

green!



Howrah Mills Company Limited

Annual Report 2010-2011

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Green.

The colour of affinity to nature, increasing prosperity and youthful dynamism.

All attributes of Howrah Mills.

A practitioner of fair trade.

A quality-conscious manufacturer.

A socially responsible corporate.

An UNFCCC - registered for CDM Project.

An environmentally-mindful company.



In other words, epitomizing the colour 'green'!

A 'green' awareness that will transform to higher profits and result in the sustainable growth of the company.

10 minutes with the management

“With a strong management team, strategic marketing plans and unswerving dedication towards ‘green manufacture’, we have steered the company towards achieving its goals!”



maintain a steady balance between sustainability and profitability. We registered 400% growth in exports (we explored markets of Brazil, Peru, Argentina, Tanzania, Nigeria and Egypt in 2010-2011), which increased from ₹10.30 crores in 2009-2010 to ₹41.69 crores in 2010-2011, with a robust order book for 2011-2012.

The company made every possible efforts to plan purchases through forward contracts so that the effects of rising jute prices were felt to the minimum.

Last year the carry forward stock of raw jute was minimal and with the seasonal rainfall being close to negligible, raw jute prices showed an upward swing. Input prices touched an all-time high in 2010-2011, while quality was of an inferior kind, which had an impact on the industry as a whole. In spite of this, your company has registered a considerable rise in our topline which grew by 57% from ₹209.42 crores in 2009-2010 to ₹329.60 crores in 2010-2011. We recorded an increase in production with 43440 mn tones in 2010-2011 compared to 32270 mn tones in 2009-2010. The company has made a profit of ₹2.72 crores (PBT).

The main highlight of the company in the last financial year was aggressive marketing which led to a noteworthy business growth of the company. We have been able to



- We capped the volatile raw material cost with an increase in our average realizations.
- We went ahead with aggressive marketing strategies and have achieved more than 400% increase in the export front.
- We abolished intermediaries in our institutional sales to shoot up margins.

This year, the prospects are good for the jute industry as the initial forecast hints at a good crop; as a result of which raw jute prices should decline in the months to come and be lower than 2010-2011.

The ongoing expansion-cum-modernization plans of the company are a continuous process where high-speed looms and spinning frames are being installed to cater to higher volumes and better quality. The company plans to obtain

accreditation from BIS for ISO 14001 for Environmental Management Systems for Industrial Production and BS OHSAS 18001 for Occupational Health and Safety Management Systems.

However, the scenario in the future is not without its fair share of challenges. The Government of India, under the Jute Packaging Act, maintained that 100% packaging of foodgrains and sugar in jute bags is a mandate. However, sanctions have not taken effect in the last one year, for which jute players are hesitant to further invest in CAPEX. Employee costs are also on a steady rise due to the tripartite agreement in February 2010. The upswing in crude oil prices and other related items may also lead to a higher cost. Stiff competition from neighbouring Bangladesh, where wages



and power costs are relatively lower in comparison to India, may also impede profitability. Moreover, exporters in Bangladesh enjoy a 10% export subsidy that is absent in India. Debt servicing cost is also high and this too shall lead to higher fund costs.

Going forward, the Government of India's support towards the 100% Jute Packaging Act will be a huge determinant for the industry's success. The increase in the awareness of jute as a biodegradable commodity may lead to a spurt in demand, both in India and overseas. The Food Security Act, if passed by the Government of India, shall also help in increasing the demand of jute.

Credentials

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

Core products and services

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

Customers

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

Certifications

- ISO 9001-2008 certification from Bureau of Indian Standards
- It is the only mill to run on 100% IJIRA Certified Food Grade Batching Oil
- Star Export House duly recognized by Government of India
- Registered under CDM (Clean Development Mechanism, Kyoto Protocol) as certified by United Nations Framework Conventions upon Climate Change (UNFCCC)

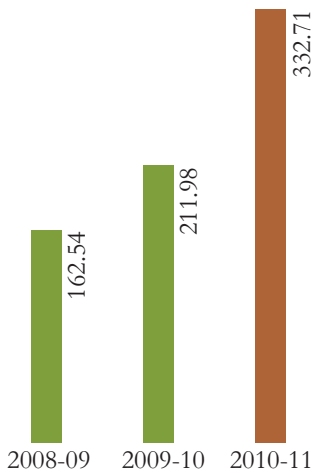
Public holding

- We are listed on the Calcutta Stock Exchange
- Our promoters' stake was 50.64 as on 31 March 2011

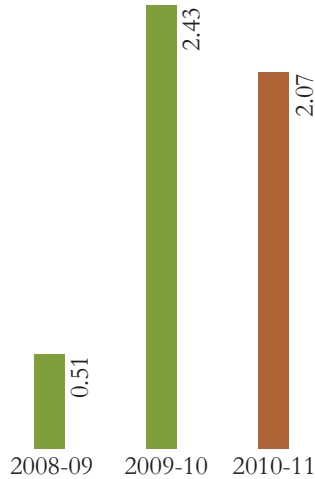


Highlights, 2010-2011

Turnover (₹/crores)



PAT (₹/crores)



“One touch of nature makes the whole world kin.”

- William Shakespeare

57%

growth in revenues from ₹211.98 crores in 2009-10 to ₹332.71 crores in 2010-11



400%

growth in export turnover from ₹10.30 crores in 2009-10 to ₹41.69 crores in 2010-11



“The universe is not required to be in perfect harmony with human ambition.”

- Carl Sagan

Being a responsible organization, we care for our environment and our surroundings where we work. We believe that, in order to survive, we must take care of the environment. However our primary initiative is to keep our atmosphere green.

We have installed a 3T boiler last year which received the Host Country approval from the National CDM authority. This project has all eligibilities to be registered as a CDM project.

Our first UNFCCC registered project for operation of 2T Bio-mass fired Boiler, is the first of its kind project in the Jute Industry sector. It has completed the fourth verification by the Verifier successfully and awaiting the issuance of CER (Certificate Emission Reduction) from UNFCCC.

Another Bio-mass based project for production of the Green Power in Jangipara, Dist.Hooghly, is progressing satisfactorily and the Board is hopeful to start the construction job of the plant very shortly. This project too fulfills all the criteria as a CDM project. The total Emission Reduction is estimated between 25000 – 27000 tCO₂e.

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

During the year we have been able to achieve a reduction of GHG Gas (CO₂) to the extent of 4765.657 tCO₂, which is equivalent to savings of energy in terms of coal to the extent of 1952.581 tons.



Corporate information

Board of Directors

Sitansu Banerjee	Whole-time Director
Bhag Chand Jain	Director
Shankar Lal Jhavar	Director
Utpal Majumdar	Director
Sanjay Mall	Director

Company Secretary

Tuhinangsu Roy

Bankers

State Bank of India
The Federal Bank Limited

Auditors

S. Jaykishan
Chartered Accountants
12, Ho-Chi-Minh Sarani
Kolkata - 700 071

Cost Auditor

D. Radhakrishnan & Co.
11A, Dover Lane
Kolkata-700029

Solicitor & Advocate

Utpal Majumdar
7C, Kiran Shankar Roy Road
Hastings Chamber, 3rd Floor, Kolkata-700001

Registrar & Share Transfer Agent

Maheshwari Datamatics Private Limited
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
Phone No: 033-2243-5029 / 5809
Fax: 033-2248-4787
Email: mdpl@cal.vsnl.net.in

Registered Office & Administrative Office

“Howrah House”
135, Foreshore Road,
Howrah - 711 102
Phone: 2641-2402/4446/4159/2748
E-Mail: shreehrt@vsnl.com
Fax: 033-2641-2796 / 1447
Website: www.mjindia.com/jute/howrahmill/html/index.html

Notice

NOTICE is hereby given that the One hundred and Eighty Fifth Annual General Meeting of the members of Howrah Mills Company Limited will be held on Wednesday the 28th September 2011 at 11.30 a.m. at the Registered Office of the Company at "Howrah House", 135, Foreshore Road, Howrah - 711 102 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31.03.2011, the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Shankar Lal Jhawar who retires by rotation and being eligible, offers himself for reappointment.
4. To re-appoint M/s S. Jaykishan, Chartered Accountants, the retiring Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be mutually agreed upon with the Board of Directors.

SPECIAL BUSINESS:

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

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than forty-eight hours before the time of holding the Meeting.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item of special business is annexed hereto and forms a part of this notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 22nd September, 2011 to 28th September 2011 (both days inclusive).
4. The Company's Registrar and Share Transfer Agent M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 should be contacted:
 - by the Members to notify their change of address, if any, and for any queries relating to shares and
 - By the investors to send their documents for transfer/transmission of shares.
5. Shareholders can get their shares dematerialised by opening a demat account with a Depository Participant through National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

"RESOLVED that in supersession of the ordinary resolution passed in the 182nd Annual General Meeting of the Company held on 23.09.2008 and pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, consent of the members be and is hereby accorded to the Board of Directors of the Company to borrow moneys for the business of the Company which together with the moneys already borrowed and outstanding (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose provided that the total borrowings outstanding at any time shall not exceed a sum of ₹500,000,000/- (Rupees five hundred crores)."

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

Tuhinangsu Roy
Company Secretary

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

Date: 23rd August, 2011

6. The Register of Directors' Shareholding kept pursuant to section 307 of the Companies Act, 1956 shall remain open for inspection by any member of the Company at the Registered Office of the Company during 11.00 a.m. to 1.00 pm. on each working day beginning 14 days before the date of the Annual General Meeting and ending 3 days after the date of its conclusion.
7. Dividend, as recommended by the Board of Directors, if declared at the meeting will be paid on or before 27.10.2011 to members holding shares in physical mode, whose names shall appear in the Company's Register of Members at the close of working hours of the Company on 21.09.2011. In respect of the shares held in electronic form, the dividend will be paid to the persons whose names shall appear as beneficial owner as at the end of the business hours on 21.09.2011 as per details furnished by NSDL & CDSL.
8. Members / Proxies are requested to bring the attendance slip duly filled in for attending the Meeting. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
9. Members are also requested to bring their copy of Annual Report to the Meeting.

10. Members desirous of getting any information about the accounts or operations of the Company are requested to forward their queries to the Company at least seven working days prior to the meeting so that proper information can be made available at the meeting.
11. Members are entitled to make nominations in respect of shares held by them in physical form by sending their request to the Company's Registrar and Share Transfer Agent and for shares held in dematerialized form they are requested to contact their respective DPs.
12. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to inform their e-mail address to the Company's Registrar and Share Transfer Agent M/s Maheshwari Datamatics Private Limited, 6, Mangoe Lane, Kolkata - 700 001, quoting their folio no.(s).
13. In terms of Circular No.51/12/2007-CL-III dated 08.02.2011 issued by the Ministry of Corporate Affairs, the Audited Accounts, Directors' and Auditors Reports of the Company's subsidiaries viz. (a) West Bengal Agro Textile Corporation Limited, (b) HMC Jute Park Enterprises Limited and (c) HMC Power Companies Limited for the financial year ended on 31.03.2011 are not attached with this Annual Report.
14. The Annual Accounts of the aforesaid subsidiaries are kept at the Registered Office of Howrah Mills Company Limited (Holding Company) and at the Registered Offices of the subsidiary companies for inspection by any shareholder during working days at business hours after prior notice.

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

Item No. 5:

Pursuant to the provisions of section 293(1) (d) of the Companies Act, 1956, the Board of Directors cannot borrow (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) more than the aggregate amount of the paid-up capital and free reserves of the Company at any one time except with the consent of the members of the Company in a General Meeting.

At the 182nd Annual General Meeting of the Company held on 23.09.2008 consent of the members had been obtained for the Board of Directors of the Company to borrow upto a maximum of ₹80.00 crores (apart from temporary loans obtained from the Company's bankers in the ordinary course of business).

The Company's expansion, modernisation and diversification programmes are being carried out in full swing and it is expected that the borrowing ceiling of ₹80.00 crores fixed by the members of the Company will be exceeded.

The ordinary resolution set out in the convening notice under item 5 is intended to obtain the approval of the members for enhancement of the borrowing ceiling and your Directors recommend the acceptance of the Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

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

Tuhinangsu Roy
Company Secretary

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

Date: 23rd August, 2011

DETAILS OF DIRECTOR AS ON 31.03.2011 SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 IV (G) (I) OF THE LISTING AGREEMENT)

Name of Director	Mr. Shankar Lal Jhawar
Date of Birth	07.06.1961
Qualification	B. Com
Expertise in specific functional area	Marketing in jute products and dealing in construction and real estate business.
Directorships held in other companies (excluding foreign companies)	Stylish Precast Private Limited Ritika Commercial Company Private Limited Sundaram Nirman Private Limited Manglam Commercial Private Limited HMC Power Companies Limited Shrivali Conmat Industries Private Limited
Committee Membership if any, with position (other than in Howrah Mills Co. Ltd.)	Nil
Shareholding in the Company	750 equity shares

Directors' report

Your Directors have pleasure in presenting their 185th Annual Report alongwith the Audited accounts of the Company for the year ended 31st March 2011.

Financial results

	(₹ in lakhs)	
	Year ended 31.03.2011	Year ended 31.03.2010
Operating Profit before Interest and Depreciation	1,103.66	1,064.36
Other Income	19.32	24.89
	1,122.98	1,089.25
Less - Interest	461.06	438.84
	661.92	650.41
Less - Depreciation	389.91	363.80
Profit before tax	272.01	286.61
Less - Provision for Tax (net)	65.40	43.14
Profit after tax	206.61	243.47
Less - Proposed Dividend on Equity Shares	24.72	24.72
Less - Corporate Dividend Tax	4.11	4.20
	177.78	214.55
Less - Transfer to Capital Redemption Reserve	—	26.25
	177.78	188.30
Accumulated Profit brought forward from previous year	1,719.31	1,531.01
Accumulated Profit carried forward to next year	1,897.09	1,719.31

Operations

Your Directors are of the opinion that the figures of 2009 -2010 and 2010 -2011 are not strictly comparable as there was a 62 days jute industry strike in 2009 -2010 which led to loss of production and sales.

