



**ALFRED HERBERT (INDIA) LTD.**

**ANNUAL REPORT**  
**2010 - 2011**



## ANNUAL REPORT

2010-2011

### BOARD OF DIRECTORS

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

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### AUDITORS

RAY & RAY  
Chartered Accountants

### REGISTERED OFFICE

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Herbert House  
13/3, Strand Road, Kolkata - 700 001  
Telephones : 2248 4801/2  
Fax : (91) 033 2248 5761  
E-mail : kolkata@alfredherbert.com

### MUMBAI OFFICE

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Kaiser-I-Hind Building, Sprott Road  
Ballard Estate, Post Box 110  
Mumbai - 400 038  
Telephones : 2261 9981 (3 lines)  
Fax : (91) 022 2261 9983  
E-mail : mumbai@alfredherbert.com

### ALFRED HERBERT LIMITED

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Whitefield Road, Post Box 4805  
Mahadevapura P.O.  
Bangalore - 560 048  
Telephones : 2845 2263 (4 lines)  
Fax : (91) 080 2845 3023  
E-Mail : mfg@alfredherbert.com

## **NOTICE OF MEETING**

NOTICE is hereby given that the Ninety-first Annual General Meeting of the Members of Alfred Herbert (India) Limited will be held at Indian Chamber of Commerce Auditorium, 4 India Exchange Place, Kolkata - 700 001, on Friday, 29th July 2011 at 10.00 a.m. to transact the following business: -

1. To consider and adopt the audited Accounts of the Company for the year ended 31st March 2011 together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. A V Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S S Jain, 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

23rd May 2011

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, should be deposited at the Registered Office of 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 19th July 2011 to 29th July 2011 (both days inclusive).
3. The Dividend, if declared, at the meeting, will be credited/despached on or after 30th July 2011 to those Members whose names shall appear on the Register of Members as on 19th July 2011.
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 2004 and thereafter may immediately approach the Registrar of the Company for re-validation of unclaimed Dividend Warrants. The unclaimed Equity Dividend for the year ended 31st March 2004 will fall due for transfer to the Investors' Education and Protection Fund on 4th September 2011.
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, M/s. Maheshwari Datamatics Pvt. Limited, particulars of bank account viz., Name of Bank, Branch address with Pincode, 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. A V Lodha and Mr. S S Jain 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: -

#### **MR. ADITYA VIKRAM LODHA**

Aditya Vikram Lodha aged 45 years is a qualified Chartered Accountant and is the Country Managing Partner of Lodha & Co. He has over 24 years of experience in providing advisory services to a diverse client base across a wide spectrum of industries. He has handled various consultancy assignments in fields of corporate restructuring, mergers & acquisitions, joint ventures, collaborations, business strategy etc. He has also assisted large Indian corporates to raise resources from the overseas capital markets.

Mr. Lodha served as the President of the Indian Chamber of Commerce (ICC), Kolkata twice i.e. in 1998-99 and in 2001-02 in its 75th year (Platinum Jubilee Year) as well as served as the Chairman of its Banking and Finance Committee. He has also served as a Member of the National Council of CII (Confederation of Indian Industry) and was National Committee Chairman of its Accounting Standards & Corporate Disclosures and Tax Committees. He served as a member of the High Level Naresh Chandra Committee for corporate audit and governance, appointed by the Government of India, Governing Body of Indian Council of Arbitration, Governing Council of the Central Manufacturing Technology Institute, Bangalore, Peer Review Board of Institute of Chartered Accountants of India, Industrial Development Bank of India's Eastern Regional Advisory Board, State Advisory Board on Investment Promotion in Tripura and is a member of the Governing Body of the Alumnorum Societas, the old boys association of St. Xavier's Collegiate School, Kolkata.

Mr. Lodha is the Chairman of Alfred Herbert (India) Limited and the Shareholders' Grievance Committee of Shalimar Paints Limited.

He is a Director of Graphite India Limited, Herbert Holdings Limited and Shalimar Paints Limited.

Mr. Lodha is also a Member of the Audit Committee of Graphite India Limited and Shalimar Paints Limited as well as a Member of the Remuneration Committee of Shalimar Paints and Graphite India Limited.

He holds 937 Equity Shares of the Company in his name as on 31st March 2011.

**MR. SARDUL SINGH JAIN** (B Com. LLB) aged 76 years has been on the Company's Board of Directors for almost a period of seven years. He has vast professional expertise and experience in finance, taxation, legal and Management for over five decades.

Mr. Jain is a Director of RTS Power Corporation Limited, Bhutoria Agrotech Limited, Omni Holdings Limited, Alliance Udyog Limited, Alliance Mills South Private Limited, East India Cotton Manufacturing Company Limited, RFG Capital Markets Limited, East India Udyog Limited, Bhandari Sales Private Limited, Sungrace Finvest Private Limited, Hari Holdings Private Limited, Sri Vindhya Multimed Private Limited, Annapurna Savings & Finance Private Limited, Lindsay Securities Private Limited, Alfred Herbert Limited, Eita India Limited, Jalan Chemical Industries Pvt. Limited, Lodha Capital Markets Limited and Baroda Agents & Trading Co. Pvt. Limited.

Mr. Jain is Chairman of the Audit Committee of RTS Power Corporation Limited. He is also a Member of the Audit Committee of Eita India Limited and Shareholders'/Investors' Grievance Committee of RTS Power Corporation Limited.

He does not hold any shares of the Company.

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



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Ninety-first Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2011.

## FINANCIAL RESULTS

The Financial Results are as under :

	<b>31st March 2011 Rs.</b>	<b>31st March 2010 Rs.</b>
Profit before Tax	<b>4,990,328</b>	6,560,773
Provision for Tax (including deferred tax)	<b>189,544</b>	2,710,187
Profit after Tax	<b>4,800,784</b>	3,850,586
Surplus from earlier years brought forward	<b>9,138,209</b>	8,630,481
Amount available for appropriation	<b>13,938,993</b>	12,481,067
Appropriations:		
Proposed Dividend	<b>1,542,858</b>	1,542,858
General Reserve	<b>1,000,000</b>	1,000,000
Special Reserve	<b>1,000,000</b>	800,000
	<b>3,542,858</b>	3,342,858
Surplus carried to Balance Sheet	<b>10,396,135</b>	9,138,209
	<b>13,938,993</b>	12,481,067

## DIVIDEND

Your Directors take pleasure in recommending for approval the payment of Dividend of Rs. 2/- (per share) for the year ended 31st March 2011.

## FINANCIAL PERFORMANCE

The Company's gross income for the financial year ended 31st March 2011 stood at Rs.167.39 lacs and profit before tax stood at Rs.49.90 lacs.

The Company's Realty and Business Services Division continued to perform satisfactorily. The Division has deployed a part of its surplus funds in making long term investments which should maximise returns for the Company for utilisation in future opportunities.

The performance of the Company's wholly owned subsidiary, Alfred Herbert Limited improved substantially during the year and full efforts are being made to further consolidate its operations. However, the sharp increases in interest rates pose a challenge as many customers are delaying purchase decisions leading to uncertainty in performance. The Company is making full efforts to find alternative markets to utilise its potential.

## DIRECTORS

Mr. A V Lodha, Director, and Mr. S S Jain, 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, along with 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.15 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.

Kolkata  
23 May, 2011

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

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**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

Dear Shareholder,

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies through electronic mode. In accordance with the recent circulars issued by the MCA during April and May 2011, companies can now send notices and documents, including Annual Reports and postal ballots to its shareholders through electronic mode to the registered e-mail addresses of the shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders as well as the companies to contribute towards a Greener Environment.

Your Company also proposes to participate in this Green Initiative by opting for e-mailing shareholders all future communications including notice of the annual general meeting and annual report of the Company.

To facilitate the same, we request you to furnish your e-mail id at the earliest to the e-mail id **investors@alfredherbert.com** quoting your folio number/ DP Id & Client ID and we would be mailing all the future shareholder communication from the Company to the e-mail id furnished to us. Kindly update us of any changes in your e-mail address for future communications. You may also write to our Registrar and Share Transfer Agent, Maheshwari Datamatics Pvt. Limited, at 6 Mango Lane, 2nd Floor, Kolkata - 700 001 in this regard.

Please note even if you opt for electronic mode, you will be entitled to receive all such Communication in physical form, upon receipt of a written request.

Kindly note that annual reports & accounts, notices of general meetings, Directors' Report, Auditors Report etc. will also be available on the Company's Website [www.alfredherbert.co.in](http://www.alfredherbert.co.in).

Thanking you,  
Yours faithfully,

For Alfred Herbert (India) Limited,  
A K Basu  
Chief Financial Officer



## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-11

### 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.

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

\* 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

### 2. BOARD OF DIRECTORS

The strength of the Board of Directors as on 31st March 2011 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 19.04.2010, 22.05.2010, 23.07.2010, 10.11.2010 and 25.01.2011.

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 2011 are as follows :-

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 2011

Name of Director	Sitting Fees (Rs.)
Mr. A. V. Lodha	15,000/-
Mr. R. C. Tapuriah	50,000/-
Mr. H. V. Lodha	30,000/-
Mr. S. S. Jain	45,000/-
Mr. S. Bhandari	35,000/-

**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 once and the composition and the attendance of the Directors at this meetings is as under:

Name of Member	Status	No. of Meetings attended
Mr. H. V. Lodha	Chairman	1
Mr. R. C. Tapuriah	Member	1
Mr. S. Bhandari	Member	1

During the year 9 complaints were received from the Shareholders which were replied/resolved to the satisfaction of the shareholders as on 31st March 2011.

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
2009-10	Bengal National Chamber of Commerce & Industry 23 R. N. Mukherjee Road Kolkata - 700 001	23.07.2010	10.30 a.m.
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.

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 15(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 of 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. The Company's results are displayed on the Website [www.alfredherbert.co.in](http://www.alfredherbert.co.in)

**9. GENERAL SHAREHOLDER INFORMATION**

91st Annual General Meeting

Date & Time : 29th July 2011 at 10.00 a.m.

Venue : Indian Chamber of Commerce,  
4 India Exchange Place, Kolkata 700001

**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 2011
2nd quarterly results	: Before 15th November 2011
3rd quarterly results	: Before 15th February 2012
Audited yearly results for the year ending 31st March 2012	: Before the end of May 2012
Date of Book Closure	: From 19.07.2011 to 29.07.2011 (both days inclusive)
Dividend Payment Date	: On or after 30th July 2011

**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 2010-11.

**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 2010-11 :**

Month	Bombay Stock Exchange Ltd	
	High Rs.	Low Rs.
April	184.90	160.00
May	172.40	145.00
June	182.35	150.80
July	180.00	155.00
August	188.00	160.00
September	193.75	171.10
October	230.00	167.50
November	263.50	181.80
December	236.75	179.85
January	228.50	174.30
February	222.00	171.00
March	200.00	188.00



**Registrar and Share Transfer Agent** : Maheshwari Datamatics Pvt. Limited  
6 Mangoe Lane, Kolkata - 700 001  
Telephone No. 2248 2248 / 2243 5809  
E-mail mdpldc@yahoo.com  
E-mail mdpl@cal.vsnl.net.in  
Fax: (033) 2248 4787

#### SHARE TRANSFER SYSTEM

All the transfers received are processed by the Registrar and Transfer Agents and are approved by the 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 2011

No. of Equity Shares held	No. of Shareholders Total	%	No. of Equity Shares Total	%
Upto 1000	3724	99.2802	206081	26.7142
1001 to 5000	17	.4531	36287	4.7039
5001 to 10000	4	.1067	32552	4.2197
10001 to 50000	4	.1067	93499	12.1202
50001 and above	2	.0533	403010	52.2420
<b>Total</b>	<b>3751</b>	<b>100.0000</b>	<b>771429</b>	<b>100.0000</b>

#### SHAREHOLDING PATTERN AS ON 31ST MARCH 2011

Category	No. of Shareholders	No. of Shares held	Total Shareholding as a % of Total Share
Individuals	3653	235791	30.57
Non-Resident Individuals	23	5608	0.73
Bodies Corporate	54	24553	3.18
Financial Institutions/Banks	2	90	0.01
Insurance Companies	1	15628	2.03

#### 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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

Category	No. of Shareholders	No. of Shares held	Total Shareholding as a % of Total Share
Trusts	1	90	0.01
Clearing Member	1	126	0.01
	<u>3735</u>	<u>281886</u>	<u>36.54</u>
Promoters	16	489543	63.46
<b>Total</b>	<u><b>3751</b></u>	<u><b>771429</b></u>	<u><b>100.00</b></u>

**Dematerialisation of Shares :- 29.64% of Equity Shares have been dematerialised as on 31st March 2011.**

#### 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

Fax : (033) 2248 5761

#### 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 2011 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

for ALFRED HERBERT (INDIA) LIMITED  
A.K. Basu

Date: 23rd May 2011

Chief Financial Officer

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 Agreements.

