



TEXMACO LIMITED

Annual Report 2009-10

Ready for the
global connect
through strategic partnerships



Leveraging the rich past, preparing for an exciting future.

Texmaco set out seven decades ago in 1939 on a unique journey to create a footprint on the industrial road map of the country. It pioneered 'Many a first' in various key engineering sectors such as, Textile Spinning Frames, Boilers, Hydro-mechanical Equipment, Sugar Machinery and Railway Freight Cars. It has since emerged as a leading engineering company with one of the best manufacturing infrastructure.

The Company enjoys unrivalled leadership in the manufacture of new design hi-capacity Stainless Steel freight cars, and Hydro-Mechanical Equipment for Mega Hydro-Power Stations across the country.

In the fast growing Indian economy, the Company is ready to take a big leap in the infrastructure sector with its reservoir of engineering skills and experience built over several decades. Its performance track record in domestic and international markets is promising for its launch into a new growth trajectory.

Our businesses

Rolling Stock

The Company's Rolling Stock Division started its operation in 1954. It pioneered the export of wagons during mid-sixties. The Division manufactures general purpose and commodity-specific special wagons catering to the Indian Railways and core sectors across the industry. It has emerged as the largest wagon manufacturer in India with outstanding infrastructure facility.



Steel Foundry

Backed by extensive experience of the last seven decades, the Company embarked on a new State-of-the-Art Steel Foundry in 2007, the best and the largest Steel Foundry in India. This Foundry has put the Company on the global map for outsourcing highly intricate steel castings by renowned international buyers. The Foundry has earned the distinction of Quality Assurance Certificate (M-1003) from AAR (Association of American Railroads), making it the only Foundry in India qualified to export railway castings to the North American market. Recently, it was crowned with the "IIF Foundry of the Year 2009" by The Institute of Indian Foundrymen.



Hydro Mechanical Equipment & Steel Structural

The Division pioneered the manufacture of Hydro-Mechanical Equipment in India in the mid-Fifties. It manufactures equipment for mega Hydro-Power, Irrigation and Flood Control Projects. It also specialises in Heavy Steel Structures for industrial and infrastructure projects.

Process Equipment & Agro Machinery

The Division pioneered the manufacture of Water Tube Boilers (1950) and Sugar Mill Machinery (1956). It manufactures hi-tech Plant & Machinery, Pressures Vessels, Cryogenic Vessels and Agro Machinery.

Projects

The Company is moving from products to projects to get into the big business league. Infrastructure Projects are the major driver of the Indian economy, and the Project Division of the Company is the creative hub to explore major opportunities for expansion and diversification in the Rail sector and other engineering fields synergic with its core competence.

Real Estate

The Real Estate development is going to be a major commercial venture of the Company following the recent judgment of the Hon'ble Supreme Court. It will add substantially to the fortunes of the Company in the near future. It is planned to diversify into civil construction activity to build the Turnkey Project capability of the Company.

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Corporate information

Directors

Shri S. K. Poddar, Chairman
Shri Ramesh Maheshwari, Exec. Vice Chairman
Shri B. P. Bajoria
Shri H. C. Gandhi
Shri A. C. Chakrabortti
Dr. H. Sadhak, Nominee of LIC
Shri Manish Gupta
Shri S. Dhasarathy
Shri Akshay Poddar
Shri D. H. Kela, President & CEO

Secretary

Shri A. K. Vijay

Auditors

M/s K. N. Gutgutia & Co., Kolkata

Bankers

State Bank of India

Registered Office

Belgharia, Kolkata 700 056

Corporate Office

Birla Building
9/1, R. N. Mukherjee Road
Kolkata 700 001

Regional Offices

New Delhi
Mumbai
Chennai

Heavy Engineering

Agarpara (West Bengal)
Sodepur (West Bengal)
Panihati (West Bengal)

Steel Foundry

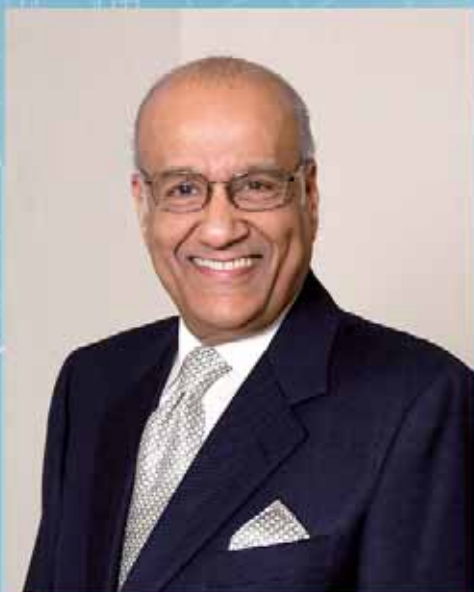
Belgharia (West Bengal)

Mini Hydro-Power

Darjeeling (West Bengal)

Real Estate

Chairman's message



Dear Shareholders,

I take pleasure in presenting you an overview of the 70th Annual Report of Texmaco Limited for the year ended March 2010.

The financial year 2009-10 started in the backdrop of global uncertainties and financial turbulence. Fortunately, the Indian economy has done reasonably well and is poised to return to high levels of growth. Excluding China, India has recorded one of the highest growth rates in the world. In this regard, some of the noteworthy initiatives of the UPA Government are reflected in the massive expansion of the middleclass, major investments in rural India, and a slew of popular social schemes, which have been instrumental in attaining the growth rates being currently witnessed in the country. Inflation does remain a cause of worry, but with the prediction of a normal monsoon, it is likely to come under control by the end of the year.

It is a matter of considerable satisfaction that Texmaco completed a very successful fund raising programme to the tune of Rs. 1,705.60 million in July 2009 under QIP through an issue of 16.4 million equity shares, at 104 times of the face value of Re.1 per share. This has contributed to expanding our Reserves by over Rs. 5,428 million.

The Company recorded its highest turnover and profitability with a top line of Rs. 11,255 million and a cash profit of Rs. 1,505 million. The prospects for the core business of the Company – Railway Wagons - continue to be strong. Unfortunately, there was an abnormal delay in the release of the wagon order by Indian Railways for the year 2009-10. The Company would have produced a larger number of wagons if the order had been released on time.

Our professional Management and the value system helped us to perform well in the year, which will stand the Company in good stead in the future. One of the major steps taken by the Company was in the field of improving production efficiency and quality standards so that we earn the distinction by offering a superior quality of products to our customers. In this connection, we have engaged the services of global specialists to help raise Texmaco's ranking not only as the best in India but among the Best Wagon Makers in the world.

The Minister of Railways, Ms Mamata Banerjee in her Budget Speech has spoken of her Vision 2020 and accordingly has signaled major Public Private Partnership in the growth and modernisation plans of the Indian Railways. This augurs well for companies like Texmaco. The Hon'ble Minister has also indicated that five new wagon units would be set up by the Railways to meet the demand of the Railways. I believe that the capacity of the industry should be tested before committing public investment in new factories. The industry should be enabled to achieve production volumes through long-term advance planning for uninterrupted production and optimal resource utilisation.

With the raising of resources, the Company is now looking actively at expanding and diversifying its activities, and some new initiatives would be taken by the Board of the Company shortly. The Company is set to address new opportunities for specialised freight carriers where it would endeavour to produce the latest designs of such wagons and meet the needs of the Indian industry. Looking to the bright prospects of the Steel Foundry, your Board has decided to modernise the old Foundry to the level of its State-of-the-Art Foundry, set up by Kunkel Wagner, Germany.

The Board of Texmaco has taken a decision to restructure the Company by demerging the Engineering and Steel Foundry Divisions to a wholly-owned new subsidiary company and leaving the Real Estate and Investments in the existing company. All shareholders, on receiving requisite approvals, would receive shares in the new company in accordance with the scheme submitted to the Hon'ble High Court at Kolkata. The basic premise of the scheme is to unlock value for the shareholders and allow both businesses to grow independently of each other.

In the Real Estate Division, after the final verdict of the Hon'ble Supreme Court disposing of all the review petitions, the matter is before the District Court. As soon as the area to be handed over to DDA is settled, the Company would proceed with the planning and development of its property at Delhi. We can take some satisfaction that the Hon'ble Supreme Court has not only allowed 50% extra FAR development in the area retained by the Company but has also issued a directive that should DDA develop the land that they would get under the order, 50% of the value of the land has to be shared with the Company.

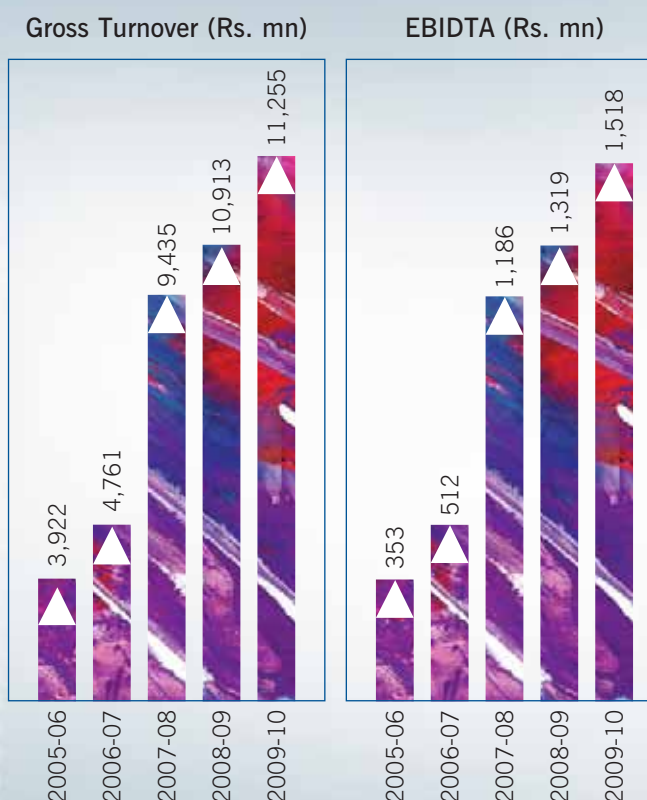
I believe that Texmaco is well positioned as we enter 2010-11. We have a good team, and together we are looking forward to scaling new heights as we build two companies with a commitment to create shareholder value in both the entities.

I take this opportunity to state that behind the success of Texmaco are the enshrined values of the late Founder Chairman Dr. K.K. Birla, the passionate and focused efforts of its people and the support of its customers, investors, bankers, partners and associates. Texmaco is fortunate to have a dedicated and efficient workforce, which will enable the Company to retain its leadership.



S K Poddar
Chairman

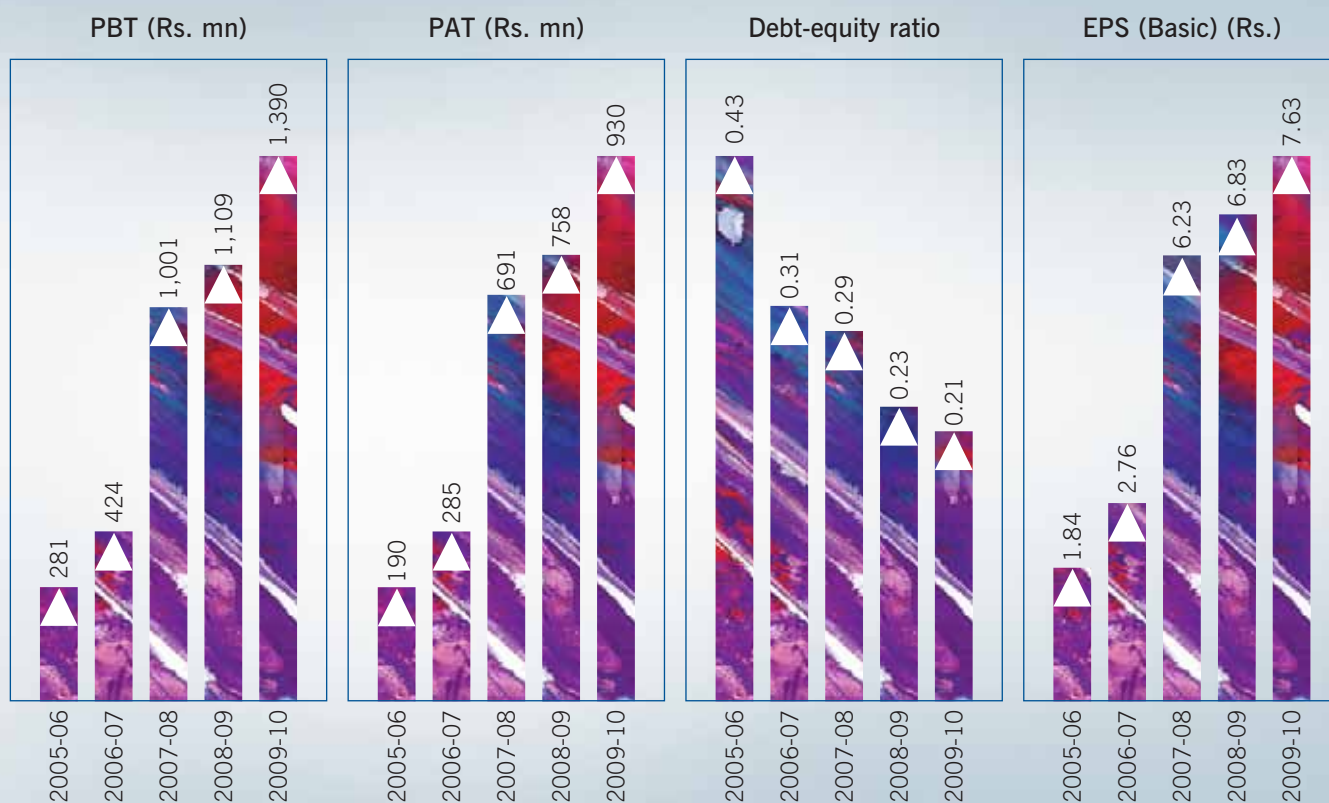
Our track record



Financial highlights for ten years

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Gross sales *	15,010.39	9,895.67	12,789.08	16,936.39	30,371.98	39,216.52
Other income	253.39	280.08	449.26	285.47	226.06	259.30
Gross profit (PBDT)	651.58	(436.14)	729.24	1,168.05	2,302.00	3,300.74
Profit before tax and exceptional items	422.28	(690.18)	437.19	843.87	1,904.62	2,873.16
Exceptional items **	120.49	97.73	12.66	+1,243.92	186.29	65.62
Profit before tax	301.79	(787.91)	424.53	2,087.79	1,718.33	2,807.54
Income tax	15.00	(275.41)	298.23	208.78	151.90	906.15
Profit after tax	286.79	(512.50)	126.30	1,879.01	1,566.43	1,901.39
Equity #	516.34	516.34	516.34	516.34	1,032.57	1,032.57
Free reserves	6,487.85	6,419.71	5,742.36	7,534.00	9,897.43	11,445.60
Equity share book value (Rs.) ##	133.76	134.33	119.86	152.88	103.88	118.78
Rate of dividend	15%	–	10%	7.5% *#	20%	30%

Figures have been re-grouped/rearranged/restated/recast wherever necessary to make them comparable



EPS shown for all years based Re. 1/- Eq. Shares for parity.

(Rs. in lakhs)			
2006-07	2007-08	2008-09	2009-10
47,612.75	94,352.84	1,09,125.45	1,12,549.43
455.92	596.37	796.95	1,452.96
4,836.63	10,958.15	12,273.12	15,086.20
4,313.54	10,072.12	11,137.72	13,937.64
74.73	63.95	45.38	41.13
4,238.81	10,008.17	11,092.34	13,896.51
1,391.20	3,099.10	3,508.36	4,592.03
2,847.61	6,909.07	7,583.98	9,304.48
1,032.57	1,107.83	1,107.83	1,271.83
13,809.99	21,567.28	28,409.95	52,978.05
142.03	206.08	26.64 ***	42.65
40%	75%	75%	90%

* Invoiced value varies depending on free-issue materials used by the Company for production of Wagons and Hydro-Mechanical Equipment.

** Includes income from Development Agreement relating to Worli Land, Mumbai 2003-2004 Rs. 1,275.54 lakhs.

1:1 Right shares issued at a premium of Rs. 20 per share in 2004-05.
1,64,00,000 Equity shares (QIP) issued at a premium of Rs. 103 per share in 2009-2010.

Computed on post-right higher equity base of Rs. 1,032.57 lakhs in 2004-05, equity base of Rs. 1,107.83 lakhs as per scheme of arrangement in 2007-08 and Rs. 1,271.83 lakhs post QIP issue in 2009-2010.

On post-rights enhanced Equity Capital.

*** Equity Shares of the Company were split to Re. 1/- per share (previous year Rs. 10/- per share) w.e.f. 9th January, 2009.

From the desk of Executive Vice Chairman



At the outset, I must express my gratification for the opportunity afforded to me to continue to serve the Company in my new assignment as the Executive Vice Chairman after having been at the helm for nearly 50 years as the President & CEO of the Company. With all humility, I am committed to vindicate the trust reposed in me.

The year 2009-10 has had its unprecedented challenges. I am, indeed, beholden to my colleagues and the Chairman for the unstinting support and valuable guidance to turn these challenges into an opportunity to discover our corporate strengths and build a new identity to gain increasing recognition in the business world. The Company has plans for major expansion and diversification in the years to come.

We are focused on taking the Company to a new platform to assert our supremacy and improve our market share in the face of growing competition. We are geared to provide better value to our esteemed customers through assured delivery and quality. More importantly, we are resolved to penetrate the advanced overseas markets through a sustained programme for upgradation of manufacturing technology, skills and cost effectiveness. In this direction, the Company is already forging strong alliances with leading multinationals. There is a drive for Research and Development to enhance our intellectual capital, both internally and through strategic global partnerships.

A handwritten signature in black ink, appearing to read 'Ramesh Maheshwari'.

Ramesh Maheshwari
Exec. Vice Chairman



Corporate strategy

- Investing in intellectual capital to expand business horizons.
- Upgrading technology, skills and quality to world class.
- Exploiting unprecedented new opportunities in Rail sector.
- Collaborating with global leaders for diversification into hi-growth / hi-tech areas.
- Focusing on export markets.
- Entering into high value-added refurbishment and maintenance services.
- Identifying niches for capitalising on the Company's core competence.

Hi-tech Products



A complete Electric Locomotive

The first 3-phase WAG9 Electric Locomotive Shell being rolled out of Agarpara Works

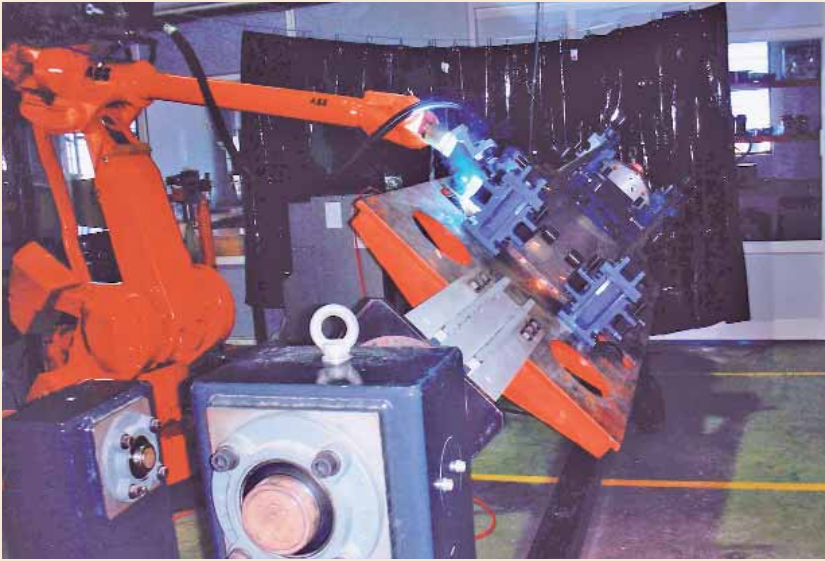


200 M3 Oxygen Buffer Vessel
(3.7m dia, 21m long, 82T weight)



Trash Rack Cleaning Machine for
Mega Hydel Power Project at Sikkim

Process Automation



Robotic Welding Equipment under trial



Lorch MIG-MAG Semi Automatic
Welding Machine from Germany

Environment and Corporate Social Responsibility



'Greenery and water body in the Steel Foundry compound'

Corporate Social Responsibility is not merely a statement of intent for us at Texmaco. It is an article of faith, a belief that the world will be a better place to live with strong human bonds. As a part of our corporate philosophy, education, health, environment and safety continue to be the areas of priority.

The Management continues to invest substantially in Community Welfare Programmes and extend financial assistance on a wide scale to the needy and deserving. It is an active participant in the Affirmative Action Policy to promote inclusive growth by giving special preference in the recruitment procedure to SC-ST-OBC and the physically challenged.

The Management believes that CSR starts with good governance in the interest of all stake holders, remaining sensitive to the environmental and ecological effects of its actions and bearing responsibility for improving community life.



Wellness seminar at Texmaco
addressed by senior physicians and cardiologists



Financial support to families in distress



Sewing Coaching Centre for Women



Free thyroid tests at Texmaco Club on Woman's Day celebration

Report of the Directors

Your Directors take pleasure in presenting the 70th Annual Report of the Company along with the Audited Accounts of the Company for the year ended March 31, 2010.

Financial Results

Rs. in Lakhs

	2009-2010	2008-2009
Operating Profit (PBIDT)	15,184.77	13,192.64
Less: Interest (Net)	98.57	919.52
Gross Profit (PBDT)	15,086.20	12,273.12
Less: Depreciation	1,148.56	1,135.40
Profit before Taxation and Exceptional items	13,937.64	11,137.72
Less : Exceptional items: VRS (Engg. Divn.)	41.13	45.38
Profit before Taxation	13,896.51	11,092.34
Less: Provision for Taxation:		
Current Tax	4,493.00	3,478.44
Deferred Tax Liability/(Asset)	63.80	(5.60)
Fringe Benefit Tax	–	35.52
Less: Income Tax for earlier year	35.23	–
Net Profit	9,304.48	7,583.98
Add: Balance brought forward from previous year	5,337.05	3,744.38
Profit available for Appropriation	14,641.53	11,328.36
Appropriations		
Proposed Dividend on Equity Shares (Incl.Tax) (90%)	1,339.18	(75%) 972.07
Dividend on Pref. Shares (Incl. Tax) (6%)	17.19	(6%) 19.24
General Reserve	7,500.00	5,000.00
Balance Carried Forward	5,785.16	5,337.05
	14,641.53	11,328.36

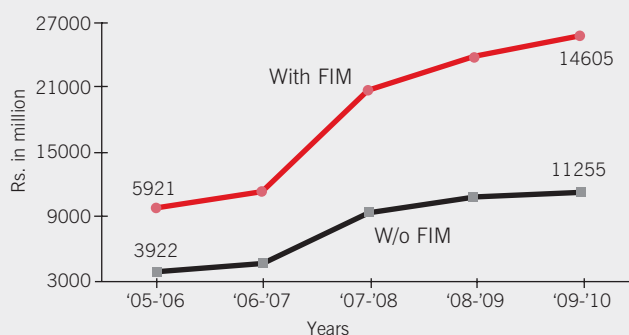
Dividend

The Directors have pleasure in recommending payment of a dividend of 90% (Re.0.90 per share) for the year ended March 31, 2010, having regard to the performance of the Company.

During the year under review, the Company has turned out encouraging results, despite the severe economic slowdown worldwide and its dampening impact on the domestic business, for a major part of the year.

The Gross Turnover at Rs. 1125.49 crore was marginally higher by 3% compared to Rs. 1,091.25 crore in the previous year. (This does not include the value of free-supply inputs including steel and components of over Rs. 335 crore provided to the Company by Indian Railways and other clients for some large value contracts).

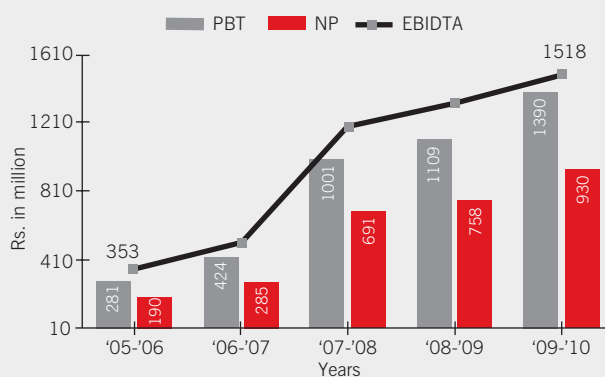
Gross Turnover



However, the Gross Profit for the year (PBDT) was significantly higher by 23% at Rs. 150.86 crore against Rs. 122.73 crore, and profit before tax (PBT) by 25% at Rs. 138.97 crore against Rs. 110.92 crore in the previous year. The Net Profit at Rs. 93.04 crore was higher by 23% compared with Rs. 75.84 crore in the previous year, after providing enhanced Tax liability of Rs. 45.92 crore against Rs. 35.08 crore only in the previous

year. The Deferred Tax Liability for the year has been created in the Profit and Loss Account in accordance with the Accounting Standard 22 "Accounting for taxes on Income", issued by the Institute of Chartered Accountants of India.

PBT/NP/EBIDTA



The Management Discussion and Analysis

In the backdrop of the global economic slow-down in the later part of the year 2008 and the pervasive gloom, the Company had to contend against deceleration in the orders, deferment of deliveries by customers, build-up of inventories and interest burden thereof, and special credit accommodation to esteemed customers. The situation was somewhat redeemed by stimulus packages of super economic powers and our own government to resuscitate the economy. The Management, in such a grim situation, capitalised on its strengths in marketing and financial leveraging to sustain its operations through carefully orchestrated strategy in product-mix planning. It used the opportunity to enhance its competitive ability through upgradation of technology, skills and all-round cost effective measures. These did help the Company to achieve a reasonable growth in profit despite a moderate increase in total income as would be seen from the performance of the Divisions here-below.

