MILLS COMPANY LIMITED

6. GENERAL BODY MEETINGS :

Year	Location	Date	Time
2004-2005	The Academy of Fine Arts, Cathedral Road, Kolkata – 71.	25.08.2005.	11.00 A. M.
2005-2006	Registered Office, 'Howrah House', 135, Foreshore Road, Howrah – 711 102	25.09.2006.	11.00 A. M.
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.

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 forth coming Annual General Meeting, which is required to be put through postal ballot as per law.

7. DISCLOSURES :

Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished fewer than 18 of the Notes on Accounts attached with the financial statement for the year ended on 31st March 2009. There is no other pecuniary relationship or transactions with the non-executive independent directors.

8. MEANS OF COMMUNICATION :

Half yearly results as well as quarterly and annual results are published in newspapers, submitted to Stock Exchange as per listing agreement, the half yearly reports are not sent to each Shareholders. These results are normally published in the Financial Express / Business Standard / Dainik Lipi. Management's discussion and analysis form the part of Annual Report

9. GENERAL SHAREHOLDER INFORMATION :

i) Annual General Meeting

Date : 22nd September 2009.
Time : 11:00 AM.
Venue : "Howrah House",
135, Foreshore Road,
Howrah - 711 102

ii) Financial Calendar for F.Y. 2009-2010

- a) 1st Quarterly Results : On or before 31st July 2009
- b) 2nd Quarterly & Half-Yearly Results : On or before 31st October 2009
- c) 3rd Quarterly Results : On or before 31st January 2010
- d) 4th Quarterly & Yearly Audited Results : On or before 30th April 2010

HOWRAH MILLS COMPANY LIMITED

iii) **Date of Book Closure** : 17.09.2009 to 21.09.2009 (Both days inclusive)

iv) **Dividend Payment Date** : Not applicable since no dividend is declared.

v) **Listing on Stock Exchanges** :
The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata – 700 001.

vi) **Stock Codes** :
The Calcutta Stock Exchange 028161
Demat ISIN Numbers (NSDL/CDSL) – INE964CO1015

vii) **Market Price Data** :
During the period under review the share prices were not quoted regularly.
Total shares traded during the year under review were nil. with The Calcutta Stock Exchange Association Ltd.

viii) **Registrar and Share Transfer Agents** :
M/s. Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata – 700 001.
Phone : (033) 2243 5809/2243 5029, Fax: (033) 2248 4787.

ix) **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, M/s Maheshwari Datamatics (P) Ltd. The Shareholders / Investors Committee (Share Transfer Committee) constituted for Transfer/Transmission of shares and allied matters has during the year under review approved the transfer of shares subject to transfer instrument being valid and complete in all respects.

The application for transfer of preference shares are processed by the Company's share department/section at its registered office.

x) **Equity Share : Distribution of Shareholding as on 31.03.2009 :**

Number of Shares	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1 – 500	1206	89.9329	134563	3.3858
501 – 1000	48	3.5794	36725	0.9241
1001 – 2000	12	0.8949	19400	0.4881
2001 – 3000	4	0.2983	10500	0.2642
3001 – 4000	6	0.4474	23275	0.5856
4001 – 5000	24	1.7897	120000	3.0194
5001 – 10000	17	1.2677	163105	4.1040
10001 – and above	24	1.7897	3466739	87.2288
Grand Total	1341	100.00	39,74,307	100.00

HOWRAH MILLS COMPANY LIMITED**xi) Category of Equity Shareholders as on 31.03.2009 :**

Public Financial Institutions :	Number of Shares Held	% of Shareholding
Public Financial Institution	27575	0.694
Nationalised other Banks	115534	2.907
Foreign Holdings	6188	0.156
Bodies Corporate	2588-25	65.124
Director/Relatives of Director	819-05	20.620
Other Shareholders	417-80	10.499
Grand Total	39,74,307	100.000

xii) Dematerialization of Equity Shares & Liquidity as on 31st March 2009 :

	Holder	No. of Shares	% of Share holding
Physical	1192	2617557	65.86
NSDL	120	1355944	34.12
CDSL	29	806	0.02
Total	1341	39,74,307	100.00

xiii) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on Equity :

The Company has not issued any GDRs / ADRs / Warrants or any other Convertible Instruments.

xiv) Plant Location : 493/C/A, G T. Road (S), Howrah – 711 102.**xv) Address for Correspondence :**

With the Company

Registered Office:
"Howrah House",
135, Foreshore Road
Howrah – 711 102,
Telephone No.: (033) 2641-2402/4446/4159
Fax No: 91 33 2641-1447/2641-2796.
Email – shreehrt@vsnl.com

HOWRAH MILLS COMPANY LIMITED

With the Registrar
& Transfer Agent

• M/s. Maheshwari Datamatics Pvt. Ltd.
• 6, Mangoe Lane, 2nd Floor,
Kolkata – 700 001
Tel : (033) 2243 5809/5029;
Fax : (033) 2248 4787;
E-mail: mdpl@cal.vsnl.net.co

xvi) Investor Grievance Redressal System :

The grievances / queries are handled by the Registrar and Transfer Agent.

xx) Any query on the Annual Report

• Registered Office:
"Howrah House",
135, Foreshore Road,
Howrah – 711 102,
Telephone No. : (033) 2641-2402, 2641-4446 /4159
Fax No. : 91 33 2641-1447/ 2641-2796
Email – shreehrt@vsnl.com

HOWRAH MILLS COMPANY LIMITED

CERTIFICATE OF CORPORATE GOVERNANCE

TO

THE MEMBERS

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 March 31, 2009 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 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

Place : Kolkata
Date : 21st August, 2009.

Y. GUPTA
(Partner)
Membership No. 60539

HOWRAH MILLS COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of **HOWRAH MILLS COMPANY LIMITED** as at 31st March, 2009 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 account;
 - (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 :*
 - i) *Non-compliance with Accounting Standard - 15, "Employee Benefits" in respect of non ascertainment and provision of accrued gratuity liability.*
 - ii) *Non-compliance with Accounting Standard - 22 " Accounting for Taxes on Income" in respect of non ascertainment and provision of Deferred Tax.*
 - (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 on 31st March'2009 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 —*

HOWRAH MILLS COMPANY LIMITED

- i) Note No. 4(i) regarding non ascertainment and provision of accrued gratuity liability.
- ii) Note No. 4(ii) & 6 regarding non ascertainment and provision of interest and damages on delay / non payments of statutory dues such as Sales Tax , Professional Tax, 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. 8 regarding Consignment Sales accounted for on the basis of reserve price on quantity despatched. As certain account sales from consignees have not been made available for audit, it has not been possible to ascertain the actual sale value and the adjustment that would be required to be made in the accounts on account of expenses of such consignment sales. Consequential effect on the Profit for the year and net assets position at the year end cannot be ascertained.
- vi) Note No. 19 regarding non- provision for Deferred Tax.
- vii) Note No. 25 regarding capitalisation of interest cost to the extent of Rs. 81,98,258/- to the cost of investments held in Subsidiary Company.
- viii) Note No. 26 regarding non transfer of unpaid dividend on cumulative preference shares to special unpaid dividend account with scheduled bank as required by Section 205A of the Companies Act, 1956.
- ix) Note No. 28 regarding recognising of Interest Subsidy Income without any reasonable assurance of its acceptability from concerned authorities, since claim pending yet to be lodged with the authorities.
- x) Note No. 33 regarding non ascertainment and provision of diminution in value of investments held in the Subsidiary Company.

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, 2009;
- 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

Place : Kolkata
Date : 21st day of August, 2009.

Y. GUPTA
(Partner)
Membership No. 60539

HOWRAH MILLS COMPANY LIMITED

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

HOWRAH MILLS COMPANY LIMITED

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) The Company has appointed a firm of Chartered Accountants for carrying out internal audit. In our opinion, the scope and coverage needs to be enlarged so as to be commensurate with the size of the Company 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.
- 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, 2009 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	3,614,722	2006-07 2007-08 2008-09	Not Yet
Corporate Dividend tax	538,670	2008-09	Not Yet

- (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 :

HOWRAH MILLS COMPANY LIMITED

Particular	Amount (Rs.)	Forum where appeal pending
Sales Tax	1,865,171	Sales Tax Appellate Revision Board
Urban Land Tax (Disputed)	144,230	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.3,38,81,000/- and Excise Loan of Rs.12,69,000/- outstanding as on 31.03.2008 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 allotment of shares during the year.
- 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

Place : Kolkata
Date : 21st day of August, 2009.

Y. GUPTA
(Partner)
Membership No. 60539

HOWRAH MILLS COMPANY LIMITED

BALANCE SHEET AS AT 31st MARCH, 2009

	€	31st March 2009 Rs.	31st March 2008 Rs.
I. SOURCES OF FUNDS	Schedule		
1) Shareholder's Funds :			
a) Share Capital	A	39,743,070	42,055,370
b) Share Application Money (Pending Allotment)		30,000,000	-
c) Reserves and Surplus	B	286,807,055	283,668,145
2) Loan Funds :	C		
a) Secured Loans	a	440,252,413	480,549,661
b) Unsecured Loans	b	27,500,000	25,005,589
TOTAL	TOTAL	824,302,538	831,278,765
II. APPLICATION OF FUNDS			
1) Fixed Assets :	D		
a) Gross Block		906,315,785	857,218,915
b) Less : Depreciation		611,535,351	575,402,169
c) Net Block		294,780,434	281,816,746
d) Capital Work-In-Progress		46,674,455	3,139,177
		341,454,889	284,955,923
2) Investments :	E	59,619,229	51,500,971
3) Current Assets, Loans and Advances :	F		
a) Inventories		324,000,425	275,117,908
b) Sundry Debtors		174,900,716	161,515,041
c) Cash and Bank Balances		19,323,711	38,225,153
d) Other Current Assets		71,682	71,682
e) Loans and Advances		146,602,715	220,959,672
		664,899,249	695,839,456
Less: Current Liabilities & Provisions :	G		
a) Current Liabilities		239,908,997	184,612,941
b) Provisions		1,938,132	16,583,045
		241,847,129	201,195,986
Net Current Assets		423,052,120	494,693,470
4) Miscellaneous Expenses :			
(to the extent not written off or adjusted)			
a) Amalgamation Expenses		96,300	128,400
b) Preliminary Expenditure		80,000	-
		176,300	128,400
TOTAL	TOTAL	824,302,538	831,278,765

Significant Accounting Policies & Notes on Accounts
Schedules A to G and O form an integral part of Balance Sheet.
In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants

(CA Y. GUPTA)
Partner

Membership No.60539
Place : 12 Ho Chi Minh Sarani, Kolkata
Dated : The 21st day of August, 2009