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

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

Place : Kolkata  
Date : 23rd May 2011



**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, 2011 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 (the "Order"), 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 written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 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, 2011;
    - (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 31.03.2011 are as follows:  
Ratio of investment income to total income : 0.64  
Ratio of total investments to total assets : 0.80
  - (iv) The Board of Directors of the Company had passed a resolution in its meeting held on 25th January, 2011 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 : 23rd May, 2011

**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.
- (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 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, Customs 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, 2011 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 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 finance 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.
- (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 : 23rd May, 2011

**ALFRED HERBERT (INDIA) LTD.**

CIN No : L74999WB.1919PLC003516

**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 2011 (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 **19th April, 2010, 22nd May, 2010, 23rd July 2010, 10th November 2010 and 25th January 2011** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including circular resolutions passed, if any, in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from **15th July 2010 to 23rd July 2010** 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 2010** was held on 23rd July 2010 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 lodgment 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 26.07.2010 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 - 2010" on 23.08.2010 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 2011.
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 : 19th May, 2011

#### **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 2011.

1. Annual Return (Schedule V) in Form 20B made upto 30.07.2010 filed on 10.09.2010.
2. Balance Sheet (Schedule VI) in Form 23AC/ 23ACA as at 31.03.2010 filed on 05.08.2010.
3. Compliance Certificate in Form 66 for the year-ended 31.03.2010 filed on 28.07.2010.
4. Form 1 INV filed on 16.11.2010.

**Balance Sheet**

as at 31st March, 2011

	Schedules	As at 31st March, 2011 (Rs.)		As at 31st March, 2010 (Rs.)	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1	7,714,290		7,714,290	
Reserves and Surplus	2	<u>248,774,545</u>	<u>256,488,835</u>	<u>245,701,627</u>	<u>253,415,917</u>
Deferred Tax Liability			<u>2,787,874</u>		<u>2,598,330</u>
			<u>259,276,709</u>		<u>256,014,247</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	3		<u>56,146,790</u>		<u>56,285,157</u>
Less : Depreciation			<u>15,677,082</u>		<u>14,853,899</u>
Net Block			<u>40,469,708</u>		<u>41,431,258</u>
Capital Work-in-progress			<u>248,175</u>		<u>-</u>
Investments	4		<u>216,403,948</u>		<u>183,103,518</u>
<b>Current Assets, Loans and Advances :</b>					
Cash and Bank Balances	5	<u>4,761,853</u>		<u>31,512,879</u>	
Other Current Assets	6	<u>2,054,798</u>		<u>1,841,173</u>	
Loans and Advances	7	<u>7,645,439</u>		<u>8,813,620</u>	
		<u>14,462,090</u>		<u>42,167,672</u>	
<b>Less : Current Liabilities and Provisions :</b>					
Liabilities	8	<u>2,933,310</u>		<u>1,212,030</u>	
Provisions	9	<u>9,373,902</u>		<u>9,476,171</u>	
		<u>12,307,212</u>		<u>10,688,201</u>	
<b>Net Current Assets</b>			<u>2,154,878</u>		<u>31,479,47</u>
			<u>259,276,709</u>		<u>256,014,247</u>
Accounting Policies and Notes to Accounts	15				

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  
23rd May, 2011

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



## Profit and Loss Account

For the year ended 31st March, 2011

	Schedules	For the year ended 31st March, 2011 (Rs.)	For the year ended 31st March, 2010 (Rs.)
<b>INCOME</b>			
Income from Operations	10	5,890,880	18,734,921
Income from Investments	11	10,722,737	7,258,923
Other Income	12	125,446	10,610
		<u>16,739,063</u>	<u>26,004,454</u>
<b>EXPENDITURE</b>			
Cost of Materials	13	16,200	77,814
Other Expenses	14	10,927,976	18,549,490
Interest		—	11,496
Depreciation		989,567	989,889
Less : Transferred from Revaluation Reserve		<u>185,008</u>	<u>185,008</u>
		<u>11,748,735</u>	<u>19,443,681</u>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>4,990,328</b>	<b>6,560,773</b>
Less : Provision for Taxation :			
Current Tax		—	2,500,000
Deferred Tax		189,544	210,187
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>4,800,784</b>	<b>3,850,586</b>
Add : Balance brought forward from previous year		9,138,209	8,630,481
Available for appropriation		<u>13,938,993</u>	<u>12,481,067</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		1,542,858	1,542,858
General Reserve		1,000,000	1,000,000
Special Reserve		1,000,000	800,000
Balance carried to Balance Sheet		<u>10,396,135</u>	<u>9,138,209</u>
		<u>13,938,993</u>	<u>12,481,067</u>
Basic & diluted Earning per share - (Face value Rs. 10/- each)		6.22	4.99
Number of shares used in computing earning per share		771,429	771,429
Accounting Policies and Notes to Accounts	15		

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  
23rd May, 2011

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

## SCHEDULES

		As at 31st March, 2011 Rs.	As at 31st March, 2010 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	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	4,924,290	4,924,290
		<u>7,714,290</u>	<u>7,714,290</u>

## 2. RESERVES AND SURPLUS

Description	Balance as at 31st March 2010 Rs.	Additions Rs.	Transfers/ Deductions Rs.	Balance as at 31st March 2011 Rs.
*Capital Reserve	5,833,418	—	185,008	5,648,410
General Reserve	204,000,000	1,000,000	—	205,000,000
Special Reserve (Under Section 45 IC of Reserve Bank of India Act)	26,730,000	1,000,000	—	27,730,000
Surplus in Profit & Loss Account	9,138,209	10,396,135	9,138,209	10,396,135
	<u>245,701,627</u>	<u>12,396,135</u>	<u>9,323,217</u>	<u>248,774,545</u>

\*Includes Revaluation Reserve Rs. 5,638,472

## 3. FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	Value as on 01.04.2010 Rs.	Additions during the year Rs.	Sales/ Adjust- ments Rs.	Value as on 31.03.2011 Rs.	Upto 31.03.2010 Rs.	Depreciaton during the year Rs.	Sales/ Adjust- ments Rs.	Total 31.03.2011 Rs.	Value as on 31.03.2011 Rs.	Value as on 31.03.2010 Rs.
Land	3,674,588	—	—	3,674,588	—	—	—	—	3,674,588	3,674,588
Building	50,550,507	—	—	50,550,507	13,517,098	899,712	—	14,416,810	36,133,697	37,033,409
Plant & Machinery	1,703,211	27,323	23,681	1,706,853	988,442	84,085	23,681	1,048,846	658,007	714,769
Furniture, Fixtures & Equipments	356,851	1,650	143,659	214,842	348,359	5,770	142,703	211,426	3,416	8,492
Total	56,285,157	28,973	167,340	56,146,790	14,853,899	989,567	166,384	15,677,082	40,469,708	41,431,258
Previous year	56,757,620	45,864	518,327	56,285,157	14,382,337	989,889	518,327	14,853,899	41,431,258	

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.102,573/- (Previous year Rs.106,341/-) original cost Rs.342,945 the lease in respect of which has been renewed.



4. INVESTMENTS

**Long Term (Non-Trade)  
Quoted**

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

		As of 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
	Nos.		
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
Hindalco Industries Limited (Face value Re.1 per share)	75,750	7,272,000	7,272,000
Reliance Industries Ltd.	65,000	18,982,115	18,982,115
Sterlife Industries (India) Ltd. (Face value Re.1 per share) (5,010 Nos Equity shares received as bonus shares during the year)	10,020	188,310	188,310
India Glycol Limited (sold during the year)	—	—	2,354,307
I T C Limited (Face value Re.1 per share) (30,000 Nos Equity shares received as bonus shares during the year)	60,000	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) (As per scheme of Arrangement,1 equity share of Rs.10 each of Reliance Power Limited issued for every 4 equity shares of Rs.5 each of Reliance Natural Resources Ltd.)	—	—	94,323
Reliance Power Ltd. (As per scheme of Arrangement,1 equity share of Rs.10 each of Reliance Power Limited issued for every 4 equity shares of Rs.5 each of Reliance Natural Resources Ltd.)	5,625	94,323	—
Reliance Communication Ltd. (Face value Rs.5 per share)	22,500	5,214,701	5,214,701
Reliance Infrastructure Ltd	1,687	983,651	983,651
I D F C Limited	50,000	3,511,762	3,511,762

**Bonds**

6.85% I I F C L 2014 (Face value of Rs.100,000 each fully paid up)	285	28,628,250	28,628,250
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**88,518,585**      **90,872,892**

**Unquoted**

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

Kirloskar Computer Services Ltd. Less : Provision for diminution in value of shares	10,000	100,000	100,000	
		<b>96,400</b>	<b>3,600</b>	<b>96,400</b> <b>3,600</b>
Woodlands Multispeciality Hospital Limited (As per scheme of Amalgamation, 1 equity share of Rs.10 each was allotted in Woodlands Multispeciality Hospital Limited against old debentures of Woodlands Hospital & Medical Research Centre.)	1,780	8,900	—	



**ALFRED HERBERT (INDIA) LTD.**

		As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
	Nos.		
<b>Debentures</b>			
5% Non-Redeemable Registered Debentures stock ( Face value of Rs.5,000 each fully paid up) in Woodlands Hospital & Medical Research Centre	—	—	5,000
1/2% Registered Mortgaged Debentures stock ( Face value of Rs.100 each fully paid up) in Woodlands Hospital & Medical Research Centre	—	—	3,900
<b>In Subsidiary Companies :</b>			
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
<b>Current Investments (Unquoted)</b>			
Units of Rs.10 each in Reliance Quarterly Interval Fund - Div. Reinvest Plan	2,149,978.879	21,513,623	—
Units of Rs.10 each in UTI Quarterly Interval Plan - Sr.1 Dividend Payout	1,500,000.000	15,000,000	—
Units of Rs.10 each in DSP BlackRock 3 M Series 29 - Dividend Payout	1,330,000.000	13,300,000	—
Units of Rs.10 each in DSP BlackRock 3 M Series 30 - Dividend Payout	2,100,000.000	21,000,000	—
Units of Rs.10 each in ICICI Prudential Qty. Interval Plan 1 - Dividend Payout	1,940,000.000	19,400,000	—
Units of Rs.10 each in UTI Fixed Income Interval Plan - Sr. 3 Dividend Payout	2,000,000.000	20,000,000	—
Units of Rs.10 each in Reliance Medium Term Fund - Dividend Reinvest	—	—	20,450,460
Units of Rs.10 each in HSBC Floating Rate Fund - Weekly Dividend Reinvest	—	—	15,249,044
Units of Rs.10 each in HDFC Cash Management Fund - T. Adv. Plan - Div. Reinvest	165,295.420	1,659,170	40,518,332
		<b>127,885,363</b>	<b>92,230,626</b>
		<b>216,403,948</b>	<b>183,103,518</b>
a) Quoted Investments		<b>88,518,585</b>	<b>90,872,892</b>
b) Unquoted Investments		<b>127,885,363</b>	<b>92,230,626</b>
		<b>216,403,948</b>	<b>183,103,518</b>
Aggregate Market Value of Quoted Investments		<b>171,828,433</b>	<b>172,718,607</b>

**NOTE :** Refer Note (d) of Schedule 15 to accounts for investments purchased and sold during the year.



	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
<b>5. CASH AND BANK BALANCES</b>		
Cash in hand	8,614	7,529
Fixed Deposit with Scheduled Bank	2,000,000	—
Balances with Scheduled Banks		
(i) On EEFC Account	—	14,912,013
(ii) On Current Accounts	2,394,462	16,271,685
(iii) On Deposit Accounts	358,777	321,652
	<u>2,753,239</u>	<u>31,505,350</u>
	<u>4,761,853</u>	<u>31,512,879</u>
<b>6. OTHER CURRENT ASSETS</b>		
(Unsecured - considered good)		
Accrued Interest	396,242	369,056
Rent Receivable	297,000	110,330
Security Deposit	1,361,556	1,361,787
	<u>2,054,798</u>	<u>1,841,173</u>
<b>7. 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	371,132	913,217
Advance Income Tax (including tax deducted at source)	7,274,307	7,900,403
	<u>7,645,439</u>	<u>8,813,620</u>
<b>8. LIABILITIES</b>		
Sundry Creditors (Refer note (f) of schedule 15)	569,841	187,772
**Other Liabilities	2,363,469	1,024,258
**Includes unclaimed dividend amounting to Rs.358,777 (previous year Rs. 321,652) which is not due to be deposited to Investor Education and Protection Fund.		
	<u>2,933,310</u>	<u>1,212,030</u>
<b>9. PROVISIONS</b>		
Provision for Taxation	7,799,225	7,847,722
Provision for Fringe Benefit Tax	31,819	85,591
Proposed Dividend	1,542,858	1,542,858
	<u>9,373,902</u>	<u>9,476,171</u>

