

Notice

NOTICE is hereby given that the seventy-second Annual General Meeting of Stewarts and Lloyds of India Limited will be held at "RABINDRA-OKAKURA BHABAN", 27/A/1, DD Block, Salt Lake, Kolkata-700 064, on 23rd July, 2010 (Friday) at 11.00 A. M. to transact the following business:

1. To consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. Radhakant Tripathy, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and authorise the Board of Directors to fix their remuneration and in this connection, if thought fit, to pass the following resolution with or without modification as an ORDINARY RESOLUTION :

"RESOLVED that pursuant to Section 224 of the Companies Act, 1956, M/S. Ray & Ray, Chartered Accountants, 6, Church Lane, Kolkata-700 001, be and are hereby appointed as Statutory Auditors of the Company in place of retiring Auditors, M/S. Price Waterhouse, Chartered Accountants (who are unwilling to be re-appointed as Statutory Auditors of the Company), to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration plus out of pocket expenses".

Registered Office :
41, Chowringhee Road
Kolkata-700 071

Dated: 29th April 2010

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution with or without modification as an ORDINARY RESOLUTION:

"RESOLVED that Mr. P. G. Vaidhyathan, who was appointed an Additional Director by the Board of the Company on 30th September 2009 pursuant to Section 260 of the Companies Act, 1956 and Article 90 of the Articles of Association of the Company, be and is hereby appointed a Director of the Company".

5. To consider and, if thought fit, to pass the following resolution with or without modification as an ORDINARY RESOLUTION:

"RESOLVED that Mr. K. K. Ranade, who was appointed an Additional Director by the Board of the Company on 30th September 2009 pursuant to Section 260 of the Companies Act, 1956 and Article 90 of the Articles of Association of the Company, be and is hereby appointed a Director of the Company".

6. To consider and, if thought fit, to pass the following resolution with or without modification as an ORDINARY RESOLUTION:

"RESOLVED that Mr. K. P. Brahma, who was appointed an Additional Director by the Board of the Company on 29th January 2010 pursuant to Section 260 of the Companies Act, 1956 and Article 90 of the Articles of Association of the Company, be and is hereby appointed a Director of the Company".

By order of the Board

C. ROY CHOUDHURY
Company Secretary

NOTES :

- (a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business as under item nos. 4, 5 and 6 above and the relevant details in respect of item nos 2, 4, 5 and 6 above, pursuant to Clause 49 of the Listing Agreement are annexed hereto.
- (b) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY FORMS DULY COMPLETED, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE**

COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

- (c) The Register of Members and Share Transfer Books of the Company will remain close from 17th July, 2010 to 23rd July, 2010 (both days inclusive).
- (d) As per the provisions of the Companies Act, 1956, facility for making nomination is now available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registered Office and/or Registrar and Share Transfer Agent of the Company.

Notice (Contd.)

- (e) Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and no payment shall be made in respect of any claim lodged thereafter, by the Company. Accordingly, the unclaimed and unpaid amount of dividend declared by the Company for the financial years 1996-97, 1997-98, 1998-99, 1999-2000, 2000-2001 and 2001-2002 which were lying in the Dividend Account of the Company, was transferred to the Fund in the year 2004, 2005, 2006, 2007, 2008 and 2009 respectively.

Details of dividends declared by the Company, so far :

Date of payment of the dividend	Financial year related to	Due date for transfer of the unpaid or unclaimed amount to the IEPF
14th August, 1997	Ended on 31st March, 1997	13th September, 2004 (since transferred)
27th August, 1998	Ended on 31st March, 1998	26th September, 2005 (since transferred)
27th August, 1999	Ended on 31st March, 1999	26th September, 2006 (since transferred)
29th May, 2000	Ended on 31st March, 2000	28th June, 2007 (since transferred)
27th July, 2001	Ended on 31st March, 2001	26th August, 2008 (since transferred)
26th June, 2002	Ended on 31st March, 2002	26th July, 2009 (since transferred)
26th July, 2003	Ended on 31st March, 2003	25th August, 2010
2nd August, 2004	Ended on 31st March, 2004	1st September, 2011
27th July, 2005	Ended on 31st March, 2005	26th August, 2012
1st August, 2006	Ended on 31st March, 2006	31st August, 2013
18th July, 2007	Ended on 31st March, 2007	17th August, 2014
29th July, 2008	Ended on 31st March, 2008	28th August, 2015
29th July, 2009	Ended on 31st March, 2009	28th August, 2016

Members, who have not yet encashed their dividend warrant(s) for the financial year ended 31.3.2003 onwards, are requested to make their claims to the Company and/or Registrar and Share Transfer Agents accordingly, without any delay. In case any assistance is required please contact the Company.

- (f) Shareholders desiring any additional information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- (g) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring the admission slips alongwith their copies of the Annual Report to the meeting.

Annexure to Notice

Explanatory Statements in respect of Special Business pursuant to Section 173 of the Companies Act, 1956.

Item No. 4

Mr. P. G. Vaidhyanathan, B.E. (Mechanical), has vast experience of more than 38 years in the field of Construction and Engineering. In his wide career he had worked with M/s Selas India Limited, M/s Simon Carves India Ltd. and nearly 31 years for M/s Petron Engineering Construction Limited on various projects in India and abroad. As Director (Operation) from 1992, he was the in-charge of the total operations of M/s Petron controlling engineering, commercial tendering and operation of project sites as well as project finances upto 2007. His strengths are exposure to and experience in all aspects of running of a project engineering and construction company. Presently he is the Managing Director of IOT Engineering Projects Limited. The Board considers that with the wide experience of Mr. Vaidhyanathan in the field of Construction Engineering, the Company may excel satisfactorily.

The Company has received a Notice in writing alongwith the requisite deposit under Section 257 (1) of the Companies Act, 1956 from a member proposing the appointment of Mr. P. G. Vaidhyanathan as a Director of the Company at the ensuing Annual General Meeting.

Apart from Mr. P. G. Vaidhyanathan, no other Director of the Company is concerned or interested in the Resolution.

Item No. 5

Mr. K. K. Ranade, B.Sc./ B.E. (Mechanical), has vast experience of 38 years in the field of Construction and Engineering. In his wide career he had worked with M/s Simon Carves India Ltd. and nearly 31 years for M/s Petron Engineering Construction Limited. As President (Construction) he was responsible for execution of all contracts in India and abroad of M/s Petron upto 2007. His strength lies in successful completion of all the projects. Presently he is a Director of IOT Engineering Projects Limited. The Board considers that with the wide experience of Mr. Ranade in the field of Construction Engineering, the Company may excel satisfactorily.

The Company has received a Notice in writing alongwith the requisite deposit under Section 257(1) of the Companies Act, 1956 from a member proposing the appointment of Mr. K. K. Ranade as a Director of the Company at the ensuing Annual General Meeting.

Apart from Mr. K. K. Ranade, no other Director of the Company is concerned or interested in the Resolution.

Item No. 6

Mr. K. P. Brahma, a post graduate in Science, has vast experience in the field of Insurance. He had joined General Insurance Corporation of India in the year 1978 as direct recruit officer. Initially he was

allotted to United India Insurance Co. Ltd. in 1979. There he worked in various capacities in different places. After working for 30 years, he joined National Insurance Co. Ltd. on 10th August 2009 as General Manager. The Board considers that with the wide experience of Mr. Brahma in the Administrative, Implementation and Management level, the Company may excel satisfactorily. The Company has received a Notice in writing alongwith the

requisite deposit under Section 257 (1) of the Companies Act, 1956 from a member proposing the appointment of Mr. K. P. Brahma as a Director of the Company at the ensuing Annual General Meeting.

Apart from Mr. K. P. Brahma, no other Director of the Company is concerned or interested in the Resolution.

Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr. RADHAKANT TRIPATHY	Mr. P G VAIDHYANATHAN	Mr. K K RANADE	Mr. K P BRAHMA
Date of Birth	24.10.1946	05.07.1946	08.10.1946	18.07.1955
Date of Appointment	26.12.2006	30.09.2009	30.09.2009	29.01.2010
Expertise in Specific Functional Areas	Administrative and Management	Project implementation in Engineering services	Project implementation in Engineering services	Administrative and Management
Qualification	M.A. (Political Science), IAS (RETD.)	B.E. (Mechanical)	B.Sc./ B.E. (Mechanical)	M.Sc.
List of Companies in which outside Directorship held as on 31.03.2010	1. NTTIDCO LTD. 2. WBHIDCO	1. IOT Engineering Projects Limited 2. IOT Anwasha Engineering & Construction Limited	1. IOT Engineering Projects Limited	NIL
Chairman/Members of the Committees of the Board of Companies on which he is a Director as on 31.03.2010	NIL	NIL	NIL	NIL
No. of shares held in the Company	NIL	NIL	NIL	NIL
Relationship with other Directors of the Company	None	None	None	None

FINANCIAL STATISTIC

(Rs. in Lakhs)

	2009-10	2008-09	2007-08	2006-07	2005-06
1. Total earnings	6258.24	9607.57	11118.15	12423.64	10766.12
2. Depreciation	68.93	81.47	88.13	91.50	79.62
3. Interest	335.20	273.77	169.37	93.55	35.72
4. Profit/(Loss) Before Tax	(209.10)	302.13	531.80	606.49	561.06
5. Profit/(Loss) After Tax	(184.56)	174.89	367.76	357.28	362.48
6. Dividend (%)	–	15.00	30.00	30.00	30.00
7. Retained Earning	–	203.71	350.59	343.48	339.48
8. Share Capital	300.00	300.00	300.00	300.00	300.00
9. Reserves & Surplus	1837.21	2021.77	1899.53	1637.06	1385.08
10. Deferred Tax Asset/(Liability)	47.87	23.33	(3.44)	(16.10)	8.94
11. Misc. Expenditure	5.47	8.21	10.95	–	–
12. Shareholders' Fund	2083.87	2290.24	2192.01	1953.16	1676.14
13. Borrowings	2877.37	2016.95	1585.03	1522.98	26.01
14. Total Capital Employed	4961.23	4307.18	3777.03	3476.12	1702.13
15. Fixed Assets (Net)	500.34	476.74	538.22	601.72	498.74
16. Investments	0.01	0.01	0.01	0.01	0.01
17. Current Assets (Net)	4460.89	3780.22	3197.58	2833.18	1106.01
18. Total Assets (Net)	4961.23	4307.18	3777.03	3476.24	1702.13
19. Total No. of Employees	263	359	340	419	379
20. Earning per Share (Rs.)	(6.15)	5.83	12.26	11.91	12.08

Directors' Report

TO THE MEMBERS,

The Directors hereby present the Seventy Second Annual Report on business and operations together with Audited Accounts of the Company for the year ended 31st March, 2010:

1. FINANCIAL RESULTS

	2009-2010	2008-2009
	(Rs. in lakhs)	
(i) Total Earnings	6258.24	9607.56
(ii) Total Expenditure	<u>6063.22</u>	<u>8950.19</u>
(iii) Profit before interest, depreciation and taxes	195.02	657.37
(iv) Less: (a) Interest	335.19	273.77
(b) Depreciation	68.93	81.47
(v) Profit before taxes	(209.10)	302.13
Less : Provision for taxation		
Current Year	-	142.00
Deferred	(24.54)	(26.76)
Fringe Benefit	<u>-</u>	<u>12.00</u>
(vi) Profit after taxes	<u>(184.56)</u>	<u>174.89</u>
(vii) Less : Profit Brought		
Forward From Last Year	113.50	-
Transfer from General Reserve	<u>71.06</u>	<u>-</u>
	-	174.89
(viii) Profit which the Directors have appropriated as under to:		
(a) Proposed Dividend	-	45.00
(b) Tax on Dividend distribution	-	7.65
(c) General Reserve	-	8.74
(d) Balance Carried Forward	<u>-</u>	<u>113.50</u>
Total	<u>-</u>	<u>174.89</u>

During the financial year 2009-10, the Company has achieved a turnover of Rs. 62.58 crores, which is commensurate with its operations, as against previous years' corresponding figures of Rs. 96.07 Crores. The reason for shortfall in achievement are various and can mainly be attributed towards the recent recessionary set back in the industrial scenario all over our Country.

The year 2009-10 had started with an opening order booking load of Rs. 107 crores. As regards order booking, the target could not be achieved due to some unforeseen developments like re-tendering of some high value tenders where your Company had secured the L-1 position. However, during the current financial year the Company is making an all out effort to improve the order booking position and also achieve both higher turnover and profits.

2. RESERVES AND SURPLUS

The balance Reserves and Surplus, as at 31st March, 2010 stands at Rs. 18.37 crores after making the appropriations indicated above.