O.P.Mall
S.Banerjee

Managing Director
Wholtime Director

J.Prasad
Company Secretary

HOWRAH MILLS COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Rs.	31st March 2009 Rs.	Rs.	31st March 2008 Rs.
INCOME					
Sales	X		1,567,136,052		1,467,800,547
Export Incentives			15,993,133		51,203,171
Premium for Long Term Lease			22,215,900		25,030,700
Other Income			28,877,780		19,938,624
Increase/(Decrease) In Stock	J		39,120,615		27,377,911
			<u>1,673,343,480</u>		<u>1,591,357,154</u>
EXPENDITURE					
Materials Consumed	K		893,163,012		790,878,327
Payments to Employees	L		371,733,866		378,009,151
Operational & Other Expenses	M		317,869,530		274,636,155
			<u>1,582,766,407</u>		<u>1,443,523,633</u>
PROFIT BEFORE INTEREST, DEPRECIATION, PRIOR PERIOD ADJUSTMENT & TAX			90,577,073		147,833,521
Interest	N		42,466,282		43,076,656
Depreciation		39,319,286		31,904,096	
Less: Transfer from Revolution Reserve		<u>1,328,218</u>	37,991,068	<u>1,453,388</u>	30,450,708
Prior period adjustments			239,624		11,876,970
PROFIT BEFORE TAX			9,880,099		62,429,187
Less : Provision for Taxes					
Current Tax			4,130,000		7,030,000
Fringe Benefit Tax (FBT)			350,000		403,812
Add : Mat Credit entitlement			-		7,030,000
Less : Income tax / FBT for Earlier years			308,804		-
PROFIT AFTER TAX			5,091,295		62,025,376
Less : Deficit of Amalgamating Company			-		125,642
Add : Surplus from Amalgamating Company as 01.04.05			-		1,770,257
Add : Deferred Tax Liability of Amalgamating Co. reversed			-		198,380
Add : Surplus brought forward from last year			151,718,072		147,349,701
AMOUNT AVAILABLE FOR APPROPRIATION			156,809,367		211,718,073
Less : Transfer to General Reserve			-		60,000,000
Less : Dividend on Preference Shares			316,950		-
Less : Corporate Dividend Tax			538,670		-
Surplus carried to Balance Sheet			153,101,167		151,718,072
Earning Per Share [Refer Note No.24]					
Basic (Rs.)			0.35		15.62
Diluted (Rs.)			0.34		15.56

Significant Accounting Policies & Notes on Account

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

(CA Y. GUPTA)
Partner

Membership No.60539

Place : 12 Ho Chi Minh Sarani, Kolkata

Dated : The 21st day of August, 2009

O.P.Mall
S.Banerjee

Managing Director
Wholetime Director

J.Prasad
Company Secretary

HOWRAH MILLS COMPANY LIMITED

SCHEDULES TO THE BALANCE SHEET

SCHEDULE 'A' SHARE CAPITAL :

		31st March 2009 Rs.	31st March 2008 Rs.
Authorised			
6737500	Equity Shares of Rs. 10 each	67,375,000	47,375,000
(4737500)			
26250	9.1% Cumulative Redeemable Preference		
(26250)	Shares of Rs.100 each	2,625,000	2,625,000
		70,000,000	50,000,000
Issued, Subscribed and Paid up			
3974307	Equity Shares of Rs. 10 each fully paid up in cash	39,743,070	39,565,500
(3956550)	(Includes 17757 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)		
0	9.1% Cumulative Redeemable Preference Shares of		
(23220)	Rs.100 each fully paid up.	-	2,322,000
	A	39,743,070	41,887,500
Share Suspense Account			
	Equity Shares of Rs. 10 each to be issued to shareholders of transferee company (Howrah Land & Holding Pvt Ltd.) in pursuant to scheme of amalgamation U/S 391/394 of the Companies Act 1956, approved by the Calcutta High Court vide order dated 04.05.07.	-	167,870
	B	-	167,870
	TOTAL (A+B)	39,743,070	42,055,370

SCHEDULE 'B' RESERVES AND SURPLUS :

	31st March 2009 Rs.	31st March 2008 Rs.
Capital Reserve		
(created by Revaluation of Land, Buildings, Plant & Machinery, Electrical Installations and Sprinkler Installations)		
As per Last Account	67,927,571	69,382,129
Less : Transfer to Profit and Loss Account	1,328,218	1,453,388
Less : Adjustment on Sale	917	1,169
	66,598,436	67,927,571
Capital Reserve		
Incentive from J.M.D.C. Received during the year	3,094,650	-
Amalgamation Reserve		
(Arising on Amalgamation)	1,789,207	1,798,907
Investment Allowance Reserve		
As per last Account	129,150	129,150
General Reserve		
As per Last Account	62,094,445	917,844
Add : Transfer from Profit & Loss A/c.	-	60,000,000
Add : Transfer from Amalgamating Company	-	1,176,601
	62,094,445	62,094,445
Surplus as per Profit & Loss Account annexed	153,101,167	151,718,072
	286,807,055	283,668,145

HOWRAH MILLS COMPANY LIMITED

SCHEDULES TO BALANCE SHEET

SCHEDULE 'C'

	31st March 2009 Rs.	31st March 2008 Rs.
I. SECURED LOANS :		
Interest free Excise loan 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	1,269,000	1,269,000
i) Sales Tax Loan	25,700,000	25,700,000
ii) Interest Accrued on above From Government of West Bengal through W.B.I.D.C. Secured by creation of residuary charges on all assets, subject to the existing charges in favour of other Institutions & Banks.	8,181,000	8,181,000
1. From State Bank of India		
i) Cash Credit and Export Packing Credit	156,131,390	150,791,684
ii) Term Loan		
Term Loan II	7,120,353	9,406,307
Term Loan III	15,221,551	20,141,232
Term Loan IV	9,436,960	6,445,331
	31,778,864	35,992,870
iii) Corporate Loan	12,158,961	15,382,371
iv) Short term Bonus Loan	3,311,297	-
2. The Federal Bank Ltd		
i) Cash Credit Account	102,896,834	158,506,862
ii) Foreign Currency Demand Loan	-	30,555,655
iii) Term Loan		
Term Loan I	6,148,358	8,670,631
Term Loan II	4,815,050	2,438,207
	10,963,408	11,108,838
iv) Corporate Loan	14,338,961	18,592,117
v) Overdraft on conversion of FCDL into Rupee Loan	30,254,632	-
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.		
The Federal Bank Ltd		
Term Loan	43,268,067	24,469,264
(Under Rent Securitisation)		
Secured against Rent Receivables		
	440,252,413	480,549,661
II. UNSECURED LOANS		
From Bodies Corporate	27,500,000	25,005,589
	27,500,000	25,005,589

HOWRAH MILLS COMPANY LIMITED

SCHEDULE 'D' FIXED ASSETS :

	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 1st April 2008	Additions during the Year	Deductions/ Adjustments during the year	As on 31st March 2009	As on 1st April 2008	Transfer from amalgamating company	For the Year Adjustments during the year	As on 31 March 2009	As on 31 March 2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	59,652,071	11,631,672	-	71,283,743	-	-	-	71,283,743	59,652,071
Factory Building	209,311,785	9,095,493	-	218,407,278	145,487,319	-	6,773,778	152,261,097	63,824,466
Buildings others	104,538,364	-	-	104,538,364	79,519,889	-	941,673	80,461,561	25,018,476
Plant & Machinery	427,226,771	28,227,764	3,188,361	452,266,174	310,149,767	-	28,801,349	335,765,011	116,501,163
Electric Installation	29,165,821	1,082,949	-	30,248,770	18,698,170	-	1,508,663	20,206,833	10,467,651
Tramway	11,520	-	-	11,520	11,516	-	1	11,517	5
Sprinkler Installation	6,767,165	-	-	6,767,165	6,601,686	-	23,018	6,624,704	165,479
Electric Fork Lift Truck	1,517,380	-	-	1,517,380	1,401,930	-	23,090	1,425,020	115,450
Railway	21,962	-	-	21,962	21,880	-	11	21,891	81
Computer	5,557,206	325,376	-	5,882,583	4,783,718	-	354,704	5,138,422	773,489
Lift	257,000	-	-	257,000	234,938	-	3,069	238,007	22,062
Sundry Equipments	7,641,385	1,197,377	-	8,838,762	4,602,367	-	462,450	5,064,817	3,039,018
Furniture	2,362,266	724,600	-	3,086,866	1,791,017	-	145,216	1,936,233	571,249
Motor Vehicle	3,188,219	-	-	3,188,219	2,097,973	-	282,265	2,380,238	1,090,245
Total	857,218,915	52,285,231	3,188,361	906,315,785	575,402,169	-	39,319,286	611,535,351	294,780,434
Previous Year	755,813,166	106,012,420	4,606,671	857,218,915	542,581,518	552,1593	31904096	4605039	213,231,648
Capital Work-in-Progress	313,917	74,026,790	30,491,512	46,674,455	-	-	-	-	3,139,177

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. 862,847/- (P.Y. Rs. 880,554/-) 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.
- Additions include gross block of fixed assets acquired from the amalgamating company, amounting to Rs. Nil (P.Y. Rs. 13,65,891/-)
- Immoveable Properties transferred from Howrah Land & Holding Limited pursuant to scheme of Amalgamation are pending to be registered in the name of the Company.

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SCHEDULE 'E' INVESTMENTS

	31st March 2009 Rs.	31st March 2008 Rs.
LONG TERM		
1) In Government Securities (At cost)		
National Savings Certificates	10,000	10,000
2) In Shares, Debentures and Bonds		
(i) In Shares		
Unquoted, Trade at Cost		
(Subsidiary Company)		
66655 (66655) Nos. of equity shares of West Bengal Agro Textile Corporation Limited of Rs.1000/- each fully paid up.	59,437,369	51,239,111
(ii) Others -		
Unquoted -other than Trade (At cost)		
East India Clinic Ltd.		
91,1/2% Debenture of Rs 100 each	9,100	9,100
5% Non Redeemable Debenture Stock 1957	29,000	29,000
(iii) Units of Mutual Fund		
1500' (9500) units of SBI Mutual Funds	15,000	95,000
3) In Gold	118,760	118,760
	<u>59,619,229</u>	<u>51,500,971</u>

SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES

	31st March 2009 Rs.	Rs.	31st March 2008 Rs.	Rs.
a) Inventories				
Stores and Spares Parts	23,894,941		24,242,219	
Jute	171,898,317		161,789,137	
Finished Goods	107,529,880		71,567,510	
Work-in-Progress	20,677,287		17,519,042	
		324,000,425		275,117,908
b) Sundry Debtors : Unsecured				
Outstanding for a period exceeding six months-				
Considered good	41,333,764		33,592,964	
Considered doubtful	659,421		659,421	
Other Debts				
Considered good	133,566,952		127,922,077	
	175,560,137		162,174,462	
Less : Provision for Doubtful debts	659,421		659,421	
		174,900,716		161,515,041
c) Cash and Bank Balances				
Cash in hand (As certified)	298,225		954,517	
Balance with Scheduled Banks				
On Current Account	8,727,603		1,161,994	
On Cash Credit Account (S.B.I N S Road)	104,165		25,750,163	
On Fixed Deposit A/c	10,193,717		10,348,478	
(Pledged with bank against Short Term Loan, Letters of Credit & Bank Guarantees)		19,323,711		38,225,153