**ALFRED HERBERT (INDIA) LTD.**

	For the year ended 31st March, 2011 Rs.	For the year ended 31st March, 2010 Rs.
<b>10. INCOME FROM OPERATIONS</b>		
Sales	32,400	145,032
Interest, Fees and other charges (Tax deducted at source Rs. 85,216/- previous year Rs. 475,536/-)	855,050	2,193,116
Commission	865,471	13,726,106
Rent (Tax deducted at source Rs.422,342/- Previous year Rs. 816,651/-)	4,137,759	2,670,667
	<u>5,890,880</u>	<u>18,734,921</u>
<b>11. INCOME FROM INVESTMENTS</b>		
Dividend from shares	2,212,077	1,815,552
Dividend from subsidiary Company	1,800,014	1,800,014
Dividend from investment in Mutual Fund	4,685,020	2,332,944
Interest on Bonds	1,952,250	1,310,413
Profit on sale of Investments	73,376	—
	<u>10,722,737</u>	<u>7,258,923</u>
<b>12. OTHER INCOME</b>		
Scrap Sales	48,000	10,000
Liability no longer required written back	77,056	—
Miscellaneous Income	390	610
	<u>125,446</u>	<u>10,610</u>
<b>13. COST OF MATERIALS</b>		
Stock-in-trade : Opening Stock	—	—
	<u>—</u>	<u>—</u>
Add :Purchase of machine tools and spares	16,200	77,814
	<u>16,200</u>	<u>77,814</u>
Less :Closing Stock	—	—
	<u>16,200</u>	<u>77,814</u>
<b>14. EXPENSES</b>		
Salaries, Wages & Bonus	1,381,115	1,235,732
Contribution to Provident Fund, Pension and other Funds	218,617	107,117
Medical and welfare expenses	30,715	38,382
Repairs to Building	3,182,280	2,455,700
Rent	1,065,147	28,517
Rates and Taxes	841,677	883,710
Insurance	22,901	27,193
Electricity	583,252	710,216
Postage and telephone	250,781	242,200
Lease Rent & Premium	—	5,085,039
Printing & Stationery	89,369	94,820
Travelling & conveyance	89,901	75,981
Motor Car Expenses	6,964	2,629
Legal & Secretarial Expenses	1,064,939	701,727
Capital work-in-progress written off	—	3,147,954
Loss on Foreign Exchange	247,642	1,895,523
Loss on Sale of Investments	—	20,652
Consultancy Charges	829,421	770,099
Miscellaneous expenditure (I)	848,255	335,534
Directors' Sitting Fees	175,000	190,000
	<u>10,927,976</u>	<u>18,549,490</u>
(i) Includes		
Auditors' Remuneration	35,000	25,000
Statutory Audit Fees	12,000	12,000
Tax Audit Fees	22,060	22,060
In other Capacity		



## 15. 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 notified by the Companies (Accounting Standards) Rules 2006. 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 non-performing 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**

<b>Mutual Fund (Unit of Rs.10 each)</b>	<b>No. of Units</b>	<b>Cost Price (Rs.)</b>	<b>Sale Price (Rs.)</b>
Reliance Medium Term Fund-Weekly Div.	21,938.573	375,054	375,424
Reliance Fixed Horizon Fund-XV Series 3 Div.	150,000.000	1,500,000	1,500,000
HSBC Floating Rate – L T Plan – Weekly Div.	24,244.063	272,247	272,595
UTI Fixed Income Qty. Interval Fund – Sr.1 - Div.	100,000.000	1,000,000	1,000,000
DSP BlackRock FMP-3M-Sr.18-Div.	280,000.000	2,800,000	2,800,000
DSP BlackRock FMP-3M-Sr.23-Div.	1,330,000.000	13,300,000	13,300,000
HDFC FMP 100D Nov.2010(1)-Div.-Sr. XVII	4,000,000.000	40,000,000	40,000,000

**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 2011.



1. Change in Defined Benefit Obligations.

Rs. In Lacs

		As on 31.03.2011	As on 31.03.2010	As on 31.03.2009
A	Present Value of Defined Benefit Obligations at the beginning of period	5.84	5.13	4.27
B	Current Service Cost	0.34	0.26	0.23
C	Interest Cost	0.47	0.33	0.33
D	Actuarial Losses/(Gains)	-	0.12	0.30
E	Plan Amendments	0.78	-	-
F	Present Value of Defined Benefit Obligations at the end of period	7.43	5.84	5.13

2. Change in Fair Value of Assets

Rs. In Lacs

		As on 31.03.2011	As on 31.03.2010	As on 31.03.2009
A	Plan assets at beginning of period	5.84	5.13	4.28
B	Expected return on plan assets	0.47	0.34	0.35
C	Actual Company contributions	0.00	0.31	0.45
D	Actuarial gain/(loss)	0.02	0.06	0.05
E	Plan assets at the end of period	6.33	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 31.03.2011	For the year ended 31.03.2010	For the year ended 31.03.2009
A	Current Service Cost	0.34	0.26	0.23
B	Interest Cost	0.47	0.33	0.33
C	Expected return on plan assets	(0.47)	(0.34)	(0.35)
D	Past Service Cost	0.78	—	—
E	Actuarial Losses/(Gains)	(0.02)	0.06	0.25
F	Total expenses recognised in the Statement of Profit & Loss Account	1.10	0.31	0.46

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

Rs. In Lacs

	Funded Status	For the year ended 31.03.2011	For the year ended 31.03.2010	For the year ended 31.03.2009
A	Present Value of Defined Benefits Obligations	7.43	5.84	5.13
B	Fair value of plan assets	6.33	5.84	5.13
C	Funded Status (Surplus / (Deficit))	(1.10)	—	—
D	Employer expenses	1.10	0.31	0.46
E	Employer contributions	—	0.31	0.45
F	Net asset / (liability) recognised in Balance Sheet at end of the period	(1.10)	—	—

## 5. Actuarial Assumptions

		As on 31.03.2011	As on 31.03.2010	As on 31.03.2009
A	Discount Rate	8.10%	8.00%	6.50%
B	Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
C	Salary increases	8%	8%	5%
D	Expected return on assets	8%	6.50%	7.70%
E	Withdrawal rates	Upto 40 years 6.2% 40 years & above NIL	Upto 40 years 6.2% 40 years & above NIL	Upto 40 years 6.2% 40 years & above NIL

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					
	Year ended 31.03.2011			Year ended 31.03.2010		
	Sales & Marketing Operations	Realty & Business Service	Total	Sales & Marketing Operations	Realty & Business Service	Total
<b>A. REVENUE</b>						
<b>External Sales/Income</b>	8.98	158.41	<b>167.39</b>	138.71	121.33	<b>260.04</b>
<b>Segment Result (Profit (+) / Loss (-) before Tax &amp; Interest)</b>	(2.32)	52.22	<b>49.90</b>	125.30	(59.58)	<b>65.72</b>
Less : Un-allocable expenditure						
i) Interest			—			0.11
ii) Other un-allocable expenditure (Net of un-allocable income)			—			—
Total Profit before Tax			<b>49.90</b>			<b>65.61</b>
Less : Taxes						
Current Tax			—			25.00
Deferred Tax			1.89			2.10
Net Income / (Loss) After Tax			<b>48.01</b>			<b>38.51</b>
<b>OTHER INFORMATION</b>						
<b>Segment Assets</b>	6.24	2,636.85	<b>2,643.09</b>	6.15	2,581.87	<b>2,588.02</b>
Un-allocable Assets			72.74			79.00
Total			<b>2,715.83</b>			<b>2,667.02</b>
<b>Segment Liabilities &amp; Provisions</b>	3.93	25.40	<b>29.33</b>	4.20	23.35	<b>27.55</b>
Un-allocable Liabilities & Provisions			78.31			79.33
Total			<b>107.64</b>			<b>106.88</b>
<b>Depreciation</b>	0.63	7.41	<b>8.04</b>	0.71	7.34	<b>8.05</b>
<b>Capital Expenditure Including CWIP</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 31.03.2011 (Rs)	As on 31.03.2010 (Rs)
<b>Deferred Tax Liability</b>		
On Account of Depreciation	(2,815,906)	(2,624,859)
<b>Deferred Tax Assets</b>		
Provision for Leave encashment	28,032	26,529
<b>TOTAL</b>	28,032	26,529
Net Deferred Tax Liability	(2,787,874)	(2,598,330)

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 2011.

	Subsidiary Companies. (Rs. in Lacs)	
	2010-2011	2009-2010
(i) Advance Taken (Alfred Herbert Ltd)	150.49	32.78
Advance Given (Alfred Herbert Ltd)	150.50	35.19
(ii) Advance Payable (Alfred Herbert Ltd)	NIL	NIL
(iii) Advance Receivable (Alfred Herbert Ltd.)	0.01	NIL

**j. Earnings per Share (EPS)**

	2010-2011	2009-2010
i. Net Profit after tax as per Profit & Loss Account attributable to Equity Shareholders (Rs.)	4,800,784	3,850,586
ii. Number of Equity Shares used as denominator for calculating EPS	771,429	771,429
iii. Basic and Diluted Earnings per Share (Rs.)	6.22	4.99
iv. Face Value per Equity Share (Rs.)	10	10

k. 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	2010-2011		2009-2010	
	Qty. (Unit)	Value (Rs.)	Qty (Unit)	Value (Rs.)
Spares		32,400		145,032
		2010-2011 Rs.		2009-2010 RS.

**2. Earnings in Foreign Currency**

Commission on Direct Sales	865,671	13,726,106
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Signature for Schedules 1 to 15

For RAY & RAY  
Chartered Accountants  
Firm's Registration No.: 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
23rd May, 2011

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



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011 (PREPARED PURSUANT TO LISTING AGREEMENT)

	2010- 2011		2009- 2010	
	(Rs.)	(Rs.)	(Rs)	(Rs)
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before Tax		4,990,328		6,560,773
Adjustment for :				
Depreciation	804,559		804,881	
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	(73,376)	731,183	—	3,963,487
Operating Profit before Working Capital Changes		5,721,511		10,524,260
Adjustments for :				
Sundry Debtors	—		1,203	
Other Current Assets	(213,625)		3,200,950	
Loans & Advances	542,085		(664,941)	
Current Liabilities	1,684,155	2,012,615	(1,027,753)	1,509,459
Cash (Utilised in)/ Generated from Operating Activities		7,734,126		12,033,719
Direct Tax (Net)	523,827	523,827	(2,738,426)	(2,738,426)
Net Cash (Utilised in)/ Generated from Operating Activities		8,257,953		9,295,293
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(28,973)		(45,864)	
Sales/Discard of Fixed Assets	956		10,000	
Capital work-in-progress	(248,175)		—	
Proceeds from Sale/Redemption of Investments	78,764,373		38,000,000	
Purchase of Investments	(111,991,427)		(142,261,194)	
Net Cash (utilised in)/ Generated from Investment Activities		(33,503,246)		(104,297,058)
<b>C. Cash Flow from Financing Activities</b>				
Dividend Paid	(1,505,733)		(1,503,170)	
Corporate Dividend Tax	—		(262,209)	
Net Cash (Utilised in)/ Generated from Financing Activities		(1,505,733)		(1,765,379)
Net increase/(Decrease) in cash & cash equivalent		(26,751,026)		(96,767,144)
Cash and Cash equivalents (Opening Balance)		31,512,879		128,280,023
Cash and Cash equivalents (Closing Balance)		4,761,853		31,512,879
		(26,751,026)		(96,767,144)

## Note :-

1. Cash & Cash Equivalent Includes :-
  - i) Cash in Hand - Rs. 8,614/-
  - ii) Bank Balance with Scheduled Banks :  
In Current A/c. & Deposit A/c. Rs.4,753,239/-

As per our report of even date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No.: 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
23rd May, 2011

For and on behalf of the Board  
H. V. Lodha  
R. C. Tapuria  
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 1		
<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 9 2 7 7	Total Assets	2 5 9 2 7 7
<b>Source of Funds</b>			
Paid-up Capital	7 7 1 4	Reserves & Surplus	2 4 8 7 7 5
Secured Loans	N I L	Unsecured Loans	N I L
Deferred Tax Liability	2 7 8 8		
<b>Application of Funds</b>			
Net Fixed Assets	4 0 7 1 8	Investments	2 1 6 4 0 4
Net Current Assets	2 1 5 5	Misc. Expenditure	N I L
Accumulated Losses	N I L		
<b>IV. Performance of Company (Amount in Rs. Thousand)</b>			
Turnover	1 6 7 3 9	Total Expenditure	1 1 7 4 9
Profit Before Tax	4 9 9 0	Profit / (Loss) after tax	4 8 0 1
Earnings Per Share (Rs.)	6 . 2 2	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  
23rd May, 2011

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	31.03.2011	31.03.2011
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, 2011 :		
(i) for the financial year of the Subsidiary	34,879,045	387,440
(ii) for the previous financial year of the Subsidiary	21,018,177	1,811,504
(b) dealt with in the Accounts of Alfred Herbert (India) Ltd. for the year ended 31st March, 2011 :		
(i) for the financial year of the Subsidiary	1,800,014	Nil
(ii) for the previous financial year of the Subsidiary	1,800,014	Nil