3. NEW INITIATIVES

In line with its growing business all over the country, the Company took various steps and new initiatives in different segments of operation.

Initiatives taken for improvement in Project Business :

The prospect in financial year 2010-11 are expected to improve. All attempts are being made to improve the order booking position.

We have already received order for maintenance works from TSL, Jamshedpur for 13.5 Crores.

Following are the prospects :

- IOTEP will subcontract us for their Crude & Finished Product Tankages facility at Paradip Refinery Project at Paradip, Orissa.
- Revised price bid for 1x 300 tpd Lime & Dolomite Kiln project of Visa Steel Limited, Jajpur, Orissa has already been submitted and our offer is under active consideration.
- Our bid for Yard & Utility Pipeline work for 2.2 MT Integrated Steel Plant in Siyaljodi, Near Bokaro, Jharkhand for Electrosteel Integrated Limited is in final stage of negotiation.
- Price bid for 3.0 MTPA Expansion Project for Cold Blast Pipework for Tata Steel, Jamshedpur, Jharkhand, has been submitted based on technocommercial meeting with the client.
- Price bid for LP Piping of 6 x 660 MW Sasan UMPP at Sasan, Madhya Pradesh for Reliance Infrastructure Limited has been submitted.

Product Business for Khidderpore Works :

- It has been decided to fabricate structural jobs and gratings, required for execution of several projects in Hydrocarbon and Metal sectors, at our factory.
- Actions initiated, under the guidance of IOT, to take up Fabrication of Cable trays and other items on continuous basis.

Live Offers as on 31.03.2010 for project is Rs. 190 Cr.

ERP System

Keeping in view the growth plan of S&L, ERP solution has been implemented in its major operational areas.

After successful completion of End User training as well as User Acceptance Test (UAT), the system has now gone Live.

4. CONSERVATION OF ENERGY

The disclosures required in Form A of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

5. TECHNOLOGY ABSORPTION

Information in accordance with provision to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 are given in the Annexure "A".

6. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports	Nil
Foreign Exchange utilised for purchase of materials	Rs. 6.85 lakhs
Expenditure in foreign currency	Rs. 11.90 lakhs
Foreign Exchange earned	Nil

7. AUDITORS

M/S. Ray & Ray, Chartered Accountants, has been proposed to be appointed as Statutory Auditors of the Company in place of M/S. Price Waterhouse, Chartered Accountants, the retiring Auditors, who are unwilling to be re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

8. DIRECTORS

During the financial year 2009-10, there were significant changes in the structure of the Board of Directors. Earlier Chairman and Managing Director, Mr. Ranjit Kumar Dutta expressed his inability to continue due to personal commitments.

Mr. Jayanta Bhuyan, erstwhile Director also desired to step down from the Board due to other pressing work commitments.

With reluctance the Board accepted their resignations with effect from the end of business hour on 30th September, 2009.

The Board places on record its deep appreciation for the valuable contributions made for the growth and transformation of the Company during the tenure of Mr. Ranjit Kumar Dutta as Chairman and Managing Director and Mr. Jayanta Bhuyan as Director of the Company.

On 30th September, 2009 the Board of Directors appointed Mr. P. G. Vaidhyanathan and Mr. K. K. Ranade as Additional Directors of the Company, subject to appointment of them at the ensuing Annual General Meeting by the Shareholders, as Directors.

Mr. P. G. Vaidhyanathan, B.E. (Mechanical), has vast experience of more than 38 years in the field of Construction and Engineering. In his wide career, he had worked with

M/s. Selas India Limited, M/s. Simon Carves India Ltd. and nearly 31 years for M/s Petron Engineering Construction Limited on various projects in India and abroad. As Director (Operation) from 1992, he was the in-charge of the total operations of M/s. Petron controlling engineering, commercial tendering and operation of project sites as well as project finances upto 2007. His strengths are exposure to and experience in all aspects of running of a project engineering and construction company. Presently he is the Managing Director of IOT Engineering Projects Limited. The Board considers that with the wide experience of Mr. Vaidhyanathan in the field of Construction Engineering, the Company would excel satisfactorily.

Mr. K. K. Ranade, B.Sc./B.E. (Mechanical), has vast experience of 38 years in the field of Construction and Engineering. In his wide career, he had worked with M/s. Simon Carves India Ltd. and nearly 31 years for M/s. Petron Engineering Construction Limited. As President (Construction) he was responsible for execution of all contracts in India and abroad of M/s. Petron upto 2007. His strengths lies in successful completion of all the projects. Presently he is a Director of IOT Engineering Projects Limited. The Board considers that with the wide experience of Mr. Ranade in the field of Construction Engineering, the Company would excel satisfactorily.

Consequent upon the retirement of Mr. Sujit Das, Nominee Director of General Insurers' (Public Sector) Association of India (GIPSA) in our Board, from National Insurance Company Limited, GIPSA proposed the appointment of Mr. K. P. Brahma, General Manager, National Insurance Company Limited, as a Nominee Director of GIPSA in our Board, in place of Mr. Sujit Das. Accordingly, the Board of Directors appointed Mr. K. P. Brahma as Additional Director of the Company with effect from 29th January, 2010, subject to his appointment at the ensuing Annual General Meeting by the Shareholders, as Director.

The Board placed on record its deep appreciation for the valued guidance and assistance provided by Mr Sujit Das during his tenure as the Director of the Company.

Mr. K. P. Brahma, a post graduate in Science, has vast experience in the field of Insurance and general management. He had joined General Insurance Corporation of India in the year 1978 as direct recruit officer. Initially he was allotted to United India Insurance Co. Ltd. in 1979. There he worked in various capacities in different places. After working for 30 years, he joined National Insurance Co. Ltd. on 10th August, 2009 as General Manager. The Board considers that with the wide experience of Mr. Brahma in the Administrative, implementation and Management level, the Company would excel satisfactorily.

The Company received notices, under Section 257 of the Companies Act, 1956 proposing the names of Mr. P. G. Vaidhyanathan, Mr. K. K. Ranade and Mr. K. P. Brahma, for

appointment as directors of the Company. Accordingly, resolutions for their appointment as Directors of the Company, has been included in the Notice of the forthcoming Annual General Meeting.

In terms of the Companies Act, 1956 and Articles of Association of the Company, Mr. R. K. Tripathy, Director, retires by rotation and being eligible, offer himself for reappointment at the ensuing Annual General Meeting.

None of the Directors are disqualified under Section 274 (1) (g) of the Companies Act, 1956. As required by law, this position is also reflected in the Auditors' Report.

9. HUMAN RESOURCES & INDUSTRIAL RELATIONS

At S&L, we believe and affirm the importance of development of human resources, which is most valuable and key element in bringing all round improvement and achieving growth of the business. S&L is proud to have a successful industrial relations philosophy which focuses on finding solutions through dialogue in a spirit of open work culture and constructive team work. This has enabled us to maintain a cordial and peaceful work environment throughout.

For better performance and further growth, Mr. R. N. Basuray and Mr. A. K. Mitra, who are highly technically qualified and experienced professionals with wide knowledge in their related field of operations and general management, assumed the charge of Key Managerial Personnel of the Company.

In addition to a core group of experienced professionals who have remained with the organization for decades, fresh professionals in various disciplines were also inducted. For enhancement of professional capabilities, employees were exposed to various training program both in-house organized by IOT and S&L as well as by reputed training institutions. In line with the current business requirements, employees were exposed to various programs on Project & Construction Management, Safety, Quality, Cost Control etc.

The details of the employees, who received remuneration above the limit as prescribed by Section 217 (2A) of the Companies Act, 1956, is attached in Annexure "B".

10. ENVIRONMENT

Though the Company's operations are not inherently polluting in nature, the Company continues to take adequate precautions to comply with all regulatory measures in this regard at all factories and construction sites.

In order to maintain the highest standard of safety and security with all levels of employees, the Company has formulated a "Health, Safety, Security and Environmental Policy (HSSE)" which is being strictly complied with. This ensures continuous improvement in the environmental performance, health and safety of the employees throughout the year. A green belt has been developed in the works at Khidderpore.

11. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditor's Certificate regarding Compliance of Condition of Corporate Governance are made a part of the Annual Report.

12. DECLARATION ON COMPLIANCE WITH CODE OF CONDUCTS

The Board has formulated a Code of Conducts for the members of Board and Senior Management team, which has been posted on the website of the Company.

It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to that effect has been obtained from the Directors and the Senior Management.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the confirmation received from the Operating Management, confirm that –

- i) in the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period; Quarterly and Half Yearly Results were also declared and limited reviews were undertaken;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

For and on behalf of the Board

Kolkata
29th April, 2009

P. G. VAIDHYANATHAN
Chairman

ANNEXURE – “A”
FORM B

Form for disclosure of particulars with respect to absorption: 2009-2010

1. Specific Areas in which R&D carried out by the Company	NIL
2. Benefits derived as a result of the above R&D	N.A.
3. Future Plan of action	-
4. Expenditure on R&D	
a) Capital	-
b) Recurring	-
c) Total	-
d) Total R&D expenditure as a percentage of total turnover	-

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards technology absorption:	During the Year 2009-10 there was no technology absorption
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction and product development, import substitution etc.	N.A.
3. Particulars of technology imported during the last five years:	NIL

ANNEXURE – “B”
Particulars of Employees under Section 217(2A) of the Companies Act, 1956 forming part of the Directors’ Report for the Financial Year ended 31st March, 2010 :

Sl. No.	Name	Designation and Nature of duties	Gross Remuneration (Rs.)	Qualification	Age (Yrs.)	Experience (Yrs.)	Date of commencement of employment	Previous employment/ position held
Employed throughout the year :								
1.	Mr. Ranendranath Basuray*	Chief Executive Officer	Rs.28.25 Lakhs	B.E. (Civil)	63 years	42 years	16.02.2009	Vice President (Proj.), Pratibha Industries Limited
Employed for a part of the year :								
1.	Mr. Ranjit Kumar Dutta	Chairman and Managing Director	Rs. 58.77 Lakhs**	B.A.; P.G. Dip. in Management	64 years	40 years	01.04.2006	Chairman and Managing Director, Oil India Limited
2.	Mr. Nimai Mitra	Senior President	Rs. 8.77 Lakhs	B.Tech (Hons.), IIT (Kgp.); Chartered Engineer (Inst. of Engg.)	66 years	44 years	03.10.2006	General Manager (Proj.), EIL

* On deputation from IOT Infrastructure & Energy Services Limited.

** Inclusive of Performance Linked Remuneration of Rs. 30.95 lakhs in respect of Financial Year 2008-09.

Management Discussion and Analysis

BUSINESS REVIEW

Industrial Structure & Development

Company's performance during the FY 2009-10 and future outlook of the Organization are as under :

Project & Construction services business

During the year, attention was given for healthy order booking and financial performance including efficient execution of all the on-going projects. The FY 2009-10 started with an opening load of Rs. 107 crores with an order booking target of Rs. 150 crores. But due to changed business scenario and stiff competition from other medium-sized bidders, many big offers like IOCL-Barauni, SAIL-BSP, SAIL-Durgapur, NRL-Assam, CPCL-Chennai, TSL-Jamshedpur were either lost or re-tendered due to customers' decision. We are, however, favourably placed for few other bids like Visa Steel-Jajpur, Tata Steel-Jamshedpur, Electrosteel Integrated Limited-Bokaro, SAIL-RSP, etc which are under consideration.

Sales achieved during the year ending 31st March 2010 works out to Rs. 62 crores. Due to various reasons, both internal and external, as enumerated below, S&L could not meet its budgeted target of Rs. 112 crores :

- Offers lost by the low-quoted prices by medium/small-sized bidders in IOCL Barauni, TSL Jamshedpur, NRL Numaligarh etc. resulted drop in sales.
- Offers lost narrowly by the prices quoted by other bidders in places like TSL Jamshedpur, BCPL Assam, TGS Jamshedpur etc resulted drop in sales.
- Delay in supply and non-availability of heavy equipments at BRPL Bongaigaon site slowed down the performance of associated works and thus, resulted in drop in sales.
- Similar delay in release of drawings and sequential workfronts at BORL Vadinar site and at CPCL Manali site contributed slow progress of work and drop in sales.
- Works at major on-going projects like BRPL Bongaigaon, BORL Vadinar, CPCL Chennai suffered due to non-availability of sequential work-fronts and innumerable local bandhs and other local disturbances.

The Company continued its marketing efforts in Power & Metal Sectors as well as in the Hydrocarbon Sector. The Company has now fully established itself as a Multi-disciplinary Engineering Construction Company supported by its ISO-9000 accredited Design & Production Wings and would continue to grow and get fair business opportunities in its area of operation.