HOWRAH MILLS COMPANY LIMITED

d) Other Current Assets :			
Interest Accrued on Investments		71,682	71,682
e) Loans and Advances :			
Unsecured Loans (Considered good)	4,514,483		13,939,483
Advances (Recoverable in cash or in kind or for value to be received)			
Considered good	67,361,777		119,619,467
Considered doubtful	107,277		107,277
	67,469,054		119,726,744
Less : Provision for doubtful Advances	107,277		107,277
	67,361,777		119,619,467
Prepaid Expenses	2,000,220		2,071,331
Income Tax deducted at source	3,934,400		4,066,907
Income Tax Payments	134,502		4,363,828
Mat credit entitlement	4,000,000		7,030,000
EMA Subsidy, DEPB & Other Claims Receivable	59,559,983		55,897,459
Security & Other Deposits	4,898,075		13,771,921
Deposits with Customs, Excise etc.	199,276	146,602,715	199,276
		664,899,249	695,889,456

SCHEDULE 'G' CURRENT LIABILITIES AND PROVISIONS

	31st March 2009 Rs.	31st March 2008 Rs.
a) Current Liabilities :		
Sundry Creditors		
Dues to micro, medium & small enterprises	1,598,331	1,180,072
Dues to other than micro, medium & small enterprises	138,609,065	108,574,108
Advances from Subsidiary	-	4,774,028
Creditors for Capital Goods	2,043,498	519,437
Cheques Overdrawn	-	1,343
Preference Shares Redemption	1,783,600	-
Unpaid Dividend on Preference Shares	2,432,722	-
Corporate Dividend Tax	538,670	-
Income Tax & FBT payable on Assessment	9,683,607	-
Other Liabilities	83,219,504	69,563,953
A	239,908,997	184,612,941
b) Provisions :		
Provision for Taxation	1,405,501	15,185,501
Provision for Fringe Benefit tax	532,631	1,397,544
B	1,938,132	16,583,045
(A+B)	241,847,129	201,195,986

SCHEDULES TO PROFIT & LOSS ACCOUNT

SCHEDULE 'H' SALES :

	Qty(M.T.)	Rs.	Qty(M.T.)	Rs.
Jute Goods	40,961	1,399,870,328	43,739	1,348,634,717
Raw Jute	7,890	155,715,346	9,178	117,620,543
Others (Trading)*	-	11,550,378	80	1,545,267
*(Refer note No. 30)		1,567,136,052		1,467,800,547

HOWRAH MILLS COMPANY LIMITED

SCHEDULE 'I' OTHER INCOME :

	31st March 2009 Rs.	31st March 2008 Rs.
Interest on Fixed Deposit with Banks (TDS Rs.178765, P.Y. Rs.328189/-)	847,959	1,048,351
Interest On Other Deposits (TDS Rs.4135, P.Y. Rs.6277/-)	30,937	42,954
Rental Income (Including lease Rent)	13,019,542	12,158,743
Credit for Voluntary Emission Reduction	7,126,488	-
Profit On Sale of Fixed Assets	4,127,654	3,190,695
Profit On Sale of Investment	4,619	-
Foreign Exchange Fluctuation Gain	-	1,494,201
Miscellaneous Income	3,126,632	1,743,434
Bad Debt Recovered	50,000	200,000
Provision for Doubtful Advances Written Back	-	60,446
Liability No longer Required written back	543,949	-
	<u>28,877,780</u>	<u>19,938,824</u>

SCHEDULE 'J' INCREASE / (DECREASE) IN STOCK :

Closing Stock				
Finished Goods	107,529,880		71,567,510	
Work-in-Progress	<u>20,677,287</u>	128,207,167	<u>17,519,042</u>	89,086,552
Opening Stock				
Finished Goods	71,567,510		49,331,508	
Work-in-Progress	<u>17,519,042</u>	89,086,552	<u>12,377,133</u>	61,708,641
		<u>39,120,615</u>		<u>27,377,911</u>

SCHEDULE 'K' MATERIALS CONSUMED :

Raw Materials (Raw Jute Including Yarn)	Qty (M.T.)		Qty (M.T.)	
Opening stock		161,789,137		73,168,810
Add : Purchases		<u>858,455,051</u>		<u>798,432,218</u>
		1,020,244,188		871,601,028
Less : Sale of Caddies etc.		-		69,550
Less : Closing Stock		<u>171,898,317</u>		<u>161,789,137</u>
	50,477	848,345,871	54,112	709,742,341
Purchase of Gunnies	1,040	37,113,133	2,526	79,735,967
Others (Trading)		<u>7,704,008</u>	80	<u>1,400,000</u>
*(Refer note No. 30)		<u>893,163,012</u>		<u>790,878,327</u>

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SCHEDULE 'L' PAYMENT TO EMPLOYEES :

	Year ended 31-03-2009 Rs.	Year ended 31-03-2008 Rs.
Salaries ,Wages and Bonus	302,898,140	308,457,930
Gratuity	5,298,540	8,641,501
Contribution to Provident and other Funds	38,733,345	40,424,123
Staff Welfare Expenses	24,803,841	20,485,597
	<u>371,733,866</u>	<u>378,009,151</u>

SCHEDULE 'M' OPERATIONAL & OTHER EXPENSES :

Consumption of Stores & Spare Parts	93,697,291	88,706,777
Power and Fuel	75,358,242	74,726,602
Repairs to Machinery (including consumption of Stores Rs. 12821116/-, P.Y. Rs. 10684602/-)	16,441,804	14,849,108
Repairs to Building	2,704,336	2,269,923
Rates and Taxes	668,568	739,394
Rent	3,610,922	5,805,501
Insurance	3,310,765	3,485,933
Brokerage & Commission (Other than sole selling agents)	10,693,263	4,928,296
Export Expenditure	8,038,025	5,652,769
Branding Charges	1,885,035	2,980,202
Processing Charges	4,228,620	3,606,481
Stitching Charges	8,426,696	8,948,993
Shipping Charges	27,578,823	7,647,403
Advances / Bad debts written off	1052,886	8,813,125
Directors' Fees	27,000	13,800
Other Establishment Expenses	32,293,556	38,820,314
Loss on Foreign Exchange Fluctuation	27,263,668	-
Sales Tax (For earlier Years)	537,929	2,609,434
Amalgamation Expenses Written off	32,100	32100
Preliminary Expenses W/off	20,000	-
	<u>317,869,530</u>	<u>274,636,155</u>

SCHEDULE 'N' INTEREST :

Interest		
On Fixed Loans	19,892,922	9,918,150
On Others	34,485,085	38,510,777
	<u>54,378,007</u>	<u>48,428,927</u>
Less : Interest Subsidy (Refer Note No. 28)	2,214,887	1,897,086
Less : Interest Capitalised On Investment (Refer Note No. 25)	8,198,258	-
Less : Interest Received on Loans & advances (TDS - Rs. 339579/-, P.Y. Rs.711768/-)	1,498,580	3,455,185
	<u>42,466,282</u>	<u>43,076,656</u>

SCHEDULE 'O'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT

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 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 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. Claims received & paid, Lease Rent, Development Fees and Interest to parties on delayed payments, bonus to employees, commission to foreign agents are accounted for on cash basis.

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- h. Income from certified emission reduction (CERS) & from voluntary emission reduction (VERS) are recognized at estimated realizable value on confirmation of CERS & VERS 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 cash generating units / assets are reviewed at Balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of Net selling price and value in use. Impairment loss is recognized whenever carrying amount exceeds the recoverable amount.
- 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 value and interest thereon is accounted for as and when received.

5. Inventories

Raw materials and Stores and Spares are valued at lower of cost or realizable value, 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.

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

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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 investments are 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, deferred tax and fringe benefit tax.

- a. Current income tax and fringe benefit tax are 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.

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- 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 on 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 Extraordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are separately disclosed.

B. NOTES ON ACCOUNT

1. Contingent Liabilities not provided for

Particulars	31st March 2009	31st March 2008
a) Bank guarantees given on behalf of the company.	28,305,639	31,250,000
b) West Bengal and Central Sales Tax assessments under appeal for the period 1st October, 2002 to 31st March, 2004.	1,865,171	14,155,647
c) Bills discounted from bank (Since realized)	21,649,316	29,635,989
d) Letters of Credit issued in favour of various parties	58,286,589	24,312,808
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

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2. Other Establishment Expenses include payments to the Auditors :

Particulars	31st March 2009	31st March 2008
As Statutory Audit fee	176,480	179,776

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

Particulars	31st March '09		31st March '08	
	Managing Director	Whole Time Director	Managing Director	Whole Time Director
Salaries	480,000	420,000	480,000	360,000
Contribution to Provident Fund	48,000	—	48,000	—
Other Perquisites	70,280	96,860	29,855	195,196
Allowances	18,000	168,000	18,000	—
Total	616,280	684,860	575,855	555,196

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.3,657,659 (P.Y. Rs.3,710,455) and advances include Rs.868,125 (P.Y. Rs.911,125) 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 Lacs, as the Company has made an application for waiver of Interest, pending approval from authorities.
8. The management is of the opinion that consignment sales expenses such as freight, loading & unloading expenses, duty, insurance, taxes & commission shall not be more

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than actual sale differentials, thereby having no impact on profit & loss for the year. Adjustments if any for short/ excess net recovery is dealt in the accounts on receipt of account sales.

9.		As on 31.03.09	As on 31.03.08
	Arrears of Dividends for the period ended 15th June, 1993 to 31st March, 2008 on 9.1% Redeemable Cumulative Preference shares not provided in books.	—	2,914,811

10. Vat Input Credit Receivable includes amount of Rs.3,329,846 (P.Y. Rs.3,329,846) claimed by the Company and not admitted by the West Bengal Sales Tax Department. The matter is under consideration before W.B.Taxation Tribunal.

11. Details of Prior period adjustments (debit) are as follows :-

Particulars	31st March 2009	31st March 2008.
a) Subscription	239,624	—
b) Office Rent	—	853,200
c) Reversal of Rental Income & Electricity changes	—	11,023,770
Total	239,624	11,876,970

12. 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.
13. 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.
14. Cost/ WDV of Fixed Assets sold during the year for Rs.678,995 (P.Y. Rs. 695,000) was not ascertainable and therefore total sale proceed has been considered as profit on sale of fixed assets.
15. Estimated amount of Commitments on Capital Account outstanding as on 31st March 2009 was Rs. 778.18 Lacs (P.Year- Rs. 221.45 Lacs) net of advances.
16. In pursuance to Joint Venture Transformation Agreement & Share Purchase Agreement dated 25TH day of January, 2007, the Company has been allotted 66655 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 74% of the total Issued, subscribed & paid up Capital of the said WBATCL.