Kolkata  
23rd May, 2011

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

**Consolidated Balance Sheet**  
as at 31st March, 2011

	Schedules	As at 31st March, 2011 (Rs.)		As at 31st March, 2010 (Rs.)	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1	7,714,290		7,714,290	
Reserves and Surplus	2	<u>299,271,291</u>	<u>306,985,581</u>	<u>269,946,200</u>	<u>277,660,490</u>
<b>Loan Funds</b>					
Secured Loans	3		3,099,419		
Deferred tax liability			<u>3,306,748</u>		<u>3,474,955</u>
<b>TOTAL</b>			<u><b>313,391,748</b></u>		<u><b>281,135,445</b></u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4		74,619,196		74,075,384
Less : Depreciation			<u>29,277,858</u>		<u>27,169,546</u>
Net Block			<u>45,341,338</u>		<u>46,905,838</u>
<b>Capital-Work-in-Progress</b>			248,175		
<b>Investments</b>	5		<u>212,154,891</u>		<u>172,538,771</u>
<b>Current Assets, Loans and Advances :</b>					
Inventories	6	39,557,094		48,726,821	
Sundry Debtors	7	35,763,651		27,221,747	
Cash and Bank Balances	8	23,580,818		57,311,661	
Other Current Assets	9	12,209,343		10,938,322	
Loans and Advances	10	<u>30,399,482</u>		<u>39,517,031</u>	
		<u>141,510,388</u>		<u>183,715,582</u>	
<b>Less : Current Liabilities and Provisions :</b>					
Liabilities	11	55,965,129		99,178,898	
Provisions	12	<u>29,897,915</u>		<u>22,845,848</u>	
<b>Net Current Assets</b>			<u>55,647,344</u>		<u>61,690,836</u>
<b>TOTAL</b>			<u><b>313,391,748</b></u>		<u><b>281,135,445</b></u>
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  
Date : 23rd May 2011

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

## Consolidated Profit and Loss Account

For the year ended 31st March, 2011

	Schedules	For the year ended 31st March, 2011 (Rs.)	For the year ended 31st March, 2010 (Rs.)
<b>INCOME</b>			
Income from Operations	13	251,366,370	221,803,313
Income from Investments	14	11,133,026	9,099,847
Other Income	15	1,828,953	7,230,902
		<u>264,328,349</u>	<u>238,134,062</u>
<b>EXPENDITURE</b>			
Cost of Materials	16	142,307,471	133,091,997
Excise Duty		818,743	39,185
Other Expenses	17	76,432,587	72,906,598
Interest		114,026	589,785
Depreciation		2,290,864	2,301,051
Less : Transferred from Revaluation Reserve		<u>(185,008)</u>	<u>(185,008)</u>
		<u>221,778,683</u>	<u>208,743,608</u>
<b>PROFIT/(LOSS) BEFORE TAX AND BEFORE EXCEPTIONAL ITEM</b>		<b>42,549,666</b>	<b>29,390,454</b>
Less: Exceptional Item (Refer Note (f) of Schedule 18 to Accounts)		2,292,853	—
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>40,256,813</b>	<b>29,390,454</b>
Less: Provision for Taxation :			
- Current Tax		7,001,000	6,090,000
- Income Tax relating to earlier years (Net)		272,089	20,366
- Deferred Tax		<u>(168,207)</u>	<u>742,204</u>
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>33,151,931</b>	<b>22,537,884</b>
Add : Balance brought forward from previous year Available for appropriation		<u>29,682,857</u>	<u>14,087,532</u>
		<u>62,834,788</u>	<u>36,625,416</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		1,542,858	1,542,858
Interim Dividend		1,800,014	1,800,014
Corporate Dividend Tax		298,960	305,912
General Reserve		3,100,000	2,188,775
Special Reserve		1,077,300	1,105,000
Balance carried to Balance Sheet		<u>55,015,656</u>	<u>29,682,857</u>
		<u>62,834,788</u>	<u>36,625,416</u>
Earning Per Share - Basic & Diluted (Face value Rs. 10/- each)		42.97	29.22
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  
Date : 23rd May 2011

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

## CONSOLIDATED SCHEDULES

		As at 31st March, 2011 Rs.	As at 31st March, 2010 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>							
		<b>50,020,000</b>	<b>50,020,000</b>							
<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>							
		<b>7,714,290</b>	<b>7,714,290</b>							
<b>2. RESERVES AND SURPLUS</b>										
	Capital Reserve	5,698,410	5,883,418							
	Capital Redemption Reserve	1,400	1,400							
	General Reserve	210,288,775	207,188,775							
	Special Reserve	28,267,050	27,189,750							
	Surplus in Profit & Loss Account	<u>55,015,656</u>	<u>29,682,857</u>							
		<b>299,271,291</b>	<b>269,946,200</b>							
<b>3. SECURED LOANS</b>										
	From Banks :									
	Cash Credit	3,099,419	—							
	Secured by Hypothecation of stocks and book Debts both present and future and Plant and Machinery, Furniture & Fixtures and Vehicles.									
		<u>3,099,419</u>	<u>—</u>							
<b>4. FIXED ASSETS</b>										
Description	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>	
	Value as on 31.03.2010 Rs.	Additions during the year Rs.	Sales/ Adjust-ments Rs.	Value as on 31.03.2011 Rs.	Upto 31.03.2010 Rs.	For the year Rs.	Sales/ Adjust-ments Rs.	Upto 31.03.2011 Rs.	Value as on 31.03.2011 Rs.	Value as on 31.03.2010 Rs.
Land	3,674,588	—	—	3,674,588	—	—	—	—	3,674,588	3,674,588
Building	50,550,507	—	—	50,550,507	13,517,098	899,712	—	14,416,810	36,133,697	37,033,409
Plant & Machinery	15,757,219	127,786	35,091	15,849,914	11,123,532	1,035,519	35,091	12,123,960	3,725,954	4,633,687
Furniture, Fixtures & Equipments	2,566,130	599,534	148,417	3,017,247	1,718,908	210,574	147,461	1,782,021	1,235,226	847,222
Vehicles	1,526,940	—	—	1,526,940	810,008	145,059	—	955,067	571,873	716,932
Total	74,075,384	727,320	183,508	74,619,196	27,169,546	2,290,864	182,552	29,277,858	45,341,338	46,905,838
Previous Year	74,588,233	403,124	915,973	74,075,384	25,702,241	2,301,051	833,746	27,169,546	46,905,838	

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.102,573/- (Previous year Rs.106,341/-) original cost Rs.342,945 the lease in respect of which has been renewed.

## Consolidated Schedules

		As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
<b>5. INVESTMENTS</b>			
<b>Long Term (Non-Trade)</b>			
<b>Quoted</b>			
Equity Shares of Rs. 10 each except & fully paid up where otherwise stated	Nos.		
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.	67,000	19,351,842	19,351,842
Sterlite Industries (India) Ltd. ( Face Value Re.1 per share ) (5,010 Nos Equity shares received as bonus shares during the year)	10,020	188,310	188,310
India Glycol Limited (sold during the year)	—	—	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) (As per scheme of Arrangement, 1 equity share of Rs.10 each of Reliance Power Limited issued for every 4 equity shares of Rs.5 each of Reliance Natural Resources Ltd.)	—	—	99,300
Reliance Power Ltd. (As per scheme of Arrangement, 1 equity share of Rs.10 each of Reliance Power Limited issued for every 4 equity shares of Rs.5 each of Reliance Natural Resources Ltd.)	5,875	99,300	—
Reliance Communication Ltd. ( Face Value Rs.5 per share)	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% I I F C L 2014 (Face value of Rs.100,000 each fully paid up)	285	28,628,250	28,628,250
		<u>89,229,598</u>	<u>91,583,905</u>
<b>Unquoted</b>			
Shares (Face value Rs.10 each fully paid up) in Kiloskar Computer Services Ltd	10,000	100,000	100,000
Less : Provision for diminution in value		<u>96,400</u>	<u>96,400</u>
Lodha Capital Markets Limited.(Face value Rs.10 each fully paid up)	264,000	3,600	3,600
Woodlands Multispeciality Hospital Limited (As per scheme of Amalgamation, 1 equity share of Rs.10 each was allotted in Woodlands Multispeciality Hospital Limited against old debentures of Woodlands Hospital & Medical Research Centre.)	1,780	2,640,000	2,640,000
		8,900	—
<b>Debentures</b>			
5% Non-Redeemable Registered Debentures stock ( Face value of Rs.5,000 each fully paid up) in Woodlands Hospital & Medical Research Centre	—	—	5,000
1/2% Registered Mortgaged Debentures stock ( Face value of Rs.100 each fully paid up) in Woodlands Hospital & Medical Research Centre	—	—	3,900
<b>Current Investments (Unquoted)</b>			
Units of Rs.10 each in Reliance Quarterly Interval Fund - Div. Plan	2,149,978.879	21,513,623	—
Units of Rs.10 each in UTI Quarterly Interval Plan - Sr.1 Dividend Payout	2,100,000.000	21,000,000	—
Units of Rs.10 each in DSP BlackRock 3 M Series 29 - Dividend Payout	1,350,000.000	13,500,000	—
Units of Rs.10 each in DSP BlackRock 3 M Series 30 - Dividend Payout	2,100,000.000	21,000,000	—
Units of Rs.10 each in ICICI Prudential Qty. Interval Plan 1 - Dividend	1,940,000.000	19,400,000	—
Units of Rs.10 each in UTI Fixed Income Interval Plan - Sr. 3 Dividend Payout	2,220,000.000	22,200,000	—
Units of Rs.10 each in HSBC Floating Rate Fund - Weekly Dividend Reinvest	—	—	15,249,044
Units of Rs.10 each in Reliance Medium Term Fund - Dividend Reinvest	—	—	20,450,460
Units of Rs.10 each in HDFC Cash Management Fund-T.Advgn. Plan-Div.Rein.	165,295.420	1,659,170	42,602,862
		<u>122,925,293</u>	<u>80,954,866</u>
		<u>212,154,891</u>	<u>172,538,771</u>
Aggregate Book Value of :			
a) Quoted Investments		89,229,598	91,583,905
b) Unquoted Investments		122,925,293	80,954,866
		<u>212,154,891</u>	<u>172,538,771</u>
Aggregate Market Value of Quoted Investments		<u>174,147,787</u>	<u>175,212,039</u>

**Consolidated Schedules**

	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
<b>6. INVENTORIES</b>		
Raw Material at cost (including in transit Rs. NIL Previous year Rs.NIL)	21,034,361	22,112,295
Work-in-Progress	8,627,812	25,230,128
Material Returnable to Vendor - Rejected Material	81,620	24,880
Stock-in-Trade	8,976,852	591,782
Loose Tools (net)	836,449	767,736
	<u>39,557,094</u>	<u>48,726,821</u>
<b>7. SUNDRY DEBTORS</b>		
(Unsecured - Considered good)		
Debts outstanding for a period exceeding six months	10,015,907	11,349,937
Other debts	25,747,744	15,871,810
	<u>35,763,651</u>	<u>27,221,747</u>
<b>8. CASH AND BANK BALANCES</b>		
Cash in hand	329,941	231,347
Fixed Deposits with Scheduled Banks	17,255,797	—
Balances with Scheduled Banks :		
(i) On EEFC Account	—	14,912,013
(ii) On Current Accounts	3,881,303	41,846,649
(iii) On Deposit Accounts	358,777	321,652
(iv) Margin Deposits - towards Bank Guarantee	1,755,000	—
	<u>23,580,818</u>	<u>57,311,661</u>
<b>9. OTHER CURRENT ASSETS</b>		
(Unsecured - considered good)		
Accrued Interest	396,242	369,056
Rent Receivable	297,000	110,330
Balance with Excise, Commercial Tax Dept. etc.	9,474,241	8,416,845
Security Deposit	2,041,860	2,042,091
	<u>12,209,343</u>	<u>10,938,322</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	1,662,727	18,138,451
Advance Income Tax (including tax deducted at source)	28,609,644	21,378,580
Interest Accrued on Margin Deposits	127,111	—
	<u>30,399,482</u>	<u>39,517,031</u>
<b>11. LIABILITIES</b>		
Sundry Creditors	29,161,802	27,877,123
Advances from customers	6,096,090	53,538,775
** Other Liabilities	20,707,237	17,763,000
** Includes unclaimed dividend amounting to Rs.358,777/- (previous year Rs.321,652/-) which is not due to be deposited to Investor Education and Protection Fund.	<u>55,965,129</u>	<u>99,178,898</u>
<b>12. PROVISIONS</b>		
Provision for Taxation	27,384,932	20,229,093
Provision for Fringe Benefit Tax	920,125	973,897
Proposed Dividend	1,542,858	1,542,858
Provision for Warranty	50,000	100,000
	<u>29,897,915</u>	<u>22,845,848</u>