Various jobs bagged & executed

As in the past, S&L has been continuing its active association with Tata Steel (TSL) for its various projects in Jamshedpur.

S&L executed/currently executing the following contracts :

A. TATA STEEL

- **Lime Kiln # 7**
Job has been completed as per the total satisfaction of TSL and we have received the Final Acceptance Certificate. Job involved in 1.8 MT Expansion Project of 7th Lime Kiln where Company has executed supply, erection & commissioning of the Kiln Proper.
- **LD Gas Export**
Job has been completed. The area of work was supply, fabrication, erection, testing & commissioning of equipment/item for interconnecting pipe, electrical, instrumentation.
- **HSM**
Job has been completed as per the total satisfaction of TSL and we have received the Final Acceptance Certificate. The job involved supply, fabrication, erection & commissioning of DN-2000 BF gas line from PH#6 to Hot Strip Mill 3rd slab Re-heating Furnace in HSM.
- **TSCR**
Job has been completed as per the total satisfaction of TSL and we have received the Final Acceptance Certificate. The job involved supply, fabrication, erection, testing & commissioning of 3 MTPA expansion project diversion/re-routing of Overhead Yard Utility pipework in TSCR area.
- **Yard Piping-D1&D3 Zone**
Job completed and ICT Certificate received. Area of work involved 1.8 MTPA Growth Plan Project for design, manufacturing and supply of equipments/items for Overhead yard utility pipework at Zone D1 & D3.
- **CDQ Project**
S&L is also engaged for this prestigious project of TSL which is basically an energy saving scheme involving design, engineering, civil work including piling, supply of equipment, machineries, pipes & fittings, structural, electrical and instrumentation work for Coke Dry Quenching plant for 5,6,7 coke oven batteries. The project is being executed with the guidance of NSC Engineering, Japan, who happens to be the design collaborator of TSL.
Major design, design supply & delivery of electrical & instrumentation items, design manufacture, supply and delivery of equipment have already been completed.
- **Propane installation system**
S&L established Propane plant of TSL on BOOM basis for supplying propane gas at various departments of TSL

since last 10 years. The third bullet having a capacity of 50 MT was added about 3 years back. This remains a source of revenue earning for the Company on a monthly basis along with the maintenance contract at Cold Rolling mill which is getting renewed based on our successful performance.

B. CPCL Manali

Company has successfully carried out the major shutdown work at CPCL Refinery involving extensive civil work in modification of pump foundations, dismantling of piping, pumps & heat exchangers, erection of new pumps and heat exchangers, revamping of heat exchangers & pumps, relocation of equipment etc including erection of a 32" vapour line upto 68M elevation after dismantling of 28" existing line. This was a major refinery shutdown of the Crude and Vacuum Distillation units which was performed without any reportable incident and by engaging about 1100 workmen and 110 supervisory personnel round-the-clock.

C. BORL Vadinar

Company has carried out successfully 42", 35", 14" and other sizes of cross country pipelines from offshore terminal to storage tank including fire water system of the plant and surge tank with sprinkler system. The job also involved erection of pumps, cathodic protection of tanks and associated works.

D. SAIL Bokaro

Company was awarded erection of 2 nos propane bullets of 50 MT each capacity on LSTK basis along with its related pipeline, equipment erection as well as integrated civil work, electrical and instrumentation works. The job has been carried out successfully and the customer is already availing propane gas for their CCD & Slabbing mill works.

E. IOCL Mathura

Company has successfully carried out completion of MSQ-IV project alongwith completing FCC shutdown and tank farm area work including integrated civil work. Company has also carried out underground pipeline works including equipment erection, structural work, equipment platforms, internal fixing and various critical type of modification works successfully.

F. HINDALCO Muri

We have been able to successfully complete the Alumina Expansion Project of HINDALCO Muri involving 3,25,000 inch dia piping work. On the strength of our overall performance, HINDALCO is approaching us for further works including maintenance jobs.

G. SMTP Siliguri

Piping, equipment erection, fabrication & erection of truck

& rail loading gantries with sprinkler system, installation of FW system for product marketing terminal of Numaligarh Refinery at Siliguri have been successfully completed upto the total satisfaction of customer through IOT. Apart from installation of the systems, S&L was also awarded design engineering including detailing of product, FW, OWS & DW system under the overall design control of EIL.

H. ONGC Rudrasagar

Gas Gathering Station at Rudrasagar of ONGC through IOT involving supply, erection, testing of piping, tankages, structural, equipment and civil works including piling have been completed upto the total satisfaction of customer.

I. Tata Power Trombay

Rehabilitation of structures for Coal Handling Conveying system for Tata Power Company Limited at Trombay, Mumbai is progressing as per client's requirement. Being satisfied with our excellent performance, Tata Power has recently placed a new order on us on the same plant.

J. BRPL Dhaligaon

S&L was awarded following 4 projects at Bongaigaon Refinery & Petrochemicals Limited, Dhaligaon site with EIL as technical consultant :

- n Civil & structural works for Utilities & Offsites
- n Civil works for Raw Water Reservoir & Pump House
- n Mechanical works for DHDT
- n Mechanical works for SRU & HGU

Major achievements by the Company at this Project are :

- Erection of 1 HP Separator (170 MT) at DHDT Mechanical unit
- Erection of 2 Compressor (70 MT each) for makeup gas at DHDT Mechanical unit
- Erection of 12 Air Fin Cooler (10 MJT each) at DHDT Mechanical unit

S&L successfully completed another important task of heavy lift erection for 2 number Reactors for DHDT Unit with the lifting tonnage of 496.25 MT and 422 MT. Such heavy lift erection in the Hydrocarbon sector is considered to be a critical milestone of the Project, which S&L could achieve for the first time in its history. For erecting such heavy reactors, S&L had to make extensive preparation including thorough design & planning through its associate M/s Fagioli of UK with whom, S&L had made tie-up for such heavy erection work at BRPL site.

Company has planned to complete the above work by August/September 2010 as per the total satisfaction of customer.

During the current FY, Company expects order bookings from Electrosteel Intergrated Ltd, Tata Growth Shop (Thro' IOTEP), IOCL Paradeep, Vizag Refinery as well as from HINDALCO Industries, Mahan.

Production activities

In addition to various project activities, S&L was engaged for production work at their Khidderpore Works, which is ISO 9001 – 2000 set up accredited by NQAQSR.

During the last FY, S&L Works manufactured and despatched skirt, cooling rings and movable hood, required for LD converter of Durgapur Steel plant and Tata Steel Ltd, Long Radius Hot bends for HPCL. Works also produced Economizer, Super heater coils for various Power Plants, Helical coils for refineries, various tanks, headers for Steel Industries. S&L Works is fully geared up for production of skirt & hood, economizer, superheater coils, Heat-Exchangers, pipe bends including long radius bends, fin tubes, tanks, vessels and structural fabrication work.

Various offers to the tune of more than Rs.250.00 lakhs are under active consideration.

Design & Engineering capabilities

The Company has design & engineering department with ISO 9001- 2000 certification from NQAQSR. Design department provides in-house support for our pre-bid engineering work, supply to our project sites towards purchase of equipments & materials including detail design of projects, providing support for shop fabrication and also providing independent engineering consultancy services directly to our valued customers. The various areas of work are piping, static & rotary equipments, Fire protection system, Material handling system, civil, structural, electrical & instrumentation work. Basic engineering including detail engineering for Siliguri Marketing Terminal Project was recently carried out through IOT under the overall control of EIL and has been successfully completed during this FY.

This department is equipped with latest version of softwares like CAESAR-II (Pipe Stress Analysis), STADD-PRO (Structural Analysis), FLONET (Flow & Pressure drop Analysis), AUTOCAD (Drawing Preparation), ADLPIPE (Pipe Stress Analasis) and have accessed like PDS (Plant Design), PIPENET (Network Analysis), PV-ELITE (Pressure Vessel Design) through our associates. The design engineers of our Company are well conversant with codes, standards, statutory regulations like ASTM/ASME, ANSI, API, AWWA, MSS, BS, IS, DIN, TAC, OISD, IBR etc. with in-house technical library.

Our Design department has been associated with consultants like EIL, M N Dastur, DCPL, JACOB'S, PDIL, TCE, Lurgi and also associated with technology providers like NSC-Japan, MAERZ-Switzerland, Mackenzie Hydrocarbon-Australia, Air Liquide-France.

Marketing

S&L's Marketing group remained a focused area for catering jobs for the Company both for project related areas as well as for the production unit at Khidderpore. In addition to the Central Office at Kolkata, Marketing group is continuously supported by our Offices at Delhi, Mumbai including supports from project offices at Jamshedpur, Bokaro, Chennai etc. The department has been augmented with qualified and experienced engineers who are capable of meeting the needs as per the requirement of the Company's business.

Contract & Purchase

This department is providing total support towards procurement of equipments and other various bought-out items for various projects through reputed vendors. All subcontracting jobs are also centrally awarded by this department. Inspection, expediting and logistics including vendor developments are part of the system for maintaining time, quality and specification.

Internal Control system

Company is equipped with internal control system for maintaining proper accounting, cost control and efficiency in operation. Company has developed documented procedures and various methods as follows :

- Delegation of power
- Preparation of annual budget for targets of sale, billing and collection which are continuously monitored throughout the year by project review meetings, monthly coordination meetings and various other weekly meetings.
- Financial control & approval based on budget allocation before making any project related expenditure.

Management Information System

MIS department has the responsibility for collecting information, analyzing the same and reporting to the management for prompt and quick decision.

ERP at S&L

At S&L, Oracle Applications R11 has been upgraded to Oracle Applications R12 during the year. The same is running as the primary enabler for computerized control of major business operations like –

- Projects
- Purchase
- Financials

The following on-going projects are being monitored through the ERP system –

- IOCL, Bongaigaon
- CPCL, Chennai
- IOCL, Mathura
- TSL, CDQ

The ERP system is planned to be extended with Sites as well as Regional Offices in a phased manner.

Mail System at S&L

In order to improve the quality of mail system, Novell GroupWise Version 5.5 has been migrated to Lotus Notes 8.0.1 (A product from IBM) and the same has been implemented at S&L. At present, the system is being used by S&L Head Office as well as KDP Works. Further extension of the system to Sites / Branch Offices is being planned.

Implementation of UTM / Firewall at S&L

In order to ensure effective utilization of Internet, providing secured access etc, S&L have implemented Juniper Firewall / UTM. Further refinement of the networking system is being planned through the UTM solution.

FUTURE PLAN

Implementation of Payroll Solution at S&L

In order to streamline as well as centralized the payroll process, S&L is in the process of implementing Adrenalin Version 2.0. The same is scheduled to be implemented by Q2 of FY 10-11.

Opportunities & threats

S & L have been diversifying from piping and erection contract to composite work and EPC area in Metal & Power Sector. The business growth is directly link with capital investments in green field project for these sectors. However, because of global recession, green field project in Steel & Hydrocarbon Sector have received a set back on its further investment.

This trend is expected to continue at least for ½ to 1 year. In view of the above, the competition has become abnormally high for small value bids.

Under these circumstances, S&L have given emphasis on power related green field project pertaining to Balance of Plant, Fuel Handling System and LP Piping Package. Also S&L has targeted few EPC project on Metal Sector like Lime & Dolomite Kiln for Visa Steel Limited and National Mineral Development Corporation Limited. The company has now qualified with Visa Steel, NMDC, Reliance Infrastructure Limited, Hindalco Industries Limited, Electrosteel Integrated Limited apart from other Government companies.

The Company in the process of modernizing and re-structuring its fleet of construction wings i.e. manpower, machineries and equipment.

Segment wise Performance

The Company is mainly engaged in Project Management and Construction in various projects sites and fabrication of

equipments/items at their fabrication shop located at Khidderpore & Jhinjirapole. The project & construction services business deals with overall Project Management, Design & Engineering, Procurement of bought-out items, Fabrication & erection of pipes & equipments at various sites including civil, structural, electrical and instrumentation. The Product business covers design engineering for fabrication of items like coils, skirt & hoods with cooling rings, pipes & pipe fittings, pressure vessels, storage tanks and small heat exchangers.

Performance of the Company has been already discussed and from the financial results, it is clear that there is a dip in the performance in order booking as well as sales due to global slowing down of economy and recession we are passing through. However, with the present business prospect available on the cards for the new financial year, we are quite confident that Company's performance will improve considerably.

Outlook

Since 2006-07 Company has become regular EPC Multidisciplinary Construction Company in Hydrocarbon, Metal & Power Sectors and thereby, the Company has achieved the steady turnover of Rs. 100 crores plus for the last 5 years. With the present Management as well as constant evaluation process being evolved, it is expected that the order volume of S&L would improve in 2010-11 with a positive overall growth in order booking, turnover and margin.

