

## STEWARTS AND LLOYDS OF INDIA LIMITED

### Notice

NOTICE is hereby given that the seventy-fourth Annual General Meeting of Stewarts and Lloyds of India Limited will be held at the auditorium of Birla Academy of Art and Culture, Ground Floor, 108 Southern Avenue, Kolkata- 700 029 on Friday, the 27th July 2012, at 11.30 A.M. to transact the following business:

1. To consider and adopt the Directors' Report and Audited Statement of Profit and Loss for the year ended 31st March,

Registered Office :  
41, Chowringhee Road  
Kolkata-700 071

Dated: 4th May 2012

2012 and the Balance Sheet as at that date.

2. To appoint a Director in place of Mr P G Vaidyanathan who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr K K Ranade who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr K P Brahma who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

By order of the Board

SAMIR BHADRA  
Company Secretary & Head Legal

#### NOTES :

- (a) The relevant details in respect of item nos 2, 3 and 4 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 16th July 2012 to 27th July 2012 (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.
- (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 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 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003 and 2003-2004 which were lying in the Dividend Account of the

Company, was transferred to the Fund in the years 2005, 2006, 2007, 2008, 2009, 2010 and 2011 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
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 (since transferred)
2nd August, 2004	Ended on 31st March, 2004	1st September, 2011 (since transferred)
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 31.3.2005 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

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. P.G. Vaidhyathan	Mr. K.K. Ranade	Mr. K.P. Brahma
Date of Birth	05-07-1946	08-10-1946	18-07-1955
Date of Appointment	29-04-2009	30-09-2009	29-01-2010
Expertise in Specific Functional Areas	Project Engineering & Construction Management	Project Management & Construction Management	General Insurance
Qualification	B.E. (Mech.)	B.Sc/B.E. (Mech)	M.Sc.
List of Companies in which outside Directorship held as on 31.03.2012	<ul style="list-style-type: none"> <li>● IOT Engineering Projects Limited</li> <li>● IOT Anwasha Engineering &amp; Construction Limited.</li> </ul>	<ul style="list-style-type: none"> <li>● IOT Engineering Projects Limited</li> </ul>	NIL
Chairman/Members of the Committees of the Board of Companies on which he is a Director as on 31.03.2012	NIL	NIL	NIL
No. of shares held in the Company	NIL	NIL	NIL
Relationship with other Directors of the Company	None	None	None

## 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-FOURTH ANNUAL GENERAL MEETING of the Company at the auditorium of Birla Academy of Art and Culture, Ground Floor, 108 Southern Avenue, Kolkata- 700 029, at 11.30 A.M. on 27th July, 2012.

.....  
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-FOURTH ANNUAL GENERAL MEETING of the Company, to be held  
on 27th July, 2012 and at any adjournment thereof.

Signed this ..... day of ..... 2012

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.

## Directors' Report

TO THE MEMBERS,

The Directors hereby present the seventy-fourth Annual Report on business and operations together with Audited Accounts of the Company for the year ended 31st March, 2012:

### 1. FINANCIAL RESULTS

	<b>2011-2012</b>	<b>2010-2011</b>
	<b>(Rs. in lakhs)</b>	
(i) Total Earnings	3748.61	2078.37
(ii) Total Expenditure	<u>3194.64</u>	<u>2505.69</u>
(iii) Profit before interest, depreciation and taxes	553.97	(427.32)
(iv) Less: (a) Interest	473.78	429.43
(b) Depreciation	65.07	71.83
(v) Profit before taxes	15.12	(928.58)
Less : Provision for taxation		
Current Year	-	-
Deferred	(42.20)	10.77
(vi) Profit after taxes	<u>57.32</u>	<u>(939.35)</u>

During the financial year 2011-12, the Company has achieved a turnover of Rs.3748.61 lacs, which is commensurate with its operations, as against previous years' corresponding figures of Rs.2078.37 lacs and thus resulted some profits of Rs.15.12 lacs before taxes.

During the year under report the order book position of the Company has improved. We started 2011-12 with an opening order booking load of Rs. 70 crores. As regards order booking, the target could not be achieved due to some unforeseen developments like non availabilities of fronts, delay in materialization/finalization of few contracts etc. However, during the current financial year i.e. 2012-2013 the Company is making an all out effort to improve the order booking position and also to achieve both higher turnover and profits.