**Consolidated Schedules**

	For the year ended 31st March, 2011 Rs.	For the year ended 31st March, 2010 Rs.
<b>13. INCOME FROM OPERATIONS</b>		
Sales & Related Income	267,893,740	220,939,746
Less : Excise Duty	<u>22,385,850</u>	<u>17,726,322</u>
	245,507,890	203,213,424
Interest, Fees and other charges (Tax deducted at source Rs. 85,216/-) previous year Rs. 475,536/-)	855,050	2,193,116
Commission (Tax deducted at source Rs. Nil, Previous Year Rs. Nil)	865,671	13,726,106
Rent (Tax deducted at source Rs. 422,342/- Previous Year Rs. 816,651/-)	<u>4,137,759</u>	<u>2,670,667</u>
	<u>251,366,370</u>	<u>221,803,313</u>
<b>14. INCOME FROM INVESTMENTS</b>		
Dividend from shares	2,227,785	1,830,202
Dividend from subsidiary Company	1,800,014	1,800,014
Dividend from investment in Mutual Fund	5,078,416	2,409,218
Profit on Sale of Investments (net)	74,561	1,750,000
Interest on Bonds	<u>1,952,250</u>	<u>1,310,413</u>
	<u>11,133,026</u>	<u>9,099,847</u>
<b>15. OTHER INCOME</b>		
Interest Income	457,556	76,347
Liability no longer required written back	810,034	4,187,918
Foreign Exchange Gain	282,093	—
Profit on Sale of Fixed Assets	202,940	2,960,419
Scrap Sales	48,000	—
Miscellaneous Income	<u>28,330</u>	<u>6,218</u>
	<u>1,828,953</u>	<u>7,230,902</u>
<b>16. COST OF MATERIALS</b>		
Opening Stock :		
Raw Materials	22,112,295	23,111,064
Work-in-progress	25,230,128	36,828,263
Stock-in-trade	<u>591,782</u>	<u>580,729</u>
	47,934,205	60,520,056
Add : Purchase	115,155,466	107,480,980
Add : Sub-contract Charges	17,840,625	12,947,352
Add : Purchase of machine tools and spares	<u>16,200</u>	<u>77,814</u>
	<u>180,946,496</u>	<u>181,026,202</u>
Less : Closing Stock :		
Raw materials	21,034,361	22,112,295
Work-in-progress	8,627,812	25,230,128
Stock-in-trade	<u>8,976,852</u>	<u>591,782</u>
	<u>142,307,471</u>	<u>133,091,997</u>
<b>17. EXPENSES</b>		
Consumable Stores	3,920,614	3,019,439
Salaries, Wages & Bonus	29,286,038	25,422,081
Contribution to Provident Fund, Pension and other Funds	3,703,005	2,786,622
Medical and welfare expenses	4,057,557	3,768,913
Repairs to Building	3,685,698	2,776,570
Repairs to Plant & Machinery	1,983,668	2,611,187
Repairs to Others	827,098	1,047,315
Rent	1,065,147	28,517
Rates and Taxes	935,962	957,278
Service Charges	37,504	37,714
Insurance	116,346	201,318
Electricity	583,252	710,216
Power and Fuel	2,741,652	2,572,581
Postage and telephone	807,601	896,253
Lease Rent & Premium	—	5,085,039
Printing and stationery	663,232	474,025
Travelling and conveyance	1,962,379	1,755,218
Motor Car Expenses	754,505	728,589
Legal and secretarial expenses	1,124,459	833,370
Commission	10,010,000	5,839,000
Capital work-in-progress written off	—	3,147,954
Fixed Assets discarded	—	10,646
Loss on Foreign Exchange	269,379	1,898,092
Loss on Sale of Investments	—	20,652
Consultancy Charges	5,053,754	4,132,423
Miscellaneous expenditure (i)	2,667,237	1,954,836
Directors' Fees	<u>176,500</u>	<u>190,750</u>
	<u>76,432,587</u>	<u>72,906,598</u>
(i) Includes		
Audit Fees	107,000	87,000
Tax Audit Fees	24,500	22,000
In other capacity	27,060	45,575



## 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 notified by the Companies (Accounting Standards) Rules 2006. 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 includes 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 :

	<u>Current Year</u>	(Rs. in Lacs) <u>Previous Year</u>
i) Claims towards wages/compensation by Employees which are pending in appeal.	<b>0.17</b>	0.17
ii) Performance Bank Guarantee issued in favour of customers.	<b>52.65</b>	—
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

	<u>Current Year</u>	<u>Previous Year</u>
iv) Central Excise demands not accepted by the Company	3.74	2.90
v) Penalties in respect of Excise / Service Tax	5.43	5.99
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	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>
Reliance Medium Term Fund-Weekly Div.	21,938.573	375,054	375,424
Reliance Fixed Horizon Fund-XV Series 3 Div.	150,000.000	1,500,000	1,500,000
HSBC Floating Rate – L T Plan – Weekly Div.	24,244.063	272,247	272,595
UTI Fixed Income Qty. Interval Fund – Sr.1-Div.	100,000.000	1,000,000	1,000,000
DSP BlackRock FMP-3M-Sr.18-Div.	280,000.000	2,800,000	2,800,000
DSP BlackRock FMP-3M-Sr.23-Div.	1,330,000.000	13,300,000	13,300,000
HDFC FMP 100D Nov.2010(1)-Div.-Sr.XVII	4,000,000.000	40,000,000	40,000,000

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 2011.

1. Change in Defined Benefit Obligations

Rs. In Lacs

	<u>As on</u> <u>31.03.2011</u>	<u>As on</u> <u>31.03.2010</u>	<u>As on</u> <u>31.03.2009</u>
A Present Value of Defined Benefit Obligations at the beginning of period	132.65	138.65	133.80
B Current Service Cost	6.66	6.03	7.14
C Interest Cost	9.62	8.22	9.31
D Plan Amendments	23.71	—	—
E Actuarial Losses/(Gains)	3.95	4.01	14.25
F Benefit Paid	(24.72)	(24.26)	(25.85)
G Present Value of Defined Benefit Obligations at the end of period	151.87	132.65	138.65

2. Change in Fair Value of Assets

	<u>As on</u> <u>31.03.2011</u>	<u>As on</u> <u>31.03.2010</u>	<u>As on</u> <u>31.03.2009</u>
A Plan assets at beginning of period	132.65	135.93	133.82
B Expected return on plan assets	9.62	8.40	9.95
C Actual Company contributions	—	11.04	16.60
D Actuarial gain/(loss)	0.19	1.54	1.41
E Benefits paid	(24.72)	(24.26)	(25.85)
F Plan assets at the end of period	117.74	132.65	135.93

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

Rs. In Lacs

	Components of employer expense	For the Year ended 31.03.2011	For the Year ended 31.03.2010	For the Year ended 31.03.2009
A	Current Service Cost	6.66	6.03	7.14
B	Interest Cost	9.62	8.22	9.31
C	Expected return on plan assets	(9.62)	(8.40)	(9.95)
D	Past Service Cost	23.71	—	—
E	Actuarial Losses/(Gains)	3.76	2.47	12.84
F	Total expenses recognised in the Statement of Profit & Loss Account	34.13	8.32	19.34

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

Rs. In Lacs

	Funded Status	As on 31.03.2011	As on 31.03.2010	As on 31.03.2009
A	Present value of Defined Benefits Obligations	151.87	132.65	138.65
B	Fair value of plan assets	117.74	132.65	135.93
C	Funded Status (Surplus/(Deficit))	(34.13)	—	—
D	Net Asset/(Liability) recognised in the Balance Sheet at beginning of the period	—	(2.72)	(2.72)
E	Employer expenses	34.13	8.32	19.34
F	Employer contributions	—	11.04	16.60
G	Net Asset / (Liability) recognised in Balance Sheet	(34.13)	—	(2.72)

## 5. Actuarial Assumptions.

		As on 31.03.2011	As on 31.03.2010	As on 31.03.2009
a	Discount Rate	8.10%	8.00%	6.50%
b	Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC(1994-96) Ultimate
c	Salary increases	8%	8%	5%
d	Expected return on assets	8%	6.50%	7.70%
e	Withdrawal rates	Upto 40 years 6.2% 40 years & above NIL	Upto 40 years 6.2% 40 years & above NIL	Upto 40 years 6.2% 40 years & above NIL

f. Additional Gratuity liability relating to earlier years arising on account of change in the Gratuity Act enhancing the limit in this respect from Rs.350,000/- to Rs.1,000,000/-, amounting to Rs.2,292,853/- as determined by Actuary has been fully provided for in these accounts and shown under exceptional items.

## g. Leave Encashment Scheme

The table below shows a summary of the key results for the year ended 31st March, 2011 :

Assets / Liabilities

(Rs. in lacs)

a	Present Value of obligation	6.96
b	Fair Value of Plan Assets	0.00
c	Net Asset/(Liability) recognized in Balance Sheet	(6.96)

Employer Expense

1	Current Service Cost	0.50
2	Total Employer Expense	1.68

The financial assumptions employed for the calculations are as follows :

	As on 31.03.2011
Discount rate per annum compound	8.10% p.a.
Rate of increase in Salaries	8.00% p.a.
Expected average remaining working lives of employees (years)	6.31

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%

h. The following are the major components of deferred tax Assets/(liabilities) Amount in Rs.

	As on 31.03.2011	As on 31.03.2010
<b>Deferred Tax Liability</b>		
On Account of Depreciation	(3,913,428)	(3,845,923)
<b>Deferred Tax Assets</b>		
Expenses allowable on payment basis u/s 43B	590,071	340,068
Provision for Warranty	16,609	30,900
<b>TOTAL</b>	<b>606,680</b>	<b>370,968</b>
Net Deferred Tax Liability	(3,306,748)	(3,474,955)

- 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:-
  - a) Name of the related parties where control exists - Subsidiary Companies :
    - i) Alfred Herbert Limited.
    - ii) Herbert Holdings Limited.

**j. 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.

**Year ended 31.03.2011**

**Year ended 31.03.2010**

**Primary Segment**

**A. REVENUE**

Primary Segment	Year ended 31.03.2011					Year ended 31.03.2010						
	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
External Sales/Income	2,471.79	8.98	158.41	4.10	—	<b>2,643.28</b>	2,102.89	138.71	121.33	18.41	—	<b>2,381.34</b>
Inter Segment Sales/Income	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total -</b>	<b>2,471.79</b>	<b>8.98</b>	<b>158.41</b>	<b>4.10</b>	<b>—</b>	<b>2,643.28</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>Segment Result (Profit (+) / Loss (-) before Tax &amp; Interest)</b>	349.93	(2.32)	52.22	3.88	—	<b>403.71</b>	215.96	125.30	(59.58)	18.12	—	<b>299.80</b>
Less : Un-allocable expenditure												
i) Interest						1.14						5.90
ii) Other un-allocable expenditure ( Net of un-allocable income )						—						—
<b>Total Profit before Tax</b>						<b>402.57</b>						<b>293.90</b>
Less : Taxes												
Current Tax						72.73						61.10
Deferred Tax						(1.68)						7.42
<b>Net Income / (Loss) after Tax</b>						<b>331.52</b>						<b>225.38</b>
<b>OTHER INFORMATION</b>												
<b>Segment Assets</b>	1,102.77	6.24	2,476.85	120.59	—	<b>3,706.45</b>	1,270.39	6.15	2,581.89	119.41	—	<b>3,977.84</b>
Un-Allocable Assets						<b>286.09</b>						<b>213.79</b>
<b>Total</b>						<b>3,992.54</b>						<b>4,191.63</b>
<b>Segment Liabilities &amp; Provisions</b>	530.69	3.93	40.83	0.13	—	<b>575.58</b>	979.54	4.20	23.35	0.13	—	<b>1,007.22</b>
Un-Allocable Liabilities & Provisions						<b>283.05</b>						<b>213.03</b>
<b>Total</b>						<b>858.63</b>						<b>1,220.25</b>
<b>Depreciation</b>	13.01	0.63	7.41	—	—	<b>21.05</b>	13.11	0.71	7.34	—	—	<b>21.16</b>
<b>Capital Expenditure Including CWIP</b>	—	—	2.48	—	—	<b>2.48</b>	—	—	—	—	—	—

k. 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

Nature of Item	2010-11	2009-10
	Rs.	Rs.
Opening Provision	100,000	125,000
Provided during the year	3,629	203,411
Amount utilized	53,629	228,411
Closing provision	50,000	100,000

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.

