

BOARD OF DIRECTORS

- A. V. LODHA — Chairman
- H. V. LODHA
- R. C. JAIN
- S. S. JAIN
- S. BHANDARI



ANNUAL REPORT

# ALFRED HERBERT (INDIA) LTD.

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REGISTERED OFFICE

Herbert House  
10/3, Strand Road, Kolkata-700 001

## ANNUAL REPORT 2009 - 2010



## ANNUAL REPORT

2009-2010

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### BOARD OF DIRECTORS

- A. V. LODHA — **Chairman**
- H. V. LODHA
- R. C. TAPURIAH
- S. S. JAIN
- S. BHANDARI

### REGISTERED OFFICE

Herbert House  
13/3, Strand Road, Kolkata-700 001

**NOTICE OF MEETING**

NOTICE is hereby given that the Ninetieth Annual General Meeting of the Members of **Alfred Herbert (India) Limited** will be held at Bengal National Chamber of Commerce & Industry Auditorium, 23 R N Mukherjee Road, Kolkata-700 001, on Friday, July 23, 2010 at 10.30 a.m. to transact the following business: -

1. To consider and adopt the audited Accounts of the Company for the year ended 31st March 2010 together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. H.V. Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Registered Office :  
Herbert House,  
13/3 Strand Road  
Kolkata - 700 001  
22nd May 2010

On behalf of the Board  
S. S. Jain  
Director

**NOTES :**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from 15th July 2010 to 23rd July 2010 (both days inclusive).
3. The Dividend, if declared, at the meeting will be paid on or after 24th July 2010 to those Members whose names shall appear on the Register of Members as on 15th July 2010.
4. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, ECS mandate etc, to their respective Depository Participant (DP).
5. Members who have not so far encashed their dividend warrants for the year ended 31st March 2003 and thereafter may immediately approach the Registrar of the Company for re-validation of unclaimed Dividend Warrants. The money lying in the Unpaid Dividend Account for the year ended 31st March 2003 will be transferred to Investors' Education and Protection Fund established by the Central Government U/s. 205C of the Companies Act, 1956 on 14th October 2010.
6. In order to provide protection against fraudulent encashment of Dividend Warrant(s), shareholders holding shares in physical form are requested to intimate immediately to the Company's Registrar particulars of bank account viz., Name of Bank, Branch address with pin code, Bank Account Number with Account type whether savings or current account.
7. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
8. At the ensuing Annual General Meeting, Mr. H V Lodha and Mr. S Bhandari retire by rotation and being eligible,

offer themselves for re-appointment. A brief resume, their share holding in the Company and names of other Companies in which they hold directorships are given below: -

Shri H V Lodha

Shri H V Lodha, aged 43 years, is an eminent Chartered Accountant. He is the Chairman of Birla Corporation Limited. He serves on the Board of several reputed Companies and as Trustee and Managing Committee Member in several social and philanthropic organisations. He has served on the Executive Committee of FICCI and as Chairman of its Corporate Laws and Governance Committee and Co-Chairman of its Young Leaders Forum. He has served as Vice-president of Indian Chamber of Commerce, Kolkata and as Chairman of its Economic Affairs Committee, Banking & Finance and Direct Tax Committees. Currently, on the Managing Committee of ASSOCHAM as well as the Executive Committee of the Indian Chamber of Commerce. He holds 907 Equity Shares of the Company.

Other Directorships

<u>Name of the Company</u>	<u>Position</u>
1. Advance Business Services Ltd.	Alternate Director
2. Baroda Agents & Trading Co. Pvt. Ltd.	Director
3. Birla Corporation Limited	Director
4. Birla Ericsson Optical Ltd.	Director
5. Birla Furukawa Fibre Optics Ltd.	Director
6. Central Business Services Ltd.	Alternate Director
7. City Consultants Ltd.	Alternate Director
8. East India Investment Co. Pvt. Ltd.	Director
9. Elco Consultants Ltd.	Alternate Director
10. Fenner (India) Ltd.	Director
11. Gwalior Webbing Co. Ltd.	Director
12. Harsh Chemicals Ltd.	Alternate Director
13. Hindustan Gum & Chemicals Ltd.	Director
14. Manoraj Investment Ltd.	Alternate Director
15. Mazbat Investments Pvt. Ltd.	Director
16. Mazbat Properties Pvt. Ltd.	Director
17. Oneworld Resources Pvt. Ltd.	Director
18. Punjab Produce Holdings Ltd.	Director
19. Sicpa India Ltd.	Director
20. Swiss India Financial Services Co. Pvt. Ltd.	Director
21. The Punjab Produce & Trading Co. Pvt. Ltd.	Director
22. Universal Cables Ltd.	Director
23. Universal Telelinks Private Ltd.	Director
24. Vindhya Telelinks Ltd.	Director

Other Committee Memberships

He is the Chairman of the Audit Committee of Sicpa India Limited and Investors' Grievance Committee of Alfred Herbert (India) Limited and Member of the Audit Committee of Fenner (India) Limited

Shri S. Bhandari

Shri S Bhandari aged 54 years is a Specialist in Marine Law and Marine Insurance. His Educational qualifications are B Com, FNMIS & ACIARB. He is a well-known Professional with more than 20 years of experience. He joined the Board of the Company on 30th June 2006. He does not hold any shares in the Company.

Other Directorships

Herbert Holdings Limited

Committee Memberships

Audit & Investors' Grievance Committees of Alfred Herbert (India) Limited.

**Members are requested to bring their copies of the Annual Report to the meeting.**



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Ninetieth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2010.

### FINANCIAL RESULTS

The Financial Results are as under :

	31st March 2010 Rs.	31st March 2009 Rs.
Profit before Tax	6,560,773	9,393,697
Provision for Tax	2,710,187	1,262,834
Profit after Tax	3,850,586	8,130,863
Surplus from earlier years brought forward/written back	8,630,481	4,931,685
Amount available for appropriation	<u>12,481,067</u>	<u>13,062,548</u>
Appropriations :		
Proposed Dividend	1,542,858	1,542,858
Corporate Dividend Tax	—	262,209
General Reserve	1,000,000	1,000,000
Special Reserve	800,000	1,627,000
	<u>3,342,858</u>	<u>4,432,067</u>
Surplus carried to Balance Sheet	9,138,209	8,630,481
	<u>12,481,067</u>	<u>13,062,548</u>

### DIVIDEND

Your Directors take pleasure in recommending for approval the payment of Dividend of Rs. 2/- (per share) for the year ended 31st March 2010.

### FINANCIAL PERFORMANCE

The Company's gross income for the financial year ended 31st March 2010 stood at Rs.260.04 lacs and profit before tax stood at Rs.65.61 lacs.

The Company's Realty and Business Services Division continued to perform satisfactorily. The Company renewed its lease for its warehouse in Kolkata and is currently repairing the same comprehensively. The Division has deployed its surplus funds in long-term investments, which have performed and should help maximise returns in future and is actively exploring various opportunities including by the better utilisation of its properties to increase its sustainable income significantly.

The Sales and Marketing Division of the Company performed reasonably well during the year and contributed to the profitability of the Company.

The Company's wholly owned subsidiaries, Alfred Herbert Limited and Herbert Holdings Limited performed satisfactorily during the year and barring

unforeseen circumstances should continue to contribute to the overall growth of the Company.

### DIRECTORS

Mr. H V Lodha, Director, and Mr. S Bhandari, Director, retire by rotation and being eligible, offer themselves for re-appointment.

### AUDITORS

M/s. Ray & Ray, Chartered Accountants, will retire at the Annual General Meeting and they have given their consent to be re-appointed for the current year.

### CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance code as stipulated under the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance, alongwith Certificate from the Auditors confirming the compliance, is annexed and forms part of the Annual Report.

### SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with Report of the Board of Directors and Auditors Report of your Company's subsidiaries, namely, Alfred Herbert Limited and Herbert Holdings Limited are annexed to this Report.

### CONSOLIDATED FINANCIAL STATEMENTS

The Directors also present the consolidated financial statements duly incorporating the financial statements of the subsidiaries Alfred Herbert Limited and Herbert Holdings Limited.

### DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- ii) 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 or loss of the Company for that period ;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars regarding foreign exchange earnings and expenditure appear as Annexure to Schedule at item No.16 in the Notes to the Accounts. The other particulars relating to Conservation of Energy and Technology Absorption stipulated in the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

**PERSONNEL**

Your Directors wish to place on record their appreciation for the services rendered by the employees of the Company during the year.

**COMPLIANCE CERTIFICATE UNDER COMPANIES ACT, 1956**

A certificate issued by M/s. A J & Associates, Company Secretaries, in terms of the provisions of Section 383A of the Companies Act, 1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

**PARTICULARS OF EMPLOYEES**

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

Your Directors place on record their appreciation for the support received from the shareholders.

On behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors

Kolkata  
22nd May, 2010



## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-10

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good corporate governance practices would ensure a better transparency, accountability, integrity and responsibility in corporate actions and thereby would help in boosting investors / stake holders confidence in the Company. The focus of the Company has always been to ensure continuing value creation for its shareholders and above all, to achieve business excellence with the goal of long term sustainable development.

### 2. BOARD OF DIRECTORS

The strength of the Board of Directors as on 31st March 2010 is 5 out of which 3 are independent. The Board is headed by Non-executive Chairman. The composition of the Board of Directors is in conformity with the Corporate Governance Code. During the year, 5 meetings of the Board of Directors were held on 16.04.2009, 10.06.2009, 24.07.2009, 24.10.2009 and 22.01.2010.

The composition and category of the Directors on Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also number of Directorships and Committee Memberships / Chairmanships and number of shares held by them as on 31st March 2010 are as follows :-

Name of Director	Relationship with other Directors	Category	No. of Board Meetings attended	Attendance in last A.G.M.	No of Shares held	No of other Directorships *	Details of Board Committee Membership	
							Member	Chairman
Mr. A V Lodha	Brother of Mr. H V Lodha	Non-independent Non-executive	4	Yes	937	3	3	2
Mr. R.C Tapuriah	None	Independent Non-executive	4	Yes	132	14	3	4
Mr. H V Lodha	Brother of Mr. A V Lodha	Non-independent Non-executive	3	Yes	907	24	2	3
Mr. S.S Jain	None	Independent Non-executive	5	Yes	-	19	1	2
Mr. S Bhandari	None	Independent Non-executive	3	No	-	1	2	-

\* including Alternate Directorships and Directorships of Private Companies.

### CODE OF CONDUCT :

The Company has always encouraged and supported ethical business practices in personal and corporate behaviour by its directors and employees. The Company has framed a specific Code of Conduct for the members of the Board of Directors and Senior Management Personnel of the Company.

### 3. AUDIT COMMITTEE

The Audit Committee of the Board of your Company comprises exclusively of Independent Non-executive Directors Mr S S Jain, Mr. R C Tapuriah and Mr. S Bhandari. Mr. S. S. Jain is the Chairman of the Committee. The Committee acts as a link between the Statutory & Internal Auditors and the Board of Directors.

The terms of reference of the Audit Committee are in accordance with sub-clause II of Clause 49 of the Listing Agreement entered into with the Stock Exchanges and inter-alia include :

To ensure that the financial reporting process and the disclosure of its financial information at the financial statements are correct, sufficient and credible. Recommend the appointment of Statutory Auditors and Fixation of Audit Fees. Reviewing, with the Management, the annual financial statements. Reviewing, with the Management, performance of Statutory and Internal Auditors and adequacy of the Internal Control Systems. Reviewing the adequacy of Internal Audit Functions. Discussion with Statutory

Auditors and Internal Auditors on nature and scope of audit etc. Reviewing the Company's Financial and Risk Management Policies.

The Company held 4 Audit Committee Meetings during the year. Attendance of Directors at these meetings are as under.

Name of Member	Status	No. of Meetings attended
Mr. S.S. Jain	Chairman	4
Mr. R.C. Tapuriah	Member	4
Mr. S. Bhandari	Member	3

### 4. REMUNERATION COMMITTEE

As constitution of Remuneration Committee is a non-mandatory requirement under Clause 49 of the Listing Agreement and no remuneration is being paid to any Director except Sitting Fee of Rs.5000/-, the Board of Directors considers it unnecessary to constitute any Remuneration Committee at this stage.

#### Details of Sitting Fees paid to the Directors during the financial year ended 31st March 2010

Name of Director	Sitting Fees (Rs.)
Mr. A. V. Lodha	20,000/-
Mr. R. C. Tapuriah.	55,000/-
Mr. H. V. Lodha	25,000/-
Mr. S. S. Jain	45,000/-
Mr. S. Bhandari	45,000/-

**5. INVESTORS' GRIEVANCE COMMITTEE**

Share transfer and Shareholders/ Investors' Grievance Committee looks into issues relating to shareholders including transfer of Shares, Redressal of complaints from Investors etc.

During the year, the Committee met 3 times and the composition and the attendance of the Directors at these meetings are as under:

Name of Member	Status	No. of Meetings attended
Mr. H. V. Lodha	Chairman	2
Mr. R. C. Tapuriah	Member	3
Mr. S. Bhandari	Member	3

During the year 4 complaints were received from the Shareholders which were replied/ resolved to the satisfaction of the shareholders as on 31st March 2010.

Mr. A. K. Basu, Chief Financial Officer is the Compliance Officer.

**6. GENERAL BODY MEETINGS**

The last 3 Annual General Meetings were held as under:-

Year	Venue	Date	Time
2008-09	Indian Chamber of Commerce 4 India Exchange Place Kolkata - 700 001	24.07.2009	10.00 a.m.
2007-08	Indian Chamber of Commerce 4 India Exchange Place Kolkata - 700 001	30.07.2008	9.30 a.m.
2006-07	Indian Chamber of Commerce 4 India Exchange Place Kolkata - 700 001	27.07.2007	10.00 a.m.

There was no Special Resolution, which required passing through postal ballot. At present no Special Resolution is proposed to be passed through a postal ballot or at the Annual General Meeting.

**7. DISCLOSURES**

- i) Details of transactions with related parties during the year have been furnished in Schedule 16(i) of the Accounting Policies and Notes on Accounts of the Annual Accounts. There are no materially significant transactions with related parties i.e. Directors, Management, Subsidiaries and relatives conflicting with the Company's interests.
- ii) The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as Regulations & Guidelines of Securities and Exchange Board of India (SEBI). No penalties were imposed by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years.

**8. MEANS OF COMMUNICATIONS**

The quarterly, half-yearly and the annual financial results are published in English and vernacular newspapers and are also furnished to the Stock

Exchanges with whom the Company has listing arrangements to enable them to put them on their website.

**9. GENERAL SHAREHOLDER INFORMATION**

90th Annual General Meeting

Date & Time: 23rd July 2010 at 10.30 a.m.

Venue : Bengal National Chamber of  
Commerce & Industry  
23 R N Mukherjee Road  
Kolkata - 700 001

**NEXT FINANCIAL CALENDAR**

Company's financial year is based on 12 months starting from 1st April to 31st March

1st quarterly results	: Before 15th August 2010
2nd quarterly results	: Before 15th November 2010
3rd quarterly results	: Before 15th February 2011
Audited yearly results for the year ending 31st March 2011	: Before the end of May 2011
Date of Book Closure	: From 15th July 2010 to 23rd July 2010 (both days inclusive)
Dividend Payment Date	: On or after 24th July 2010

**LISTING OF STOCK EXCHANGES**

The Company's shares are listed at Bombay Stock Exchange Limited  
The Calcutta Stock Exchange Association Limited.  
Listing Fees as prescribed have been paid to the above Stock Exchanges for the Financial year 2009-10

**STOCK CODE OF EQUITY SHARES OF THE COMPANY ARE AS UNDER :**

Bombay Stock Exchange Limited	: Scrip Code No. 505216
The Calcutta Stock Exchange Assn. Ltd.	: Scrip Code No. 11525
Corporate Identity (CIN)	: L74999WB1919PLC003516
ISIN	: INE782D01027

**MARKET PRICE DATA DURING THE FINANCIAL YEAR 2009-10 :**

Month	Bombay Stock Exchange Ltd.	
	High Rs.	Low Rs.
April	: 109.75	91.00
May	: 141.35	97.15
June	: 149.75	129.00
July	: 145.90	101.70
August	: 174.00	115.20
September	: 187.00	145.85
October	: 212.50	156.00



	High Rs.	Low Rs.
November	200.00	160.00
December	194.00	155.10
January	209.65	142.10
February	166.25	145.00
March	183.95	145.75

**Registrar and Share Transfer Agent** : Maheshwari Datamatics Pvt. Limited  
6 Mangoe Lane, Kolkata - 700 001  
Telephone No. 2248 2248 / 2243 5809

#### SHARE TRANSFER SYSTEM

All the transfers received are processed by the Registrar and Transfer Agents and are approved by Mr. A K Basu, Chief Financial Officer who has been authorised by the Board of Directors in this regard. Share Transfers are registered and returned within one month from the date of lodgment, if documents are complete in all respect.

#### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010

No. of Equity Shares held	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
Upto 1000	3964	99.2240	230020	29.8174
1001 to 5000	21	.5257	36713	4.7591
5001 to 10000	5	.1252	39386	5.1056
10001 to 50000	3	.0751	62300	8.0759
50001 and above	2	.0500	403010	52.2420
<b>Total</b>	<b>3995</b>	<b>100.0000</b>	<b>771429</b>	<b>100.0000</b>

#### SHAREHOLDING PATTERN AS ON 31ST MARCH 2010

Category	No. of Shareholders	No. of Shares held	Total Shareholding as a % of Total Share
Individuals	3863	246848	32.00
Non-Resident Individuals	24	4579	.59
Bodies Corporate	88	26304	3.41

#### AUDITOR'S CERTIFICATE

To  
The Members of  
ALFRED HERBERT (INDIA) LIMITED

We have examined the compliance of Corporate Governance by ALFRED HERBERT (INDIA) LIMITED for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation there of, 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.

Category	No. of Shareholders	No. of Shares held	Total Shareholding as a % of Total Share
Financial Institutions/Banks	2	90	.01
Insurance Companies	1	15628	2.03
Trusts	1	90	0.01
	<u>3979</u>	<u>293539</u>	<u>38.05</u>
Promoters	16	477890	61.95
<b>Total</b>	<b><u>3995</u></b>	<b><u>771429</u></b>	<b><u>100.00</u></b>

**Dematerialisation of Shares :- 28.91% of Equity Shares have been dematerialised as on 31st March 2010**

#### SECRETARIAL AUDIT

As stipulated by SEBI, a Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted Capital with NSDL and CDSL and the total issued and listed Capital. This audit is carried out every quarter and the report thereon is submitted to Stock Exchanges, NSDL and CDSL and is also placed before the Board of Directors.