During the year your Company's production was 43440 MT including 5078 MT from Rajam Unit as compared to 32270 MT in the previous year.

The turnover of the Company has gone up to ₹332.71 crores as compared to ₹211.98 crores in the previous year. Export turnover of

the Company was ₹41.69 crores as against ₹10.30 crores in the last year apart from exports through merchant shippers. The Company is exploring market in various countries in Africa and Latin America. We have a healthy order book and expect to increase the export turnover substantially in the current year.

Raw jute prices exhibited volatile swing in the past year and have gone up from ₹2700/- per quintal to ₹3600/- per quintal. As per the result of the Tripartite Agreement of the previous year the wage cost has gone up due to higher Dearness Allowances. Cost of other inputs has also gone up and there was increase in the cost of borrowings. All these factors have adversely affected the margin for

which the jute activity has suffered loss. However, due to substantial increase in profit of the real estate activities the overall profit of the Company was more or less maintained.

Dividend

Your Board has recommended a dividend of 5% (₹0.50) per equity share for the financial year 2010-2011, as per last year.

Subsidiary companies

Our major subsidiary West Bengal Agro Textile Corporation Limited (WBATCL) had achieved a production of 5176 MT in 2010-2011 against 4025 MT in 2009-2010. The total turnover has increased from ₹16.38 crores in the last year to ₹26.76 crores in the current year.

We have submitted a proposal with National Jute Board to develop the jute park on the basis of a Development Agreement between our subsidiary HMC Jute Park Enterprises Limited and other parties who are interested to set up their units in the proposed jute park. However, this matter is pending with the Government of India.

We have completed the procurement of land for HMC Power Companies Limited for setting up of a 5 MW Bio-mass based power plant in the District of Hooghly. A Consultant for giving technical advice has been appointed. Electronic survey has also been completed. It is expected that land development work will commence from November, 2011 and construction is expected to be completed by June, 2013.

Green house gas reduction

Our first UNFCCC registered project for operation of 2T Bio-mass fired Boiler which is the first of its kind in the Jute Industry has completed the fourth verification by the Verifier successfully and awaiting the issuance of CER (Certificate Emission Reduction) from UNFCCC.

Our another Bio-mass based project for production of 5MW Green

Power in Jangipara, Dist. Hooghly is progressing satisfactorily and the Board is hopeful to start the construction job of the plant shortly. The required land for the project has already been acquired from the private land owners and electronic survey of the land has been carried out. This project is also having the necessary criteria to fulfill the CDM requirement and may be registered as a CDM project with UNFCCC. The total emission reduction is estimated between 25000 to 27000 tCO₂e.

Diversification & Expansion

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

The expansion project of the Company to increase the Mill capacity by 5000 MT per annum is in progress. The Company has taken on lease a jute goods production unit at Rajam in Andhra Pradesh from 01.09.2010 which is having a production capacity of 30 MT per day. The lease is for a period of six years with an option of renewal for a further period of six years.

The Real Estate Division of the Company has completed another unit of logistic hub. We have obtained sanctioned plan for construction of residential units measuring 8,00,000 sq. ft. which will be developed in phases.

Management discussion and analysis report and report on corporate governance

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

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Shankar Lal Jhawar retires by rotation at the ensuing Annual General Meeting and is

eligible for re-appointment.

Directors' responsibility statement

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

- (a) that in the preparation of the annual accounts, for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year .
- (c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a going concern basis.

Particulars of employees

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

Accreditations from BIS

The Company has received ISO 9001-2008 accreditation from the Bureau of Indian Standards (BIS) for quality assurance and plans to obtain accreditation from BIS for ISO 14001 for Environmental Management Systems for Industrial Production and BS OHSAS 18001 for Occupational Health and Safety Management Systems.

Auditors and auditors' report

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

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

Place: Howrah

Date: 23rd August, 2011

Cost audit

Pursuant to section 233B of the Companies Act, 1956 the Government of India by an order No. 52/550/CAB/89 dated 20.07.1989 had directed audit of the cost accounts of the Company on a yearly basis. In terms of the said Order, Cost Audit is being conducted by M/s. D. Radhakrishnan & Co., Cost Accountants, of 11A, Dover Lane, Kolkata - 700 029 who are appointed as the Cost Auditor of the Company with the approval of the Ministry of Corporate Affairs. The Cost Audit Report for 2009-2010 was signed on 04.08.2010 and was duly filed. The due date for filing the Cost Audit Report for 2009-2010 was 27.09.2010.

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

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

Consolidated financial statements

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

Public deposit

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

Acknowledgement

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

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhavar *Director*

Sanjay Mall *Director*

Annexure to the Directors' report

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

A. Conservation of Energy

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

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
i) Power & Fuel Consumption		
Electricity		
Purchased Unit	2,03,00,200	1,69,32,624
Total Amount	10,78,25,844	7,82,27,006
Rate/Unit	5.31	4.62
Own Generation through Diesel		
Generators - Units	61,250	2,07,774
Unit per Ltr. of Diesel	2.86	2.95
Cost per unit ₹	13.62	11.49
Coal		
(B & C Grades used mainly for generation of steam boiler)		
Quantity - Ton	-	-
Total Cost - ₹	-	-
Average Rate - ₹ / Ton	-	-
Consumption per unit of production		
Production - Ton	38,755	32,709
Electricity per Ton (Unit)	476	465
Coal (B & C grades)/ton of production-(Ton)	-	-

The above figures exclude "Rajam Unit" which was taken on lease from 01.09.2010.

B. Technology Absorption

Form B

Research and Development (R &D)

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

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

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

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

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

3. Future plan of action

The Company is following up the proposal of Green Power Generation from Bio-mass and Solar Energy. The Company has received pre-registration certificate for one 500 KWp roof top solar power plant from the West Bengal Green Energy Development Corporation Limited and has installed an additional 3 ton Bio-mass boiler, replacing the coal fired boiler.

4. Expenditure on R & D

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

Technology Absorption, Adaptation and Innovation

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

C. Foreign Exchange Earnings and Outgo

- | | |
|-----------------------------------|---|
| a) Export activities | : The Company exported Jute Goods worth ₹4,169.39 lacs directly, apart from export through Merchant Shippers, as against ₹1,030.48 lacs in the previous year. The Company is exploring new markets and expects to increase its exports substantially. |
| b) i) Total foreign exchange used | : ₹693.74 lacs. |
| ii) Total foreign exchange earned | : ₹4,239.57 lacs. |

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhavar *Director*

Sanjay Mall *Director*

Place: Howrah

Date: 23rd August, 2011

Management discussion and analysis report

Industry structure and developments

The Government of India has further extended the compulsory packing at 100% for food grains and sugar under the Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA) upto 30.06.2011. The Industry remains with uncertainty due to frequent revision of guidelines for which the Government of India should formulate a continuous standing policy which will help the industry in its long term planning.

Opportunities and threats

Opportunities

- Jute, being a bio-degradable, eco-friendly fibre with unique characteristics like high tensile strength should find preference with environment conscious end-users which would help in increasing its demand.
- The higher cap for Government grants for modernization of mills and for development of jute parks under the scheme of Jute Technology Mission is encouraging and entrepreneurs will invest more in the Jute Industry.

Threats

- Increase in wage cost due to continuous increase in Dearness Allowances as per the Tripartite Agreement executed last year.
- Competition arising from exports from Bangladesh where labour cost, power cost etc are much lower and apart from that they get huge incentives from their Government for exports.
- Fluctuation in the cost of raw jute, increase in the cost of various inputs and borrowing cost will lead to higher manufacturing cost.
- Uncertainty in the global market and monetary instability may affect exports.

Segment wise or product wise performance

The Company is operating under two segments i.e. jute activity and real estate. Unfortunately due to the stiff increase in the cost of raw jute, profit from jute activity is seriously affected but profit from real estate activity has increased substantially as compared to the previous year.

Outlook

- Initial forecast of raw jute crop for the current season is encouraging. Raw jute price has come down and it is expected that this trend will be maintained.
- The Company continues its thrust to modernize the mill and strive for value added products to improve sales and profitability.

- The Company has performed exceedingly well in the export front and expects to do better in the current year.

Risks and concerns

- Frequent revision of JPMA guidelines leaves the industry in confusion whether to invest further in jute technology development/product development/market expansion or wait for the new policies.
- Jute industry is labour intensive and wage cost will go up further due to increase in Dearness allowance as per last year's Tripartite Agreement.
- Multi-unionism is one of the major problems faced by the jute industry.

Internal control systems and their adequacy

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

Discussion on financial performance

In spite of increase in the cost of raw jute, labour and other inputs, the Company was able to maintain its profitability more or less as compared to the previous year.

- a) Income from operations was ₹33,271.45 lacs in 2010 - 2011 as compared to ₹21,198.12 lacs in the previous year.
- b) Profit after tax was ₹206.61 lacs in the year under review as against ₹243.47 lacs in the last year.
- c) The Company made additions to fixed assets of ₹858.48 lacs during the current year as compared to ₹862.52 lacs in the previous year.

Human resources

Your Company attaches significant importance to Human Resource Development (HRD) and harmonious industrial relations. The Management is continuously working on the development of human capital which is very vital for achieving the goals and realizing the vision of the Company in an ever changing and challenging business environment. The Company has taken an initiative to train people in skilled jobs which will help to overcome shortage of skilled labour from time to time.

Cautionary statement

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

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhavar *Director*

Sanjay Mall *Director*

Place: Howrah

Date: 23rd August, 2011

Corporate governance report

for the year 2010-2011

1. Company's philosophy on code of corporate governance

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

2. Board of directors

I. Composition

The Board of Directors of your Company as on 31st March, 2011 comprises of five Directors as under:

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

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

II. 8 (Eight) Board Meetings were held during the financial year ended 31st March 2011. The dates on which the Board Meetings were held are 24.04.2010, 15.06.2010, 30.07.2010, 04.08.2010, 12.08.2010, 20.08.2010, 11.11.2010 and 10.02.2011

III. Attendance of Directors at Board Meetings / last Annual General Meeting and number of other Directorships and Memberships / Chairmanships of Committees of each Director in other companies:

Name of Director	Category	Attendance of meetings during 2010-2011		Number of Other Directorship and Committee Membership / Chairmanship		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Sanjay Mall	Non-Executive & Promoter	7	Yes	3	Nil	Nil
Mr. S. Banerjee	Whole-time Director	8	Yes	4	Nil	Nil
Mr. S. L. Jhawar	Non-Executive & Promoter	7	Yes	1	Nil	Nil
Mr. B. C. Jain	Non-Executive & Independent	8	Yes	2	4	1
Mr. U. Majumdar	Non-Executive & Independent	6	No	Nil	Nil	Nil

Notes:

- The Directorships held by Directors as mentioned above, do not include Directorships in Foreign Companies, Companies registered under section 25 of the Companies Act, 1956, Directorship in Howrah Mills Company Limited and Private Limited Companies.
- In accordance with clause 49 of the Listing Agreement, membership / chairmanship of only Audit Committee and Shareholders' / Investors' Grievance Committees in all Public Limited Companies (excluding Howrah Mills Company Limited) are considered.

3. Audit committee

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

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

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

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

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

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

- Changes, if any, in accounting policies and practices and the reasons for the same.

- Major accounting entries involving estimates based on the exercise of judgment by management.

- Significant adjustments made in the financial statements arising out of audit findings.

- Reviewing compliances with listing and other legal requirements relating to financial statements.

- Qualifications in the draft audit report.

- Discussion with the statutory auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

- Discussion with internal auditor of any significant findings and follow up thereon.

The particulars of meetings attended by the members of the Audit Committee during the financial year ended 31st March, 2011 are given below:

Names of Members	Status	Category	Meetings held during the financial year ended on 31st March, 2011 and attendance				
			24.04.10	30.07.10	12.08.10	11.11.10	10.02.11
Mr. B. C. Jain	Chairman	Non-Executive & Independent	Yes	Yes	Yes	Yes	Yes
Mr. S. L. Jhawar	Member	Non-Executive & Promoter	Yes	Yes	Yes	Yes	Yes
Mr. S. Banerjee	Member	Whole-time Director	Yes	Yes	Yes	Yes	Yes
Mr. U. Majumdar	Member	Non-Executive & Independent	Yes	Yes	Yes	No	Yes

4. Remuneration committee

I. Brief description of terms of reference and remuneration Policy

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

II. Composition, name of members and Chairperson

The Remuneration Committee comprises of Messrs B.C. Jain, S.L. Jhawar, U. Majumdar. Mr. B.C. Jain a Non-Executive Independent Director is the Chairman of the Committee. There had been no meetings of the Committee during the financial year 2010-2011

III. Details of Remuneration of Directors for the year ended on 31st March 2011

(In ₹)

Names	Salary & Allowances	Commission	Other Perquisites	Sitting Fees	Total
Mr. S. Banerjee	7,14,000/-	-	1,42,474/-	-	8,56,474/-
Mr. S. L. Jhavar	-	-	-	17,400/-	17,400/-
Mr. B. C. Jain	-	-	-	17,400/-	17,400/-
Mr. U. Majumdar	-	-	-	6,600/-	6,600/-
Mr. Sanjay Mall	-	-	-	4,200/-	4,200/-
Total	7,14,000/-	-	1,42,474/-	45,600/-	9,02,074/-

5. Share transfer & investors' grievance committee

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

The Share Transfer & Investors' Grievance Committee comprises of Messrs B. C. Jain, S. L. Jhavar and S. Banerjee as members. Mr. B.C. Jain a Non-Executive Independent Director is the Chairman of the Committee.

II. Brief description of the terms of reference

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

III. Meetings and attendance during the year

During the financial year ended 31st March, 2011, 10 (ten) meetings of the Share Transfer & Investors' Grievance Committee were held on 15.05.2010, 30.06.2010, 01.10.2010, 15.11.2010, 03.12.2010, 15.12.2010, 15.01.2011, 18.02.2011, 15.03.2011 and 31.03.2011.