Industrial Relation & Human Resource Management

Human Resource continue to play the key role in the growth and development of our Organization. With the diversification of business in Hydrocarbon sector, S&L have inducted experienced senior level as well as middle level management professionals, useful for this sector. Manpower has been restructured to 263 nos though the workload has gone up considerably as well as criticality of the jobs has increased. Various on-job training, training on welding, QA/QC, Safety, Project Management have been given at various levels of the Company. The Company, as usual, has maintained cordial relation amongst the employees.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions, change in the Government regulations, tax laws and other statutes and other incidental factors.

AUDITORS' REPORT TO THE MEMBERS OF STEWARTS AND LLOYDS OF INDIA LIMITED

1. We have audited the attached Balance Sheet of Stewarts and Lloyds of India Limited (the "Company") as at 31st March, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
 - (a) In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the 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) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
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. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that :
 - 3.1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
 - 3.2 (a) The inventory has been physically verified by the Management during the year/at the year end. In our opinion, the frequency of verification is reasonable.
 - 3.3 (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - 3.4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
 - 3.5 According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
 - 3.6 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
 - 3.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

3.8 The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

3.9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the undisputed statutory dues including provident fund, investor education and protection fund, employees' state Insurance, income tax, sales

tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, as applicable, as at 31st March, 2010 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Period	Amount (Rs.)	Forum where dispute is pending
The West Bengal Sales Tax Act, 1994	Declaration forms due, disallowance of erection, freight and other charges	1996-1997	51,09,552	West Bengal Commercial Taxes Appellate and Revision Board
The Central Sales Tax Act, 1956	Declaration forms due, disallowance of erection, freight and other charges	1996-1997	23,89,705	West Bengal Commercial Taxes Appellate and Revision Board
The Income-tax Act, 1961	Under assessment of capital gains for determination of cost of acquisition of the capital assets	2004-05	1,01,05,270	Income Tax Appellate Tribunal
The Income-tax Act, 1961	Disallowance of certain expenditures	2007-08	78,19,630	Commissioner of Income Tax (Appeals)
Finance Act, 1994, Service Tax	Service Tax towards other services	2004-05 2003-04	1,01,12,083	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994, Service Tax	Service Tax towards other services	2008-09 2005-06	61,01,525	Additional Commissioner of Service Tax
The Wealth Tax Act, 1957	Wealth Tax Liability on Land	2002-03	3,16,688	Commissioner of Wealth Taxes (Appeals)

3.10 The Company has no accumulated losses as at 31st March, 2010 *but it has incurred cash losses in the financial year ended on that date.* However, it has not incurred any cash loss in the immediately preceding financial year.

3.11 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank as at the balance sheet date. The Company has neither issued any debentures nor any dues to any financial institution.

3.12 The Company has not granted any loans and advances

on the basis of security by way of pledge of shares, debentures and other securities.

3.13 The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

3.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

3.15 In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

STEWARTS AND LLOYDS OF INDIA LIMITED

- 3.16 The Company has not obtained any term loans. so far as appears from our examination of those books;
- 3.17 On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment. (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 3.18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- 3.19 The Company has not issued any debentures and accordingly the question of creation of securities in this regard does not arise. (e) On the basis of written representations received from the directors, as at 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- 3.20 The Company has not raised any money by public issues in the recent past.
- 3.21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management. (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India :
4. Further to our comments in paragraph 3 above, we report that :
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

(P. LAW)

Partner

Membership Number: 51790

Kolkata
April 29, 2010

Balance Sheet as at 31st March, 2010

	Schedule	31st March 2010 Rs.	31st March 2009 Rs.
SOURCES OF FUNDS :			
Shareholders' Funds :			
Capital	1	3,00,00,000	3,00,00,000
Reserves & Surplus	2	18,37,21,411	20,21,77,268
		21,37,21,411	23,21,77,268
Loan Funds :			
Secured Loans	3	28,77,36,589	20,16,95,368
	Total :	50,14,58,000	43,38,72,636
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	13,99,52,282	13,30,69,585
Less : Depreciation		8,99,18,640	8,53,95,205
Net Block		5,00,33,642	4,76,74,380
Capital work-in-progress		—	50,21,830
		5,00,33,642	5,26,96,210
Investments	5	1,002	1,002
Deferred Tax Asset (Net) (Note 18.2 on Schedule 18)		47,87,288	23,32,714
Current Assets, Loans & Advances :			
Inventories	6	1,93,74,054	2,20,10,899
Sundry Debtors	7	53,58,15,306	69,17,92,996
Cash and Bank Balances	8	50,48,594	40,29,302
Other Current Assets	9	35,67,87,575	39,47,06,251
Loans and Advances	10	7,23,97,306	6,70,62,003
		98,94,22,835	1,17,96,01,451
Less : Current Liabilities and Provisions :			
Current Liabilities	11	54,33,34,182	79,63,15,093
Provisions	12	—	52,64,775
		54,33,34,182	80,15,79,868
Net Current Assets		44,60,88,653	37,80,21,583
Miscellaneous Expenditure (To the extent not written off or adjusted)	13	5,47,415	8,21,127
	Total :	50,14,58,000	43,38,72,636
Notes on Accounts :	18		

This is the Balance Sheet referred to in our report of even date.

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

For Price Waterhouse
Firm Registration Number – 301112E
Chartered Accountants

(P. LAW)
Partner
Membership Number : 51790
Kolkata, 29th April, 2010

R. K. TRIPATHY
Director

P. G. VAIDHYANATHAN
Chairman

C. ROY CHOUDHURY
Company Secretary

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	2009-2010 Rs.	2008-2009 Rs.
EARNINGS :			
Sales	14	61,51,48,283	95,37,36,543
Other Income	15	1,06,75,657	70,20,025
		62,58,23,940	96,07,56,568
OUTGOINGS :			
Operation and other expenses	16	60,63,21,696	89,50,19,398
Depreciation		68,93,163	81,46,687
Interest	17	3,35,19,512	2,73,77,240
		64,67,34,371	93,05,43,325
PROFIT/(LOSS) BEFORE TAXATION PROVISION FOR TAXATION		(2,09,10,431)	3,02,13,243
Current	—		1,42,00,000
Deferred	(24,54,574)		(26,76,252)
Fringe Benefit	—		12,00,000
		(24,54,574)	1,27,23,748
PROFIT/(LOSS) AFTER TAXATION		(1,84,55,857)	1,74,89,495
PROFIT BROUGHT FORWARD FROM LAST YEAR		1,13,50,245	—
Transfer from General Reserve		71,05,612	—
		—	1,74,89,495
APPROPRIATIONS :			
Proposed Dividend Tax thereon	— —		45,00,000 7,64,775
		—	52,64,775
Transfer to General Reserve		—	8,74,475
BALANCE CARRIED FORWARD		—	1,13,50,245
		—	1,74,89,495
Notes on Accounts :			
Earning/(Loss) per share of Rs. 10 each, basic and diluted (Note 18.17 on Schedule 18)	18	(6.15)	5.83

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

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

For Price Waterhouse

Firm Registration Number – 301112E
Chartered Accountants

(P. LAW)

Partner
Membership Number : 51790
Kolkata, 29th April, 2010

R. K. TRIPATHY

Director

P. G. VAIDHYANATHAN

Chairman

C. ROY CHOUDHURY

Company Secretary

Schedules forming part of the Balance Sheet

	31st March 2010 Rs.	31st March 2009 Rs.		
1. CAPITAL				
Authorised :				
1,00,00,000 Equity Shares of Rs. 10/- each	10,00,00,000	10,00,00,000		
Issued and Subscribed :				
30,00,000 Equity Shares of Rs. 10/- each	3,00,00,000	3,00,00,000		
Of the above Shares				
(i) 1,992 Shares were issued for consideration other than Cash pursuant to a contract.				
(ii) 6,38,450 Shares were issued as Bonus Shares by capitalisation of General Reserve and Securities Premium.				
(iii) 16,63,754 Shares are held by IOT Infrastructure & Energy Services Limited (Formerly Indian Oiltanking Limited), Holding Company.				
2. RESERVES AND SURPLUS				
	Balance 31st March 2009 Rs.	Added During the year Rs.	Deducted During the year Rs.	Balance 31st March 2010 Rs.
A Reserves				
Capital Reserve	4,16,401	-	-	4,16,401
Securities Premium	12,13,970	-	-	12,13,970
General Reserve	18,91,96,652	-	71,05,612	18,20,91,040
	19,08,27,023	-	71,05,612	18,37,21,411
B Surplus				
Profit and Loss Account	1,13,50,245	-	1,13,50,245	-
Total :	20,21,77,268	-	1,84,55,857	18,37,21,411
	31st March 2010 Rs.			31st March 2009 Rs.
3. LOAN FUNDS				
Secured Loans :				
Working Capital Loans from Banks				
Cash Credit/Working Capital Demand Loan	28,77,36,589			20,16,95,368
Secured by pari passu first charge among Working Capital Bankers on the whole of the hypothecated current assets and movable assets including Plant and Machinery (other than Propane Gas Project at Jamshedpur), both present and future.				
	<u>28,77,36,589</u>			<u>20,16,95,368</u>

Schedules forming part of the Balance Sheet (Contd.)

4. FIXED ASSETS

	Gross Block at Cost				Depreciation includes Amortisation				Net Block	
	As at 31.03.2009	Addition	Deduction/ Adjustment	As at 31.03.2010	As at 31.03.2009	For the Year	Deduction/ Adjustment	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets :										
Leasehold Land	1,74,300	-	-	1,74,300	76,108	1,769	-	77,877	96,423	98,192
Buildings	2,26,81,040	-	-	2,26,81,040	1,15,88,177	5,94,511	-	1,21,82,688	1,04,98,352	1,10,92,863
Plant and Machinery	9,40,31,967	7,07,553	21,29,311	9,26,10,209	6,13,04,966	51,92,757	17,05,660	6,47,92,063	2,78,18,146	3,27,27,001
Furniture, Fixtures and Office Equipment	65,63,318	5,70,205	60,363	70,73,160	48,38,387	4,06,919	57,012	51,88,294	18,84,866	17,24,931
Electrical Equipment and Installation	34,08,325	1,000	1,06,718	33,02,607	26,76,967	1,19,824	1,06,663	26,90,128	6,12,479	7,31,358
Air Conditioning Plant	13,99,770	1,14,141	-	15,13,911	9,01,615	78,471	-	9,80,086	5,33,825	4,98,155
Veichles	48,10,865	-	7,65,240	40,45,625	40,08,985	2,13,864	5,00,393	37,22,456	3,23,169	8,01,880
Intangible Assets :										
Computer Software - Acquired	-	85,51,430	-	85,51,430	-	2,85,048	-	2,85,048	82,66,382	-
Total	13,30,69,585	99,44,329	30,61,632	13,99,52,282	8,53,95,205	68,93,163	23,69,728	8,99,18,640	5,00,33,642	4,76,74,380
Previous year	13,19,00,919	27,19,828	15,51,162	13,30,69,585	7,80,78,624	81,46,687	8,30,106	8,53,95,205	4,76,74,380	

**31st March
2010
Rs.**

**31st March
2009
Rs.**

5. INVESTMENTS
LONG TERM – UNQUOTED

Other than trade

At cost :

National Savings Certificate (Lodged as Security
Deposit – Matured but not encashed)

1,000

1,000

At written down value :

Rs. 7000, 5% Non-redeemable Registered Mortgage
Debenture Stock 1957 – Woodlands Hospital and
Medical Research Centre Ltd.

1

1

33 Nos. ½% Debentures of Rs. 100 each – Woodlands
Hospital and Medical Research Centre Ltd.

1

1

1,002

1,002

6. INVENTORIES

[Refer - Note 18.1(c) on Schedule 18]

Stores and Spare parts

11,73,034

12,78,857

Loose Tools

9,89,771

9,70,443

Raw Materials

1,55,60,657

1,34,13,034

Work-in-process (Fabrication)

1,53,062

23,51,495

Work-in-progress (Erection)

13,66,330

18,77,147

Miscellaneous Finished Products

1,31,200

21,19,923

[Note 18.7(b) on Schedule 18]

1,93,74,054

2,20,10,899

Schedules forming part of the Balance Sheet (Contd.)