Address for correspondence : Alfred Herbert (India) Limited  
13/3 Strand Road,  
Kolkata - 700 001

Telephone Nos. : 2248 4801/2248 4802

#### DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board of Directors of the Company has laid down a Code of Conduct for its Members and Senior Management Personnel of the Company. It is further confirmed that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March 2010 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

for ALFRED HERBERT (INDIA) LIMITED

A.K.Basu

Chief Financial Officer

Date: 22nd May 2010

In our opinion and to the best of our information and according to the explanations given to us :

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. 301072E

Abhijit Neogi  
Partner

Membership No. 61380

Place : Kolkata  
Date : 22nd May, 2010



**AUDITORS' REPORT**

**To the Members of Alfred Herbert (India) Limited.**

1. We have audited the attached Balance Sheet of **ALFRED HERBERT (INDIA) LIMITED** as at 31 March 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 (Auditor's Report) Order, 2003 ('the order') as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 of India ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in ANNEXURE, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - (iii) The financial statements dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the financial statements dealt with by this report comply with the Accounting Standards referred to in section 211 (3C) of the 'Act' ;
  - (v) On the basis of the written representations received from the directors, as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the 'Act' ;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes gives the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31 March, 2010;

- (b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement , of the cash flows for the year ended on that date.

5. According to the information and explanations given to us and on the basis of the test checks carried out by us during the course of the audit of the company, our report on the matters specified under the para 3A and 3C of Non Banking Financial Companies Auditors Report (Reserve Bank) Directions 2008 is as follows :
  - i) The Company is engaged in the business of Non Banking Financial Institution.
  - ii) The Company which was incorporated prior to 9th January 1997 has applied for registration as provided in section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934) and has received registration certificate from the Reserve Bank of India vide their certificate no. N. 05. 04665 dated 29th November 2001.
  - iii) The asset / income pattern of the Company as on 31.3.2010 is as follows:

Ratio of Investment income to total income	0.28
Ratio of Investments to total assets	0.69

However as represented by the Management, the Company intends to continue to hold its Certificate of Registration.
  - iv) The Board of Directors of the Company had passed a resolution of its meeting held on 22nd January 2010 for non-acceptance of any public deposit.
  - v) The Company has not accepted any public deposit during the year under reference.
  - vi) The Company has complied with the prudential norms relating to income recognition, assets, classification and provisioning for bad and doubtful debts as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial ( Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380

Place : Kolkata  
Date : 22nd May, 2010

**ANNEXURE TO THE AUDITORS' REPORT** (Referred to In Paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- (b) According to the information and explanations given to us, most of the fixed assets have been physically verified by the management during the year in a phased program and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) The Company has not disposed off a substantial part of its fixed assets during the year, which affect the going concern status of the Company.



- (i) (a) As explained to us, all the inventory of the company has been physically verified during the year by the management. In our opinion and according to the information and explanations given to us, the frequency of the verification is reasonable having regard to the size of the company and the nature of its business.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of stocks were not material.
- (ii) According to the information and explanations given to us, the company has neither granted nor taken any loans to and from the companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions or clause 4(iii)(b) to (g) 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 reasonable internal control procedures commensurate with the size and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanations given to us, the Company has not entered into the contracts or arrangements referred to in the section 301 of the Act that need to be entered into the register required to be maintained under that section. Accordingly, clause 4 (v)(b) of the order are not applicable.
- (vi) The Company has not accepted any deposits under section 58A, 58AA or any other relevant provisions of the Act from the public during the year.
- (vii) In our opinion, the internal audit system of the Company is commensurate with the size of the Company and nature of its business.
- (viii) The Central Government has not prescribed for the maintenance of any cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.
- On the basis of the records of the Company and the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding as at 31 March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and according to the information and explanations given to us by the management, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.
- (x) As per the records of the company, the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our examination of documents and records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues of financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on document and records produced before us, the Company has granted loan on the basis of security by way of pledge of shares and proper records in respect thereof have been maintained.
- (xiii) The Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of the clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) Based on our examination of documents and records and evaluation of the related internal controls, in respect of dealings/trading in securities, in our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made in those records. We also report that the Company has held the shares, securities, debentures and other investments in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loan outstanding during the year. Accordingly, Clause 4 (xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the Company has not raised funds on short-term basis and therefore provisions of Clause 4(xvii) of the order are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) According to the information and explanations given to us and the records examined by us, no debentures have been issued during the year. Accordingly, provisions of clause 4(xix) of the order are not applicable to the Company.
- (xx) Based on the records examined by us, the Company has not raised monies by public issue during the year.
- (xxi) During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380

Place : Kolkata  
Date : 22nd May, 2010

CIN No : L74999WB1919PLC003516

**COMPLIANCE CERTIFICATE**

To,  
The Members,  
Messrs. **ALFRED HERBERT (INDIA) LIMITED**,  
Kolkata.

We have examined the registers, records, books and papers of Messrs. **Alfred Herbert (India) Ltd.** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a public limited company, the comments are not required.
4. The Board of Directors duly met **Five times** respectively on **16th April, 2009; 10th June 2009; 24th July, 2009; 24th October 2009** and **22nd January 2010** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members from **16th July 2009 to 24th July 2009** and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on **31st March 2009** was held on 24th July 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loan to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The company has made necessary entries in the register maintained under Section 301 of the Act with regard to the general disclosure made by the directors.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. The company has:
  - i) delivered all the certificates on lodgement thereof for transfer and transmission of securities in accordance with the provisions of the Act.
  - ii) deposited the amount of dividend declared in a separate bank account on 25.07.2009 which is within five days from the date of declaration of such dividend.
  - iii) paid/ posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and in respect of all unclaimed/ unpaid dividend, the Bank has been instructed to change the nomenclature of the account as "Alfred Herbert (India) Limited Unpaid Dividend Account - 2009" on 24.08.2009 for the balance amount standing therein.
  - iv) transferred the amounts in unpaid dividend account and matured deposits which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection fund.
  - v) duly complied with the requirements of section 217 of the Act to the extent applicable to the company.
14. The Board of directors of the company is duly constituted. There was no appointment of additional directors, alternate directors, and directors to fill casual vacancy during the financial year.
15. The company has not appointed any Managing director/ Whole time director/ Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company



- Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
  19. The company has not issued any shares, debentures or other securities during the financial year.
  20. The company has not bought back any shares during the financial year.
  21. There was no redemption of preference shares or debentures during the financial year.
  22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The company has not invited/ accepted or renewed any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
  24. The company has not made any borrowings during the financial year ended 31st March, 2010.
  25. The company, being an investment company and holding a certificate of registration as a NBFC, provisions pursuant to section 372A are not applicable.
  26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
  27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
  28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
  29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
  30. The company has not altered its articles of association during the financial year.
  31. As informed by the management, there was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.

32. The company has not received any money as security from its employees during the financial year.
33. The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For A J & ASSOCIATES  
Company Secretaries  
Abhijeet Jain  
Proprietor  
C.P. No. : 3426

Place : Kolkata  
Date : 17th May, 2010

#### **Annexure - A**

##### Registers as maintained by the Company

1. Register of Members
2. Register of Directors
3. Register of Directors Shareholding
4. Register of Application And Allotment
5. Register of Contract u/s 301 for disclosure u/s 299
6. Register of Transfer
7. Shareholders Minutes Book
8. Directors Minutes Book
9. Index of Members
10. Register of Charges.
11. Directors Committee Minutes Book.

#### **Annexure - B**

##### Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

1. Annual Return (Schedule V) in Form 20B made upto 24.07.2009 filed on 16.09.2009.
2. Balance Sheet (Schedule VI) in Form 23AC/23ACA as at 31.03.2009 filed on 14.08.2009.
3. Compliance Certificate in Form 66 for the year-ended 31.03.2009 filed on 05.08.2009.
4. Form 1 INV dated 12.11.2009 filed on 23.11.2009.

**Balance Sheet**

as at 31st March, 2010

	Schedules	As at 31st March, 2010 (Rs.)		As at 31st March, 2009 (Rs.)	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1	7,714,290		7,714,290	
Reserves and Surplus	2	<u>245,701,627</u>	<u>253,415,917</u>	<u>243,578,907</u>	251,293,197
Deferred Tax Liability			2,598,330		2,388,143
			<u>256,014,247</u>		<u>253,681,340</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	3		56,285,157		56,757,620
Less : Depreciation			<u>14,853,899</u>		<u>14,382,337</u>
Net Block			41,431,258		42,375,283
<b>Capital Work-in-progress</b>			—		3,147,954
<b>Investments</b>	4		183,103,518		78,862,976
<b>Current Assets, Loans and Advances :</b>					
Sundry Debtors	5		—	1,203	
Cash and Bank Balances	6	31,512,879		128,280,023	
Other Current Assets	7	1,841,173		5,042,123	
Loans and Advances	8	8,813,620		13,112,646	
		<u>42,167,672</u>		<u>146,435,995</u>	
<b>Less : Current Liabilities and Provisions :</b>					
Liabilities	9	1,212,030		2,200,095	
Provisions	10	9,476,171		14,940,773	
		<u>10,688,201</u>		<u>17,140,868</u>	
<b>Net Current Assets</b>			<u>31,479,471</u>		129,295,127
			<u>256,014,247</u>		<u>253,681,340</u>
Accounting Policies and Notes to Accounts	16				

Note : The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
22nd May, 2010

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors



## Profit and Loss Account

For the year ended 31st March, 2010

	Schedules	For the year ended 31st March, 2010 (Rs.)	For the year ended 31st March, 2009 (Rs.)
<b>INCOME</b>			
Income from Operations	11	18,734,921	12,580,987
Income from Investments	12	7,258,923	6,256,051
Other Income	13	10,610	260
		<u>26,004,454</u>	<u>18,837,298</u>
<b>EXPENDITURE</b>			
Cost of Materials	14	77,814	160,225
Other Expenses	15	18,549,490	5,805,709
Interest		11,496	2,667,215
Depreciation		989,889	995,460
Less : Transferred from Revaluation Reserve		<u>185,008</u>	<u>185,008</u>
		<u>19,443,681</u>	<u>9,443,601</u>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>6,560,773</b>	<b>9,393,697</b>
Less : Provision for Taxation :			
Current Tax		2,500,000	1,000,000
Deferred Tax		210,187	230,334
Fringe Benefit Tax		—	32,500
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>3,850,586</b>	<b>8,130,863</b>
Add : Balance brought forward from previous year		8,630,481	4,931,685
Available for appropriation		<u>12,481,067</u>	<u>13,062,548</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		1,542,858	1,542,858
Corporate Dividend Tax		—	262,209
General Reserve		1,000,000	1,000,000
Special Reserve		800,000	1,627,000
Balance carried to Balance Sheet		<u>9,138,209</u>	<u>8,630,481</u>
		<u>12,481,067</u>	<u>13,062,548</u>
Basic & diluted Earning per share - (Face value Rs. 10/- each)		4.99	10.54
Number of shares used in computing earning per share		771,429	771,429
Accounting Policies and Notes to Accounts	16		

Note : The Schedules referred to above form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date.

As per our report of even date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
22nd May, 2010

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors

## SCHEDULES

		As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
1.	<b>CAPITAL</b>		
	<b>Authorised</b>		
	5,000,000 Equity Shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
	<b>Issued, subscribed and paid-up</b>		
	9,000 Equity Shares of Rs. 10 each issued without payment being received in cash	<u>90,000</u>	<u>90,000</u>
	270,000 Equity Shares of Rs. 10 each issued as bonus shares by capitalisation of reserve	<u>2,700,000</u>	<u>2,700,000</u>
	492,429 Equity Shares of Rs. 10 each issued for cash	<u>4,924,290</u>	<u>4,924,290</u>
		<u>7,714,290</u>	<u>7,714,290</u>

## 2. RESERVES AND SURPLUS

Description	Balance as at 31st March 2009 Rs.	Additions Rs.	Transfers/ Deductions Rs.	Balance as at 31st March 2010 Rs.
*Capital Reserve	6,018,426	—	185,008	<b>5,833,418</b>
General Reserve	203,000,000	1,000,000	—	<b>204,000,000</b>
Special Reserve (Under Section 45 IC of Reserve Bank of India Act)	25,930,000	800,000	—	<b>26,730,000</b>
Surplus in Profit & Loss Account	8,630,481	9,138,209	8,630,481	<b>9,138,209</b>
	<u>243,578,907</u>	<u>10,938,209</u>	<u>8,815,489</u>	<u>245,701,627</u>

\*Includes Revaluation Reserve Rs. 5,823,480

## 3. FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	Value as on 01.04.2009 Rs.	Additions during the year Rs.	Sales/ Adjust- ments Rs.	Value as on 31.03.2010 Rs.	Upto 31.03.2009 Rs.	Depreciaton during the year Rs.	Sales/ Adjust- ments Rs.	Total 31.03.2010 Rs.	Value as on 31.03.2010 Rs.	Value as on 31.03.2009 Rs.
Land	3,674,588	—	—	<b>3,674,588</b>	—	—	—	—	<b>3,674,588</b>	3,674,588
Building	50,550,507	—	—	<b>50,550,507</b>	12,617,386	899,712	—	<b>13,517,098</b>	<b>37,033,409</b>	37,933,121
Plant & Machinery	1,682,847	45,864	25,500	<b>1,703,211</b>	929,831	84,111	25,500	<b>988,442</b>	<b>714,769</b>	753,016
Furniture, Fixtures & Equipments	366,273	—	9,422	<b>356,851</b>	351,715	6,066	9,422	<b>348,359</b>	<b>8,492</b>	14,558
Vehicles	483,405	—	483,405	—	483,405	—	483,405	—	—	—
Total	56,757,620	45,864	518,327	<b>56,285,157</b>	14,382,337	989,889	518,327	<b>14,853,899</b>	<b>41,431,258</b>	42,375,283
Previous year	57,373,368	34,920	650,668	<b>56,757,620</b>	14,037,545	995,460	650,668	<b>14,382,337</b>	<b>42,375,283</b>	

Note :

- (a) Buildings include a flat on leasehold land (original cost Rs.198,559). Registration of the relevant conveyance deed of the flat is pending execution.
- (b) The Company revalued its land and buildings as on 22.01.1968 and as on 30.06.1986 resulting in an increase in net value of such assets by Rs.2,270,000 and Rs.8,252,840 on the respective dates.
- (c) Buildings include leasehold premises valuing Rs.106,341/- (Previous year Rs.110,109/-) original cost Rs.342,945 the lease in respect of which has been renewed. Registration of the relevant lease deed is pending execution.



#### 4. INVESTMENTS

##### Long Term (Non-Trade)

##### Quoted

Equity Shares of Rs. 10 each except where otherwise stated (fully paid)

		As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
	Nos.		
Graphite India Limited (Face Value Rs. 2 per share)	350,000	19,866,484	19,866,484
Aditya Birla Nuvo Limited	105	1,110	1,110
Mangalore Refinery and Petrochemicals Ltd.	400	4,000	4,000
HDFC Bank Limited	500	5,000	5,000
Hindalco Industries Limited (Face value Re 1 per share)	75,750	7,272,000	7,272,000
Reliance Industries Ltd. (32,500 Nos Equity shares received as bonus shares during the year)	65,000	18,982,115	18,982,115
Sterlite Industries (India) Ltd. (Face value Rs. 2 per share)	2,505	188,310	188,310
India Glycol Ltd.	18,000	2,354,307	2,354,307
ITC Limited (Face value Re. 1 per share)	30,000	3,578,171	3,578,171
Reliance Capital Ltd.	1,125	175,170	175,170
Reliance Natural Resources Ltd. (Face Value Rs.5 per share)	22,500	94,323	94,323
Reliance Communication Ltd.	22,500	5,214,701	5,214,701
Reliance Infrastructure Ltd.	1,687	983,651	983,651
IDFC Limited	50,000	3,511,762	3,511,762

##### Bonds

6.85% IIFCL 2014 (Face value Rs. 100,000 each fully paid up)	285	28,628,250	—
		<u>90,872,892</u>	<u>62,244,642</u>

##### Unquoted

**Shares** (Face value Rs. 10 each fully paid up)

Kirloskar Computer Services Ltd.	10,000	100,000	100,000
Less : Provision for diminution in value of shares		<u>96,400</u>	<u>96,400</u>
		3,600	3,600

##### Debentures

5% Non-Redeemable Registered Debentures stock (Face value of Rs. 5,000 each fully paid up) in Woodlands Hospital & Medical Research Centre	1	5,000	5,000
1/2% Registered Mortgaged Debentures stock (Face value of Rs. 5,000 each fully paid up) in Woodlands Hospital & Medical Research Centre	39	3,900	3,900

##### In Subsidiary Companies :

Equity Shares of Rs. 10 each fully paid up in Herbert Holdings Ltd.	220,000	7,000,000	7,000,000
Equity Shares of Rs. 10 each fully paid up in Alfred Herbert Ltd.	900,007	9,000,070	9,000,070

##### Current Investments (Unquoted)

Units of Rs.10 each in Reliance Medium Term Fund - Dividend Reinvest	1,195,940.271	20,450,460	—
Units of Rs.10 each in HSBC Floating Rate Fund - Weekly Dividend Reinvest	1,356,401.630	15,249,044	—
Units of Rs.10 each in HDFC Mutual - Cash Management Fund - T. A. Plan - Dividend Rein	4,042,260.365	40,518,552	60,453,280

a) Quoted Investments

b) Unquoted Investments

	<u>92,230,626</u>	<u>16,618,334</u>
	<u>183,103,518</u>	<u>78,862,976</u>
a) Quoted Investments	<u>90,872,892</u>	<u>62,244,642</u>
b) Unquoted Investments	<u>92,230,626</u>	<u>16,618,334</u>
	<u>183,103,518</u>	<u>78,862,976</u>
Aggregate Market Value of Quoted Investments	<u>172,718,607</u>	<u>78,924,885</u>

Aggregate Market Value of Quoted Investments

**NOTE :** Refer Note (d) of Schedule 16 to accounts for investments purchased and sold during the year.



**ALFRED HERBERT (INDIA) LTD.**

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>5. SUNDRY DEBTORS</b>		
Unsecured		
Debts outstanding for a period exceeding six months :		1,203
Other debts		<u>1,203</u>
<b>6. CASH AND BANK BALANCES</b>		
Cash in hand	7,529	1,922
Remittance in Transit	—	198,590
Fixed Deposits with Scheduled Bank	—	111,900,000
Balances with Scheduled Banks		
(i) On EEFC Account	14,912,013	15,265,358
(ii) On Current Accounts	16,271,685	632,189
(iii) On Deposit Accounts	<u>321,652</u>	<u>281,964</u>
	<u>31,505,350</u>	<u>16,179,511</u>
	<u>31,512,879</u>	<u>128,280,023</u>
<b>7. OTHER CURRENT ASSETS</b> (Unsecured - considered good)		
Accrued Interest	369,056	2,546,443
Rent Receivable	110,330	2,109,850
Security Deposit	1,361,787	385,830
	<u>1,841,173</u>	<u>5,042,123</u>
<b>8. LOANS AND ADVANCES</b>		
<b>Secured - Considered doubtful</b>		
Deposit with Bodies Corporate (secured by pledge of shares)	20,000,000	20,000,000
Less : Provision for non-performing loans & advances	<u>20,000,000</u>	<u>20,000,000</u>
<b>Unsecured - Considered good</b>		
Advance recoverable in cash or in kind or for value to be received	913,217	248,276
Advance Income Tax (including tax deducted at source)	7,900,403	12,864,370
	<u>8,813,620</u>	<u>13,112,646</u>
<b>9. LIABILITIES</b>		
Sundry Creditors (Refer note (f) of schedule 16)	187,772	323,845
**Other Liabilities	1,024,258	1,876,250
**Includes unclaimed dividend amounting to Rs.321,652 (previous year Rs.281,964) which is not due to be deposited to Investor Education and Protection Fund.	<u>1,212,030</u>	<u>2,200,095</u>