Heavy Engineering Division

Rolling stock

Your Directors are pleased to report that the Company managed to sustain the wagon production during the year at 4110 VUs, valued around Rs. 820.57 crore, marginally higher than the previous year, notwithstanding the depressed business scenario under the impact of the unprecedented global economic crisis. It may be pertinently mentioned that while wagon production during the year was more or less the same in numbers as in 2008-09, the value was substantially higher by over 22% because of the high value product-mix. Production wise, the demand for wagon rakes for movement of iron ore and container traffic suffered a severe decline. To add to the woes of the Industry, it is regrettable that even after the elapse of nearly 14 months, Indian Railways are yet to release the wagon orders for the year 2009-10, which severely contributed to the idling of the production capacity.

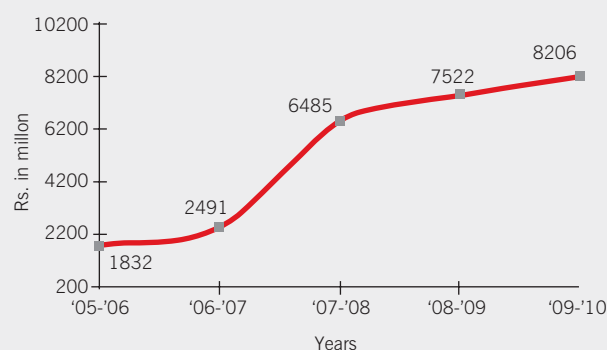
Ironically, there is an all round clamour by the Industry on account of shortage of wagons. Yet, the continuing delay in releasing the overdue wagon orders is rather inexplicable. It is hoped that the Railway Board would lose no further time in mitigating the hardship of the Industry and protecting no less their own freight revenue.

As per the 2010-11 Budget estimate, freight loading has been targeted at 944 million ton i.e. an increment of 54 million ton, and the Railways propose to invest Rs. 41,426 crore, which is the highest-ever plan outlay. This augurs well for substantially higher wagon orders in the current year. Besides, to make good the wagon shortage, a Modified Wagon Investment Scheme of Indian Railways for high capacity general purpose and special purpose wagons is on the anvil, which will permit private operators to invest in infrastructure and run special freight trains.

Your Company expects that with the inclusion of iron ore and coal transportation under the Modified Wagon Investment Scheme, there would be substantial demand for wagons in

these sectors from private parties. The Container traffic too should pick up, and your Company will be a major beneficiary in this segment.

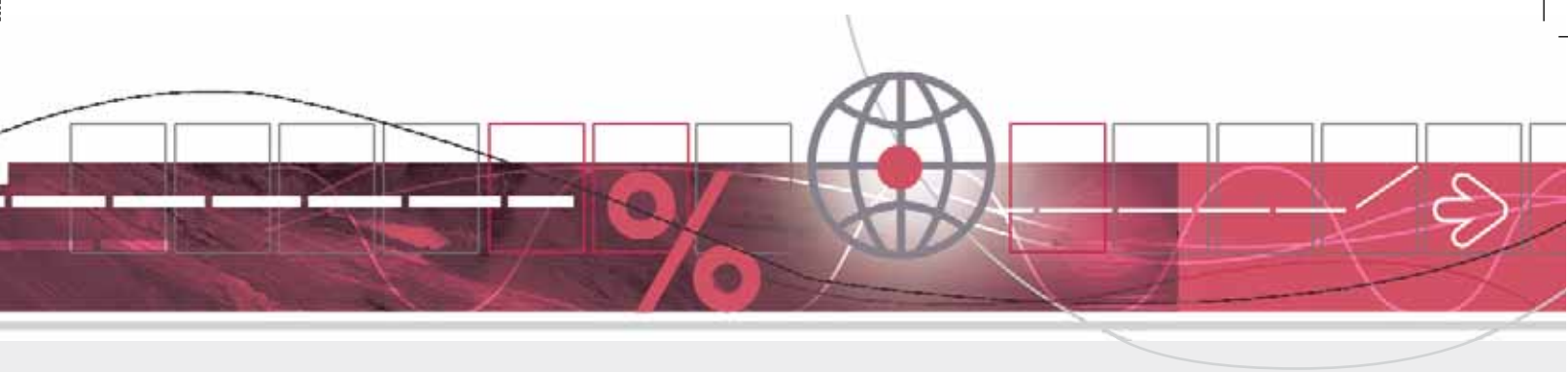
Rolling Stock Turnover



There is a huge freight growth projected as per the Indian Railways' Vision 2020. The demand for commodity-specific wagons is expected to go up substantially. The ongoing expansion of Aluminium and Cement Industries would generate substantial demand for BTAP wagons for transportation of Alumina Powder and BCCW wagons for transportation of Cement. In this context, your Directors are pleased to inform that looking to the prospective demand for BTAP and BCCW wagons, your Company has already done significant design development work on High Capacity Wagons, and the conceptual designs of the same have been submitted to Indian Railways for their approval.

Locomotive Car Body Shells

For the first time, the Company manufactured Car Body Shells for WAG-9 Electric Locomotives against a developmental order for eight shells, valued Rs. 3.20 crore (with free steel), from Chittaranjan Locomotive Works. The first shell was despatched on 26 Dec 2009. The order is likely to be completed in 2010.



Collaboration with the United Group, Australia

As a part of new business arrangements, the Company to start with, has signed during the year a Collaboration Agreement, followed by a Technology Transfer Agreement (TTA) with United Group Rail, Australia, a leading end-to-end rail technology solutions provider in the Asia Pacific Region, for special design Double Deck Container Flat Wagons. The Company is in an advanced stage of negotiation with United Group Rail for meeting some of their requirements of Wagons, Bogies and Locomotive Components, which would be an important export window to Australia.

Hydro Mechanical Equipment and Steel Structures

In spite of the thrust of the Government of India to harness Hydro power potential, not many projects have come up in recent years. None of the major projects took off during the year under review.

Unfortunately, the execution of major contracts in hand also continued to be affected due to various environmental, climatic and human relation problems. The turnover of the Division stood at around Rs. 50.63 crore only. The order book is expected to improve significantly during the current year.

The year 2009-2010 marked completion of 120 MW Sewa H.E. Project of NHPC Ltd. in J&K. The surface and buried Penstock work of this project was a testimony to the Company's technical know-how and installation expertise in an extremely rough and difficult terrain, having ever-changing profile & disposition of the rocks.

During the year, the Company got registration with RDSO for manufacture of bridges. It executed the first order of steel railway bridge of 4 x 61.5 M span received through L&T, the Engineering and Construction conglomerate. This has opened a new business avenue having good potential.

Process Equipment

The Company successfully completed the order of 13 nos. 200m³ Buffer Vessels of the size of 3.7m dia x 23m long weighing 82 tonnes each, and 2 nos. of 150m³ of the size of 3.3m dia x 27m long weighing 72 tonnes each, supplied to various Steel Plants. However, the operations of the Division were at rather low level owing to suspension of the activities in Sugar Machinery & Boiler segments. The Management is planning to re-organise and expand the product range of the Division. Currently, the order for 12 nos. Process Vessels of different sizes is under execution. With the Steel Plants going in for modernisation and clearance of Paradeep Refinery already given, there is a good potential for heavy process equipment.

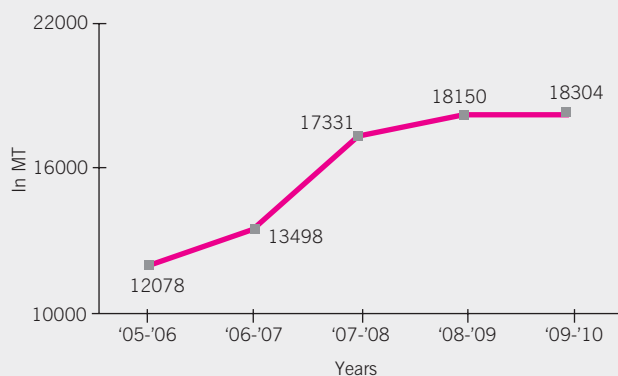
Steel Foundry Division

The inordinate delay in release of wagon orders for RSP 2009-10, and the mandatory use of imported couplers imposed by the Railway Board with the introduction of Stainless Steel wagons, resulted in drastic fall in the demand of Railway castings. As a consequence, the Foundry capacity could not be utilised fully during the year. Nevertheless, the production & despatch of 18,304 MT were maintained at the previous year's level. However, the turnover during the year at Rs. 189.52 crore recorded a fall as compared to the previous year because of low realisation and also the change in Excise Duty tariff from 14% to 8%. The exports also suffered in absence of bulk orders because of sluggish demand in the global market.

The high axle load (27.5T) side frame & bolster castings developed by your foundry are currently undergoing static & dynamic testing at the AAR (Association of American Railroad) approved laboratory in Pueblo, USA prior to their clearance for use in the North American market. The tests are expected to be completed by September, 2010.

Your Directors are happy to report that your foundry was awarded "Best Foundry For The Year, 2009" by The Institute of Indian Foundrymen, which is a Affiliated Member of World Foundry Organisation.

Steel Foundry Despatches



Agro Machinery Division

The performance of the Division was sluggish during the year owing to unprecedented drought throughout the country during the Kharif season, and also non-release of subsidy by the Ministry of Agriculture, Government of India, to most of the States. It is expected to pick up substantially in the current year. The division has also initiated action to explore new markets, particularly in southern states to improve its market share in Agricultural machinery.

The division proposes to add new agricultural machines, Tractors and Reapers, to meet the needs of middle class farmers and thus expand its product range. In addition to the agro - machinery activity, the Division in collaboration with M/s. Nu Phalt U.K. has taken up assembly and marketing of the State-of-the-Art Infrared Recycling Pothole Repairing Machine for roads. The first machine has been delivered to the Delhi Municipal Corporation, and the Company expects to receive substantial orders in the current year.

Mini Hydel Power

During the financial year 2009-10, the plant achieved generation figure of 7.3 million units with net recorded evacuation of 6.7 million units. The generation suffered a huge set back due to sustained high voltage in 11 KV Grid of Chalsa Sub-Station since 17.10.09. The high voltage phenomenon still continues and evacuation has dropped to 50% compared to the figure of the previous year.

The matter has been taken up at the highest level in Distribution Lisensee (WBSEDCL) and also the State Electricity Regulatory Commission (SERC) & IREDA for corrective measures for removal of barriers.

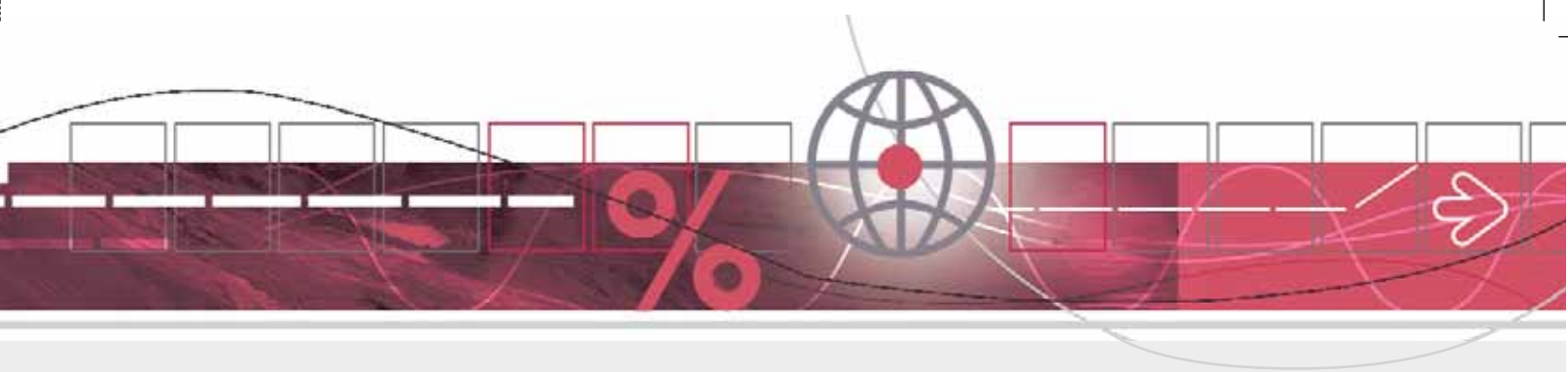
For availing the benefit of carbon subsidy, verification of VER & CER was completed up to November 2008. The certificate of VER for 4,124 units already issued by SGS (UK) and certification of CER for a quantity of 7,785 units is under process. The quantum of unverified CER as on 31.03.10 is around 7,400 units.

Exports

The exports of the Company during the year stood at around Rs. 151 crore, including deemed export. On the physical export front, the market continues to be sluggish as the developed economies are yet to come out of the impact of slowdown they have been facing for the last two years. However, development of samples of the castings for Europe & North American Market is being actively pursued and our side-frame and bolster castings for the American Market are presently undergoing static and dynamic testing in the USA. The successful test acceptance will open the window for your Company to export its castings to high quality consensus and niche markets in North America.

R & D activities

The Steel Foundry Division has undertaken various R&D activities focusing on development of processes and



manufacturing procedures of various important critical items for export/domestic market to meet international quality and application requirements.

The Division has successfully developed quite a number of castings viz. Drawguard, Drawbar, Tightlock Couplers for Coaches and Side Frames, Bolsters for High Axle Load boxes and CMS Crossings for special application etc., for export market. Some of the proto-type products, already developed, are under testing and approval in international laboratories. It should enable the Company to enter into export market for these products in a big way. It is gratifying that the Tooth Point product for the mining industry has been commercialised.

The Division continues to strive to develop items and products, which have export potential.

Real Estate

The Hon'ble Supreme Court of India disposed off all the review petitions for freehold land including that of our Company, requiring the Company to surrender on sliding scale up to 65% of its land to DDA and permitting 1.5 times of normal FAR on the remaining land, and further clarifying that in case the surrendered land is used by DDA for any commercial development, DDA shall pay the Company 50% of the amount received by it. With the judgement in hand, the Company is in a position to plan commercial development of its property at Birla Mills, Delhi.

The property acquired by the Company at Gurgaon, at a prime location, has a good prospect for long term capital appreciation and is presently yielding an annual rental income of around Rs. 9 crore.

Investment in Subsidiary Company

During the year, the Company made an investment of Rs. 5,45,00,000 in the equity capital of its wholly owned subsidiary, M/s. Texmaco Machines Pvt. Ltd. (Now known as

Texmaco Rail & Engineering Ltd). This would facilitate to make a rational and shareholder friendly restructuring scheme for the Company's Heavy Engineering and Steel Foundry Divisions.

Restructuring of the Company

Your Directors have recommended, subject to the approval of shareholders and the Hon'ble High Court, Calcutta, the proposal to restructure the Company by de-merging its operational Divisions i.e. Heavy Engineering and Steel Foundry Divisions to its wholly owned Subsidiary Company and retaining the business of Real Estate, Investment and Mini Hydel Power in the Company. Your Directors are confident that this will enable the Company to raise resources for its various expansion plans and simultaneously enhance the shareholders value by optimising the Company's operations in its respective field, and will also enable the Company to raise resources for its Real Estate Division which is a big opportunity in view of the conclusion of litigation and final award made by the Hon'ble Supreme Court. The restructuring proposal has been worked out by M/s. Ernst & Young Pvt Ltd. M/s. ICICI Securities Ltd., Advisors and M/s. Khaitan & Co., Advocates, have been appointed for the implementation of the scheme.

Multi-Million QIP

The Company successfully raised Rs. 170.56 crore by way of Qualified Institutional Placement (QIP) in July 2009. The response from leading Domestic and International Institutional Investors was overwhelming. The equity share of the Company of Re. 1 each was subscribed at 104 times of its face value at Rs. 104 per equity share. Subsequent to the QIP issue, the paid up equity share capital of the Company has gone up from Rs. 1107.83 lakhs to Rs. 1271.83 lakhs. The newly issued equity shares under the QIP stand listed at Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd and The Calcutta Stock Exchange Ltd.



Human Relations

In our people, we trust. Our journey through turbulent times would not have been possible without the support of our people, our biggest strength. We have built an aspirational organisation to go beyond boundaries. As we step into the future, we would be required to augment our capability even more comprehensively.

The quality of leadership determines the pace of progress of the corporation. This year too, we continued to build on our commitment to leadership development, which includes providing employees with opportunities for learning while earning. The Company's programme of providing an educational window to employees in collaboration with BITS Pilani is yielding excellent results. The Management continues to invest substantially in harnessing its human assets.

This year we crafted a special Performance Appraisal Framework to assess talent and identify gaps. One of our top priorities has been to build talent across the organisation, especially in the niche areas of Operations, Business Processes, IT, and Quality Assurance. Lean process remains a focus for us. We have leveraged technology significantly to optimise our manning.

Texmaco continues to maintain its unique track record of industrial harmony. As we look ahead we are confident that our strong, positive people philosophy and practices will make us a preferred destination of talent.

Employees Stock Option Scheme (ESOP)

Details of Employees Stock Option granted pursuant to Employees Stock Option Scheme 2007 (ESOS 2007), as also the disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure '1' to this Report.

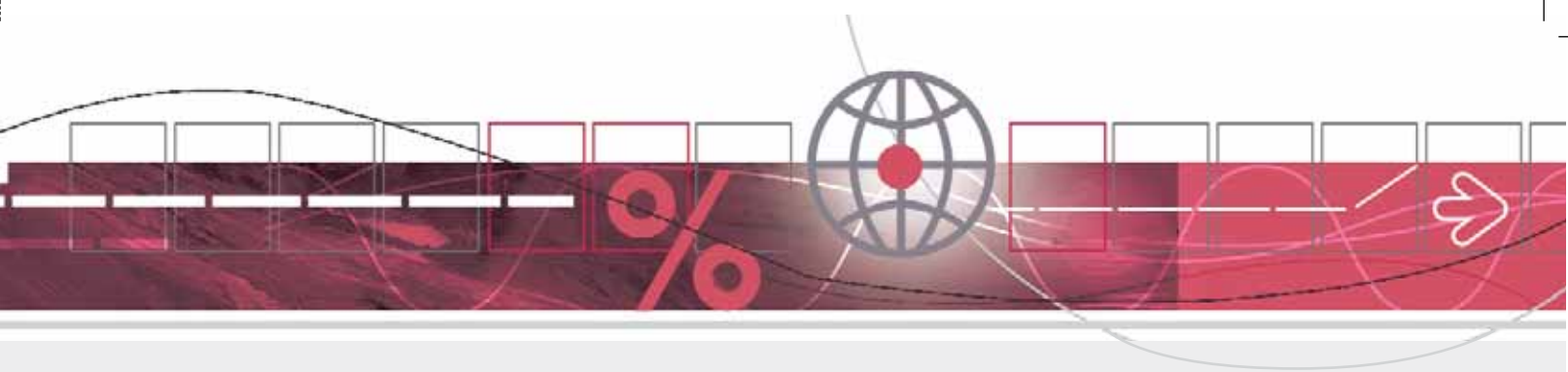
Redemption of Non-Cumulative Preference Shares

The Company during the year under review redeemed 2,74,050 (6%) redeemable non-cumulative preference shares of Rs. 100 each.

Opportunity and Threats

Looking to the growth trajectory of Indian economy and the GDP growth rate of around 8% plus, there are unprecedented opportunities in the Rail Freight Transportation sector. The Rail Freight operations are the core business area and primal revenue stream of Indian Railways. Texmaco, being the market leader in the manufacture of freight cars in the country, is poised for a sustained high rate of growth; in the planned phenomenal expansion of Rail Transport capacity. The Company is examining various options to enter into Railway Logistics Business including Container Train Operations, Multi/Inter Modal Container Terminals and Train Maintenance.

The Ministry of Railways has taken a major policy initiative in February 2005 permitting entry of private operators to run container trains and the Indian Containers Traffic is expected to grow at 16%–18% annually. There are viable options available to the Company to enter into the rail-related fields including pan-India Network of container train operations, setting up Inter Modal Terminals, and forward integration by taking up the activity of Freight Car Maintenance, an area of its core competence. Significantly, the Dedicated Freight Corridor Plan of the Indian Railways will lead to a quantum jump in transportation capacity, and the Company is gearing to be in a state of readiness to partake a share of the huge potential thereof. Indian Railways have also issued draft policies for attracting private sector participation in Railway Logistics Business and Rail Connectivity Projects, which is a precursor for other PPP Projects. For these high-end projects, the Company has already started garnering its resources through upgradation



of technology, skills and quality assurance matching with the international standards.

Besides, the Company has ambitious plans to foray into the Hydel Power Sector, where it is already a leading supplier of Hydro-Mechanical Equipment for the Mega Hydro Power Projects. Logistically, the Company is ideally placed to look at the various schemes in the North East Sector, which has the highest potential for Hydro Power in the entire country.

In the face of the aforesaid opportunities, the one threat appears to be any procrastination in going forward and building up the requisite technical, financial and managerial resources to be the front runner in this high momentum phase of rail development. There would also be the challenge of new entrants attracted by the growth story of the Railways, and the Company has to be alive to beat the emerging competition by efficient and cost effective resource planning and management.

Corporate Social Responsibility

CSR is not merely a statement of intent for us at Texmaco. It is an **Article of Faith**, a belief that the world will be a better place to live with strong human bonding. As a part of our corporate philosophy, Education, Health, Environment and Safety continue to be areas of priority for Texmaco.

The Management continues to invest substantially in Community Welfare Programmes, directly and through philanthropic organisations. The Company supports Texmaco Neighbourhood Welfare Society which has been extending financial assistance on a wide scale to the needy, deserving individuals and families. Your Company is an active participant in the Affirmative Action Policy to promote **Inclusive Growth** by giving special preference in the recruitment procedure to SC-ST-OBC and physically challenged candidates.

The Company believes that CSR starts with good governance in the interest of all the stake holders, ensuring that the Company

adds wealth, follows the laws of the land and the norms of society, develops the potential of all its employees, remains sensitive to the environmental and ecological effects of its actions, and bears responsibility for improving community life.

Consolidated Financial Statements

In accordance with Accounting Standard 21 (Consolidated Financial Statements), the Group Accounts form part of this Report & Accounts. The Group Accounts also incorporate Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interest in Joint Ventures) issued by The Institute of Chartered Accountants of India. The Group Accounts have been prepared on the basis of audited financial statements received from the subsidiaries, as approved by their respective Boards.

Corporate Governance


A separate report on Corporate Governance pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is attached as a separate Annexure and forms a part of this Report.

Directors' Responsibility Statement

U/S 217(2aa) of the Company's Act, 1956

Your Directors state:

- (i) That in the preparation of the annual accounts, applicable accounting standards were followed, along with proper explanations relating to material departures, and the Notes in the Auditors' Report in this regard are self-explanatory;
- (ii) That such accounting policies were selected and applied consistently and judgements and estimates made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for that period;



(iii) That proper and sufficient care was taken to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;

(iv) That the annual accounts were prepared on a 'going concern' basis.

The SEBI's guidelines regarding Corporate Governance have been implemented by the Company. An Audit Committee of the Board and Shareholders' / Investors' Grievance and Share Transfer Committee have been constituted and are functioning in keeping with the given guidelines.

Particulars of Employees

The number of employees as on 31st March, 10 was 1720. A statement containing the required particulars of employees as stipulated under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975, is enclosed - Annexure '2'.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosures of Particulars in

the Report of the Board of Directors) Rules, 1988, information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed - Annexure '3'.

Directors

Your Director, Shri H.C. Gandhi retires from the Board after a distinguished service for last 14 years. The Directors place on record their deep appreciation of the valuable advice and guidance received from him during his tenure as Director of the Company.

Shri S. Dhasarathy and Shri Akshay Poddar, Directors of the Company, retire by rotation and are eligible for re-election.

Auditors

The Auditors, M/s. K.N. Gutgutia & Co, retire and are eligible for re-appointment.