Names of Members	Status	Category	No. of Meetings held	No. of Meetings attended
Mr. B. C. Jain	Chairman	Non-Executive & Independent	10	10
Mr. S. L. Jhavar	Member	Non-Executive & Promoter	10	10
Mr. S. Banerjee	Member	Whole-time Director	10	10

IV. Name and designation of the Compliance Officer

Mr. Tuhinangsu Roy

Company Secretary

Howrah Mills Company Limited

"Howrah House"

135, Foreshore Road.

Howrah-711102

V. During the year ended 31st March 2011 all complaints received from the shareholders / investors were sorted out. There were no pending complaints as on 31st March 2011.

6. General body meetings

Location and time of last three Annual General Meetings are given below.

Year	Location	Date	Time
2007 - 2008	Registered Office, 'Howrah House', 135, Foreshore Road, Howrah - 711 102.	23.09.2008	11.00 A. M.
2008 - 2009	Registered Office, 'Howrah House', 135, Foreshore Road, Howrah - 711 102.	22.09.2009	11.00 A.M.
2009 - 2010	Registered Office, 'Howrah House', 135, Foreshore Road, Howrah - 711 102.	21.09.2010	11.30 A.M.

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

AGM held on	Special Resolutions passed
23.09.2008	None
22.09.2009	Yes. The following Resolutions were passed:
	1) A Special Resolution pursuant to section 31 of the Companies Act, 1956 for alteration of the Articles of Association.
	2) A Special Resolution pursuant to section 81 (1A) of the Companies Act, 1956 for further issue of shares.
21.09.2010	Yes. The following Resolution was passed
	A Special Resolution pursuant to section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 for re-appointment of Mr. S. Banerjee as the Whole time Director of the Company.

7. Disclosures

Related party transactions are set out in the Notes to Accounts, forming part of the Annual Report for the year ended on 31st March 2011. There is no other pecuniary relationship or transactions with the non-executive independent directors. During the last three years there were no strictures or penalties imposed on the Company by the Stock Exchange or SEBI or any statutory authority for non-compliance of matter related to Capital Markets. Details of adoption of non-mandatory requirements are shown separately.

8. Means of communication

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

9. General shareholder information

I Company Registration Details

The Company is registered in the State of West Bengal, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate affairs (MCA) is L51909WB1918PLC000625.

II. Annual General Meeting

Date and Time: Wednesday, 28th September 2011, at 11.30 a.m.

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

III. Financial calendar for 2011-2012

- Financial year 1st April to 31st March
- 1st quarterly results - on or before 14.08.2011
- 2nd quarterly/half yearly results - on or before 14.11.2011
- 3rd quarterly results - on or before 14.02.2012
- 4th quarterly results - on or before 15.05.2012
- Annual results - on or before 31.08.2012

IV. Date of Book Closure

22.09.2011 to 28.09.2011 (both days inclusive).

V. Dividend Payment Date

On or before 27.10.2011.

VI. Listing on Stock Exchange

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

VII. Stock Codes

The Calcutta Stock Exchange Limited: 10018016
Demat ISIN Number for NSDL and CDSL - INE964C01015

VIII. Market Price Data

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

IX. Performance in comparison to BSE Sensex

Presently the Company is not listed with BSE.

X. Annual Fees

Annual listing fee for the financial year 2011-2012 has been paid by the Company to the CSE and annual custody fees for the financial year 2011-2012 have been paid to NSDL and CDSL.

XI. Registrar and Share Transfer Agent

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

XII. 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 Share Transfer Agent, Maheshwari Datamatics (P) Ltd. The Share Transfer & Investors' Grievance Committee

constituted for transfer/transmission of shares and allied matters has during the year approved all good deliveries of transfer and transmission of shares and in case of bad deliveries the relevant documents were sent immediately after specifying the defects through a covering letter. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance pursuant to clause 47(c) of

the Listing Agreement and files a copy of the certificate with the CSE. The Company carries out a quarterly reconciliation of share capital audit pursuant to Regulation 55A of SEBI (Depositories & Participants) Regulation, 1996 which is carried out by a Company Secretary in Practice and the same is also filed with CSE.

XIII. Distribution of equity shareholding as on 31.03.2011

Number of Shares	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Upto 500	1228	90.0293	132689	2.6837
501 - 1000	48	3.5191	36725	0.7428
1001 - 2000	13	0.9531	20900	0.4227
2001 - 3000	4	0.2933	10500	0.2124
3001 - 4000	4	0.2933	16000	0.3236
4001 - 5000	24	1.7595	120000	2.4270
5001 - 10000	16	1.1730	153500	3.1046
10001 and above	27	1.9795	4453993	90.0833
Grand Total	1364	100.000	4944307	100.000

XIV. Category of Equity Shareholders as on 31.03.2011

Category	Number of Shares Held	% of Total
Promoters' Group	2503739	50.6389
Financial Institutions/Banks	115007	2.326
Central / State Governments	530	0.0107
Insurance Companies	27575	0.5577
Foreign Nationals	2675	0.0541
Foreign Companies	900	0.0182
Custodian of Enemy Property	1025	0.0207
Non-Resident Individuals	1588	0.0321
Bodies Corporate	1651810	33.4083
Individuals	609458	12.3265
Clearing Member	30000	0.6068
Grand Total	4944307	100.000

XV. Dematerialization of Equity Shares & Liquidity as on 31.03.2011

Particulars	Holders	No. of Shares	% of Total
Physical	1162	1884607	38.1167
NSDL	154	3058427	61.8576
CDSL	48	1273	0.0257
Grand Total	1364	4944307	100.000

XVI Outstanding GDRs / ADRs / Warrants or any Convertible Instruments

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

XVII Works Location

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

XVIII Address for Correspondence

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

a) Secretarial Department

Howrah Mills Company Limited
"Howrah House",
135, Foreshore Road,
Howrah - 711 102,
Phone No.: (033) 2641-2402 / 4446 / 4159
Fax No: 91 33 2641-1447 / 2641-2796.
Email - secretarialhmcl@gmail.com

b) Registrar & Share Transfer Agent

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

10. Code of Conduct

The Company has adopted a code of conduct for its Board of Directors and senior management personnel and the same has been posted on the Company's website

Compliance of Non Mandatory Requirements

(i) The Board

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

(ii) Remuneration Committee

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

(iii) Shareholder Rights

The quarterly, half-yearly and annual financial results of the Company are published in prominent dailies such as Business Standard (English), Arthik Lipi (Bengali) and are also posted in the Company's website

(iv) Audit Qualification

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

(v) Training of Board Members

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

(vi) Mechanism for evaluating non-executive Board Members

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

(vii) Whistle Blower Policy

There is no Whistle Blower Policy at present.

Place: Howrah
Date: 23rd August, 2011

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhavar *Director*

Sanjay Mall *Director*

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

Date: 23rd August, 2011

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

I, Sitansu Banerjee, Whole-time Director of Howrah Mills Company Limited certify to the Board that I have reviewed the financial statement and cash flow statement of the Company for the financial year ended 31st March 2011 and to the best of my knowledge and belief, I certify that:-

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

Sitansu Banerjee
Wholetime Director

Certificate of Corporate Governance

To
The Members of
Howrah Mills Company Limited

We have examined the compliance of the conditions of Corporate Governance by Howrah Mills Company Limited for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

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

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

For S. Jaykishan
Chartered Accountants,
FRN: 309005E

Place: Kolkata
Date: 23rd August, 2011

Y. Gupta
Partner
Membership No. 60539

Statement pursuant to section 212 of the Companies Act, 1956, relating to the Company's interest in subsidiary companies for the year ended 31st March, 2011

(₹ in lakhs)

1 Name of the Subsidiary Company	West Bengal Agro Textile Corporation Limited	HMC Power Companies Limited	HMC Jute Park Enterprises Limited
2 The Financial Year of the Subsidiary Company ends on	31st March 2011	31st March 2011	31st March 2011
3 Date from which they became Subsidiary Company	20th April 2007	21st January 2010	18th November 2009
4 Holding Company's Interest	66,655 equity shares of ₹1,000 each fully paid-up	44,000 Equity Shares of ₹10 each fully paid-up	30,000 Equity Shares of ₹10 each fully paid-up
5 Extent of Holding	73.98%	88%	60%
6 The net aggregate amount of the Subsidiary Company profit/loss so far as it concerns the members of the Holding Company			
a) Not dealt with in the Holding Company's accounts:			
i) For the Financial Year ended 31st March 2011	9.62	(0.33)	(0.60)
ii) For the previous Financial Years of the Subsidiary Company since they become the Holding Company's Subsidiary	(190.01)	(0.05)	(0.44)
b) Dealt with in the Holding Company's accounts:			
i) For the Financial Year ended 31st March 2011	Nil	Nil	Nil
ii) For the previous Financial Years of the Subsidiary Company since they became the Holding Company's Subsidiary	Nil	Nil	Nil

For and on behalf of the Board

S. Banerjee *Whole-time Director*

S. L. Jhavar *Director*

Sanjay Mall *Director*

Place: Howrah

Date: 23rd August, 2011

T. Roy

Company Secretary

Auditor's Report

To
The Members of
Howrah Mills Company Limited

1. We have audited the attached Balance Sheet of HOWRAH MILLS COMPANY LIMITED as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
 - (a) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards, referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956; subject to:

Non-compliance with Accounting Standard - 15, "Employee Benefits" in respect of non ascertainment and provision of accrued gratuity liability
 - (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March'2011 from being appointed as director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts subject to -
 - i) Note No. 4(i) regarding non ascertainment and provision of accrued gratuity liability.
 - ii) Note No. 4(ii) regarding non ascertainment and provision of interest on delay payments of statutory dues such as Gratuity etc.
 - iii) Note No. 5 regarding future uncertainty regarding realizations of debtors, advances and dues from Government department and non-provision against the same.
 - iv) Note No 6 regarding non ascertainment and provisions of interest and charges for non/ delay payments of service tax and sales tax.
 - v) Note No. 7 regarding non ascertainment and provision of interest on Sales Tax Loan.
 - vi) Note No. 19 regarding capitalization of interest cost to the extent of ₹81,98,258/- to the cost of investments held in Subsidiary Company WBATC Ltd.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, 2011;
 - ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S. Jaykishan
Chartered Accountants
FRN: 309005E

Y. Gupta
Partner

Place: Kolkata
Date: 23rd August, 2011

Membership No.60539

Annexure referred to in our report of even date

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

Annexure referred to in our report of even date

- ix) (a) According to the books and records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Employees' Pension Scheme, TDS, Sales Tax, Profession Tax and other statutory dues applicable to it with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Sales Tax, Provident fund, ESI and other statutory dues were in arrears as at 31st March, 2011 payable for a period of more than six months from the date they became payable, except the following:-

Nature of the Dues	Amount (₹)	Period to which the amount relates	Date of Payment
Service Tax	1,845,684	2007-2008	Not Yet
	2,242,758	2008-2009	
	2,383,227	2009-2010	
	937,638	2010-2011	
Fringe Benefit Tax	492,005	2007-2008	Not Yet
Income Tax	730,847	2007-2008	Not Yet
	2,560,755	2008-2009	

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

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

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- xi) On account of Sales Tax Loan of ₹3,38,81,000/- (including interest ₹81,81,000/-) and Excise Loan of ₹12,69,000/- for which repayment was rescheduled by BIFR in earlier years, 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) The Company has given corporate guarantee for loans taken by its Subsidiary Company from Bank. The terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.
- xvi) On the basis of review of utilisation of funds pertaining to term loan on overall basis and related information as made available to us, the Company has applied the term loan for the purpose for which the loan was obtained during the year.
- xvii) In our opinion and according to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to the companies/firms/ parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) No debentures have been issued by the Company and hence the question of creating securities in respect thereof does not arise.
- xx) The Company has not raised any money by way of public issue during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For S. Jaykishan
Chartered Accountants
FRN: 309005E

Y. Gupta
Partner

Place: Kolkata
Date: 23rd August, 2011

Membership No. 60539

Balance Sheet As at 31st March, 2011

(Amount in ₹)

	Schedule	As at 31st March 2011	As at 31st March 2010
I. SOURCES OF FUNDS			
1) Shareholder's Funds :			
a) Share Capital	A	49,443,070	49,443,070
b) Reserves and Surplus	B	334,879,349	318,215,025
2) Loan Funds :	C		
a) Secured Loans		698,887,894	457,031,620
b) Unsecured Loans		56,500,381	37,000,000
3) Deferred Tax Liability		244,756	704,395
Total		1,139,955,450	862,394,110
II. APPLICATION OF FUNDS			
1) Fixed Assets :	D		
a) Gross Block		1,057,648,333	977,495,797
b) Less : Depreciation		679,971,205	641,314,132
c) Net Block		377,677,128	336,181,665
d) Capital Work-In-Progress		34,022,437	42,621,066
		411,699,565	378,802,731
2) Investments :	E	76,699,645	68,494,387
3) Current Assets, Loans and Advances :	F		
a) Inventories		677,199,909	452,358,108
b) Sundry Debtors		378,399,828	135,692,452
c) Cash and Bank Balances		25,265,422	13,620,917
d) Loans and Advances		248,312,454	153,964,248
		1,329,177,613	755,635,725
Less: Current Liabilities & Provisions :	G		
a) Current Liabilities		659,555,219	329,332,505
b) Provisions		18,138,254	11,330,428
		677,693,473	340,662,933
Net Current Assets		651,484,140	414,972,793
4) Miscellaneous Expenses :			
(to the extent not written off or adjusted)			
a) Amalgamation Expenses		32,100	64,200
b) Preliminary Expenditure		40,000	60,000
		72,100	124,200
Total		1,139,955,450	862,394,110
Significant Accounting Policies & Notes on Accounts	O		

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

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants
FRN : 309005E

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No. 60539

T. Roy
Company Secretary

S. L. Jhavar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 23rd August, 2011

Sanjay Mall
Director

Profit and Loss Account For the year ended 31st March, 2011

(Amount in ₹)