	31st March 2010 Rs.	31st March 2009 Rs.
7. SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months –		
Considered Good	31,48,69,157	29,09,33,228
Considered Doubtful	2,04,85,625	1,06,19,493
	<u>33,53,54,782</u>	<u>30,15,52,721</u>
Less : Provision for Doubtful Debts	2,04,85,625	1,06,19,493
	<u>31,48,69,157</u>	<u>29,09,33,228</u>
Other Debts – Considered Good	22,09,46,149	40,08,59,768
	<u>53,58,15,306</u>	<u>69,17,92,996</u>
8. CASH AND BANK BALANCES		
Cash in hand	4,50,951	6,61,596
With Scheduled Banks :		
Current Account	36,72,564	24,75,619
Fixed Deposit	6,468	5,000
Margin Money Account	3,48,590	3,00,000
Unpaid Dividend Account	5,70,021	5,87,087
	<u>50,48,594</u>	<u>40,29,302</u>
9. OTHER CURRENT ASSETS (UNSECURED)		
Considered Good :		
Tender and Security Deposits, etc.	48,90,671	27,19,352
Contract Revenue in Excess of Billing	35,18,96,904	39,16,58,653
Prepaid Expenses	–	3,28,246
	<u>35,67,87,575</u>	<u>39,47,06,251</u>
10. LOANS AND ADVANCES (UNSECURED)		
Considered Good :		
Advances recoverable in cash or in kind or for value to be received	4,64,59,302	3,28,21,012
Balance with Central Excise and other Government Authorities	1,87,666	4,51,559
Tax payments and tax deducted at source less provision for Income Tax and Fringe Benefit Tax	2,57,50,338	3,37,89,432
[Refer Note : 18.4(b)]	<u>7,23,97,306</u>	<u>6,70,62,003</u>

Schedules forming part of the Balance Sheet (Contd.)

	31st March 2010 Rs.	31st March 2009 Rs.
11. CURRENT LIABILITIES		
Sundry Creditors	36,92,36,293	62,72,07,572
a. Total outstanding dues of Micro Enterprises and Small Enterprises Rs. 4,39,963, Previous Year – Rs. 2,96,306 (Refer Note 18.13 on Schedule 18)		
b. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises Rs. 36,87,96,330, Previous Year – Rs. 62,69,11,266		
Advance from Customers	7,72,84,291	7,71,45,206
Other Liabilities	9,55,61,423	9,10,61,362
Security Deposits	4,825	4,825
Interest accrued but not due on Loans	6,77,329	3,09,041
Investor Education and Protection Fund shall be credited by the following amount :		
– Unpaid Dividend*	5,70,021	5,87,087
	<u>54,33,34,182</u>	<u>79,63,15,093</u>
*No amount is due at the Balance Sheet date for actual credit.		
12. PROVISIONS		
Proposed Dividend	–	45,00,000
Tax thereon	–	7,64,775
	<u>–</u>	<u>52,64,775</u>
	<u>–</u>	<u>52,64,775</u>
13. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Leave Encashment (Refer Note 18.16 on Schedule 18)	5,47,415	8,21,127
	<u>5,47,415</u>	<u>8,21,127</u>

Schedules forming part of the Profit and Loss Account

	2009-2010		2008-2009
	Rs.		Rs.
14. SALES			
Erection Services (Including contract revenue in excess of billing, Note 18.14 on Schedule 18)	51,37,78,595		70,34,12,430
Other Sales (Industrial Pipework, Engineering and Procurement etc.)	10,24,28,022	25,06,18,647	
Less : Excise Duty [Note 18.7(a) on Schedule 18]	<u>10,58,334</u>	<u>2,94,534</u>	
	<u>10,13,69,688</u>		<u>25,03,24,113</u>
	<u>61,51,48,283</u>		<u>95,37,36,543</u>
15. OTHER INCOME			
Interest (Tax deducted at source Rs. 16,480, Previous Year – Rs.15,913)	15,29,942		3,83,840
Rent	10,80,000		15,84,000
Profit on Sale of Fixed Assets	3,55,444		5,21,023
Liabilities no longer required Written Back	71,65,981		11,26,983
Miscellaneous	5,44,290		26,14,427
Exchange Gain	—		7,89,752
	<u>1,06,75,657</u>		<u>70,20,025</u>
16. OPERATION AND OTHER EXPENSES			
I. Material Consumed			
Opening Stock	1,34,13,034	43,94,955	
Add : Purchases	5,59,54,373	13,33,64,865	
	<u>6,93,67,407</u>	<u>13,77,59,820</u>	
Less : Closing Stock	<u>1,55,60,657</u>	<u>1,34,13,034</u>	
	5,38,06,750		12,43,46,786
II. Employee Costs			
Salaries, Wages & Bonus etc. (including compensation of Voluntary Retirement)	8,90,59,108	9,03,23,972	
Contribution to Provident and other Funds	23,41,422	36,42,831	
Workmen's Insurance	5,17,591	5,86,293	
Workmen & Staff Welfare Expenses	<u>19,44,253</u>	<u>23,36,759</u>	
	9,38,62,374		9,68,89,855
III. Sub-Contractor Payments			
Sub-Contractors' Charges	22,60,04,330		42,94,51,571
IV. Freight & Handling Charges	<u>1,38,59,348</u>		<u>1,40,46,379</u>
Carried over	38,75,32,802		66,47,34,591

Schedules forming part of the Profit and Loss Account (Contd.)

	2009-2010	2008-2009
	Rs.	Rs.
16. OPERATION AND OTHER EXPENSES (Contd.)		
Brought forward	38,75,32,802	66,47,34,591
V. Other Expenses		
Advertising	3,54,885	6,57,678
Consumption of Stores & Tools (Including erection materials)	6,37,27,424	9,56,81,145
Insurance	10,07,407	20,78,935
Power & Fuel	36,00,841	49,83,273
Rent	1,00,43,492	83,34,882
Rates & Taxes	17,20,484	18,23,579
Repairs to Building	4,43,498	12,45,506
Repairs to Machinery	21,37,970	33,31,550
Travelling Expenses	1,02,99,986	1,02,54,343
Works Contract Tax Expenses	2,07,36,442	1,76,35,979
Hire Charges of Equipments	4,81,79,433	4,92,03,503
Bank Charges	73,16,871	24,59,092
Service Charges	94,01,299	56,32,451
Excise Duty on Finished Goods, etc.	—	4,72,184
Miscellaneous Expenses	2,52,54,757	2,27,10,295
	<u>20,42,24,789</u>	<u>22,65,04,395</u>
Provision for Doubtful Debts	98,66,132	—
	<u>60,16,23,723</u>	<u>89,12,38,986</u>
(Increase)/Decrease		
Work-in-progress (Erection)	5,10,817	15,50,636
Work-in-process (Fabrication)	21,98,433	(10,77,907)
Miscellaneous Finished Products	19,88,723	33,07,683
	<u>46,97,973</u>	<u>37,80,412</u>
	<u><u>60,63,21,696</u></u>	<u><u>89,50,19,398</u></u>
17. INTEREST		
On Fixed Loans	1,05,95,477	1,72,42,277
On Others	2,29,24,035	1,01,34,963
	<u>3,35,19,512</u>	<u>2,73,77,240</u>

18. NOTES ON ACCOUNTS

18.1 Significant Accounting Policies :

The Financial Statements are prepared to comply in all material respects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

a) FIXED ASSETS - Tangible

- (i) Assets other than those acquired on lease are stated at cost of acquisition and related expenditure. The cost of fixed assets acquired on finance lease comprises present value of minimum lease payments at the inception of lease, lease management fees and residual value of the related assets. The discounting factor considered in calculating the present value of the minimum lease payments is the rate of interest implicit in the lease. An impairment loss is recognised if and when the carrying amount of the fixed assets of a cash generating unit exceeds its net selling price or value in use whichever is higher. Depreciation on fixed assets (including those acquired on finance lease) is provided on written down value method at the rates which are in conformity with the requirements of the Companies Act, 1956. Leasehold land is amortised over the period of lease under written down value method.

FIXED ASSETS - Intangible

- (ii) Cost of Computer Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and cost of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use. Expenses incurred on upgradation/enhancement is charged off as revenue expenditure unless it enable the software to generate future economic benefits in excess of its originally assessed standard.
 - (iii) Computer Software cost is amortised on a straight line basis over a period of five years.
- b) LONG TERM investments are valued at cost less provision for permanent diminution, if any, in carrying amount of such investments.
 - c) INVENTORIES are valued at lower of cost and net realisable value. The costs are, in general, determined under "First in First out" formula. Work in progress/process and Finished Goods include applicable fabrication charges and allocable overheads.
 - d) REVENUE from erection contracts are recognised on the percentage of completion method, in proportion that the contract costs incurred for work performed (as techno-commercially assessed by the management) up to the reporting date bear to the estimated total contract costs. Revenue recognised in excess of billing and billing in excess of revenue recognised as per Accounting Standard-7, prescribed by the Companies Act, 1956, have been reflected under 'Other Current Assets' and 'Current Liabilities' respectively in the Balance Sheet. Escalation and other claims in respect of these contracts are accounted for on their acceptance by the customers. Adequate provision for foreseeable losses are made in the accounts.

OTHER SALES are recognised on completion of sale of goods, rendering of services and/or use of Company's resources by third parties.

e) EMPLOYEE BENEFITS

i) Short term Employee Benefits :

The undiscounted amount of Short-term Employee Benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

ii) Post Employment Benefit Plans :

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year.

18. NOTES ON ACCOUNTS (Contd.)

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

iii) Other Long-term Employment Benefits (unfunded) :

The cost of providing long term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Account for the period in which they occur. Other long term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

- f) TRANSACTIONS IN RESPECT OF FOREIGN CURRENCIES are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies outstanding at the balance sheet date are restated at the exchange rate prevailing on the balance sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions. Exchange differences arising on settlement of transactions and/or restatements are dealt with in the Profit and Loss Account. In respect of Forward Exchange Contracts with underlying transaction, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract.
- g) BORROWING COSTS other than those directly attributable to acquisition and construction of fixed assets are recognised as an expense in the period in which they are incurred.
- h) PROVISIONS are recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.
- i) CURRENT TAX in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, between taxable income that originate in one period and are capable of reversal in one and more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisability thereof. Fringe Benefit Tax is accounted for based on the estimated fringe benefits for the period as per the related provisions of the Income-tax Act, 1961.

18.2 Year-end Deferred Tax balance comprises the following :

	31st March 2010	31st March 2009
	(Rs.)	(Rs.)
Tax impact due to timing differences resulting in (liabilities)/ assets on account of :		
Payment under Voluntary Retirement Scheme	8,71,739	12,49,510
Depreciation as per tax law and book	(64,53,993)	(64,35,212)
Provision for doubtful debts	69,70,542	36,09,566
Items allowable for tax purpose on payment	33,99,000	39,08,850
Net Deferred Tax Assets/(Liability)	47,87,288	23,32,714

18. NOTES ON ACCOUNTS (Contd.)
18.3 Contingent Liabilities :

	31st March 2010	31st March 2009
	(Rs.)	(Rs.)
Claims not acknowledged as debts :		
(i) Disputed Sales Tax*	5,77,098	9,51,543
(ii) Disputed Income Tax	1,79,24,920	63,81,257
(iii) Disputed Wealth Tax	3,16,688	—
(iv) Disputed Service Tax	1,62,13,608	3,10,15,077
(v) Sundry other matters for which court cases are pending**	12,34,000	12,34,000

* On account of certain reliefs claimed which are under dispute and pending sales tax declaration forms.

** There is a litigation filed by a Sub-Contractor before the Civil Judge, Senior Division No. 3 at Guwahati. The Company has contested the same, inter alia, on the grounds as legally advised that the same is false and frivolous and filed an action for recovery against the same Sub-Contractor which is pending before the Calcutta High Court. Both the litigations are pending and are sub-judice.

18.4 (a) Outstanding Bank Guarantees Rs. 28,98,03,259 (Previous Year: Rs. 31,84,37,792) are secured by a charge created on assets as recited under Secured Loans (Refer Schedule 3).

(b) Tax payments and Tax deducted at source are net off provisions for taxation of Rs. 84,70,622 (Previous Year : Rs. 12,20,00,000) and Fringe Benefit Tax of Rs. Nil (Previous Year : Rs. 52,22,135).

(c) Miscellaneous Expenses include Advances written off Rs. 56,24,004 (Previous Year : Rs. Nil).

18.5 Managing and other Directors' remuneration :

	2009-2010	2008-2009
	(Rs.)	(Rs.)
Salaries etc. (April-Sept. 2009)	57,27,483 *	81,40,004
Other perquisites	1,50,000	—
Sitting Fees	2,60,000	1,75,000
Commission to Non-Executive Directors (Note 18.6 below)	—	2,00,000
	61,37,483	85,15,004

* Inclusive of Performance Linked Remuneration of Rs. 30,95,000 in respect of financial year 2008-09 (Previous Year : Rs. 30,95,000).