Disclosure in respect of Joint Venture

(Rs. in Thousand)

(a) Details of Joint Venture

Name of Joint Venture	Country of Incorporation	Description of Interest	Proportion of Ownership Interest	
			As at 31.03.2009	As at 31.03.2008
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 :

	As at 31.03.2009	As at 31.03.2008
ASSET		
Fixed Assets	21,818	16,675
Current Assets, Loans & Advances		
Inventories	18,358	12,030
Sundry Debtors	6,461	9,041
Cash & Bank	477	227
Loans & Advances	52,026	43,540
Accrued interest on Term Deposit	10	-
Total	99,150	81,514
LIABILITIES		
Secured Loans	18,517	9,051
Current Liabilities	28,817	17,508
Provisions	1,456	1,266
Total	48,790	27,825
INCOME		
Sale	104,935	69,452
Other Receipts	1,063	238
Total	105,998	69,690
EXPENSES		
Consumption of Raw Material	59,842	36,518
Increase in Stock	(487)	(1,394)
Manufacturing Expenses	10,707	8,279
Employee Expenses	30,090	23,358
Managing Director's Remuneration	385	365
Selling & Administration Expenses	3,933	3,953
Total	104,470	71,079

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

Particulars	Currency	As at 31ST March, 2009 (Sell)
Forward Contracts in respect of Foreign currency debtors (3).	USD	400000 (P.Y. 400000)

18. No Provision is considered necessary by the management in respect of claim for damages of Rs.5,008,807/- (P.Y. Rs. 5,009,807) 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.
19. Pending receipt of Orders giving appeal effects for the earlier years & in view of Company's claim for certain deductions & allowances, having effect on increase in brought forward losses & unabsorbed depreciation as per I T Rules, the company has not adopted AS-22 "Accounting for Taxes on Income".
20. In absence of specific orders for carry forward of unabsorbed business losses & depreciation, provision for Income Tax for the year has been made in the accounts in accordance with the applicable tax rates and tax laws. MAT Credit available for Rs. 3,030,000 from the said tax liability as per normal tax provisions has been reduced from the MAT Credit entitlement brought forward from earlier year.
21. There was a single party by name Jatti 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, 2009 to the extent of 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.

22. Segmental Reporting as per AS -17

Particulars	Jute Activity	Real Estate	Total
Revenue	1,598,987,097 (1,524,328,995)	35,235,768 (38,558,943)	1,634,222,865 (1,562,887,938)
Segment Results (Profit before Interest & tax)	20,571,066 (67,944,924)	31,775,315 (36,469,614)	52,346,381 (104,414,538)
Interest	38,806,369 (36,132,341)	3,656,914 (4,196,984)	41,466,282 (43,076,656)

HOWRAH MILLS COMPANY LIMITED

Particulars	Jute Activity	Real Estate	Total
Profit Before tax	18,235,303 (30,156,557)	28,115,401 (32,272,630)	9,880,099 (64,429,187)
Less : Income Tax & FBT	— —	— —	4,788,804 (4,03,812)
Profit after tax	— —	— —	5,091,294 (62,025,376)
Other Information			
Assets	1,004,554,109 (1,014,986,641)	61,515,559 (17,297,033)	1,066,069,668 (1,032,283,674)
Liabilities	658,061,823 (673,938,249)	51,537,720 (32,812,987)	709,599,543 (706,751,236)
Capital Expenditure	44,097,552 (93,544,927)	51,673,774 (11,000,000)	95,771,326 (104,544,927)
Depreciation	37,319,965 (29,712,543)	671,103 (738,165)	37,991,068 (30,450,708)

23. Earnings Per Share (EPS) :

		Year ended 31.03.2009	Year ended 31.03.2008
Net Profit for the period attributable to equity shareholders: (Rs.)	(a)	1383095	61814074
Weighted average number of Equity Shares of Rs.10/- each outstanding during the period	(b)	3974307	3956550
Add: Dilutive number of Equity Shares outstanding during the year	(c)	1000000	16787
Diluted number of Equity Shares outstanding during the year	(d)	4057640	3973337
Earnings Per Share (Rs.) :			
Basic	(e) = (a) / (b)	0.35	15.62
Diluted	(f) = (a) / (d)	0.34	15.55

HOWRAH MILLS COMPANY LIMITED

24. The Company has received Rs. 3,00,00,000 as Share Application Money for allotment of 10,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 20 per share, pending to be allotted at the year end. The said amount has been utilized for capital expenditure.
25. The company during the year has changed its accounting policy regarding treatment of interest cost attributable to investments. The interest cost amounting to Rs 81,98,258/- have been capitalized to cost of investments in subsidiary company 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 56,64,997/- and the balances of Reserves & Surplus would have been reduced by Rs 56,64,997/-.
26. The Company has provided for in the accounts dividend including arrear dividend of Rs. 31,69,530 on Cumulative Preference Shares for the period from 15/06/1993 to 14/06/2008. The unpaid dividend amount is pending to be transferred to special unpaid dividend account with Scheduled banks as per the provision of Section 205A of the Companies Act, 1956.
27. Interest to Banks and others amounting to Rs. 3,44,85,085/- is net off interest relief credits received/receivable from banks on pre shipment and post shipment finance as per Notification No. DBOD.Dir(Exp) BC. No 22/4.02.01/2007-08 dated 13th July, 2007 of Reserve bank of India India available to Export oriented organisations.
28. Interest Subsidy includes Rs. 19,24,097/- receivable from IFCI Ltd., in respect of which claim have not yet been lodged with the authorities. However, in the opinion of Management there is full certainty for realization of said claim.

29. Related Party Disclosure

<u>Relationship</u>	<u>Name</u>	<u>Transaction during the year</u>
Key Managerial Personnel (Managing Director)	Mr. O. P. Mall	Managerial Remuneration Rs.616,280 (P.Y Rs.575,855)
Key Managerial Personnel (Wholetime Director)	Mr. S. Banerjee	Managerial Remuneration Rs.684,860 (P.Y.Rs.555,196)
Associates & Subsidiary	West Bengal Agro Textile Corpn Ltd.	Purchases Rs. 298,101 (P.Y. Rs.17,684,660)
		Stores Purchase Rs.325,695 (P.Y. Rs.Nil)
		Sales Rs.1,166,332 (P.Y. Nil)
		Balance payable at the end Rs.Nil (P.Y. Rs.4,774,028)
		Investment in shares Rs.59,437,369 (P.Y.Rs.51,239,111)

HOWRAH MILLS COMPANY LIMITED

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

Particulars	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
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	40,402 Tons	42,228 Tons
iv. Opening Stock	2,366 Tons (Rs.71,567,510)	1,351 Tons (Rs. 49,331,508)
v. Closing Stock	2,847 Tons (Rs.107,529,880)	2,366 Tons (Rs. 71,567,510)
vi. Purchase of Gunnies	1,040 Tons (Rs.37,113,133)	2,526 Tons (Rs. 79,735,987)
*vii. Sales	40,961 Tons (Rs.1,399,870,328)	43,739 Tons (Rs. 1,348,634,717)

* After adjustment of 303 Tons (P.Y. 320 Tons) for consumption for packing purpose and 121 Tons (P. Y. 108 Tons) generation of gunny cuttings etc.

Vii. Quantitative Details of Items traded in :

Particulars	Coated Duplex Board		Polyester Thread		Printing Paper		Paper Board	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Opening	-	-	-	-	-	-	-	-
Purchase	1947 bundle (Rs.17,70,695/-)	-	1564 cartoon (Rs.41,18,400/-)	-	130 Rolls (Rs.18,14,913/-)	-	-	80 Mt (Rs.14,00,000)
Closing	-	-	-	-	-	-	-	-
Sales	1947 bundle (Rs.20,20,144/-)	-	1564 cartoon (Rs.74,99,396/-)	-	130 Rolls (Rs.20,30,838/-)	-	-	80 Mt (Rs.14,00,000)

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

	31-03-2009		31-03-2008	
	Value	Percentage	Value	Percentage
Raw Materials*				
Imported	7,683,121	0.90	28,272,978	3.99
Indigenous	840,662,749	99.10	681,469,363	96.01
Total	848,345,870	100.00	709,742,341	100.00

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

HOWRAH MILLS COMPANY LIMITED

	31-03-2009 ^r		31-03-2008	
Stores & Spare Parts *	Value	Percentage	Value	Percentage
Imported	-	-	-	-
Indigenous	106,518,407	100	99,391,379	100
Total	106,518,407	100	99,391,379	100

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

c) Work In Progress:

Work In Progress as on	31.03.09	31.03.08
W.I.P	20,677,287	17,591,042

Particulars	31.03.2009	31.03.2008 ^e
d) Earnings in Foreign Exchange :		
Export of Finished Goods (FOB Basis) (Excludes export through Merchant Shippers)	174,432,892	325,801,242
Export of Traded Goods (FOB basis)	11,550,378	1,545,287
Miscellaneous Income	2,674,453	830,297
Voluntary Emission Reduction	7,126,488	-
e) Value of Imports (CIF Basis)		
Raw Jute	7,683,121	28,272,978
Gunny	-	7,134,833
Capital Goods	5,145,600	7,414,166
f) Expenditure in Foreign Currencies		
Export Expenses	2,819,982	13,423,748
Brokerage/Commission	1,046,095	1,166,265
Travelling Expenses	1,883,001	1,350,557
Claims to foreign Buyers	5,456,762	-

31. The amount of term loans(including loan under Rent Securitisation) outstanding as on 31st March, 2009 and repayable within a period one year from the said date amounts to Rs 450.60 lacs(P.Y Rs 426.60 Lacs)

HOWRAH MILLS COMPANY LIMITED

32. Capital Work in Progress as on 31st March 2009 Rs. 46,674,455 (P.Y Rs. 3,139,177) includes the following :

	Amount (Rs)
a) Capital Advances	40,042,102
b) Machineries & Other fixed assets under installation/ construction	<u>6,632,353</u>
	<u>46,674,455</u>

33. No provision has been made in the accounts for diminution in the value of investments in subsidiary company, since according to the management the diminution is temporary in the nature.
34. 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

(CA Y. GUPTA)

Partner

Membership No.60539

Place : 12 Ho Chi Minh Sarani, Kolkata

Dated : The 21st day of August, 2009

O.P.Mall Managing Director

S.Banerjee Wholetime Director

J.Prasad

Company Secretary

HOWRAH MILLS COMPANY LIMITED

BALANCE SHEET ABSTRACT AND COMPANY BUSINESS PROFILE

I. Registration Details :

Registration No. : 6 2 5 of 1890-91 State Code : 2 1

Balance Sheet Date : 3 1 0 3 2 0 0 9

Date Month Year

II. Capital Raised During the Year (Amount in Rs. Thousand) :

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds :

(Amount in Rs. Thousand)

Total Liabilities

1 0 6 6 1 5 0

Sources of Fund

Paid up Capital

3 9 7 4 3

Secured Loans

4 4 0 2 5 2

Application of Funds

Net Fixed Assets

3 4 1 4 5 5

Net Current Assets

4 2 3 0 5 2

Accumulated Profit

1 5 3 1 0 1

Total Assets

1 0 6 6 1 5 0

Reserves & Surplus

2 8 6 8 0 7

Unsecured Loans

2 7 5 0 0

Investments

5 9 6 1 9

Mis Expenditure

1 7 6

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

Turnover

1 6 3 4 2 2 3

Profit/Loss before Tax

9 8 8 0

Please tick Appropriate box + for Profit, - for Loss

☒ + ☐ -

Earning per Share in Rs.