For and on behalf of the Board

Kolkata

Dated: 29th May, 2010

S. K. Poddar
Chairman

Enclosure to the Report of the Directors

Annexure – 1 Employees Stock Option Scheme (ESOS)

Disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

Sl. No	Nature of disclosure	Particulars																		
a)	Option Granted	3,75,000																		
b)	The Pricing Formula	The exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediate preceding the date of grant and discounted it by 30%. Exercise Price – Rs. 55.10 per option.																		
c)	Option Vested	Nil																		
d)	Option exercised	Nil																		
e)	The total number of share arising as a result of exercise of options	Not applicable																		
f)	Option lapsed	10,000																		
g)	Variation of terms of options	Nil																		
h)	Money realised by exercise of options	Not applicable																		
i)	Total number of option in force	3,65,000																		
j)	Employees- wise details of option in force																			
	i) Senior Management Personnel	<table><tr><th>Name</th><th>No. of Shares</th></tr><tr><td>Shri R.Maheshwari</td><td>60,000</td></tr><tr><td>Shri D.H.Kela</td><td>30,000</td></tr><tr><td>Shri A.K.Nanda</td><td>30,000</td></tr><tr><td>Shri A.K.Sinha</td><td>20,000</td></tr><tr><td>Shri K.B.Rao</td><td>20,000</td></tr><tr><td>Shri Hemant Kumar</td><td>20,000</td></tr><tr><td>Shri A.K.Vijay</td><td>20,000</td></tr><tr><td>Shri S.R.Sinha</td><td>15,000</td></tr></table>	Name	No. of Shares	Shri R.Maheshwari	60,000	Shri D.H.Kela	30,000	Shri A.K.Nanda	30,000	Shri A.K.Sinha	20,000	Shri K.B.Rao	20,000	Shri Hemant Kumar	20,000	Shri A.K.Vijay	20,000	Shri S.R.Sinha	15,000
Name	No. of Shares																			
Shri R.Maheshwari	60,000																			
Shri D.H.Kela	30,000																			
Shri A.K.Nanda	30,000																			
Shri A.K.Sinha	20,000																			
Shri K.B.Rao	20,000																			
Shri Hemant Kumar	20,000																			
Shri A.K.Vijay	20,000																			
Shri S.R.Sinha	15,000																			
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None																		
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	None																		



Sl. No	Nature of disclosure	Particulars																								
k)	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 ‘Earning Per Share’	Not applicable, since no option has been exercised till date.																								
l)	Difference between the employees compensation cost computed using the intrinsic value of the stock options and the employees compensation cost that would have been recognised if the fair value of the options had been used.	Rs. 84.13 Lakhs																								
	The impact of the difference on the profits and on the EPS of the Company	<table><tr><th>Particulars</th><th>Rs. in Lakhs</th></tr><tr><td>Net Profit</td><td>9,287.29</td></tr><tr><td>Add : Intrinsic Value</td><td></td></tr><tr><td>Compensation Cost</td><td>43.96</td></tr><tr><td>Less : Fair Value</td><td>128.09</td></tr><tr><td>Compensation Cost (as per Black – Scholes Model)</td><td></td></tr><tr><td>Adjusted Net Profit</td><td>9,203.16</td></tr><tr><td>Earning Per Share (Rs.)</td><td></td></tr><tr><td>Basic (Reported)</td><td>7.63</td></tr><tr><td>Basic (Adjusted)</td><td>7.56</td></tr><tr><td>Diluted (Reported)</td><td>7.61</td></tr><tr><td>Diluted (Adjusted)</td><td>7.54</td></tr></table>	Particulars	Rs. in Lakhs	Net Profit	9,287.29	Add : Intrinsic Value		Compensation Cost	43.96	Less : Fair Value	128.09	Compensation Cost (as per Black – Scholes Model)		Adjusted Net Profit	9,203.16	Earning Per Share (Rs.)		Basic (Reported)	7.63	Basic (Adjusted)	7.56	Diluted (Reported)	7.61	Diluted (Adjusted)	7.54
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Earning Per Share (Rs.)																										
Basic (Reported)	7.63																									
Basic (Adjusted)	7.56																									
Diluted (Reported)	7.61																									
Diluted (Adjusted)	7.54																									
m)	Weighted average exercise prices and weighted average fair values of options granted for option whose exercise price either equal or exceeds or is less than the market price of the stock	Weighted average exercise price per option – Rs. 142.45 Weighted average fair value per option – Rs. 103.62																								
n)	A description of the method and significant assumption used during the year to estimate the fair value of options, including the following weighted – average information:																									
i)	Risk free interest rate (%)	7.51																								
ii)	Expected life (No. of Years)	4 years and 8 Months																								
iii)	Expected volatility (%)	10.67																								
iv)	Dividend yield (%)	13.33																								
v)	the price of the underlying share in market at the time of option granted	Rs. 71.75																								

Annexure 2

For the Financial Year ended 31st March, 2010

Particulars of Employees under Section 217 (2A) of the Companies Act,1956 and forming part of the Directors' Report

Name	Designation	Age (Years)	Remuneration (Rs.)	Qualifications	Experience (Years)	Date of commencement of employment	Previous employment
Employed throughout the year and in receipt of remuneration aggregating Rs. 2,400,000/- or more							
Poddar Saroj Kumar	Executive Chairman	64	11,435,562	B. Com. (Hons.)	41	01-01-06	M/s.Poddar Heritage Investments Ltd.
Maheshwari Ramesh	Executive Vice Chairman	77	8,282,656	M.Com.,LL.B.	54	01-02-62	M/s F & C Osler (India) Limited & Sister Concerns
Kela Damodar Hazarimal	ED, President & CEO	69	3,576,780	B.E (Metallurgy)	46	14-11-2k	M/s Hindusthan Engineering & Industries Ltd.

Notes :

1. Remuneration as shown above includes Salary, House Rent, LTA, Medical Benefits, Bonus, Contribution to Provident Fund and Superannuation Fund, etc. as per Company's rules.
2. Shri Saroj Kumar Poddar is related to Shri Akshay Poddar. The other employee named above is not a relative of any Director of the Company.
3. Employees named above are whole-time / contractual employees of the Company.
4. Other terms and conditions are as per Company's rules.

Annexure 3

Information as per Section 217(1)(e) of the Companies Act, 1956 read with companies (disclosure of particulars in the Report of Board of Directors) Rules, 1988 as part of the Directors' Report for the year ended 31st March, 2010.

I. Conservation of Energy

a) Energy conservation measures taken:

Engineering Works

- i) Installation & commissioning of Power Factor Improvement System continued during the year.
- ii) Load management for reducing Max. demand continued during the year.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:

Modification of Equipments & their drives is being done regularly to reduce energy consumption.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

i) Impact of measures under (a)

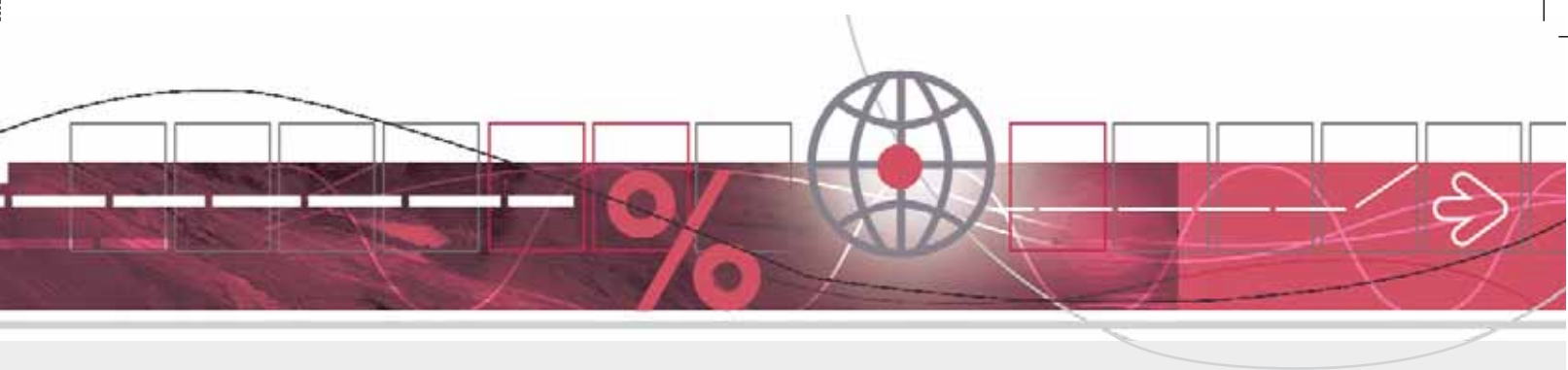
By proper staggering the production activities and constant monitoring the electrical load, maximum demand has been kept under control.

ii) Impact of measures under (b)

This is an ongoing exercise benefit of which is available in long term.

d) Total energy consumption and energy consumption per unit production as per Form A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto: (Steel Foundry)

		2009-2010	2008-2009
i) Power & Fuel Consumption :			
Electricity Purchased			
Units (in thousands) (KWH)		40014	38800
Total Amount (Rs. in lakhs)		1973	1676
Rate / Unit (Rs.)		4.93	4.32
Fuel Purchased			
Quantity (In Ltrs.)		2281927	2663728
Total Amount (Rs. in lakhs)		600	727
Rate / Unit (Rs.)		26	27
ii) Consumption per M/T of Steel Casting Production :			
Electricity	Units	1509	1371
Furnace Oil	Ltrs	118	116



II. Technology Absorption

	2009-2010	2008-2009
Benefits :		
Expenditure on R & D (Rs. in lakhs)		
i) Capital	0.00	21.00
ii) Recurring	56.01	32.50
iii) Total	56.01	53.50
iv) Total R & D Expenditure as percentage of total turnover	–	–

IIA. Technology Absorption, Adaptation and Innovation

The in-house R&D Centre of the Company has been recognised by Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India. A number of projects on development of new products and improvement on the existing products have been successfully carried out during the year.

III. Foreign Exchange Earnings and Outgo

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services :

Continued drive is being made to increase exports and to develop new export markets.

- b) Total foreign exchange used and earned :

Used : Rs. 13,128.02 Lakhs

Earned : Rs. 161.60 Lakhs

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

1. Company's philosophy on code of governance

The core values of the Company's Corporate Governance are transparency, professionalism, accountability, customer focus, teamwork, quality, fairness and social responsibility. Your Company is committed to fulfill these objectives and enhance the wealth generating capacity, keeping in mind long-term interest of the shareholders, employees and the society. The Company believes in adopting and adhering to the best

Corporate Governance practices and continuously benchmarking itself against the best practice in the industry.

2. Board of Directors

The Company's Board consisting of 10 Directors, represents the optimum mix of professionalism, knowledge, and experience. The category of Directorship, number of meetings attended, attendance at the last AGM, directorships in other companies, number of committees in which the Director is a member, are mentioned below :-

Name of Directors	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships in other Companies	# No. of Chairmanship/ Board/committees in other companies	
					Chairman	Member
Shri S.K. Poddar	Executive Chairman	5	Yes	9	8	1
Shri Ramesh Maheshwari *	Executive Vice Chairman	1	Yes	3	--	--
Shri B.P. Bajoria	Independent	4	No	4	1	1
Shri H.C. Gandhi	Independent	4	No	2	--	--
Shri A.C. Chakrabortti	Independent	5	Yes	11	3	3
Dr. H. Sadhak	Nominee of LIC	5	No	1	--	--
Shri Manish Gupta	Independent	5	Yes	3	1	--
Shri S. Dhasarathy	Independent	4	No	--	--	--
Shri Akshay Poddar	Non- Executive	5	Yes	9	1	4
Shri D. H. Kela	Whole Time	5	Yes	1	--	--

* Appointed on 13th January 2010.

excluding private companies, companies under Section 25 of the Companies Act 1956 and foreign companies.

The Chairman does not have a separate office in the Company, and the corporate office of the Company supports the Chairman for discharging his responsibilities. None of the Directors of the Company is a member of more than 10 Committees or Chairman of more than five committees across all the Companies in which he is a Director.

Five Board meetings were held during the year 2009-10 on the following dates:-

19th May 2009	22nd June 2009	23rd July 2009
26th October 2009	13th January 2010	

3. Audit Committee / Sub-committee

(a) Audit Committee

Terms of reference and composition

The terms of reference of the Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act 1956.

The Audit Committee comprises of the following Four Directors, and their attendance in the committee meeting is given alongside.

Name of Directors	No. of meetings attended
Shri A. C. Chakrabortti, Chairman	4
Shri B. P. Bajoria, Member	3
Shri Manish Gupta, Member	4
Shri Akshay Poddar, Member	4

Four Meetings were held during the year : 19th May 2009,

23rd July 2009, 26th October 2009 and 13th January 2010.

(b) Sub-Committee

The Sub-Committee comprises of the following five Directors and their attendance in the committee meeting is given alongside.

Name of Directors	No. of meetings attended
Shri S. K. Poddar, Member	6
Shri B. P. Bajoria, Member	6
Shri A. C. Chakrabortti, Member	5
Shri Manish Gupta, Member	7
Shri Akshay Poddar, Member	4

Committee met seven times during the year on 23rd July 2009, 24th July 2009, 27th July 2009, 31st July 2009, 26th October 2009, 13th January 2010 and 23rd February 2010.

4. Remuneration of Directors

The Company has not set up a Remuneration Committee. The Remuneration of Executive Directors is fixed by the Board of Directors / Sub-Committee of Directors. Non-Executive Director are eligible for sitting fee and a commission not exceeding 1% of the net profit of the Company for each year, with a ceiling of Rs. 1 lakh per annum, whichever is lower. Directors are paid a sitting fee of Rs. 20,000 each for attending Board Meeting and Rs. 10,000 each for attending Committee/ Sub-committee Meeting w.e.f. 26th October 2009 (raised from Rs. 10,000 and Rs. 5,000 respectively). The details of the payment made during the year 2009-10 are as follows.

i) Non- Executive Directors

Name of the Directors	Sitting fee for the year (Rs.)	Commission for the year (Rs.)	Total (Rs.)
Shri B.P. Bajoria	90,000	1,00,000	1,90,000
Shri H.C. Gandhi	50,000	1,00,000	1,50,000
Shri A.C. Chakrabortti	1,20,000	1,00,000	2,20,000
Shri Manish Gupta	1,40,000	1,00,000	2,40,000
Shri S. Dhasarathy	50,000	1,00,000	1,50,000
Dr. H. Sadhak (L.I.C)*	60,000	1,00,000	1,60,000
Shri Akshay Poddar	1,05,000	1,00,000	2,05,000

* Fees for the meeting attended by Dr. H. Sadhak, Nominee Director of LIC is being paid to L.I.C

The details of the remuneration paid to the Executive Directors during the year 2009-10 are given below:

ii) Executive Directors

Name of the Directors	Designation	Salary (Rs.)	Perquisites# (Rs.)	Sitting Fees (Rs.)	Retirement Benefits
Shri S. K. Poddar	Executive Chairman	90,00,000	24,35,562	–	As per Company's rule
Shri Ramesh Maheshwari w.e.f 13th January, 2010	Executive Vice Chairman	59,40,000	23,42,656	–	- DO -
Shri D. H. Kela	Whole Time Director President and CEO	23,40,600	12,36,180	–	- DO -

Perquisites include house rent allowance, LTA, medical benefits, contribution to provident fund and superannuation fund and bonus.

5. Investors' / Shareholders' Grievance Committee

The Committee consists of three Directors viz. Shri Akshay Poddar, Shri Manish Gupta and Shri D. H. Kela, and the grievances received are dealt with at meetings.

Shri A. K. Vijay, Secretary, is the Compliance Officer of the Company. During the year, 39 complaints were received from the shareholders, all of which have been resolved.

In order to provide quick service to Investors, the Board has delegated certain powers to few Executives to deal with various matters including transfer of shares and transmission of securities among others. The Company has no transfers pending at the close of the financial year. A meeting of the Investors'/Shareholders' Grievance Committee was held on 13th January 2010.

6. Internal Control System

The Internal Control System of the Company is aimed at proper utilisation and safeguarding of the Company's resources and to promote operational efficiency. The findings of the internal audit and consequent corrective actions initiated and implemented from time to time are placed before the Audit Committee. The Audit Committee reviews such audit findings and the adequacy

of the Internal Control System.

7. General Body Meetings

Details of date and time of the Annual General Meetings and Extraordinary General Meeting held in last three years are given below. All the AGMs and EGMs were held at Birla Building, 9/1, R. N. Mukherjee Road, Kolkata – 700 001.

Annual General Meetings for financial year	Date and time of the AGMs	Date and time of the EGM
2008-09	23rd July, 2009 at 2.30 P.M	–
2007-08	11th August, 2008 at 2.30 P.M	7th January, 2008 at 4.45 P.M
2006-07	18th July, 2007 at 2.30 P.M	–

Whether special resolutions	
A. Were put through Postal Ballot last year	No
B. Are proposed to be conducted through Postal Ballot	No

8. Disclosure

There are no materially significant related-party transactions made by the Company with its Promoters, Directors or Management, Subsidiaries, Associates etc. that may have potential conflict with the interests of the Company at large. Transactions carried out with the related parties are disclosed in note no. 11 of Schedule 'Q' of annual report.

During the last three years, there were no strictures or penalties imposed either by SEBI or the stock exchanges or any statutory authorities for non-compliance of any matter related to capital market.

9. Secretarial Audit

A qualified practicing Chartered Accountant carried out Quarterly Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued

and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and total number of shares in dematerialised form held with NSDL and CDSL.

10. Means of communication

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as taken on record and approved respectively by the Board of Directors of the Company are published in local english and vernacular newspapers. It is also sent immediately to all the stock exchanges with which the shares of the Company are listed. These results are also posted on Company's website www.texmaco.in. The official news release and other related information, if any, are displayed on the aforesaid website of the Company. These are not sent individually to the shareholders. Management discussion and analysis report forms part of the annual report.

11. General Shareholder Information

AGM : Date, time and venue

On Thursday, the 12th August, 2010 at 2.30 P.M. Birla Building, 9/1, R.N. Mukherjee Road, Kolkata – 700 001

Financial calendar

1st April to 31st March

First Quarter Result: Last week of July.

Second Quarter Results: Last week of October.

Third Quarter Results: Last week of January.

Results for the year ending 31st March 2011.

By Last week of May 2011.

Date of book closure

From 6th August, 2010 to 12th August, 2010 both days inclusive.

Listing on stock exchanges

1. National Stock Exchange of India Limited, Mumbai.
2. Bombay Stock Exchange Ltd., Mumbai.
3. Calcutta Stock Exchange Ltd., Kolkata.

The Company has paid listing fees for the period 1st April, 2010 to 31st March 2011.

Dividend payment date

End of September 2010.

Stock Code – Physical

National Stock Exchange	TEXMACOLTD
Bombay Stock Exchange	505400
Calcutta Stock Exchange	30044
Demat ISIN No. for CDSL/NSDL	INE 435C01024

High / Low of market prices of the Company's equity shares of Re.1/- each traded on National Stock Exchange of India Limited

and Bombay Stock Exchange Limited during the period April 2009 to March 2010 are furnished here after :

Period	National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	69.25	42.20	69.45	44.10
May, 2009	105.00	59.05	103.00	58.50
June, 2009	124.75	91.25	124.95	92.35
July, 2009	124.25	77.30	124.35	80.15
August, 2009	123.90	101.30	123.80	102.00
September, 2009	139.90	109.55	139.20	112.20
October, 2009	140.80	122.85	141.90	123.00
November, 2009	139.40	120.00	139.50	120.00
December, 2009	170.70	127.00	170.50	127.05
January, 2010	170.20	138.00	169.00	138.10
February, 2010	168.70	134.55	168.45	134.50
March, 2010	149.20	120.00	149.55	135.90

Note: There was no trading during the year in the Calcutta Stock Exchange Ltd., Kolkata.

Registrar and Transfer Agent (RTA)

M/s Karvy Computershare Private Limited.

Karvy House 21, Avenue 4, Street no.1 Banjara Hills,

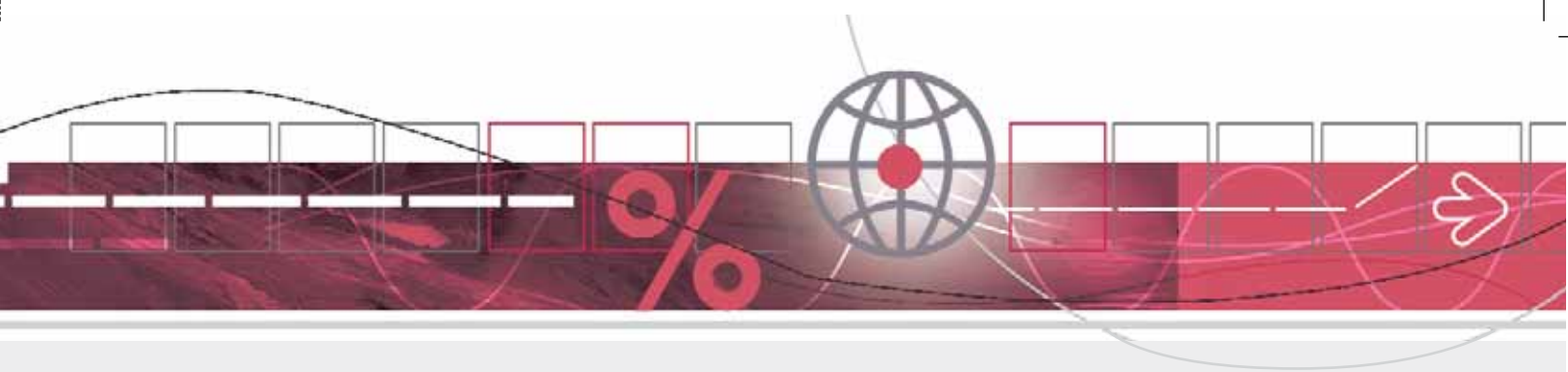
Hyderabad - 500034 • Ph: 040-23312454, 23320751-53.

Fax No.040-23311968, 23323049

E Mail: jayaramannv@karvy.com

Share transfer system

Request for transfer of shares held in physical form may be lodged with Karvy Computershare Private Limited at Hyderabad or may also be sent to Company Secretary at the registered office of the Company at Kolkata. Share transfers are registered and



returned within 30 days from the date of lodgment, provided documents are complete in all respects.

Distribution of shareholding and shareholding pattern as on 31st March 2010

No. of equity shares held	Folios	%	Shares (Rs.)	%
Upto 5000	19,169	97.68	52,54,840	4.13
5,001 to 10,000	168	0.86	12,60,218	0.99
10,001 to 20,000	82	0.42	12,12,050	0.95
20,001 to 30,000	34	0.17	8,27,841	0.66
30,001 to 40,000	21	0.11	7,68,354	0.60
40,001 to 50,000	18	0.09	8,32,147	0.65
50,001 to 1,00,000	44	0.22	32,02,162	2.52
1,00,001 and above	89	0.45	11,38,25,478	89.50
Grand total	19,625	100.00	12,71,83,090	100.00

Shareholding pattern as on 31st March 2010

Category	No. of Shares	%
Promoters	6,04,87,010	47.56
Banks, Insurance Cos., and Fis	54,37,230	4.28
Mutual Funds and U.T.I.	3,36,31,516	26.44
Corporate Bodies	1,13,64,137	8.94
NRI / OCB/FIIs	56,60,390	4.45
Indian Public	98,60,406	7.75
Others	7,42,401	0.58
Total	12,71,83,090	100.00

Dematerialisation of Shares as on 31st March 2010 and Liquidity.

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India- National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). About 12,40,39,128 ordinary shares of the Company representing 97.53% of the Company's share capital are dematerialised as on 31st March 2010.

Insider trading

The Company has voluntarily adopted the Code of Internal Procedures and Conduct framed under the SEBI (prohibition of insider trading) Regulations, 1992, as amended to inter-alia, prevent insider trading in the shares of the Company.

Code of conduct and ethics

The Company has adopted a code of conduct and ethics (Code) for the members of the Board of Directors and Senior Management Personnel of the Company. The essence of the code is to conduct the business of the Company in an honest, fair and ethical manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors and Senior Management personnel have affirmed compliance with the code, and a declaration to this effect, signed by the Whole Time Director, is attached to this report.

Location of the plants

The Company's plants are located at Belgharia, Agarpara, Panihati, Sodepur in District. 24-Parganas (North), West Bengal and Neora District: Darjeeling, W.B.

Address for correspondence

Shareholders may contact Shri A.K. Vijay, Sr. Vice President (Commercial) and Secretary at the registered office of the Company for any assistance.

Telephone No : (033) 2569-1500

E-mail : ak.vijay@texmaco.in

Shareholders holding shares in electronic mode should address all their correspondence to their respective depository participants.

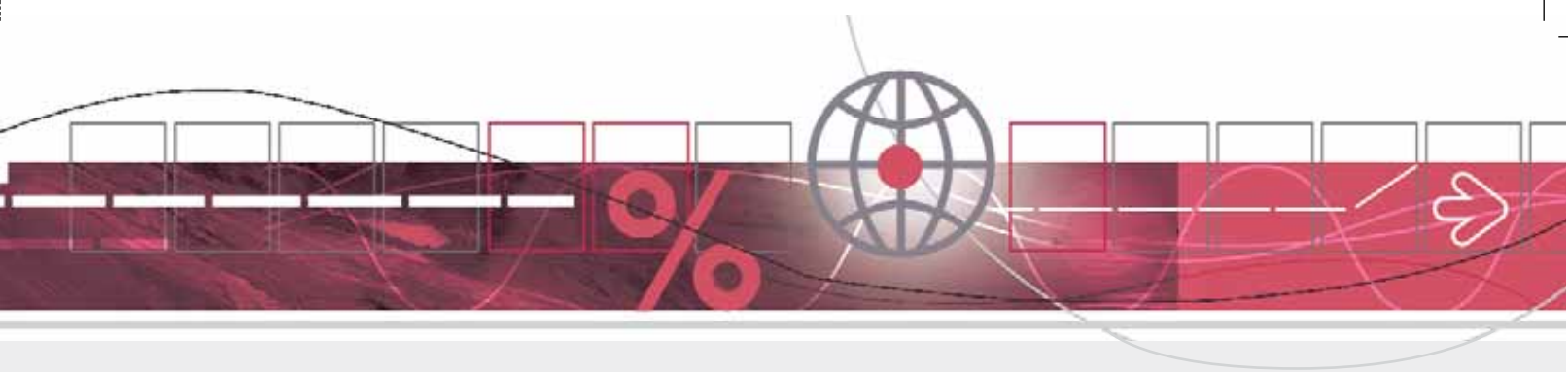
Investor Education and Protection Fund (IEPF)

Pursuant to the provision of Section 205 A (5) of the Companies Act 1956, dividend for the financial year ended 31st March 2003 and thereafter, which remain unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205 C of the Companies Act 1956. The Company has already transferred the unclaimed dividend for the year ended 31st March 2002 to the IEPF.