	Schedule	Year ended 31st March 2011		Year ended 31st March 2010
I. INCOME				
Income from Operations	H	3,327,144,996		2,119,811,680
Other Income	I	1,931,996		2,489,431
Increase / (Decrease) in Stocks	J	130,574,784		53,219,393
Total		3,459,651,776		2,175,520,504
II. EXPENDITURE				
Material Consumed	K	2,513,935,202		1,477,926,950
Payments to Employees	L	487,017,079		343,525,600
Operational & Other Expenses	M	347,540,690		262,788,081
Total		3,348,492,971		2,084,240,631
Profit before Interest, Depreciation, Prior period Adjustments, Exceptional Items & Tax		111,158,805		91,279,873
Less:				
Interest	N	46,106,082		43,883,797
Depreciation		40,104,609	37,595,569	
Less: Transfer from Revaluation Reserve		1,113,508	38,991,101	1,215,451
Profit before prior period Adjustments, Exceptional Items & Tax		26,061,622		11,015,958
Add / (Less) : Exceptional Items (Refer Note No. 8)		1,139,325		17,645,324
Profit Before Tax		27,200,947		28,661,282
Add / (Less) : Provision for Taxes				
Current Tax		(7,000,000)		(6,500,000)
Deferred Tax Credit		459,639		2,186,250
Profit After Tax		20,660,586		24,347,532
Add: Surplus brought forward from previous year		171,931,403		153,101,167
Profit Available For Appropriation		192,591,988		177,448,699
Less: Proposed Dividend on Equity Shares		2,472,154		2,472,154
Less: Proposed Corporate Dividend Tax		410,600		420,142
Less: Capital Redemption Reserve		—		2,625,000
Surplus carried to Balance sheet		189,709,235		171,931,403
Earning Per Share (Refer Note No. 18)				
Basic (₹)		4.18		6.12
Diluted (₹)		4.18		6.12
Significant Accounting Policies & Notes on Accounts	O			

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

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants
FRN : 309005E

S. Banerjee
Wholtime Director

(CA Y. GUPTA)
Partner
Membership No. 60539

T. Roy
Company Secretary

S. L. Jhawar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 23rd August, 2011

Sanjay Mall
Director

Schedules to the Balance Sheet As at 31st March, 2011

(Amount in ₹)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 'A' SHARE CAPITAL		
Authorised		
6,737,500 Equity Shares of ₹10 each	67,375,000	67,375,000
(26,250) 9.1% Cumulative Redeemable Preference Shares of ₹100 each	2,625,000	2,625,000
	70,000,000	70,000,000
Issued, Subscribed and Paid up		
4,944,307 Equity Shares of ₹10 each fully paid up in cash (4,944,307) (Includes 17,757 Equity Shares allotted pursuant to Scheme of Amalgamation u/s 391/394 of the Companies, Act 1956, Approved by the Calcutta High Court Dated 04/05/2007)	49,443,070	49,443,070
Total	49,443,070	49,443,070

SCHEDULE 'B' RESERVES AND SURPLUS

Capital Reserve		
(created by Revaluation of Land, Buildings, Plant & Machinery, Electrical Installations and Sprinkler Installations)		
As per Last Account	63,136,465	64,352,048
Less : Transfer to Profit and Loss Account	1,113,508	1,215,451
Less : Adjustment on Sale	—	132
	62,022,957	63,136,465
Amalgamation Reserve		
(As per last Account)	1,789,207	1,789,207
Investment Allowance Reserve		
(As per last Account)	129,150	129,150
Capital Redemption Reserve		
(Created on redemption of Cumulative Redeemable Preference Shares)	2,625,000	2,625,000
Securities Premium		
(As per last Account)	19,400,000	19,400,000
General Reserve		
As per Last Account	59,203,800	62,094,445
Less: Deferred Tax Liability as on 1.4.2009	—	2,890,645
	59,203,800	59,203,800
Surplus as per Profit & Loss Account annexed	189,709,235	171,931,403
	334,879,349	318,215,025

Schedules to the Balance Sheet As at 31st March, 2011

(Amount in ₹)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 'C' LOAN FUNDS		
I. SECURED LOANS		
a) Interest free Excise loan From Govt of India through I.F.C.I.	1,269,000	1,269,000
Secured by hypothecation of movable assets of the Company ranking pari passu with the charges created/ to be created in favour of Financial Institutions & banks		
b) i) Sales Tax Loan	25,700,000	25,700,000
ii) Interest Accrued on above From Government of West Bengal through WBIDC	8,181,000	8,181,000
Secured by creation of residuary charges on all assets, subject to the existing charges in favour of other Institutions & Banks		
c) 1. From State Bank of India		
(i) Cash Credit and Export Packing Credit	264,846,951	153,358,559
(ii) Term Loan		
Term Loan II	—	3,386,544
Term Loan III	6,407,566	10,140,765
Term Loan IV	5,895,813	8,465,911
Term Loan V	66,312,674	61,529,340
Term Loan VI	2,311,227	—
	80,927,280	83,522,560
(iii) Corporate Loan	6,151,022	8,357,029
(iv) Short term Bonus Loan	5,845,813	3,272,629
(v) Buyers Credit	84,068,785	—
2. From The Federal Bank Ltd		
(i) Cash Credit and Export Packing Credit	96,599,320	73,302,477
(ii) Term Loan		
Term Loan I	1,781,099	4,146,757
Term Loan II	2,853,389	5,924,379
Term Loan III	2,130,845	6,765,333
	6,913,907	10,071,136
(iii) Corporate Loan	6,913,907	10,824,853
(iv) Overdraft on conversion of FCDL into ₹ Loan	7,865,216	7,150,404
(v) Foreign Currency Demand Loan	50,847,029	18,595,763
(vi) Buyers Credit	8,532,885	—
Loans from State Bank of India & The Federal Bank Limited are secured by :		
i. Hypothecation of all the Stock-in-trade, Stores & Book Debts of the Company, ranking Pari-passu		
ii. First Pari Passu charge on the entire fixed assets		
iii. Personal guarantees of Shri Om Prakash Mall, Shri Shree Mohan Mall & Shri Nand Kishore Jhawar		
d) The Federal Bank Ltd		
Term Loan (Under Rent Securitisation, secured against Rent Receivables)	44,374,353	53,426,210
	698,887,894	457,031,620
II. UNSECURED LOANS		
From Bodies Corporate	56,500,381	37,000,000
	56,500,381	37,000,000

Schedules to the Balance Sheet as at 31st March, 2011

SCHEDULE 'D' FIXED ASSETS

(Amount in ₹)

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2010	Additions during the year	Deductions / Adjustments during the year	As at 31st March 2011	As at 1st April 2010	For the year	Deductions / Adjustments during the year	As at 31st March 2011	As at 31st March 2010
Land	71,283,743	—	—	71,283,743	—	—	—	71,283,743	71,283,743
Factory Building	273,532,678	65,595,572	—	339,128,250	159,469,933	11,887,075	—	167,771,243	114,062,745
Buildings others	104,538,364	—	—	104,538,364	81,356,150	849,860	—	22,332,355	23,182,214
Plant & Machinery	463,330,645	17,111,641	5,695,703	474,746,583	356,857,981	24,033,110	1,447,536	95,303,028	106,472,664
Electric Installation	36,660,055	886,509	—	37,546,564	21,636,290	2,106,597	—	13,803,676	15,023,765
Sprinkler Installation	6,767,165	—	—	6,767,165	6,644,520	17,060	—	105,585	122,645
Electric Fork Lift Truck	1,517,380	—	—	1,517,380	1,443,492	14,777	—	1,458,269	73,888
Computer	6,147,551	264,365	—	6,411,916	5,459,945	306,071	—	5,766,016	687,606
Lift	718,217	—	—	718,217	293,731	59,046	—	352,777	424,486
Sundry Equipments	9,468,375	1,505,638	—	10,974,013	5,641,139	591,988	—	6,233,127	3,827,236
Furniture	3,135,916	161,338	—	3,297,254	2,148,930	179,083	—	2,328,013	986,986
Motor Vehicle	395,709	286,639	—	682,348	362,022	52,634	—	414,655	33,687
Computer Software	—	36,538	—	36,538	—	7,308	—	29,230	—
Total	977,495,797	85,848,239	5,695,703	1,057,648,333	641,314,132	40,104,609	1,447,536	679,971,205	336,181,665
Previous Year	906,315,785	86,252,438	15,072,426	977,495,797	611,535,351	37,595,569	7,816,789	641,314,132	336,181,665
Capital Work-in-Progress	42,621,066	54,140,569	62,739,197	34,022,437	—	—	—	34,022,437	42,621,066

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 ₹283,896,474/- (Gross ₹401,275,536/- minus accumulated depreciation of ₹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 ₹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 ₹6,017,886/- (P.Y. ₹6,042,740/-) on account of expenditure on replacement of certain components and spare parts of Machinery, as in the opinion of the Management the renovation and the replaced components and spare parts which are of better design and technology will enhance the life of the machinery and increase the efficiency and production capacity thereby resulting in long term benefits to the Company.

Immovable Properties transferred from Howrah Land & Holding Limited pursuant to scheme of Amalgamation are pending to be registered in the name of the Company.

Deductions under Plant & Machinery gross block includes ₹5,376,600/- on account of adjustment for subsidy received by the company against the said assets. Excess depreciation charged in the earlier years on the said assets and amounting to ₹1,139,325/- has been written back in the accounts.

Schedules to the Balance Sheet As at 31st March, 2011

(Amount in ₹)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 'E' INVESTMENTS		
LONG TERM		
1) In Government Securities (At cost)		
National Savings Certificates	7,000	—
2) In Shares, Debentures and Bonds		
In Shares		
Unquoted, Trade at Cost		
(Subsidiary Companies)		
66,655 (66,655) Nos. of equity shares of West Bengal Agro Textile Corporation Limited of ₹1,000/- each fully paid up.	75,833,885	67,635,627
30,000 (30,000) Equity shares of HMC Jute Park Enterprises Limited of ₹10/- each, fully paid up.	300,000	300,000
44,000 (44,000) Equity shares of HMC Power Companies Limited of ₹10/- each, fully paid up.	440,000	440,000
3) In Gold	118,760	118,760
	76,699,645	68,494,387

SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES

a) Inventories			
Stores and Spares Parts	27,897,317	27,811,380	
Raw Jute	337,301,247	243,120,168	
Finished Goods	271,529,919	163,254,647	
Work-in-Progress	40,471,425	18,171,913	
	677,199,909		452,358,108
b) Sundry Debtors : Unsecured			
Outstanding for a period exceeding six months-			
Considered good	91,589,540	41,640,908	
Considered doubtful	1,005,232	1,005,232	
Other Debts			
Considered good	286,810,288	94,051,544	
	379,405,060	136,697,684	
Less : Provision for Doubtful debts	1,005,232	1,005,232	
	378,399,828		135,692,452
c) Cash and Bank Balances			
Cash in hand (As certified)	829,945	295,085	
Balance with Scheduled Banks			
On Current Accounts	2,107,354	909,603	
On Cash Credit Account (S.B.I N S Rd)	—	101,115	
On Fixed Deposits Accounts	21,498,895	12,315,113	
(Pledged with bank against Short Term Loan, Letters of Credit & Bank Guarantees)			
On Unpaid Dividend Account	829,228	—	
	25,265,422		13,620,917

Schedules to the Balance Sheet As at 31st March, 2011

(Amount in ₹)

	As at		As at
	31st March 2011		31st March 2010
SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES (Contd.)			
d) Loans and Advances :			
Unsecured Loans (Considered good)	20,815,670		19,716,407
Advance to Subsidiary Companies	10,000,000		10,000,000
Other Advances (Recoverable in cash or in kind or for value to be received)			
Considered good	109,868,247		51,449,366
Prepaid Expenses	6,056,193		2,679,947
Income Tax deducted at source	9,646,491		7,089,490
Income Tax Payments	2,310,396		134,502
Mat credit entitlement	4,000,000		4,000,000
EMA Subsidy, DEPB & Other Claims Receivable	66,791,148		50,081,760
Security & Other Deposits	18,625,033		8,613,500
Deposits with Customs, Excise and other Government Department	199,276		199,276
		248,312,454	153,964,248
		1,329,177,613	755,635,725

SCHEDULE 'G' CURRENT LIABILITIES AND PROVISIONS

a) Current Liabilities :			
Acceptances		75,694,469	5,028,124
Book Overdrawn with Scheduled Banks in Current Account		165,075	—
Sundry Creditors			
Dues to micro, medium & small enterprises		4,955,382	1,533,546
Dues to other than micro, medium& small enterprises		412,223,679	190,369,465
Creditors for Capital Goods		4,516,722	3,069,565
Preference Shares Redemption amount		432,500	1,271,200
Unpaid Dividend on Preference Shares		590,363	1,735,188
Unpaid Dividend On Equity Shares		238,977	—
Income Tax & FBT Payable on Assessment		3,783,607	9,683,607
Other Liabilities		156,954,447	116,641,810
A		659,555,219	329,332,505
b) Provisions :			
Provision for Taxation		14,905,501	7,905,501
Provision for Fringe Benefit tax		350,000	532,631
Provision for Dividend on Equity Shares		2,472,154	2,472,154
Provision for Corporate Dividend Tax		410,600	420,142
B		18,138,254	11,330,428
(A+B)		677,693,473	340,662,933

Schedules to the Profit and Loss Account For the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 'H' INCOME FROM OPERATIONS		
Sales	3,198,016,167	2,043,764,142
Premium from Long Term Lease	75,272,359	34,103,700
Rental Income	22,719,652	16,377,034
Export Incentives	23,554,022	7,881,326
Credit for Certified Emission Reduction	7,018,375	10,158,581
Foreign Exchange Currency Fluctuation Gain	564,421	7,526,898
	3,327,144,996	2,119,811,680