18.6 Computation of Net Profit under Section 198 read with Section 309/349 of the Companies Act, 1956 for the purpose of Commission payable to the Directors (other than Wholetime Director) :

	2009-2010		2008-2009	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Profit before taxation as per Profit and Loss Account		(Note below)	3,02,13,243	
Add : Wealth Tax			15,000	
Add : Directors' Remuneration			85,15,004	
Net Profit in accordance with Section 198 of the Companies Act, 1956				3,87,43,247
Commission @ 1% on the above profit				3,87,432
Restricted to				2,00,000

Note : Computation of net profit under Section 198 read with Section 309/349 of the Companies Act 1956, has not been provided as no commission is payable in view of absence of profit.

STEWARTS AND LLOYDS OF INDIA LIMITED

18. NOTES ON ACCOUNTS (Contd.)

18.7 (a) Quantitative information on Capacity and production and analysis of Other Sales :

	Licensed Capacity	Installed Capacity	Actual Production		Turnover			
	Tonnes	Tonnes	Tonnes		Quantity		Value	
	2009-10	2009-10	2009-10	2008-09	Tonnes		(Rs.)	(Rs.)
					2009-10	2008-09	2009-10	2008-09
Industrial Pipework	11,440	9,850	33	30	49	105	1,19,03,690	1,25,46,327
Forged Flanges	700	300	–	–	–	–	–	–
Engineering and Procurement	–	–	–	–	–	–	8,94,65,998	23,77,77,786
							10,13,69,688	25,03,24,113

18.7 (b) Quantitative information on Finished Products :

		Opening Stock		Closing Stock	
		Tonnes	(Rs.)	Tonnes	(Rs.)
		Industrial Pipework	2009-10	20	21,19,923
	2008-09	95	54,27,606	20	21,19,923

* Total Licensed and Installed capacities are the same as in 2008-09.

* Installed capacities have been certified by the Management.

* As units shown in the sales bills relating to Engineering and Procurement are varied and heterogeneous, quantity of turnover in respect of this category has not been shown for which the Company has obtained necessary approval of the Central Government. Quantitative information for opening/closing stocks and purchases of these items also could not be furnished as it is not feasible for the reasons indicated above.

18.8 Materials Consumption :

	Unit	2009-2010		2008-2009	
		Quantity	(Rs.)	Quantity	(Rs.)
Tubes	Metres	608	7,83,650	16,562	2,50,54,885
Plates	Tonnes	29	27,15,719	2.24	82,553
Valves	Nos.	48	15,10,328	451	2,32,84,661
Fittings	Nos.	3,421	19,69,381	1,010	21,55,784
Miscellaneous	–	–	4,68,27,672	–	7,37,68,903
			5,38,06,750		12,43,46,786

(a) Above represents bought out items also which are ultimately used for erection services.

(b) Miscellaneous include items which individually do not constitute more than 10% of the total consumption.

18. NOTES ON ACCOUNTS (Contd.)
18.9 Value of Imported and Indigenous Materials Consumption as a percentage of total consumption :

	2009-2010		2008-2009	
	(Rs.)	%	(Rs.)	%
Indigenous	5,31,21,682	98.73	12,08,36,188	97.18
Imported	6,85,068	1.27	35,10,598	2.82
	5,38,06,750	100.00	12,43,46,786	100.00

18.10 Consumption of Imported and Indigenous Stores, Tools, Spare Parts and Components as a percentage of total consumption :

	2009-2010		2008-2009	
	(Rs.)	%	(Rs.)	%
Indigenous	5,93,57,123	93.14	9,56,81,145	100.00
Imported	43,70,301	6.86	—	—
	6,37,27,424	100.00	9,56,81,145	100.00

18.11

	2009-2010	2008-2009
	(Rs.)	(Rs.)
a) Value of Imports calculated on C.I.F. basis		
– Materials	6,85,068	35,10,598
b) Expenditure in foreign currency		
– Travelling	1,31,921	1,84,967
– Technical Services	10,58,400	—
c) Earnings in foreign currency – F.O.B. Value of Export	—	1,02,70,757

18.12 Auditors' Remuneration :

	2009-2010	2008-2009
	(Rs.)	(Rs.)
Audit Fees	5,00,000	4,00,000
Miscellaneous certificates and reports	4,62,500	3,87,500
Reimbursement of out of pocket expenses	13,720	14,969
Reimbursement of Service Tax	90,251	99,185
	10,66,471	9,01,654

18. NOTES ON ACCOUNTS (Contd.)

18.13 Details of Dues to Micro enterprises and Small enterprises :

		2009-2010	2008-2009	
		(Rs.)	(Rs.)	
a)	The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year	Principal Interest	2,19,560 2,20,403	2,20,432 75,874
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	Principal Interest	872 Nil	1,94,192 Nil
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006		Nil	Nil
d)	The amount of interest accrued and remaining unpaid at the end of accounting year	Interest accrued Interest remaining unpaid	1,44,529 2,20,403	21,342 75,874
e)	The 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 Micro, Small and Medium Enterprise Development Act, 2006		1,44,529	21,342

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprise Development Act, 2006 on the basis of information available with the Company.

18.14 Information in accordance with the requirements of the revised Accounting Standard - 7 on Construction Contracts prescribed by the Companies Act, 1956 :

	2009-2010	2008-2009
	(Rs.)	(Rs.)
Contract revenue recognised for the year	51,37,78,595	70,34,12,430
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to the year end for all the contracts in progress	1,81,79,59,274	1,63,43,74,709
The amount of customer advances outstanding for contracts in progress as at the year end	6,69,70,022	6,10,51,190
The amount of retention due from customers for contracts in progress as at the year end	4,78,25,710	3,06,33,619
Gross amount due from customers	35,32,63,234	39,35,35,800
Gross amount due to customers	NIL	NIL

18.15 Employees Benefits :

Post Employment Defined Contribution Plans :

During the year an amount of Rs. 24,53,119 (2008-2009 : Rs. 36,42,831) has been recognised as expenditure towards Defined Contribution plans of the Company.

Post Employment Defined Benefit Plans :

Gratuity (Funded)

The Company's Gratuity Scheme, a defined benefit plan, covers the eligible employees and is administered through a trust fund under group administration plan. Such gratuity fund, whose investments are managed by insurance companies/trustees themselves, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an

18. NOTES ON ACCOUNTS (Contd.)
18.15 Employees Benefits : (Contd.)

amount based on the respective employee's eligible salary and tenure of employment subject to a maximum limit of Rs. 10,00,000 (Upto 31.03.2009 - Rs. 3,50,000). Vesting occurs upon completion of five years of services. Liabilities with regard to Gratuity Plan are determined by actuarial valuation as set out in Note 18.1.e.(iii) above based upon which the Company makes contribution to Gratuity Fund.

The following Table sets forth the particulars in respect of Post Employment and other Defined Benefit Plans of the Company for the year ended 31st March 2010 and corresponding figures for the previous year :

(Rupees)

	Description	Gratuity		Leave Encashment	
		31st March 2010	31st March 2009	31st March 2010	31st March 2009
(a)	Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation :				
	Present Value of Obligation at the beginning of the year	90,34,391	97,45,162	49,75,461	32,60,364
	Current Service Cost	6,72,386	8,60,388	7,30,795	11,75,577
	Past Service Cost	2,29,238	–	–	–
	Interest Cost	6,32,407	7,79,613	3,48,282	2,60,829
	Actuarial (Gains)/Losses	(8,43,905)	1,47,742	(8,75,648)	10,68,614
	Benefits Paid	(17,95,301)	(24,98,514)	(8,32,948)	(7,89,923)
	Present Value of Obligation at the end of the year	79,29,216	90,34,391	43,45,942	49,75,461
(b)	Reconciliation of the Opening and Closing balances of Plan Assets :				
	Fair Value of Plan Assets at the beginning of the year	90,34,391	97,45,162	–	–
	Expected Return on Plan Assets	8,35,681	9,01,427	–	–
	Actuarial Gains/(Losses)	(33,858)	(79,037)	–	–
	Contributions	–	9,65,353	–	–
	Benefits Paid	(17,95,301)	(24,98,514)	–	–
	Fair Value of Plan Assets at the end of the year	80,40,913	90,34,391	–	–
(c)	Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets :				
	Present Value of Obligation at the end of the year	79,29,216	90,34,391	43,45,942	49,75,461
	Fair Value of Plan Assets at the end of the year	80,40,913	90,34,391	–	–
	Assets/(Liabilities) recognised in the Balance Sheet	1,11,697	–	(43,45,942)	(49,75,461)
(d)	Expense recognised in the Profit and Loss Account :				
	Current Service Cost	6,72,386	8,60,388	7,30,795	11,75,577
	Past Service Cost	2,29,238	–	–	–
	Interest Cost	6,32,407	7,79,613	3,48,282	2,60,829
	Expected Return on Plan Assets	(8,35,681)	(9,01,427)	–	–
	Actuarial (Gains)/Losses	(8,10,047)	2,26,779	(8,75,648)	10,68,614
	Total Expense recognised	(1,11,697)	9,65,353	2,03,429	25,05,020
(e)	Category of Plan Assets :				
	Fund with LIC	79,75,015	80,79,344	–	–
	Central Government securities	50,000	50,000	–	–
	State Government securities	3,65,400	3,65,400	–	–
	Others (including bank balances)	(3,49,502)	5,39,647	–	–
	Total	80,40,913	90,34,391	–	–
(f)	Actual Return on Plan Assets	8,01,823	8,22,390	–	–
(g)	Actuarial Assumptions :				
	Discount Rate (Per annum)	7.80%	7.00%	7.80%	7.00%
	Expected Rate of Return on Assets (Per annum)	9.15%	9.25%	–	–
	Mortality Rate	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)

18. NOTES ON ACCOUNTS (Contd.)

Net Asset/(Liability) recognised in Balance Sheet including experience adjustment impact :

	Gratuity			Leave Encashment		
	2010	2009	2008	2010	2009	2008
Present value of funded obligation	79,29,216	90,34,391	97,45,162	-	-	-
Present value of unfunded obligation	-	-	-	43,45,942	49,75,461	32,60,364
Fair Value of Plan Assets	80,40,913	90,34,391	97,45,162			
Status [Surplus/(Deficit)]	1,11,697	-	-			
Experience Adjustment of Plan Assets [Gain/(Loss)]	Not Available			Not Available		
Experience Adjustment of Obligation [Gain/(Loss)]						

The estimates of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investment of funds during the estimated term of the obligation.

18.16 In accordance with the transitional provisions of Accounting Standard 15 (Revised 2005), the additional liability arising on the first application of the Standard amounting to Rs. 13,68,549 on account of Leave Encashment is being charged-off as an expense over a period of 5 years. The unamortised amount of Rs. 5,47,415 (Previous Year : Rs. 8,21,127) has been disclosed as Miscellaneous Expenditure to the extent not written-off (Refer Schedule 13 to the Balance Sheet).

18.17 Basic and Diluted Earning/(Loss) Per Share :

i) Basic		2009-2010	2008-2009
a)	Number of Equity Shares at the beginning of the year	30,00,000	30,00,000
	Number of Equity Shares at the end of the year	30,00,000	30,00,000
	Weighted average number of Equity Shares outstanding during the year	30,00,000	30,00,000
	Face value of each Equity Share (Rs.)	10	10
b)	Profit/(Loss) after tax available for Equity Shareholders (Rs.)	(1,84,55,857)	1,74,89,495
	Basic Earning/(Loss) per Share (Rs.)	(6.15)	5.83
ii) Dilutive potential Equity Shares			
	Diluted Earning/(Loss) per Share (Rs.)	(6.15)	5.83

18.18 Related Party Disclosures in accordance with Accounting Standard 18 :

List of Related Parties

i) **Parties where control exists :**

IOT Infrastructure & Energy Services Ltd., (Formerly Indian Oiltanking Ltd.) – Holding Company
IOT Engineering Projects Limited – Fellow Subsidiary

ii) **Key Managerial Personnel :**

Mr. R. K. Dutta, Chairman and Managing Director – upto 30th September 2009
Mr. R. N. Basuray – Chief Executive Officer (With effect from 01.10.2009)

18. NOTES ON ACCOUNTS (Contd.)
Transactions with Related Parties

	2009-2010 <u>(Rs.)</u>	2008-2009 <u>(Rs.)</u>
a) Sales and Services billed		
Holding Company	1,54,78,682	4,41,38,879
Fellow Subsidiaries	–	–
b) Purchase of Raw Materials and Components		
Holding Company	–	–
c) Other Income – Rental Income		
Holding Company	3,60,000	4,44,000
Fellow Subsidiary	7,20,000	11,40,000
d) Sale of Fixed Assets		
Holding Company	–	6,44,660
e) Expenditure on other services		
Holding Company	1,56,250	73,479
Fellow Subsidiary	–	2,000
f) Outstanding Balances as at the end of Financial Year		
<u>Receivables (Net) :</u>		
Holding Company	83,23,245	7,91,83,669
Fellow Subsidiary	–	10,46,608
<u>Payables :</u>		
Holding Company	–	–
Fellow Subsidiary	1,66,73,180	–
g) Dividend paid		
Holding Company	24,95,631	49,91,262
h) Managing Director's Remuneration	(Refer Note 18.5 above)	

18.19 The Company is primarily engaged in execution of erection projects, which, in most cases involve supply of materials (procured or manufactured). Manufactured items are also supplied for servicing of refurbishment projects of clients and in a few cases to other customers. The management considers the entire activity process to be an integrated one. Further, the Company is managed organisationally as a single unit. Therefore, according to the management, the Company's operations are carried out in a single segment.