Information in respect of such unclaimed dividend, when due for transfer to the said fund, is given below:

Financial year ended	Date of declaration of Dividend	Last date for claiming un-paid Dividend	Due date for transfer to IEPFund
31st March 2003	28th July 2003	3rd September 2010	3rd October 2010
31st March 2004	4th August 2004	10th September 2011	10th October 2011
31st March 2005	26th July 2005	2nd September 2012	2nd October 2012
31st March 2006	28th July 2006	4th September 2013	4th October 2013
31st March 2007	18th July 2007	23rd August 2014	23rd September 2014
31st March 2008	11th August 2008	16th September 2015	16th October 2015
31st March 2009	23rd July 2009	28th August 2016	28th September 2016

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agent, M/s Karvy Computershare Private Limited, immediately.



Shareholders are requested to note that no claims shall lie against the Company for the said fund in respect of any amounts which is unclaimed and unpaid for a period of seven years from the dates that they first became due for payment, and no payment shall be made in respect of any such claims.

12. CEO and CFO certification

The CEO and the CFO of the Company have given a certificate on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

13. Retirement of Directors by rotation and re-appointment

Shri S. Dhasarathy and Shri Akshay Poddar are due for retirement by rotation and are eligible for re-appointment in the next Annual General Meeting. Brief particulars regarding above-mentioned Directors are given here below:

MR. S. Dhasarathy

Mr. S. Dhasarathy, 67 years, retired in August, 2003 as Member Mechanical, Ministry of Railways, Govt. of India, an ex-office Secretary, Govt. of India, is a qualified Engineer, holding the degree of B.E (Hons.) and M.I.E and also holds Master Degree in Defence Studies, having vast experience in the field of rail and rail related Industry.

Names of the other Companies in which Shri S. Dhasarathy is a Director

NIL

Mr. Akshay Poddar

Mr. Akshay Poddar, 34 years, a graduate in Accounting and Finance from London School of Economics, London, is one of the Promoter Directors of Poddar Heritage Enterprises. The group has promoted various projects including several joint ventures with leading international corporations, which include Gillette India Limited (formerly Indian Shaving Products Ltd. – a joint venture with the Gillette Company of U.S.A) for

manufacturing razor blades and shaving related products, Hettich India Pvt. Ltd. – a joint venture with Hettich of Germany for manufacturing furniture hardware.

Besides Gillette, Mr. Poddar is also on the Board of Paradeep Phosphates Limited, Gobind Sugar Mills Limited, Style Spa Furniture Ltd., Lionel Edwards Limited, Poddar Heritage Investments Limited, Poddar Heritage Corp Limited, Syndak Teatech Limited, New Eros Tradecom Ltd. He is also the Trustee of B. P. Poddar Charitable Trust.

Apart from the above, Mr. Poddar is the immediate Past President of the Kolkata Chapter of Entrepreneurs Organisation, and also a Committee Member of Indian Chamber of Commerce.

Names of the other companies in which Shri Akshay Poddar is a Director

Sl. no.	Names of the Company
1.	Gillette India Limited
2.	Paradeep Phosphates Limited
3.	Gobind Sugar Mills Limited
4.	Poddar Heritage Corp. Limited
5.	Style Spa Furniture Limited
6.	Poddar Heritage Investment Limited
7.	Syndak Teatech Limited
8.	Lionel Edwards Limited
9.	New Eros Tradecom Limited
10.	Poddar Heritage Finance Pvt Ltd
11.	Abhishekh Holdings Pvt Ltd
12.	Academiam Sales Pvt Ltd
13.	Fulford Vinimay Pvt Ltd
14.	Indrakshi Trading Co Pvt Ltd
15.	Greenland Trading Pvt Ltd



Certificate

To the members of Texmaco Limited

We have examined the compliance of the conditions of Corporate Governance by Texmaco Limited for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of the 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 the opinion on the financial statements of the Company.

In our opinion and to best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year 31st March 2010, no investor grievances are pending against the Company as on date, as per the records maintained by the Company and presented to the Investors' / Shareholders' Grievance Committee.

We further state that such compliance is neither 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 **K. N. Gutgutia & Co.**

P. K. Gutgutia

Chartered Accountants

Partner

Membership No.6994

Kolkata,

Dated : 29th May 2010

Declaration by the Whole -Time Director

To The Members

Texmaco Limited

Belgharia, Kolkata-700056

In compliance with the requirements of Clause-49 of the Listing Agreement with Stock Exchanges relating to Corporate Governance, I confirm that, on the basis of confirmations / declarations received, all the Directors and Senior Management Personnel of the Company have complied with the Code of Conduct and Ethics as adopted by the Board of Directors of the Company at its meeting held on 29th May, 2010.

For **Texmaco Limited**

D. H. Kela

Whole - Time Director

Kolkata,

Dated : 29th May 2010



Auditors' Report

To
The Members of
Texmaco Limited

We have audited the attached Balance Sheet of TEXMACO LIMITED as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Cash flow Statement for the year ended on that date both 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.

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 amount 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.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments as stated 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 accounts as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches/site offices not visited by us.

- (iii) The Balance Sheet and Profit and Loss Account 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 Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (v) On the basis of the written representation received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts together with the Accounting Policies and Notes thereon and Schedules annexed thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
 - (c) in the case of the Cash flow Statement, of the Cash flows for the year ended on that date.

For **K. N. Gutgutia & Co.**
Chartered Accountants
Firm Registration No. 304153E

6C, Middleton Street,
Kolkata - 700 071
Dated: 29th May, 2010

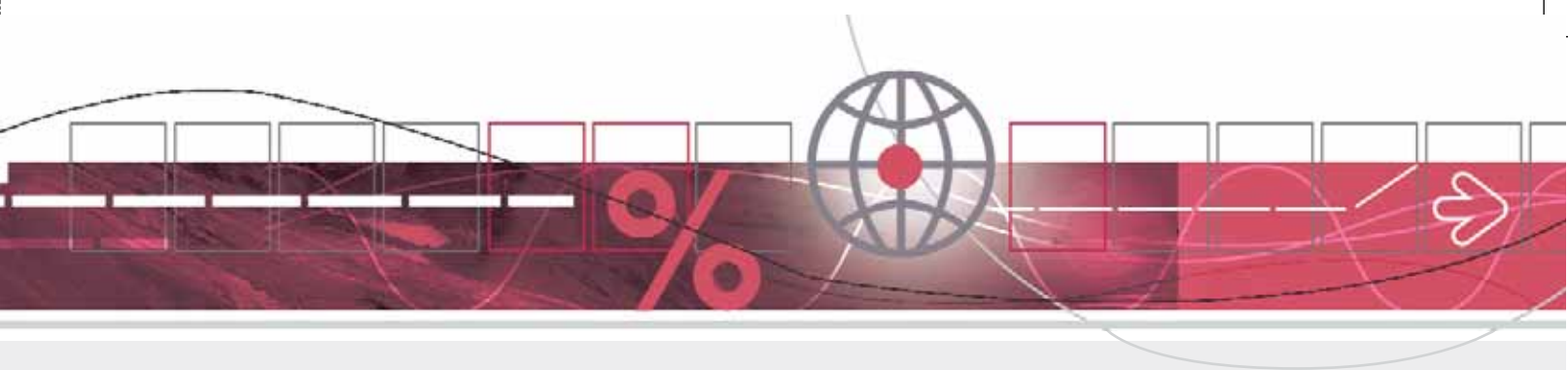
P. K. Gutgutia
Partner
Membership No. 6994



Annexure to the Auditors' Report

(Referred to in Paragraph (1) of our Report of even date)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the Company has a system of verifying all its major fixed assets over a period of three years. The fixed assets so scheduled for verification during this year have been physically verified. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) During the year the Company has not disposed off any substantial / major part of fixed assets.
- ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stock, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt within the books of account.
- iii) (a) The Company has neither granted nor taken any loan secured/ unsecured from Companies covered in the register maintained under section 301 of the Companies' Act, 1956 (1 of 1956).
- (b) As stated above sub-clause (b) to (g) of Clause (iii) of the Companies (Auditor's Report) order 2003 are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business 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 weakness in internal controls system.
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that, sub clause (a) & (b) of Clause (v) of the Companies (Auditor's Report) Order, 2003, is not applicable since no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into by the Company during the year.
- vi) In the case of Fixed Deposits received from its employees/ex-employees by the Company, the directives issued by the Reserve Bank of India and the provisions of section 58A & 58AA of the Companies Act, and the Companies (acceptance of deposit) rules 1975 have been complied with. No order has been passed by the Company Law Board.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies' Act, 1956 for any of the products of the Company except for generation of hydro-electric power in respect of its unit Neora Hydro. We have broadly reviewed the books of account and records maintained by the company pursuant to the rules prescribed by the central government for the maintenance of cost records and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- ix) (a) According to the information and explanations given to us and records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investors education and protection fund, employees state insurance, income tax, sales tax, wealth tax,



service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2010 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the dues of Sales Tax, Income Tax, Customs, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of disputes and the forum where the dispute are pending, are as under:

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending.
The Central Excise Act 1944 & Service Tax under the Finance Act 1994	Various issues of Central Excise and Service Tax	Central Excise (Rs. 2,053.90) Service Tax (Rs. 0.58)	1986-2009 2004-2010	1. Jurisdictional Commissioner of Central Excise 2. CESTAT 3. Commissioner (Appeal) 4. Jurisdictional Commissioner of Service Tax

- x) There are no accumulated losses of the Company as on 31st March 2010. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and the information given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures, and other securities.
- xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit Fund company or nidhi / mutual benefit fund / society.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from a bank or financial institutions.
- xvi) According to the information and explanations given to us, the term loans were applied for the purposes for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- xix) During the year covered by our audit report, the Company has not issued secured debentures.
- xx) The Company has not raised any money by public issues during the year covered by our report.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **K. N. Gutgutia & Co.**
Chartered Accountants
Firm Registration No. 304153E

6C, Middleton Street,
Kolkata - 700 071
Dated: 29th May, 2010

P. K. Gutgutia
Partner
Membership No. 6994

Balance Sheet As at 31st March 2010

	Schedule	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Capital	"A"	1,271.83	1,381.88
(b) Employees Stock Option Outstanding	"A1"	43.96	–
(c) Reserves and Surplus	"B"	54,284.60	29,765.37
2. Loan Funds			
(a) Secured Loans	"C"	11,519.01	6,699.49
(b) Unsecured Loans	"D"	739.41	734.16
3. Deferred Tax Liabilities (Net)		289.54	225.74
(Refer Note No.15 of Schedule 'Q')			
Total		68,148.35	38,806.64
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	"E"	34,365.33	33,108.78
(b) Less: Depreciation		11,372.87	10,290.63
(c) Net Block		22,992.46	22,818.15
(d) Capital Work-in-Progress		157.65	30.63
		23,150.11	22,848.78
2. Investments	"F"	25,602.25	5,878.79
3. Current Assets, Loans and Advances			
(a) Inventories	"G"	17,586.44	22,854.63
(b) Sundry Debtors	"H"	27,101.60	18,014.67
(c) Cash and Bank Balances	"I"	701.20	2,469.53
(d) Other Current Assets	"J"	242.74	142.73
(e) Loans and Advances	"K"	8,719.55	7,634.68
Total		54,351.53	51,116.24
Less : Current Liabilities and Provisions			
(a) Liabilities	"L"	32,873.85	39,505.75
(b) Provisions	"M"	2,081.69	1,576.39
Total		34,955.54	41,082.14
Net Current Assets		19,395.99	10,034.10
4. Miscellaneous Expenditure (to the extent not written-off or adjusted)		–	44.97
Total		68,148.35	38,806.64
NOTES	"Q"		

Schedules referred to above form an integral part of the Balance Sheet
In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

A. K. Vijay

Secretary

S. K. Poddar
Ramesh Maheshwari
B. P. Bajoria
H. C. Gandhi
A. C. Chakrabortti
H. Sadhak
Manish Gupta
S. Dhasarathy
Akshay Poddar
D. H. Kela

Directors

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

Schedule	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
INCOME		
Gross Sales	112,549.43	109,125.45
Less : Inter Segment Revenue	14,914.81	20,061.00
Less : Excise Duty	4,565.32	8,395.07
Net Sales / Income from Operations	93,069.30	80,669.38
Other Sources "N"	1,452.96	796.95
Total	94,522.26	81,466.33
EXPENDITURE AND CHARGES		
Operating Costs "O"	93,490.53	88,167.40
Less : Inter Segment Transfer	14,914.81	20,061.00
Interest "P"	860.34	1,086.81
Depreciation		
For the year	1,194.80	1,183.55
Less: Recouped from Revaluation Reserve	46.24	48.15
Total	80,584.62	70,328.61
Profit before Taxation & Exceptional items	13,937.64	11,137.72
Add / (Less) Exceptional items		
- VRS in Engineering Division	(41.13)	(45.38)
Profit before Taxation	13,896.51	11,092.34
Less: Provision for Taxation		
- Current Tax	4,493.00	3,478.44
- Deferred Tax	63.80	(5.60)
- Fringe Benefit Tax	–	35.52
Less: Income Tax for earlier year	35.23	–
Profit after Taxation	9,304.48	7,583.98
Add: Balance Brought Forward from previous year	5,337.05	3,744.38
Profit available for Appropriation	14,641.53	11,328.36
APPROPRIATIONS		
Dividend on Preference Shares Redeemed	14.69	–
Tax on Dividend on Preference Shares Redeemed	2.50	–
Proposed Dividend		
On Equity Shares	1,144.65	830.87
On Preference Shares	–	16.44
Tax on Dividend	194.53	144.00
Transferred to General Reserve	7,500.00	5,000.00
Transferred to Balance Sheet	5,785.16	5,337.05
	14,641.53	11,328.36
Earning Per Share of Re.1 each (Basic)	7.63	6.83
(Refer Note No. 14 of Schedule 'Q')		
Earning Per Share of Re.1 each (Diluted)	7.61	6.83
(Refer Note No. 14 of Schedule 'Q')		
NOTES "Q"		

Schedules referred to above form an integral part of the Profit and Loss Account
In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

A. K. Vijay

Secretary

S. K. Poddar
Ramesh Maheshwari
B. P. Bajoria
H. C. Gandhi
A. C. Chakrabortti
H. Sadhak
Manish Gupta
S. Dhasarathy
Akshay Poddar
D. H. Kela

Directors

Schedules to Balance Sheet

		2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE A CAPITAL			
Authorised			
17,00,00,000 Equity Shares of Re. 1/- each		1,700.00	1,700.00
3,00,000 6% Preference Shares of Rs. 100/- each		300.00	300.00
		2,000.00	2,000.00
Issued, Subscribed and Paid-up			
12,71,83,090 (11,07,83,090) Equity Shares of Re.1/- each fully paid-up (Including 37,50,000 Equity Shares allotted for consideration other than cash) (Refer Note No.33 & 34 of Schedule 'Q'.)	1,271.82		1,107.82
Add: Forfeited Shares (Amount paid-up)	0.01	1,271.83	0.01
Nil (2,74,050) 6% Redeemable Non-cumulative Preference Share of Rs. 100/- each (Refer Note No.32 of Schedule 'Q'.)		–	274.05
		1,271.83	1,381.88

SCHEDULE A1 EMPLOYEES STOCK OPTION OUTSTANDING			
Employees Stock Option Outstanding		60.77	–
Less: Deferred Employees Compensation Expenses		16.81	–
		43.96	–

Schedules to Balance Sheet

	2009-10 (Rs. in Lakhs)		2008-09 (Rs. in Lakhs)	
SCHEDULE B RESERVES AND SURPLUS				
Share Premium				
As per last Account	2,323.02		2,323.02	
Add. Equity QIP Share Premium	16,523.33	18,846.35	–	2,323.02
(Net off QIP Expenses Rs. 368.67 lakhs)				
Revaluation Reserve				
As per last Account	1,355.42		1,406.42	
Less: On Assets sold/ discarded during the year	2.63		2.85	
	1,352.79		1,403.57	
Less: Transferred to Profit and Loss Account	46.24	1,306.55	48.15	1,355.42
State Capital Investment Subsidy				
As per last Account	265.00		15.00	
Add: Received during the year	–	265.00	250.00	265.00
State Interest Subsidy				
As per last Account	–		–	
Add: Received during the year	96.66	96.66	–	–
Capital Redemption Reserve				
As per last Account	141.02		141.02	
Add: Transferred from General Reserve Account	274.05	415.07	–	141.02
General Reserve				
As per last Account	20,343.86		15,343.86	
Less : Transfer to Capital Redemption Reserve	274.05		–	
	20,069.81		15,343.86	
Add : Transferred from Profit and Loss Account	7,500.00	27,569.81	5,000.00	20,343.86
Profit & Loss account		5,785.16		5,337.05
		54,284.60		29,765.37

Schedules to Balance Sheet

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE C SECURED LOANS		
From Banks :		
Secured by hypothecation of Finished Goods and part of Raw Materials, Stock-in-Process, Stores, Book Debts, etc. and second charge on Fixed Assets.		
Cash Credit Accounts / SLC / FCNR (B)	10,343.75	4,333.62
Term Loans :		
Secured by first equitable mortgage/charge on the immovable/movable properties both present and future of Belgharia, Agarpara and Sodepur Units of the Company created/to be created except exclusive first charge by way of Hypothecation in favour of the respective financial institutions on the Plant & Machinery acquired/to be acquired under their Equipment Finance Scheme and Working Capital loan		
Secured by Letter of Credit opened by the Buyer		
From State Bank of India	328.75	456.04
Project Loans :		
From State Bank of India	508.33	1,178.67
From Landesbank Wutterberg, Germany	170.53	385.10
From IREDA - Secured by Exclusive first charge of Immovable/movable properties of Neora hydro project both existing and future subject to prior charge of Banks on specified Current assets.	167.65	344.38
Loan from Others - Secured by Bank Guarantee under Subsidised Industrial Housing Scheme	–	1.68
	11,519.01	6,699.49

SCHEDULE D UNSECURED LOANS		
From Body Corporates	15.74	15.74
Fixed Deposit from employees/ex-employees	23.67	18.42
Advance against sale of land	700.00	700.00
	739.41	734.16

Schedules to Balance Sheet SCHEDULE F

(Rs. in Lakhs)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on	As on	During	Sales/	As on	During	Sales/	As on	As on	As on
	01.04.2009	01.04.2009	The Year	Adjustments	31.03.2010	The Year	Adjustments	31.03.2010	31.03.2010	31.03.2009
					@			@		
Land (Including Lease Hold)	4,716.63	21.79		–	4,738.42	–	–	–	4,738.42	4,716.63
Buildings	14,088.93	664.84		0.92	14,752.85	336.78	0.11	3,376.66	11,376.19	11,048.94
Roads	69.38	35.79		–	105.17	0.62	–	40.61	64.56	29.39
Railway Sidings	267.38	11.85		–	279.23	9.61	–	128.27	150.96	148.72
Plant & Machinery	12,267.86	554.09		129.83	12,692.12	755.55	94.05	6,965.64	5,726.48	5,963.72
Electrical Machinery	822.32	25.11		2.50	844.93	31.83	0.98	363.19	481.74	489.98
Office Equipments	388.66	31.71		0.20	420.17	25.89	0.20	253.84	166.33	160.51
Furniture & Fittings	120.01	15.18		0.99	134.20	2.92	0.78	82.93	51.27	39.22
Vehicles	367.61	80.08		49.45	398.24	31.60	16.44	161.73	236.51	221.04
Total	33,108.78	1,440.44		183.89	\$34,365.33	1,194.80	112.56	11,372.87	22,992.46	22,818.15
Capital Work - in - Progress	30.63	127.02		–	157.65	–	–	–	157.65	30.63
Grand Total	33,139.41	1,567.46		183.89	34,522.98	1,194.80	112.56	11,372.87	23,150.11	22,848.78
Previous Year	32,123.31	1,629.02		612.92	33,139.41	1,183.55	595.08	10,290.63	22,848.78	–

NOTES : 1. @ Gross Block includes Rs. 4,796.74 Lakhs and Depreciation includes Rs. 3,490.19 Lakhs due to revaluation on 31.12.1985

2. \$ Includes Assets held in co-ownership with others at Kolkata & Delhi. (see Note No. 17 of Schedule 'Q')

3. Rs. 3,287.48 Lakhs (including Rs. 21.79 Lakhs for this year) expenses incurred for development of land of Birla Textile capitalised (see Note No. 5 of Schedule 'Q')

Schedules to Balance Sheet

				2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE	F	INVESTMENTS			
A) Long-Term Investment (At Cost)					
Trade Investments					
Fully paid-up Shares held in:					
Quantity	F.V.				
1499	100	Wagon India Limited	1.50		1.50
		Less: Provision for Diminution of Investment	1.50	-	
15000	10	MSTC Limited	0.75	0.75	0.75
					2.25
Other Investments					
a) In Government Securities:					
Quantity	F.V.				
100	100	12% Tamil Nadu Loan, 2011	0.10		0.10
b) Fully paid-up Shares held in:					
Quantity	F.V.				
7500	10	Birla Buildings Limited	0.75		0.75
120	10	Elgin Mills Limited	0.01		0.01
		(5% 'B' Cumulative Pref. Shares)			
76700	10	APV Texmaco Limited	5.61		
		Less: Provision for Diminution of Investment	5.61	-	-
2557941	10	Zuari Industries Limited	4,766.83		4,766.83
-	10	Gobind Sugar Mills Limited	-		102.00
(320000)					
6187	1	Calcutta Stock Exchange Limited	123.74		123.74
42900	10	Chambal Fertilisers & Chemicals Ltd.	7.55		7.55
35529	10	Upper Ganges Sugar & Ind. Ltd.	24.04		24.04
4100	10	New India Retailing & Investment Ltd.	1.78		1.78
3500	10	Taparia Limited	0.40		0.40
21000	10	Leas Communications Limited	2.10		
		Less: Provision for Diminution of Investment	2.10	-	-
1000	10	Chandausi Rice Mills Limited	0.10		
		Less: Provision for Diminution of Investment	0.10	-	-
15000	10	Birla Constructions Limited	1.50		1.50
525450	100	Lionel India Limited	525.45		274.05
(274050)					
10000	10	Texmaco United Group Rail Pvt. Ltd.	1.00		-
c) Fully paid-up Shares held in Subsidiary Companies					
Quantity	F.V.				
1209010	2.50	High Quality Steels Limited	30.22		30.22
		Macfarlane & Co. Limited			
139265	5	Ordinary Shares	2.80		
16551	1	Deferred Shares	0.08	2.88	2.88
54599300	1	Texmaco Machines Ltd.	545.99		0.99
(99300)		(Formerly Texmaco Machines Pvt. Ltd. of Rs.10/-each)			
				6,032.24	5,336.84

Schedules to Balance Sheet

		2009-10		2008-09	
		(Rs. in Lakhs)		(Rs. in Lakhs)	
SCHEDULE	F	INVESTMENTS (Contd.)			
B) Current Investments					
a) Fully paid-up shares in:					
Quantity	F.V.				
5000	10	Idea Cellular Limited	7.30		7.30
11000	10	Powergrid Corporation of India Limited	16.78		16.78
-	10	NTPC Limited	-		5.13
(2500)					
20000	10	Tata Teleservices (Maharashtra) Limited	9.79		9.79
2000	2	Bharat Forge Limited	5.88		5.88
10000	10	Lakshmi Vilas Bank	9.35		6.66
(5000)					
9500	10	Aditya Birla Chemical India Limited	9.80		9.80
5000	2	East India Hotels Limited	11.17		11.17
1000	10	SREI Infrastructure Finance Limited	2.18		2.18
500	10	Century Textiles Limited	4.34		4.34
-	10	Jain Irrigation Systems Limited	-		7.45
(1000)					
101471	10	NHPC Ltd.	36.53		-
			113.12		86.48
Less: Provision for Diminution			32.84	80.28	46.78
					39.70
b) Mutual Funds in:					
Units	F.V.				
4477598.574	10	UTI Spread Fund Growth Plan	500.00		500.00
51199.217	1000	UTI Floating Rate Fund ST Plan - Instl. DD	512.39		-
13420149.962	10	SBI -SHF- UST Fund - Instl. Plan -DD	1,342.82		-
5130528.912	10	Fortis Short Term Income Fund - Instl. Plus - DD	513.21		-
5107376.572	10	HDFC Floating Rate Income Fund - ST Plan- wholesale option - Div. Reinv.	514.87		-
3473412.540	10	L&T Freedom Income STP - Instl. cum org.	515.09		-
19106199.799	10	SBI Magnum Insta Cash Fund Daily Div. option	3,200.35		-
4998400.512	10	Reliance Quarterly Interval Fund III Instl. Div. Plan	501.87		-
4998500.450	10	Reliance Monthly Interval Fund Series I Instl. Div. Plan	501.29		-
5426567.331	10	Reliance Monthly Interval Fund Series II Instl. Div. Plan	543.04		-
25198883.350	10	Birla Sun Life enhanced Arbitrage Fund - Instl. - Div.	2,556.22		-
20173733.482	10	Birla Sun Life Dynamic Bond Fund- Retail Plan - Monthly Div.	2,100.65		-
5105685.914	10	Kotak Bond (Short Term) Monthly Div.	515.09		-
4163426.834	10	LIC Income Plus Fund -Growth Plan	514.77		-
10821.268	1000	AXIS Treasury Adv. Fund-Instl. weekly Div.	108.27		-
5028171.789	10	UTI FI Interval Fund -S II -Quarterly Interval Plan V- Instl. Div. Plan	502.99		-
5021038.135	10	Peerless Ultra STF -Super Instl. -Daily Div.	502.11		-
c) Bonds					
Units	F.V.				
26750	8500	In NABARD	2,498.45		-
540	100000	In IRFC Bond	540.00		-
1000	100000	In IIFCL	1,005.50	19,488.98	-
Subscribed and sold during the year(Refer Note No.20 of Schedule 'Q')					
Total				25,602.25	5,878.79
			Book Value	Market Value	Book Value
Aggregate amount of Quoted Investments			5,004.22	15,714.52	5,065.64
Aggregate amount of Unquoted Investments			20,598.03		813.15
			25,602.25		5,878.79