SCHEDULE 'I' OTHER INCOME

Interest on Fixed Deposits with Banks (TDS - ₹95,643/-, P.Y. ₹103,533/-)	947,911	849,300
Interest on Other Deposits (TDS - ₹2,475/-, P.Y. ₹2,766/-)	27,566	30,910
Profit on Sale of Fixed Assets	-	494,083
Miscellaneous Income	523,461	316,099
Provision for doubtful advances written back	-	766,698
Liability no longer required written back	433,058	32,341
	1,931,996	2,489,431

SCHEDULE 'J' INCREASE / (DECREASE) IN STOCK

Closing Stock				
Finished Goods	271,529,919		163,254,647	
Work-in-Progress	40,471,425	312,001,344	18,171,913	181,426,560
Opening Stock				
Finished Goods	163,254,647		107,529,880	
Work-in-Progress	18,171,913	181,426,560	20,677,287	128,207,167
		130,574,784		53,219,393

SCHEDULE 'K' MATERIALS CONSUMED

	Qty (M.T.)		Qty (M.T.)	
Raw Materials (Raw jute including yarn)				
Opening Stocks		243,120,168		171,898,317
Add : Purchases		2,402,962,690		1,494,176,049
		2,646,082,858		1,666,074,367
Less : Closing Stocks		337,301,248		243,120,168
	65,533	2,308,781,611	55,609	1,422,954,199
Purchase of Gunnies	3,733	205,031,938	1,216	53,623,707
Others		121,654		1,349,044
(Refer Note No. 21)				
		2,513,935,202		1,477,926,950

Schedules to the Profit and Loss Account For the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 'L' PAYMENTS TO EMPLOYEES		
Salaries, Wages and Bonus	392,447,346	279,172,747
Gratuity	9,492,378	4,855,390
Contribution to Provident and other Funds	48,328,822	35,041,471
Staff Welfare Expenses	36,748,533	24,455,992
	487,017,079	343,525,600

SCHEDULE 'M' OPERATIONAL & OTHER EXPENSES

Consumption of Stores & Spare Parts	116,880,406	77,129,193
Power and Fuel (net)	106,562,035	70,676,414
Repairs to Machinery (including consumption of Stores (₹14,552,471/-, P.Y. ₹10,356,354/-))	17,629,624	13,844,275
Repairs to Building	1,670,008	2,805,208
Rates and Taxes	898,635	863,562
Rent	14,511,130	5,948,378
Insurance	4,680,366	3,675,226
Brokerage & Commission (Other than sole selling agents)	6,497,399	9,401,831
Export Expenditure	9,423,275	6,346,207
Branding Charges	4,478,130	2,188,286
Processing Charges	8,598,045	4,000,458
Stitching Charges	7,219,717	5,112,313
Shipping & Freight Charges	10,503,897	21,399,140
Advances / Bad debts written off	—	177,206
Directors' Fees	45,600	27,600
Other Establishment Expenses	37,890,322	38,135,453
Provision for Doubtful Debts	—	1,005,232
Amalgamation Expenses written off	32,100	32,100
Preliminary Expenses written off	20,000	20,000
	347,540,690	262,788,081

SCHEDULE 'N' INTEREST

Interest		
On Fixed Loans	25,545,499	21,943,377
On Others	32,386,048	34,425,014
	57,931,547	56,368,391
Less : Interest Subsidy	946,381	1,555,988
Less : Interest Capitalised On Investment (Refer Note No. 19)	8,198,258	8,198,258
Less : Interest Received on Loans & advances (TDS - ₹268,083/-, P.Y. ₹273,035/-)	2,680,826	2,730,348
	46,106,082	43,883,797

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

- a) The financial statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- b) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 (As amended) and the relevant provisions of the Companies Act, 1956.
- c) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialize.

2. Revenue Recognition

- a) Revenue is recognized 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 recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the dispatch of goods. Sales are net of Cess, VAT, Returns, claims & rate differences.
- c) Claims related to sales are recognized in the accounts as and when settled.
- d) Consignment sales are booked on proforma invoice basis at the time of dispatch of goods. Adjustment if any, of actual sale differential and various expenses such as freight, duty, commission, insurance, taxes etc, arising on receipt of account sales are dealt in during the relevant years in which Account Sales are made available.
- e) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- f) Market Assistance Receivable from JMDC and other export benefits are accounted for as soon as the entitlements in respect thereof fall due.
- g) Lease Rent & bonus to employees are accounted for on cash basis.
- h) Incomes 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 assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- d) Depreciation on assets other than freehold land is provided on written down value method at the rates & in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on differential increase in values arising out of the revaluation is recouped from Capital Reserve.
- e) Costs of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses and advances paid to acquire fixed assets are shown as Capital Work-in-progress.

4. Investments

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

5. Inventories

Raw materials and Stores and Spares are valued at cost, cost being determined on monthly weighted average basis. Finished goods are valued at lower of cost or contract/ market rate as applicable. Work-in-Progress is valued at cost, comprising raw materials and

Schedules to the Balance Sheet and Profit and Loss Account

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

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 at the end of the financial year. In case of Forward Exchange Contracts, year-end foreign currency assets & liabilities are translated at the rate ruling on the date of transaction as increased or decreased by the proportionate difference between the forward rate and the said exchange rate, such difference having been recognized over the life of the contract. Exchange differences arising out of aforesaid transactions are dealt in the Profit and Loss Account.

7. Retirement Benefits

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

8. Borrowing Costs

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

9. Subsidy & Incentives

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

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

10. Amalgamation & Preliminary Expenses

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

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

11. Taxes On Income

Tax expenses comprises of current tax and deferred tax

- a) Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.
- b) Deferred Tax resulting from Timing difference between Book profits and Taxable Profits is accounted for using the tax rates and Laws that are enacted or substantively enacted as 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 Exceptional items and Changes in Accounting Policies having material impact on the financial affairs of the Company are separately disclosed.

Schedules to the Balance Sheet and Profit and Loss Account

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

B. NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for

(Amount in ₹)

Particulars	As at	As at
	31st March 2011	31st March 2010
a) Bank guarantees given on behalf of the company.	36,628,695	30,870,421
b) West Bengal and Central Sales Tax assessments under appeal for the period 1st October, 2002 to 31st March, 2004.	1,865,171	1,865,171
c) Bills discounted from bank (Since realized).	27,216,732	6,534,269
d) Letters of Credit issued in favour of various parties.	176,110,256	97,487,734
e) Corporate guarantee given to State Bank of India on behalf of West Bengal Agro Textile Corporation Ltd. (Subsidiary Company).	33,860,000	35,000,000
f) Interest / penalties for non payment of Service Tax realized by the company.	Amount not ascertained.	Amount not ascertained.

2. Other Establishment Expenses include payments to the Auditors

(Amount in ₹)

Particulars	As at	As at
	31st March 2011	31st March 2010
As Statutory Audit fee	210,000	210,000
Certification	45,000	7,500
Other matters	10,000	—
Total	265,000	217,500

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

(Amount in ₹)

Particulars	2010-11		2009-10	
	Managing Director	Whole Time Director	Managing Director*	Whole Time Director
Salaries	—	510,000	400,000	420,000
Contribution to Provident Fund	—	—	40,000	—
Other Perquisites	—	142,474	131,851	129,165
Allowances	—	204,000	15,000	168,000
Total	—	856,474	586,851	717,165

* Figures pertain to 10 months period, since Managing Director resigned with effect from 28-1-2010.

The computation of net profit for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 has not been enumerated since no commission has been paid to any director. Fixed managerial remuneration has been paid to the 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 ₹17,066,011/- (P.Y. - ₹20,180,518/-) and Advances include ₹4,078,012 (P.Y. - ₹4,010,823/-) and Receivables from Government department includes ₹40,370,615/- (P.Y. - ₹40,370,615/-) outstanding for more than three years and are doubtful. However, management is of the opinion that the said dues will be recoverable in full and hence no provision is required in this regard.
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 ₹257 lacs, as the company has made an application for waiver of interest, pending approval from authorities.

Schedules to the Balance Sheet and Profit and Loss Account

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

8. Details of exceptional items are as follows :-

(Amount in ₹)

Particulars	As at	As at
	31st March 2011	31st March 2010
a) Compensation for Delay Payment	–	13,056,000
b) Excess Depreciation charged in earlier years written back	1,139,325	4,589,324
Total	1,139,325	17,645,324

9. 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.
10. 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.
11. Estimated amount of Commitments on Capital Account outstanding as on 31st March 2011 was ₹732.60 Lacs (P. Year- ₹249.54 Lacs) net of advances.
12. In pursuance to Joint Venture Transformation Agreement & Share Purchase Agreement dated 25th day of January, 2007, the Company has been allotted 66,655 fully paid up Equity Shares of ₹1,000/- each in the Share Capital of West Bengal Agro Textile Corporation Limited (WBATCL) on 20.04.07, being 73.98% of the total Issued, subscribed & paid up Capital of the said WBATCL.

Disclosure in respect of Joint Venture

(a) Details of Joint Venture

Name of Joint Venture	Country of Incorporation	Description of Interest	Proportion of Ownership Interest	
			As at 31.03.2011	As at 31.03.2010
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 :

(₹ in Thousands)

Particulars	As at	As at
	31st March 2011	31st March 2010
Asset		
Fixed Assets	17,692	19,373
Current Assets, Loans & Advances		
Inventories	31,359	29,740
Sundry Debtors	20,422	6,877
Cash & Bank	1,634	667
Loans & Advances	37,923	37,945
Accrued interest on Term Deposit	95	45
Total	109,125	94,647
Liabilities		
Secured Loans	14,575	14,664
Current Liabilities	49,380	35,910
Provisions	1,701	1,315
Total	65,656	51,889

Schedules to the Balance Sheet and Profit and Loss Account

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

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

Particulars	As at 31st March 2011	As at 31st March 2010
Income		
Sale	197,948	121,146
Other Receipts	2,244	102
Total	200,192	121,248
Expenses		
Consumption of Raw Material	138,671	86,978
Increase in Stock	(6,503)	(7,738)
Expenses on Employees	43,894	30,622
Manufacturing Expenses	12,975	9,722
Managing Director's Remuneration	396	385
Selling & Administration Expenses	5,491	4,161
Total	194,924	124,310

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

Particulars	Currency	As at 3.03.2011 (Sell)
Forward Contracts in respect of Foreign currency debtors -Nil (P.Y. - 5 Nos.)	USD	— (P.Y - 564,498/-)

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

15. Components of Deferred tax liability as on 31st March, 2011 are as follows :-

(Amount in ₹)

Particulars	As on 31st March 2011	As on 31st March 2010
Components of Deferred Tax Liability		
Depreciation	244,756	1,536,027
Components of Deferred Tax Assets		
Disallowance as per Section 43 B of Income Tax Act	—	831,632
Net Deferred Tax Liability	244,756	704,395

16. There were five parties 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, 2011 to the extent of ₹2,787,404/- (P.Y. - ₹1,303,098/-). No interest was paid / payable to the said parties during the year. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

17. Segmental Reporting as per AS -17

(Amount in ₹)

Particulars	Jute Activity	Real Estate	Total
Revenue	3,231,084,981 (2071820377)	97,992,011 (50480734)	3,329,076,992 (2,122,301,111)
Segment Results (Profit before Interest, tax & Exceptional Items)	-15,651,657 (8,042,844)	87,819,361 (46,856,911)	72,167,704 (54,899,755)
Interest	31,377,684 (33,711,874)	14,728,398 (10,171,923)	46,106,082 (43,883,797)
Exceptional Items	1,139,325 (17,645,324)	— —	1,139,325 (17,645,324)

Schedules to the Balance Sheet and Profit and Loss Account

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

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

(Amount in ₹)

Particulars	Jute Activity	Real Estate	Total
Profit Before tax	- 45,890,016	73,090,963	2,720,0947
	(-8,023,706)	(36,684,988)	(28,661,282)
Less : Income Tax & FBT	—	—	654,0361
	—	—	(4,313,750)
Profit after tax	—	—	20,660,586
	—	—	(24,347,532)
Other Information			
Assets	1,685,006,486	132,642,437	1,817,648,923
	(1,126,753,340)	(76,303,703)	(1,203,057,043)
Liabilities	1,306,959,334	126,122,414	1,433,081,748
	(770,180,305)	(64,514,248)	(834,694,553)
Capital Expenditure	16,660,005	60,589,605	77,249,610
	(39,577,983)	(42,621,066)	(82,199,049)
Depreciation	34,194,082	4,797,019	38,991,101
	(35,588,225)	(791,893)	(36,380,118)

Previous year's figures are in brackets

18. Earnings Per Share (EPS):

		Year ended 31st March 2011	Year ended 31st March 2010
Net Profit for the period attributable to equity shareholders: (₹)	(a)	20,660,586	24,347,532
Weighted average number of Equity Shares of ₹10/- each outstanding during the period	(b)	4,944,307	3,979,622
Add: Dilutive number of Equity Shares outstanding during the year	(c)	NIL	NIL
Diluted number of Equity Shares outstanding during the year	(d)	4,944,307	3,979,622
Earnings Per Share (₹):			
Basic	(e) = (a) / (b)	4.18	6.12
Diluted	(f) = (a) / (d)	4.18	6.12

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

20. Related Party Disclosure :-

Relationship	Name	Transaction during the year
Key Managerial Personnel (Whole time Director)	Mr. S. Banerjee	Managerial Remuneration - ₹856,474/- (P.Y. ₹717,165/-)
Associates & Subsidiary	(i) West Bengal Agro Textile Corporation Ltd.	Purchases - ₹38,134,400/- (P.Y. ₹7,662,574/-) Stores Purchase - ₹434,530/- (P.Y. ₹353,296/-) Sales - ₹1,302,868/- (P.Y. ₹1,969,428/-) Balance payable at the end ₹4,490,122/- (P.Y. Receivable 582,018)
	(ii) HMC Power Companies Limited	Advance given - NIL (P.Y. ₹5,000,000) Receivables Closing Balance - ₹5,000,000 (P.Y. ₹5,000,000)
	(iii) HMC Jute Park Enterprises Limited	Advance given - NIL (P.Y. ₹5,000,000) Receivables Closing Balance - ₹5,000,000 (P.Y. ₹5,000,000)

Schedules to the Balance Sheet and Profit and Loss Account

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

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

	Year ended 31st March 2011	Year ended 31st March 2010
i. Licensed Capacity p.a	70,761 Tons	70,761 Tons
ii. Installed Capacity p.a	53,500 Tons	43,500 Tons
iii. *Actual Production	43,440 Tons	32,270 Tons
iv. Opening Stock	3,239 Tons (₹163,254,647)	2,847 Tons (₹107,529,880)
v. Closing Stock	4472 Tons (₹271,529,919)	3,239 Tons (₹163,254,647)
vi. Purchase of Gunnies	3,733 Tons (₹205,031,938)	1,216 Tons (₹53,623,707)
vii. Inter-Unit transfer (Net)#	176 Tons (13,151,646)	— —
viii. Sales	45,764 Tons (₹2,488,671,497)	33,094 Tons (₹1,463,570,502)

* After adjustment of 404 Tons (P.Y. 331 Tons) for consumption for packing purpose.