18.20 Previous year's figures have been re-arranged/re-grouped, where necessary to make the same comparable with the current year's figures.

Signatures to Schedules 1 to 18.

For Price Waterhouse

Firm Registration Number – 301112E

Chartered Accountants

(P. LAW)

Partner

Membership Number : 51790

Kolkata, 29th April, 2010

R. K. TRIPATHY

Director

P. G. VAIDHYANATHAN

Chairman

C. ROY CHOUDHURY

Company Secretary

Information pursuant to part IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(i) Registration Details :

Registration No. :
 Balance Sheet Date :
 Date Month Year State Code :

(ii) Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Rights Issue	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Bonus Issue	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Private Placement	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>

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

Total Liabilities	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="2"/>	Total Assets	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="2"/>
Sources of Funds :		Reserves & Surplus	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="1"/>
Paid-up Capital	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured Loans	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Secured Loans	<input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="7"/>	Investment	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/>
Application of Funds :		Misc. Expenditure	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="7"/>
Net Fixed Assets	<input type="text" value="-"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/>		
Net Current Assets	<input type="text" value="-"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="9"/>		

(iv) Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="-"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="4"/>	Total Expenditure	<input type="text" value="-"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/>
+ - Profit/Loss Before Tax	<input type="text" value="3"/> <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/>	+ - Profit/Loss after Tax	<input type="text" value="3"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="6"/>
Earning per Share (Rs.)	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Dividend rate @%	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>

(v) Generic Names of Three Principal Products/Services of Company (as per monetary terms)

1) Product Description : Item Code No. (ITC Code)

The Company is primarily engaged in execution of projects, which, in most cases involve supply of materials and thus is a single product/service Company and no ITC Code is available for such service.

R. K. TRIPATHY
Director

P. G. VAIDHYANATHAN
Chairman

C. ROY CHOUDHURY
Company Secretary

CASH FLOW STATEMENT

(PREPARED PURSUANT TO LISTING AGREEMENT)

	For the Year ended 31st March 2010		For the Year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) Before Tax and Extraordinary Items :		(2,09,10,431)		3,02,13,243
Adjustments for –				
Depreciation	68,93,163		81,46,687	
Liability written back	(71,65,981)		(11,26,983)	
Profit on Sale of Fixed Assets	(3,55,444)		(5,21,023)	
Interest (Net) – shown separately	3,16,21,282		2,69,93,400	
Amortisation of Miscellaneous Expenditure	2,73,712		2,73,712	
Wealth Tax	15,000		15,000	
Provision for Doubtful Depts	98,66,132		—	
Advance Written Off	56,24,004		—	
		<u>4,67,71,868</u>		<u>3,37,80,793</u>
Operating Profit before Working Capital Changes		2,58,61,437		6,39,94,036
Adjustment for –				
Trade and other receivables	17,02,28,596		(18,18,00,887)	
Inventories	26,36,845		(46,12,658)	
Trade payable	(24,58,12,864)		14,68,98,132	
		<u>(7,29,47,423)</u>		<u>(3,95,15,413)</u>
Cash generated/(used in) from operation		(4,70,85,986)		2,44,78,623
Direct Taxes Paid (Net of refunds) (Including Fringe Benefit Tax)	28,42,331		(2,76,47,356)	
		<u>2,842,331</u>		<u>(2,76,47,356)</u>
Net Cash from/(used in) operating activities		<u>(4,42,43,655)</u>		<u>(31,68,733)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(49,22,499)		(39,26,175)	
Sale of Fixed Assets	10,47,348		12,42,079	
Interest Received	15,29,942		3,83,840	
Net Cash from /(used in) investing activities		<u>(23,45,209)</u>		<u>(23,00,256)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Short Term Bank Borrowing (Net)	8,60,41,221		4,31,92,471	
Interest paid	(3,31,51,224)		(2,77,09,364)	
Dividend Paid (including Tax thereon)	(52,81,841)		(1,04,87,422)	
Net Cash from/(used in) financing activities		<u>4,76,08,156</u>		<u>49,95,685</u>
Carried forward		10,19,292		(4,73,304)

STEWARTS AND LLOYDS OF INDIA LIMITED

CASH FLOW STATEMENT (Contd.)

(PREPARED PURSUANT TO LISTING AGREEMENT)

	For the Year ended 31st March 2010		For the Year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Brought forward		10,19,292		(4,73,304)
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)		10,19,292		(4,73,304)
CASH AND CASH EQUIVALENTS				
– Opening Balance (Refer Schedule 8)	40,29,302		45,02,606	
CASH AND CASH EQUIVALENTS				
– Closing Balance (Refer Schedule 8)	50,48,594	10,19,292	40,29,302	(4,73,304)

- Notes :
- (i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement prescribed by the Companies Act, 1956.
 - (ii) The Schedule referred to above form an integral part of the Cash Flow Statement.
 - (iii) Previous year's figures have been re-grouped/re-arranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse

Firm Registration Number – 301112E
Chartered Accountants

(P. LAW)

Partner
Membership Number : 51790
Kolkata, 29th April, 2010

R. K. TRIPATHY

Director

P. G. VAIDHYANATHAN

Chairman

C. ROY CHOUDHURY

Company Secretary

Report of the Directors on Corporate Governance

1.0 A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company continues to focus on good Corporate Governance with emphasis on its further betterment on a continuous basis. Corporate Governance is an integral part of Management. Any practical Corporate Governance Policy must provide empowerment of the Management to meeting their obligations to the stakeholders at all level together with a check on the Management to ensure that the power vested on them are used with utmost care and responsibilities and not misused. Your Company's Management believes in continuous attainment of excellence, growth and value creation and in pursuit of that it continuously endeavours to leverage resources to transform opportunities into reality as much as possible.

2.0 BOARD OF DIRECTORS

The Board of Directors of the Company comprised of six members as at 31st March 2010. It had a Non-Executive Chairman and 3 Independent Directors (half of the total number of Directors) one of whom is a nominee of General Insurance Corporation of India. All of the Directors are Non-Executive Directors.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors. None of the Directors are related between themselves.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of Directorships and Committee memberships held by them in other Companies are given below :

Name	Category	No. of Board Meetings attended during 2009-10	Whether attended AGM held on 24th July 2009	No. of Directorships in other Indian public limited Companies as on 31st March 2010	No. of Committee* position held in other Indian public limited Companies as on 31st March 2010	
					Chairman	Member
Mr. P. G. Vaidhyanathan (w.e.f. 1st October 2009)	Non-Executive Chairman	2	N.A.	2	Nil	Nil
Mr. Radhakant Tripathy	Independent Non-Executive	5	Yes	2	Nil	Nil
Mr. R. P. Singh	Independent Non-Executive	3	Yes	2	Nil	2
Mr. Jatin Mavani	Non-Independent Non-Executive	5	Yes	4	Nil	1
Mr. K. P. Brahma (w.e.f. 29th January 2010)	Independent Non-Executive (GIC Nominee)	N.A.	N.A.	Nil	Nil	Nil
Mr. K. K. Ranade (w.e.f. 1st October 2009)	Non-Independent Non-Executive	1	N.A.	1	Nil	Nil
Mr. Sujit Das (upto 29th January 2010)	Independent Non-Executive (GIC Nominee)	Nil	No	N.A.	N.A.	N.A.
Mr. Ranjit Kumar Dutta (upto 30th September 2009)	Executive Chairman cum Managing Director	3	Yes	N.A.	N.A.	N.A.
Mr. Jayanta Bhuyan (upto 30th September 2009)	Non-Independent Non-Executive	Nil	No	N.A.	N.A.	N.A.

STEWARTS AND LLOYDS OF INDIA LIMITED

*Committee positions held in Audit Committees and Shareholders'/ Investors' Grievance Committees are considered.

Five Board Meetings were held during the year 2009-10 and the gap between two meetings did not exceed three months.

The dates on which the Board Meetings were held are as follows :

29th April 2009, 23rd July 2009, 30th September 2009, 28th October 2009 and 29th January 2010.

The information as required under Annexure IA to Clause 49 was being made available to the Board.

3.0 AUDIT COMMITTEE

The Audit Committee of the Board has been functioning since 1997. The broad terms of reference of the Audit Committee were to review the unaudited and audited financial results of the Company and recommend/ suggest the same for the approval and adoption by the Board, to review the Internal Audit Reports, discuss with the Auditors periodically, review and implement their suggestions and other related matters, to review weaknesses in internal controls, if any, reported by Internal Auditors and Statutory Auditors.

The terms of reference of the Audit Committee include the powers as stipulated in Clause 49 II(C) of the Listing Agreement and the role as laid out in Clause 49 II(D) of the Listing Agreement.

Composition of Audit Committee

Name of the Members	Category	No. of Meetings attended during the year 2009-10
Mr. Radhakant Tripathy (Chairman)	Non-Executive, Independent	5
Mr. Jatin Mavani	Non-Executive, Non-Independent	5
Mr. Sujit Das (upto 29th January 2010)	Non-Executive, Independent	Nil
Mr. K. P. Brahma (w.e.f. 29th January 2010)	Non-Executive, Independent	N.A.

Mr. Jatin Mavani, Director, a member of the Audit Committee is a Chartered Accountant and has the requisite financial and accounting expertise. Mr. Sujit Das, member of Audit Committee, could not attend meetings during the financial year due to severe health problem, who was otherwise a very regular member in all earlier meetings, during his tenure.

No. of Audit Committee Meetings held during the year: 5

Dates of Audit Committee Meetings: 29th April 2009, 23rd July 2009, 30th September 2009, 28th October 2009, and 29th January 2010.

The Audit Committee meetings were attended by the Financial Controller i.e. Head of Finance, the Regional and Operational Heads, whenever necessary. Representatives of Auditors both the Statutory Auditors and Internal Auditors were being invited to the meetings as and when required.

The Company Secretary acted as the Secretary to the Audit Committee.

The present Chairman of the Audit Committee attended the 71st Annual General Meeting held on 24th July 2009.

At the Audit Committee Meeting held on 29th April 2009 the Annual Accounts for the year ended 31st March 2009 were reviewed by the Audit Committee and recommended to the Board. The unaudited quarterly financial results for each quarter were also reviewed by the Audit Committee during the year before recommendation to the Board for its adoption.

4.0 REMUNERATION COMMITTEE

The Remuneration Committee constituted in the year 1997. The broad terms of reference of the Remuneration Committee are to recommend to the Board salary (including annual increments), perquisites and performance linked remuneration to be paid to the Executive Director(s) depending upon merit, Company's performance and the terms of appointment as approved by the shareholders at the General Meeting.

Composition of Remuneration Committee

Name of the Members	Category	No. of Meetings attended during the year 2009-10
Mr. Radhakant Tripathy	Non-Executive, Independent	1
Mr. Jayanta Bhuyan (upto 30th September 2009)	Non-Executive, Non-Independent	1
Mr. Sujit Das (upto 29th January 2010)	Non-Executive, Independent	1
Mr. K. K. Ranade (w.e.f. 30th September 2009)	Non-Executive, Non-Independent	N.A.
Mr. K. P. Brahma (w.e.f. 29th January 2010)	Non-Executive, Independent	N.A.

No. of Remuneration Committee Meetings held during the year: 1 (by circulation of resolution)

Dates of Remuneration Committee Meeting: 24th September 2009.

Details of remuneration paid to all Directors during the year 2009-2010 :

Non-Executive Directors :

Sl. No.	Name	Sitting Fees (Rs.)	Commission (Rs.)**
1	Mr. Jayanta Bhuyan	Nil	Nil
2	Mr. R. P. Singh	30,000	10,811
3	Mr. Jatin Mavani	1,00,000	43,243
4	Mr. Sujit Das*	Nil	48,649
5	Mr. Radhakant Tripathy	1,00,000	64,865
6	Mr. P. G. Vaidhyanathan	20,000	N.A.
7	Mr. K. K. Ranade	10,000	N.A.
		2,60,000	1,67,568

* Amount paid to National Insurance Co. Ltd.