	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>10. PROVISIONS</b>		
Provision for Taxation	7,847,722	12,997,624
Provision for Fringe Benefit Tax	85,591	138,082
Proposed Dividend	1,542,858	1,542,858
Corporate Dividend Tax	—	262,209
	<u>9,476,171</u>	<u>14,940,773</u>
	For the year ended 31st March, 2010 Rs.	For the year ended 31st March, 2009 Rs.
<b>11. INCOME FROM OPERATIONS</b>		
Sales	145,032	292,362
Interest, Fees and other charges (Tax deducted at source Rs. 475,536/- previous year Rs. 836,515/-)	2,193,116	4,165,348
Commission	13,726,106	54,341
Service Charges (Tax deducted at source Rs. NIL previous year Rs. 648,900/-)	—	2,100,000
Exchange Gain	—	3,292,936
Rent (Tax deducted at source Rs.816,651/- Previous year Rs.531,480/-)	2,670,667	2,676,000
	<u>18,734,921</u>	<u>12,580,987</u>
<b>12. INCOME FROM INVESTMENTS</b>		
Dividend from shares	1,815,552	1,930,364
Dividend from subsidiary Company	1,800,014	—
Dividend from investment in Mutual Fund	2,332,944	3,771,530
Profit on Sale of Investment	—	554,157
Interest on Bonds	1,310,413	—
	<u>7,258,923</u>	<u>6,256,051</u>
<b>13. OTHER INCOME</b>		
Profit on Sale of Fixed Assets	10,000	—
Miscellaneous Income	610	260
	<u>10,610</u>	<u>260</u>
<b>14. COST OF MATERIALS</b>		
Stock-in-trade	—	—
Opening Stock	—	—
Add :Purchase of machine tools and spares	77,814	160,225
	<u>77,814</u>	<u>160,225</u>
Less :Closing Stock	—	—
	<u>77,814</u>	<u>160,225</u>

**15. EXPENSES**

	For the year ended 31st March, 2010 Rs.	For the year ended 31st March, 2009 Rs.
Salaries, Wages & Bonus	1,235,732	1,162,071
Contribution to Provident Fund, Pensions and other Funds	107,117	120,033
Medical and welfare expenses	38,382	34,324
Repairs to Building	2,455,700	—
Repairs to others	500,765	517,298
Rent	28,517	28,343
Rates and Taxes	883,710	780,176
Insurance	27,193	25,635
Electricity	710,216	457,543
Postage and telephone	242,200	395,099
Lease Rent & Premium	5,085,039	821,235
Printing & Stationery	94,820	87,322
Travelling & conveyance	75,981	135,054
Motor Car Expenses	2,629	64,100
Legal & Secretarial Expenses	701,727	645,925
Capital work-in-progress written off	3,147,954	—
Loss on Foreign Exchange	1,895,523	—
Loss on Sale of Investments	20,652	—
Consultancy Charges	770,099	—
Miscellaneous expenditure (i)	335,534	361,551
Directors' Sitting Fees	190,000	170,000
	<u>18,549,490</u>	<u>5,805,709</u>
(i) Includes		
Auditors' Remuneration		
Statutory Audit Fees	25,000	25,000
Tax Audit Fees	12,000	12,000
In other Capacity	22,060	16,854



## 16. ACCOUNTING POLICIES & NOTES TO ACCOUNTS

### a. Significant Accounting Policies

#### **Basis of preparation of financial statements**

The accounts have been prepared under the historical cost convention in accordance with the provisions of the Companies Act, 1956 and mandatory accounting standards issued by the Institute of Chartered Accountants of India. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

#### **Use of Estimates**

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can be reasonably estimated. Difference between the actual results and the estimates are recognized in the year in which the results are known/materialized.

#### **Fixed Assets**

Fixed Assets other than those, which have been revalued, are stated at cost. Expenses relating to acquisition and installation of Fixed Assets are capitalised till the assets are put to use. Capital-work-in-progress includes expenses relating to construction of Building.

#### **Impairment**

Fixed Assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amounts of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

#### **Depreciation**

- (i) Depreciation on original cost of fixed assets acquired/installed upto 15th December, 1993 has been provided on straight line method at the rates prevailing at the time of acquisition /installation and on assets acquired after the aforesaid date at the rates specified in schedule XIV to Companies Act, 1956
- (ii) Depreciation on incremental value of fixed assets due to revaluation is provided on straight-line basis with respect to technically evaluated, remaining useful life of the assets.

#### **Investments**

Long Term Investments are stated at cost less provision for diminution in value other than temporary, if any Current investments are valued at cost or realisable value whichever is lower.

#### **Inventories**

Inventories are valued at lower of the cost or net realisable value. Cost of inventories is generally determined on 'First in First out' basis.

#### **Foreign Currency Transaction**

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency assets and liabilities are translated at exchange rates prevailing at the year end. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transaction during the year are recognized in the profit and loss account, except in the cases of fixed assets acquired from a country outside India, in which case, these are adjusted to the cost of respective fixed assets.

**Income**

Sales are recognised on passing of the property in goods as per the terms of sales. Claims, commission and service charges to the extent considered realisable have been accounted for on ascertainment of amounts thereof. Interest income is recognized on time proportion method.

**Retirement Benefits**

Retirement benefits to employees viz. Provident, Superannuation and Pension Funds, Leave Encashment are accounted for on accrual basis. The year-end liability in respect of gratuity is determined on the basis of actuarial valuation. Contribution to Provident, Superannuation, Pension and Gratuity Funds are made to the appropriate authorities. Liability for leave encashment is accounted for on accrual basis as per Management's estimate.

**Income Tax**

Provision for tax is made for both current and deferred tax. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference which are capable of reversal in subsequent periods are recognised using tax rates and tax laws which have been enacted. Deferred Tax Assets are recognized and carried forward only to the extent there is virtual certainty that assets will be realised in future.

**Provisions, Contingencies and Contingent Assets**

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

Contingent Assets are neither recognized nor disclosed in the financial statement. Contingent liabilities are not provided for and are disclosed by way of notes.

**NOTES ON ACCOUNTS**

- b. Interest on loans except to the extent there is uncertainty as to the realisation has been accounted for on accrual basis.
- c. Loans and advances include Rs.200 lacs, which are overdue for payment. Pending outcome of steps for recovery taken by the Company, full provision for these nonperforming assets amounting to Rs.200 lacs has been made in the previous years in accordance with Non-Banking Financial Companies Prudential Norms of Reserve Bank of India.

**d. Units subscribed and redeemed during the year**

Mutual Fund (Unit of Rs.10 each)	No. of Units	Cost Price (Rs.)	Sale Price (Rs.)
HSBC Floating Rate Plan	3,381,855.960	38,020,652	38,000,000

**e. Gratuity Plan**

The company provides for gratuity, a defined benefit plan covering eligible employees. Gratuity Fund Scheme is administered and controlled by a trust. The Projected Unit Credit (PUC) actuarial method has been used to assess the plan's Liabilities, including those related to death-in-service and incapacity benefits.



The following tables set out the status of the Gratuity Plan as required under AS 15 (Revised).

Reconciliation of Defined Benefit Obligation and Fair Value of Assets over the year ended 31st March 2010.

1. Change in Defined Benefit Obligations.

		(Rs. In Lacs)		
		As on 31.03.2010	As on 31.03.2009	As on 31.03.2008
a	Present Value of Defined Benefit Obligations at the beginning of period	5.13	4.27	6.70
b	Current Service Cost	0.26	0.23	0.17
c	Interest Cost	0.33	0.33	0.42
d	Actuarial Losses/(Gains)	0.12	0.30	0.13
e	Benefits Paid	—	—	(3.15)
f	Present Value of Defined Benefit Obligations at the end of period	5.84	5.13	4.27

2. Change in Fair Value of Assets

		(Rs. In Lacs)	
		As on 31.03.2010	As on 31.03.2009
a	Plan assets at beginning of period	5.13	4.28
b	Expected return on plan assets	0.34	0.35
c	Actual Company contributions	0.31	0.45
d	Actuarial gain/(loss)	0.06	0.05
e	Plan assets at the end of period	5.84	5.13

3. Total expense recognised in the statement of Profit & Loss Accounts

		(Rs. In Lacs)	
	Components of employer expense	For the year ended 31.03.2010	For the year ended 31.03.2009
a	Current Service Cost	0.26	0.23
b	Interest Cost	0.33	0.33
c	Expected return on plan assets	(0.34)	(0.35)
d	Actuarial Losses/(Gains)	0.06	0.25
e	Total expenses recognised in the Statement of Profit & Loss Account	0.31	0.46

4. Net Assets / (Liability) recognised in the Balance sheet

		(Rs. In Lacs)	
	Funded Status	For the year ended 31.03.2010	For the year ended 31.03.2009
a	Present Value of Defined Benefits Obligations	5.84	5.13
b	Fair value of plan assets	5.84	5.13
c	Employer expenses	0.31	0.46
d	Employer contributions	0.31	0.45

## 5. Actuarial Assumptions

		As on 31.03.2010	As on 31.03.2009	As on 31.03.2008
a	Discount Rate	8.00%	6.50%	7.70%
b	Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
c	Salary increases	8%	5%	5%
d	Expected return on assets	6.50%	7.70%	8.00%
e	Withdrawal rates	Upto 40 years 6.2% 40 years and above NIL	Upto 40 years 6.2% 40 years and above NIL	Between 0.1% and 0.5% depending on age

f. There are no reported micro, small and medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act 2006, to whom Company owes dues.

## g. Primary Segment information (Business segments)

Primary Segment	(Rs. In Lacs)					
	Sales & Marketing Operations	Realty & Business Services	Total	Sales & Marketing Operations	Realty & Business Services	Total
<b>A. REVENUE</b>						
<b>External Sales/Income</b>	138.71	121.33	<b>260.04</b>	3.79	184.58	<b>188.37</b>
<b>Segment Result (Profit (+) / Loss (-) before Tax &amp; Interest)</b>	125.30	(59.58)	<b>65.72</b>	(9.97)	130.58	<b>120.61</b>
Less : Un-allocable expenditure						
i) Interest			<b>0.11</b>			<b>26.67</b>
ii) Other un-allocable expenditure (Net of un-allocable income)			<b>—</b>			<b>—</b>
Total Profit before Tax			<b>65.61</b>			<b>93.94</b>
Less : Taxes						
Current Tax			<b>25.00</b>			<b>10.00</b>
Deferred Tax			<b>2.10</b>			<b>2.30</b>
Fringe Benefit Tax			<b>—</b>			<b>0.33</b>
Net Income / (Loss) after Tax			<b>38.51</b>			<b>81.31</b>
<b>OTHER INFORMATION</b>						
<b>Segment Assets</b>	6.15	2,581.87	<b>2,588.02</b>	7.23	2,572.35	<b>2,579.58</b>
Un-Allocable Assets			<b>79.00</b>			<b>128.64</b>
Total			<b>2,667.02</b>			<b>2,708.22</b>
<b>Segment Liabilities &amp; Provisions</b>	4.20	23.35	<b>27.55</b>	3.35	18.64	<b>21.99</b>
Un-Allocable Liabilities & Provisions			<b>79.33</b>			<b>131.36</b>
Total			<b>106.88</b>			<b>153.35</b>
<b>Depreciation</b>	0.71	7.34	<b>8.05</b>	0.77	7.33	<b>8.10</b>
<b>Capital Expenditure Including CWIP</b>	—	—	<b>—</b>	—	31.48	<b>31.48</b>

h. In accordance with Accounting Standard 22 "Accounting for taxes on Income" (AS22) issued by the ICAI, the company has accounted for deferred taxes during the year.



The following are the major components of deferred tax assets / (liabilities).

	As on 31.03.2010 (Rs)	As on 31.03.2009 (Rs)
<b>Deferred Tax Liability</b> On Account of Depreciation	<b>(2,624,859)</b>	(2, 412,967)
<b>Deferred Tax Assets</b>		
Provision for Leave encashment	<b>26,529</b>	24,824
TOTAL	<b>26,529</b>	24,824
Net Deferred Tax Liability	<b>(2,598,330)</b>	(2,388,143)

i. Related Party disclosure as identified by the management in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India ("ICAI") are as follows:-

Name of the related parties where control exists - Subsidiary Companies :

- i) Alfred Herbert Limited.
- ii) Herbert Holdings Limited.

Disclosure of transaction between the Group and Related Parties and status of outstanding balances as on 31st March, 2010.

	Subsidiary Companies. (Rs. in Lacs)	
	2009-2010	2008-2009
(i) Service Charges Received (Alfred Herbert Ltd)	NIL	21.00
(ii) Advance Taken (Alfred Herbert Ltd)	32.78	15.36
Advance Given (Alfred Herbert Ltd)	35.19	4.58
(iii) Advance Payable (Alfred Herbert Ltd)	NIL	2.41
(iv) Advance Receivable (Alfred Herbert Ltd)	NIL	NIL

j. Previous year's figures have been regrouped / rearranged / reclassified wherever necessary, to make it comparable with current year figures.

### 1. Particulars in respect of Sales

DESCRIPTION	2009-2010		2008-2009	
	Qty. (Unit)	Value (Rs.)	Qty (Unit)	Value (Rs.)
Spares		145,032		292,362

### 2. Earnings in Foreign Currency

Commission on Direct Sales

	2009-2010 Rs.	2008-2009 RS.
Commission on Direct Sales	13,726,106	711,816

Signature for Schedules 1 to 16

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
22nd May, 2010

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010 (PREPARED PURSUANT TO LISTING AGREEMENT)

	2009- 2010		2008- 2009	
	(Rs.)	(Rs.)	(Rs)	(Rs)
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before Tax		6,560,773		9,393,697
Adjustment for :				
Depreciation	804,881		810,452	
Loss on Sale of Investments	20,652		—	
Capital work-in-progress written off	3,147,954		—	
Profit on sale of Fixed Assets	(10,000)		—	
Profit on Sale of Investments	—	3,963,487	(554,157)	256,295
Operating Profit before Working Capital Changes		<u>10,524,260</u>		<u>9,649,992</u>
Adjustments for :				
Sundry Debtors	1,203		626,512	
Other Current Assets	3,200,950		(1,436,232)	
Loans & Advances	(664,941)		917,142	
Current Liabilities	<u>(1,027,753)</u>	<u>1,509,459</u>	<u>(4,300,778)</u>	<u>(4,193,356)</u>
Cash (Utilised in)/ Generated from Operating Activities		<u>12,033,719</u>		<u>5,456,636</u>
Direct Tax (Net)	<u>(2,738,426)</u>	<u>(2,738,426)</u>	<u>(49,750)</u>	<u>(49,750)</u>
Net Cash (Utilised in)/ Generated from Operating Activities		<u>9,295,293</u>		<u>5,406,886</u>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(45,864)		(34,920)	
Sales/Discard of Fixed Assets	10,000		—	
Proceeds from Sale/Redemption of Investments	38,000,000		148,736,333	
Purchase of Investments	<u>(142,261,194)</u>		<u>(37,727,600)</u>	
Net Cash (Utilised in)/ Generated from Investment Activities		<u>(104,297,058)</u>		<u>110,973,813</u>
<b>C. Cash Flow from Financing Activities</b>				
Dividend Paid	(1,503,170)		(1,530,985)	
Corporate Dividend Tax	<u>(262,209)</u>		<u>(262,209)</u>	
Net Cash (Utilised in)/ Generated from Financing Activities		<u>(1,765,379)</u>		<u>(1,793,194)</u>
Net Increase/(Decrease) in cash & cash equivalent		<u>(96,767,144)</u>		<u>114,587,505</u>
Cash and Cash equivalents (Opening Balance)		<u>128,280,023</u>		<u>13,692,518</u>
Cash and Cash equivalents (Closing Balance)		<u>31,512,879</u>		<u>128,280,023</u>
		<u>(96,767,144)</u>		<u>114,587,505</u>

Note :-

1. Cash & Cash Equivalent Includes :-
  - i) Cash in Hand - Rs. 7,529/-
  - ii) Bank Balance with Scheduled Banks :  
In Current A/c. & Deposit A/c. Rs.31,505,350/-

As per our report of even date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
22nd May, 2010

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors



**PART IV OF SCHEDULE VI OF COMPANIES ACT, 1956 (AS AMENDED)**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. Registration Details</b>			
Registration No.	3 5 1 6	State Code	2 1
Balance Sheet Date	3 1 0 3 2 0 1 0		
<b>II. Capital Raised During the Year (Amount in Rs. Thousands)</b>			
Public issue	N I L	Right issue	N I L
Bonus issue	N I L	Private Placement	N I L
<b>III. Position of Mobilisation and deployment of funds (Amount in Rs. Thousands)</b>			
Total Liabilities	2 5 6 0 1 4	Total Assets	2 5 6 0 1 4
<b>Source of Funds</b>			
Paid-up Capital	7 7 1 4	Reserves & Surplus	2 4 5 7 0 2
Secured Loans	N I L	Unsecured Loans	N I L
Deferred Tax Liability	2 5 9 8		
<b>Application of Funds</b>			
Net Fixed Assets	4 1 4 3 1	Investments	1 8 3 1 0 4
Net Current Assets	3 1 4 7 9	Misc. Expenditure	N I L
Accumulated Losses	N I L		
<b>IV. Performance of Company (Amount in Rs. Thousand)</b>			
Turnover	2 6 0 0 4	Total Expenditure	1 9 4 4 4
Profit Before Tax	6 5 6 1	Profit / (Loss) after tax	3 8 5 1
Earnings Per Share (Rs.)	4 . 9 9	Dividend Rate %	2 0 %
<b>V. Generic Name of Three Principal Products/Services of Company (As per monetary terms)</b>			
Item Code No.	N O T A P P L I C A B L E		
Product Description	N O T A P P L I C A B L E		

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
22nd May, 2010

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES**

<u>Name of the Subsidiary Companies</u>	<u>ALFRED HERBERT LTD.</u>	<u>HERBERT HOLDINGS LTD.</u>
1. Financial Year of the Subsidiary Companies ended on	31.03.2010	31.03.2010
2. Equity Shares of the Subsidiary Companies held by Alfred Herbert (India) Ltd. and its nominees on the above date :		
(a) Number and Face Value	900,007 Equity Shares of Rs. 10 each fully paid-up	220,000 Equity Shares of Rs. 10 each fully paid-up
(b) Extent of holding	100%	100%
3. Net aggregate amount of Profit/(Loss) of the Subsidiary Companies so far as they concern the members of Alfred Herbert (India) Limited :		
(a) not dealt with in the Accounts of Alfred Herbert (India) Ltd. for the year ended 31st March, 2010 :		
(i) for the financial year of the Subsidiary	21,018,177	1,811,504
(ii) for the previous financial year of the Subsidiary	(33,495,565)	665,310
(b) dealt with in the Accounts of Alfred Herbert (India) Ltd. for the year ended 31st March, 2010 :		
(i) for the financial year of the Subsidiary	1,800,014	Nil
(ii) for the previous financial year of the Subsidiary	Nil	Nil