Inter-Unit transfer (Net) - 176 Tons represents transfer from one unit to other unit for further processing.

ix. Quantitative Details of items traded in*:-

Particulars	Purchases		Sales	
	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2011	Year ended 31st March 2010
White liner paper (180 Gsm)	—	44.828 Tons (₹1,318,444)	—	44.828 Tons (₹1,485,247)
Baling hoops	—	5,230 Kgs (₹287,702)	—	5,230 Kgs (₹318,725)
Neem oil	—	200 ltr (₹30,600)	-	200 ltr (₹30,600)

* Opening and Closing stocks are Nil.

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

	Year ended 31st March 2011		Year ended 31st March 2010	
	Value (₹)	Percentage	Value (₹)	Percentage
Raw Materials*				
Imported	66,278,486	2.87	44,478,462	3.13
Indigenous	2,242,503,125	97.13	1,378,475,737	96.87
Total	2,308,781,611	100.00	1,422,954,199	100.00
Stores & Spare Parts *				
Imported	1,556,730	1.19	-	-
Indigenous	129,876,147	98.81	87,485,547	100
Total	131,432,877	100	87,485,547	100

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

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

Schedules to the Balance Sheet and Profit and Loss Account

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

	(Amount in ₹)	
	Year ended 31st March 2011	Year ended 31st March 2010
c) Work in Progress:		
W.I.P	40,471,425	18,171,913
d) Earnings in Foreign Exchange :		
Export of Finished Goods (FOB Basis) (Excludes export through Merchant Shippers)	416,938,885	98,623,437
Export of Traded Goods (FOB basis)	—	1,485,247
Certified Emission Reduction	7,018,375	10,158,581
e) Value of Imports (CIF Basis)		
Raw Jute	66,278,486	44,478,462
Gunny & others	1,556,730	6,969,521
f) Expenditure in Foreign Currencies		
Export Expenses	1,539,195	819,193
Traveling Expenses	859,961	484,166
Claims to foreign Buyers	—	1,027,387

22. The amount of Term Loans outstanding as on 31st March, 2011 and repayable within a period of one year from the said date amounts to ₹445.60 Lacs (P.Y ₹343.72 Lacs)

23. **Capital Work in Progress as on 31st March, 2011 ₹34,022,437/- (P.Y ₹42,621,066) includes**

	Year ended 31st March 2011	Year ended 31st March 2010
a) Capital Advances	—	22,710,971
b) Machineries & Other fixed assets under installation / construction	34,022,437	19,910,095
	34,022,437	42,621,066

24. (i) Current year financial statements includes figures of new jute products manufacturing unit taken on lease at Rajam, Andhra Pradesh, with effect from 1st September, 2010 and hence are not comparable with previous year figures to that extent.

(ii) 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 to the Schedules A to O

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhavar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 23rd August, 2011

Sanjay Mall
Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. of 1890 - 91 State Code

Balance Sheet Date

Date Month Year

II Capital raised during the year (Amount in ₹ Thousand)

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

Total Liabilities

Sources of Funds

Paid-up Capital

Secured Loans

Application of funds

Net Fixed Assets

Net Current Assets

Accumulated Profit

Total Assets

Reserves & Surplus

Unsecured Loans

Investments

Mis Expenditure

IV Performance of Company (Amount in ₹ Thousand)

Turnover

Profit/Loss Before Tax

Please tick Appropriate box + for Profit, - for Loss

+ -

Earning per Share in ₹

Total Expenditure

Profit/Loss After Tax

+ -

Dividend Rate %

V Generic Names of principal products of Company

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

Cash Flow Statement For the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31st March 2011		Year ended 31st March 2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & exceptional items		26,061,622		11,015,958
Adjustments for				
Depreciation	38,991,101		36,380,193	
Interest paid	46,106,082		43,883,797	
Interest Received	(975,477)		(880,210)	
Profit on Sale of Fixed Asset	—		(494,083)	
Depreciation adjusted against J.M.D.C. incentive	(1,139,325)		(4,589,324)	
Liability no longer required written back	(433,058)		(32,341)	
Preliminary Expenses written off	20,000		20,000	
Amalgamation Expenses written off	32,100		32,100	
Investments written off	—	82,601,423	63,100	74,383,233
Operating Profit before Working Capital Changes		108,663,044		85,399,191
Adjustments for				
Trade and other receivables	(337,055,582)		31,918,414	
Inventories	(224,841,800)		(128,357,683)	
Trade Payables	338,300,322	(223,597,061)	91,204,453	(5,234,817)
Cash Generated from/(Used in) Operations		(114,934,016)		80,164,374
Less: Taxes Paid		6,502,773		538,670
Cash Flow before Exceptional Items		(121,436,789)		79,625,704
Exceptional Items		1,139,325		17,645,324
Net Cash from/(Used in) Operating Activities (A)		(120,297,464)		97,271,028
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(77,238,720)		(82,199,049)	
Purchase of Investments	(7,000)		—	
Sale of Fixed Assets	—		1,272,000	
Interest Received	975,477		880,210	
Capital Subsidy from J.M.D.C. capitalised	5,376,600		5,725,800	
Investment in Subsidiary Companies	—		(740,000)	
Net Cash from/(Used in) Investing Activities (B)		(70,893,643)		(75,061,039)

Cash Flow Statement (Contd.) For the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31st March 2011	Year ended 31st March 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money Refunded	—	(900,000)
Increase/ (decrease) in Unsecured Loans	19,500,381	9,500,000
Increase/ (decrease) in Secured Loans	107,071,039	49,146,395
Increase/ (Decrease) in Cash credits from banks	134,785,235	(32,367,188)
Interest paid	(54,304,340)	(52,082,055)
Preference Shares Redeemed	(838,700)	(512,400)
Preference share and Equity Share Dividend Paid	(3,378,003)	(697,534)
Net Cash from (Used in) Financing Activities (C)	202,835,612	(27,912,783)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	11,644,505	(5,702,794)
Cash & Cash Equivalents at the beginning of the year	13,620,917	19,323,711
Cash & Cash Equivalents at the closing of the year	25,265,422	13,620,917

Note:

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

For S. JAYKISHAN
Chartered Accountants

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhavar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 23rd August, 2011

Sanjay Mall
Director

Consolidated Financial Section

Consolidated Auditors' Report

To
The the Board of Directors,
Howrah Mills Company Limited

- We have audited the attached Consolidated Balance Sheet of Howrah Mills Company Limited ('the company' and its subsidiaries constitute 'the group'), as at 31st March, 2011, the consolidated Profit and Loss Account and also the Consolidated Cash flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well, as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statement of the subsidiaries namely, West Bengal Agro Textile Corporation Ltd., HMC Jute Park Enterprises Limited and HMC Power Companies Limited, Total net worth as at 31st March, 2011, the total revenues and net loss (after tax) for the year ended on that date reflected in financial statements of the subsidiary Companies are as follows:

₹			
Particulars	West Bengal Agro Textile Corporation Ltd.	HMC Jute Park Enterprises Limited	HMC Power Companies Limited
Net Worth	58,758,002	325,155	399,249
Total Revenues	270,602,385	-	-
Net Profit / (Loss) After Tax	961,750	(59,826)	(33,169)

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

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

financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, and subject to the following comments:

- Non-compliance with Accounting Standard - 15, "Employee Benefits" in respect of non ascertainment and provision of accrued gratuity liability and leave encashment.*
- Note No. 4(ii) regarding non ascertainment and provision of interest on delay payments of statutory dues such as Gratuity, etc.*
- Note No. 5 regarding future uncertain ability regarding realization of dues from debtors and government departments and refund of advances given and non provision against the said dues.*
- Note No. 6 regarding non ascertainment and provision of interest and charges for non/ delay payments of Service tax and sales tax.*
- Note No. 7 regarding non ascertainment and provision of interest on sales tax loan.*
- Note No. 18 regarding capitalization of interest cost to the extent of ₹81,98,258/- to the cost of investments held in Subsidiary Company, WBATC Ltd.*
- Non identification of Creditors of West Bengal Agro Textile Corporation Ltd., Subsidiary Company, into Medium and small enterprises*
- Preparation of accounts of WBATC Ltd., subsidiary company on the basis of Going Concern concept despite substantial erosion in the Net Worth of the Company*
- Non Compliance of AS-22 "Accounting for taxes on Income" in respect of non ascertainment and provision of Deferred Tax in the accounts of WBATC Ltd., subsidiary Company.*

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

- In the case of Consolidated Balance Sheet of the State of Affairs of the group as at 31st March, 2011;
- In the case of Consolidated Profit and Loss Account of the Profit of the group for the year ended 31st March, 2011; and
- In the case of Consolidated Cash flow statement, of the Cash flows of the group for the year ended 31st March, 2011.

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

Y. Gupta
Partner

Place: Kolkata
Date: 23rd August, 2011

Membership No.60539

Consolidated Balance Sheet As at 31st March, 2011

(Amount in ₹)

	Schedule	As at 31st March 2011	As at 31st March 2010
I. SOURCES OF FUNDS			
1) Shareholder's Funds :			
a) Share Capital	A	49,443,070	49,443,070
b) Reserves and Surplus	B	331,135,599	304,128,226
2) Minority Interest		5,806,229	15,280,521
3) Loan Funds :	C		
a) Secured Loans		718,588,836	476,853,237
b) Unsecured Loans		58,301,846	37,000,000
4) Deferred Tax Liability		244,756	704,395
Total		1,163,520,336	883,409,449
II. APPLICATION OF FUNDS			
1) Goodwill on Consolidation		19,020,114	10,821,856
2) Fixed Assets :	D		
a) Gross Block		1,139,736,994	1,058,368,874
b) Less : Depreciation		738,145,552	696,000,632
c) Net Block		401,591,442	362,368,242
d) Capital Work-In-Progress		34,022,436	42,621,065
		435,613,878	404,989,307
3) Investments :	E	125,760	118,760
4) Current Assets, Loans and Advances :	F		
a) Inventories		719,588,934	492,558,258
b) Sundry Debtors		398,356,572	144,988,768
c) Cash and Bank Balances		27,687,521	14,736,186
d) Loans and Advances		303,644,047	205,954,918
		1,449,277,074	858,238,130
Less: Current Liabilities & Provisions :	G		
a) Current Liabilities		720,284,938	377,948,309
b) Provisions		20,437,497	13,107,751
		740,722,435	391,056,060
Net Current Assets		708,554,639	467,182,070
5) Miscellaneous Expenses : (to the extent not written off or adjusted)			
a) Amalgamation Expenses		32,100	64,200
b) Preliminary Expenditure		173,845	233,256
		205,945	297,456
Total		1,163,520,336	883,409,449
Significant Accounting Policies & Notes on Accounts	O		

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

In terms of our attached report of even date.

For S. JAYKISHAN
Chartered Accountants
FRN : 309005E

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No. 60539

T. Roy
Company Secretary

S. L. Jhawar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 23rd August, 2011

Sanjay Mall
Director

Consolidated Profit and Loss Account For the year ended 31st March, 2011

(Amount in ₹)

	Schedule	Year ended 31st March 2011		Year ended 31st March 2010
I. INCOME				
Income from Operations	H	3,554,842,810		2,273,699,252
Other Income	I	4,964,767		2,627,262
Increase / (Decrease) in Stocks	J	139,366,069		63,679,523
Total		3,699,173,646		2,340,006,037
II. EXPENDITURE				
Material Consumed	K	2,649,508,623		1,576,871,189
Payments to Employees	L	546,884,065		385,438,032
Operational & Other Expenses	M	384,419,261		290,361,113
Total		3,580,811,949		2,252,670,334
Profit before Interest, Depreciation, Prior period Adjustments, Exceptional Items & Tax		118,361,698		87,335,703
Less:				
Interest	N	48,952,371		46,781,314
Depreciation		43,592,456	41,060,158	
Less: Transfer from Revaluation Reserve		1,113,508	42,478,948	39,844,707
Profit before prior period Adjustments, Exceptional Items & Tax		26,930,378		709,682
Add / (Less) : Exceptional Items (Refer Note No. 8)		1,139,325		17,645,324
Profit Before Tax		28,069,703		18,355,006
Add / (Less) : Provision for Taxes				
Current Tax		(7,000,000)		(6,500,000)
Deferred Tax Credit		459,639		2,186,250
Profit After Tax		21,529,343		14,041,256
Less : Minority Interest		(9,474,292)		(2,687,070)
Add: Surplus brought forward from previous year		157,844,604		146,633,574
Profit Available For Appropriation		188,848,239		163,361,900
Less: Proposed Dividend on Equity Shares		2,472,154		2,472,154
Less: Proposed Corporate Dividend Tax		410,600		420,142
Less: Capital Redemption Reserve		—		2,625,000
Surplus carried to Balance sheet		185,965,485		157,844,604
Earning Per Share [Refer Note No. 19]				
Basic (₹)		4.35		4.20
Diluted (₹)		4.35		4.20
Significant Accounting Policies & Notes on Accounts	O			

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

In terms of our attached report of even date.