0 . 3 5

Total Expenditure

1 6 2 4 3 4 3

Profit/Loss After Tax

5 0 9 1

☒ + ☐ -

Dividend Rate (%)

0 . 0 0

V. Name of three Principal Products/Services of Company:

Product Description

HESSIAN

Item Code No. (ITC Code)

5 3 1 0 1 0 . 0 3

Product Description

SACKING

Item Code No. (ITC Code)

5 3 1 0 1 0 . 0 2

Product Description

JUTE YARN

Item Code No. (ITC Code)

5 3 1 0 1 0 . 0 1

HOWRAH MILLS COMPANY LIMITED

CASH FLOW STATEMENT

	For the Year Ended 31st March 2009		For the Year Ended 31st March 2008	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		9,880,099		62,429,187
Adjustments for				
Depreciation	37,991,068		30,450,708	
Interest paid	42,466,282		40,329,325	
Rent Received	(35,235,442)		(38,938,877)	
Interest Received	(878,896)		(1,091,305)	
Profit on sale of Assets	(4,127,654)		(3,190,695)	
Profit on sale of Investment	(4619)		—	
Bad debts/ Advances Written off	—		8,813,125	
Provision for doubtful advances written back	—		(60,446)	
Liability No longer required written back	(543,949)		—	
Preliminary Expenses Written off	20,000		—	
Amalgamation Expenses Written off	32,100	39,718,891	32,100	36,343,934
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		49,598,989		98,773,121
Adjustments for				
• Trade and other receivables	53,579,449		(22,242,168)	
Inventories	(48,882,517)		(118,590,211)	
Trade Payables	41,401,407	46,098,339	3,164,799	(137,667,579)
CASH GENERATED FROM / (USED IN) OPERATIONS		95,697,328		(38,894,458)
Less : Taxes Paid		2,358,277		—
NET CASH FROM / (USED IN) OPERATING ACTIVITIES — A		93,339,051		(38,894,458)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(95,820,509)		(75,684,492)	
Sale of Investments	84,619		3,193,000	
Purchase of Investments	—		(51,452,871)	
Sale of Fixed Assets	4,128,993		3,186,020	
Rent Received	35,235,442		46,940,025	
Interest Received	878,896		844,396	
Capital Subsidy from J.M.D.C.	3,094,650		—	
NET CASH FROM / (USED IN) INVESTING ACTIVITIES — B		(52,397,909)		(72,973,922)
C. CASH FROM FINANCE ACTIVITIES				
Share Application Money recd.	30,000,000		—	
Increase / (decrease) in Unsecured Loans	2,494,411		(168,649)	
Increase / (decrease) in Secured Loans	9,973,074		23,093,446	
Increase / (decrease) in Cash credits from banks	(50,270,322)		(149,085,126)	
Interest paid	(50,864,540)		(40,329,325)	
Amalgamation Expenses incurred	—		(160,500)	
Preliminary Expenses incurred Loans	(100,000)		—	
Preference Shares Redeemed	(538,400)		—	
Preference Shares Dividend Paid	(736,808)		—	
NET CASH FROM / (USED IN) FINANCING ACTIVITIES — C		(59,842,585)		131,520,098

HOWRAH MILLS COMPANY LIMITED

NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALANTS (A+B+C)	(18,901,442)	19,651,719
CASH & CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	38,225,153	18,116,300
CASH & CASH EQUIVALENTS ACQUIRED ON AMALGAMATION	-	457,134
	<u>38,225,153</u>	<u>18,573,434</u>
CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR	19,323,711	38,225,153

Note :

1. The Cash Flow Statement has been prepared under the "Indirect method" set out in the Accounting Standard-3 on "Cash Flow Statements" notified in the companies (Accounting Standards) Rules, 2006.
2. Cash and Cash Equivalants include Cash in hand and Bank balances on current account. (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

(CA Y. GUPTA)

Partner

Membership No.60539

Place : 12 Ho Chi Minh Sarani, Kolkata

Dated : The 21st day of August, 2009

O.P.Mall Managing Director
S.Banerjee Wholetime Director

J.Prasad
Company Secretary

**STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO
SECTION 212 OF THE COMPANIES ACT, 1956.**

Section 212(1)(e) :

<u>Name of Subsidiary Company</u>	<u>Financial Year ended</u>	<u>Holding Company's interest</u>
West Bengal Agro Textile Corporation Ltd.	31.03.2009	73.98%
	<u>For the Financial Year ended 31.03.2009 (in Rs. Lakh)</u>	<u>For the Financial Year ended 31.03.2008 (in Rs. Lakh)</u>

Section 212(3)(b) :

- | | | |
|--|---------|---------|
| i) Net aggregate amount of subsidiary's Profit (+)/Loss (-) which concerns the members of the holding company and not dealt with in the company's accounts:
West Bengal Agro Textile Corporation Ltd. | (44.98) | (42.45) |
| ii) Net aggregate amount of subsidiary's Profit dealt with in the company's account. | Nil | Nil |

Section 212(5) :

The financial years of the Subsidiary Company coincide with the financial year of the Holding Company and as such Section 212(5) of the Act is not applicable in this case.

For and on behalf of the Board

Howrah	J. Prasad	O. P. Mall	S. Banerjee
The 21st day of August 2009	Company Secretary	Managing Director	Wholetime Director

HOWRAH MILLS COMPANY LIMITED

AUDITORS' REPORT

To
The Board of Directors,
Howrah Mills Company Limited

1. 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, 2009, 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.
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. We did not audit the financial statement of the subsidiary namely, West Bengal Agro Textile Corporation Ltd., whose financial statement reflect total networth of Rs 68,053,770 as at 31st March, 2009, the total revenues of Rs143,240,580 and net loss (after tax) amounting to Rs.4,497,534 for the year ended on that date. These financial statements have been incorporated in the consolidated financial statements on the basis of audited accounts of West Bengal Agro Textile Corporation Ltd, duly audited by other auditor, certified copy of same, as provided to us, by the Management.
4. 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.
5. 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 :
 - i) *Non Compliance of Accounting Standard – 15 "Employee Benefits" in respect of non ascertainment and provision of accrued gratuity and leave encashment liability on actuarial valuation.*
 - ii) *Non Compliance of AS-22 " Accounting for taxes on Income" in respect of non ascertainment and provision of Deferred Tax.*
 - iii) *Note no. 4(ii) & 6 regarding non ascertainment and provision of interest and damages on delay / non payments of statutory dues such as Sales Tax, Professional Tax, Gratuity etc.*

HOWRAH MILLS COMPANY LIMITED

- iv) *Note No.5(i) regarding non provision of old and doubtful debtors & advances.*
- v) *Note no 8 regarding non ascertainment and provision against old, slow moving, obsolete stock in the books of subsidiary company.*
- vi) *Note No. 7 regarding non provision of interest on Sales Tax Loan.*
- vii) *Note No. 9 regarding Consignment Sales accounted for on the basis of reserve price on quantity despatched. As certain account sales from consignees have not been made available for audit, it has not been possible to ascertain the actual sale value and the adjustment that would be required to be made in the accounts on account of expenses of such consignment sales. Consequential effect on the Profit for the year and net assets position at the year end cannot be ascertained.*
- viii) *Note No.26 regarding non transfer of unpaid dividend amounting to Rs.2,432,722 on cumulative preference shares to special unpaid dividend account with scheduled bank as required by Section 205A of the Companies Act, 1956.*
- ix) *Note No.28 regarding recognising of Interest Subsidy Income amounting to Rs.1,924,097 without any reasonable assurance of its acceptability from concerned authorities, since claim pending yet to be lodged with the authorities.*
- x) *Preparation of accounts of subsidiary company on the basis of Going Concern concept despite substantial erosion in the Net Worth of the Company.*
- xi) *Non identification of Creditors of the Subsidiary Company into Medium and small enterprises*

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

- i) In the case of Consolidated Balance Sheet of the State of Affairs of the group as at 31st March, 2009 ;
- ii) In the case of Consolidated Profit and Loss Account of the Profits of the group for the year ended 31st March, 2009; and
- iii) In the case of Consolidated Cash flow statement, of the Cash flows of the group for the year ended 31st March, 2009.

For S. JAYKISHAN
Chartered Accountants

Place : Kolkata
Date : 21st day of August, 2009.

CA Y. GUPTA
(Partner)
Membership No. 60539

HOWRAH MILLS COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	31st March 2009 Rs.	31st March 2008 Rs.
I. SOURCES OF FUNDS			
1) Shareholder's Funds :			
a) Share Capital	A	39,743,070	42,055,370
b) Share Application Money (Pending Allotment)		30,000,000	-
c) Reserves and Surplus	B	280,339,463	283,658,145
2) Minority Interest		17,707,591	-
3) Loan Funds :			
a) Secured Loans	C	465,275,352	480,549,661
b) Unsecured Loans		27,500,000	25,005,589
TOTAL		860,565,474	831,278,765
II. APPLICATION OF FUNDS			
1) Goodwill on Consolidation		2,623,598	-
2) Fixed Assets :	D		
a) Gross Block		987,021,527	857,218,915
b) Less : Depreciation		662,757,264	575,402,169
c) Net Block		324,264,264	281,816,746
d) Capital Work-In-Progress		46,674,455	3,139,177
		370,938,719	284,955,923
3) Investments :	E	181,860	51,500,971
4) Current Assets, Loans and Advances :	F		
a) Inventories		348,808,070	275,117,908
b) Sundry Debtors		183,631,645	161,515,041
c) Cash and Bank Balances		19,967,661	38,225,153
d) Other Current Assets		85,901	71,682
e) Loans and Advances		216,907,596	220,959,672
		769,400,873	695,889,456
Less: Current Liabilities & Provisions :	G		
a) Current Liabilities		278,850,615	184,612,941
b) Provisions		3,905,261	16,583,045
		282,755,876	201,195,986
Net Current Assets		486,644,997	494,693,470
4) Miscellaneous Expenses :			
(to the extent not written off or adjusted)			
a) Amalgamation Expenses		96,300	128,400
b) Preliminary Expenditure		80,000	-
		176,300	128,400
TOTAL		860,565,474	831,278,765

Significant Accounting Policies & Notes on Accounts
Schedules A to G and O form an integral part of Balance Sheet.
In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants
(CA Y. GUPTA)
Partner

Membership No.60539
Place : 12 Ho Chi Minh Sarani, Kolkata
Dated : The 21st day of August, 2009

J.Prasad
Company Secretary

O.P.Mall
S.Banerjee

Managing Director
Wholetime Director

HOWRAH MILLS COMPANY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Rs.	31st March 2009 Rs.	Rs.	31st March 2008 Rs.
INCOME					
Sales	H		1,707,475,315		1,467,800,547
Export Incentives			15,993,133		51,203,171
Premium for Long Term Lease			22,215,900		25,036,700
Other Income	I		30,314,664		19,938,824
Increase/(Decrease) In Stock	J		39,778,560		27,377,911
TOTAL			1,815,777,572		1,591,357,153
EXPENDITURE					
Materials Consumed	K		963,269,954		790,878,327
Payments to Employees	L		412,915,433		378,009,151
Operational & Other Expenses	M		346,950,684		274,636,155
TOTAL			1,723,136,070		1,443,523,633
PROFIT BEFORE INTEREST, DEPRECIATION, PRIOR PERIOD ADJUSTMENT & TAX			92,641,502		147,833,521
Interest	N		45,187,014		43,076,656
Depreciation		43,092,658		31,904,096	
Less: Transfer from Revaluation Reserve		1,328,218	41,764,440	1,453,338	30,450,708
Prior period adjustments			239,624		11,876,970
PROFIT BEFORE TAX			5,450,425		62,429,167
Less : Provision for Taxes					
Current Tax			4,130,000		7,030,000
Fringe Benefit Tax (FBT)			417,860		403,812
Add : Mat Credit entitlement			-		7,030,000
Less : Income tax / FBT for Earlier years			308,804		-
PROFIT AFTER TAX BEFORE MINORITY INTEREST			593,761		62,025,376
Less : Minority Interest			(1,170,258)		-
Less : Share of Deficit in Subsidiary Co. (from 20.04.07 to 31.03.08)			(3,140,317)		-
Less : Deficit of Amalgamating Company			-		125,642
Add : Surplus from Amalgamating Company as 01.04.05			-		1,770,257
Add : Deferred Tax Liability of Amalgamating Co. reversed			-		198,380
Add : Surplus brought forward from last year			151,718,072		147,849,701
AMOUNT AVAILABLE FOR APPROPRIATION			150,341,775		211,718,073
Less : Transfer to General Reserve			-		60,000,000
Less : Dividend on Preference Shares			3,169,530		-
Less : Corporate Dividend Tax			538,670		-
Surplus carried to Balance Sheet			146,633,575		151,718,072
Earning Per Share (Refer Note No. 23)					
Basic (Rs.)			(1.87)		15.62
Diluted (Rs.)			(1.83)		15.56