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Director

Kolkata  
22nd May, 2010

## Consolidated Balance Sheet

as at 31st March, 2010

	Schedules	As at 31st March, 2010 (Rs.)		As at 31st March, 2009 (Rs.)	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1	7,714,290		7,714,290	
Reserves and Surplus	2	269,946,200	277,660,490	251,242,108	258,956,398
<b>Loan Funds</b>					
Secured Loans	3		—		2,458,603
Deferred tax liability			3,474,955		2,732,751
<b>TOTAL</b>			<b>281,135,445</b>		<b>264,147,752</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4		74,075,384		74,588,233
Less : Depreciation			27,169,546		25,702,241
Net Block			46,905,838		48,885,992
<b>Capital-Work-in-Progress</b>			—		3,147,954
<b>Investments</b>	5		172,538,771		72,821,955
<b>Current Assets, Loans and Advances :</b>					
Inventories	6	48,726,821		61,404,629	
Sundry Debtors	7	27,221,747		27,872,955	
Cash and Bank Balances	8	57,311,661		130,278,258	
Other Current Assets	9	10,938,322		11,355,354	
Loans and Advances	10	39,517,031		42,478,326	
			183,715,582		273,389,522
<b>Less : Current Liabilities and Provisions :</b>					
Liabilities	11	99,178,898		109,339,564	
Provisions	12	22,845,848		24,758,107	
<b>Net Current Assets</b>			<b>61,690,836</b>		<b>139,291,851</b>
<b>TOTAL</b>			<b>281,135,445</b>		<b>264,147,752</b>
Accounting Policies and Notes to Accounts	18				

Note : The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
22nd May, 2010

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors

## Consolidated Profit and Loss Account

For the year ended 31st March, 2010

	Schedules	For the year ended 31st March, 2010 (Rs.)	For the year ended 31st March, 2009 (Rs.)
<b>INCOME</b>			
Income from Operations	13	221,803,313	123,844,123
Income from Investments	14	9,099,847	6,906,031
Other Income	15	7,230,902	290,783
		<u>238,134,062</u>	<u>131,040,937</u>
<b>EXPENDITURE</b>			
Cost of Materials	16	133,091,997	80,478,762
Excise Duty		39,185	151,528
Other Expenses	17	72,906,598	68,642,284
Interest		589,785	3,079,011
Depreciation		2,301,051	2,310,918
Less : Transferred from Revaluation Reserve		(185,008)	(185,008)
		<u>208,743,608</u>	<u>154,477,495</u>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>29,390,454</b>	<b>(23,436,558)</b>
Less : Provision for Taxation :			
- Current Tax		6,090,000	1,072,000
- Income Tax relating to earlier years (Net)		20,366	(656,252)
- Deferred Tax		742,204	207,078
- Fringe Benefit Tax		—	240,054
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>22,537,884</b>	<b>(24,299,438)</b>
Add : Balance brought forward from previous year		14,087,532	42,938,037
Available for appropriation		<u>36,625,416</u>	<u>18,638,599</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		1,542,858	1,542,858
Interim Dividend		1,800,014	—
Corporate Dividend Tax		305,912	262,209
General Reserve		2,188,775	1,000,000
Special Reserve		1,105,000	1,746,000
Balance carried to Balance Sheet		<u>29,682,857</u>	<u>14,087,532</u>
		<u>36,625,416</u>	<u>18,638,599</u>
Earning Per Share - Basic & Diluted (Face value Rs. 10/- each)		29.22	(31.50)
No. of shares used in computing earning per share		771,429	771,429
Accounting Policies and Notes to Accounts	18		

Note : The Schedules referred to above form  
an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date.

For RAY & RAY

Chartered Accountants

Firm's Registration No : 301072E

Abhijit Neogi

Partner

Membership No. 61380

Kolkata

22nd May, 2010

For and on behalf of the Board

H. V. Lodha

R. C. Tapuriah

Directors

## CONSOLIDATED SCHEDULES

		As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.							
<b>1. CAPITAL</b>										
<b>Authorised</b>										
100	8% Redeemable Preference Shares of Rs. 100 each	10,000	10,000							
100	Redeemable Preference Shares of Rs. 100 each	10,000	10,000							
5,000,000	Equity Shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>							
		<u>50,020,000</u>	<u>50,020,000</u>							
<b>Issued, subscribed and paid-up</b>										
9,000	Equity shares of Rs. 10 each issued without payment being received in cash.	90,000	90,000							
270,000	Equity shares of Rs. 10 each issued as bonus shares by capitalisation of reserve	2,700,000	2,700,000							
492,429	Equity shares of Rs. 10 each issued for cash	<u>4,924,290</u>	<u>4,924,290</u>							
		<u>7,714,290</u>	<u>7,714,290</u>							
<b>2. RESERVES AND SURPLUS</b>										
	Capital Reserve	5,883,418	6,068,426							
	Capital Redemption Reserve	1,400	1,400							
	General Reserve	207,188,775	205,000,000							
	Special Reserve	27,189,750	26,084,750							
	Surplus in Profit & Loss Account	<u>29,682,857</u>	<u>14,087,532</u>							
		<u>269,946,200</u>	<u>251,242,108</u>							
<b>3. SECURED LOANS</b>										
	From Banks :									
	Cash Credit	—	2,458,603							
	Secured by Hypothecation of stocks and book debts both present and future and Plant and Machinery, Furniture and Fixtures and Vehicles.									
		—	<u>2,458,603</u>							
<b>4. FIXED ASSETS</b>										
	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>	
Description	Value as on 31.03.2009 Rs.	Additions during the year Rs.	Sales/ Adjust-ments Rs.	Value as on 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the year Rs.	Sales/ Adjust-ments Rs.	Upto 31.03.2010 Rs.	Value as on 31.03.2010 Rs.	Value as on 31.03.2009 Rs.
Land	3,674,588	—	—	3,674,588	—	—	—	—	3,674,588	3,674,588
Building	50,550,507	—	—	50,550,507	12,617,386	899,712	—	13,517,098	37,033,409	37,933,121
Plant & Machinery	15,917,477	245,908	406,166	15,757,219	10,364,619	1,095,498	336,585	11,123,532	4,633,687	5,552,858
Furniture, Fixtures & Equipments	2,435,316	157,216	26,402	2,566,130	1,571,882	160,782	13,756	1,718,908	847,222	863,434
Vehicles	2,010,345	—	483,405	1,526,940	1,148,354	145,059	483,405	810,008	716,932	861,991
Total	<u>74,588,233</u>	<u>403,124</u>	<u>915,973</u>	<u>74,075,384</u>	<u>25,702,241</u>	<u>2,301,051</u>	<u>833,746</u>	<u>27,169,546</u>	<u>46,905,838</u>	<u>48,885,992</u>
Previous Year	75,066,246	172,655	650,668	74,588,233	24,041,991	2,310,918	650,668	25,702,241	48,885,992	

Note :

- Buildings include a flat on leasehold land ( original cost Rs 198,559). Registration of the relevant conveyance deed of the flat is pending execution.
- The Company revalued its land and buildings as on 22.01.1968 and as on 30.06.1986 resulting in an increase in net value of such assets by Rs. 2,270,000 and Rs. 8,252,840 on the respective dates.
- Buildings includes leasehold premises valuing Rs.106,341 (Previous year Rs. 110,109) original cost Rs. 342,945 the lease in respect of which has been renewed. Registration of the relevant lease deed is pending execution.

Consolidated Schedules

5. INVESTMENTS

Long Term (Non-Trade)  
Quoted

Equity Shares of Rs. 10 each fully paid up except where otherwise stated

	Nos.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Graphite India Limited ( Face Value Rs.2 per share )	350,000	19,866,484	19,866,484
Aditya Birla Nuvo Limited	105	14,648	14,648
Mangalore Refinery and Petrochemicals Ltd.	400	4,000	4,000
HDFC Bank Limited	500	5,000	5,000
Reliance Industries Ltd. (33,500 Nos Equity shares received as bonus shares during the year)	67,000	19,351,842	19,351,842
Sterlite Industries (India) Ltd. ( Face Value Rs.2 per share )	2,505	188,310	188,310
India Glycol Limited	18,000	2,354,307	2,354,307
I T C Limited ( Face Value Re.1 per share )	30,000	3,578,171	3,578,171
Reliance Capital Ltd.	1,175	184,413	184,413
Reliance Natural Resources Ltd. ( Face Value Rs.5 per share)	23,500	99,300	99,300
Reliance Communication Ltd.	23,500	5,489,863	5,489,863
Reliance Infrastructure Ltd	1,762	1,035,555	1,035,555
I D F C Limited	50,000	3,511,762	3,511,762
Hindalco Industries Limited ( Face Value Re.1 per share)	75 750	7,272,000	7,272,000
<b>Bonds</b>			
6.85% IIFCL 2014 ( Face Value Rs.100,000 each fully paid up)	285	28,628,250	—
		<b>91,583,905</b>	<b>62,955,655</b>

Unquoted

Shares ( Face Value Rs.10 each fully paid up)

in Kirloskar Computer Services Ltd

Less : Provision for diminution in value

Lodha Capital Markets Limited.  
( Face Value Rs.10 each fully paid up)

Manoraj Investments Limited.  
( Face Value Rs.10 each fully paid up)

Advance Business Services Limited  
( Face Value Rs.10 each fully paid up)

	10,000	100,000	100,000	100,000
		96,400	3,600	96,400
	264,000		2,640,000	2,640,000
	—		—	2,700,000
	—		—	1,900,000

Debentures

5% Non-Redeemable Registered Debentures stock  
( Face Value Rs.5,000 each fully paid up) in  
Woodlands Hospital & Medical Research Centre

1/2% Registered Mortgaged Debentures stock  
( Face Value Rs.100 each fully paid up) in  
Woodlands Hospital & Medical Research Centre

	1	5,000	5,000
	39	3,900	3,900

Current Investments (unquoted)

Units of Rs. 10 each in HSBC Floating Rate  
Fund - Weekly Dividend Reinvest

Units of Rs. 10 each in Reliance Medium  
Term Fund - Dividend Reinvest

Units of Rs. 10 each in HDFC Cash  
Management Fund - T. Adv. Plan - Div.

	1,356,401.630	15,249,044	—
	1,195,940.271	20,450,460	—
	4,250,262.043	42,602,862	2,613,800
		<b>80,954,866</b>	<b>9,866,300</b>
		<b>172,538,771</b>	<b>72,821,955</b>

Aggregate Book Value of :

a) Quoted Investments

b) Unquoted Investments

	<b>91,583,905</b>	62,955,655
	<b>80,954,866</b>	9,866,300
	<b>172,538,771</b>	<b>72,821,955</b>
	<b>175,212,039</b>	<b>80,725,674</b>

Aggregate Market Value of Quoted Investments

**Consolidated Schedules**

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>6. INVENTORIES</b>		
Raw Material at cost (including in transit Rs. NIL Previous year Rs. 181,110/-)	22,112,295	23,111,064
Work-in-Progress	25,230,128	36,828,263
Material Returnable to Vendor - Rejected Material	24,880	—
Stock-in-Trade	591,782	580,729
Loose Tools (net)	767,736	884,573
	<u>48,726,821</u>	<u>61,404,629</u>
<b>7. SUNDRY DEBTORS</b>		
(Unsecured - Considered good)		
Debts outstanding for a period exceeding six months	11,349,937	16,336,535
Other debts	15,871,810	11,536,420
	<u>27,221,747</u>	<u>27,872,955</u>
<b>8. CASH AND BANK BALANCES</b>		
Cash in hand	231,347	172,980
Remittance in Transit	—	198,590
Fixed Deposits with Scheduled Banks	—	111,900,000
Balances with Scheduled Banks :		
(i) On EEFC Account	14,912,013	15,265,358
(ii) On Current Account	41,846,649	2,231,866
(iii) On Deposit Accounts	321,652	281,964
(iv) Margin Deposits - towards Bank Guarantee	—	227,500
	<u>57,311,661</u>	<u>130,278,258</u>
<b>9. OTHER CURRENT ASSETS</b>		
(Unsecured - considered good)		
Accrued Interest	369,056	2,546,443
Rent Receivable	110,330	2,109,850
Balance with Customs, Port Trust etc.	8,416,845	5,630,927
Security Deposit	2,042,091	1,068,134
	<u>10,938,322</u>	<u>11,355,354</u>
<b>10. LOANS AND ADVANCES</b>		
Secured - Considered doubtful		
Advance recoverable in cash or in kind or for value to be received (including short term deposits with companies and others)	20,000,000	20,000,000
Less : Provision for non-performing loans & advances	<u>20,000,000</u>	<u>20,000,000</u>
Unsecured - Considered good		
Advance recoverable in cash or in kind or for value to be received	18,138,451	18,085,177
Advance Income Tax (including tax deducted at source)	21,378,580	24,383,218
Interest Accrued on Margin Deposits	—	9,931
	<u>39,517,031</u>	<u>42,478,326</u>
<b>11. LIABILITIES</b>		
Sundry Creditors	27,877,123	37,598,591
Advances from customers	53,538,775	41,266,987
** Other Liabilities	17,763,000	30,473,986
** Includes unclaimed dividend amounting to Rs.321,652 (previous year Rs. 281,964) which is not due to be deposited to Investor Education and Protection Fund.	<u>99,178,898</u>	<u>109,339,564</u>
<b>12. PROVISIONS</b>		
Provision for Taxation	20,229,093	21,798,911
Provision for Fringe Benefit Tax	973,897	1,029,129
Proposed Dividend	1,542,858	1,542,858
Corporate Dividend Tax	—	262,209
Provision for Warranty	100,000	125,000
	<u>22,845,848</u>	<u>24,758,107</u>

Consolidated Schedules

	For the year ended 31st March, 2010 Rs.	For the year ended 31st March, 2009 Rs.
<b>13. INCOME FROM OPERATIONS</b>		
Sales & Related Income	220,939,746	123,549,508
Less : Excise Duty	<u>17,726,322</u>	<u>12,038,227</u>
	203,213,424	111,511,281
Interest, Fees and other charges (Tax deducted at source Rs. 475,536/- previous year Rs. 844,949/-)	2,193,116	4,209,565
Commission		
Service Charges (Tax deducted at source Rs. NIL Previous Year Rs. 648,900/-)	13,726,106	54,341
Exchange Gain	—	2,100,000
Rent (Tax deducted at source Rs. 816,651/- Previous Year Rs. 531,480/-)	—	3,292,936
	<u>2,670,667</u>	<u>2,676,000</u>
	<u>221,803,313</u>	<u>123,844,123</u>
<b>14. INCOME FROM INVESTMENTS</b>		
Dividend from shares	1,830,202	1,944,862
Dividend from subsidiary Company	1,800,014	—
Dividend from investment in Mutual Fund	2,409,218	3,789,717
Profit on Sale of Investments (net)	1,750,000	1,171,452
Interest on Bonds	<u>1,310,413</u>	<u>—</u>
	<u>9,099,847</u>	<u>6,906,031</u>
<b>15. OTHER INCOME</b>		
Interest Income	76,347	198,183
Liability no longer required written back	4,187,918	—
Profit on Sale of Fixed Assets	2,960,419	—
Miscellaneous Income	6,218	92,600
	<u>7,230,902</u>	<u>290,783</u>
<b>16. COST OF MATERIALS</b>		
Opening Stock :		
Work-in-progress	36,828,263	12,831,918
Stock-in-trade	<u>580,729</u>	<u>613,886</u>
	37,408,992	13,445,804
Add : Raw Material Consumed	121,427,101	104,281,725
Add : Purchase of machine tools and spares	77,814	160,225
	<u>158,913,907</u>	<u>117,887,754</u>
Less : Closing Stock :		
Work-in-progress	25,230,128	36,828,263
Stock-in-trade	<u>591,782</u>	<u>580,729</u>
	<u>133,091,997</u>	<u>80,478,762</u>
<b>17. EXPENSES</b>		
Consumable Stores	3,019,439	3,853,678
Salaries, Wages & Bonus	25,422,081	25,606,433
Contribution to Provident Fund, Pensions and other Funds	2,786,622	4,060,568
Medical and welfare expenses	3,768,913	3,487,203
Repairs to Building	2,776,570	449,917
Repairs to Plant & Machinery	2,611,137	3,589,825
Repairs to others	1,047,315	1,087,135
Rent	28,517	28,343
Rates and Taxes	957,278	1,071,229
Service Charges	37,714	2,138,029
Insurance	201,318	169,277
Electricity	710,216	457,543
Power and Fuel	2,572,581	2,475,859
Postage and telephone	896,253	1,132,134
Lease Rent & Premium	5,085,039	821,235
Printing and stationery	474,025	497,929
Travelling and conveyance	1,575,502	1,463,368
Motor Car Expenses	728,589	1,294,767
Legal and secretarial expenses	833,370	747,229
Commission	5,839,000	7,573,863
Capital work-in-progress written off	3,147,954	—
Fixed Assets discarded	10,646	—
Loss on Foreign Exchange	1,898,092	92,052
Loss on Sale of Investments	20,652	—
Consultancy Charges	4,132,423	2,608,988
Miscellaneous expenditure (i)	2,134,552	3,765,680
Directors' Fees	<u>190,750</u>	<u>170,000</u>
	<u>72,906,598</u>	<u>68,642,284</u>
(i) Includes		
Audit Fees	87,000	87,000
Tax Audit Fees	22,000	22,000
In other capacity	45,575	47,596



## 18. SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED FINANCIAL STATEMENTS

### A. BASIS OF CONSOLIDATION

The consolidated financial statements are prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprises the financial statements of Alfred Herbert (India) Limited (The Holding Company) and its subsidiaries. The financial statements of all the companies are in line with generally accepted accounting principles in India. All Intra Group transactions have been eliminated on consolidation.

#### COMPANIES INCLUDED IN CONSOLIDATION :

	Country of Incorporation	Proportion of Ownership
Alfred Herbert Limited	India	100%
Herbert Holdings Limited	India	100%

### B. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The accounts have been prepared under the historical cost convention in accordance with the provisions of the Companies Act, 1956 and mandatory accounting standards issued by the Institute of Chartered Accountants of India. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

#### Use of Estimates

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year. Contingencies are recorded when it is probable that a liability will be incurred and the amounts can be reasonably estimated. Difference between the actual results and the estimates are recognized in the year in which the results are known/materialized.

#### Fixed Assets

Fixed Assets other than those, which have been revalued, are stated at cost. Expenses relating to acquisition and installation of Fixed Assets are capitalised till the assets are put to use. Capital-work-in-progress includes expenses relating to construction of Building.

#### Impairment

Fixed Assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amounts of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

#### Depreciation

- (i) Depreciation on original cost of fixed assets acquired/installed upto 15th December, 1993 has been provided on straight line method at the rates prevailing at the time of acquisition /installation and on assets acquired after the aforesaid date at the rates specified in schedule XIV to the Companies Act, 1956. In case of Alfred Herbert Ltd., depreciation on original cost of fixed assets has been provided on straightline method at the higher of the rates specified in Schedule XIV to Companies Act. 1956 and the rates derived on the basis of the expected useful life of the assets.
- (ii) Depreciation on incremental value of fixed assets due to revaluation is provided on straight-line basis with respect to technically evaluated, remaining useful life of the assets.

#### Investments

Long Term Investments are stated at cost less provision for diminution in value other than temporary, if any. Current investments are valued at cost or realisable value whichever is lower.