For S. JAYKISHAN

Chartered Accountants

FRN : 309005E

(CA Y. GUPTA)

Partner

Membership No. 060539

Place: 12, Ho Chi Minh Sarani, Kolkata

Date: 23rd August, 2011

S. Banerjee

Wholtime Director

T. Roy

Company Secretary

S. L. Jhavar

Director

Sanjay Mall

Director

Schedules to the Consolidated Balance Sheet As at 31st March, 2011

(Amount in ₹)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 'A' SHARE CAPITAL		
Authorised		
6,737,500 Equity Shares of ₹10 each (6,737,500)	67,375,000	67,375,000
26,250 9.1% Cumulative Redeemable (26,250) Preference Shares of ₹100 each	2,625,000	2,625,000
	70,000,000	70,000,000
Issued, Subscribed and Paid up		
4,944,307 Equity Shares of ₹10 each fully paid up in cash (3,974,307) (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 04/05/2007)	49,443,070	49,443,070
Total	49,443,070	49,443,070

SCHEDULE 'B' RESERVES AND SURPLUS

Capital Reserve (created by Revaluation of Land, Buildings, Plant & Machinery, Electrical Installations and Sprinkler Installations)		
As per Last Account	63,136,465	64,352,048
Less : Transfer to Profit and Loss Account	1,113,508	1,215,451
Less : Adjustment on Sale	—	132
	62,022,957	63,136,465
Amalgamation Reserve (As per last Account)	1,789,207	1,789,207
Investment Allowance Reserve (As per last Account)	129,150	129,150
Capital Redemption Reserve (Created on redemption of Cumulative Redeemable Preference Shares)	2,625,000	2,625,000
Securities Premium (As per last Account)	19,400,000	19,400,000
General Reserve		
As per Last Account	59,203,800	62,094,445
Less: Deferred Tax Liability as at 1.04.2009	-	2,890,645
	59,203,800	59,203,800
Surplus as per Profit & Loss Account annexed	185,965,485	157,844,604
	331,135,599	304,128,226

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

(Amount in ₹)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 'C' LOAN FUNDS		
I. SECURED LOANS:		
a) Interest free Excise loan	1,269,000	1,269,000
From Govt of India through I.F.C.I.		
Secured by hypothecation of movable assets of the Company ranking pari passu with the charges created/to be created in favour of Financial Institutions & Banks.		
b) i) Sales Tax Loan	25,700,000	25,700,000
ii) Interest Accrued on above	8,181,000	8,181,000
From Government of West Bengal through WBIDC Secured by creation of residuary charges on all assets, subject to the existing charges in favour of other Institutions & Banks.		
c) 1. From State Bank of India		
(i) Cash Credit and Export Packing Credit	276,943,012	163,061,493
(ii) Term Loan		
Term Loan	7,604,880	10,118,682
Term Loan II	—	3,386,544
Term Loan III	6,407,566	10,140,765
Term Loan IV	5,895,813	8,465,911
Term Loan V	66,312,674	61,529,340
Term Loan VI	2,311,227	—
	88,532,160	93,641,242
(iii) Corporate Loan	6,151,022	8,357,029
(iv) Short term Bonus Loan	5,845,813	3,272,629
(v) Buyers Credit	84,068,785	—
2. From The Federal Bank Ltd		
(i) Cash Credit and Export Packing Credit	96,599,320	73,302,477
(ii) Term Loan		
Term Loan I	1,781,099	4,146,757
Term Loan II	2,853,389	5,924,379
Term Loan III	2,130,845	—
	6,765,333	10,071,136
(iii) Corporate Loan	6,913,907	10,824,853
(iv) Overdraft on conversion of FCDL into ₹ Loan	7,865,216	7,150,404
(v) Foreign Currency Demand Loan	50,847,029	18,595,763
(vi) Buyers Credit	8,532,885	—
Loans from State Bank of India & The Federal Bank Limited are secured by :		
i. Hypothecation of all the Stock-in-trade, Stores & Book Debts of the Company, ranking Pari-passu.		
ii. First Pari Passu charge on the entire fixed assets.		
iii. Personal guarantees of Shri Om Prakash Mall, Shri Shree Mohan Mall & Shri Nand Kishore Jhawar.		
d) The Federal Bank Ltd.		
Term Loan	44,374,353	53,426,210
(Under Rent Securitisation, secured against rent receivables)	718,588,836	476,853,237
II. UNSECURED LOANS :		
From Bodies Corporate	58,301,846	37,000,000
	58,301,846	37,000,000

Schedules to the Consolidated Balance Sheet as at 31st March, 2011

SCHEDULE 'D' FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2010	Additions during the year	Deductions / Adjustments during the year	As at 31st March 2011	As at 1st April 2010	For the year	Deductions / Adjustments during the year	As at 31st March 2011	As at 31st March 2010
Land	74,180,251	—	—	74,180,251	—	—	—	74,180,251	74,180,251
Factory Building	273,532,678	65,969,192	—	339,501,870	159,469,933	12,317,750	—	171,787,683	114,062,745
Buildings others	112,849,870	—	—	112,849,870	85,433,122	849,860	—	86,282,981	27,416,748
Plant & Machinery	528,587,327	17,152,969	5,695,703	540,044,593	405,091,219	26,645,413	1,447,536	430,289,096	123,496,108
Electric Installation	37,953,221	1,143,866	—	39,097,087	22,032,928	2,253,423	—	24,286,351	15,920,294
Sprinkler Installation	6,767,165	—	—	6,767,165	6,644,520	17,060	—	6,661,580	122,645
Electric Fork Lift Truck	1,517,380	—	—	1,517,380	1,443,492	14,777	—	1,458,269	73,888
Computer	7,167,229	344,719	—	7,511,948	6,324,781	382,030	—	6,706,812	842,447
Lift	718,217	—	—	718,217	293,731	59,046	—	352,777	424,486
Sundry Equipments	10,223,830	1,514,264	—	11,738,094	6,134,015	628,516	—	6,762,531	4,089,815
Furniture	4,099,164	161,338	—	4,260,502	2,756,335	243,491	—	2,999,826	1,342,829
Motor Vehicle	772,541	740,939	—	1,513,480	376,556	173,782	—	550,338	395,985
Computer Software	—	36,538	—	36,538	—	7,308	—	7,308	—
Total	1,058,368,874	87,063,825	5,695,703	1,139,736,994	696,000,632	43,592,456	1,447,536	738,145,552	362,368,242
Previous Year	987,021,527	88,857,771	17,510,426	1,058,368,874	662,757,263	41,060,158	7,816,789	696,000,632	362,368,242
Capital Work-in-Progress	42,621,065	54,140,569	62,739,197	34,022,436	—	—	—	—	42,621,065

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 ₹283,896,474/- (Gross ₹401,275,536/- minus accumulated depreciation of ₹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 ₹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 ₹6,017,886/- (P.Y. ₹6,042,740/-) on account of expenditure on replacement of certain components and spare parts of Machinery, as in the opinion of the Management the renovation and the replaced components and spare parts which are of better design and technology will enhance the life of the machinery and increase the efficiency and production capacity thereby resulting in long term benefits to the Company.

Immovable Properties transferred from Howrah Land & Holding Limited pursuant to scheme of Amalgamation are pending to be registered in the name of the Company.

Deductions under Plant & Machinery gross block includes ₹5,376,600/- on account of adjustment for subsidy received by the company against the said assets. Excess depreciation charged in the earlier years on the said assets and amounting to ₹1,139,325/- has been written back in the accounts.

Schedules to the Consolidated Balance Sheet As at 31st March, 2011

(Amount in ₹)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 'E' INVESTMENTS		
Long Term		
Government Securities (at cost)		
National Savings Certificates	7,000	—
Gold	118,760	118,760
	125,760	118,760

SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES

a) Inventories		
Stores and Spares Parts	35,360,641	32,781,839
Raw Jute	348,271,666	263,185,862
Finished Goods	282,252,586	164,038,333
Work-in-Progress	53,704,041	32,552,225
	719,588,934	492,558,258
b) Sundry Debtors : Unsecured		
Outstanding for a period exceeding six months-		
Considered good	99,175,218	45,402,280
Considered doubtful	1,005,232	1,005,232
Other Debts		
Considered good	299,181,354	99,586,488
	399,361,804	145,994,000
Less : Provision for Doubtful debts	1,005,232	1,005,232
	398,356,572	144,988,768
c) Cash and Bank Balances		
Cash in hand (As certified)	1,224,885	529,793
Cheques in hand	—	30,000
Balance with Scheduled Banks		
On Current Accounts	2,272,359	1,133,271
On Cash Credit Account	—	101,115
On Fixed Deposits	21,498,895	12,315,113
On Margin Money Account	1,862,154	626,894
(Pledged with Bank against Short Term Loan, Letters of Credit & Bank Guarantees)		
On Unpaid Dividend Account	829,228	—
	27,687,521	14,736,186

Schedules to the Consolidated Balance Sheet As at 31st March, 2011

(Amount in ₹)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 'F' CURRENT ASSETS, LOANS & ADVANCES (Contd.)		
d) Loans and Advances :		
Unsecured Loans (Considered good)	20,815,670	19,716,407
Other Advances (Recoverable in cash or in kind or for value to be received)		
Considered good	129,684,019	65,489,164
Prepaid Expenses	6,056,193	2,679,947
Income Tax deducted at source / Refundable	9,850,774	7,284,429
Income Tax Payments	2,318,205	142,311
Mat credit entitlement	4,000,000	4,000,000
EMA Subsidy, DEPB & Other Claims Receivable	111,723,204	97,451,816
Security & Other Deposits	18,917,518	8,896,478
Deposits with Customs, Excise and other Government Department	278,463	294,366
	303,644,047	205,954,918
	1,449,277,074	858,238,130

SCHEDULE 'G' CURRENT LIABILITIES AND PROVISIONS

a) Current Liabilities :		
Acceptances	75,694,469	5,028,124
Book Overdrawn with Scheduled Banks in Current Account	1,058,920	39,604
Sundry Creditors		
Dues to micro, medium & small enterprises	4,955,382	1,533,546
Dues to other than micro, medium & small enterprises	466,006,562	228,565,990
Creditors for Capital Goods	4,516,722	3,069,565
Preference Shares Redemption amount	432,500	1,271,200
Unpaid Dividend on Preference Shares	590,363	1,735,188
Unpaid Dividend On Equity Shares	238,977	–
Income Tax & FBT Payable on Assessment	3,783,607	9,683,607
Other Liabilities	163,007,438	127,021,485
	720,284,938	377,948,309
b) Provisions :		
Provision for Taxation	14,905,501	7,905,501
Provision for Fringe Benefit tax /Others	466,292	648,923
Provision for Dividend on Equity Shares	2,472,154	2,472,154
Provision for Corporate Dividend Tax	410,600	420,142
Provision for Bonus	2,182,951	1,661,031
	20,437,497	13,107,751
(a+b)	740,722,435	391,056,060

Schedules to the Consolidated Profit and Loss Account For the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 'H' INCOME FROM OPERATIONS		
Sales	3,425,713,981	2,197,651,714
Premium from Long Term Lease	75,272,359	34,103,700
Rental Income	22,719,652	16,377,034
Export Incentives	23,554,022	7,881,326
Credit for Certified Emission Reduction	7,018,375	10,158,581
Foreign Exchange Currency Fluctuation Gain	564,421	7,526,898
	3,554,842,810	2,273,699,252

SCHEDULE 'I' OTHER INCOME		
Interest on Fixed Deposits with Banks (TDS - ₹95,643/-, P.Y. ₹103,533/-)	1,033,759	914,091
Interest on Other Deposits (TDS - ₹2,475/-, P.Y. ₹2,766/-)	35,128	100,650
Profit on Sale of Fixed Assets	-	494,083
Miscellaneous Income	617,429	319,399
Provision for doubtful advances written back	-	766,698
Liability no longer required written back	3,278,451	32,341
	4,964,767	2,627,262

SCHEDULE 'J' INCREASE / (DECREASE) IN STOCK		
Closing Stock		
Finished Goods	282,252,586	169,104,037
Work-in-Progress	53,704,041	27,486,521
	335,956,627	196,590,558
Opening Stock		
Finished Goods	169,104,037	108,302,760
Work-in-Progress	27,486,521	24,608,275
	139,366,069	63,679,523

SCHEDULE 'K' MATERIALS CONSUMED		
Raw Materials (Raw Jute including Yarn)		
Opening Stocks	263,185,862	186,254,938
Add : Purchases	2,561,487,239	1,604,891,194
	2,824,673,101	1,791,146,132
Less : Closing Stocks	348,271,666	263,185,862
	2,476,401,435	1,527,960,270
Purchase of Gunnies	172,985,535	47,561,875
Others	121,654	1,349,044
	2,649,508,623	1,576,871,189

Schedules to the Consolidated Profit and Loss Account For the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31st March 2011	Year ended 31st March 2010
SCHEDULE 'L' PAYMENTS TO EMPLOYEES		
Salaries, Wages and Bonus	442,638,286	312,859,920
Gratuity	9,519,450	5,273,739
Contribution to Provident and other Funds	52,669,690	37,944,277
Staff Welfare Expenses	40,314,529	26,828,908
Other Payments	1,742,109	2,531,189
	546,884,065	385,438,032

SCHEDULE 'M' OPERATIONAL & OTHER EXPENSES

Consumption of Stores & Spare Parts	128,881,370	85,887,736
Power and Fuel (net)	119,316,806	79,900,467
Repairs to Machinery	17,686,179	14,134,685
Repairs to Building	1,715,124	2,978,846
Rates and Taxes	1,282,970	1,005,551
Rent	15,086,854	6,510,761
Insurance	4,984,642	3,968,305
Brokerage & Commission (Other than sole selling agents)	8,140,649	10,619,664
Export Expenditure	9,423,275	6,346,207
Branding Charges	4,478,130	2,188,286
Labour/Processing Charges	8,628,025	4,164,713
Stitching Charges	11,185,826	7,989,984
Shipping & Freight Charges	10,503,897	21,429,630
Advances / Bad debts written off	—	177,206
Directors' Fees	45,600	27,600
Other Establishment Expenses	42,968,403	41,950,338
Provision for Doubtful Debts	—	1,005,232
Amalgamation Expenses written off	32,100	32,100
Preliminary Expenses written off	59,411	43,801
	384,419,261	290,361,113

SCHEDULE 'N' INTEREST

Interest on Fixed Loan & Others	60,777,836	59,265,908
	60,777,836	59,265,908
Less : Interest Subsidy	946,381	1,555,988
Less : Interest Capitalised On Investment (Refer Note No. 18)	8,198,258	8,198,258
Less : Interest Received on Loans & advances	2,680,826	2,730,348
	48,952,371	46,781,314

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

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

a) **Basis of Accounting :**

- I. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company, i.e. for the year ended 31st March, 2011.
- II. The financial statements of the Group have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

b) **Principles of Consolidation:**

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

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

c) **Particulars of subsidiaries:**

Name of the Company	Country of Incorporation	Percentage of Voting Power as at 31st March, 2011
West Bengal Agro Textile Corporation Limited (WBATCL)	India	73.98%
HMC Jute Park Enterprises Limited	India	60.00%
HMC Power Companies Limited	India	88.00%

2. **Basis of preparation of financial statements.**

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

3. **Revenue Recognition**

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

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

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

- g. Lease Rent and bonus to employees, are accounted for on cash basis.
- h. Incomes from certified emission reduction (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 assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- d. Depreciation on assets other than freehold land is provided on written down value method at the rates & in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on differential increase in values arising out of the revaluation is recouped from Capital Reserve.
- e. Costs of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses and advances paid to acquire fixed assets are shown as Capital Work-in-progress.