Schedules to Balance Sheet

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE G INVENTORIES		
Stock as per inventories taken, valued and certified by the Management		
Land	320.04	320.04
Stores, Components & Spare Parts, etc	7,345.40	9,821.78
Raw Materials (incl. Site Rs. 507.49 lakhs, Previous year Rs. 798.67 lakhs)	2,858.20	3,323.18
Goods-in-Transit	4,766.36	5,261.69
Stock-in-Process	2,196.51	4,037.67
Finished Goods	99.93	90.27
	17,586.44	22,854.63

SCHEDULE H SUNDRY DEBTORS (Unsecured-considered good)		
(Including Retention Money Rs. 2,220.23 lakhs, Previous year Rs. 2,985.97 lakhs)		
Debts Outstanding for a period Exceeding six months		
Considered good	5,380.41	3,592.43
Considered doubtful	–	–
	5,380.41	3,592.43
Other Debts considered good	21,721.19	14,422.24
	27,101.60	18,014.67

SCHEDULE I CASH AND BANK BALANCES		
Cash balance on hand	27.75	30.98
Cheques on hand	–	1,534.76
Balances with Scheduled Banks :		
Deposit Accounts	502.83	2.81
Current Accounts	148.19	881.99
Dividend Accounts	22.43	18.99
	701.20	2,469.53

SCHEDULE J OTHER CURRENT ASSETS		
Interest accrued on Loans	242.74	142.73
	242.74	142.73

Schedules to Balance Sheet

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE K LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Loans	3,402.00	540.00
Advances recoverable in cash or in kind or for value to be received	4,365.92	4,860.94
Balance with Customs, Port, Excise and other Government Authorities	796.00	1,566.11
Deposits	20.17	38.66
Advance payment of Income Tax and Tax Deducted at Source/I.Tax refundable (Net of Provision)	–	493.97
Share Application money	135.00	135.00
Advance payment of FBT (Net of Provision)	0.46	–
	8,719.55	7,634.68

SCHEDULE L LIABILITIES		
Sundry Creditors		
For Goods supplied	20,734.70	24,215.28
For Expenses and other Finance	4,747.12	4,275.66
Trade and Other Deposits and Advances	7,363.59	10,989.81
Preference Share Capital Redeemed	5.76	5.76
Unclaimed Dividend on Preference Shares	0.25	0.25
Unclaimed Dividend on Equity Shares*	22.43	18.99
* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.		
	32,873.85	39,505.75

SCHEDULE M PROVISIONS		
For Contingencies	4.93	4.93
For Leave	118.82	106.93
For Gratuity	77.40	74.68
Proposed Dividend	1,144.65	847.31
Tax on Dividend	194.53	144.00
For others (Refer Note No. 4 of Schedule 'Q')	333.10	398.28
Provision for Income Tax (Net of Advance Tax)	208.26	–
Provision for FBT (Net of Advance Tax)	–	0.26
	2,081.69	1,576.39

Schedules to Profit and Loss Account

		2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE N INCOME FROM OTHER SOURCES			
Income from Investments - Long Term			
Trade	11.63		12.60
Others	78.54	90.17	90.28
Income from Investments - Current		326.75	106.36
Profit on Sale of Investments - Long Term		44.11	–
Profit on Sale of Investments - Current (Net) (Refer Note No. 35 of Schedule 'Q')		110.90	132.54
Miscellaneous Receipts and Income		17.61	149.48
Sundry Credit Balance Adjusted		1.25	–
Profit on sale of Fixed Assets (Net) (Refer Note No. 35 of Schedule 'Q')		25.26	83.68
Provision & Excess Liabilities Written Back		14.58	67.32
Provision for Diminution of Current Investment Written Back		13.94	–
Export Incentive		10.17	–
Interest Subsidy		36.45	–
Interest			
From Bank		21.74	23.98
From Others		740.03	143.31
(TDS Rs. 51.93 lakhs, Previous year Rs. 27.84 lakhs)			
		1,452.96	796.95

SCHEDULE O OPERATING COSTS			
Raw Materials Consumed (O1)		10,238.82	15,056.71
Consumption of Components (Incl Job processing and contract labour charges Rs. 3,013.41 lakhs, Previous year Rs. 2,346.18 lakhs)		67,648.93	62,200.03
Consumption of Stores & Spare Parts (including Accessories and after adjusting Sales and departmental transfers, etc.)		4,045.45	3,205.45
Purchases		10.04	9.90
Power and Fuel		2,573.35	2,403.07
Salaries, Wages and Bonus		2,794.50	2,600.33
Contribution to and Provision for			
Provident Fund and Pension Fund		267.58	249.65
Superannuation Fund		30.66	22.46
Gratuity		197.98	162.45
Provision for Leave Encashment		20.77	14.51

Schedules to Profit and Loss Account

		2009-10 (Rs. in Lakhs)		2008-09 (Rs. in Lakhs)
SCHEDULE O OPERATING COSTS (Contd.)				
Workmen and Staff Welfare Expenses		214.78		214.00
Selling Agents Commission		6.24		13.02
Selling Expenses		148.13		177.21
Erection Expenses		538.09		417.56
Freight, Packing and Transport (Net) (Refer Note No. 35 of Schedule 'Q')		(122.64)		(9.20)
Excise Duty Provided on Stock		0.09		0.21
Royalty & Knowhow		–		44.00
Rates & Taxes		120.19		54.43
Rent Paid		36.30		32.71
Research & Development		56.01		9.73
Insurance		26.95		20.77
Repairs				
Building	372.48		431.96	
Plant and Machinery	491.48		365.42	
Others	98.04	962.00	106.31	903.69
Miscellaneous Expenses		1,127.19		1,346.26
Charity and Donations		35.71		8.32
Sundry Debit Balance Adjusted		1.03		(0.40)
Expenses related to previous year (Refer Note No. 36 of Schedule 'Q')		62.03		8.02
Jigs & Fixtures, Drawings and Designs		133.81		476.55
Bad Debts Written off		411.96		–
Auditors' Remuneration				
As Auditors	6.25		6.25	
For Tax Audit	1.25		1.25	
For Quarterly Review	2.35		1.88	
For Fees for Other Services (incl.for issuing various certificates)	4.26		3.57	
For Reimbursement of out of pocket expenses	0.25	14.36	0.26	13.21
Cost Auditors' Fees		0.11		–
Directors' Fees		6.15		3.95
Employee Compensation Expenses under ESOP		43.96		–
Directors' Commission		7.00		6.55
Provision for Diminution of Current and Long Term Investment		1.50		23.35
Adjustment regarding difference in value of Opening and Closing Stocks of Finished Goods, and Stock-in-Process (O2)		1,831.50		(1,521.10)
		93,490.53		88,167.40

Schedules to Profit and Loss Account

	2009-10 (Rs. in Lakhs)		2008-09 (Rs. in Lakhs)	
SCHEDULE O1 RAW MATERIALS CONSUMED				
Opening Stock	3,323.18		3,546.91	
Add: Purchases and Departmental transfers etc.	12,403.34	15,726.52	19,193.62	22,740.53
Less: Returns, Sales and Departmental issues used in Works and in Block	2,629.50		4,360.64	
Closing Stock	2,858.20	5,487.70	3,323.18	7,683.82
Raw Materials consumed		10,238.82		15,056.71

SCHEDULE O2	ADJUSTMENT REGARDING DIFFERENCE IN VALUE OF OPENING AND CLOSING STOCKS OF FINISHED GOODS AND STOCK-IN-PROCESS			
Opening Stock:				
Stock-in-Process	4,037.67		2,449.89	
Finished Stock	90.27		156.95	
		4,127.94		2,606.84
Closing Stock:				
Stock-in-Process	2,196.51		4,037.67	
Finished Stock	99.93		90.27	
		2,296.44		4,127.94
(Increase)/Decrease		1,831.50		(1,521.10)

SCHEDULE P	INTEREST			
Term Loans		128.62		291.87
Fixed Deposit		2.14		1.79
Banks		518.02		536.71
Others		211.56		256.44
		860.34		1,086.81



Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT

A. ACCOUNTING POLICIES

General

These accounts are prepared on historical cost basis and on the accounting principles of a going concern. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles. Applicable Accounting Standards notified by the Companies Accounting Standards Rules, 2006 have been followed except otherwise stated.

Fixed Assets

Certain Land, Buildings, Roads, Railway Siding and Plant & Machinery as existing on 31.12.1985 are stated on the basis of their revalued costs. Other Fixed assets are stated at cost net of Cenvat. Cost includes purchase price and related expenses.

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price and 'value in use' of the assets. The estimated future cash flows considered for determining the value in use are discounted to their present value at the weighted average cost of capital.

Depreciation

Depreciation on revalued assets is calculated on their respective revalued amounts and is computed on the basis of remaining useful life as estimated by the valuer on straight line method. On other assets, depreciation has been provided on straight line method except in respect of a unit (Neora Hydro) having a Gross assets Valuing Rs. 2,564.23 Lakhs (Previous Year Rs. 2,547.25 Lakhs) where Written Down method has been followed in accordance with the rates in Schedule XIV of the Companies Act, 1956. The depreciation on amount added on revaluation is being set off by transfer from Revaluation Reserve.

Investments

Current Investment are stated at lower of cost and fair value.

Long term Investments are considered "at Cost" on individual investment basis, unless there is a decline other than temporary in value thereof, in which case adequate provision is made against such diminution in the value of investments.

Recognition of Income and Expenditure

Sales revenue is recognized on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated at net of Sales Tax, VAT, trade discounts, rebates but include excise duty. Income from services is recognized as the services are rendered based on agreement/arrangement with the concerned parties. Dividend income on investments is accounted for when the right to receive the payment is established. Interest income is recognized on time proportion basis. Export incentives, certain insurance, railway and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

Employee Benefits

(1) The company's contribution to provident fund, employees' state insurance scheme and super-annuation fund are charged on accrual basis to Profit & Loss Account.

(2) **Leave :**

Leave liability is accounted for based on actuarial valuation at the end of year.

(3) **Gratuity:**

The Company has an approved Gratuity Fund for its Engineering Units which has taken a Group Gratuity Cash Accumulation Scheme Policy with Life Insurance Corporation of India (LIC) for future payment of gratuity to the employees. Year-end accrued liabilities on account of gratuity payable to employees are provided on the basis of actuarial valuation. The Company accounts for gratuity liability equivalent to the premium amount payable to LIC every year, which together with the annual contribution in subsequent years would be sufficient to cover the gratuity liability as and when it accrues for payment.

Cenvat Duty, Customs Duty & Cenvat Credit

Cenvat Credit availed on Raw materials, Stores and Capital Goods are reduced from the cost of the Respective Goods. Cenvat Duty payable on finished goods lying in factory is provided for and included in Closing Stock of Inventory.



Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

Research and Development

Research and Development expenditures of revenue nature are charged to Profit & Loss Account, while capital expenditure is added to the cost of fixed assets in the year in which these are incurred.

Valuation of Inventories

Inventories are valued at the lower of cost and net realizable value. In the case of manufactured goods, costs are calculated at direct material cost, conversion and other costs incurred to bring the goods to their respective present location and condition. For other inventory, cost is computed on weighted average basis.

Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary Assets and Liabilities in foreign currency existing at balance sheet date translated at the exchange rate prevailing on that date. All exchange differences are recognized in Profit & Loss Account. Premium or discount on forward exchange contract is amortised as expense or income over the life of the contract.

Contingent Liabilities

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Use of Estimates

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and the estimates are recognized in the period in which the results are known/ materialized.

Borrowing Cost

Interest on borrowings directly attributable to the acquisition, construction or production of qualifying assets is being capitalised till the date of commercial use of the qualifying assets. Other interests on borrowings are recognised as an expense in the period in which they are incurred.

Segment Reporting

- Based on the organisational structures and its Financial Reporting System, the Company has classified its operation into four business segments namely Heavy Engineering Division, Steel Foundry Division, Real Estate and Others.
- Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which are related to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under un-allocable expenses.
- Capital Employed to each segment is classified on the basis of allocable assets minus allocable liabilities identifiable to each segment on reasonable basis.

Taxation

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax is calculated at current statutory Income Tax Rate and is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

Employees Stock Option Scheme

In respect of Stock options granted pursuant to the Company's Employees Stock Option Schemes 2007, the intrinsic value of the options (excess of Market Price of the share over the exercise price of the option) is treated as discount and accounted as deferred employee's compensation cost over the vesting period.

Government Grant

Grants from the government are recognized when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Revenue grants/subsidies are recognized in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other Capital Grants are credited to Reserve & Surplus of the Company.

B. NOTES ON ACCOUNTS

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
1 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance)	159.07	30.21

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
2 Contingent Liabilities (not provided for) in respect of :		
(a) Guarantees given by Banks	32,258.80	39,607.46
(b) Letters of Credit opened by Banks	25,397.05	25,638.36
(c) Claims under dispute (excise duty & service tax)	2,054.48	2,600.96
(d) Claims not acknowledged as debts (Amount unascertainable)	–	–
(e) Income Tax assessment re-opened (Amount unascertainable)	–	–

3. The Company accounts for gratuity liability of its Engineering units equivalent to the premium amount paid/ payable to Life Insurance Corporation of India (LIC). However, the entire amount of provision of gratuity has not been funded with LIC.

4. Movement of Provisions during the year as required under AS 29 prescribed by the ICAI. (Rs. in Lakhs)

Particulars	Opening Provision as on 1.4.2009	Utilised during the year	Reversed during the year	Provision during the year	Closing provision as on 31.03.2010
(a) Site warranty period maintenance	183.99	–	–	–	183.99
(b) Others	214.29	67.13	3.05	5.00	149.11
Total	398.28	67.13	3.05	5.00	333.10
Previous Year	327.26	22.68	–	93.70	398.28

In accordance with the requirement of AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the ICAI, the company has provided liability for warranty and other expenses amounting to Rs. 5.00 Lakhs (previous year Rs. 93.70 Lakhs) as estimated by the management.

Site warranty period maintenance: - The Company gives warranties and maintenance on certain products and services, undertaking to repair, replace and maintain the items for satisfactory working during the warranty period. Provision made as at 31.03.2010 represents the amount of the expected cost of meeting such obligations of rectification/ replacement/ maintenance. The timing of the outflow is expected to be within a period of two years.

Provision for others: - It represents liabilities related to various site expenses including contractor service charges for sites, administrative charges etc, likely to materialize in the next financial year.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

5. As per the Agreement with Chambal Fertilizers & Chemicals Ltd., when they took over the assets and liabilities of Baddi Unit from 01-10-99, Texmaco is liable to pay wages and salary in respect of excess workers/ staff taken over by them over and above the required one to run the Baddi Unit. The Company has paid Rs. 21.79 Lakhs (Previous year Rs. 44.75 Lakhs) during the year to such workers/ staff including various other related expenses. Such expenses have been shown as expenses on land and capitalised under the head 'Land'.

6. The total remuneration including estimated value of perquisites paid/payable to the Executive Chairman, Executive Vice Chairman and Whole time Director are as follows:

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
(a) Executive Chairman		
i) Salary	90.00	36.00
ii) Contribution to P.F. and Other Funds	24.30	4.32
iii) Value of perquisites	0.06	0.55
(b) Executive Vice Chairman* (Appointed w.e.f. 13.01.2010)		
i) Salary	59.40	–
ii) Contribution to P.F. and Other Funds	14.58	–
iii) Value of perquisites	8.85	–
(c) Whole Time Director, President & CEO		
i) Salary	23.41	15.10
ii) Contribution to P.F. and Other Funds	5.87	4.14
iii) Value of perquisites	6.49	8.21

* Remuneration paid to Executive vice chairman also includes remuneration paid to him in other capacity for the period 01.04.2009 to 12.01.2010.

- (d) Remuneration paid to Non-executive and Independent Directors as sitting fees Rs. 6.15 Lakhs (previous year Rs. 3.95 Lakhs) and commission Rs. 7.00 Lakhs (previous year Rs. 6.55 Lakhs).

- (e) Managerial Remuneration:

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
A. Computation of Net Profit in accordance with Section 198 of the companies Act, 1956.		
Profit before Tax as per Profit & Loss Account	13,896.51	11,092.34
Add/(Less): Directors' remuneration	171.75	68.32
Directors' Fees	6.15	3.95
Directors' Commission	7.00	6.55
Loss/(Profit): On Sale of Fixed Assets (Net)	(25.26)	(83.68)
Provision for diminution in value of Investment	(12.44)	23.35
Profit on sale of Investment	(155.01)	(132.54)
Net Profit for Section 198 of the Companies Act, 1956	13,888.70	10,978.29
Maximum Commission to Directors (Excluding Whole Time Directors) @ 1%	138.89	109.78
Commission to Non Whole Time Directors restricted to Rs. 1.00 Lakhs each	7.00	6.55

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

7. Pending receipt of intimation from its suppliers about registration under MSMED Act, the management has reclassified erstwhile SSI creditors as MSMED creditors.

Information in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:		
(a) Principal amount due	474.18	928.93
Interest due on the above.	Nil	Nil
(b) Interest paid during the period beyond the appointed day	Nil	Nil
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
(d) Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	Nil	Nil
The above information included in Schedule "L" Current Liabilities regarding micro enterprise and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.		

8. Unclaimed dividend amount have been separately funded in the respective Bank Accounts.
9. In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business unless otherwise stated, at least to the amount at which they are stated and the provisions for all known and determined liabilities is adequately provided.
10. Balance of debtors and loans and advances are subject to confirmation from respective parties.

11. Related Party Disclosure

(a) Name of the related parties and relationship:

Relationship	Parties where control Exist 2009-10	Parties where control Exist 2008-09
A Subsidiaries	<p>High Quality Steels Limited (99.87% of the Capital held by the Company)</p> <p>Macfarlane & Company Limited (71.27% of the Capital held by the Company)</p> <p>Texmaco Machines Limited (Formerly Texmaco Machines Private Limited- Changed to Texmaco Machines Limited w.e.f. 03.03.2010) (99.99% of the Capital held by the company)</p>	<p>High Quality Steels Limited (99.87% of the Capital held by the Company)</p> <p>Macfarlane & Company Limited (71.27% of the Capital held by the Company)</p> <p>Texmaco Machines Private Limited (99.30% of the Capital held by the company)</p>
B Associates	Lionel India Limited (50.00% of the Capital held by the Company)	Lionel India Limited (34.28% of the Capital held by the Company)

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

11. Related Party Disclosure

(a) Name of the related parties and relationship (Contd.):

Relationship	Parties where control Exist 2009-10	Parties where control Exist 2008-09
C Key Management Personnel	Shri S. K. Poddar Executive Chairman	Shri S. K. Poddar Executive Chairman
	Shri Ramesh Maheshwari Executive Vice Chairman (Appointed as Executive Vice Chairman of the company w.e.f. 13.01.2010)	Shri Ramesh Maheshwari President & CEO
	Shri D. H. Kela Whole Time Director, President & CEO (Appointed as President and CEO of the company w.e.f. 01.01.2010)	Shri D. H. Kela Wholetime Director
D Relatives of Key Management Personnel	Shri Gaurav Agarwala Relative of Director	Shri Gaurav Agarwala Relative of Director

(b) Related Party Transactions

(Rs. in Lakhs)

Transactions	Subsidiaries	Associate	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Purchase of Goods/ Services					1,599.19 (1,274.84)
- High Quality Steels Limited	1,540.30 (1,224.85)	— —	— —	— —	
- Lionel India Limited	— —	58.89 (49.99)	— —	— —	
Loans/ Advances received					186.50 (188.49)
- High Quality Steels Limited	138.25 (156.89)	— —	— —	— —	
- Macfarlane & Company Limited	48.25 (31.60)	— —	— —	— —	
Loans/ Advances paid					11.17 (0.41)
- Texmaco Machines Limited	11.17 (0.41)	— —	— —	— —	

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

(b) Related Party Transactions (Contd.)

(Rs. in Lakhs)

Transactions	Subsidiaries	Associate	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Remuneration paid					232.96 (151.91)
- Shri S. K. Poddar	— —	— —	114.36 (40.87)	— —	
- Shri Ramesh Maheshwari	— —	— —	82.83 (70.10)	— —	
- Shri D. H. Kela	— —	— —	35.77 (27.44)	— —	
- Shri Gaurav Agarwala	— —	— —	— —	12.00 (13.50)*	
Interest Received					12.42 (16.56)
- Lionel India Limited	— —	12.42 (16.56)	— —	— —	
Debit Balance Outstanding at year end					11.58 (153.56)
- Texmaco Machines Limited	11.58 (0.41)	— —	— —	— —	
- Lionel India Limited	— —	— (153.15)	— —	— —	
Credit Balance Outstanding at year end					187.98 (188.49)
- High Quality Steels Limited	138.25 (156.89)	— —	— —	— —	
- Macfarlane & Company Limited	48.25 (31.60)	— —	— —	— —	
- Lionel India Limited	— —	1.48 —	— —	— —	

* Including Arrear Salary of Rs. 1.50 lakhs related to Financial Year 2007-08.

Note: - Figures given in brackets are for previous year.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

12. Employees Benefit Obligation

Employee Benefits

Defined Benefits Plans – As per Actuarial Valuation as on March 31, 2010

(Rs. in Lakhs)

	Funded Gratuity 2009-10	Funded Gratuity 2008-09	Unfunded Leave 2009-10	Unfunded Leave 2008-09
I Change of Benefit Organisation				
Liability at the beginning of the year	1,452.97	1,407.65	106.93	129.59
Interest cost	113.56	107.27	8.47	8.87
Current Service Cost	74.27	70.23	8.99	4.09
Past Service Cost (Non Vested Funds)	–	–	–	–
Past Service Cost (Vested Funds)	–	–	–	–
Benefits Paid	(194.39)	(171.02)	(8.99)	–
Actuarial (Gain)/Loss on obligation	74.79	38.84	3.42	(35.62)
Curtailments and Settlements	–	–	–	–
Plan Amendment	54.04	–	–	–
Liability at the end of the year	1,575.24	1,452.97	118.82	106.93
II Fair Value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	1,378.29	1,131.85	–	–
Expected Return on Plan Assets	119.88	105.44	–	–
Contributions	194.06	312.02	8.99	–
Benefit Paid	(194.39)	(171.02)	(8.99)	–
Actuarial (Gain)/Loss on Plan Assets	–	–	–	–
Fair Value of Plan Assets at the end of the year	1,497.84	1,378.29	–	–
Total Actuarial (Gain)/Loss to be Recognised	–	–	–	–
III Actual Return on Plan Assets				
Expected Return on Plan Assets	119.88	105.44	–	–
Actuarial (Gain)/Loss on Plan Assets	–	–	–	–
Actual Return on Plan Assets	119.88	105.44	–	–
IV Amount Recognised in the balance sheet				
Liability at the end of the year	1,575.24	1,452.97	118.82	106.93
Fair Value of Plan Assets at the end of the year	(1,497.84)	(1,378.29)	–	–
Difference	77.40	74.68	118.82	106.93
Unrecognised Past Service Cost	–	–	–	–
Amount Recognised in the Balance Sheet	77.40	74.68	118.82	106.93
V Expenses Recognised in the Income Statement				
Current Service Cost	74.27	70.23	8.99	4.09
Interest Cost	113.56	107.27	8.47	8.87
Expected Return on Plan Assets	(119.88)	(105.44)	–	–
Net Actuarial (Gain)/Loss to be Recognised	74.79	38.84	3.42	(35.62)
Past Service Cost/(Non Vested Benefit) Recognised	54.04	–	–	–
Past Service Cost/(Vested Benefit) Recognised	–	–	–	–
Effect of Curtailment or settlement	–	–	–	–
Curtailments and Settlements	–	–	–	–
Expenses Recognized in the Profit and Loss Account	196.78	110.90	20.88	(22.66)

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

12. Employees Benefit Obligation

Employee Benefits

Defined Benefits Plans – As per Actuarial Valuation as on March 31, 2010 (Contd.)

(Rs. in Lakhs)

	Funded Gratuity 2009-10	Funded Gratuity 2008-09	Unfunded Leave 2009-10	Unfunded Leave 2008-09
VI Balance Sheet Reconciliation				
Opening Net Liability	74.68	275.80	106.93	129.59
Expense as above	196.78	110.90	20.88	22.66
Employers Contribution	(194.06)	(312.02)	–	–
Effect of Curtailment or settlement	–	–	–	–
Benefits paid	–	–	8.99	–
Amount Recognised in the Balance Sheet	77.40	74.68	118.82	106.93
VII Actuarial Assumption				
Discount Rate Current	7.50%	7.50%	7.50%	7.50%
Rate of Return on Plan Assets	8.50%	8.50%	–	–
Salary Escalation Current	5.00%	5.00%	5.00%	5.00%

13. Under the Employees Stock Option Scheme 2007 (ESOS 2007), the Company has granted 3,75,000 options to its eligible employees, the details of which are as follows :-

(A) Employees Stock Option Scheme

Particulars	Terms
No. of Options	10,00,000
Method of Accounting	Intrinsic Value
Vesting Plan	Minimum two years and maximum three years from the date of grant of option
Exercise Period	Commence from the date of vesting and will expire on completion of 5 years from the date of vesting operation
Grant Date	11.05.2007
Grant Price (Rs. per Share)	55.10
Market Price on the date of Grant of Option (Rs.)	71.75

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

(B) Movement of Options Granted:

Particulars	2009-10
Option Outstanding at the beginning of the year	3,75,000
Granted during the year	–
Exercise during the year	–
Lapsed during the year	10,000
Option outstanding at the end of the year	3,65,000
Option unvested at the end of the year	3,65,000
Option exercisable at the end of the year	–

(C) Fair Valuation:

The Fair value of option used to compute Performa net income and earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black – Scholes Model.