### **Inventories**

Inventories are valued at lower of cost or net realisable value. Cost of the inventories is generally ascertained on weighted average basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost. Cost for the purpose of valuation of work-in-progress and stock-in-trade includes materials, labour and appropriate portion of production overheads. Cost of finished goods includes excise duty. In case of traded goods, Cost of inventories is generally determined on 'First in First out' basis.

### **Foreign Currency Transaction**

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency assets and liabilities are translated at exchange rates prevailing at the year end. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transaction during the year are recognized in the profit and loss account, except in the cases of fixed assets acquired from a country outside India, in which case, these are adjusted to the cost of respective fixed assets

### **Income**

Sales are recognised on passing of the property in goods as per the terms of sales. These include Excise Duty, Income from Job Work and are net of rebates, discount and other non-recoverables. All expenses and income to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis. Claims, commission and service charges to the extent considered realisable have been accounted for on ascertainment of amounts thereof. Interest income is recognized on time proportion method.

### **Retirement Benefits**

Retirement benefits to employees viz. Provident, Superannuation and Pension Funds are accounted for on accrual basis. The year-end liability in respect of gratuity and leave encashment are determined on the basis of actuarial valuation. Contribution to Provident, Superannuation, Pension and Gratuity Funds are made to the appropriate authorities.

### **Voluntary Retirement Compensation**

The payments under the Voluntary Retirement Scheme are charged to Profit and Loss Account in three equal annual instalments.

### **Warranty Expenses**

Warranty costs are accrued in the year of sale, based on past experience.

### **Income Tax**

Provision for tax is made for both current and deferred tax. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference which are capable of reversal in subsequent periods are recognised using tax rates and tax laws which have been enacted or substantively enacted. Deferred Tax Assets are recognised and carried forward only to the extent there is virtual certainty that assets will be realised in future.

### **Provisions, Contingencies 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, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent Assets are neither recognized nor disclosed in the financial statement. Contingent liabilities are not provided for and are disclosed by way of notes.

## **NOTES ON ACCOUNTS**

a. Contingent liabilities not provided for in respect of :

	<b>Current Year</b>	(Rs. in Lacs) <b>Previous Year</b>
i) Claims towards wages/compensation by Employees which are pending in appeal.	<b>0.17</b>	4.07
ii) Performance Bank Guarantee issued in favour of customers.	—	2.28
iii) Penalty imposed by Zonal Joint Director General of Foreign Trade, Kolkata for non fulfillment of export obligation which has been stayed by the Hon'ble High Court, Calcutta on a writ petition filed by the Company.	<b>48.26</b>	48.26

	(Rs. in Lacs)
	<u>Current Year</u>
iv) Central Excise demands not accepted by the Company	7.02
v) Penalties in respect of Excise / Service Tax	7.02
vi) Penalty u/s 72 of KVAT Act for delay in filing VAT 100 for the month of January 07, against which the Interim order was passed by the Hon'ble High Court of Karnataka on 13.04.07 staying the order of Penalty until further consideration of the writ petition.	0.58

b. Interest on loans except to the extent there is uncertainty as to the realisation has been accounted for on accrual basis.

c. **Units Subscribed and redeemed during the year**

**MUTUAL FUNDS**

(Units of Rs. 10/- each)

	<u>No. of Units</u>	<u>Cost Price (Rs.)</u>	<u>Sale Price (Rs.)</u>
1. HDFC Floating Rate Plan	3,381,855.960	38,020,652	38,000,000

d. Loans and advances include Rs.200 lacs, which are overdue for payment. Pending outcome of steps for recovery taken by the Company, full provision for these non-performing assets amounting to Rs.200 lacs has been made in the previous years.

e. **Gratuity Plan**

The company provides for gratuity, a defined benefit plan covering eligible employees. Gratuity Fund Scheme is administered and controlled by a trust. The Projected Unit Credit (PUC) actuarial method has been used to assess the plan's Liabilities, including those related to death-in-service and incapacity benefits.

The following table sets out the status of the Gratuity Plan as required under AS 15 (Revised).

Reconciliation of Defined Benefit Obligation and Fair Value of Assets over the year ended 31st March 2010

1. Change in Defined Benefit Obligations

		Rs. In Lacs		
		As on 31.03.2010	As on 31.03.2009	As on 31.03.2008
a	Present Value of Defined Benefit Obligations at the beginning of period	138.65	133.80	138.91
b	Current Service Cost	6.03	7.14	5.49
c	Interest Cost	8.22	9.31	10.53
d	Actuarial Losses/(Gains)	4.01	14.25	(0.22)
e	Benefit Paid	(24.26)	(25.85)	(20.91)
f	Present Value of Defined Benefit Obligations at the end of period	132.65	138.65	133.80

2. Change in Fair Value of Assets

		As on 31.03.2010	As on 31.03.2009
a	Plan assets at beginning of period	135.93	133.82
b	Expected return on plan assets	8.40	9.95
c	Actual Company contributions	11.04	16.60
d	Actuarial gain/(loss)	1.54	1.41
e	Benefits paid	(24.26)	(25.85)
f	Plan assets at the end of period	132.65	135.93

3. Total expense recognised in the statement of Profit & Loss Accounts

Sl. No.	Components of employer expenses	Rs. In Lacs		
		For the Year ended 31.03.2010	For the Year ended 31.03.2009	For the Year ended 31.03.2008
a	Current Service Cost	6.03	7.14	5.49
b	Interest Cost	8.22	9.31	10.53
c	Expected return on plan assets	(8.40)	(9.95)	(9.22)
d	Actuarial Losses/(Gains)	2.47	12.84	(1.67)
e	Total expenses recognised in the Statement of Profit & Loss Account	8.32	19.34	5.13

4. Net Assets / (Liability) recognised in the Balance Sheet

Funded Status		As on 31.03.2010	As on 31.03.2009
a	Present value of Defined Benefits Obligations	132.65	138.65
b	Fair value of plan assets	132.65	135.93
c	Net Asset/(Liability) recognised in the Balance Sheet at beginning of the period	(2.72)	(2.72)
d	Employer expenses	8.32	19.34
e	Employer contributions	11.04	16.60
f	Net Asset / (Liability) recognized in Balance Sheet	Nil	(2.72)

5. Actuarial Assumptions

	As on 31.03.2010	As on 31.03.2009	As on 31.03.2008	
a	Discount Rate	8.00%	6.50%	7.70%
b	Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
c	Salary increases	8%	5%	5%
d	Expected return on assets	6.50%	7.70%	8.00%
e	Withdrawal rates	Upto 40 years 6.2% 40 years and above NIL	Upto 40 years 6.2% 40 years and above NIL	Between 0.1% and 0.5% depending on age

f. Leave Encashment Scheme

The table below shows a summary of the key results for the year ended 31st March, 2010 :

Assets / Liabilities

		Rs. In Lacs
a	Present Value of obligation	6.52
b	Fair Value of Plan Assets	0.00
c	Net Asset/(Liability) recognized in Balance Sheet	(6.52)

Employer Expense

1	Current Service Cost	0.00
2	Total Employer Expense	6.52

The financial assumptions employed for the calculations are as follows :

	As on 31.03.2010
Discount rate per annum compound	8.00% p.a.
Rate of increase in Salaries	8.00% p.a.
Expected average remaining working lives of employees (years)	6.71

Scheme is not funded through any trust fund and therefore no assumption regarding expected rate of return on assets is applicable.

Demographic Assumptions :

1. Mortality : We have assumed that active members of the Scheme will experience in service mortality in accordance with the standard table LIC (1994-96) ultimate.
2. The following withdrawal rates have been assumed :

	Age	Rate
Withdrawal Rate	Upto 40 years	6.2%
	40 years and above	Nil
Early retirement and disability	40 – 54 years	1.8%
	55 – 59 years	2.2%

g. The following are the major components of deferred tax Assets/(liabilities)

	Amount in Rs.	
	As on 31.03.2010	As on 31.03.2009
<b>Deferred Tax Liability</b>		
On Account of Depreciation	(3,845,923)	(3,312,117)
<b>Deferred Tax Assets</b>		
Expenses allowable on payment basis u/s 43B	340,068	536,878
Provision for Warranty	30,900	42,488
<b>TOTAL</b>	<b>370,968</b>	<b>579,366</b>
Net Deferred Tax Liability	<b>(3,474,955)</b>	<b>(2,732,751)</b>

h. Related Party disclosure as identified by the management in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India ("ICAI") are as follows:-

a) Name of the related parties where control exists - Subsidiary Companies :

- i) Alfred Herbert Limited.
- ii) Herbert Holdings Limited.

i. **Segment Reporting**

The Company's operation predominantly relate to Manufacturing and Trading of Industrial Machineries & Spares(Manufacturing Operations), Income from Commission & Trading of Spares(Marketing Operations) and Income from Realty, Business Services etc.

Accordingly Manufacturing Operations, Sales & Marketing Operations and Realty, Business Services comprises the primary basis of segment. Others include Profit on Sale of Long Term Investments and income thereagainst. The only geographical Segment is India.

Primary Segment	Year ended 31.03.2010					Year ended 31.03.2009						
	Manufac- turing Operations	Sales & Marketing Operations	Realty & Business Services	Others	Elimin- ations	Total	Manufac- turing Operations	Sales & Marketing Operations	Realty & Business Services	Others	Elimin- ations	Total
<b>A. REVENUE</b>												
External Sales/Income	2,102.89	138.71	121.33	18.41	—	<b>2,381.34</b>	1,115.09	3.79	122.47	69.06	—	<b>1,310.41</b>
Inter Segment Sales/Income	—	—	—	—	—	—	—	—	21.00	—	(21.00)	—
<b>Total -</b>	<b>2,102.89</b>	<b>138.71</b>	<b>121.33</b>	<b>18.41</b>	<b>—</b>	<b>2,381.34</b>	<b>1,115.09</b>	<b>3.79</b>	<b>143.47</b>	<b>69.06</b>	<b>(21.00)</b>	<b>1,310.41</b>
<b>Segment Result (Profit (+) / Loss (-) before Tax &amp; Interest)</b>	215.96	125.30	(59.58)	18.12	—	<b>299.80</b>	(330.84)	(9.97)	46.39	69.06	—	<b>(225.36)</b>
Less : Un-allocable expenditure												
i) Interest						<b>5.90</b>						<b>4.14</b>
ii) Other un-allocable expenditure ( Net of un allocable income )						—						<b>4.87</b>
Total Profit before Tax						<b>293.90</b>						<b>(234.37)</b>
Less : Taxes												
Current Tax						<b>61.10</b>						<b>4.16</b>
Deferred Tax						<b>7.42</b>						<b>2.07</b>
Fringe Benefit Tax						—						<b>2.40</b>
Net Income / (Loss) after Tax						<b>225.38</b>						<b>(243.00)</b>
<b>OTHER INFORMATION</b>												
<b>Segment Assets</b>	1,270.39	6.15	2,581.89	119.41	—	<b>3,977.84</b>	1,220.07	7.22	1,785.51	728.22	—	<b>3,741.02</b>
Un-Allocable Assets						<b>213.79</b>						<b>243.83</b>
Total						<b>4,191.63</b>						<b>3,984.85</b>
<b>Segment Liabilities &amp; Provisions</b>	979.54	4.20	23.35	0.13	—	<b>1,007.22</b>	1,073.67	3.35	16.37	—	—	<b>1,093.39</b>
Un-Allocable Liabilities & Provisions						<b>213.03</b>						<b>229.53</b>
Total						<b>1,220.25</b>						<b>1,322.92</b>
<b>Depreciation</b>	13.11	0.71	7.34	—	—	<b>21.16</b>	13.16	0.77	7.33	—	—	<b>21.26</b>
<b>Capital Expenditure Including CWIP</b>	—	—	—	—	—	—	1.38	—	0.35	—	—	<b>1.73</b>

j) Disclosure as required in terms of the Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets are as follows :

**Nature of Item**

	Provision for Warranty	
	2009-10 Rs.	2008-09 Rs.
Opening Provision	125,000	100,000
Provided during the year	203,411	1,073,639
Amount utilized	228,411	1,048,639
Closing provision	100,000	125,000

The above warranty cost represents the expected cost of free replacement and services in respect of sale of machineries, in terms of stipulation for sale on the basis of the past experience. It is expected that all will be incurred in next twelve months period.

k. Previous year's figures have been regrouped/rearranged/reclassified wherever necessary, to make it comparable with current year figures.

Signature for Schedules 1 to 18

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
22nd May, 2010

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors

**Consolidated Cash Flow Statement of Alfred Herbert (India) Ltd.,  
and its Subsidiary companies for the year ended 31st March, 2010**

	2009 - 2010		2008 - 2009	
	(Rs.)	(Rs.)	(Rs)	(Rs)
<b>A. Cash Flow from Operating Activities</b>		<b>29,390,454</b>		<b>(23,436,558)</b>
Net Profit before Tax				
Adjustment for :				
Depreciation	2,116,043		2,125,910	
Interest	578,289		411,796	
Loss on Sale of Fixed Assets	10,646		—	
Loss on Sale of Investment	20,652		—	
Capital work-in-progress written off	3,147,954		—	
Profit on Sale of Fixed Assets	(2,960,419)		—	
Profit on Sale of Investment	(1,750,000)		(554,157)	
Interest Accrued on Deposits	—	1,163,165	9,931	1,993,480
Operating Profit before Working Capital Changes		<b>30,553,619</b>		<b>(21,443,078)</b>
Adjustments for :				
Inventories	12,677,808		(21,486,222)	
Sundry Debtors	651,208		14,512,028	
Other Current Assets	417,032		(3,448,814)	
Loans & Advances	145,919		(12,469,004)	
Current Liabilities & Provision	(10,466,469)	3,425,498	45,212,656	22,320,644
Cash (Utilised in)/ Generated from Operating Activities		<b>33,979,117</b>		<b>877,566</b>
Interest Paid	(578,289)		(411,796)	
Direct Tax (Net)	(4,678,925)	(5,257,214)	(1,957,757)	(2,369,553)
Net Cash (Utilised in)/ Generated from Operating Activities		<b>28,721,903</b>		<b>(1,491,987)</b>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(403,124)		(172,655)	
Sale of Fixed Assets	3,032,000		—	
Proceeds from Sale/Redemption of Investments	44,350,000		148,736,333	
Purchase of Investments	(142,337,468)		(38,284,111)	
Net cash (Utilised in)/ Generated from Investment Activities		<b>(95,358,592)</b>		<b>110,279,567</b>
<b>C. Cash Flow from Financing Activities</b>				
Dividend Paid	(3,303,184)		(1,530,985)	
Corporate Dividend Tax	(568,121)		(262,209)	
Proceeds/(Repayment) of Borrowings	(2,458,603)		2,458,603	
Net Cash (Utilised in)/ Generated from Financing Activities		<b>(6,329,908)</b>		<b>665,409</b>
Net Increase/(Decrease) in cash and cash equivalent		<b>(72,966,597)</b>		<b>109,452,989</b>
Cash and Cash equivalents (Opening Balance)		<b>130,278,258</b>		<b>20,825,269</b>
Cash and Cash equivalents (Closing Balance)		<b>57,311,661</b>		<b>130,278,258</b>
		<b>(72,966,597)</b>		<b>109,452,989</b>

Note :-

1. Cash & cash Equivalent includes :-
  - i) Cash in Hand - Rs. 231,347/-
  - ii) Bank Balance with Scheduled Banks :-  
In Current A/c. & Deposit A/c. Rs. 57,080,314/-

As per our report of even date.  
For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
22nd May, 2010

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors

**AUDITORS' REPORT**  
**To the Board of Directors**  
**Alfred Herbert (India) Limited.**

1. We have examined the attached consolidated Balance Sheet of ALFRED HERBERT (INDIA) LIMITED ("the Company") and its Subsidiary Companies as at 31 March 2010 and also the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of individual audited financial statements of the Company and its Subsidiary Companies included in the aforesaid Consolidated financial statements.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries included in the consolidated financial statements read together with the Significant Accounting Policies & Notes on Accounts of Consolidated financial statements, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31 March 2010,
  - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date and
  - c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Company and its subsidiaries for the year ended on that date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
(Partner)  
Membership No.61380

Place : Kolkata  
Date : 22nd May, 2010



**ALFRED HERBERT LTD.**  
Annual Report 2009-2010

**NOTICE OF MEETING**

NOTICE is hereby given that the Twenty-second Annual General Meeting of the Members of Alfred Herbert Limited will be held at the Registered Office of the Company 13/3, Strand Road, Kolkata -700 001 on Thursday, 15th July 2010 at 11 a.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A K Basu, who retires by rotation and being eligible, offers himself for reappointment
3. To appoint Auditors and to fix their remuneration.

Registered Office :  
13/3 Strand Road  
Kolkata - 700 001  
19th May, 2010

On behalf of the Board  
A. K. Basu  
Director

**NOTE:**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a Member of the Company. The proxy, in order to be effective, shall be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.

**DIRECTORS' REPORT TO THE MEMBERS**

The Directors have pleasure in presenting the Twenty-second Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2010.

**FINANCIAL RESULTS**

	<u>Year Ended 31.3.2010</u>	<u>Year Ended 31.3.2009</u>
	Rs.	Rs.
Gross Income	210,288,684	111,509,442
Profit before Tax	21,018,177	(33,495,565)
Provision for Tax	3,852,383	471,954
Profit after Tax	17,165,794	(33,023,611)
Surplus from earlier years brought forward	4,537,470	37,561,081
	<u>21,703,264</u>	<u>4,537,470</u>

**DIVIDEND**

Your Directors had declared on 16th March 2010, an Interim Dividend of Rs.2/- per Equity Share on 9,00,007 Equity Shares of Rs.10/- each. The total Cash Outflow on account of this dividend including Corporate Dividend Tax was Rs.21.06 lacs. The Board of Directors has considered the Interim Dividend paid as the final dividend for the financial year ended 31st March 2010.

**OPERATIONS**

Your company had a healthy order book and was able to manufacture and sell 66 machines during the year. However, the market became extremely competitive and coupled with increase in input costs, margins were squeezed. Your company has taken proactive steps to optimize the manufacturing costs in all spheres of activities by eliminating wastage and improving productivity apart from rationalising its product mix to optimise sustainable earnings.

Your company has also taken several measures for reducing costs including outsourcing of tasks. As there would be expansion of radial segment, your company is looking at options to source appropriate technology for the increased supply of machines in the radial segment.

Barring unforeseen circumstances, your Company should perform satisfactorily in the current year also.

**DEVELOPMENT**

In the area of tyre building, your company has undertaken to build Tyre Building Machines to cater to the needs of LCV segment. Your company has also developed an improved version of Tyre Building Machine catering to the needs of Truck/OTR segment for Ply method of tyre building.

**DIRECTORS**

Mr. A K Basu retires by rotation under the Articles of Association of the Company and being eligible, offers himself for re-appointment.

**PERSONNEL**

The industrial relations remain cordial and peaceful during this year. The Directors wish to place on review the appreciation for the continued efforts and support rendered by employees at all levels.