**I. EARNINGS PER SHARE (EPS)**

	<b>2010-2011</b>	<b>2009-2010</b>
i. Net Profit after tax as per Profit & Loss Account attributable to Equity Shareholders (Rs.)	<b>33,151,931</b>	22,537,884
ii. Number of Equity Shares used as denominator for calculating EPS	<b>771,429</b>	771,429
iii. Basic and Diluted Earnings per Share (Rs.)	<b>42.97</b>	29.22
iv. Face Value per Equity Share (Rs.)	<b>10</b>	10

m. 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  
23rd May, 2011

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, 2011**

	2010 - 2011		2009 - 2010	
	(Rs.)	(Rs.)	(Rs)	(Rs)
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before Tax		40,256,813		29,390,454
Adjustment for :				
Depreciation	2,105,856		2,116,043	
Interest	114,026		578,289	
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	(202,940)		(2,960,419)	
Profit on Sale of Investment	(74,561)		(1,750,000)	
Interest Accrued on Deposits	(140,653)	1,801,728	—	1,163,165
Operating Profit before Working Capital Changes		<u>42,058,541</u>		<u>30,553,619</u>
Adjustments for :				
Inventories	9,169,727		12,677,808	
Sundry Debtors	(8,541,904)		651,208	
Other Current Assets	(1,271,021)		417,032	
Loans & Advances	3,748,243		145,919	
Current Liabilities & Provisions	(30,619,299)	(27,514,254)	(10,466,469)	3,425,498
Cash (Utilised in)/ Generated from Operating Activities		<u>14,544,287</u>		<u>33,979,117</u>
Interest Paid	(114,026)		(578,289)	
Direct Tax (Net)	(7,342,658)	(7,456,684)	(4,678,925)	(5,257,214)
Net Cash (Utilised in)/ Generated from Operating Activities		<u>7,087,603</u>		<u>28,721,903</u>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(727,320)		(403,124)	
Sales / Discard of Fixed Assets	203,896		3,032,000	
Capital work-in-progress	(248,175)		—	
Proceeds from Sale/Redemption of Investments	80,906,063		44,350,000	
Purchase of Investments	(120,447,622)		(142,337,468)	
Net Cash (Utilised in)/ Generated from Investment Activities		<u>(40,313,158)</u>		<u>(95,358,592)</u>
<b>C. Cash Flow from Financing Activities</b>				
Dividend Paid	(3,305,747)		(3,303,184)	
Corporate Dividend Tax	(298,960)		(568,121)	
Proceeds/(Repayment) of Borrowings	3,099,419		(2,458,603)	
Net Cash (Utilised in)/ Generated from Financing Activities		<u>(505,288)</u>		<u>(6,329,908)</u>
Net increase/(Decrease) in cash and cash equivalent		<u>(33,730,843)</u>		<u>(72,966,597)</u>
Cash and Cash equivalents (Opening Balance)		<u>57,311,661</u>		<u>130,278,258</u>
Cash and Cash equivalents (Closing Balance)		<u>23,580,818</u>		<u>57,311,661</u>
		<u>(33,730,843)</u>		<u>(72,966,597)</u>

Note :-

1. Cash & cash Equivalent includes :-
  - i) Cash in Hand - Rs. 329,941/-
  - ii) Bank Balance with Scheduled Banks :-  
In Current A/c. & Deposit A/c. Rs. 23,250,877/-

As per our report of even date  
For RAY & RAY  
Chartered Accountants  
Firm's Registration No.301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
23rd May, 2011

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

## AUDITORS' REPORT

### On Consolidated Financial Statements

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, 2011 and also the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. The preparations of 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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 Subsidiaries 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, we are of the opinion that the said Consolidated Financial Statements read in conjunction with Schedules 1 to 18 give a true and fair view and are 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 2011.
  - (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 then ended 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 then ended.

Place : Kolkata  
Date : 23rd May 2011

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



## ALFRED HERBERT LTD.

Annual Report 2010-2011

### NOTICE OF MEETING

NOTICE is hereby given that the Twenty-third 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 Monday 27th June 2011 at 2.00 p.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011 and Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend on Equity Shares declared by the Board of Directors as final dividend.
3. To appoint a Director in place of Mr. I Choudhury, who retires by rotation and being eligible, offers himself for reappointment
4. To appoint Auditors and to fix their remuneration.

Registered Office :  
13/3 Strand Road  
Kolkata - 700 001  
21st May, 2011

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-third Annual Report of the Company together with Audited Accounts for the year ended 31st March 2011.

#### FINANCIAL RESULTS

	<u>YEAR ENDED 31.3.2011</u>	<u>YEAR ENDED 31.3.2010</u>
	Rs.	Rs.
Gross Income	247,178,997	210,288,684
Profit before Tax	34,879,045	21,018,177
Provision for Tax	6,914,338	3,852,383
Profit after Tax	27,964,707	17,165,794
Surplus from earlier years brought forward	18,408,563	4,537,470
	<u>46,373,270</u>	<u>21,703,264</u>

#### DIVIDEND

Your Directors had declared on 27.01.2011, 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.20.99 lacs. The Board of Directors has considered the Interim Dividend paid as the final dividend for the financial year ended 31st March 2011.

#### OPERATIONS

Your company had a healthy order book and was able to manufacture and sell 81 machines during the year. However, the market has become extremely competitive and coupled with the sharp increase in input costs, margins were and continue to remain under pressure. Your company has taken proactive steps to try and optimize the manufacturing costs in all spheres of activities by reducing wastage and improving productivity.

As there is sharp expansion of radial segment, your company is looking at means to upgrade its technology for the supply of machines in the radial segment.

#### 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.

Your Company is actively involved in developing components for import substitution for Railways. Trail orders are expected in the foreseeable future.

#### DIRECTORS

Mr. I Choudhury 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 and a four year wage accord was reached with the Employees' Union during March 2011. 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  
21st May, 2011

## 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 2011.

### 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

Research & Development (R & D)

- i) 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. 78,224

D. FOREIGN EXCHANGE EARNED (EXPORTS) : Rs. 13,207,335

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

Kolkata  
21st May, 2011

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

1. We have audited the attached Balance Sheet of Alfred Herbert Limited as at 31st March 2011 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 31st March 2011 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	1.88 1.86	Asst. Commissioner, Central Excise 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 and 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, 2011 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, 2011.
  - 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 : 21st May, 2011

## 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 31st March 2011 (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 19th May, 2010; 29th September, 2010; 21st December, 2010; 27th January, 2011 and 25th March 2011 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 31st March 2010 was held on 15th July 2010 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. delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
  - b. deposited the amount of interim dividend declared in a separate bank account on 31st January, 2011 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/Wholtime 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/s/ 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 31st March, 2011 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.

Place : Kolkata

Date : 19th May, 2011

For A. J. & ASSOCIATES  
Company Secretaries  
Abhijeet Jain  
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 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 2011.

1. Annual Return (Schedule V) in Form 20B made upto 15.07.2010 filed on 19.08.2010.
2. Balance Sheet (Schedule VI) & Profit & Loss A/c in Form 23AC & 23ACA as at 31.03.2010 filed on 04.08.2010.
3. Compliance Certificate in Form 66 for the year-ended 31.03.2010 filed on 28.07.2010.

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedules	As at 31.03.2011		As at 31.03.2010	
		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	45,463,771	54,463,841	19,598,038	28,598,108
Loan Funds — Secured Loan	3		3,099,419		
Deferred Tax Liability (Net)			518,874		876,625
			<u>58,082,134</u>		<u>29,474,733</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>Fixed Assets :</b>	4				
Gross Block			18,472,406		17,790,227
Less : Depreciation			13,600,776		12,315,647
Net Block			<u>4,871,630</u>		<u>5,474,580</u>
<b>Current Assets, Loans and Advances :</b>					
Inventories	5	39,557,094		48,726,821	
Sundry Debtors	6	35,763,651		27,221,747	
Cash and Bank Balances	7	18,510,880		19,292,967	
Other Current Assets	8	10,154,545		9,097,149	
Loans and Advances	9	22,472,723		17,941,223	
		<u>126,458,893</u>		<u>122,279,907</u>	
<b>Less : Current Liabilities and Provisions :</b>					
Liabilities	10	53,019,263		85,272,717	
Provisions	11	20,229,126		13,007,037	
		<u>73,248,389</u>		<u>98,279,754</u>	
Net Current Assets			<u>53,210,504</u>		<u>24,000,153</u>
			<u>58,082,134</u>		<u>29,474,733</u>
Accounting Policies and Notes to Accounts	15				

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

21st May, 2011

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, 2011**

	Schedules	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>INCOME</b>			
Sales and Related Income		267,861,340	220,794,714
Less : Excise Duty		22,385,850	17,726,322
		<u>245,475,490</u>	<u>203,068,392</u>
Other Income	12	1,703,507	7,220,292
		<u>247,178,997</u>	<u>210,288,684</u>
<b>EXPENDITURE</b>			
Manufacturing Expenses	13	142,291,271	133,014,183
Excise Duty		818,743	39,185
Other Expenditure	14	65,481,762	54,327,688
Interest		114,026	578,289
Depreciation		1,301,297	1,311,162
		<u>210,007,099</u>	<u>189,270,507</u>
<b>PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEM</b>		<u>37,171,898</u>	<u>21,018,177</u>
Less : Exceptional Item (Refer Note (e) of Schedule 15 to Accounts)		2,292,853	—
<b>PROFIT / (LOSS) BEFORE TAX</b>		<u>34,879,045</u>	<u>21,018,177</u>
Less : Provision for Taxation			
- Current Tax		7,000,000	3,300,000
- Income tax relating to earlier years (Net)		272,089	20,366
- Deferred Tax		(357,751)	532,017
<b>PROFIT/(LOSS) AFTER TAX</b>		<u>27,964,707</u>	<u>17,165,794</u>
Add : Balance brought forward from previous year		18,408,563	4,537,470
Profit available for appropriation		<u>46,373,270</u>	<u>21,703,264</u>
<b>APPROPRIATIONS</b>			
Interim Dividend		1,800,014	1,800,014
Corporate Dividend Tax		298,960	305,912
General Reserve		2,100,000	1,188,775
Balance carried to Balance Sheet		<u>42,174,296</u>	<u>18,408,563</u>
		<u>46,373,270</u>	<u>21,703,264</u>
Basic and Diluted Earning per share (Face value of Rs. 10 each)		31.07	19.07
No. of shares used in computing earning per share - Basic & Diluted		900,007	900,007

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

As per our report of even date

For RAY & RAY

Chartered Accountants

Firm's Registration No. 301072E

M. Kishore

Partner

Membership No. 23148

Bangalore

21st May, 2011

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

900007 equity shares of Rs. 10 each fully paid up. (Out of above, 900000 equity shares of Rs. 10 each were issued to Alfred Herbert (India) Ltd 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 31.03.2011 Rs.	As at 31.03.2010 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 01.04.2010 Rs.	Additions Rs.	Transfers/ (Deductions) Rs.	Balance as at 31.03.2011 Rs.
Capital Redemption Reserve	700	—	—	700
General Reserve	1,188,775	2,100,000	—	3,288,775
Surplus in Profit and Loss Account	18,408,563	23,765,733	—	42,174,296
	<b>19,598,038</b>	<b>25,865,733</b>	<b>—</b>	<b>45,463,771</b>

### 3. SECURED LOANS

**From Canara Bank, Marathahalli Branch :**

Cash Credit

Secured by hypothecation of stocks and book debts and Plant and Machinery, Furniture and Fixtures

As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
3,099,419	—
<u>3,099,419</u>	<u>—</u>

### 4. FIXED ASSETS

DESCRIPTION	ORIGINAL COST / BOOK VALUE*				DEPRECIATION				NET BLOCK	
	AS AT 1-4-2010 Rs.	ADDITIONS DURING THE YEAR Rs.	SALES DURING THE YEAR Rs.	AS AT 31-3-2011 Rs.	UP TO 31-3-2010 Rs.	FOR THE YEAR Rs.	SALES DURING THE YEAR Rs.	UP TO 31.3.2011 Rs.	AS AT 31.3.2011 Rs.	AS AT 31.3.2010 Rs.
Plant & Machinery	14,054,008	100,463	(11,410)	14,143,061	10,135,090	951,434	(11,410)	11,075,114	3,067,947	3,918,918
Furniture, Fixtures & Equipment	2,209,279	597,884	(4,758)	2,802,405	1,370,549	204,804	(4,758)	1,570,595	1,231,810	838,730
Vehicles	1,526,940	-	-	1,526,940	810,008	145,059	-	955,067	571,873	716,932
	<b>17,790,227</b>	<b>698,347</b>	<b>(16,168)</b>	<b>18,472,406</b>	<b>12,315,647</b>	<b>1,301,297</b>	<b>(16,168)</b>	<b>13,600,776</b>	<b>4,871,630</b>	<b>5,474,580</b>
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	

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

Raw Material  
Work in Progress  
Material Returnable to Vendors - Rejected materials  
Finished Goods  
Loose Tools

As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
21,034,361	22,112,295
8,627,812	25,230,128
81,620	24,880
8,976,852	591,782
836,449	767,736
<u>39,557,094</u>	<u>48,726,821</u>

### 6. SUNDRY DEBTORS

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

As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
10,015,907	11,349,937
25,747,744	15,871,810
<u>35,763,651</u>	<u>27,221,747</u>

### 7. CASH & BANK BALANCES

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

As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
321,327	223,818
15,255,797	—
1,755,000	—
1,178,756	19,069,149
<u>18,510,880</u>	<u>19,292,967</u>



**8. OTHER CURRENT ASSETS**

(Unsecured - Considered Good)

Balance with Excise/Commercial Tax Dept etc  
Security Deposit

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
	9,474,241	8,411,111
	680,304	680,304
	<u>10,154,545</u>	<u>9,097,149</u>

**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 Fixed Deposits / Margin Deposits

	1,292,275	4,544,319
	21,053,337	13,396,904
	127,111	—
	<u>22,472,723</u>	<u>17,941,223</u>

**10. LIABILITIES**Sundry Creditors  
Advances received from Customers  
Other Liabilities

	28,578,725	27,676,115
	6,096,090	53,538,775
	<u>18,344,448</u>	<u>4,057,827</u>
	<u>53,019,263</u>	<u>85,272,717</u>

**11. PROVISIONS**Provision for Taxation  
Provision for FBT  
Provision for Warranty

	19,290,820	12,018,731
	888,306	888,306
	50,000	100,000
	<u>20,229,126</u>	<u>13,007,037</u>

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

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
		457,556		76,347
		27,940		5,608
		732,978		4,187,918
		282,093		—
		202,940		2,950,419
		<u>1,703,507</u>		<u>7,220,292</u>

**13. MANUFACTURING EXPENSES**Opening Stock  
Raw Material  
Work-in-Progress  
Finished Goods  
Add : Purchases  
Sub-contract Charges  
Less : Closing Stock  
Raw Materials  
Work-in-Progress  
Finished Goods

	22,112,295		23,111,064	
	25,230,128		36,828,263	
	591,782	47,934,205	580,729	60,520,056
	115,155,466		107,480,980	
	17,840,625	132,996,091	12,947,352	120,428,332
		<u>180,930,296</u>		<u>180,948,388</u>
	21,034,361		22,112,295	
	8,627,812		25,230,128	
	8,976,852	38,639,025	591,782	47,934,205
		<u>142,291,271</u>		<u>133,014,183</u>

**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  
Rates and Taxes  
Insurance  
Postage, Telephone & Courier  
Travelling Expenses  
Commission  
Consultancy Charges  
Loss on Sale / Discardation of Fixed Assets  
Miscellaneous Expenses (i)

		3,920,614		3,019,439
		2,741,652		2,572,581
		27,904,923		24,634,922
		3,484,388		2,679,505
		4,026,842		3,282,750
		503,418		320,870
		1,983,668		2,611,187
		827,098		546,550
		92,435		71,718
		93,445		173,333
		556,820		654,053
		1,673,973		1,499,521
		10,010,000		5,839,000
		4,222,333		3,472,534
		—		10,646
		3,440,153		2,939,079
		<u>65,481,762</u>		<u>54,327,688</u>

(i) Includes Auditor's Remuneration :

- a) Statutory Audit Fees
- b) Tax Audit Fees
- c) Other Services

		60,000		50,000
		12,500		10,000
		5,000		18,000
		<u>77,500</u>		<u>78,000</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 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 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.