The Key assumption in Black – Scholes Model for calculating fair value as on the date of grant are:

Risk Free Rate	%	7.51
Option Life	Months	56
Expected Volatility	%	10.67
Expected Growth in Dividend	%	13.33

The weighted average fair value of the option, as on date of grant, works out to Rs. 103.62 per stock option.

Had the compensation cost for the stock option granted under ESOS been determined, based on fair-value approach, the Company's net profit and earnings per share would have been as per the Performa amounts indicated below:

Particulars	Rs. in Lakhs
2009-10	
Net Profit (As Reported)	9,287.29
Add Compensation Expenses under ESOS included in the Net Profit	43.96
Less Compensation Expenses under ESOS as per fair value	128.09
Net Profit (fair value basis)	9,203.16
Basic Earning per Share (As Reported) Re. 1/- share	7.63
Basic Earning per Share (Fair Value Basis) Re. 1/- share	7.56
Diluted Earning per Share (As Reported) Re. 1/- share	7.61
Diluted Earning per Share (Fair Value Basis) Re. 1/- share	7.54

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

14. Earning Per Share – The numerator and denominators used to calculate Basic/ Diluted Earning per Share

		31.03.2010	31.03.2009
Net Profit for the period from ordinary activities attributable to equity shareholders (Excluding Preference Share Dividend) – used as numerator	Rs. in Lakhs	9,287.29	7,564.74
Weighted average number of Equity share outstanding used as denominator for Basic earning per share	Number	12,17,91,309	11,07,83,090
Weighted average number of Equity share on account of Employees Stock Option Scheme	Number	2,11,990	–
Weighted average number of Equity share used as denominator for Diluted Earning per Share	Number	12,20,03,299	11,07,83,090
(A) Basic Earning per share (face value of Re. 1/- each)	Rs.	7.63	6.83
(B) Diluted Earning per share (face value of Re. 1/- each)	Rs.	7.61	6.83

15. Deferred Tax Assets/Liability is recognised as per AS 22 "Accounting for Taxes on Income" issued by the I.C.A.I. The Deferred Tax Assets & Liabilities comprise of Tax effect of following timing differences:

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
Items u/s 43B and u/s 40(a)(i)(a) of I.T Act	381.51	398.70
Depreciation	(671.05)	(624.44)
Net Deferred Tax Liability	(289.54)	(225.74)

16. As per the valuation report submitted by the external valuer appointed for the purpose of the company has revalued some of its fixed assets i.e. certain Land, Building, Road, Railway siding and Plant & Machinery, of its engineering units as at 31.12.1985, after considering depreciation for the year, at net replacement cost. As a result, there has been a net increase in the book value of assets as at 31.12.1985 of Rs. 3,484.58 lakhs which has been transferred to Revaluation Reserve Account. The unamortised balance as 31st March 2010 is Rs. 1,306.55 lakhs.

17. Following assets (company's share) are held under co ownership with other companies (Rs. in Lakhs)

Assets	2009-10			2008-09		
	Original Cost	Accumulated Depreciation	WDV	Original Cost	Accumulated Depreciation	WDV
Building	77.01	16.04	60.97	77.01	15.28	61.73
Plant & Machinery	37.36	16.26	21.10	37.36	14.79	22.57
Furniture & Fittings	0.51	0.49	0.02	0.51	0.48	0.03

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

18. Particulars in Respect of Goods Manufactured :

Class of Goods	Units	Year	Installed Capacity	Actual Production	Stock of Goods Produced				Sales	
					Opening		Closing		Quantity	Value
					Quantity	Value	Quantity	Value		
					(Rs. in Lakhs)		(Rs. in Lakhs)			
Wagons	VUs	2009-2010	7,500	4,110	–	–	–	–	4,110	82,057.27
		2008-2009	7,500	4,071	–	–	–	–	4,071	75,223.57
Structurals	M.T.	2009-2010	20,400	2,320	–	–	–	–	2,320	3,319.94
		2008-2009	20,400	3,649	–	–	–	–	3,649	5,264.19
Water Tube Boilers and Package Boilers	M.T.	2009-2010	720	–	5	74.88	–	58.83	–	21.86
		2008-2009	720	3	2	109.87	5	74.88	–	109.64
Sugar Mill Machinery (Complete Plant 1200 Tons Crushing Capacity)	M.T.	2009-2010	4,000	5	–	0.44	–	–	5	2.49
		2008-2009	4,000	–	38	36.31	–	0.44	38	67.91
Pressure Vessels, Heat Exchangers and Chemical Machineries	M.T.	2009-2010	1,500	985	3	0.79	–	–	988	1,122.26
		2008-2009	1,500	279	3	0.79	3	0.79	279	227.95
Points and Crossings	Sets	2009-2010	2,000	–	–	–	–	–	–	–
		2008-2009	2,000	–	–	–	–	–	–	–
Site Fabrication and Erection	M.T.	2009-2010	–	1,674	–	–	–	–	1,674	1,743.52
		2008-2009	–	1,120	–	–	–	–	1,120	1,407.21
Steel Castings & Ingots (including Draft Gear 4000 Sets)	M.T.	2009-2010	30,000	18,304	–	–	–	–	18,304	18,951.71
		2008-2009	30,000	18,150	–	–	–	–	18,150	22,375.46
Power Tiller/Reaper	Nos.	2009-2010	2,000	601	17	13.17	49	40.11	569	572.14
		2008-2009	2,000	714	14	8.57	17	13.17	711	663.53
Ring Frames, Doublers and Worsted Ring Frames	Nos.	2009-2010	1,173	–	2	0.60	2	0.60	–	–
		2008-2009	1,173	–	2	0.85	2	0.60	–	–
Speed Frames	Nos.	2009-2010	–	–	1	0.39	1	0.39	–	–
		2008-2009	–	–	1	0.56	1	0.39	–	–
Generation of Hydro Electric Power	KWH	2009-2010	120 Lakhs	67.28 Lakhs	–	–	–	–	67.28 Lakhs	239.77
		2008-2009	120 Lakhs	64.45 Lakhs	–	–	–	–	64.45 Lakhs	229.71
Rent		2009-2010	–	–	–	–	–	–	–	980.61
		2008-2009	–	–	–	–	–	–	–	962.06
Scrap	M.T.	2009-2010	–	–	–	–	–	–	–	1,220.14
		2008-2009	–	–	–	–	–	–	–	2,510.96
Tarding Goods	M.T.	2009-2010	–	–	–	–	–	–	9	10.09
		2008-2009	–	–	–	–	–	–	12	9.96
Others		2009-2010	–	–	–	–	–	–	–	2,307.63
		2008-2009	–	–	–	–	–	–	–	73.30
Total		2009-2010				90.27		99.93		112,549.43
		2008-2009				156.95		90.27		109,125.45

NOTES : 1. Installed Capacity have been certified by the Management.
2. Weight of bought-outs and Erection not included in quantity.
3. Where units are in numbers,value of spares, sub-assembly and part production considered.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

19. Information about Segment Working is given below:

(Rs. in Lakhs)

	2009-2010					2008-2009				
	Heavy Engg. Division	Steel Foundry Division	Real Estate	Others	Total	Heavy Engg. Division	Steel Foundry Division	Real Estate	Others	Total
	1	2	3	4	5 (1+2+3+4)	1	2	3	4	5 (1+2+3+4)
Revenue										
(Net of Excise Duty and Cess)										
External Sales	86,277.03	5,619.24	933.26	239.77	93,069.30	77,663.31	1,856.34	920.02	229.71	80,669.38
Internal-Segment Sales	3,041.18	11,873.63	-	-	14,914.81	2,073.96	17,987.04	-	-	20,061.00
Total Revenue	89,318.21	17,492.87	933.26	239.77	1,07,984.11	79,737.27	19,843.38	920.02	229.71	1,00,730.38
Result										
Segment Result	10,895.54	2,346.94	686.71	107.02	14,036.21	8,769.86	2,534.69	856.81	(104.12)	12,057.24
Unallocated Corporate Expenses					-					-
Operating Profit/(Loss)					14,036.21					12,057.24
Interest Expenses					(860.34)					(1,086.81)
Interest Income					761.77					167.29
Total Profit/(Loss) before Tax					13,937.64					11,137.72
Provision for Current Tax					(4,493.00)					(3,478.44)
Provision for Deferred Tax					(63.80)					5.60
Provision for Fringe Benefit Tax					-					(35.52)
Income Tax for Earlier Year					(35.23)					-
Profit/(Loss) from ordinary activities					9,345.61					7,629.36
Exceptional items					(41.13)					(45.38)
Net Profit/(Loss)					9,304.48					7,583.98
Other Information										
Segment Assets	50,657.10	9,551.43	11,311.79	5,122.48	76,642.80	50,076.36	8,160.19	11,398.75	1,873.83	71,509.13
Unallocated Corporate assets					-					-
Total Assets					76,642.80					71,509.13
Segment liabilities	38,341.05	5,765.56	1,508.97	259.21	45,874.79	41,873.86	3,799.15	1,456.86	394.83	47,524.70
Unallocated corporate liabilities					289.54					225.73
Total Liabilities					46,164.33					47,750.43
Capital expenditure	686.91	331.90	531.31	17.34	1,567.46	1,136.55	434.79	44.75	12.93	1,629.02
Depreciation	279.92	538.03	120.56	210.05	1,148.56	239.30	523.46	119.95	252.69	1,135.40
Non-cash expenses other than depreciation					72.65					68.73

Note : The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

20. Details of Investment purchased and sold during the year:

Sl. No.	Name of the Fund	Face Value	No. of units purchased during the year	Purchase Value (Rs. in Lakhs)	No. of units sold during the year	Sale Value (Rs. in Lakhs)
1	UTI Treasury Advantage Fund - Institutional Plan-Daily Dividend Option- Re-Investment	1,000	79,991.74	800.09	80,420.42	804.38
2	HDFC Cash Management Fund - Treasury Advantage Plan Whole Sale - Daily Dividend-option re-investment	10	79,75,778.86	800.09	80,17,944.74	804.32
3	Tata Floater Fund-Daily Dividend	10	79,72,417.90	800.08	80,39,024.26	806.76
4	Tata Floater Fund-Daily Dividend	10	49,82,686.46	500.04	50,70,533.64	508.86
5	HSBC Floating Rate-Long Term Plan-Institutional option-Weekly Dividend	10	44,51,064.61	500.03	45,21,517.53	508.05
6	ING Treasury Advantage Fund Reg-Daily Dividend	10	49,99,133.65	500.04	50,64,957.21	506.63
7	Templeton India Ultra Short Bond Fund-Super Institutional Plan - Daily Dividend Reinvestment	10	49,94,673.73	500.05	50,84,458.44	509.04
8	SBNPP Ultra ST Fund Super Institutional Dividend Reinvestment Daily	10	49,81,908.68	500.03	50,59,240.13	507.80
9	Principal Floating Rate Fund FMP Institutional Option Dividend Reinvestment Daily	10	49,94,288.28	500.04	50,87,079.55	509.33
10	Taurus Ultra Short Term Bond Fund-Super Institutional Daily Dividend Plan	1,000	49,937.53	500.05	51,051.62	511.21
11	Religare Ultra Short Term Fund-Institutional -Daily Dividend	10	49,92,623.65	500.05	51,08,965.17	511.70
12	ICICI Prudential Flexible Income Plan Premium -Daily Dividend	10	1,41,87,787.21	1,500.15	1,43,40,996.53	1,516.35
13	India Infra Structure Finance Company Limited -Bond	1,00,000	500.00	502.75	500.00	509.50
				8,403.49		8,513.91

21. Sales include inter departmental transfers Rs.14,914.81lakhs (previous year Rs. 20,061.00 lakhs), Tax deducted at source Rs.1,267.68 lakhs (previous year Rs. 735.73 lakhs), excess/(short) realization of bills (net) Rs. (5.11) lakhs (previous year Rs. 17.74 lakhs).

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

22. Analysis of raw materials consumed :

	Units	Quantity		Value (Rs. in Lakhs)	
		2009-10	2008-09	2009-10	2008-09
M.S. & C.I. Scrap	M.T.	17,359.00	15,196.00	3,024.81	3,665.40
Pig Iron	M.T.	670.00	76.00	115.46	13.10
Sponge Iron	M.T.	2,651.00	5,225.00	412.83	1,130.89
Plates & Sheets	M.T.	12,925.55	22,334.92	5,832.55	8,936.08
Rounds, Bars and Flats	M.T.	–	216.80	–	80.26
Structural	M.T.	1,601.73	2,930.29	644.54	1,208.68
Billets	M.T.	462.11	–	208.63	–
Tubes & Pipes*	Meter	–	23,804.00	–	22.30
				10,238.82	15,056.71

* Consumption of Tubes & pipes for the FY 2009-10 has been charged as "Consumption of component".

23. Value of raw materials and stores (including components and spare parts) services etc.:

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)	2009-10 %	2008-09 %
Imported	17,824.26	23,689.22	21.75	29.44
Indigenous	64,108.94	56,772.97	78.25	70.56
	81,933.20	80,462.19	100.00	100.00

24. Value of Imports on C.I.F. Basis :

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Raw Materials	201.09	117.62
Components, Spare Parts and Stores	12,863.47	18,289.15
	13,064.56	18,406.77

25. Expenditure in Foreign Currency:

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Royalty & Know-how	–	9.84
Interest	7.86	30.74
Consultancy Fees	28.84	–
Traveling and Others	26.76	18.48

26. Income in Foreign Exchange:

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Export of Goods (F.O.B.)	60.65	454.42
Interest	100.95	23.80

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

27. Amount Remitted during the year on account of Dividend (As certified by the Management):

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Number of Non-resident Shareholders	17	17
Number of Equity Shares held	1,4840	14,840
Dividend remitted (Rs. in Lakhs)	0.11	0.11

28. The following items are included under other heads of expenses in the Profit & Loss account:

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Salary & Wages	28.70	27.50
Stores & Spares consumed	752.81	863.36

29. Miscellaneous Expenses Include:

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Travelling expenses paid to the Directors for attending Board Meetings	5.87	5.53
Bank charges including Guarantee Commission	393.65	460.01
Foreign Exchange (Gain)/Loss*	(46.74)	126.12

* In addition to above, Exchange difference arising on Foreign Currency transactions on account of imported Raw Materials/ Stores has been accounted under respective Revenue heads.

30. Export incentives, escalation, insurance claims and other claims have been accounted for on accrual basis based on latest data available with the Company and where the realization of the amount is reasonably certain.

31. Consumption of raw materials, components, stores and spares parts includes profit/loss on sale thereof.

32. During the year, the company has redeemed 2,74,050 6% Redeemable Non cumulative Preference Share of Rs. 100/- each amounting to Rs. 274.05 lakhs.

33. The Company has allotted 1,64,00,000 Equity Shares of Re. 1/- each at a premium of Rs. 103/- per Equity share aggregating to Rs. 17,056 lakhs in July, 2009 against QIP issue. Subsequent to the issue of Equity Shares to the Qualified Institutional Buyers the paid up Equity share capital of the company has increased from Rs. 1,107.83 lakhs to Rs. 1,271.83 lakhs. QIP expenses are adjusted with Share premium account including Rs. 2 lakhs paid to statutory auditors of the company.

34. Issued, Subscribed and Paid up Share Capital of the company is excluding 9,960 No's of Equity Shares lying in abeyance – NSDL – Transit case (Previous Year – 9,960 No's of Equity Shares)

35. Details of Income/ Expenses disclosed on Net basis

Sl. No.	Particulars	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
1	Freight, Packing and Transport		
	Paid	612.44	680.96
	Received	735.08	690.16
	Net	(122.64)	(9.20)
2	Profit on sale of Fixed Assets		
	Profit	30.47	88.67
	Loss	5.21	4.99
	Net	25.26	83.68

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

35. Details of Income/ Expenses disclosed on Net basis

Sl. No.	Particulars	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
3	Profit on sale of current investment		
	(i) Shares		
	Profit	0.48	0.07
	Loss	–	–
	Net	0.48	0.07
	(ii) Mutual Funds & Others		
	Profit	110.42	137.45
	Loss	–	4.98
	Net	110.42	132.47
	Total (i+ii)	110.90	132.54

36. Details of Expenses related to previous year

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
(i) Fringe Benefit Tax	0.02	8.02
(ii) Interest for Income Tax	62.01	–
	62.03	8.02

37. As a part of company's risk management policy, the financial risks mainly relating to changes in the exchange rates are hedged by using a combination of forward contracts, besides the natural hedges.

	(Rs. in Lakhs)
(a) The particulars of derivative contracts entered into for hedging purpose, outstanding as at 31st March 2010 are as under :	
For hedging foreign currency	
Forward Contracts :	
- Payable	367.00
(b) Un – hedged foreign currency exposure as at 31st March 2010 are as under	
- Payables	5,735.93

38. Previous year figure have been regrouped/ rearranged/ restated/ recast wherever necessary to confirm this year classification.

39. Figures below Rs. 500 have been omitted for rounding off.

In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

A. K. Vijay

Secretary

S. K. Poddar
Ramesh Maheshwari
B. P. Bajoria
H. C. Gandhi
A. C. Chakrabortti
H. Sadhak
Manish Gupta
S. Dhasarathy
Akshay Poddar
D. H. Kela

Directors

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.: L35111WB1939PLC009800 State Code: 21
 Balance Sheet Date: 31-03-2010
 Date Month Year

II. Capital issued during the year (Amount Rs. in Thousands)

Public Issue: NIL Rights Issue: NIL
 Bonus Issue: NIL Private Placement: 16400

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

Total Liabilities: 6814835 Total Assets: 6814835
Sources of Funds
 Paid-up-capital: 127183
 Secured Loans: 1151901
 Deferred Tax Liabilities (Net): 28954
Application of Funds
 Net Fixed Assets: 2315011
 Net Current Assets: 1939599
 Accumulated Losses: NIL
 Reserves and Surplus: 5428460
 Unsecured Loan: 73941
 Employees Stock Option Outstanding: 4396
 Investments: 2560225
 Misc. Expenditure: NIL

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

Turnover: 9306930 Total Expenditure: 8062575
 Other Income: 145296 Profit after Tax: 930448
 Profit before Tax: 1389651 Dividend Rate (%): 90
 Earning per share in Rs.: 7.63

V Generic Names of three Principal Products of Company

Product Description:

- i) Wagons
- ii) Steel Castings
- iii) Structural

Item Code No. (ITC Code):

8606
 8607
 7308

In terms of our Report of even date attached herewith.

For K. N. Gutgutia & Co.

Chartered Accountants

P. K. Gutgutia

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 D. H. Kela

Directors

Cash Flow Statement

For the year ended 31st March 2010

(Rs. in Lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax & Exceptional Items	13,937.64	11,137.72
Adjustments for:		
Depreciation	1,148.56	1,135.40
Interest Paid	860.34	1,086.81
Interest Received	(761.77)	(167.29)
Income from Investments	(416.92)	(196.64)
Profit on sale of Fixed Assets(Net)	(25.26)	(83.68)
Profit on sale of Current Investments(Net)	(110.90)	(132.54)
Profit on sale of Long term Investments(Net)	(44.11)	-
Provision for Diminution in value of Investments	1.50	23.35
Employee compensation expenses under ESOP	43.96	-
Miscellaneous Expenditure Written off	44.97	74.10
	740.37	1,739.51
Operating Profit before Working Capital Changes & Exceptional Items	14,678.01	12,877.23
Adjustments for:		
Trade & Other Receivables	(10,665.31)	(3,567.57)
Inventories	5,268.19	(11,915.44)
Trade Payables	(6,686.17)	7,798.73
	(12,083.29)	(7,684.28)
Cash generated from Operations	2,594.72	5,192.95
Direct Taxes (Paid)/Received	(3,826.46)	(3,895.04)
Cash flow before Exceptional items	(1,231.74)	1,297.91
Exceptional Items	(41.13)	(45.38)
Net Cash from Operating Activities	(1,272.87)	1,252.53
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,567.46)	(1,629.02)
Sale of Fixed Assets	93.96	98.67
Purchase/Sale of Investments	(19,569.95)	3,597.42
Interest Received	661.76	133.03
Income from Investments	416.92	196.64
Capital/ Interest Subsidy	96.66	250.00
Net Cash used in Investing Activities	(19,868.11)	2,646.74
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt/Payment of Long-term borrowings	(1,185.36)	(964.60)
Receipt/Payment of Short-term borrowings	6,010.13	1,149.30
Proceeds from issue of Share capital incl Share premium(Net of Exp)	16,687.33	-
Redemption of Preference Share	(274.05)	-
Interest Paid	(860.34)	(1,086.81)
Dividend Paid	(1,005.06)	(953.18)
Net Cash from Financing Activities	19,372.65	(1,855.29)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,768.33)	2,043.98
Cash and Cash Equivalents as at (Opening Balance)	2,469.53	425.55
Cash and Cash Equivalents as at (Closing Balance)	701.20	2,469.53

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

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Akshay Poddar

D. H. Kela

Directors

Statement Pursuant to Section 212 of the Companies Act, 1956 Related to its subsidiary companies

1. Name of the Subsidiary Companies :	High Quality Steels Limited	Macfarlane & Company Limited	Texmaco Machines Limited (Formerly Texmaco Machines Pvt. Ltd.)
2. Financial year of the Subsidiary Companies ended on :	31st March, 2010	31st March, 2010	31st March, 2010
3. Shares of the Subsidiaries held by Texmaco Limited on the above date			
a) Number and Face Value :	12,09,010 Equity Shares of Rs. 2.50 each fully paid.	1,39,265 Ordinary Shares of Rs. 5/- each fully paid and 16,551 Deferred Shares of Re. 1/- each fully paid.	5,45,99,300 Equity Shares of Re. 1/- each fully paid.
b) Extent of holding :	99.87%	71.27%	99.99%
4. Net aggregate amount of profits/(losses) of the Subsidiaries so far as they concern members of the Holding Company			
a) For the said financial year of the subsidiaries			
i) dealt with in the accounts of the Holding Company :	NIL	NIL	NIL
ii) not dealt with in the accounts of the Holding Company :	Rs. 33,79,297	Rs. 16,32,804	Rs. (9,24,688)
b) For the previous financial years of the subsidiary since it become the Holding Company's subsidiary			
i) dealt with in the accounts of the Holding Company :	NIL	NIL	NIL
ii) not dealt with in the accounts of the Holding Company :	Rs. 74,12,907	Rs. 39,65,021	Rs. (1,54,306)
5. As the financial year of the Subsidiary Companies coincide with the financial year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.			