## COMPLIANCE CERTIFICATE UNDER COMPANIES ACT, 1956

A Certificate issued by M/s. A J & Associates, Company Secretaries, in terms of the provisions of Section 383 A of the Companies Act, 1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

## PARTICULARS OF EMPLOYEES

There was no employee of the Company whose particulars were required to be included in the category under Section 217 (2A) of the Companies Act, 1956, during the year.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology, Absorption, Research & Development and Foreign Exchange Earnings and outgo is given in the enclosed statement forming part of this Report.

## AUDITORS

M/s Ray & Ray, Chartered Accountants, will retire at the Annual General Meeting and they have given their consent to be re-appointed for the current year.

## DIRECTORS RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under:

- 1) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) 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 or loss of the Company for that period;
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the Directors have prepared the annual accounts on a going concern basis.

## ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the support received from their esteemed Customers for their continued patronage, co-operation and confidence reposed in the Company's products.

For and on behalf of the Board  
S. S. Jain  
A. K. Basu  
Directors

Kolkata  
19th May, 2010

## ANNEXURE TO THE DIRECTORS' REPORT

Particulars as required under Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2010.

### A. CONSERVATION OF ENERGY

- i) Eliminated High Power Intensive Machines from our system
- ii) Reduced working in night shifts
- iii) Maintained the power factor close to 0.9.

### B. TECHNOLOGY ABSORPTION

- i) Research & Development (R & D)
  - a) Expanding the range of Tyre Curing Presses
  - b) Expanding the range in Tyre Building Machines to LCV & OTR Segments
  - c) Development of special features for Intermixes to meet customer needs
- ii) Benefits derived as a result of R & D
  - a) To enter into a new market and overseas markets
  - b) To retain market share
  - c) Cost reduction
  - d) To improve market stability
  - e) To improve customer satisfaction
- iii) Future Plan
  - a) Enlarge the range for the manufacture and supply of Tyre Curing Presses, Tyre building Machines and Intermixes.
  - b) To cater to the market needs preferably in Radial Segment.
- iv) Expenditure in R & D  
NIL

C. FOREIGN EXCHANGE USED : Rs. 71,564

D. FOREIGN EXCHANGE EARNED : Rs. 1,31,593

On behalf of the Board  
S. S. Jain  
A. K. Basu  
Directors

Kolkata  
19th May, 2010

## AUDITORS' REPORT To the Members of Alfred Herbert Limited

1. We have audited the attached Balance Sheet of Alfred Herbert Limited as at 31<sup>st</sup> March 2010 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the Order") issued by the Central Government of India in exercise of the power conferred by Section 227 (4A) of the Companies Act, 1956 ("the Act"), and according to the information and explanations given to us and on the basis of such checks as we considered appropriate we report that:
  - i.
    - a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
    - b) According to the information and explanation given to us, most of the fixed assets have been physically verified by the Management during the year in a phased program and no material discrepancies were noted on such verification. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and the nature of its assets.
    - c) The Company has not disposed off a substantial part of its fixed assets during the year, which affect the going concern status of the Company.
  - ii.
    - a) As explained to us, all the inventory of the Company has been physically verified during the year by the management. In our opinion and according to the information and explanations given to us, the frequency of the verification is reasonable having regard to the size of the Company and the nature of its business.
    - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
    - c) On the basis of examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of stocks were not material.
  - iii. According to the information and explanation given to us, the Company has neither granted nor taken any loans to and from the companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of Clause 4 (iii) (b) to (g) 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 reasonable internal control procedures commensurate with the size and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
  - v. According to the information and explanations given by the Management, there were no transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956. Accordingly Clause 4 (V) (b) of the Order is not applicable.
  - vi. The Company has not accepted any deposits under section 58A, 58AA or any other relevant provisions of the Act and Rules framed thereunder.
  - vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
  - viii. According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of the cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the products of the Company.
  - ix.
    - (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employees State Insurance, Investor Education and Protection Fund, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Cess, Custom Duty and other statutory dues applicable to it.
    - (b) On the basis of the records of the Company and the information and explanations given to us, no undisputed amounts payable in respect of Sales Tax, Wealth Tax, Service Tax, Excise Duty, Cess and Custom Duty outstanding as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they became payable.
    - (c) According to the records of the Company and according to the information and explanations given to us by the Management, details of disputed statutory dues which have not been deposited are as follows :-

Name of Statute	Nature of Dues	Amount (Rs Lakhs)	Forum where pending
Foreign Trade (Development and Regulation) Act, 1992	Penalty for non-fulfillment of Export obligation	48.26	High Court, Kolkata
Central Excise/Service Tax Laws	Demand for Duty / Reversal of Cenvat Credit	0.48 0.15 6.39	Asst. Commissioner, Central Excise. Commissioner(Appeals), Central Excise. Tribunal (CESTAT).
Karnataka Value Added Tax Act/Rules	Demand for penalty for delay in furnishing return VAT 100	0.58	High Court of Karnataka.

- x. As per the records of the Company, the Company has no accumulated losses at the end of the financial year and has not incurred cash loss during the financial year covered by our audit though it incurred cash loss in the immediately preceding financial year.
- xi. Based on our examination of documents and records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues of financial institutions, banks or debenture holders.
- xii. Based on our examination of documents and records and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of Security by way of the pledge of shares, debentures and other securities.
- xiii. The Company is not a Chit Fund or Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of the Clause 4 (xiii) of the Order are not applicable to the Company.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company did not have any term loan outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the funds raised on short-term basis have not been utilized for long-term purposes.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. According to the information and explanations given to us and the records examined by us no debentures have been issued during the year. Accordingly, Provisions of Clause 4 (xix) of the Order are not applicable to the Company.
- xx. Based on the records examined by us, the Company has not raised monies by public issue during the year.
- xxi. During the course of our examination of books of account carried out in accordance with Generally Accepted Practices in India, we have neither come across any incidence of fraud on or by the Company, nor have we been informed of any such case by the Management.

4. Further to the above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of such books.
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) 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 section 211 (3C) of the Companies Act, 1956.
- v) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our Opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes 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:
- a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
- b) In the case of Profit and Loss Account, of the profit for the year ended on that date and
- c) In the case of Cash Flow statement, of the cash flows for the year ended on that date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
M. Kishore  
Partner  
Membership No. 23148

Place : Bangalore  
Date : 19th May, 2010

## COMPLIANCE CERTIFICATE

To,  
The Members,  
Messrs. **ALFRED HERBERT LIMITED**,  
Kolkata.

We have examined the registers, records, books and papers of Messrs. **Alfred Herbert Ltd.** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a public limited company, the comments are not required.
4. The Board of Directors duly met **Four times** respectively on **8th June, 2009; 29th September, 2009; 31st December, 2009 and 17th March 2010** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of Members during the financial year. However a record date was fixed for the purpose of payment of Interim dividend during the financial year under scrutiny.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March 2009 was held on **15th July 2009** after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loan to its directors or persons or firms or companies referred to under section 295 of the Act during the financial year.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the register maintained under Section 301 of the Act with regard to the general disclosure made by the Directors.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government.
12. The company has not issued any duplicate certificates during the financial year.
13. The company has:
  - a. no allotment / transfer / transmission of securities during the financial year.
  - b. deposited the amount of interim dividend declared in a separate bank account on 18<sup>th</sup> March, 2010 which is within five days from the date of declaration of such dividend.
  - c. has paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration.
  - d. no amount to be transferred in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education & Protection Fund.
  - e. duly complied with the requirements of section 217 of the Act to the extent applicable to the company.
14. The Board of directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Wholetime Director/Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the company from banks and others during the financial year ending 31<sup>st</sup> March, 2010 is within the overall borrowing limits sanctioned by the company and that necessary resolution as per the provisions of section 293(1)(d) of the Act have been passed in duly convened general meeting.
25. The company has not made any Loans or Investments or given guarantees or provided securities to other bodies corporate as provided in Sec 372A of the Act and consequently no entry have been made in the register kept for that purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. As informed by the management, there was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For A J & ASSOCIATES  
Company Secretaries  
Abhijeet Jain  
Proprietor  
C.P. No. : 3426

Place : Kolkata  
Date : 17th May, 2010

#### **Annexure - A**

Registers as maintained by the Company

1. Register of Members
2. Register of Directors
3. Register of Directors Shareholding
4. Register of Application and Allotment
5. Register of Contract u/s 301 for disclosure u/s 299
6. Register of Transfer
7. Shareholders Minutes Book
8. Directors Minutes Book
9. Index of Members
10. Register of Loans and Investments.
11. Register of Charge.

#### **Annexure - B**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

1. Annual Return (Schedule V) in Form 20B made upto 15.07.2009 filed on 24.08.2009.
2. Balance Sheet (Schedule VI) & Profit & Loss A/c in Form 23AC & 23ACA as at 31.03.2009 filed on 08.08.2009.
3. Compliance Certificate in Form 66 for the year ended 31.03.2009 filed on 31.07.2009.

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedules	As at 31.03.2010		As at 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>					
Share Holders' Funds — Capital	1	9,000,070		9,000,070	
— Reserves and Surplus	2	19,598,038	28,598,108	4,538,170	13,538,240
Loan Funds					2,458,603
— Secured Loan	3		876,625		344,608
Deferred Tax Liability (Net)			29,474,733		16,341,451
<b>II. APPLICATION OF FUNDS</b>					
<b>Fixed Assets :</b>	4		17,790,227		17,830,613
Gross Block			12,315,647		11,319,904
Less : Depreciation			5,474,580		6,510,709
Net Block					
<b>Current Assets, Loans and Advances :</b>				61,404,629	
Inventories	5	48,726,821		27,871,752	
Sundry Debtors	6	27,221,747		1,820,150	
Cash and Bank Balances	7	19,292,967		6,313,231	
Other Current Assets	8	9,097,149		29,523,106	
Loans and Advances	9	30,622,138		126,932,868	
		134,960,822			
<b>Less : Current Liabilities and Provisions :</b>				107,367,348	
Liabilities	10	97,953,632		9,734,778	
Provisions	11	13,007,037		117,102,126	
		110,960,669			
Net Current Assets			24,000,153		9,830,742
			29,474,733		16,341,451

Accounting Policies and Notes to Accounts  
 Note : The Schedules referred to above form  
 an integral part of the Balance Sheet  
 As per our report of even date

For RAY & RAY  
 Chartered Accountants  
 Firm's Registration No : 301072E  
 M. Kishore  
 Partner  
 Membership No. 23148  
 Bangalore  
 19th May, 2010

For and on behalf of the Board  
 S. S. Jain  
 A. K. Basu  
 Directors  
 R. Subramanian  
 Executive Director / Manager

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedules	For the year ended	For the year ended
		31.03.2010	31.03.2009
		Rs.	Rs.
<b>INCOME</b>			
Sales and Related Income		220,794,714	123,257,146
Less : Excise Duty		17,726,322	12,038,227
		203,068,392	111,218,919
Other Income	12	7,220,292	290,523
		210,288,684	111,509,442
<b>EXPENDITURE</b>			
Cost of Materials	13	133,014,183	80,318,537
Excise Duty		39,185	151,528
Other Expenditure	14	54,327,688	62,807,688
Interest		578,289	411,796
Depreciation		1,311,162	1,315,458
		189,270,507	145,005,007
		21,018,177	(33,495,565)
<b>PROFIT / (LOSS) BEFORE TAX</b>			
Less : Provision for Taxation		3,300,000	—
- Current Tax		20,366	(656,252)
- Income tax / FBT relating to earlier years (Net)		532,017	(23,256)
- Deferred Tax		—	207,554
- Fringe Benefit Tax		17,165,794	(33,023,611)
<b>PROFIT/(LOSS) AFTER TAX</b>		4,537,470	37,561,081
Add : Balance brought forward from previous year		21,703,264	4,537,470
Profit available for appropriation			
<b>APPROPRIATIONS</b>			
Interim Dividend		1,800,014	—
Corporate Dividend Tax		305,912	—
General Reserve		1,188,775	—
Balance carried to Balance Sheet		18,408,563	4,537,470
		21,703,264	4,537,470
		19.07	(36.69)
Basic and Diluted Earning per share (Face value of Rs. 10 each)			
No. of shares used in computing earning per share		900007	900007
- Basic & Diluted			

Accounting Policies and Notes to Accounts  
 Note : The Schedules referred to above form an integral part of the Profit & Loss A/c  
 As per our report of even date

For RAY & RAY  
 Chartered Accountants  
 Firm's Registration No : 301072E  
 M. Kishore  
 Partner  
 Membership No. 23148  
 Bangalore  
 19th May, 2010

For and on behalf of the Board  
 S. S. Jain  
 A. K. Basu  
 Directors  
 R. Subramanian  
 Executive Director / Manager

## SCHEDULES

### 1. CAPITAL

**Authorised** — 909,000 - Equity Shares of Rs. 10 Each  
— 100 - 8% Redeemable Preference Shares of Rs. 100 each

#### Issued, subscribed and paid-up

900,007 equity shares of Rs. 10 each fully paid up  
(Out of above 900,000 equity shares of Rs. 10 each were issued to Alfred Herbert (India) Limited for consideration other than cash pursuant to the Scheme of Arrangement.)  
All equity shares are held by Alfred Herbert (India) Ltd., the holding company and its nominees.

As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
9,090,000	9,090,000
10,000	10,000
<u>9,100,000</u>	<u>9,100,000</u>
9,000,070	9,000,070
<u>9,000,070</u>	<u>9,000,070</u>

### 2. RESERVES AND SURPLUS

DESCRIPTION	Balance as at 01.04.2009 Rs.	Additions Rs.	Transfers/ (Deductions) Rs.	Balance as at 31.03.2010 Rs.
Capital Redemption Reserve	700	—	—	700
General Reserve	—	1,188,775	—	1,188,775
Surplus in Profit and Loss Account	4,537,470	13,871,093	—	18,408,563
	<u>4,538,170</u>	<u>15,059,868</u>	—	<u>19,598,038</u>

### 3. SECURED LOANS

From Banks :

Cash Credit

Secured by hypothecation of stocks and book debts both present and future and Plant and Machinery, Furniture and Fixtures and Vehicles.

As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
—	2,458,603
—	<u>2,458,603</u>

### 4. FIXED ASSETS

DESCRIPTION	ORIGINAL COST / BOOK VALUE				DEPRECIATION				NET BLOCK	
	AS AT 1-4-2009 Rs.	ADDITIONS DURING THE YEAR Rs.	SALES DURING THE YEAR Rs.	AS AT 31-3-2010 Rs.	UP TO 31-3-2009 Rs.	FOR THE YEAR Rs.	SALES DURING THE YEAR Rs.	UP TO 31.3.2010 Rs.	AS AT 31.3.2010 Rs.	AS AT 31.3.2009 Rs.
Plant & Machinery	14,234,630	200,044	(380,666)	14,054,008	9,434,788	1,011,387	(311,085)	10,135,090	3,918,918	4,799,842
Furniture, Fixtures & Equipment	2,069,043	157,216	(16,980)	2,209,279	1,220,167	154,716	(4,334)	1,370,549	838,730	848,876
Vehicles	1,526,940	—	—	1,526,940	664,949	145,059	—	810,008	716,932	861,991
Previous Year	17,830,613	357,260	(397,646)	17,790,227	11,319,904	1,311,162	(315,419)	12,315,647	5,474,580	6,510,709
	17,692,878	137,735	—	17,830,613	10,004,446	1,315,458	—	11,319,904	6,510,709	6,510,709

### 5. INVENTORIES (Ref Note 1 (a) of Schedule 15 for Inventory Valuation Policy)

Raw Material (Including Goods in transit - Nil, Previous year Rs. 181,110)  
Work-in-Progress  
Material Returnable to Vendors - Rejected materials  
Stock-in-Trade  
Loose Tools

As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
22,112,295	23,111,064
25,230,128	36,828,263
24,880	—
591,782	580,729
767,736	884,573
<u>48,726,821</u>	<u>61,404,629</u>
11,349,937	16,336,535
15,871,810	11,535,217
<u>27,221,747</u>	<u>27,871,752</u>
223,818	171,058
19,069,149	1,421,592
—	227,500
<u>19,292,967</u>	<u>1,820,150</u>

### 6. SUNDRY DEBTORS

(Unsecured - Considered Good)  
Debts outstanding for a period exceeding six months  
Other debts

### 7. CASH & BANK BALANCES

Cash in hand  
Balance with Scheduled Banks :  
On Current Accounts  
Margin Deposit - towards Bank Guarantee



**8. OTHER CURRENT ASSETS**

(Unsecured - Considered Good)  
Balance with Customs, Port Trust etc.  
Security Deposit

**9. LOANS AND ADVANCES**

(Unsecured - Considered Good)  
Advance recoverable in cash or in kind or for value to be received  
Advance Tax (including Tax deducted at source)  
Interest Accrued on Margin Deposits

**10. LIABILITIES**

Sundry Creditors  
Advances received from Customers  
Other Liabilities

**11. PROVISIONS**

Provision for Taxation  
Provision for Fringe Benefit Tax  
Provision for Warranty

**12. OTHER INCOME**

Interest Income  
Misc. Income  
Liability no longer required written back  
Foreign Exchange Gain  
Profit on sale of Fixed Assets

**13. COST OF MATERIALS**

Opening Stock  
Work-in-progress  
Stock-in-trade  
  
Raw Material consumed

Less : Closing Stock  
Work-in-progress  
Stock-in-trade

**14. OTHER EXPENDITURE**

Consumable Stores  
Power and Fuel  
Salaries, Wages and Bonus  
Contribution to PF, Pension and other funds  
Medical and Welfare Expenses  
Repairs to Buildings  
Repairs to Plant and Machinery  
Repairs: Others  
Service Charges  
Rates and Taxes  
Insurance  
Postage, Telephone & Courier  
Travelling Expenses  
Commission  
Loss on Sale / Discardation of Fixed Assets  
Miscellaneous Expenses (i)

(i) Includes Auditor's Remuneration :  
a) Audit Fees  
b) Tax Audit Fees  
c) Other Services

As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
8,416,845	5,630,927
680,304	682,304
<u>9,097,149</u>	<u>6,313,231</u>
17,225,234	18,078,016
13,396,904	11,435,159
—	9,931
<u>30,622,138</u>	<u>29,523,106</u>
27,676,115	37,261,510
53,538,775	41,266,987
16,738,742	28,838,851
<u>97,953,632</u>	<u>107,367,348</u>
12,018,731	8,718,731
888,306	891,047
100,000	125,000
<u>13,007,037</u>	<u>9,734,778</u>

For the year ended 31.03.2010 Rs.		For the year ended 31.03.2009 Rs.	
76,347	198,183		
5,608	1,580		
4,187,918	90,752		
—	8		
2,950,419	—		
<u>7,220,292</u>	<u>290,523</u>		
36,828,263	12,831,918		
580,729	613,886		
37,408,992	13,445,804		
121,427,101	104,281,725		
<u>158,836,093</u>	<u>117,727,529</u>		
25,230,128	36,828,263		
591,782	580,729		
25,821,910	37,408,992		
<u>133,014,183</u>	<u>80,318,537</u>		
3,019,439	3,853,678		
2,572,581	2,475,859		
24,186,349	24,444,362		
2,679,505	3,940,535		
3,730,531	3,452,879		
320,870	449,917		
2,611,187	3,589,825		
546,550	569,837		
—	2,100,000		
71,718	289,203		
174,125	143,642		
654,053	737,035		
1,499,521	1,328,314		
5,839,000	7,573,863		
10,646	—		
6,411,613	7,858,739		
<u>54,327,688</u>	<u>62,807,688</u>		
50,000	50,000		
10,000	10,000		
18,000	24,000		
<u>78,000</u>	<u>84,000</u>		

## SCHEDULE 15

### 1) ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### a) Significant Accounting Policies

##### Basis of Accounting

The accounts have been prepared under the historical cost convention in accordance with the provisions of the Companies Act 1956 and mandatory accounting standard issued by the Institute of Chartered Accountants of India. The accounting policies unless specifically stated to be otherwise are in consistent and are in consonance with Generally Accepted Accounting Principles.