** Paid against provision made in Financial year 2008-09.

Sitting fees paid to Directors for attending Board and Audit Committee Meeting was Rs. 10,000/- per meeting. However, for attending Remuneration Committee Meeting, sitting fees was Rs. 2,500/- per meeting.

Other than the above there is no pecuniary relationship or transactions with any of the Non-Executive Directors during the year 2009-10

None of the Directors hold any share in the Company.

Executive Director :

Rs. in lakhs

Name	Remuneration
Mr. Ranjit Kumar Dutta Chairman and Managing Director	58.77*

* Inclusive of Performance Linked Remuneration of Rs. 30.95 lakhs in respect of Financial Year 2008-09.

5.0 SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee was constituted in the year 2000 to specifically look into the redressal of investor's complaints like transfer of shares, non-receipt of declared dividend and other issues and shares transfer/transmission matters including issue of duplicate share certificates.

Composition of Shareholders'/Investors' Grievance Committee

Name	Category	No. of meetings held during the year 2009-2010
Mr. Jatin Mavani (Chairman upto 30th September 2009)	Non-Executive, Non-Independent	4
Mr. Ranjit Kumar Dutta (upto 30th September 2009)	Executive, Non-Independent	2
Mr. P. G. Vaidhyathan (Chairman w.e.f. 1st October 2009)	Non-Executive, Non-Independent	2
Mr. Sujit Das (upto 29th January 2010)	Non-Executive, Independent	Nil
Mr. K. P. Brahma (w.e.f. 29th January 2010)	Non-Executive, Independent	N.A.

Compliance Officer : Ms. C. Roy Choudhury, Company Secretary

No. of shareholders complaints received during 2009-2010 : 6 (Six)

No. of pending shareholders complaints : NIL

No. of pending share transfer : NIL

6.0 GENERAL BODY MEETINGS

Location and time where last three Annual General Meetings were held :

	2007	2008	2009
Date	13th July 2007	24th July 2008	24th July 2009
Time	3.00 p.m.	12 noon	11 a.m.
Venue	"AIKATAN", Eastern Zonal Cultural Centre, IA-290, Salt Lake City, Kolkata-700 097	"AIKATAN", Eastern Zonal Cultural Centre, IA-290, Salt Lake City, Kolkata-700 097	"AIKATAN", Eastern Zonal Cultural Centre, IA-290, Salt Lake City, Kolkata-700 097

No special resolution was put through postal ballot in the previous year and no postal ballot is proposed for this year.

7.0 DISCLOSURES

- a) There has been no transaction of the Company with its promoters, their subsidiaries, Directors, their relatives or the management that may have potential conflict with the interest of the Company at large.

Transaction with the related parties are disclosed in note no. 18.18 of Schedule 18 to the accounts in the Annual Report.

- b) The members of management have informed the Board as per the requirements of Clause 49 IV(F) of the Listing Agreement regarding their not having any personal interest in any material commercial and financial transactions of the Company that may have potential conflict with the interests of the Company at large. They have also informed about their compliance with the Code of Conduct as laid down by the Company.
- c) There are no instances of non-compliance by the Company for which any strictures imposed on it by the Stock Exchanges, SEBI or any other statutory authority or any matter related to capital market during the last three years.
- d) The Company has adopted a whistle blower policy for the employees across the Company, as suggested by the Non-mandatory requirements of Clause 49 of the Listing Agreement. All the employees of the Company were informed about the policy and their access to the Audit Committee, if they feel necessary and the policy is also available in the website of the Company.
- e) The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. Further it has also complied with some of the non-mandatory clauses of Clause 49 such as formation of Remuneration Committee, Whistle Blower Policy etc.
- f) While preparation of financial statements for the year under review, no accounting treatment, which was different from that prescribed in the Accounting Standard, was followed.
- g) The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. A register has been formulated and that has been adopted at the Board at their Meeting held on 28th April 2006 and is being placed before the Board at their meetings at the end of each quarter.
- h) A certificate had been placed before the Board of Directors at their Meeting held on 29th April 2010 in compliance with Clause 49 (V) of the Listing Agreement duly signed by the Chief Executive Officer and the Financial Controller.
- i) A code of conduct for prevention of insider trading in equity shares of the Company applicable to the employees and directors of the Company in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 has been formulated and adopted by the Company since 2002.
- j) The Company has an established Internal Control System and Procedures which are being reviewed periodically.

8.0 MEANS OF COMMUNICATION

1. The quarterly unaudited financial results of the Company are announced within one month from the end of the respective quarter, after its 'Limited Review' by the Statutory Auditors, review by the Audit Committee and adoption by the Board of Directors. Audited Annual Results are announced within two months from the end of the financial year on 31st March of each year.

The results are published in two widely circulated newspapers in and around West Bengal. Generally in 'Business Standard' (in English version) and in 'Aajkal' (in Bengali version), within 48 hours of the conclusion of the Board Meeting. The results are also made available at the website of the Company (www.slofindia.com), within the same period. All these results are also being posted on SEBI's Electronic Data Information Filing and Retrieval System (EDIFAR) website, within the time period as specified by SEBI.

2. The corporate website of the Company (www.slofindia.com) displays any official news release on the Company, whenever there is any new releases.
3. Presentations are made to Institutional Investors on their specific request and the same is also made available on the website of the Company.

GENERAL SHAREHOLDERS' INFORMATION

1.0 AGM :

Date & time : 23rd July, 2010 (Friday) at 11.00 A. M.
 Venue "RABINDRA-OKAKURA BHABAN", 27/A/1, DD Block, Salt Lake, Kolkata - 700 064

2.0 Financial Calendar (tentative)

Financial Results for the quarter ending 30th June, 2010 : August, 2010
 Financial Results for the quarter/half year ending 30th September, 2010 : November, 2010
 Financial Results for the quarter ending 31st December, 2010 : February, 2011
 Audited Results for the year ending 31st March, 2011 : May, 2011

3.0 Date of Book Closure

: from 17th July, 2010 to 23rd July, 2010 (both days inclusive)

4.0 Dividend Payment Date

: N.A.

5.0 Listing on Stock Exchanges :

1) The Calcutta Stock Exchange Association Limited
 7, Lyons Range
 Kolkata-700 001

2) The Bombay Stock Exchange Ltd.
 Phiroze Jeejeebhoy Towers
 Dalal Street
 Mumbai-400 001

(Note: Annual Listing Fees for the year 2010-2011 have been duly paid to both these Stock Exchanges)

6.0 A. Demat ISIN Number in NSDL and CDSL

: INE356D01012

B. Stock Code

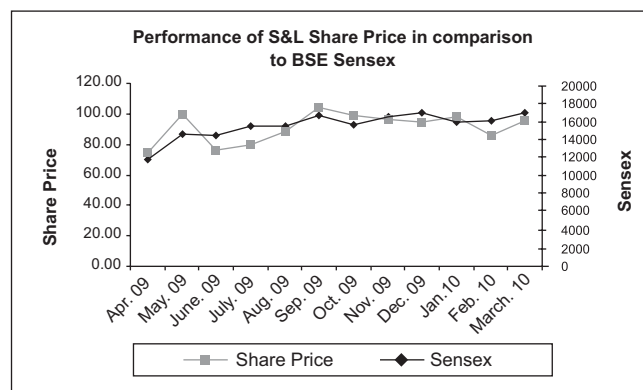
The Bombay Stock Exchange Ltd. : Physical Segment 4960
 : Demat Segment 504960

The Calcutta Stock Exchange Association Limited : Physical Segment 29962
 : Demat Segment 10029962

7.0 Market Price Data : The high and low market price of shares of the Company during each month of the financial year 2009 -10 at the Bombay Stock Exchange Ltd., Mumbai were as follows :

Month	High (Rs.)	Low (Rs.)
April '09	75.30	41.05
May '09	104.30	61.80
June '09	110.00	70.00
July '09	82.85	67.00
August '09	94.20	73.00
Sept. '09	111.30	86.05
Oct. '09	120.50	93.00
Nov. '09	101.95	77.90
Dec. '09	107.00	81.15
Jan. '10	129.85	95.20
Feb. '10	106.90	87.10
March '10	112.00	88.50

Performance in comparison to BSE Sensex, CRISIL Index :



**8.0 Registrar and Transfer Agent
(for Physical and Demat)**

: C B Management Services (P) Limited
P-22, Bondel Road
Kolkata-700 019
Tel.: (033) 2280 6692/93/94
Fax: (033) 2287 0263
E-mail: cbmsl1@cal2.vsnl.net.in

9.0 Share Transfer System :

Share transfer in physical form can be lodged with C B Management Services (P) Limited at the above mentioned address or at the Registered Office of the Company.

Share transfers are registered and despatched within a period of 30 days from the date of receipt if technically found to be in order and complete in all respects. As per directives issued by SEBI, it is compulsory to trade in the Company's Equity Shares in dematerialised form.

10.0 Distribution of Shareholding as on 31.03.2010 Categories of Shareholders as on 31.03.2010

No. of Shares held	No. of Shareholders	Total No. of Shares
Upto 2500	2929	453376
2501–5000	14	55310
5001–50000	14	223785
50001–100000	1	53189
Above 100000	5	2214340
Total	2963	3000000

Category	No. of Shares held	% of Capital
Promoters	1663754	55.46
FIs including Banks	326712	10.89
Indian Individuals	737706	24.60
Bodies Corporate	233218	7.77
NRIs	38610	1.28
Total	3000000	100.00

11.0 Dematerialisation of shares and liquidity

The equity shares of the Company are available for dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Total no. of shares dematerialised till 31st March 2010 : 28,92,781

% of share dematerialised till 31st March 2010 : 96.43%

12.0 Outstanding GDR/ADRs/Warrants & Convertible Instruments, Conversion date and likely impact on equity : Not Applicable

13.0 Plant Locations:

Kolkata

39, Hide Road
Kolkata-700 043
Phone: 2439 1262/ 5756/ 5977
Fax: 033-2439 6411
E-mail: slikdp@slofindia.com

43/2, Hide Road Extn.
Kolkata-700 088
Phone: 2439 5914

14.0 Address for Correspondence:

Ms. C. Roy Choudhury
Company Secretary
Stewarts and Lloyds of India Limited
41, Chowringhee Road, Kolkata-700 071
Phone: 033 2288 8194 to 96
Fax: 033 2288 8236
E-mail: slical@slofindia.com
Website : www.slofindia.com

Auditors' Certificate regarding compliance of Corporate Governance

To the Members of

Stewarts and Lloyds of India Limited

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

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that, except for the fact that only one independent member was present in all the Audit Committee meetings held during the year instead of minimum of two independent members as stipulated under clause 49 II (B) of the Listing Agreement for reason indicated in the paragraph 3.0 of the Corporate Governance Report issued by the Company, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

Place : Kolkata,
Date : 29th April, 2010

For PRICE WATERHOUSE
Firm Registration Number 301112E
Chartered Accountants

(P. LAW)
Partner
Membership Number : 51790

STEWARTS AND LLOYDS OF INDIA LIMITED

Regd. Office : 41, Chowringhee Road, Kolkata-700 071

Attendance Slip

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the SEVENTY-SECOND ANNUAL GENERAL MEETING of the Company at the "RABINDRA-OKAKURA BHABAN", 27/A/1, DD Block, Salt Lake, Kolkata-700 064, at 11.00 A.M. on 23rd July, 2010.

.....
Full name of the Shareholder
(In block capitals)

.....
Signature

Folio No. /D.P.ID No. & Client ID No.

* Applicable for members holding shares in electronic form.

.....
Full name of the Shareholder
(In block capitals)

.....
Signature

Note : Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.



STEWARTS AND LLOYDS OF INDIA LIMITED

Regd. Office : 41, Chowringhee Road, Kolkata-700 071

Proxy

I/We of
..... In the district of being a Member/ Members of the
above named Company, hereby appoint of
in the district or failing him
of in the district of as my/our Proxy to
attend and vote for me/us and on my/our behalf at the SEVENTY-SECOND ANNUAL GENERAL MEETING of the Company, to be held
on 23rd July, 2010 and at any adjournment thereof.

Signed this day of 2010

Folio No. /D.P.ID No.* & Client ID No.*

* Applicable for members holding shares in electronic form

No. of Shares held

Signature

Affix
Re. 1
Revenue
Stamp

This form is to be used @ in favour of the resolution. Unless otherwise instructed, the proxy will act as he thinks fit
@ against

.....
@ Strike out whichever is not desired.

- Note:**
- (1) The proxy from, duly filled in, must be returned so as to reach the Registered Office of the Company at 41, Chowringhee Road, Kolkata-700 071 not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.
 - (2) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.