

green!



Howrah Mills Company Limited

Annual Report 2010-2011

Forward-looking statement

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

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

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Green.

The colour of affinity to
nature, increasing prosperity
and youthful dynamism.
All attributes of Howrah Mills.

A practitioner of fair trade.

A quality-conscious manufacturer.

A socially responsible corporate.

An UNFCCC - registered for CDM Project.

An environmentally-mindful company.



In other words, epitomizing the
colour 'green'!

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

10 minutes with the management

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



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

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

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

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



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

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

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

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

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



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

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

Credentials

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

Core products and services

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

Customers

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

Certifications

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

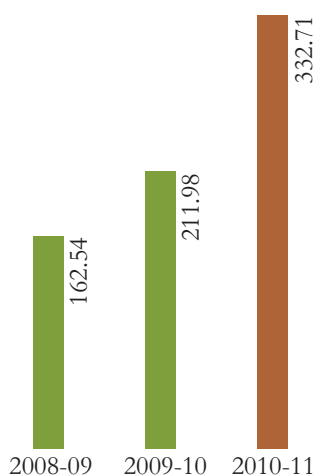
Public holding

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

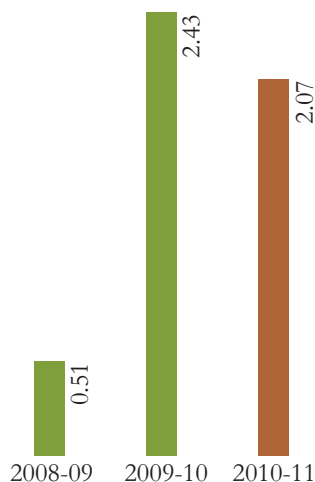


Highlights, 2010-2011

Turnover (₹/crores)



PAT (₹/crores)



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

- William Shakespeare

57%

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



400%

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



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

- Carl Sagan

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

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

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

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

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

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



Corporate information

Board of Directors

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

Company Secretary

Tuhinangsu Roy

Bankers

State Bank of India
The Federal Bank Limited

Auditors

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

Cost Auditor

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

Solicitor & Advocate

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

Registrar & Share Transfer Agent

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

Registered Office & Administrative Office

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

Notice

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

Tuhinangsu Roy
Company Secretary

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

Date: 23rd August, 2011

NOTES

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

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