##### Use of Estimates

The preparation of financial statements require management to make estimates and assumption that affect the reported amount of asset and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can be reasonably estimated. Difference between the actual results and the estimates are recognized in the year in which the results are known/materialized.

##### Fixed Assets

Fixed Assets are stated at cost. Expenses relating to acquisition and installation of Fixed Assets are capitalised till the assets are put to use.

##### Depreciation

Depreciation on original cost of fixed assets has been provided on straight-line method at the higher of the rates specified in Schedule XIV to Companies Act, 1956 and the rates derived on the basis of the expected useful life of the assets.

##### Impairment

Fixed Assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amounts of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a pro-rata basis.

##### Inventories

Inventories are valued at lower of cost and net realisable value. Cost of the inventories is generally ascertained on weighed average basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost.

Cost for the purpose of valuation of work in progress and stock in trade includes materials, labour and appropriate portion of production overheads. Cost of finished goods includes excise duty.

##### Income

Sales are recognized on passing of the property in goods as per the terms of sales. These include excise duty, income from job work and are net of rebates, discount and other non-recoverables. All expenses and income to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis.

##### Transaction in Foreign Currency

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency assets and liabilities are translated at exchange rates prevailing at the year-end. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transaction during the year are recognized as income or expenses and are adjusted to the profit and loss account under respective accounts, except in the cases where such fixed assets acquired from a country outside India, in which case, these are adjusted to the cost of respective fixed assets.

##### Retirement Benefits

Retirement benefits to employees viz. Provident, Superannuation and Pension Funds are accounted for on accrual basis. The year-end liability in respect of gratuity and leave encashment are determined on the basis of actuarial valuation. Contribution to Provident, Superannuation, Pension and Gratuity Funds are made to the appropriate authorities

##### Voluntary Retirement Compensation

The payments under the Voluntary Retirement Scheme are charged to Profit and Loss Account in three equal annual installments.

##### Warranty Expenses

Warranty costs are accrued in the year of sale, based on past experience.

##### Taxation

Provision for tax is made for both current and deferred tax. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognized and carried forward only to the extent there is virtual certainty that assets will be realized in future.

##### Provisions, Contingencies 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, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent Assets are neither recognized nor disclosed in the financial statement. Contingent liabilities are not provided for and are disclosed by way of notes.

**b) Contingent liabilities not provided in accounts in respect of:**

(Rs. Lakhs)  
Current Year Previous Year

- |      |  |       |       |
|------|--|-------|-------|
| i)   | Claims towards wages/compensation by Employees which are pending in appeal.  | 0.17  | 4.07  |
| ii)  | Performance Bank Guarantees issued in favour of customers.   | —     | 2.28  |
| iii) | Penalty imposed by Zonal Joint Director General of Foreign Trade, Kolkata for non fulfillment of export obligation which has been stayed by the Hon'ble High Court, Calcutta on a writ petition filed by the Company.  | 48.26 | 48.26 |
| iv)  | Central Excise demands not accepted by the Company   | 7.02  | 7.57  |
| v)   | Penalties in respect of Excise / Service Tax   | 7.02  | 7.57  |
| vi)  | Penalty u/s 72 of KVAT Act for delay in filing VAT 100 for the month of January 07, against which the Interim order was passed by the Hon'ble High Court of Karnataka on 13.04.07 staying the order of Penalty until further consideration of the writ petition. | 0.58  | —     |
- c) Sundry Creditors include Rs 1,90,942.00 due to Micro/Small Scale/Medium enterprises, to the extent such parties have been identified from available information. This amount includes interest U/S 16 of MSMED Act, 2006 amounting to Rs 27,454.00 payable to them. The names of such industrial undertakings to whom the Company owed dues outstanding for more than 45 days during the year but within the agreed terms are Cauvery Petrochemicals Pvt Ltd, Gurunanak Industries, PRK Engineering and Ring Forgings Pvt Ltd. The details are given below:

Sl.No	Particulars	Principal Amount	Interest
i.	The amount outstanding as on 31-03-2010	1,63,488.00	27,454.00
ii.	Interest paid during the year U/S 16 of the Act	NA	Nil
iii.	Interest paid beyond appointed day without adding interest specified under this Act	NA	Nil
iv.	Interest accrued and remaining unpaid as on 31-03-10	NA	27,454.00
v.	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	NA	Nil

**d) Gratuity Plan**

The following table sets out the status of the Gratuity Plan as required under AS 15 (Revised).  
Reconciliation of Defined Benefit Obligation and Fair Value of Assets over the year ended 31st March 2010.

1. Change in Defined Benefit Obligations

Sl.No	Particulars	31.03.2010	As on 31.03.2009
i)	Present Value of Defined Benefit Obligations at the beginning of period	133.52	129.53
ii)	Current Service Cost	5.77	6.91
iii)	Interest Cost	7.89	8.98
iv)	Actuarial Losses/(Gains)	3.89	13.95
v)	Benefits Paid	(24.26)	(25.85)
vi)	Present Value of Defined Benefit Obligations at the end of period	126.81	133.52

2. Change in Fair Value of Assets

Sl No.	Particulars	31.03.2010	As on 31.03.2009
i)	Plan assets at beginning of the period	130.80	129.54
ii)	Expected return on plan assets	8.06	9.60
iii)	Actual Company contributions	10.73	16.15
iv)	Actuarial gains/(losses)	1.48	1.36
v)	Benefits paid	(24.26)	(25.85)
vi)	Plan assets at the end of period	126.81	130.80

3. Total expense recognised in the statement of Profit & Loss Accounts

Rs. In Lacs

Sl. No.	Components of employer expenses	For the Year ended 31.03.2010	For the Year ended 31.03.2009
i)	Current Service Cost	5.77	6.91
ii)	Interest Cost	7.89	8.98
iii)	Expected return on plan assets	(0.00)	(0.00)
iv)	Actuarial Losses/(Gains)	2.41	12.59
v)	Total expenses recognised in the Statement of Profit & Loss Account	8.01	18.88

4. Net Assets / (Liability) recognised in the Balance Sheet

Sl. No.	Funded Status	As on 31.03.2010	As on 31.03.2009
i)	Present value of Defined Benefit Obligations	126.81	133.52
ii)	Fair value of plan assets	126.81	130.80
iii)	Net Asset/(Liability) recognised in the Balance Sheet at the beginning of the period	(2.72)	0.01
iv)	Employer expenses	8.01	18.88
v)	Employer contributions	10.73	16.15
vi)	Net Asset / (Liability) recognized in Balance Sheet at the end of the period	Nil	(2.72)

5. Actuarial Assumptions

Sl. No.	Assumptions	As on 31.03.2010	As on 31.03.2009
i)	Discount Rate	8.00%	6.50%
ii)	Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
iii)	Salary increases	8%	5%
iv)	Expected return on assets	6.50%	7.70%
v)	Withdrawal rates	Upto 40 years 6.2% 40 years and above NIL	Upto 40 years 6.2% 40 years and above NIL

e) Leave Encashment Scheme

The table below shows a summary of the key results for the year ended 31st March, 2010 :

Assets / Liabilities

Rs. In Lacs

i)	Present Value of obligation	6.52
ii)	Fair Value of Plan Assets	0.00
iii)	Net Asset/(Liability) recognized in Balance Sheet	(6.52)

Employer Expense

i)	Current Service Cost	0.00
ii)	Total Employer Expense	6.52

The financial assumptions employed for the calculations are as follows :

	As on 31.03.2010
Discount rate per annum compound	8.00% p.a.
Rate of increase in Salaries	8.00% p.a.
Expected average remaining working lives of employees (years)	6.71

Scheme is not funded through any trust fund and therefore no assumption regarding expected rate of return on assets is applicable.

**Demographic Assumptions :**

1. Mortality : It is assumed that active members of the Scheme will experience in service mortality in accordance with the standard table LIC (1994-96) ultimate.
2. The following withdrawal rates have been assumed :

	Age	Rate
Withdrawal Rate	Upto 40 years	6.2%
	40 years and above	Nil
Early retirement and disability	40 – 54 years	1.8%
	55 – 59 years	2.2%

f. The following are the major components of deferred tax Assets/(liabilities)

	As on 31.03.2010	As on 31.03.2009
	Rs.	Rs.
<b>Deferred Tax Liability</b>		
On Account of Depreciation	(12,21,064)	(8,99,150)
<b>Deferred Tax Assets</b>		
Expenses allowable on payment basis u/s 43B	3,13,539	5,12,054
Provision for Warranty	30,900	42,488
<b>TOTAL</b>	<b>3,44,439</b>	<b>5,54,542</b>
Net Deferred Tax Liability	(8,76,625)	(3,44,608)

g) The company's exclusive business is manufacturing and selling industrial machineries and as such in the opinion of the management this is the only reportable segment as per Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

h) Related party disclosure as identified by the management in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India ("ICAI") are as given below:

- (i) Holding Company Alfred Herbert (India) Ltd
- (ii) Key Managerial Person R Subramanian  
Designation Executive Director/Manager  
Gross Remuneration for the year Rs 13.40 lakhs

- (iii) Transactions with the related parties:
 

	(Rs.Lakhs)
1) Service Charges Paid	Nil (21.00)
2) Advances given	32.78 (15.36)
3) Advances taken	35.19 (4.58)
4) Outstandings Receivable	Nil (2.41)
5) No amounts have been written off or written back during the year.	

Note: Figures in bracket represent previous year's figures.

i) Disclosure as required in terms of the Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets are as follows :

Nature of Item	Provision for Warranty	
	2009-10 Rs.	2008-09 Rs.
Opening Provision	125,000	100,000
Provided during the year	203,411	1,073,639
Amount utilised	228,411	1,048,639
Unused written back	—	—
Closing Provision	100,000	125,000

The above warranty cost represents the expected cost of free replacement and services in respect of sale of machineries, in terms of stipulation for sale on the basis of the past experience. It is expected that all will be incurred in next twelve months period.

- j) Previous year's figures have been rearranged/regrouped wherever necessary.
- k) Information pursuant to the provisions of paragraph 3, 4(c) and (d) of part II and IV of Schedule VI to the Companies Act, 1956 as per separate annexure.

**ANNEXURE TO SCHEDULE 15 (I) TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

1. Analysis of raw materials consumed for production :		2009-10		2008-09	
Description	Unit of Quantity	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Castings and Forgings	MT	277.20	22,176,345	384.58	30,766,515
Control Panel with fittings	Set	29.00	8,164,135	14.00	4,478,716
Gear Unit Instruments, Motors	Set	119.00	22,528,083	57.00	9,748,458
Rotor Assembly	Set	10.00	1,978,065	7.00	1,819,701
Others		—	66,580,473	—	57,468,335
Total			<u>21,427,101</u>		<u>104,281,725</u>

Note : Other Items are numerous and none of these individually exceeds 10% of total consumption.

2. Consumption of Imported and Indigenous raw materials, components and spares and the percentage of each to total consumption (for production)		2009-10		2008-09	
Description	Amount (Rs.)	%	Amount (Rs.)	%	
<b>Raw Materials, Components and Spares :</b>					
Imported	4,768,624	3.93	6,028,059	5.78	
Indigenous	116,658,477	96.07	98,253,666	94.22	
	<u>121,427,101</u>	<u>100.00</u>	<u>104,281,725</u>	<u>100.00</u>	

3. Particulars in respect of Sales		2009-10		2008-09	
Description	Quantity	Value (Rs.)	Quantity	Value (Rs.)	
Rubber Processing Machineries	71	205,332,547	21	100,964,466	
Spares / Cylinders		13,250,984		20,529,424	
Reconditioning / Machining / Other charges		2,211,183		1,763,256	
	<u>71</u>	<u>220,794,714</u>	<u>21</u>	<u>123,257,146</u>	

4. Particulars in respect of Closing Stocks		2009-10				2008-09			
Description	Qty. Value.		Qty. Value		Qty. Value		Qty. Value		
	(Opening Stock)		(Closing Stock)		(Opening Stock)		(Closing Stock)		
Presses (Rubber Processing Machinery)	1	580,729	1	591,782	1	613,886	1	580,729	
Jigmill	2	—	2	—	2	—	2	—	
	<u>3</u>	<u>580,729</u>	<u>3</u>	<u>591,782</u>	<u>3</u>	<u>613,886</u>	<u>3</u>	<u>580,729</u>	

5. Particulars in respect of goods manufactured		Registered	Installed	Actual	Actual
Sl. No.	Description	Licensed Capacity (Unit)	Capacity (Unit)	Production 2009-10 (Unit)	Production 2008-09 (Unit)
i)	Intermixes	12	15	10	3
ii)	Shear Strip Tube Presses	60	75	44	—
iii)	Autoform Tyre Presses / Tyre Curing Presses	28	14	5	10
iv)	Tyre Building Machine	12	6	5	3
v)	Servicers/Band Apps	12	6	7	5
vi)	Blas Cutters	4	4	—	—
vii)	Machine Tools (Metal Cutting including Grinding Machines)	138	76	—	—
viii)	Plastic Processing	126	—	—	—
				<u>71</u>	<u>21</u>

**NOTE :**

- Capacity registered with Director General of Technical Development in respect of Serial (i) to (vi)
- The installed capacity assumes the maximum in each product and actually does not signify that all the products can be made simultaneously, being technical in nature as certified by the Management.

	2009-10	2008-09
	Rs.	Rs.
1. Value of Imports on CIF basis		
Raw Materials	3,607,806	4,878,753
2. Expenditure in Foreign Currency		
Foreign Travel	71,564	—
3. FOB Value of EXports	—	—

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
M. Kishore  
Partner  
Membership No. 23148  
Place : Bangalore  
Date : 19th May, 2010

For and on behalf of the Board  
S. S. Jain  
A. K. Basu  
Directors  
R.Subramanian  
Executive Director / Manager

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	2009-2010 (Rs.)	2008-2009 (Rs)
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit / (Loss) before Tax</b>	21,018,177	(33,495,565)
Adjustment for :		
Depreciation	1,311,162	1,315,458
Interest Paid	578,289	411,796
Miscellaneous Expenditure written off	—	—
Profit on Sale of Fixed Assets	(2,950,419)	—
Loss on Sale of Fixed Assets	10,646	—
Interest Accrued on Deposits	—	9,931
	<u>(1,050,322)</u>	<u>1,737,185</u>
<b>Operating Profit before Working Capital Changes</b>	19,967,855	(31,758,380)
Adjustment for :		
Inventories	12,677,808	(21,486,222)
Sundry Debtors	650,005	13,859,055
Other Current Assets	(2,783,918)	(2,012,582)
Loans & Advances	810,860	(13,386,146)
Current Liabilities & Provisions	(9,438,716)	49,513,682
	<u>1,916,039</u>	<u>26,487,787</u>
<b>Cash Generated from Operating Activities</b>	21,883,894	(5,270,593)
Interest Paid	(578,289)	(411,796)
Direct Tax (Net)	(1,932,999)	(1,837,273)
<b>Net Cash from/used in Operating Activities</b>	19,372,606	(7,519,662)
<b>B. Cash Flow from Investing Activities</b>		
Sale of Fixed Assets	3,022,000	—
Purchase of Fixed Assets	(357,260)	(137,735)
<b>Net Cash from/used in Investing Activities</b>	2,664,740	(137,735)
<b>C. Cash Flow from Financing Activities</b>		
Dividend Paid	(1,800,014)	—
Corporate Dividend Tax paid	(305,912)	—
Proceeds/(Repayment) of Borrowings	(2,458,603)	2,458,603
<b>Net Cash used in Financing Activities</b>	(4,564,529)	2,458,603
<b>Net Increase/(Decrease) in cash or cash equivalent</b>	17,472,817	(5,198,794)
<b>Cash and Cash equivalents (Opening Balance)</b>	1,820,150	7,018,944
<b>Cash and Cash equivalents (Closing Balance)</b>	19,292,967	1,820,150
	<u>17,472,817</u>	<u>(5,198,794)</u>

As per our attached report of even date

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
M. Kishore  
Partner  
Membership No. 23148  
Place : Bangalore  
Date : 19th May, 2010

For and on behalf of the Board  
S.S. Jain  
A. K. Basu  
Directors  
R. Subramanian  
Executive Director / Manager

**PART IV OF SCHEDULE VI OF COMPANIES ACT, 1956 (AS AMENDED)  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No	43261	State Code	21
Balance Sheet Date	31.03.2010		

**II. Capital Raised During the year  
(Amount in Rs. Thousands)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private placement	NIL

**III. Position of Mobilisation and Deployment of funds  
(Amount in Rs. Thousands)**

Total Liabilities	140,436	Total Assets	140,436
<b>Sources of Funds</b>			
Paid-up Capital	9,000	Reserves & Surplus	19,598
Secured Loans	NIL	Unsecured Loans	NIL
Deferred Tax Liability	877		
<b>Application of Funds</b>			
Net Fixed Assets	5,475	Investments	NIL
Net Current Assets	24,000	Misc. Expenditure	NIL
Accumulated Losses	NIL		

**IV. Performance of Company  
(Amount in Rs. Thousands)**

Turnover	210,289	Total Expenditure	189,271
Profit/ (Loss) before Tax	21,018	Profit/(Loss) after Tax	17,166
Earnings Per Share (Rs.)	19.07	Dividend Rate %	20

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

Item Code No. (ITC Code)	84594001
Product Description	Jig Boring Machines, Horizontal
Item Code No. (ITC Code)	84775100
Product Description	Rubber Processing Machines
Item Code No. (ITC Code)	84201000
Product Description	Calendering or other Rolling Machines

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
M. Kishore  
Partner  
Membership No. 23148  
Place : Bangalore  
Date : 19th May, 2010

For and on behalf of the Board  
S. S. Jain  
A. K. Basu  
Directors  
R. Subramanian  
Executive Director / Manager



# HERBERT HOLDINGS LIMITED

Annual Report 2009-2010

## NOTICE OF MEETING

NOTICE is hereby given that the Twenty-second Annual General Meeting of the Members of Herbert Holdings Limited will be held at the Registered Office of the Company, 13/3 Strand Road, Kolkata- 700 001, on Monday, 12th July 2010 at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A V Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Registered Office : 13/3 Strand Road  
Kolkata - 700 001  
18th May, 2010

On behalf of the Board  
A.K. Basu  
Director

### NOTE:

A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. The proxy, in order to be effective, shall be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty-second Annual Report of the Company together with Audited Accounts for the year ended 31st March 2010.