Significant Accounting Policies & Notes on Account

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

(CA Y. GUPTA)
Partner

Membership No.60539

Place : 12 Ho Chi Minh Sarani, Kolkata

Dated : The 21st day of August, 2009

O.P.Mall
S.Banerjee

Managing Director
Wholetime Director

J.Prasad
Company Secretary

HOWRAH MILLS COMPANY LIMITED

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNTS

SCHEDULE 'A' SHARE CAPITAL :

		31st March 2009 Rs.	31st March 2008 Rs.
Authorised			
6737500	Equity Shares of Rs. 10 each	67,375,000	47,375,000
(4737500)			
26250	9.1% Cumulative Redeemable Preference		2,625,000
(26250)	Shares of Rs.100 each	2,625,000	50,000,000
		70,000,000	
Issued, Subscribed and Paid up			
3974307	Equity Shares of Rs. 10 each fully paid up in cash	39,743,070	39,565,500
(3956550)	(Includes 17757 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)		
0	9.1% Cumulative Redeemable Preference Shares of		2,322,000
(23220)	Rs.100 each fully paid up.	-	41,887,500
	A	39,743,070	
Share Suspense Account			
	Equity Shares of Rs. 10 each to be issued to shareholders of transferee company (Howrah Land & Holding Pvt Ltd) in pursuant to scheme of amalgamation U/S 391/394 of the Companies Act 1956, approved by the Calcutta High Court vide order dated 04.05.07.		167,870
	B	-	167,870
	TOTAL (A+B)	39,743,070	42,055,370

SCHEDULE 'B' RESERVES AND SURPLUS :

	31st March 2009 Rs.	31st March 2008 Rs.
Capital Reserve		
(created by Revaluation of Land, Buildings, Plant & Machinery, Electrical Installations and Sprinkler Installations)		
As per Last Account	67,927,571	69,382,129
Less : Transfer to Profit and Loss Account	1,328,218	1,453,388
Less : Adjustment on Sale	917	1,169
	66,598,436	67,927,571
Capital Reserve		
Incentive from J.M.D.C. Received during the year	3,094,650	-
Amalgamation Reserve		
(Arising on Amalgamation)	1,789,207	1,798,907
Investment Allowance Reserve		
As per last Account	129,150	129,150
General Reserve		
As per Last Account	62,094,445	917,844
Add : Transfer from Profit & Loss A/c.	-	60,000,000
Add : Transfer from Amalgamating Company	-	1,176,601
	62,094,445	62,094,445
Surplus as per Profit & Loss Account annexed	146,633,575	151,718,072
	280,339,463	283,668,145

HOWRAH MILLS COMPANY LIMITED

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNTS

SCHEDULE 'C'		31st March 2009 Rs.	31st March 2008 Rs.
I. SECURED LOANS :			
a)	Interest free Excise loan 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	1,269,000	1,269,000
b) i)	Sales Tax Loan	25,700,000	25,700,000
ii)	Interest Accrued on above 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.	8,181,000	8,181,000
c) 1.	From State Bank of India		
i)	Cash Credit and Export Packing Credit	168,508,157	150,791,084
ii)	Term Loan		
	Term Loan	12,646,171	-
	Term Loan II	7,120,353	9,406,307
	Term Loan III	15,221,551	20,141,232
	Term Loan IV	9,436,960	6,445,331
		44,425,035	35,992,870
iii)	Corporate Loan	12,158,961	15,382,371
iv)	Short term Bonus Loan	3,311,297	-
2.	The Federal Bank Ltd		
i)	Cash Credit Account	102,896,834	158,506,862
ii)	Foreign Currency Demand Loan	-	30,555,655
iii)	Term Loan		
	Term Loan I	6,148,358	8,670,631
	Term Loan II	4,815,050	10,963,408
			2,438,207
iv)	Corporate Loan	14,338,961	18,592,117
v)	Overdraft on conversion of FCDL into Rupee Loan	30,254,632	-
	<u>Secured by :</u>		
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	43,268,067	24,469,264
	(Under Rent Securitisation) Secured against Rent Receivables		
		465,275,352	480,549,661
II. UNSECURED LOANS			
	From Bodies Corporate	27,500,000	25,005,589
		27,500,000	25,005,589

HOWRAH MILLS COMPANY LIMITED

SCHEDULE 'D' FIXED ASSETS :

GROSS BLOCK					DEPRECIATION					NET BLOCK	
As on 1st April 2008 (HMCL)	As on 1st April 2008 (WBATC)	Additions during the Year	Deductions/ Adjustments during the year	As on 31st March 2009	As on 1st April 2008 (HMCL)	As on 1st April 2008 (WBATC)	Transfer from amalgamating company	For the Year	Deductions/ Adjustments during the year	As on 31 March 2009	As on 31 March 2008
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	59,652,071	2,823,758	11,704,422	-	74,180,251	-	-	-	-	74,180,251	59,652,071
Factory Building	209,311,785	-	9,095,493	-	218,407,278	145,487,319	-	6,773,778	-	66,146,181	63,824,466
Buildings others	104,538,364	7,228,425	734,071	-	112,500,860	79,519,889	3,176,136	1,389,097	-	28,415,738	25,018,476
Plant & Machinery	427,226,771	57,041,509	37,369,857	3,188,361	518,448,776	310,149,767	42,508,671	-	31,852,340	137,125,103	117,077,004
Electric Installation	29,165,821	551,155	1,595,875	-	31,312,851	18,698,170	171,320	1,599,374	-	10,843,988	10,467,651
Tramway	11,520	-	-	-	11,520	11,516	-	-	-	4	5
Sprinkler Installation	6,767,165	-	-	-	6,767,165	6,601,686	-	23,018	-	142,461	165,479
Electric Fork Lift Truck	1,517,380	-	-	-	1,517,380	1,401,930	-	23,090	-	92,360	115,450
Railway	21,962	-	-	-	21,962	21,880	-	11	-	70	81
Computer	5,557,206	852,682	442,655	-	6,852,543	4,783,718	725,853	422,478	-	920,494	773,489
Lift	257,000	-	-	-	257,000	234,938	-	3,069	-	18,993	22,062
Sundry Equipments	7,641,385	635,845	1,265,128	-	9,542,357	4,602,367	569,725	498,067	-	7,872,198	3,039,018
Furniture	2,362,266	849,198	800,900	-	4,012,364	1,791,017	296,835	226,070	-	1,698,441	571,249
Motor Vehicle	3,188,219	-	-	-	3,188,219	2,097,973	-	282,265	-	807,981	1,090,245
Total	857,218,915	69,982,572	63,008,402	3,188,361	987,021,527	575,402,169	47,448,541	43,092,658	3,186,104	324,264,264	281,816,746
Previous Year	755,813,166	106,012,420	4,608,071	4,608,071	857,218,915	542,581,518	-	5,521,593	4,605,039	281,816,746	213,231,648
Capital Work-in-Progress	3,139,177	74,026,790	30,491,512	46,674,455	-	-	-	-	-	46,674,455	3,139,177

NOTES :

- The Company revalued its Land, Buildings, Plant & Machinery, Electric Installation and Sprinkler Installation as at 31st March, 1994. The revaluation was carried out by an approved valuer and the net increase in value of Rs.283896474 (Gross Rs.401275536 minus accumulated depreciation of Rs.117379062) 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.204160 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. 8628477/- (P.Y. Rs. 8805554/-) 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.
- Additions include gross block of fixed assets acquired from the amalgamating company, amounting to Rs.13658913/- & value of fixed assets of subsidiary company.
- Immoveable Properties transferred from Howrah Land & Holding Limited pursuant to scheme of Amalgamation are pending to be registered in the name of the Company.

HOWRAH MILLS COMPANY LIMITED

SCHEDULE 'E' INVESTMENTS

<u>LONG TERM</u>		31st March 2009 Rs.	31st March 2008 Rs.
1)	In Government Securities (At cost) National Savings Certificates	10,000	10,000
2)	In Shares, Debentures and Bonds		
(i)	In Shares		
	Unquoted, Trade at Cost (Subsidiary Company) 66655 (66655) Nos. of equity shares of West Bengal Agro Textile Corporation Limited of Rs.1000/- each fully paid up.	-	51,239,111
(ii)	Others - Unquoted -other than Trade (At cost)		
	East India Clinic Ltd. 91, 1/2% Debenture of Rs 100 each	9,100	9,100
	5% Non Redeemable Debenture Stock 1957	29,000	29,000
(iii)	Units of Mutual Fund		
	1500 (9500) units of SBI Mutual Funds	15,000	95,000
3)	In Gold	118,760	118,760
		<u>181,860</u>	<u>51,500,971</u>

SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES

a)	Inventories		
	Stores and Spares Parts	29,642,097	24,242,219
	Jute	186,254,938	161,789,137
	Finished Goods	108,302,760	71,567,510
	Work-in-Progress	24,608,275	17,519,042
		<u>348,808,070</u>	<u>275,117,908</u>
b)	Sundry Debtors : Unsecured		
	Outstanding for a period exceeding six months-		
	Considered good	45,078,358	33,592,964
	Considered doubtful	659,421	659,421
	Other Debts		
	Considered good	138,553,286	127,922,074
		<u>184,291,066</u>	<u>162,174,462</u>
	Less : Provision for Doubtful debts	659,421	659,421
		<u>183,631,645</u>	<u>161,515,041</u>
c)	Cash and Bank Balances		
	Cash in hand (As certified)	401,602	954,517
	Balance with Scheduled Banks		
	On Current Account	8,825,976	1,161,994
	On Cash Credit Account (S.B.I N S Road)	104,165	25,760,163
	On Fixed Deposit A/c	10,193,717	10,348,478
	On Margin Money Account	442,200	-
		<u>19,967,661</u>	<u>38,225,152</u>