In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

A. K. Vijay

Secretary

S. K. Poddar

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A. C. Chakrabortti

H. Sadhak

Manish Gupta

S. Dhasarathy

Akshay Poddar

D. H. Kela

Directors

Particulars of Subsidiary Companies

As required by Order No. 47/562/2010-CL - III dated 8th June 2010 of Ministry of Company Affairs, Government of India, issued under Section 212(8) of the Companies Act, 1956 for the Financial Year 2009-10 are as follows:

(Rs. in Lakhs)

	Name of the Subsidiary Companies	High Quality Steels Limited	Macfarlane & Company Limited	Texmaco Machines Limited (Formerly Texmaco Machines Pvt Ltd)
(a)	Share Capital (Equity & Deferred)	30.27	10.00	546.00
(b)	Reserves and Surplus (Net of Debit Balance of Profit & Loss Account)	108.06	78.63	(10.80)
(c)	Total Assets (Fixed Assets + Current Assets+ Deferred Tax Assets+ Loans & Advances)	346.58	141.02	5.20
(d)	Total Liabilities (Current Liabilities & Provisions)	208.25	52.43	12.05
(e)	Details of Investments (Excluding Investment in Subsidiary Companies)			
	- Equity/ Preference Share	–	–	–
	- Government Securities	–	0.04	–
	- Mutual Funds	–	–	542.05
(f)	Turnover	1,540.30	39.09	–
(g)	Profit/(Loss) before Taxation	39.28	33.71	(9.25)
(h)	Provision for Taxation	5.44	10.80	–
(i)	Profit/(Loss) after Taxation	33.84	22.91	(9.25)
(j)	Proposed Dividend (including Dividend Tax)	–	–	–



Auditors' Report on the Consolidated Financial Statements

To
The Board of the Directors of
Texmaco Limited

1. We have audited the attached consolidated Balance Sheet of Texmaco Limited as at 31st March, 2010 and also the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These statements are the responsibility of the Texmaco's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 141.06 lakhs as at 31st March, 2010, the total revenue of Rs. 39.12 lakhs and cash flows amounting to Rs. 4.86 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.
4. *Subject to notes No, 4 (b) & (c) and 13 of Schedule 'Q' regarding provisions for Gratuity and Leave Pay which are not in accordance with AS-15 (Revised) and non-adjustment of carrying amount of investment in associates respectively and its corresponding adjustment in the retained earning (amount not ascertained), we report that the consolidated financial statements have been prepared by the Texmaco's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements issued by The Institute of Chartered Accountants of India.*

Based on our audit and on consideration of report of other auditor on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

 - a) in the case of the consolidated Balance Sheet, of the state of affair of Texmaco Limited as at 31st March, 2010.
 - b) in the case of the consolidated Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **K. N. Gutgutia & Co.**
Chartered Accountants
Firm Registration No. 304153E

6C, Middleton Street,
Kolkata - 700 071
Dated: 29th May, 2010

P. K. Gutgutia
Partner
Membership No. 6994

Consolidated Balance Sheet As at 31st March 2010

	Schedule	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Capital	"A"	1,271.83	1,381.88
(b) Employees Stock Option Outstanding	"A1"	43.96	–
(c) Reserves and Surplus	"B"	54,441.81	29,882.07
2. Minority Interest		25.86	18.87
3. Loan Funds			
(a) Secured Loans	"C"	11,519.01	6,699.49
(b) Unsecured Loans	"D"	739.41	734.16
4. Deferred Tax Liabilities (Net) (Refer Note No. 12 of Schedule 'Q')		274.83	221.35
Total		68,316.71	38,937.82
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	"E"	34,415.19	33,111.60
(b) Less: Depreciation		11,375.68	10,293.44
(c) Net Block		23,039.51	22,818.16
(d) Capital Work-in-Progress		157.65	30.63
		23,197.16	22,848.79
2. Investments	"F"	25,565.25	5,844.74
3. Current Assets, Loans and Advances			
(a) Inventories	"G"	17,587.06	22,855.25
(b) Sundry Debtors	"H"	27,201.20	18,133.76
(c) Cash and Bank Balances	"I"	718.40	2,476.28
(d) Other Current Assets	"J"	242.74	142.73
(e) Loans and Advances	"K"	8,763.28	7,749.95
Total		54,512.68	51,357.97
Less : Current Liabilities and Provisions			
(a) Liabilities	"L"	32,881.83	39,569.34
(b) Provisions	"M"	2,076.55	1,589.31
Total		34,958.38	41,158.65
Net Current Assets		19,554.30	10,199.32
4. Miscellaneous Expenditure (to the extent not written-off or adjusted)		–	44.97
Total		68,316.71	38,937.82
NOTES	"Q"		

Schedules referred to above form an integral part of the Consolidated Balance Sheet
In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

A. K. Vijay
Secretary

S. K. Poddar
Ramesh Maheshwari
B. P. Bajoria
H. C. Gandhi
A. C. Chakrabortti
H. Sadhak
Manish Gupta
S. Dhasarathy
Akshay Poddar
D. H. Kela

Directors

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

Schedule	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
INCOME		
Gross Sales	112,588.51	109,157.46
Less : Inter Segment Revenue	14,914.81	20,061.00
Less : Excise Duty	4,565.32	8,395.07
Net Sales/ Income from Operations	93,108.38	80,701.39
Other Sources "N"	1,460.33	804.37
Total	94,568.71	81,505.76
EXPENDITURE AND CHARGES		
Operating Costs "O"	93,473.23	88,155.39
Less : Inter Segment Transfer	14,914.81	20,061.00
Interest "P"	860.35	1,086.85
Depreciation		
For the year	1,194.80	1,183.55
Less: Recouped from Revaluation Reserve	46.24	48.15
Total	80,567.33	70,316.64
Profit before Taxation and Exceptional items	14,001.38	11,189.12
Add / (Less): Exceptional Items		
- VRS in Engineering Division	(41.13)	(45.38)
Profit before Taxation	13,960.25	11,143.74
Less: Provision for Taxation		
- Current Tax	4,521.43	3,498.24
- Deferred Tax	53.48	(7.62)
- Fringe Benefit Tax	-	35.60
Less: Income Tax for earlier year	33.36	0.53
Profit after Taxation	9,351.98	7,616.99
Less : Minority Interest	6.99	6.50
Profit after Minority Interest	9,344.99	7,610.49
Add: Balance Brought Forward from previous year	5,494.44	3,875.26
Profit available for appropriation	14,839.43	11,485.75
APPROPRIATIONS		
Dividend on Preference Share Redeemed	14.69	-
Tax on Dividend on Preference Share Redeemed	2.50	-
Proposed Dividend		
On Equity Shares	1,144.65	830.87
On Preference Shares	-	16.44
Tax on Dividend	194.53	144.00
Transferred to General Reserve	7,500.00	5,000.00
Transferred to Balance Sheet	5,983.06	5,494.44
	14,839.43	11,485.75
Earning Per Share of Re.1 each (Basic)	7.66	6.86
(Refer Note No. 11 of Schedule 'Q')		
Earning Per Share of Re.1 each (Diluted)	7.65	6.86
(Refer Note No. 11 of Schedule 'Q')		
NOTES "Q"		

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account
In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

A. K. Vijay
Secretary

S. K. Poddar
Ramesh Maheshwari
B. P. Bajoria
H. C. Gandhi
A. C. Chakrabortti
H. Sadhak
Manish Gupta
S. Dhasarathy
Akshay Poddar
D. H. Kela

Directors

Schedules to Consolidated Balance Sheet

		2009-10 (Rs. in Lakhs)		2008-09 (Rs. in Lakhs)
SCHEDULE A CAPITAL				
Authorised				
17,00,00,000 Equity Shares of Re. 1/- each		1,700.00		1,700.00
3,00,000 6% Preference Shares of Rs. 100/- each		300.00		300.00
		2,000.00		2,000.00
Issued, Subscribed and Paid-up				
12,71,83,090 (11,07,83,090) Equity Shares of Re. 1/- each fully paid-up (including 37,50,000 Equity Shares allotted for consideration other than cash) (Refer to Note No. 19 & 20 of Schedule "Q")	1,271.82		1,107.82	
Add: Forfeited Shares (Amount paid-up)	0.01	1,271.83	0.01	1,107.83
NIL (2,74,050) 6% Redeemable Non-Cumulative Preference Share of Rs. 100/-each (Refer Note No. 18 of Schedule "Q")		–		274.05
		1,271.83		1,381.88

SCHEDULE A1 EMPLOYEES STOCK OPTION OUTSTANDING				
Employees Stock Option Outstanding		60.77		–
Less: Deferred Employees Compensation Expenses		16.81		–
		43.96		–

Schedules to Consolidated Balance Sheet

		2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)	
SCHEDULE B RESERVES AND SURPLUS				
Share Premium				
As per last Account	2,323.02		2,323.02	
Add : Equity QIP Share Premium	16,523.33	18,846.35	–	2,323.02
(Net off QIP Expenses Rs. 368.67 Lakhs)				
Revaluation Reserve				
As per last Account	1,355.42		1,406.42	
Less: On Assets sold/ discarded during the year	2.63		2.85	
	1,352.79		1,403.57	
Less: Transferred to Profit and Loss Account	46.24	1,306.55	48.15	1,355.42
State Capital Investment Subsidy				
As per last Account	265.00		15.00	
Add : Received during the year	–	265.00	250.00	265.00
State Interest Subsidy				
As per last Account	–		–	
Add: Received during the year	96.66	96.66	–	–
Capital Redemption Reserve				
As per last Account	141.02		141.02	
Add: Transferred from General Reserve Account	274.05	415.07	–	141.02
General Reserve				
As per last Account	20,303.17		15,303.16	
Less: Transferred to Capital Redemption Reserve Account	274.05		–	
	20,577.22		15,303.16	
Add : Transferred from Profit and Loss Account	7,500.00		5,000.00	
Add : Goodwill Written-off / Capital Reserve	–	28,077.22	0.01	20,303.17
Profit & Loss account		5,983.06		5,494.44
		54,441.81		29,882.07

Schedules to Consolidated Balance Sheet

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE C SECURED LOANS		
From Banks:		
Secured by hypothecation of Finished Goods and part of Raw Materials, Stock-in-Process, Stores, Book Debts, etc. and second charge on Fixed Assets.		
Cash Credit Accounts / SLC/ FCNR (B)	10,343.75	4,333.62
Term Loans:		
Secured by first equitable mortgage/charge on the immovable/movable properties both present and future of Belgharia, Agarpara and Sodepur Units of the Company created/to be created except exclusive first charge by way of Hypothecation in favour of the respective financial institutions on the Plant & Machinery acquired/to be acquired under their Equipment Finance Scheme and Working Capital Loan		
Secured by Letter of Credit opened by the Buyer		
From State Bank of India	328.75	456.04
Project Loans :		
From State Bank of India	508.33	1,178.67
From Landesbank Wutterberg, Germany	170.53	385.10
From IREDA - Secured by Exclusive first charge of immovable / movable properties of Neora Hydro Project both existing and future subject to prior charge of Banks on specified Current Assets.	167.65	344.38
Loan from Others - Secured by Bank Guarantee under Subsidised Industrial Housing Scheme	–	1.68
	11,519.01	6,699.49

SCHEDULE D UNSECURED LOANS		
From Body Corporates	15.74	15.74
Fixed Deposit from employees/ex-employees	23.67	18.42
Advance against sale of land	700.00	700.00
	739.41	734.16

Schedules to Consolidated Balance Sheet

SCHEDULE E

(Rs. in Lakhs)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2009	Additions During The Year	Sales/ Adjustments	As on 31.03.2010 @	As on 01.04.2009	During The Year	Sales/ Adjustments	As on 31.03.2010 @	As on 31.03.2010	As on 31.03.2009
Land (Including Lease Hold)	4,716.64	68.83	-	4,785.47	-	-	-	-	4,785.47	4,716.64
Buildings	14,090.29	664.84	0.92	14,754.21	3,035.57	336.78	0.11	3,372.24	11,381.97	11,054.72
Roads	69.38	35.79	-	105.17	39.99	0.62	-	40.61	64.56	29.39
Railway Sidings	267.38	11.85	-	279.23	118.66	9.61	-	128.27	150.96	148.72
Plant & Machinery	12,271.49	554.09	129.83	12,695.75	6,308.26	755.55	94.05	6,969.76	5,725.99	5,963.23
Electrical Machinery	822.41	25.11	2.50	845.02	332.42	31.83	0.98	363.27	481.75	489.99
Office Equipments	386.40	31.71	0.20	417.91	228.56	25.89	0.20	254.25	163.66	157.84
Furniture & Fittings	120.00	15.18	0.99	134.19	80.88	2.92	0.78	83.02	51.17	39.12
Vehicles	367.61	80.08	49.45	398.24	149.10	31.60	16.44	164.26	233.98	218.51
Total	33,111.60	1,487.48	183.89	\$34,415.19	10,293.44	1,194.80	112.56	11,375.68	23,039.51	22,818.16
Capital Work - in - Progress	30.63	127.02	-	157.65	-	-	-	-	157.65	30.63
Grand Total	33,142.23	1,614.50	183.89	34,572.84	10,293.44	1,194.80	112.56	11,375.68	23,197.16	22,848.79
Previous Year	32,126.13	1,629.02	612.92	33,142.23	9,704.97	1,183.55	595.08	10,293.44	22,848.79	-

NOTES : 1. @ Gross Block includes Rs. 4,796.74 Lakhs and Depreciation includes Rs. 3,490.19 Lakhs due to revaluation on 31.12.1985

2. \$ Includes Assets held in co-ownership with others at Kolkata & Delhi (Refer Note No. 17 of Schedule 'Q')

3. Rs. 3,287.47 Lakhs (including Rs. 21.79 Lakhs for this year) expenses incurred for development of land of Birla Textile capitalised (Refer Note No. 6 of Schedule 'Q')

Schedules to Consolidated Balance Sheet

				2009-10 (Rs. in Lakhs)		2008-09 (Rs. in Lakhs)	
SCHEDULE	F	INVESTMENTS					
A) Long-Term Investment (At Cost)							
Trade Investments							
Fully paid-up Shares held in:							
Quantity	F.V.						
1499	100	Wagon India Limited	1.50			1.50	
		Less: Provision for Diminution of Investment	1.50	–			
15000	10	MSTC Limited		0.75	0.75	0.75	2.25
Other Investments							
a) In Government Securities:							
Quantity	F.V.						
100	100	12% Tamil Nadu Loan, 2011		0.10		0.10	
		12 Year National Plan Savings Certificates		0.01		0.01	
		12 Year National Defense Certificates		0.03		0.03	
b) Fully paid-up Shares held in:							
Quantity	F.V.						
7500	10	Birla Buildings Limited		0.75		0.75	
120	10	Elgin Mills Limited (5% 'B' Cumulative Pref. Shares)		0.01		0.01	
116700	10	APV Texmaco Limited	9.61				
		Less: Provision for Diminution of Investment	9.61	–		–	
2557941	10	Zuari Industries Limited		4,766.83		4,766.83	
– (320000)	10	Gobind Sugar Mills Limited		–		102.00	
6187	1	Calcutta Stock Exchange Limited		123.74		123.74	
42900	10	Chambal Fertilisers & Chemicals Ltd.		7.55		7.55	
35529	10	Upper Ganges Sugar & Ind. Ltd.		24.04		24.04	
4100	10	New India Retailing & Investment Ltd.		1.78		1.78	
3500	10	Taparia Limited		0.40		0.40	
22000	10	Leas Communications Limited	2.20				
		Less: Provision for Diminution of Investment	2.20	–		–	
1000	10	Chandausi Rice Mills Limited	0.10				
		Less: Provision for Diminution of Investment	0.10	–		–	
15000	10	Birla Constructions Limited		1.50		1.50	
525450 (274050)	100	Lionel India Limited		525.45		274.05	
10000	10	Texmaco United Group Rail Pvt. Ltd.		1.00	5,453.19	–	5,302.79

Schedules to Consolidated Balance Sheet

		2009-10	2008-09	
		(Rs. in Lakhs)	(Rs. in Lakhs)	
SCHEDULE	F	INVESTMENTS (Contd.)		
B) Current Investments				
a) Fully paid-up shares in:				
Quantity	F.V.			
5000	10	Idea Cellular Limited	7.30	7.30
11000	10	Powergrid Corporation of India Limited	16.78	16.78
–	10	NTPC Limited	–	5.13
(2500)				
20000	10	Tata Teleservices (Maharashtra) Limited	9.79	9.79
2000	2	Bharat Forge Limited	5.88	5.88
10000	10	Lakshmi Vilas Bank	9.35	6.66
(5000)				
9500	10	Aditya Birla Chemical India Limited	9.80	9.80
5000	2	East India Hotels Limited	11.17	11.17
1000	10	SREI Infrastructure Finance Limited	2.18	2.18
500	10	Century Textiles Limited	4.34	4.34
–	10	Jain Irrigation Systems Limited	–	7.45
(1000)				
101471	10	NHPC Limited	36.53	–
			113.12	86.48
Less: Provision for Diminution			32.84	46.78
			80.28	39.70
b) Mutual Funds in:				
Units	F.V.			
4477598.574	10	UTI Spread Fund Growth Plan	500.00	500.00
105362.445	1000	UTI Floating Rate Fund ST Plan - Instl. DD	1,054.44	–
13420149.962	10	SBI -SHF- UST Fund - Instl. Plan -DD	1,342.82	–
5130528.912	10	Fortis Short Term Income Fund - Instl. Plus - DD	513.21	–
5107376.572	10	HDFC Floating Rate Income Fund - ST Plan- wholesale option - Div. Reinv.	514.87	–
3473412.540	10	L&T Freedom Income STP - Instl. cum org.	515.09	–
19106199.799	10	SBI Magnum Insta Cash Fund Daily Div. option	3,200.35	–
4998400.512	10	Reliance Quarterly Interval Fund III Instl. Div. Plan	501.87	–
4998500.450	10	Reliance Monthly Interval Fund Series I Instl. Div. Plan	501.29	–
5426567.331	10	Reliance Monthly Interval Fund Series II Instl. Div. Plan	543.04	–
25198883.350	10	Birla Sun Life enhanced Arbitrage Fund - Instl. - Div.	2,556.22	–
20173733.482	10	Birla Sun Life Dynamic Bond Fund-Retail Plan - Monthly Div.	2,100.65	–
5105685.914	10	Kotak Bond (Short Term) Monthly Div.	515.09	–
4163426.834	10	LIC Income Plus Fund -Growth Plan	514.77	–
10821.268	1000	AXIS Treasury Adv. Fund-Instl. weekly Div.	108.27	–
5028171.789	10	UTI FI Interval Fund -S II -Quarterly Interval Plan V- Instl. Div. Plan	502.99	–
5021038.135	10	Peerless Ultra STF -Super Instl. -Daily Div.	502.11	–
c) Bonds:				
Units	F.V.			
26750	8500	In NABARD	2,498.45	–
540	100000	In IRFC Bond	540.00	–
1000	100000	In IIFCL	1,005.50	–
			20,031.03	500.00
Subscribed and sold during the year as per Note No.15 of Schedule "Q"				
Total			25,565.25	5,844.74
			Book Value	Market Value
Aggregate amount of Quoted Investments			5,546.27	5,065.64
Aggregate amount of Unquoted Investments			20,018.98	779.10
			25,565.25	5,844.74

Schedules to Consolidated Balance Sheet

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE G INVENTORIES		
Stock as per inventories taken, valued and certified by the Management		
Land	320.04	320.04
Stores, Components & Spare Parts, etc	7,345.40	9,821.78
Raw Materials (incl. Raw Materials at Site Rs. 507.49 lakhs, previous year Rs. 798.67 lakhs)	2,858.60	3,323.58
Goods-in-Transit	4,766.36	5,261.69
Stock-in-Process	2,196.51	4,037.67
Finished Goods	100.15	90.49
	17,587.06	22,855.25

SCHEDULE H SUNDRY DEBTORS (Unsecured-considered good)		
(including Retention Money Rs. 2,220.23 lakhs, previous year Rs. 2,985.97 lakhs)		
Debts Outstanding for a period Exceeding six months		
Considered good	5,471.47	3,708.52
Considered doubtful	–	–
	5,471.47	3,708.52
Other Debts considered good	21,729.73	14,425.24
	27,201.20	18,133.76

SCHEDULE I CASH AND BANK BALANCES		
Cash Balance on hand	28.57	31.18
Cheques on hand	–	1,534.76
Balances with Scheduled Banks :		
Deposit Accounts	502.83	2.81
Current Accounts	164.57	888.54
Dividend Accounts	22.43	18.99
	718.40	2,476.28

SCHEDULE J OTHER CURRENT ASSETS		
Interest accrued on Loans	242.74	142.73
	242.74	142.73

Schedules to Consolidated Balance Sheet

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE K LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Loans	3,431.24	540.00
Advances recoverable in cash or in kind or for value to be received	4,378.42	4,943.03
Balance with Customs, Port, Excise and other Government Authorities	796.04	1,566.19
Deposits	21.54	40.03
Advance payment of Income Tax and Tax deducted at Source/ I.Tax refundable (Net of Provision)	–	525.10
Share Application money	135.51	135.51
Advance payment of FBT (Net of Provision)	0.53	0.09
	8,763.28	7,749.95

SCHEDULE L LIABILITIES		
Sundry Creditors		
For Goods supplied	20,734.70	24,215.28
For Expenses and other Finance	4,684.69	4,274.08
Trade and Other Deposits and Advances	7,433.57	11,054.55
Advance against Sale of Land/Factory	0.38	0.38
Preference Share Capital Redeemed	5.81	5.81
Unclaimed Dividend on Preference Shares	0.25	0.25
Unclaimed Dividend on Equity Shares (*)	22.43	18.99
(*) There is no amount due and outstanding to be credited to the Investor Education and Protection Fund		
	32,881.83	39,569.34

SCHEDULE M PROVISIONS		
For Contingencies	4.93	4.93
For Leave	133.91	112.49
For Gratuity	93.97	82.04
Proposed Dividend	1,144.65	847.31
Tax on Dividend	194.53	144.00
For others (Refer Note No. 5 of Schedule "Q")	333.10	398.28
Provision of Income Tax (Net of Advance Tax)	171.46	–
Provision of FBT (Net of Advance Tax)	–	0.26
	2,076.55	1,589.31

Schedules to Consolidated Profit and Loss Account

	2009-10 (Rs. in Lakhs)		2008-09 (Rs. in Lakhs)	
SCHEDULE N INCOME FROM OTHER SOURCES				
Income from Investments-Long Term				
Trade	11.63		12.60	
Others	80.59	92.22	77.68	90.28
Income from Investments - Current		326.75		106.36
Profit on Sale of Investments - Long term		44.11		–
Profit on Sale of Investments - Current (Net) (Refer Note No. 21 of Schedule "Q")		110.90		132.54
Miscellaneous Receipts and Income		21.86		156.12
Sundry Credit Balance Adjusted		1.25		–
Profit on Sale of Fixed Assets (Net) (Refer Note No. 21 of Schedule "Q")		25.26		83.68
Provision & Excess Liabilities Written Back		14.58		67.32
Provision for Diminution of Current Investments Written Back		13.94		–
Export Incentive		10.17		–
Interest Subsidy		36.45		–
Interest				
From Bank		21.74		23.98
From Others		741.10		144.09
(TDS Rs. 51.93 lakhs, previous year Rs. 27.84 lakhs)				
		1,460.33		804.37

SCHEDULE O OPERATING COSTS				
Raw Materials Consumed (O1)		10,238.82		15,056.71
Consumption of Components (Incl Job processing and contract labour charges Rs. 1,473.11 lakhs, Previous year Rs. 1,121.33 lakhs)		66,108.63		60,975.18
Consumption of Stores & Spare Parts (including Accessories and after adjusting Sales and departmental transfers,etc.)		4,045.45		3,205.45
Purchases		10.04		9.90
Power and Fuel		2,573.51		2,402.95
Salaries, Wages and Bonus		3,051.75		2,863.72
Contribution to and Provision for				
Provident Fund and Pension Fund		298.72		283.63
Superannuation Fund		30.66		22.46
Gratuity		197.98		162.45
Provision for Leave Encashment		20.77		14.51

Schedules to Consolidated Profit and Loss Account

		2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
SCHEDULE O OPERATING COSTS (Contd.)			
Workmen and Staff Welfare Expenses		216.14	215.02
Selling Agents Commission		6.24	13.02
Selling Expenses		148.13	177.21
Erection Expenses		1,720.02	1,324.72
Expediting Service Charges		31.87	–
Freight, Packing and Transport (Net) (Refer Note No. 21 of Schedule "Q")		(122.64)	(9.20)
Excise Duty Provided on Stock		0.09	0.21
Royalty & Knowhow		–	44.00
Rates & Taxes		121.25	55.48
Rent Paid		36.52	32.71
Research & Development		56.01	10.00
Insurance		27.01	20.81
Repairs			
Building	372.48		431.96
Plant and Machinery	491.48		365.42
Others	98.48	962.44	106.55
Miscellaneous Expenses		1,144.09	1,351.47
Charity and Donations		35.71	8.32
Sundry Debit Balance Adjusted		1.03	(0.40)
Expenses relating to previous year (Refer Note No. 22 of Schedule "Q")		62.06	8.07
Jigs & Fixtures, Drawings and Designs		133.81	476.55
Bad Debts Written off		411.95	–
Auditors' Remuneration			
As Auditors	6.62		6.62
For Tax Audit	1.30		1.29
For Quarterly Review	2.35		1.88
For Fees for Other Services (incl. for issuing various certificates)	4.43		3.57
For Reimbursement of out of pocket expenses	0.25	14.95	0.30
Cost Auditors Fees		0.11	–
Directors' Fees		6.15	3.95
Employee's Compensation Expenses under ESOP		43.96	–
Directors' Commission		7.00	6.55
Provision for Diminution in Current and Long Term Investments		1.50	23.45
Adjustment regarding difference in value of Opening and Closing Stocks of Finished Goods and Stock-in-Process (O2)		1,831.50	(1,521.10)
		93,473.23	88,155.39

Schedules to Consolidated Profit and Loss Account

	2009-10 (Rs. in Lakhs)		2008-09 (Rs. in Lakhs)	
SCHEDULE 01 RAW MATERIALS CONSUMED				
Opening Stock	3,323.58		3,547.31	
Add: Purchases and Departmental transfers etc.	12,403.34	15,726.92	19,193.62	22,740.93
Less: Returns, Sales and Departmental issues used in Works and in Block	2,629.50		4,360.64	
Closing Stock	2,858.60	5,488.10	3,323.58	7,684.22
Raw Materials consumed		10,238.82		15,056.71

SCHEDULE 02	ADJUSTMENT REGARDING DIFFERENCE IN VALUE OF OPENING AND CLOSING STOCKS OF FINISHED GOODS AND STOCK-IN-PROCESS			
Opening Stock				
Stock-in-Process	4,037.67		2,449.89	
Finished Stock	90.49		157.17	
		4,128.16		2,607.06
Closing Stock:				
Stock-in-Process	2,196.51		4,037.67	
Finished Stock	100.15		90.49	
		2,296.66		4,128.16
(Increase)/Decrease		1,831.50		(1,521.10)

SCHEDULE P	INTEREST			
Term Loans		128.62		291.87
Fixed Deposit		2.14		1.79
Banks		518.02		536.71
Others		211.57		256.48
		860.35		1,086.85



Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT

A. ACCOUNTING POLICIES

General

These accounts are prepared on historical cost basis and on the accounting principles of a going concern. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles. Applicable Accounting Standards notified by the Companies Accounting Standards Rules, 2006 have been followed except otherwise stated.

Fixed Assets

Certain Land, Buildings, Roads, Railway Siding and Plant & Machinery as existing on 31.12.1985 are stated on the basis of their revalued costs. Other Fixed assets are stated at cost net of Cenvat. Cost includes purchase price and related expenses.

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price and 'value in use' of the assets. The estimated future cash flows considered for determining the value in use are discounted to their present value at the weighted average cost of capital.