### FINANCIAL RESULTS

The Financial Results are as under:

	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
Gross Income	18,40,924	6,94,197
Profit before Tax	18,11,504	6,65,310
Provision for Tax	2,90,000	72,000
Profit after Tax	15,21,504	5,93,310
Profit brought forward	9,19,581	4,45,271
Amount available for appropriation	24,41,085	10,38,581
<b>Appropriations:</b>		
Special Reserve	3,05,000	1,19,000
Balance carried to Balance Sheet	21,36,085	9,19,581
	<u>24,41,085</u>	<u>10,38,581</u>

### DIVIDEND

Your Directors do not recommend any dividend for the year.

### DIRECTORS

Mr. A V Lodha retires by rotation under the Articles of Association of the Company and being eligible, offers himself for re-appointment.

### AUDITORS

M/s. Ray & Ray, Chartered Accountants, will retire at the Annual General Meeting and they have given their consent to be re-appointed for the current year.

### COMPLIANCE CERTIFICATE UNDER COMPANIES ACT, 1956

A certificate issued by M/s. A J & Associates, Company Secretaries, in terms of the provisions of Section 383A of the Companies Act, 1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

### PARTICULARS OF EMPLOYEES

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The requirement for disclosure of information under Section 217 Sub-section (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable as no manufacturing or trading activities were carried out during the year.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not used or earned any foreign exchange during the year.

Kolkata  
18th May, 2010

On behalf of the Board  
A. K. Basu  
R. Subramanian  
Directors

## COMPLIANCE CERTIFICATE

To,

The Members

Messrs. **HERBERT HOLDINGS LIMITED**

Kolkata

We have examined the registers, records, books and papers of Messrs. **Herbert Holdings Ltd.** (the Company) as required to be maintained under the Companies Act, 1956. (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a public limited company, the comments are not required.
4. The Board of Directors duly met **Four times** respectively on **6th June, 2009; 22nd September, 2009; 30th December, 2009** and **8th March, 2010** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st March 2009 was held on **10th July 2009** after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loan to its directors or persons or firms or companies referred to under section 295 of the Act during the financial year.
9. The company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The company has made necessary entries in the register maintained under Section 301 of the Act with regard to general disclosure made by the Directors.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government.
12. The company has not issued any duplicate certificates during the financial year.
13. The company has:
  - a. no allotment/transfer/transmission of securities during the financial year.
  - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - c. not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - d. duly complied with the requirements of section 217 of the Act to the extent applicable to the company.
14. The Board of directors of the company is duly constituted and the appointment of director was duly made. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The company has not appointed any managing director/whole time director/ manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The company has not made any borrowings during the financial year ended 31st March, 2010.
25. The company being an investment company registered as NBFC the provisions of section 372A shall not apply.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. As informed by the management, there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company has not deducted any contribution towards Provident Fund during the financial year.

For A J & Associates  
Company Secretaries  
Abhijeet Jain

Place : Kolkata  
Date : 17.05.2010

Proprietor  
C. P. No. 3426

#### **Annexure A**

Registers as maintained by the Company

1. Register of Members
2. Register of Directors
3. Register of Directors Shareholding
4. Register of Application And Allotment
5. Register of Contract u/s 301 for disclosure u/s 299
6. Register of Transfer
7. Shareholders Minutes Book
8. Directors Minutes Book
9. Index of Members
10. Register of Investments

#### **Annexure B**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

1. Annual Return (Schedule V) in Form 20B made upto 10.07.2009 filed on 25.08.2009.
2. Balance Sheet (Schedule VI) in Form 23AC/23ACA as at 31.03.2009 filed on 08.08.2009.
3. Compliance Certificate in Form 66 for the year-ended 31.03.2009 filed on 31.07.2009.
4. Form 32 dated 10.07.2009 filed on 18.08.2009.

## AUDITORS' REPORT

### To the Members of Herbert Holdings Limited

1. We have audited the attached Balance Sheet of **HERBERT HOLDINGS LIMITED** as at 31 March 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 (Auditor's Report) Order, 2003 ('the Order') as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 of India ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in **ANNEXURE**, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - (iii) The financial statements dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the financial statements dealt with by this report comply with the Accounting Standards referred to in section 211 (3C) of the 'Act';
  - (v) On the basis of the written representations received from the directors, as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the 'Act';
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes gives the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31 March, 2010;
  - (b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
  - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.
5. According to the information and explanations given to us and on the basis of the test checks carried out by us during the course of the audit of the company, our report on the matters specified under the para 3A and 3C of Non Banking Financial Companies Auditors Report (Reserve Bank) Directions 2008 is as follows :
  - i) The Company is engaged in the business of Non Banking Financial Institution.
  - ii) The Company which was incorporated prior to 9th January 1997 has applied for registration as provided in section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934) and has received registration certificate from the Reserve Bank of India vide their certificate no. N. 05. 06541 dated 4th April 2005.
  - iii) The asset/income pattern of the Company as on 31.03.2010 is as follows :-

Ratio of investment income to total income	1
Ratio of total investments to total assets	0.45

However, as represented by the management, the Company intends to continue to hold its certificate of Registration.
  - iv) The Board of Directors of the Company had passed a resolution in the meeting held on 22nd January, 2010 for non-acceptance of any public deposit.
  - v) The Company has not accepted any public deposit during the year under reference.
  - vi) The Company has complied with the prudential norms relating to income recognition, assets, classification and provisioning for bad and doubtful debts as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial (Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E

Abhijit Neogi

Partner

Membership No. 61380

Place : Kolkata  
Date : 18th May, 2010

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

- (i) The Company does not have any Fixed Assets and therefore provisions of Clause 4(i)(a), (b) and (c) of the order are not applicable to the Company.
- (ii) The Company does not have any Inventory and therefore provisions of Clause 4(ii)(a), (b) and (c) of the order are not applicable to the Company.
- (iii) According to the information and explanation given to us, the Company has neither granted nor taken any loans to and from the companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii)(b) to (g) 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 reasonable internal control procedures commensurate with the size and the nature of its business with regard to purchase of investments. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanations given to us, the Company has not entered into the contracts or arrangements referred to in the section 301 of the Act that need to be entered into the register required to be maintained under that section. Accordingly, clause 4 (v)(b) of the order are not applicable.
- (vi) The Company has not accepted any deposits under section 58A, 58AA or any other relevant provisions of the Act from the public during the year.
- (vii) In our opinion, the internal audit system of the Company is commensurate with the size of the Company and nature of its business.
- (viii) The Central Government has not prescribed for the maintenance of any cost records under section 209(1)(d) of the Act as the Company is an investment Company. Therefore, the provisions of Clause 4(viii) of the order are not applicable.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income tax and other statutory dues applicable to it. On the basis of the records of the Company and the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were outstanding as at 31 March, 2010 for a period of more than six months from the date they became payable.  
(b) According to the records of the Company and according to the information and explanations given to us by the management, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.
- (x) As per the records of the Company, the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year and in the immediately preceding financial year.
- (xi) As per records of the Company there are no dues to Financial Institutions or Banks or Debenture holders.
- (xii) Based on our examination of documents and records and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of Security by way of the pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of the clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanation given to us and based on the documents and records produced to us, in regard to the dealings or trading in shares, securities, debentures and other investments, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The above investments have been held by the Company in its own name except to the extent of the exemption granted under section 49 of the 'Act'.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loan outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the Company has not raised funds on short-term basis and therefore provisions of Clause 4(xvii) of the order are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) According to the information and explanations given to us and the records examined by us no debentures have been issued during the year. Accordingly, provisions of clause 4(xix) of the order are not applicable to the Company.
- (xx) Based on the records examined by us, the Company has not raised monies by public issue during the year.
- (xxi) During the course of our examination of books of accounts carried out in accordance with generally accepted practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380

Place : Kolkata  
Date : 18th May, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedules	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
<b>I. SOURCES OF FUNDS</b>			
Share Capital	1	2,200,000	2,200,000
Reserves and Surplus	2	9,446,535	7,925,031
		<u>11,646,535</u>	<u>10,125,031</u>
<b>II. APPLICATION OF FUNDS</b>			
Investments	3	5,435,323	9,959,049
<b>Current Assets, Loans and Advances :</b>			
Cash and Bank Balances	4	6,505,815	178,085
Loans and Advances	5	81,273	83,689
		<u>6,587,088</u>	<u>261,774</u>
<b>Less : Current Liabilities and Provisions :</b>			
Current Liabilities	6	13,236	13,236
Provisions	7	362,640	82,556
		<u>375,876</u>	<u>95,792</u>
Net Current Assets		<u>6,211,212</u>	<u>165,982</u>
		<u>11,646,535</u>	<u>10,125,031</u>
<b>Notes to Accounts</b>	9		
Note : The Schedules referred to above form an integral part of the Balance Sheet As per our report of even date			

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata. 18th May, 2010

For and on behalf of the Board  
A. K. Basu  
R. Subramanian  
Directors

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedules	For the year ended 31st March, 2010 (Rs.)	For the year ended 31st March, 2009 (Rs.)
<b>INCOME</b>			
Dividend from shares		14,650	14,498
Dividend from investment in Mutual Fund		76,274	18,187
Profit on Sale of Investments		1,750,000	617,295
Interest Received		—	44,217
(Tax deducted at source Rs.Nil, Previous Year Rs.8,434/-)			
		<u>1,840,924</u>	<u>694,197</u>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	8	29,420	28,887
		<u>29,420</u>	<u>28,887</u>
<b>PROFIT BEFORE TAX</b>		1,811,504	665,310
Less : Provision for Taxation		290,000	72,000
<b>PROFIT AFTER TAX</b>		<u>1,521,504</u>	<u>593,310</u>
Add : Balance brought forward from previous year		919,581	445,271
<b>Balance available for Appropriation</b>		<u>2,441,085</u>	<u>1,038,581</u>
<b>APPROPRIATIONS</b>			
Special Reserve		305,000	119,000
Balance carried to Balance Sheet		<u>2,136,085</u>	<u>919,581</u>
		<u>2,441,085</u>	<u>1,038,581</u>
Basic and Diluted Earning per share (Face value of Rs.10 each)		6.92	2.70
No. of shares used in computing earning per share		220,000	220,000

**Notes to Accounts**  
Note : The Schedules referred to above form an integral part of the Profit and Loss Account This is the Profit and Loss Account referred to in our report of even date

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
18th May, 2010

For and on behalf of the Board  
A. K. Basu  
R. Subramanian  
Directors

## Schedules

### 1. SHARE CAPITAL

#### Authorised

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
249,000 Equity Shares of Rs. 10 each	2,490,000	2,490,000
100 Redeemable Preference Shares of Rs. 100 each	10,000	10,000
	<u>2,500,000</u>	<u>2,500,000</u>

#### Issued and subscribed

220,000 Equity shares of Rs. 10 each fully paid up	2,200,000	2,200,000
All equity shares are held by Alfred Herbert (India) Ltd., the holding company and its nominees.	<u>2,200,000</u>	<u>2,200,000</u>

### 2. RESERVES AND SURPLUS

Description	Balance as at 31.3.09 Rs.	Additions Rs.	Transfers/ Deductions Rs.	Balance as at 31.3.10 Rs.
Capital Reserve	50,000	—	—	50,000
Share Premium Account	4,800,000	—	—	4,800,000
General Reserve	2,000,000	—	—	2,000,000
Special Reserve (Under Section 45 1C of RBI Act)	154,750	305,000	—	459,750
Capital Redemption Reserve	700	—	—	700
Surplus in Profit & Loss Account	919,581	2,136,085	919,581	2,136,085
	<u>7,925,031</u>	<u>2,441,085</u>	<u>919,581</u>	<u>9,446,535</u>

	As at 31.03.10 Rs.	As at 31.03.09 Rs.
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### 3. INVESTMENT (Long Term Non-trade)

#### Quoted

Equity Shares of Rs.10 each except where otherwise stated (fully paid)

	No.		No.
Reliance Industries Limited (1,000 Nos Equity shares received as bonus shares during the year)	2,000	369,727	1,000
Reliance Capital Ltd.	50	9,243	50
Reliance Natural Resources Ltd. (Face Value Rs.5 each)	1,000	4,977	1,000
Reliance Communication Ltd. (Face Value Rs.5 each)	1,000	275,162	1,000
Reliance Infrastructure Ltd	75	51,904	75
		<u>711,013</u>	<u>711,013</u>

#### Unquoted

Equity Shares of Rs.10 each fully paid-up in Lodha Capital Markets Limited.	264,000	2,640,000	264,000	2,640,000
Equity Shares of Rs.10 each fully paid-up in Manoraj Investments Limited.	—	—	27,000	2,700,000
Equity Shares of Rs.10 each fully paid-up in Advance Business Services Limited.	—	—	19,000	1,900,000

#### Current Investment (Unquoted)

Units of Rs.10 each in HDFC Cash Management Fund - Treasury Adv. Plan	208,001,678	2,084,310	200,389,156	2,008,036
		<u>4,724,310</u>		<u>9,248,036</u>
		<u>5,435,323</u>		<u>9,959,049</u>

Aggregate Book Value of:

a) Quoted Investments	711,013	711,013
b) Unquoted Investments	4,724,310	9,248,036
	<u>5,435,323</u>	<u>9,959,049</u>

Aggregate Market Value of Quoted Investments as on 31st March, 2010.

	<u>2,493,431</u>	<u>1,800,789</u>
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### 4. CASH & BANK BALANCES

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Balances with Scheduled Banks On Current Accounts	6,505,815	178,085
	<u>6,505,815</u>	<u>178,085</u>

### 5. LOANS & ADVANCES

Advance Income Tax (including Tax deducted at source)	81,273	83,689
	<u>81,273</u>	<u>83,689</u>

### 6. CURRENT LIABILITIES

Sundry Creditors	13,236	13,236
	<u>13,236</u>	<u>13,236</u>

### 7. PROVISIONS

Provision for Taxation	362,640	82,556
	<u>362,640</u>	<u>82,556</u>

	For the year ended 31.03.2010 Rs.	For the year ended 31.03.2009 Rs.
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### 8. ADMINISTRATIVE & OTHER EXPENSES

Audit Fee	13,236	13,236
Auditors' remuneration in other capacity	5,515	6,742
Bank Charges	65	85
Charges General	110	600
Directors' Fee	750	—
Filing Fees	2,500	1,500
Professional Fees	2,750	1,000
Rates & Taxes	1,850	1,850
Secretarial Expenses	2,644	3,874
	<u>29,420</u>	<u>28,887</u>

### 9. NOTES TO ACCOUNTS

#### (a) Significant Accounting Policies:

##### Basis of Accounting

The accounts have been prepared under the historical cost convention in accordance with the provisions of the Companies Act, 1956 and mandatory accounting standards issued by the Institute of Chartered Accountants of India. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principals.

##### Use of Estimates

The preparation of financial statements require management to make estimates and assumption that affect the reported amount of asset and liabilities and disclosures relating to contingent liabilities and assets as at the Balance sheet date and the reported amounts of income and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can be reasonably estimated. Difference between the actual results and the estimates are recognised in the year in which the results are known/ materialised.

### Income

Income is accounted for on accrual basis except in cases where amount receivable cannot be determined with reasonable accuracy.

### Investment

Long Term Investments are stated at cost less provision for diminution in value other than temporary, if any. Current investments are valued at cost or below cost as the case may be.

### Income Tax

Provision for tax is made for both current and deferred tax. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference which are capable of reversal in subsequent periods are recognised using tax rates and tax laws which have been enacted or substantively enacted. Deferred Tax assets are not recognised and carried forward only to the extent there is virtual certainty that assets will be realised in future.

### Contingencies

Contingent liabilities are disclosed when the Company has a possible obligation of a present obligation and it is probable that a cash out flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

- (b) Related Party disclosure as identified by the management in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India ("ICAI") are as follows :-

(i) List of Related Party

Alfred Herbert (India) Limited Holding Company

- (c) There are no reported micro, small and medium enterprises, as defined in the Micro, Small Medium Enterprises Development Act, 2006, to whom Company owes dues.

- (d) Information with regard to other matters specified in clauses 3, 4(A) and 4(C) of Part II of Schedule VI of the Companies Act, 1956 are either nil or not applicable to the Company for the year under Audit.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
18th May, 2010

For and on behalf of the Board  
A. K. Basu  
R. Subramanian  
Directors

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	2009-2010 (Rs.)	2008-2009 (Rs.)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	1,811,504	665,310
Adjustment for Profit on Sale of Investment	(1,750,000)	—
Operating Profit before Working Capital Changes	61,504	665,310
Adjustments for :		
Sundry Debtors	—	26,461
Other Current Assets	—	—
Current Liabilities	—	(248)
Cash (Utilised in )/Generated from Operating Activities	61,504	691,523
Direct Tax (Net)	(7,500)	(70,734)
Net Cash (Utilised in )/Generated from Operating Activities	54,004	620,789
<b>B. Cash Flow from Investing Activities</b>		
Sale of Investments	6,350,000	—
Purchase of Investments	(76,274)	(556,511)
Net Cash (utilised in)/ Generated from Investment Activities	6,273,726	(556,511)
<b>C. Cash Flow from Financing Activities</b>		
Net Increase/(Decrease) in cash & cash equivalent	6,327,730	64,278
Cash and Cash equivalents (Opening Balance)	178,085	113,807
Cash and Cash equivalents (Closing Balance)	6,505,815	178,085
	<u>6,327,730</u>	<u>64,278</u>

### Note:-

1. Cash & Cash Equivalent includes:-

- (i) Cash in Hand - Nil  
(ii) Bank Balance with Schedule Bank in Current A/c - Rs.6,505,815/-

As per our report of even date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
18th May, 2010

For and on behalf of the Board  
A. K. Basu  
R. Subramanian  
Directors



**PART IV OF SCHEDULE VI OF COMPANIES ACT, 1956 (AS AMENDED)**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. 43328      State Code 21  
 Balance Sheet Date 31032010

**II. Capital Raised During the Year (Amount in Rs. Thousands)**

Public issue      NIL      Right issue      NIL  
 Bonus issue      NIL      Private Placement      NIL

**III. Position of Mobilisation and deployment of funds**

(Amount in Rs. Thousands)

Total Liabilities 11646      Total Assets 11646

**Source of Funds**

Paid-up Capital 2200      Reserves & Surplus 9446  
 Secured Loans      NIL      Unsecured Loans      NIL

**Application of Funds**

Net Fixed Assets      NIL      Investments 5435  
 Net Current Assets 6211      Misc. Expenditure      NIL  
 Accumulated Losses      NIL

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

Turnover 1841      Total Expenditure 29  
 Profit before Tax 1812      Profit / (Loss) after tax 1522  
 Earnings Per Share 6.92      Dividend Rate %      NIL

**V. Generic Name of Three Principal Products/Services of Company (As per monetary terms)**

Item Code No. NOT APPLICABLE  
 Product Description NOT APPLICABLE

For RAY & RAY  
 Chartered Accountants  
 Firm's Registration No : 301072E  
 Abhijit Neogi  
 Partner  
 Membership No. 61380  
 Kolkata  
 18th May, 2010

For and on behalf of the Board  
 A. K. Basu  
 R. Subramanian  
 Directors

## **ALFRED HERBERT (INDIA) LIMITED**

Registered & Head Office :  
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13/3, Strand Road, Post Box : 681  
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### **SALES & MARKETING DIVISION**

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Particulars of Subsidiaries

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