HOWRAH MILLS COMPANY LIMITED

	31st March 2009 Rs.	31st March 2008 Rs.
d) Other Current Assets :		
Interest Accrued on Investments	85,901	71,682
e) Loans and Advances :		
Unsecured Loans (Considered good)	4,514,483	13,939,483
Advances (Recoverable in cash or in kind or for value to be received)		
Considered good	91,985,931	119,619,467
Considered doubtful	107,277	107,277
	92,093,208	119,726,744
Less : Provision for doubtful Advances	107,277	107,277
	91,985,931	119,619,467
Prepaid Expenses	2,000,220	2,071,331
Income Tax deducted at source/Refundable	4,107,659	4,066,907
Income Tax Payments	142,311	4,363,828
Mat credit entitlement	4,000,000	7,030,000
EMA Subsidy, DEPB & Other Claims Receivable	104,789,159	56,897,459
Security & Other Deposits	5,034,215	13,771,921
Deposits with Customs, Excise and other Govt. Dept.	333,619	199,276
	216,907,596	220,950,672

SCHEDULE 'G' CURRENT LIABILITIES AND PROVISIONS

a) Current Liabilities :		
Sundry Creditors		
Dues to micro, medium & small enterprises	1,598,331	1,180,072
Dues to other than micro, medium & small enterprises	169,764,434	108,574,108
Advances from Subsidiary	-	4,774,028
Creditors for Capital Goods	2,043,498	519,437
Cheques Overdrawn	-	1,343
Preference Shares Redemption	1,783,600	-
Unpaid Dividend on Preference Shares	2,432,722	-
Corporate Dividend Tax	538,670	-
Income Tax & FBT payable on Assessment	9,683,607	-
Other Liabilities	91,005,753	69,563,953
	278,850,615	184,612,941
b) Provisions :		
Provision for Taxation	1,405,501	15,185,501
Provision for Fringe Benefit tax/Others	648,923	1,397,544
Provision for Bonus	1,850,837	-
	3,905,261	16,583,045
(a+b)	282,755,876	201,195,986

SCHEDULE 'H' SALES :

Jute Goods	1,540,209,591	1,348,634,717
Raw Jute	155,715,346	117,620,543
Others (Trading)	11,550,378	1,545,287
	1,707,475,315	1,467,800,547

HOWRAH MILLS COMPANY LIMITED

SCHEDULE 'I' OTHER INCOME :

	31st March 2009 Rs.	31st March 2008 Rs.
Interest on Fixed Deposit with Banks (TDS Rs. 178765/-, P.Y. Rs. 328189/-)	869,782	1,048,351
Interest On Other Deposits (TDS Rs. 4135, P.Y. Rs. 6277/-)	91,123	42,954
Rental Income (Including lease Rent)	13,019,542	12,158,743
Credit for Voluntary Emission Reduction	7,126,488	-
Profit On Sale of Fixed Assets	4,530,654	3,190,695
Profit On Sale of Investment	4,619	-
Foreign Exchange Fluctuation Gain	-	1,494,201
Miscellaneous Income	4,078,507	1,743,434
Bad Debt Recovered	50,000	200,000
Provision for Doubtful Advances Written Back	-	50,446
Liability No longer Required written back	543,949	-
	<u>30,314,664</u>	<u>19,938,824</u>

SCHEDULE 'J' INCREASE / (DECREASE) IN STOCK :

Closing Stock		
Finished & other Goods	108,302,760	71,567,510
Work-in-Progress	24,608,275	17,519,042
Opening Stock		
Finished & other Goods	72,334,032	49,331,508
Work-in-Progress	20,798,443	12,377,133
	<u>39,778,560</u>	<u>27,377,911</u>

SCHEDULE 'K' MATERIALS CONSUMED :

Raw Materials (Raw Jute Including Yarn)		
Opening Stock	170,184,103	73,168,810
Add : Purchases	934,523,648	798,432,218
	<u>1,104,707,751</u>	<u>871,601,028</u>
Less : Sale of Caddies etc.	-	69,550
Less : Closing Stocks	186,254,938	161,789,137
	<u>918,452,813</u>	<u>709,742,341</u>
Purchase of Gunnies	37,113,133	79,735,987
Others (Trading)	7,704,008	1,400,000
	<u>963,269,954</u>	<u>790,878,327</u>

HOWRAH MILLS COMPANY LIMITED

SCHEDULE 'L' PAYMENT TO EMPLOYEES :

	Year ended 31-03-2009 Rs.	Year ended 31-03-2008 Rs.
Salaries, Wages and Bonus	336,426,095	308,457,930
Gratuity	5,554,088	8,641,501
Contribution to Provident and other Funds	41,545,575	40,424,123
Staff Welfare Expenses	26,882,830	20,485,597
Other Payments	2,506,845	-
	<u>412,915,433</u>	<u>378,009,151</u>

SCHEDULE 'M' OPERATIONAL & OTHER EXPENSES :

Consumption of Stores & Spare Parts	102,994,692	88,706,777
Power and Fuel	84,762,418	74,726,602
Repairs to Machinery	16,971,270	14,849,108
Repairs to Building	3,002,988	2,269,923
Rates and Taxes	941,318	739,394
Rent	4,110,029	5,805,501
Insurance	3,515,755	3,485,933
Brokerage & Commission (Other than sole selling agents)	11,751,919	4,928,296
Export Expenditure	8,038,025	5,652,769
Branding Charges	1,885,035	2,980,202
Labour / Processing Charges	4,477,079	3,606,481
Stitching Charges	11,944,101	8,948,993
Shipping & Freight Charges	27,648,502	7,647,403
Advances / Bad debts written off	1,052,886	8,813,125
Directors' Fees	27,000	13,800
Other Establishment Expenses	35,973,970	38,820,314
Loss on Foreign Exchange Fluctuation	27,263,668	-
Sales Tax (For earlier Years)	537,929	2,609,434
Amalgamation Expenses Written off	32,100	32,100
Preliminary Expenses W/off	20,000	-
	<u>346,950,684</u>	<u>274,636,155</u>

SCHEDULE 'N' INTEREST :

Interest on fixed Loans & Others	57,098,739	48,428,927
	<u>57,098,739</u>	<u>48,428,927</u>
Less : Interest Subsidy	2,214,887	1,897,086
Less : Interest Capitalised On Investment	8,198,258	-
Less : Interest Received on Loans & advances	1,498,580	3,455,185
	<u>45,187,014</u>	<u>43,076,656</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

SCHEDULE 'O'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

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

a) Basis of Accounting :

- I. The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as of the Company, i.e. for the year ended 31st March, 2009.
- 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 company 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 company is made is recognised 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 subsidiary are considered as non-integral operations for the purpose of consolidation.

HOWRAH MILLS COMPANY LIMITED

c) Particulars of subsidiary :

Name of the Company	Country of Incorporation	Percentage of Voting Power as at 31 st March, 2009
West Bengal Agro Textile Corporation Limited (WBATCL)	India	73.98%

2. Basis of preparation of financial statements.

- 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.
- 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.
- 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 recognised in the period in which the results are known / materialize.

3. Revenue Recognition

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.
- 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, CST, Excise Duty, returns, claims & rate differences.
- Claims related to sales are recognized in the accounts as and when received.
- 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.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

HOWRAH MILLS COMPANY LIMITED

- f. Market Assistance Receivable from JMDC and other export benefits are accounted for as soon as the entitlements in respect thereof fall due.
- g. Claims received & paid, Lease Rent, Development Fees and Interest to parties on delayed payments, bonus to employees, commission to foreign agents are accounted for on cash basis.
- h. Income from certified emission reduction (CERS) & from voluntary emission reduction (VERS) are recognized at estimated realizable value on confirmation of CERS & VERS 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 cash generating units / assets are reviewed at Balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of Net selling price and value in use. Impairment loss is recognized whenever carrying amount exceeds the recoverable amount.
- 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 and interest thereon is accounted for as and when received.

6. Inventories

Raw materials and Stores and Spares are valued at lower of cost or realizable value, Cost being determined on monthly weighted average basis. Finished goods are valued

HOWRAH MILLS COMPANY LIMITED

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 investments are 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 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 company at the time of acquisition and the cost of investment made. The said goodwill is not amortised. 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, deferred tax and fringe benefit tax.

- a. Current income tax and fringe benefit tax are 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 on 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 Extraordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are separately disclosed.

HOWRAH MILLS COMPANY LIMITED

B. NOTES ON ACCOUNT

1. Contingent Liabilities not provided for

Particulars	31st March 2009	31st March 2008
a) Bank guarantees given on behalf of the group.	30,074,264	31,250,000
b) West Bengal and Central Sales Tax assessments under appeal of the group.	3,071,597	14,155,647
c) Bills discounted from bank (Since realized)	21,649,316	29,635,989
d) Letters of Credit issued in favour of various parties	58,286,589	24,312,808
e) Corporate guarantee given to State Bank of India on behalf of group.	36,769,000	35,000,000

2. Group's Establishment Expenses include payments to the Auditors :

Particulars	31st March 2009	31st March 2008
As Statutory Audit fee	187,510	179,776
As Tax Audit fee	11,030	—
For other Services	2,758	—

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

Particulars	31st March '09		31st March '08	
	Managing Directors	Whole Time Director	Managing Director	Whole Time Director
Salaries	960,000	420,000	480,000	360,000
Contribution to Provident Fund	48,000	—	48,000	—
Other Perquisites	110,280	96,860	29,855	195,196
Allowances	18,000	168,000	18,000	—
Total	11,36,280	684,860	575,855	555,196

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.

HOWRAH MILLS COMPANY LIMITED

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. i. Debtors of group include Rs.8,133,802 and Loans & Advances of the group include Rs.3,417,483, long outstanding and are doubtful. No provision in this regard has been made in the Accounts.
- ii. In the subsidiary company, debtors include Rs.12,217,674 and loans & advances include Rs.44,081,004 pending confirmation from parties.
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 Lacs, as the Company has made an application for waiver of Interest, pending approval from authorities.
8. Inventories pertaining to Bharat Jute Mill (in the books of the subsidiary company) consisting of slow moving, non moving and obsolete stock have not been identified and consequently, no provision for loss has been made in these accounts.
9. The management is of the opinion that consignment sales expenses such as freight, loading & unloading expenses, duty, insurance, taxes & commission shall not be more than actual sale differentials, thereby having no impact on profit & loss for the year. Adjustments if any for short/ excess net recovery is dealt in the accounts on receipt of account sales.

10.	As on 31.03.09	As on 31.03.08
Arrears of Dividends for the period ended 15th June, 1993 to 31st March, 2008 on 9.1% Redeemable Cumulative Preference shares not provided in books.	—	2,914,811

11. Vat Input Credit Receivable includes amount of Rs.3,329,846 (P.Y. Rs.3,329,846) claimed by the Company and not admitted by the West Bengal Sales Tax Department. The matter is under consideration before W.B. Taxation Tribunal.