### 2. RESERVES AND SURPLUS

The balance Reserves and Surplus, as at 31st March, 2012 stands at Rs.9.55 crores after making the appropriations indicated above.

### 3. NEW INITIATIVES AND PROSPECTS

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

The prospects in financial year 2012-13 are expected to improve. All attempts are being made to improve the order booking position.

The Company has restored after more than twelve years, its major activities at workshop at Jhinhirapole, kolkata which has been earmarked for heavy fabrication hub. This is besides the similar increased activities at its workshop at Khidderpore, kolkata.

As a part of business development process, the Management has established a new business relation with a major steel manufacturing company in India from whom orders are expected shortly on substantive basis which will boost your Company's performance at it's workshops.

The Company has recently been achieved a successful milestone in exploration of opportunities in the vastly growing field of drilling operation. Developmental work was carried out for drive shaft of various sizes, which involved procurement of special kind of material, machining, heat treatment, all taken care of successfully and ultimately satisfying stringent quality standards. The job was carried out for one of the associate companies of your company and the business is expected on substantial basis on this area.

Efforts are also being made in entering into boiler shutdown maintenance activities for large business houses. Senior officials of the Company have visited such houses and studied in details thereat. Further arrangements including organizing specialized work force are being worked out. This avenue is also expected to yield dividends within short time.

Initiatives are being taken to manufacture tailor made bunk houses where your company finds tremendous opportunities.

The Company has bagged good quantum of orders from its Parent and other Associate companies and also expecting to get involved further in a big way for newly coming up projects of the Parent company. Efforts are also being made to enter into business relationship with other big houses in Steel and Power sectors.

#### 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 13.01 lakhs
Expenditure in foreign currency	Rs 5.54 lakhs
Foreign Exchange earned	Nil

#### 7. AUDITORS

The retiring Auditors, Messrs Ray & Ray, being eligible have expressed their willingness to be re-appointed.

#### 8. DIRECTORS

In terms of Companies Act, 1956 and Articles of Association of the Company, Mr. P G Vaidyanathan, Mr. K K Ranade, Mr. K P Brahma, Directors, retire by rotation and being eligible, offer themselves 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.

In addition to a group of experienced professionals who have remained with the organization for long time, 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.

There is no employee, who received remuneration above the limit as prescribed by Section 217 (2A) of the Companies Act, 1956.

#### 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 through out the year. A green belt has been developed in the works at Khidderpore, kolkata.

#### 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 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  
4th May, 2012

P. G. VAIDHYANATHAN  
*Chairman*

**ANNEXURE – “A”**

**FORM B**

Form for disclosure of particulars with respect to absorption: 2011-2012

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 2011-12 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

# Management Discussion and Analysis

## BUSINESS REVIEW

### Industrial Structure & Development

Company's performance during the financial year 2011 -12 and future outlook of the Organization are as under :-

### Project & Construction services business

During the financial year 2011 - 12, the company has bagged orders aggregating to Rs. 38 crores. However, the order booked position as on 30th April, 2012 stood at Rs. 47.65 crores. As reviewed during May, 2012, the live offers are of around Rs.130 crores, out of which, company expects a favourable response of at least Rs.100 crores. In view of this business backdrop, management expects improved performance during the current financial year 2012 – 13.

Total Revenue for the financial year ended 31st March, 2012 was Rs. 38 crores which is higher than the corresponding period of the immediate previous year.

Revenue and profits during the period under review were higher than that of the corresponding period of the previous year. However, profit before taxes is Rs. 0.15 crores in comparison to the loss of Rs. 9.28 crores during the corresponding period of the previous year.

The revenue and profits could not meet the target as set by the management due to some unforeseen developments like non availability of front, delay in materialization/finalization of few contracts, dearth of fresh orders for execution, decrease in order value in some of the major part of works.