Depreciation

Depreciation on revalued assets is calculated on their respective revalued amounts and is computed on the basis of remaining useful life as estimated by the valuer on straight line method. On other assets, depreciation has been provided on straight line method except in respect of a unit (Neora Hydro) having a Gross assets Valuing Rs. 2,564.23 Lakhs (Previous Year Rs. 2,547.25 Lakhs) where Written Down method has been followed in accordance with the rates in Schedule XIV of the Companies Act, 1956. The depreciation on amount added on revaluation is being set off by transfer from Revaluation Reserve.

Investments

Current Investment are stated at lower of cost and fair value.

Long term Investments are considered "at Cost" on individual investment basis, unless there is a decline other than temporary in value thereof, in which case adequate provision is made against such diminution in the value of investments.

Recognition of Income and Expenditure

Sales revenue is recognized on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated at net of Sales Tax, VAT, trade discounts, rebates but include excise duty. Income from services is recognized as the services are rendered based on agreement/arrangement with the concerned parties. Dividend income on investments is accounted for when the right to receive the payment is established. Interest income is recognized on time proportion basis. Export incentives, certain insurance, railway and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

Employee Benefits

(1) The company's contribution to provident fund, employees' state insurance scheme and super-annuation fund are charged on accrual basis to Profit & Loss Account.

(2) **Leave:**

Leave liability is accounted for based on actuarial valuation at the end of year.

(3) **Gratuity:**

The Company has an approved Gratuity Fund for its Engineering Units which has taken a Group Gratuity Cash Accumulation Scheme Policy with Life Insurance Corporation of India (LIC) for future payment of gratuity to the employees. Year-end accrued liabilities on account of gratuity payable to employees are provided on the basis of actuarial valuation. The Company accounts for gratuity liability equivalent to the premium amount payable to LIC every year, which together with the annual contribution in subsequent years would be sufficient to cover the gratuity liability as and when it accrues for payment.



Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

Cenvat Duty, Customs Duty & Cenvat Credit

Cenvat Credit availed on Raw materials, Stores and Capital Goods are reduced from the cost of the Respective Goods. Cenvat Duty payable on finished goods lying in factory is provided for and included in Closing Stock of Inventory.

Research and Development

Research and Development expenditures of revenue nature are charged to Profit & Loss Account, while capital expenditure is added to the cost of fixed assets in the year in which these are incurred.

Valuation of Inventories

Inventories are valued at the lower of cost and net realizable value. In the case of manufactured goods, costs are calculated at direct material cost, conversion and other costs incurred to bring the goods to their respective present location and condition. For other inventory, cost is computed on weighted average basis.

Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary Assets and Liabilities in foreign currency existing at balance sheet date translated at the exchange rate prevailing on that date. All exchange differences are recognized in Profit & Loss Account. Premium or discount on forward exchange contract is amortised as expense or income over the life of the contract.

Contingent Liabilities

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Use of Estimates

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and the estimates are recognized in the period in which the results are known/ materialized.

Borrowing Cost

Interest on borrowings directly attributable to the acquisition, construction or production of qualifying assets is being capitalised till the date of commercial use of the qualifying assets. Other interests on borrowings are recognised as an expense in the period in which they are incurred.

Segment Reporting

- Based on the organisational structures and its Financial Reporting System, the Company has classified its operation into four business segments namely Heavy Engineering Division, Steel Foundry Division, Real Estate and Others.
- Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which are related to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under un-allocable expenses.
- Capital Employed to each segment is classified on the basis of allocable assets minus allocable liabilities identifiable to each segment on reasonable basis.

Taxation

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax is calculated at current statutory Income Tax Rate and is recognised on timing differences between

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Employees Stock Option Scheme

In respect of Stock options granted pursuant to the Company's Employees Stock Option Schemes 2007, the intrinsic value of the options (excess of Market Price of the share over the exercise price of the option) is treated as discount and accounted as deferred employee's compensation cost over the vesting period.

Government Grant

Grants from the government are recognized when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Revenue grants/subsidies are recognized in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other Capital Grants are credited to Reserve & Surplus of the Company.

B. NOTES ON ACCOUNTS

1. Principles of Consolidated Financial Statement:

The Consolidated Financial Statement that relate Texmaco Limited and its various subsidiaries have been prepared on the following basis:

- The Financial Statements of the Company and its Subsidiaries are combined on a line - by - line basis by adding together the book value of like terms of assets, liabilities, income and expenditure, after fully eliminating intra group balance, intra group transactions and any unrealized profit/ loss included therein.
- The Consolidated Financial Statements have been prepared using uniform accounting policies, except stated otherwise, for like transaction and are presented, to the extent possible, in the same manner as the Company's separate Financial Statement.
- The Subsidiary/ Associate Companies considered in the Financial Statement are as follows:

Name	Country of Incorporation	% of Voting power as on 31.03.2010
High Quality Steels Limited	India	99.87
Macfarlane & Company Limited	India	71.27
Texmaco Machines Ltd. (Formerly Texmaco Machines Private Limited)	India	99.99

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance)	159.07	30.21

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
3. Contingent Liabilities (not provided for) in respect of :		
(a) Guarantees given by Banks	32,258.80	39,607.46
(b) Letters of Credit opened by Banks	25,397.05	25,638.36
(c) Claims under dispute (excise duty & service tax)	2,054.48	2,600.96
(d) Claims not acknowledged as debts (Amount unascertainable)	—	—
(e) Income Tax assessment re-opened (Amount unascertainable)	—	—

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

4. (a) The Company accounts for gratuity liability of its Engineering units equivalent to the premium amount paid/ payable to Life Insurance Corporation of India (LIC). However, the entire amount of provision of gratuity has not been funded with LIC.
- (b) Provision for Leave Pay and Gratuity Liability as at 31st March, 2010 has been made on Accrued Basis, instead of Actuarial Valuation as per AS – 15 (Revised), in High Quality Steels Limited, a Subsidiary of the Company.
- (c) No provision for Gratuity in accordance with the requirement of AS -15 (Revised) on Employee Benefits has been made by Macfarlane & Company Limited, a Subsidiary of the Company as it has only one employee, who has not completed five years of services to be eligible for Gratuity under the Payment of Gratuity Act, 1972, and in the opinion of the Director, the amount is not material.

5. Movement of Provisions during the year as required under AS 29 prescribed by the ICAI. (Rs. in Lakhs)

Particulars	Opening Provision as on 1.4.2009	Utilised during the year	Reversed during the year	Provision during the year	Closing provision as on 31.03.2010
(a) Site warranty period maintenance	183.99	–	–	–	183.99
(b) Others	214.29	67.13	3.05	5.00	149.11
Total	398.28	67.13	3.05	5.00	333.10
Previous Year	327.26	22.68	–	93.70	398.28

In accordance with the requirement of AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the ICAI, the company has provided liability for warranty and other expenses amounting to Rs. 5.00 Lakhs (previous year Rs. 93.70 Lakhs) as estimated by the management.

Site warranty period maintenance: - The Company gives warranties and maintenance on certain products and services, undertaking to repair, replace and maintain the items for satisfactory working during the warranty period. Provision made as at 31.03.2010 represents the amount of the expected cost of meeting such obligations of rectification/ replacement/ maintenance. The timing of the outflow is expected to be within a period of two years.

Provision for others: - It represents liabilities related to various site expenses including contractor service charges for sites, administrative charges etc, likely to materialize in the next financial year.

6. As per the Agreement with Chambal Fertilizers & Chemicals Ltd., when they took over the assets and liabilities of Baddi Unit from 01-10-99, Texmaco is liable to pay wages and salary in respect of excess workers/ staff taken over by them over and above the required one to run the Baddi Unit. The Company has paid Rs. 21.79 Lakhs (Previous year Rs. 44.75 Lakhs) during the year to such workers/ staff including various other related expenses. Such expenses have been shown as expenses on land and capitalised under the head 'Land'.
7. In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business unless otherwise stated, at least to the amount at which they are stated and the provisions for all known and determined liabilities is adequately provided.
8. Balance of debtors and loans and advances are subject to confirmation from respective parties.

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

9. Related Party Disclosure

(a) Name of the related parties and relationship:

Relationship	Parties where control Exist 2009-10	Parties where control Exist 2008-09
A Subsidiaries	<p>High Quality Steels Limited (99.87% of the Capital held by the Company)</p> <p>Macfarlane & Company Limited (71.27% of the Capital held by the Company)</p> <p>Texmaco Machines Limited (Formerly Texmaco Machines Private Limited) (Changed to Texmaco Machines Limited w.e.f. 03/03/2010) (99.99% of the Capital held by the company)</p>	<p>High Quality Steels Limited (99.87% of the Capital held by the Company)</p> <p>Macfarlane & Company Limited (71.27% of the Capital held by the Company)</p> <p>Texmaco Machines Private Limited (99.30% of the Capital held by the company)</p>
B Associates	Lionel India Limited (50.00% of the Capital held by the Company)	Lionel India Limited (34.28% of the Capital held by the Company)
C Key Management Personnel	<p>Shri S. K. Poddar Executive Chairman</p> <p>Shri Ramesh Maheshwari Executive Vice Chairman (Appointed as Executive Vice Chairman of the company w.e.f. 13.01.2010)</p> <p>Shri D. H. Kela Whole Time Director, President & CEO (Appointed as President and CEO of the company w.e.f. 01.01.2010)</p>	<p>Shri S. K. Poddar Executive Chairman</p> <p>Shri Ramesh Maheshwari President & CEO</p> <p>Shri D. H. Kela Wholetime Director</p>
D Relatives of Key Management Personnel	Shri Gaurav Agarwala Relative of Director	Shri Gaurav Agarwala Relative of Director

(b) Related Party Transactions

(Rs. in Lakhs)

Transactions	Subsidiaries	Associate	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Purchase of Goods/ Services					1599.19 (1,274.84)
- High Quality Steels Limited	1,540.30 (1,224.85)	— —	— —	— —	
- Lionel India Limited	— —	58.89 (49.99)	— —	— —	

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

(b) Related Party Transactions (Contd.)

(Rs. in Lakhs)

Transactions	Subsidiaries	Associate	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Loans/ Advances received					186.50 (188.49)
- High Quality Steels Limited	138.25 (156.89)	— —	— —	— —	
- Macfarlane & Company Limited	48.25 (31.60)	— —	— —	— —	
Loans/ Advances paid					11.17 (0.41)
- Texmaco Machines Limited	11.17 (0.41)	— —	— —	— —	
Remuneration paid					232.96 (151.91)
- Shri S. K. Poddar	— —	— —	114.36 (40.87)	— —	
- Shri Ramesh Maheshwari	— —	— —	82.83 (70.10)	— —	
- Shri D. H. Kela	— —	— —	35.77 (27.44)	— —	
- Shri Gaurav Agarwala	— —	— —	— —	12.00 (13.50)*	
Interest Received					12.42 (16.56)
- Lionel India Limited	— —	12.42 (16.56)	— —	— —	
Debit Balance Outstanding at year end					11.58 (153.56)
- Texmaco Machines Limited	11.58 (0.41)	— —	— —	— —	
- Lionel India Limited	— —	— (153.15)	— —	— —	
Credit Balance Outstanding at year end					187.98 (188.49)
- High Quality Steels Limited	138.25 (156.89)	— —	— —	— —	
- Macfarlane & Company Limited	48.25 (31.60)	— —	— —	— —	
- Lionel India Limited	— —	1.48 —	— —	— —	

* Including Arrear Salary of Rs. 1.50 lakhs related to Financial Year 2007-08.

Note: - Figures given in brackets are for previous year.

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

(c) Remuneration paid to Non-executive and Independent Directors as sitting fees Rs. 6.15 Lakhs (previous year Rs. 3.95 Lakhs) and commission Rs. 7.00 Lakhs (previous year Rs. 6.55 Lakhs).

10. Under the Employees Stock Option Scheme 2007 (ESOS 2007), the Company has granted 3,75,000 options to its eligible employees, the details of which are as follows :

(A) Employees Stock Option Scheme

Particulars	Terms
No. of Options	10,00,000
Method of Accounting	Intrinsic Value
Vesting Plan	Minimum two years and maximum three years from the date of grant of option
Exercise Period	Commence from the date of vesting and will expire on completion of 5 years from the date of vesting operation
Grant Date	11.05.2007
Grant Price (Rs. per Share)	55.10
Market Price on the date of Grant of Option (Rs.)	71.75

(B) Movement of Options Granted:

Particulars	2009-10
Option Outstanding at the beginning of the year	3,75,000
Granted during the year	–
Exercise during the year	–
Lapsed during the year	10,000
Option outstanding at the end of the year	3,65,000
Option unvested at the end of the year	3,65,000
Option exercisable at the end of the year	–

(C) Fair Valuation:

The Fair value of option used to compute Performa net income and earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black – Scholes Model.

The Key assumption in Black – Scholes Model for calculating fair value as on the date of grant are:

Risk Free Rate	%	7.51
Option Life	Months	56
Expected Volatility	%	10.67
Expected Growth in Dividend	%	13.33

The weighted average fair value of the option, as on date of grant, works out to Rs. 103.62 per stock option.

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

Had the compensation cost for the stock option granted under ESOS been determined, based on fair-value approach, the Company's net profit and earnings per share would have been as per the Performa amounts indicated below:

	Rs. in Lakhs
Particulars	2009-10
Net Profit (As Reported)	9,334.79
Add Compensation Expenses under ESOS included in the Net Profit	43.96
Less Compensation Expenses under ESOS as per fair value	128.09
Net Profit (fair value basis)	9,250.66
Basic Earning per Share (As Reported) Re. 1/- share	7.66
Basic Earning per Share (Fair Value Basis) Re. 1/- share	7.60
Diluted Earning per Share (As Reported) Re. 1/- share	7.65
Diluted Earning per Share (Fair Value Basis) Re. 1/- share	7.58

11. Earning per Share – The numerator and denominators used to calculate Basic/Diluted Earning per Share

		31.03.2010	31.03.2009
Net Profit for the period from ordinary activities attributable to equity shareholders (Excluding Preference Share Dividend) – used as numerator	Rs. in Lakhs	9,334.79	7,597.75
Weighted average number of Equity share outstanding used as denominator for Basic earning per share	Number	12,17,91,309	11,07,83,090
Weighted average number of Equity share on account of Employees Stock Option Scheme	Number	2,11,990	–
Weighted average number of Equity share used as denominator for Diluted Earning per Share	Number	12,20,03,299	11,07,83,090
(A) Basic Earning per share (face value of Re. 1/- each)	Rs.	7.66	6.86
(B) Diluted Earning per share (face value of Re. 1/- each)	Rs.	7.65	6.86

12. Deferred Tax Assets/Liability is recognized as per AS 22 "Accounting for Taxes on Income" issued by the I.C.A.I. The Deferred Tax Assets & Liabilities comprise of Tax effect of following timing differences:

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
Items u/s 43B and u/s 40(a)(i)(a) of I.T Act	396.22	403.09
Depreciation	(671.05)	(624.44)
Net Deferred Tax Liability	(274.83)	(221.35)

13. The Account for the year ended 31st March, 2010 of the Associate Company, namely Lionel India Limited was not readily available and hence carrying amount of the investment in associate is shown at cost without adjustment under the Equity Method as per AS-23 – Accounting for Investments in Associate as prescribed by The Institute of Chartered Accountants of India.

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

14. Information about Segment Working is given below:

(Rs. in Lakhs)

	2009-2010					2008-2009				
	Heavy Engg. Division	Steel Foundry Division	Real Estate	Others	Total	Heavy Engg. Division	Steel Foundry Division	Real Estate	Others	Total
	1	2	3	4	5 (1+2+3+4)	1	2	3	4	5 (1+2+3+4)
Revenue (Net of Excise Duty and Cess)										
External Sales	86,277.03	5,619.24	933.26	278.85	93,108.38	77,663.31	1,856.34	920.01	261.73	80,701.39
Internal-Segment Sales	3,041.18	11,873.63	–	–	14,914.81	2,073.96	17,987.04	–	–	20,061.00
Total Revenue	89,318.21	17,492.87	933.26	278.85	108,023.19	79,737.27	19,843.38	920.01	261.73	100,762.39
Result										
Segment Result	10,895.54	2,346.94	686.71	169.70	14,098.89	8,769.86	2,534.69	856.81	(53.46)	12,107.90
Unallocated Corporate Expenses					–					–
Operating Profit/(Loss)					14,098.89					12,107.90
Interest Expenses					(860.35)					(1,086.85)
Interest Income					762.84					168.07
Total Profit/(Loss) before Tax					14,001.38					11,189.12
Provision for Current Tax					(4,521.43)					(3,498.24)
Provision for Deferred Tax					(53.48)					7.62
Provision for Fringe Benefit Tax					–					(35.60)
Income Tax for Earlier Year					(33.36)					(0.53)
Profit/(Loss) from ordinary activities					9,393.11					7,662.37
Extra ordinary items					(41.13)					(45.38)
Net Profit/(Loss)					9,351.98					7,616.99
Other Information					–					–
Segment assets	50,657.10	9,551.43	11,311.79	5,598.08	77,118.40	50,076.36	8,160.19	11,398.75	2,648.96	72,284.26
Unallocated Corporate assets					–					–
Total Assets					77,118.40					72,284.26
Segment liabilities	38,341.05	5,765.56	1,508.97	531.95	46,147.53	41,873.86	3,799.15	1,456.86	1,462.17	48,592.04
Unallocated corporate liabilities					274.83					221.35
Total Liabilities					46,422.36					48,813.39
Capital expenditure	686.91	331.90	531.31	64.39	1,614.51	1,136.55	434.79	44.75	12.93	1,629.02
Depreciation	279.92	538.03	120.56	210.05	1,148.56	239.30	523.46	119.95	252.69	1,135.40
Non-cash expenses other than depreciation					72.65					68.73

Note : The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

15. Details of Investment purchased and sold during the year:

Sl. No.	Name of the Fund	Face Value	No. of units purchased during the year	Purchase Value (Rs. in Lakhs)	No. of units sold during the year	Sale Value (Rs. in Lakhs)
1	UTI Treasury Advantage Fund - Institutional Plan-Daily Dividend Option- Re-Investment	1,000	79,991.74	800.09	80,420.42	804.38
2	HDFC Cash Management Fund - Treasury Advantage Plan WholeSale - Daily Dividend - option re-investment	10	79,75,778.86	800.09	80,17,944.74	804.32
3	Tata Floater Fund-Daily Dividend	10	79,72,417.90	800.08	80,39,024.26	806.76
4	Tata Floater Fund-Daily Dividend	10	49,82,686.46	500.04	50,70,533.64	508.86
5	HSBC Floating Rate-Long Term Plan-Institutional option -Weekly Dividend	10	44,51,064.61	500.03	45,21,517.53	508.05
6	ING Treasury Advantage Fund-Reg Daily Dividend	10	49,99,133.65	500.04	50,64,957.21	506.63
7	Templeton India Ultra Short Bond Fund-Super Institutional Plan -Daily Dividend Reinvestment	10	49,94,673.73	500.05	50,84,458.44	509.04
8	SBNPP Ultra ST Fund Super Institutional Dividend Reinvestment Daily	10	49,81,908.68	500.03	50,59,240.13	507.80
9	Principal Floating Rate Fund FMP Institutional Option Dividend Reinvestment Daily	10	49,94,288.28	500.04	50,87,079.55	509.33
10	Taurus Ultra Short Term Bond Fund-Super Institutional Daily Dividend Plan	1,000	49,937.53	500.05	51,051.62	511.21
11	Religare Ultra Short Term Fund-Institutional -Daily Dividend	10	49,92,623.65	500.05	51,08,965.17	511.70
12	ICICI Prudential Flexible Income Plan Premium -Daily Dividend	10	1,41,87,787.21	1,500.15	1,43,40,996.53	1,516.35
13	India Infra Structure Finance Company Limited -Bond	1,00,000	500.00	502.75	500.00	509.50
				8,403.49		8,513.91

16. As per the valuation report submitted by the external valuer appointed for the purpose of the company has revalued some of its fixed assets i.e. certain Land, Building, Road, Railway siding and Plant & Machinery, of its engineering units as at 31.12.1985, after considering depreciation for the year, at net replacement cost. As a result, there has been a net increase in the book value of assets as at 31.12.1985 of Rs. 3,484.58 lakhs which has been transferred to Revaluation Reserve Account. The unamortised balance as 31st March 2010 is Rs. 1,306.55 lakhs.

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

17. Following assets (company's share) are held under co ownership with other companies (Rs. in Lakhs)

Assets	2009-10			2008-09		
	Original Cost	Accumulated Depreciation	WDV	Original Cost	Accumulated Depreciation	WDV
Building	77.01	16.04	60.97	77.01	15.28	61.73
Plant & Machinery	37.36	16.26	21.10	37.36	14.79	22.57
Furniture & Fittings	0.51	0.49	0.02	0.51	0.48	0.03

18. During the year, the company has redeemed 2,74,050 6% Redeemable Non cumulative Preference Share of Rs. 100/- each amounting to Rs. 274.05 lakhs.

19. The Company has allotted 1,64,00,000 Equity Shares of Re. 1/- each at a premium of Rs. 103/- per Equity share aggregating to Rs. 17,056 lakhs in July, 2009 against QIP issue. Subsequent to the issue of Equity Shares to the Qualified Institutional Buyers the paid up Equity share capital of the company has increased from Rs. 1,107.83 lakhs to Rs. 1,271.83 lakhs. QIP expenses are adjusted with Share premium account including Rs. 2 lakhs paid to statutory auditors of the company.

20. Issued, Subscribed and Paid up Share Capital of the company is excluding 9,960 No's of Equity Shares lying in abeyance – NSDL – Transit case (Previous Year – 9,960 No's of Equity Shares)

21. Details of Income/ Expenses disclosed on Net basis

Sl. No.	Particulars	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
1	Freight, Packing and Transport		
	Paid	612.44	680.96
	Received	735.08	690.16
	Net	(122.64)	(9.20)
2	Profit on sale of Fixed Assets		
	Profit	30.47	88.67
	Loss	5.21	4.99
	Net	25.26	83.68
3	Profit on sale of current investment		
	(i) Shares		
	Profit	0.48	0.07
	Loss	–	–
	Net	0.48	0.07
	(ii) Mutual Funds & Others		
	Profit	110.42	137.45
	Loss	–	4.98
	Net	110.42	132.47
	Total (i+ii)	110.90	132.54

Schedules to Consolidated Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

22. Details of Expenses related to previous year

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
(i) Fringe Benefit Tax	0.02	8.02
(ii) Interest for Income Tax	62.01	—
(iii) Employees Welfare	0.01	—
(iv) Contribution to Provident and other funds	0.02	0.03
(v) Rates & Taxes	—	0.02
	62.06	8.07

23. Previous year figure have been regrouped/ rearranged/ restated/ recast wherever necessary to confirm this year classification.

24. Figures below Rs. 500 have been omitted for rounding off.

In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

A. K. Vijay

Secretary

S. K. Poddar

Ramesh Maheshwari

B. P. Bajoria

H. C. Gandhi

A. C. Chakrabortti

H. Sadhak

Manish Gupta

S. Dhasarathy

Akshay Poddar

D. H. Kela

Directors

Consolidated Cash Flow Statement

For the year ended 31st March 2010

(Rs. in Lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax & Exceptional Items	14,001.38	11,189.12
Adjustments for:		
Depreciation	1,148.56	1,135.40
Interest Paid	860.35	1,086.85
Interest Received	(762.85)	(168.07)
Income from Investments	(418.97)	(196.64)
Employee Compensation expenses under ESOP	43.96	-
Profit on sale of Fixed Assets (Net)	(25.26)	(83.68)
Profit on sale of Long Term Investments (Net)	(44.11)	-
Profit on sale of Current Investments (Net)	(110.90)	(132.54)
Provision for Diminution in value of Investments	(12.44)	23.45
Miscellaneous Expenditure Written off	44.97	74.10
	723.31	1,738.87
Operating Profit before Working Capital Changes & Exceptional Items	14,724.69	12,927.99
Adjustments for:		
Trade & Other Receivables	(11,464.98)	(3,320.70)
Inventories	5,268.19	(11,915.44)
Trade Payables	(5,863.53)	7,529.75
	(12,060.32)	(7,706.39)
Cash generated from Operations	2,664.37	5,221.60
Direct Taxes (Paid)/Received	(3,858.93)	(3,925.17)
Cash flow before Exceptional Items	(1,194.56)	1,296.43
Exceptional Items	(41.13)	(45.38)
Net Cash from Operating Activities	(1,235.69)	1,251.05
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,614.51)	(1,629.02)
Sale of Fixed Assets	93.96	98.67
Purchase/Sale of Investments	(19,552.75)	3,597.43
Interest Received	662.84	133.81
Income from Investments	418.97	196.64
Capital/Interest Subsidy	96.66	250.00
Net Cash used in Investing Activities	(19,894.83)	2,647.53
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Equity Shares-QIP including share premium (net of Exp.)	16,687.33	-
Redemption of Preference Share	(274.05)	-
Receipt/Payment of Long-term borrowings	(1,185.36)	(1,275.37)
Receipt/Payment of Short-term borrowings	6,010.13	1,460.07
Interest Paid	(860.35)	(1,086.85)
Dividend Paid	(1,005.06)	(953.18)
Net Cash from Financing Activities	19,372.64	(1,855.33)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,757.88)	2,043.25
Cash and Cash Equivalents as at (Opening Balance)	2,476.28	433.03
Cash and Cash Equivalents as at (Closing Balance)	718.40	2,476.28

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 29th May 2010

A. K. Vijay

Secretary

S. K. Poddar

Ramesh Maheshwari

B. P. Bajoria

H. C. Gandhi

A. C. Chakrabortti

H. Sadhak

Manish Gupta

S. Dhasarathy

Akshay Poddar

D. H. Kela

Directors

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