##### **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	0.17
ii) Bank Guarantees for Advance issued in favour of customers.	52.65	—
iii) Penalty imposed by Zonal Joint Director General of Foreign Trade, Kolkata for non fulfillment of export obligation has been stayed by the Hon'ble High Court, Kolkata on a writ petition filed by the Company.	48.26	48.26
iv) Central Excise demands not accepted by the Company	3.74	2.90
v) Penalties in respect of Excise/Service Tax	5.43	5.99
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	0.58
c) Sundry creditors include Rs 4,38,463/- due to Micro/Small Scale/Medium enterprises, to the extent such parties have been identified from available information. The names of such industrial undertakings to whom the Company owed dues outstanding for less than 45 days during the year are Cauvery Petrochemicals Pvt Ltd, Guranak Industries, Ring Forgings Pvt Ltd and PRK Engineering.		

**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 2011.

1. Change in Defined Benefit Obligations

(Rs. In Lakhs)

Sl. No.	Particulars	As on 31.03.2011	As on 31.03.2010
i)	Present Value of Defined Benefit Obligations at the beginning of the period	126.81	133.52
ii)	Current Service Cost	6.31	5.77
iii)	Interest Cost	9.15	7.89
iv)	Plan Amendments	22.93	—
v)	Actuarial Losses/(Gains)	3.95	3.89
vi)	Benefits paid	(24.71)	(24.26)
vii)	Present Value of Defined Benefit Obligations at the end of the period	144.44	126.81

2. Change in Fair Value of Assets

Sl. No.	Particulars	As on 31.03.2011	As on 31.03.2010
i)	Plan assets at beginning of the period	126.81	130.80
ii)	Expected return on plan assets	9.15	8.06
iii)	Actual Company contributions	—	10.73
iv)	Actuarial Gains(Losses)	0.17	1.48
v)	Benefits paid	(24.71)	(24.26)
vi)	Plan assets at the end of the period	111.42	126.81

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

Sl. No.	Components of employer expense	For the year ended 31.03.2011	For the year ended 31.03.2010
i)	Current Service Cost	6.31	5.77
ii)	Interest Cost	9.15	7.89
iii)	Expected return on plan assets	(9.15)	(8.06)
iv)	Past Service Cost	22.93	-
v)	Actuarial Losses/(Gains)	3.78	2.41
vi)	Total expenses recognised in the Statement of Profit & Loss Account	33.02	8.01

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

(Rs. In Lakhs)

Sl. No.	Funded Status	As on 31.03.2011	As on 31.03.2010
i)	Present value of Defined Benefit Obligations	144.44	126.81
ii)	Fair value of plan assets	111.42	126.81
iii)	Net Asset/(Liability) recognised in the Balance Sheet at the beginning of the period	—	(2.72)
iv)	Employer expenses	33.02	8.01
v)	Employer contributions	—	10.73
vi)	Net Asset / (Liability) recognized in Balance Sheet at the end of the period	(33.02)	Nil

## 5. Actuarial Assumptions

Sl. No.	Assumptions	As on 31.03.2011	As on 31.03.2010
i)	Discount Rate	8.10%	8.00%
ii)	Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
iii)	Salary increases	8%	8%
iv)	Expected Return on Assets	8.00%	6.50%
v)	Withdrawal Rates	Upto 40 years - 6.2% 40 years and above- Nil	Upto 40 years - 6.2% 40 years and above- Nil

e) Additional Gratuity Liability relating to earlier years arising on account of change in the Gratuity Act enhancing the limit in this respect from Rs 3,50,000/- to Rs 10,00,000/-, amounting to Rs 22,92,853/- as determined by the Actuary has been fully provided for in the accounts and shown under Exceptional Item.

## f) Leave Encashment Scheme

The table below shows a summary of the key results for the year ended 31st March, 2011.

Assets / Liabilities

(Rs in lakhs)

		As on 31.03.2011	As on 31.03.2010
i)	Present Value of obligation	6.96	6.52
ii)	Fair Value of Plan Assets	0.00	0.00
iii)	Net Asset/(Liability) recognised in the Balance Sheet	(6.96)	(6.52)

## Employer Expense

i)	Current Service Cost	0.50
ii)	Total Employer Expense	1.68

The financial assumptions employed for the calculations are as follows:

	As on 31.03.2011	As on 31.03.2010
Discount rate per annum compound	8.10% p.a.	8.00% p.a.
Rate of increase in Salaries	8.00% p.a.	8.00% p.a.
Expected average remaining working lives of employees (years)	6.31	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 :

- 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.
- The following withdrawal rates have been assumed :

	Age	As on 31.03.2011	As on 31.03.2010
Withdrawal Rate	Upto 40 years	6.2%	6.2%
	40 years and above	Nil	Nil
Early retirement and disability	40 - 54 years	1.8%	1.8%
	55 - 59 years	2.2%	2.2%

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

	As on 31.03.2011	As on 31.03.2010
<b>Deferred Tax Liability</b>	Rs.	Rs.
On Account of Depreciation	(10,97,522)	(12,21,064)
<b>Deferred Tax Assets</b>		
Expenses allowable on payment basis u/s 43B	5,62,039	3,13,539
Provision for Warranty	16,609	30,900
<b>TOTAL</b>	<b>5,78,648</b>	<b>3,44,439</b>
<b>Net Deferred Tax Liability</b>	<b>(5,18,874)</b>	<b>(8,76,225)</b>

h) 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.

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 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 14.38 lakhs

(iii) Transactions with the related parties:

	(Rs.Lakhs)	
Holding Company	2010-11	2009-10
1) Advances given	150.49	32.78
2) Advances taken	150.50	35.19
3) Outstanding Payable	0.01	Nil
4) No amounts have been written off or written back during the year.		

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

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	
	2010-11	2009-10
	Rs.	Rs.
Opening Provision	100,000	125,000
Provided during the year	3,629	203,411
Amount utilised	53,629	228,411
Unused written back	—	—
Closing Provision	50,000	100,000

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 rearranged/regrouped wherever necessary.

l) 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, 2011

##### 1. Analysis of raw materials and spares consumed for production :

Description	Unit of Quantity	2010-2011		2009-2010	
		Quantity	Value Rs.	Quantity	Value Rs.
Castings and Forgings	MT	144.00	12907592	277.20	22176345
Control Panel with fittings	Set	30.00	15330000	29.00	8164135
Gear Unit Instruments, Motors	Set	214.00	15046435	119.00	22528083
Rotor Assembly	Set	7.00	1552865	10.00	1978065
Others		—	79744107	—	64571037
Total			<u>124580999</u>		<u>119417665</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) :

Description	2010-2011		2009-2010	
	Amount Rs.	%	Amount Rs.	%
<b>Raw Materials and Spares :</b>				
Imported	2800185	2.25	4768624	4.00
Indigenous	121780814	97.75	114649041	96.00
	<u>124580999</u>	<u>100.00</u>	<u>119417665</u>	<u>100.00</u>

3. Particulars in respect of Sales :

Description	2010-2011		2009-2010	
	Quantity	Value Rs.	Quantity	Value Rs.
Rubber Processing Machineries	81	241813265	71	205332547
Spares / Cylinders		24553603		13250984
Reconditioning / Machining / Other charges		1494472		2211183
	<u>81</u>	<u>267861340</u>	<u>71</u>	<u>220794714</u>

4. Particulars in respect of Closing Stocks :

Description	2010-2011				2009-2010			
	Qty. (Opening Stock)	Value.	Qty. (Closing Stock)	Value	Qty. (Opening Stock)	Value	Qty. (Closing Stock)	Value
Presses (Rubber Processing Machinery)	1	591782	3	3870312	1	580729	1	591782
Jigmill	2	—	2	—	2	—	2	—
K4 Intermix	—	—	1	5106540	—	—	—	—
	<u>3</u>	<u>591782</u>	<u>6</u>	<u>8976852</u>	<u>3</u>	<u>580729</u>	<u>3</u>	<u>591782</u>

5. Particulars in respect of goods manufactured :

Sl. No.	Description	Registered Licensed Capacity (Unit)	Installed Capacity (Unit)	Actual Production 2010-2011 (Unit)	Actual Production 2009-2010 (Unit)
i)	Intermixes	12	15	7	10
ii)	Shear Strip Tube Presses	60	75	17	44
iii)	Autoform Tyre Presses/Tyre Curing Presses	28	14	6	5
iv)	Tyre Building Machine	12	6	22	5
v)	Servicers / Band Apps.	12	6	29	7
vi)	Bias Cutters	4	4	—	—
vii)	Machine Tools (Metal Cutting including Grinding Machines)	138	76	—	—
viii)	Plastic Processing	126	—	—	—
				<u>81</u>	<u>71</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.

	2010-2011 Rs.	2009-2010 Rs.
1. Value of Imports on CIF basis		
Raw Materials	1703835	3607806
2. Expenditure in Foreign Currency		
- Foreign Travel	78224	71564
3. FOB value of Exports	13207335	—

For RAY & RAY  
Chartered Accountants  
Firm's Registration No 301072E  
M. Kishore  
Partner  
Membership No. 23148  
Place : Bangalore  
Date : 21st May, 2011

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 31.03.2011

	2010-2011 (Rs.)	2009-2010 (Rs)
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit / (Loss) before Tax</b>	<b>34,879,045</b>	21,018,177
Adjustment for :		
Depreciation	1,301,297	1,311,162
Interest Paid	114,026	578,289
Miscellaneous Expenditure written off	—	—
Profit on Sale of Fixed Assets	(202,940)	(2,950,419)
Loss on Sale of Fixed Assets	—	10,646
Interest Accrued on Deposits	(140,653)	—
	<u>1,071,730</u>	<u>(1,050,322)</u>
Operating Profit before Working Capital Changes	<b>35,950,775</b>	19,967,855
Adjustment for :		
Inventories	9,169,727	12,677,808
Sundry Debtors	(8,541,904)	650,005
Other Current Assets	(1,057,396)	(2,783,918)
Loans & Advances	3,206,158	810,860
Current Liabilities & Provisions	(32,303,454)	(9,438,716)
	<u>(29,526,869)</u>	<u>1,916,039</u>
Cash Generated from Operating Activities	<b>6,423,906</b>	21,883,894
Interest Paid	(114,026)	(578,289)
Direct Tax (Net)	(7,597,005)	(1,932,999)
Net Cash from/used in Operating Activities	<u>(1,287,125)</u>	<u>19,372,606</u>
<b>B. Cash Flow from Investing Activities</b>		
Sale of Fixed Assets	202,940	3,022,000
Purchase of Fixed Assets	(698,347)	(357,260)
Net Cash from/used in Investing Activities	<u>(495,407)</u>	<u>2,664,740</u>
<b>C. Cash Flow from Financing Activities</b>		
Dividend Paid	(1,800,014)	(1,800,014)
Corporate Dividend Tax Paid	(298,960)	(305,912)
Proceeds/(Repayment) of Borrowings	3,099,419	(2,458,603)
Net Cash used in Financing Activities	<u>1,000,445</u>	<u>(4,564,529)</u>
Net increase/(Decrease) in cash or cash equivalent	<u>(782,087)</u>	<u>17,472,817</u>
Cash and Cash equivalents (Opening Balance)	19,292,967	1,820,150
Cash and Cash equivalents (Closing Balance)	<u>18,510,880</u>	<u>19,292,967</u>
	<u>(782,087)</u>	<u>17,472,817</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 : 21st May, 2011

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	31.03.2011		

**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	131331	Total Assets	131331
<b>Sources of Funds</b>			
Paid-up Capital	9000	Reserves & Surplus	45464
Secured Loans	3099	Unsecured Loans	NIL
Deferred Tax Liability	519		
<b>Application of Funds</b>			
Net Fixed Assets	4872	Investments	NIL
Net Current Assets	53211	Misc. Expenditure	NIL
Accumulated Losses	NIL		

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

Turnover	247179	Total Expenditure	212300
Profit/ (Loss) before Tax	34879	Profit/(Loss) after Tax	27965
Earnings Per Share (Rs.)	31.07	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 : 21st May, 2011

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





CIN NO: U67120WB1987PLC043328

## 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 2011 (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 **18th May, 2010; 24th September, 2010; 30th December, 2010** and **22nd March, 2011** 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 2010 was held on **12th July 2010** 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. delivered all the certificates on lodgment thereof for transfer of securities in accordance with the provisions of the Act.
  - 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. 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, 2011.
25. The company being an investment company registered as NBFC, the provisions of section 372A does 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  
Proprietor  
C. P. No. 3426

Place : Kolkata  
Date : 19.05.2011

#### **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 2011.

1. Annual Return (Schedule V) in Form 20B made upto 12.07.2010 filed on 19.08.2010.
2. Balance Sheet (Schedule VI) in Form 23AC/23ACA as at 31.03.2010 filed on 04.08.2010.
3. Compliance Certificate in Form 66 for the year-ended 31.03.2010 filed on 28.07.2010.