### Various jobs bagged & being executed

The details of the orders received and are under execution during the period April, 2011 to March, 2012 are as follows :-

- **Fire Fighting Work for IOTIES at IOCL, Paradip Refinery**
- **Installation of 3 LPE coated buried pipeline for IOTIES at IOCL, Paradip Refinery**
- **Erection of LT Flare for IOTIES at IOCL, Paradip Refinery**
- **Repairing of Sprinkler systems for various tanks for IOTIES at HPCL, Bahadurgarh Terminal**
- **Repairing of tank for IOTIES at Navgarh Terminal**
- **Fabrication of start up heater for Heurtey, being executed at Company's Jhinghirapool workshop.**

- **Piping works at Tata Steel Ltd, Jamshedpur**
- **Fabrication of Alloy Steel and Stainless Steel pipe bends for Heurtey, being executed at Company's workshop at Khidderpore.**
- **Fabrication and painting of flare structures for IOTIES, to be executed at Company's workshop at Khidderpore.**

### Production activities & prospects

In line with the growing business all over the country, Management has taken various steps and initiatives in different segments of operation inclusive of production activities at its workshop.

The Company has restored after more than twelve years, its major activities at its workshop at Jhinghirapole, Kolkata which has been earmarked for heavy fabrication hub. These are besides the similar increased activities at its workshop at Khidderpore, Kolkata.

As a part of business development process, the Management has established a new business relation with a major steel manufacturing company in India from whom large orders are expected shortly which will boost your Company's performance.

The Company has recently achieved a successful milestone in exploration of opportunities in the vastly growing field of drilling operation. Developmental work was carried out for manufacturing of drive shaft of various sizes, which involved procurement of special kind of material, machining, heat treatment, all of which have been taken care of successfully and ultimately satisfying stringent quality standards. The job was carried out by your Company for its one of the associate in the group and the business is expected on substantial basis on this area.

Efforts are also being made in entering into boiler shutdown maintenance activities for large business houses. Senior officials of the Company have visited such houses and studied details there at. This avenue is also expected to yield dividends within short time.

Initiatives are being taken to manufacture tailor made bunk houses where the company finds tremendous opportunities.

### Management Information System

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



### **Marketing**

S&L is restructuring its marketing group to focus on company's business both for project related areas as well as for the production units at Khidderpore & Jhinjirapool at Kolkata. Company also inducting experienced technical personnel to meet the challenges in the job undertaken/to be undertaken by the company.

### **Opportunities & threats**

S & L have been diversifying from piping and erection contract to composite work and EPC area in Metal, Hydrocarbon, Power and Infrastructure Sectors. The business growth is directly linked with capital investments both in green and brown field projects for these sectors.

The Company is in the process of modernizing and restructuring its fleet of construction wings i.e. manpower, machineries and equipment.

One of the major threats in this area is stiff competition from small companies, who are offering their services. In order to overcome this, company is exploring grass root level execution by keeping total control on all materials and depending on outside agencies only for skilled and unskilled manpower.

### **Segment wise Performance**

The Company is mainly engaged in Project Management and Construction of various projects and fabrication of equipment/items at its fabrication shops located at Khidderpore & Jhinjirapole in Kolkata. The project and construction services business deal 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, small heat exchangers and heaters, etc.

### **Outlook**

During the financial year 2011-12 the Company has achieved an increase in turnover and recorded the marginal profit. However, the management is endeavoring hard to increase the order value and expecting a good execution of order in the year 2012-13 which will bring the overall growth in the company.

### **Internal Control Systems**

The company has in place adequate systems of internal control and documented procedures covering all financial and operating functions. These have been designed to facilitate the function of maintaining proper accounting controls, monitoring economy and efficiency of operations, protecting assets from losses and ensuring reliability of financial and operational information. The Company constantly endeavours to upgrade the system of internal control to ensure optimum utilization of its resources in a profitable manner.

The system audit and/or internal audit is carried out by an independent firm of Chartered Accountants. The company has also an integrated computer system in commensurate with the operations of the Company. The audit committee of the Board of Directors reviews the operations and financial reports of the Company at periodical intervals..