5. Investments

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

6. Inventories

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

7. Foreign Currency Transactions

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

8. Retirement Benefits

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

9. Borrowing Costs

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

10. Subsidy & Incentives

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

Capital Investment Subsidy/Incentives are accounted for in the accounts as and when actually received. Capital grant relating to

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

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

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

11. Goodwill on Consolidation

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

12. Amalgamation & Preliminary Expenses

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

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

13. Taxes On Income

Tax expenses comprises of current tax and deferred tax.

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

- 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.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

16. Prior Period items:

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

B. NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for

(Amount in ₹)

Particulars	As at	As at
	31st March 2011	31st March 2010
a) Bank guarantees given on behalf of the company.	39,043,254	30,070,264
b) West Bengal and Central Sales Tax assessments under appeal for the period 1st October, 2002 to 31st March, 2004.	4,010,349	4,278,023
c) Bills discounted from bank (Since realized).	27,216,732	6,534,269
d) Letters of Credit issued in favour of various parties.	176,110,256	97,487,734
e) Corporate guarantee given to State Bank of India on behalf of West Bengal Agro Textile Corporation Ltd. (Subsidiary Company).	33,860,000	37,000,000
f) Claims against disputed liabilities not acknowledged as debts.	—	324,000
g) Interest / penalties for non payment of Service Tax realized by the company.	Amount not ascertained.	Amount not ascertained.

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

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

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

Particulars	As at	As at
	31st March 2011	31st March 2010
As Statutory Audit fee	247,575	236,545
Certification	48,000	10,500
As Tax Audit fee	11,030	11,030
Other matters	12,758	16,545

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

Particulars	2010-11		2009-10	
	Managing Director	Whole Time Director	Managing Director*	Whole Time Director
Salaries	480,000	510,000	880,000	420,000
Contribution to Provident Fund	—	-	40,000	—
Other Perquisites	55,584	142,474	171,851	129,165
Allowances	—	204,000	15,000	168,000
Total	535,584	856,474	1,106,851	717,165

* Figures pertain to 10 months period, since Managing Director resigned with effect from 28-1-2010.

The computation of net profit for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 has not been enumerated since no commission has been paid to any director. Fixed managerial remuneration has been paid to the 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 ₹20,808,011/- (P.Y.- ₹23,922,518/-) and Advances include ₹48,159,012 (P.Y.- ₹48,091,823/-) and Receivables from Government departments includes ₹40,370,615/- (P.Y.- ₹40,370,615/-) outstanding for more than three years and are doubtful. However, management is of the opinion that the said dues will be recoverable in full and hence no provision is required in this regard.
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 ₹257 lacs, as the company has made an application for waiver of interest, pending approval from authorities.

8. Details of exceptional items are as follows (Amount in ₹)

Particulars	As at	As at
	31st March 2011	31st March 2010
a) Compensation for Delay Payment	—	13,056,000
b) Excess Depreciation charged in earlier years written back	1,139,325	4,589,324
Total	1,139,325	17,645,324

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

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

9. 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.
10. 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.
11. Estimated amount of Commitments on Capital Account outstanding as on 31st March 2011 was ₹732.60 Lacs (P. Year- ₹249.54 Lacs) net of advances.

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

Particulars	Currency	As at 3.03.2011 (Sell)
Forward Contracts in respect of Foreign currency debtors -Nil (P.Y. - 5 Nos.)	USD	– (P.Y - 564,498/-)

13. No provision is considered necessary by the management in respect of claim for damages of ₹5,008,807/- (P.Y ₹5,008,807/-) by the ESI Authorities for delayed payment of dues for the earlier years, as the company's application for waiver / reduction thereof is under consideration of the authorities.
14. There were five parties 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, 2011 to the extent of ₹2,787,404/-(P.Y.- ₹1,303,098/-). 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.

15. Segmental Reporting as per AS -17

(Amount in ₹)

Particulars	Jute Activity	Real Estate	Total
Revenue	3,461,815,566 (2,225,845,780)	97,992,011 (50,480,734)	3,559,807,577 (2,276,326,514)
Segment Results (Profit before Interest, tax & Exceptional Items)	-11,936,611 (634,085)	87,819,361 (46,856,911)	75,882,750 (47,490,996)
Interest	34,223,973 (36,609,391)	14,728,398 (10,171,923)	48,952,371 (46,781,314)
Exceptional Items	1,139,325 (17,645,324)	– –	1,139,325 (17,645,324)
Profit Before tax	- 45,021,260 (-18,329,982)	73,090,963 (36,684,988)	28,069,703 (18,355,006)
Less : Income Tax & FBT	– –	– –	6,540,361 (4,313,750)
Profit after tax	– –	– –	21,529,342 (14,041,256)
Other Information			
Assets	1,752,374,275 (1,187,042,495)	132,642,437 (76,303,703)	1,885,016,712 (1,263,346,198)
Liabilities	1,391,490,703 (841,099,444)	126,122,414 (64,514,248)	1,517,613,117 (905,613,692)
Capital Expenditure	17,875,592 (42,183,315)	60,589,605 (42,621,066)	78,465,197 (84,804,381)
Depreciation	37,681,929 (39,052,814)	4,797,019 (791,893)	42,478,948 (39,844,707)

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

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

16. Components of Deferred tax liability as on 31st March, 2011 are as follows :-

Particulars	As at 31st March 2011	As at 31st March 2010
Components of Deferred Tax Liability		
Depreciation	244,756	1,536,027
Components of Deferred Tax Assets		
Disallowance as per Section 43 B of Income Tax Act	—	831,632
Net Deferred Tax Liability	244,756	704,395

17. Earnings Per Share (EPS):

		Year ended 31st March 2011	Year ended 31st March 2010
Net Profit for the period attributable to equity shareholders: (₹)	(a)	31,003,634	16,728,327
Weighted average number of Equity Shares of ₹10/- each outstanding during the period	(b)	4,944,307	3,979,622
Add: Dilutive number of Equity Shares outstanding during the year	(c)	NIL	NIL
Diluted number of Equity Shares outstanding during the year	(d)	4,944,307	3,979,622
Earnings Per Share (₹):			
Basic	(e) = (a) / (b)	4.35	4.20
Diluted	(f) = (a) / (d)	4.35	4.20

18. The company during the year has capitalized interest cost amounting to ₹8,198,258/-(P.Y 8,198,258/-) to cost of investments in subsidiary company M/s West Bengal Agro Textile Corporation Ltd. instead of charging to revenue. Had it been charged to revenue, the profit for the year net of tax would have been reduced by ₹54,11,670/- (P.Y. ₹54,11,670/-) and the balances of Reserves & Surplus would have been reduced by ₹54,11,670/- (P.Y ₹54,11,670/-).

19. Related Party Disclosure

Relationship	Name	Transaction during the year
Key Managerial Personnel (Whole time Director)	Mr. S. Banerjee	Managerial Remuneration - ₹856,474/- (P.Y. ₹717,165/-)
Key Managerial Personnel	Mr. Jyoti Mohan Mall (Managing Director)	Managerial Remuneration ₹535,584/- (P.Y. ₹520,000/-)
Related to Key Management Personnel	Surya Twines P. Ltd.	Sales ₹1,000/- (P.Y. ₹ NIL) Purchase ₹378,000/- (P.Y. 1,805,000/-)

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

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

20. The amount of Term Loans outstanding as on 31st March, 2011 and repayable within a period of one year from the said date amounts to ₹445.60 Lacs (P.Y ₹343.72 Lacs)

21. Capital Work in Progress as on 31st March, 2011 ₹34,022,437/- (P.Y ₹42,621,066) includes (Amount in ₹)

Particulars	As at	
	31st March 2011	31st March 2010
a) Capital Advances	–	22,710,971
b) Machineries & Other fixed assets under installation / construction	34,022,437	19,910,095
	34,022,437	42,621,066

22. Current year financial statements includes figures of new jute products manufacturing unit taken on lease at Rajam, Andhra Pradesh, with effect from 1st September, 2010 and hence are not comparable with previous year figures to that extent.

23. 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 to the Schedules A to O

In terms of our attached report of even date.

For S. JAYKISHAN

Chartered Accountants

S. Banerjee

Wholetime Director

(CA Y. GUPTA)

Partner

Membership No.60539

T. Roy

Company Secretary

S. L. Jhavar

Director

Place: 12, Ho Chi Minh Sarani, Kolkata

Date: 23th August, 2011

Sanjay Mall

Director

Consolidated Balance Sheet Abstract and Company Business Profile

I. Registration Details

Registration No. of 1890 - 91 State Code

Balance Sheet Date
Date Month Year

II Capital raised during the year (Amount in ₹ Thousand)

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Secured Loans

Reserves & Surplus

Unsecured Loans

Application of funds

Net Fixed Assets

Net Current Assets

Investments

Accumulated Profit

Mis Expenditure

IV Performance of Company (Amount in ₹ Thousand)

Turnover

Total Expenditure

Profit/Loss Before Tax

Profit/Loss After Tax

Please tick Appropriate box + for Profit, - for Loss

Earning per Share in ₹

Dividend Rate %

V Generic Names of principal products of Company

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

Consolidated Cash Flow Statement For the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31st March 2011		Year ended 31st March 2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax & Exceptional items		26,930,378		709,684
Adjustments for				
Depreciation	42,478,948		39,844,781	
Interest paid	48,952,371		46,781,314	
Interest Received	(1,068,887)		(1,039,948)	
Profit on sale of Assets	—		(494,083)	
Depreciation adjusted against J.M.D.C. incentive	(1,139,325)		(4,589,324)	
Liability no longer required written back	(3,278,451)		(32,341)	
Preliminary Expenses Written off	59,411		43,801	
Investments written back	—		63,100	
Amalgamation Expenses Written off	32,100	86,036,168	32,100	80,609,400
Operating Profit Before Working Capital Changes		112,966,546		81,319,084
Adjustments for				
Trade and other receivables	(351,056,933)		49,620,762	
Inventories	(227,030,676)		(143,750,189)	
Trade payables	353,781,549	(224,306,060)	100,688,833	6,559,406
Cash Generated From / (Used In) Operations		(111,339,513)		87,939,183
Less: Taxes Paid		6,502,773		538,670
Cash Flow Before Exceptional Items		(117,842,286)		87,400,513
Exceptional Items		1,139,325		17,645,324
Net Cash From / (Used In) Operating Activities - A		(116,702,961)		105,045,837
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(78,454,304)		(84,804,382)	
Purchase of Investments	(7,000)		—	
Sale of Fixed Assets	—		1,272,000	
Interest Received	1,068,887		1,039,948	
Capital Subsidy from J.M.D.C. capitalised	5,376,600		8,163,800	
Net Cash From / (Used In) Investing Activities - B		(72,015,816)		(74,328,634)

Consolidated Cash Flow Statement (Contd.) For the year ended 31st March, 2011

(Amount in ₹)

	Year ended 31st March 2011	Year ended 31st March 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money recd / (refunded)		(900,000)
Issue of Share to minority Shareholder		260,000
Increase/ (decrease) in Unsecured Loans	21,301,846	9,500,000
Increase/ (decrease) in Secured Loans	104,557,236	46,618,906
Increase/ (decrease) in cash credits from banks	137,178,363	(35,041,021)
Interest paid	(57,150,629)	54,979,572)
Preliminary Expenses incurred	—	(197,057)
Preference Shares Redeemed	(838,700)	(512,400)
Preference share and Equity Share Dividend Paid	(3,378,003)	(697,534)
Net Cash From / (Used in) Financing Activities — C	201,670,113	(35,948,678)
Net Increase / (Decrease) in Cash and Cash Equivalants (A+B+C)	12,951,336	(5,231,474)
Cash & Cash Equivalents at the beginning of the year	14,736,186	19,967,661
Cash & Cash Equivalents at the closing of the year	27,687,521	14,736,186

Note:

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

For **S. JAYKISHAN**
Chartered Accountants

S. Banerjee
Wholetime Director

(CA Y. GUPTA)
Partner
Membership No.60539

T. Roy
Company Secretary

S. L. Jhawar
Director

Place: 12, Ho Chi Minh Sarani, Kolkata
Date: 23rd August, 2011

Sanjay Mall
Director



Howrah Mills Company Limited

Registered & Administrative Office

'Howrah House', 135 Foreshore Road, Howrah - 711 102