## 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, 2011 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 (the "Order"), 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 written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 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, 2011;
  - (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 31.03.2011 is as follows:

Ratio of investment income to total income : 1  
Ratio of total investments to total assets : 0.95
  - (iv) The Board of Directors of the Company had passed a resolution of its meeting held on 30th December, 2010 for not to accept 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 : 21st May, 2011

## 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 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 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 31st March, 2011 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 the 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 informations and explanations 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.
- (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 cases by the management.

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

Place : Kolkata  
Date : 21st May, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedules	As at 31st March 2011		As at 31st March 2010	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>					
<b>Shareholder's Funds</b>					
Share Capital	1		2,200,000		2,200,000
Reserves and Surplus	2		9,832,975		9,446,535
			<u>12,032,975</u>		<u>11,646,535</u>
<b>II. APPLICATION OF FUNDS</b>					
Investments	3		11,751,013		5,435,323
<b>Current Assets, Loans and Advances :</b>					
Cash and Bank Balances	4	308,085		6,505,815	
Loans and Advances	5	282,000		81,273	
		<u>590,085</u>		<u>6,587,088</u>	
<b>Less : Current Liabilities and Provisions :</b>					
Current Liabilities	6	13,236		13,236	
Provisions	7	294,887		362,640	
		<u>308,123</u>		<u>375,876</u>	
Net Current Assets			281,962		6,211,212
			<u>12,032,975</u>		<u>11,646,535</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  
21st May, 2011

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

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedules	For the year ended 31st March 2011		For the year ended 31st March 2010	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Dividend from Shares			15,708		14,650
Dividend from investment in Mutual Fund			393,396		76,274
Profit on Sale of Investments			1,185		1,750,000
			<u>410,289</u>		<u>1,840,924</u>
<b>EXPENDITURE</b>					
Administrative & Other Expenses	8		22,849		29,420
			<u>22,849</u>		<u>29,420</u>
<b>PROFIT BEFORE TAX</b>			387,440		1,811,504
Less : Provision for Taxation			1,000		290,000
<b>PROFIT AFTER TAX</b>			386,440		1,521,504
Add : Balance brought forward from previous year			2,136,085		919,581
<b>Balance available for Appropriation</b>			<u>2,522,525</u>		<u>2,441,085</u>
<b>APPROPRIATIONS</b>					
Special Reserve			77,300		305,000
Balance carried to Balance Sheet			2,445,225		2,136,085
			<u>2,522,525</u>		<u>2,441,085</u>
Basic and Diluted Earning per share (Face value of Rs.10 each)			1.76		6.92
No. of shares used in computing earning per share - Basic & Diluted			220,000		220,000
<b>Notes to Accounts</b>					
	9				

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  
21st May, 2011

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

## Schedules

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
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>
<b>Issued and subscribed</b>		
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 31.3.10 Rs.	Additions Rs.	Transfers/ Deduction Rs.	Balance as at 31.3.11 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)	459,750	77,300	—	537,050
Capital Redemption Reserve	700	—	—	700
Surplus in Profit and Loss Account	2,136,085	2,445,225	2,136,085	2,445,225
	<u>9,446,535</u>	<u>2,522,525</u>	<u>2,136,085</u>	<u>9,832,975</u>
	<u>As at 31.03.11 Rs.</u>		<u>As at 31.03.10 Rs.</u>	

## 3. INVESTMENT

### Long Term (Non-trade) Quoted

Equity Shares of Rs.10 each except where otherwise stated (fully paid)	No.		No.	
Reliance Industries Limited	2,000	369,727	2,000	369,727
Reliance Capital Ltd.	50	9,243	50	9,243
Reliance Natural Resources Ltd. (Face Value Rs.5 per share) (As per scheme of Arrangement, 1 equity share of Rs.10 each of Reliance Power Limited issued for every 4 equity shares Rs.5 each of Reliance Natural Resources Ltd.)	—	—	1,000	4,977
Reliance Power Ltd. (As per scheme of Arrangement, 1 equity share of Rs.10 each of Reliance Power Limited issued for every 4 equity shares Rs.5 each of Reliance Natural Resources Ltd.)	250	4,977	—	—
Reliance Communication Ltd. (Face Value Rs.5 each)	1,000	275,162	1,000	275,162
Reliance Infrastructure Ltd	75	51,904	75	51,904
		<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
---	---------	-----------	---------	-----------

	As at 31.03.11		As at 31.03.10	
	No.	Rs.	No.	Rs.
<b>Current Investment (Unquoted)</b>				
Units of Rs.10 each in HDFC Cash Management Fund-T, Adv. Plan-Div.Reinvest	—	—	208,001,678	2,084,310
Units of Rs.10 each in UTI Fixed Income Interval Fund - Quarterly Div. Sr. 1	600,000,000	6,000,000	—	—
Units of Rs.10 each in UTI Fixed Income Interval Fund - Quarterly Div. Sr.3	220,000,000	2,200,000	—	—
Units of Rs.10 each in DSP BlackRock FM 3 M Series 29 - Dividend Payout	20,000,000	200,000	—	—
		<u>11,040,000</u>		<u>4,724,310</u>
		<u>11,751,013</u>		<u>5,435,323</u>
Aggregate Book Value of :				
a) Quoted Investments		711,013		711,013
b) Unquoted Investments		11,040,000		4,724,310
		<u>11,751,013</u>		<u>5,435,323</u>
		<u>2,319,354</u>		<u>2,493,431</u>
<b>Aggregate Market Value of Quoted Investments as on 31st March, 2011.</b>				
			<u>As at 31st March 2011 Rs.</u>	<u>As at 31st March 2010 Rs.</u>

## 4. CASH & BANK BALANCES

Balances with Scheduled Banks On Current Accounts	<u>308,085</u>	6,505,815
	<u>308,085</u>	<u>6,505,815</u>

## 5. LOANS & ADVANCES

Advance Income Tax (including Tax deducted at source)	<u>282,000</u>	81,273
	<u>282,000</u>	<u>81,273</u>

## 6. CURRENT LIABILITIES

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

## 7. PROVISIONS

Provision for Taxation	<u>294,887</u>	362,640
	<u>294,887</u>	<u>362,640</u>

	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
	<u>13,236</u>	13,236
	<u>—</u>	5,515
	<u>106</u>	65
	<u>—</u>	110
	<u>250</u>	750
	<u>1,500</u>	2,500
	<u>225</u>	—
	<u>2,000</u>	2,750
	<u>1,850</u>	1,850
	<u>3,682</u>	2,644
	<u>22,849</u>	<u>29,420</u>

## 8. ADMINISTRATIVE & OTHER EXPENSES

Audit Fee	<u>13,236</u>	13,236
Auditors' remuneration in other capacity	<u>—</u>	5,515
Bank Charges	<u>106</u>	65
Charges General	<u>—</u>	110
Director's Fees	<u>250</u>	750
Filing Fees	<u>1,500</u>	2,500
Printing & Stationery	<u>225</u>	—
Professional Fees	<u>2,000</u>	2,750
Rates & Taxes	<u>1,850</u>	1,850
Secretarial Expenses	<u>3,682</u>	2,644
	<u>22,849</u>	<u>29,420</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 notified by the Companies (Accounting Standards) Rules 2006. 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

There was no transaction between related parties.

(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.

(e) Earnings Per Share (EPS)	2010-11	2009-10
i) Net Profit after tax as per Profit & Loss Account attributable to Equity Shareholders (Rs.)	386,440	1,521,504
ii) Number of shares used in computing earning per share - Basic & Diluted	220,000	220,000
iii) Basic and Diluted Earnings per share (Rs.)	1.76	6.92
iv) Face Value per equity share (Rs.)	10.00	10.00

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

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
21st May, 2011

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

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

	2010-2011 (Rs.)	2009-2010 (Rs.)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	387,440	1,811,504
Adjustment for Profit on Sale of Investments	(1,185)	(1,750,000)
Operating Profit before Working Capital Changes	386,255	61,504
Adjustments for :		
Sundry Debtors	—	—
Other Current Assets	—	—
Current Liabilities	—	—
Cash (Utilised in)/Generated from Operating Activities	386,255	61,504
Direct Tax (Net)	(269,480)	(7,500)
Net Cash (Utilised in)/Generated from Operating Activities	116,775	54,004
<b>B. Cash Flow from Investing Activities</b>		
Sale of Investments	2,141,690	6,350,000
Purchase of Investments	(8,456,195)	(76,274)
Net Cash (utilised in)/ Generated from Investment Activities	(6,314,505)	6,273,726
<b>C. Cash Flow from Financing Activities</b>		
Net increase/(Decrease) In cash & cash equivalent	(6,197,730)	6,327,730
Cash and Cash equivalents (Opening Balance)	6,505,815	178,085
Cash and Cash equivalents (Closing Balance)	308,085	6,505,815
	(6,197,730)	6,327,730

#### Note:-

- Cash & Cash Equivalent includes:-
  - Cash in Hand - Nil
  - Bank Balance with Schedule Bank in Current A/c - Rs.308,085/-

As per our report of even date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
21st May, 2011

For and on behalf of the Board  
R. Subramanian  
A. K. Basu  
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.  State Code   
Balance Sheet Date

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

Public issue  Right issue   
Bonus issue  Private Placement

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

(Amount in Rs. Thousands)

Total Liabilities  Total Assets

**Source of Funds**

Paid-up Capital  Reserves & Surplus   
Secured Loans  Unsecured Loans

**Application of Funds**

Net Fixed Assets  Investments   
Net Current Assets  Misc. Expenditure   
Accumulated Losses

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

Turnover  Total Expenditure   
Profit before Tax  Profit / (Loss) after tax   
Earnings Per Share  Dividend Rate %

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

Item Code No.   
Product Description

For RAY & RAY  
Chartered Accountants  
Firm's Registration No. : 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380  
Kolkata  
21st May, 2011

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

## Alfred Herbert (India) Limited

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

### PROXY FORM

D.P. Id \* .....

Regd. Folio No .....

Client Id \* .....

I/We .....

of .....

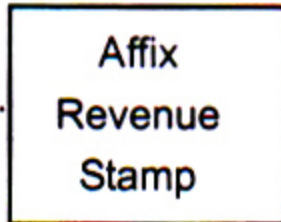
being member / members of the above named Company hereby appoint .....

of ..... or failing him .....

of .....

as my / our proxy to attend and vote for me / us on my / our behalf at the NINETY-FIRST ANNUAL GENERAL MEETING of the Company to be held at 10.00 a.m. on Friday, 29th July, 2011 and at any adjournment thereof.

Signed .....



Date : .....

\* Applicable if shares are held in electronic form.

Note : The Proxy to be effective must reach the Company's Registered Office not less than 48 hours before the meeting.

## Alfred Herbert (India) Limited

### ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

D.P. Id \* .....

Name and Address of the Registered Shareholder

Client ID \* .....

Regd. Folio No. ....

No. of Shares held .....

I hereby record my presence at the 91st ANNUAL GENERAL MEETING of the Company held on Friday, 29th July, 2011 at 10.00 a.m. at Indian Chamber of Commerce Auditorium, 4 India Exchange Place, Kolkata-700 001.

.....  
Member's/Proxy's/Representative's Signature  
(To be signed at the time of handing over this slip)

\* Applicable if shares are held in electronic form.

ALFRED HERBERT (INDIA) LIMITED  
13/3, STRAND ROAD, KOLKATA 700 001

BOOK POST

If undelivered please return to :  
**ALFRED HERBERT (INDIA) LIMITED**  
Post Box 681, 13/3, Strand Road, Kolkata 700 001