### **Industrial Relation & Human Resource Management**

Human Resources continue to play the key role in the growth and development of the Organization. With the diversification of business, S&L have inducted experienced senior level as well as middle level management professionals, useful to meet the challenges of the jobs undertaken. During the year under report, some of the staff members have opted for VRS as offered by the Management. The Company's relationship with its employees has taken heartening step forward. Our resources are first committed to offering quality people that are fairly and honestly treated so that they in turn are in a position to communicate with others in a like manner. Various technical and management development programmes are also undertaken along with up-gradation of our manpower skills which in turn increase the productivity leading to ultimate growth in the Company.

### **Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statement' within the meaning of applicable Securities Laws and Regulations. 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, 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 & LLOYDS OF INDIA LIMITED** ("the Company") as on 31st March, 2012, the related statement of Profit & Loss and the Cash Flow Statement for the year ended on that date (hereinafter referred to as "financial statements"), all of which we have signed under the 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 (Auditors' Report) Order 2003, as amended by the Companies (Auditors' 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, (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 enclose in the **Annexure**, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
  - 4.1 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.
  - 4.2 In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - 4.3 The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 4.4 In our opinion, the financial statements dealt with by this report comply with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the "Act";
  - 4.5 On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Act;
  - 4.6 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 also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
    - b) In the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
    - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**RAY & RAY**  
 Chartered Accountants  
 Registration No. 301072E

**K. K. GHOSH**  
 Partner  
 Membership Number : 59781

Place : Kolkata  
 Dated : May 4, 2012

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of the Auditor's Report of even date to the Members of 'STEWARTS AND LLOYDS OF INDIA LIMITED' on the financial statements for the year ended 31st March, 2012.

Management representation, as at the end of the year 2011-12 the Company has no outstanding balance of any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.

- 1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified and certified by the management, at the year-end, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year a part of fixed assets (W.D.V. Rs. 87.55 lacs) has been disposed off by the Company.
- 2) (a) The inventory has been physically verified and certified by the Management during the year/ at the year end. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and as explained to us, the procedures of physical verification of inventories followed by the Management are generally 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.
- 3) (a) As far as we can ascertain from the relevant register maintained by the company and based on Management representation, 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". As such, clauses (iii) (b) to (iii) (d) of paragraph 4 of the aforesaid Order are not applicable.
- (b) As far as we can ascertain from the relevant register maintained by the Company and based on Management representation, as at the end of the year 2011-12 the Company has no outstanding balance of any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- 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 explanation 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.
- 5) As far as we can ascertain from the relevant register maintained under Section 301 of the Act, in our opinion and according to the information and explanations given to us, there are no such contracts or arrangements referred to in Section 301 of the Act during the year whose particulars are needed to be entered into the Register required to be maintained under that Act
- 6) The Company has not accepted any deposits from the public during the year within the meaning of sections 58A and 58AA of 'the Act' and the Companies (Acceptance of Deposits) Rules, 1975 framed thereunder.
- 7) The Internal Audit function of the company is carried out by a firm of Chartered Accountants. In our opinion, the same is commensurate with the size and nature of its business.
- 8) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the "Act" for any of the products of the Company.
- 9) (a) According to the information and explanations given to us and from 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, custom duty, excise

- duty, cess and other statutory dues applicable with the appropriate authorities.
- (b) As far as we can ascertain from the relevant records/documents, so produced and according to the information and explanations given to us the particulars of dues of Sales Tax, Income Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and Cess as at the Balance Sheet date, which have not been deposited on account of a dispute, are given in Appendix-1.
- 10) The Company has no accumulated losses as at 31st March 2012 and it has not incurred any cash losses in the financial year ended on that date but has incurred cash losses in the immediately preceding financial year.
- 11) According to the records of the Company examined by us and the information and explanations given to us, the Company has generally not defaulted in repayment of dues to any financial institution or bank or debenture holder as at the Balance Sheet date.
- 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.
- 13) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- 14) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 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 bank or financial institutions during the year.
- 16) The Company has not obtained any term loan during the year.
- 17) On the basis of an overall examination of the Balance Sheet and Cash Flow Statement 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 that have been used for long-term investment.
- 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.
- 19) The Company has not issued any debentures during the year and no debentures are outstanding at the year-end. Accordingly, creation of Securities in this regard does not arise.
- 20) The Company has not raised any money by way of public issue during the year.
- 21) During the course of our examination of books and records of the Company, carried out in accordance with 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 any such case by the management.