12. Details of Prior period adjustments (debit) are as follows :-

	31st March 2009	31st March 2008
a) Subscription	239,624	—
b) Office Rent	—	853,200
c) Reversal of Rental Income & Electricity charges	—	11,023,770
Total	239,624	11,876,970

HOWRAH MILLS COMPANY LIMITED

13. 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.
14. 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.
15. Cost/ WDV of Fixed Assets sold during the year for Rs.678,995 (P.Y. Rs. 695,000) was not ascertainable and therefore total sale proceed has been considered as profit on sale of fixed assets.
16. Estimated amount of Commitments on Capital Account outstanding as on 31st March 2009 was Rs. 778.18 Lacs (P.Year- Rs. 221.45 Lacs) net of advances.
17. The Outstanding Forward Contracts at the year end are as follows :

Particulars	Currency	As at 31ST March, 2009 (Sell)
Forward Contracts in respect of Foreign currency debtors (3).	USD	400000 (P.Y. 400000)

18. 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.
19. Pending receipt of Orders giving appeal effects for the earlier years & in view of Company's claim for certain deductions & allowances, having effect on increase in brought forward losses & unabsorbed depreciation as per I T Rules, the company has not adopted AS-22 "Accounting for Taxes on Income".
20. In absence of specific orders for carry forward of unabsorbed business losses & depreciation, provision for Income Tax for the year has been made in the accounts in accordance with the applicable tax rates and tax laws. MAT Credit available for Rs. 3,030,000 from the said tax liability as per normal tax provisions has been reduced from the MAT Credit entitlement brought forward from earlier year.
21. There was a single party by name Jatti 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, 2009 to the extent of 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.

HOWRAH MILLS COMPANY LIMITED

22. Segmental Reporting as per AS -17

Particulars	Jute Activity	Real Estate	Total
Revenue	1,741,569,732 (1,524,328,995)	35,235,768 (38,558,943)	1,776,026,561 (1,562,887,937)
Segment Results (Profit before Interest & tax)	18,862,124 (66,068,894)	31,775,315 (36,469,614)	50,637,438 (104,414,538)
Interest	(41,527,101) (36,132,341)	3,656,914 (4,196,984)	45,187,015 (43,076,656)
Profit Before tax	(22,664,977) (30,156,557)	28,115,401 (32,272,630)	5,450,424 (64,429,187)
Less : Income Tax & FBT	- -	- -	4,856,664 (403,812)
Profit after tax	- -	- -	593,761 (62,025,376)
Other Information			
Assets	1,079,102,194 (1,014,986,641)	61,515,559 (17,297,033)	1,140,617,753 (1,032,283,674)
Liabilities	723,993,508 (673,938,249)	51,537,720 (32,812,987)	773,564,099 (7,426,427,200)
Capital Expenditure	54,820,723 (93,544,927)	51,673,774 (11,000,000)	106,494,497 (104,544,927)
Depreciation	41,093,336 (31,954,501)	671,103 (738,165)	41,764,439 (32,692,666)
Non Cash Expenses (other than depreciation)	- -	- -	- -

HOWRAH MILLS COMPANY LIMITED

23. Earnings Per Share (EPS) :

		Year ended 31.03.2009	Year ended 31.03.2008
Net Profit for the period attributable to equity shareholders: (Rs.)	(a)	(7425014)	61814074
Weighted average number of Equity Shares of Rs.10/- each outstanding during the period	(b)	3974307	3956550
Add: Dilutive number of Equity Shares outstanding during the year	(c)	1000000	16787
Diluted number of Equity Shares outstanding during the year	(d)	4057640	3973337
Earnings Per Share (Rs.) :			
Basic	(e) = (a) / (b)	(1.87)	15.62
Diluted	(f) = (a) / (d)	(1.83)	15.56

24. The Company has received Rs. 3,00,00,000 as Share Application Money for allotment of 10,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 20 per share, pending to be allotted at the year end. The said amount has been utilized for capital expenditure.
25. The company during the year has changed its accounting policy regarding treatment of interest cost attributable to investments. The interest cost amounting to Rs 81,98,258/- have been capitalized to cost of investments in subsidiary company 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 56,64,997/- and the balances of Reserves & Surplus would have been reduced by Rs 56,64,997/-.
26. The company has provided for in the accounts dividend including arrear dividend of Rs. 31,69,530 on Cumulative Preference Shares for the period from 15/06/1993 to 14/06/2008. The unpaid dividend amount is pending to be transferred to special unpaid dividend account with Scheduled banks as per the provision of Section 205A of the Companies Act, 1956.
27. Interest to Banks and others amounting to Rs. 3,44,85,085/- is net off interest relief credits received/receivable from banks on pre shipment and post shipment finance as per Notification No. DBOD.Dir(Exp) BC. No 22/4.02.01/2007-08 dated 13th July, 2007 of Reserve bank of India India available to Export oriented organisations.
28. Interest Subsidy includes Rs. 19,24,097/- receivable from IFCI Ltd., in respect of which claim have not yet been lodged with the authorities. However, in the opinion of Management there is full certainty for realization of said claim.

HOWRAH MILLS COMPANY LIMITED

29. Related Party Disclosure

<u>Relationship</u>	<u>Name</u>	<u>Transaction during the year</u>
Key Managerial Personnel (Managing Director)	Mr. O. P. Mall	Managerial Remuneration Rs.616,280 (P.Y Rs.575,855)
Key Managerial Personnel (Wholetime Director)	Mr. S. Banerjee	Managerial Remuneration Rs.684,860 (P.Y.Rs.555,196)
Key Management Personnel (Managing Director)	Mr. Jyoti Mohan Mall	Managerial Remuneration Rs520,000 (P.Y.Rs.492,000)
Related to Key Management Personnel	Surja Twines P. Ltd.	Sales Rs. 129,000 (P.Y. Nil) Advance Rs. 743,000 (P.Y. Nil) Year End Balance Rs.870,000 (P.Y.Nil)

30. The amount of term loans(including loan under Rent Securitisation) outstanding as on 31st March, 2009 and repayable within a period one year from the said date amounts to Rs 450.60 lacs(P.Y Rs 426.60 Lacs)

31. Capital Work in Progress as on 31st March 2009 Rs 4,66,74,455/-
(P.Y Rs 31,39,177/-) includes the following :

	<u>Amount (Rs)</u>
a) Capital Advances	40,042,102
b) Machineries & Other fixed assets under installation/ construction	6,632,353
	46,674,455

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

33. This is the first year of preparation of consolidated financial accounts, hence the figures for the current year are not comparable with previous year figures.

34. Previous year's figures have been reworked, re-grouped, re-arranged and re-classified, wherever considered necessary.

Signatures of the Schedules A to O

In terms of our attached Report of even date

For S. JAYKISHAN
Chartered Accountants

(CA Y. GUPTA)

Partner

Membership No.60539

Place : 12 Ho Chi Minh Sarani, Kolkata

Dated : The 21st day of August, 2009

O.P.Mall

S.Banerjee

Managing Director

Wholetime Director

J.Prasad
Company Secretary

HOWRAH MILLS COMPANY LIMITED

CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY BUSINESS PROFILE

I. Registration Details :

Registration No. :

625

of 1890-91

State Code :

21

Balance Sheet Date :

31032009

Date Month Year

II. Capital Raised During the Year (Amount in Rs. Thousand) :

Public Issue

NIL

Bonus Issue

NIL

Rights Issue

NIL

Private Placement

NIL

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

Total Liabilities

1143321

Sources of Fund

Paid up Capital

39743

Secured Loans

465275

Application of Funds

Net Fixed Assets

370939

Net Current Assets

486645

Accumulated Profit

146634

Total Assets

1143321

Reserves & Surplus

280339

Unsecured Loans

27500

Investments

182

Mis Expenditure

176

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

Turnover

1775999

Profit/Loss before Tax

5450

Please tick Appropriate box + for Profit, - for Loss

+

Earning per Share in Rs.

-0.78

Total Expenditure

1770549

Profit/Loss After Tax

594

-

Dividend Rate (%)

0.00

V. Name of three Principal Products/Services of Company:

Product Description

HESSIAN

Item Code No. (ITC Code)

531010.03

Product Description

SACKING

Item Code No. (ITC Code)

531010.02

Product Description

JUTE YARN

Item Code No. (ITC Code)

531010.01

HOWRAH MILLS COMPANY LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended
31st March 2009

For the Year Ended
31st March 2008

A. Cash flow from operating activities			
Net Profit before tax	9	5,450,424	62,429,187
Adjustments for :			
Depreciation		41,764,440	30,450,708
Interest paid		45,187,014	40,329,325
Rent Received		(35,235,442)	(38,938,877)
Interest Received		(960,905)	(1,061,305)
Profit on sale of Assets		(4,530,654)	(3,190,595)
Profit on sale of Investment	*	(4,619)	—
Bad debts / Advances Written off	*	—	8,813,125
Provision for doubtful advances written back		—	(60,446)
Liability No longer required written back		(543,949)	—
Preliminary Expenses Written off		20,000	—
Amalgamation Expenses Written off		32,100	32,100
		<u>45,727,985</u>	<u>36,343,934</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		51,178,409	98,773,121
Adjustments for :			
Trade and other receivables		45,585,220	(22,242,168)
Inventories		(57,433,300)	(118,590,211)
Trade Payables		<u>56,939,272</u>	<u>3,164,799</u>
		45,091,192	(137,667,581)
CASH GENERATED FROM / (USED IN) OPERATIONS		96,269,601	(38,894,460)
Less : Taxes Paid		2,426,137	—
NET CASH FROM / (USED IN) OPERATING ACTIVITIES — A		93,843,464	(38,894,460)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(106,543,680)	(75,884,492)
Sale of Investments		84,619	3,193,000
Purchase of Investments		—	(51,452,871)
Sale of Fixed Assets		4,531,993	3,186,020
Rent Received		35,235,442	46,040,025
Interest Received		960,905	944,356
Capital Subsidy from J.M.D.C.		3,094,650	—
		<u>(62,636,070)</u>	<u>(72,973,922)</u>
NET CASH FROM / (USED IN) INVESTING ACTIVITIES — B		(62,636,070)	(72,973,922)
C. CASH FROM FINANCE ACTIVITIES			
Share Application Money recd.		30,000,000	—
Increase / (decrease) in Unsecured Loans		2,494,411	(168,649)
Increase / (decrease) in Secured Loans		18,570,491	23,093,446
Increase / (decrease) in Cash credits from banks		(46,075,931)	(149,035,125)
Interest paid		(53,385,272)	(40,329,325)
Amalgamation Expenses incurred		—	(160,500)
Preliminary Expenses incurred		(100,000)	—
Preference Shares Redeemed		(538,400)	—
Preference share Dividend Paid		(736,808)	—

HOWRAH MILLS COMPANY LIMITED

NET CASH FROM / (USED IN) INVESTING ACTIVITIES — C	(49,771,509)	131,520,098
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALANTS (A+B+C)	(18,564,115)	19,651,719
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
HMCL	38,225,153	
WBATC	306,623	18,116,300
	38,531,776	
CASH & CASH EQUIVALENTS ACQUIRED ON AMALGAMATION	—	457,134
	38,531,776	18,573,434
CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR	19,967,661	38,225,153

Note :

1. The Cash Flow Statement has been prepared under the "Indirect method" set out in the Accounting Standard-3 on "Cash Flow Statements" notified in the companies (Accounting Standards) Rules, 2008.
2. Cash and Cash Equivalants include Cash in hand and Bank balances on current account.
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

(CA Y. GUPTA)
Partner

Membership No.60539

Place : 12 Ho Chi Minh Sarani, Kolkata

Dated : The 21st day of August, 2009

O.P.Mall
S.Banerjee

Managing Director
Wholetime Director

J.Prasad
Company Secretary