**For RAY & RAY**

*Chartered Accountants*

Firms' Registration No. 301072E

**K. K. GHOSH**

*Partner*

Membership Number : 59781

Place : Kolkata

Dated : May 4, 2012

**APPENDIX I  
TO AUDITORS' REPORT**

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Period</b>	<b>Amount (Rs.)</b>	<b>Forum where dispute is pending</b>
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
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
West Bengal VAT Act, 2003	Enhancement of gross turnover, disallowances of Erection, Freight and other charges	2007-2008	10,22,750	Sr. Jt. Comm. of Commercial Taxes
Central Sales Tax Act, 1956	Declaration forms due, disallowance of Erection, Freight and other charges	2007-2008	50,85,967	Sr. Jt. Comm. of Commercial Taxes
West Bengal VAT Act, 2003	Enhancement of gross turnover, disallowances of Erection, Freight and other charges	2008-2009	57,25,827	Addl. Comm. of Commercial Taxes
Central Sales Tax Act, 1956	Declaration forms due, disallowance of Erection, Freight and other charges	2008-2009	2,91,00,529	Addl. Comm. of Commercial Taxes
The Income Tax Act, 1961	Under assessment of capital gains for determination of cost of acquisition of the capital assets	2004-2005	1,01,05,270	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Disallowance of certain expenditures	2007-2008	78,19,650	Commissioner of Income Tax (Appeal)
The Income Tax Act, 1961	Disallowance of certain expenditures	2005-2006	20,73,370	Commissioner of Income Tax (Appeal)
The Income Tax Act, 1961	Disallowance of certain expenditures	2008-2009	1,21,25,010	Commissioner of Income Tax (Appeal)
The Income Tax Act, 1961	Disallowance of certain expenditures	2009-2010	2,51,82,780	Commissioner of Income Tax (Appeal)
Wealth Tax Act, 1957	Wealth Tax Liability on Land	2002-2003	3,16,688	Commissioner of Wealth Tax (Appeals)
Finance Act, 1994 – Service Tax	Service Tax on Erection, Commissioning & Installation Services	2003-2004 & 2004-2005	1,01,12,083	Central Excise & Service Tax Appellate Tribunal
Finance Act, 1994 – Service Tax	Service Tax on Erection, Commissioning & Installation Services	2005-2006	25,88,299	Commissioner, Central Excise
Finance Act, 1994 – Service Tax	Service Tax on Business Auxiliary Services	2008-2009	35,13,226	Commissioner, Central Excise

**Balance Sheet as at 31st March, 2012**

Particulars	Note No.	31st March 2012 Rs.	31st March 2011 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds:</b>			
Share Capital	1	3,00,00,000	3,00,00,000
Reserves and Surplus	2	9,55,18,382	8,97,85,878
<b>Total Shareholders' Funds</b>		<b>12,55,18,382</b>	<b>11,97,85,878</b>
<b>2 Non-current Liabilities:</b>			
Other Long-term Liabilities	3	1,10,01,174	1,10,01,174
Long-term Provisions	4	23,28,122	30,58,391
<b>Total Non-current Liabilities</b>		<b>1,33,29,296</b>	<b>1,40,59,565</b>
<b>3 Current Liabilities:</b>			
Short-term Borrowings	5	29,11,05,632	26,19,08,261
Trade Payables	6	9,59,43,309	8,78,49,928
Other Current Liabilities	7	33,08,61,805	33,09,38,271
<b>Total Current Liabilities</b>		<b>71,79,10,746</b>	<b>68,06,96,460</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>85,67,58,424</b>	<b>81,45,41,903</b>
<b>II. ASSETS</b>			
<b>1 Non-current Assets:</b>			
Fixed Assets	8		
- Tangible Assets		2,48,29,522	3,67,66,631
- Intangible Assets		53,34,220	71,69,208
		3,01,63,742	4,39,35,839
Non-current Investments	9	1,002	1,002
Deferred Tax Asset (net) (Refer Other Notes on Accounts 23.2)		79,30,678	37,10,382
Long-term Loans and Advances	10	68,16,141	67,77,589
<b>Total Non-current Assets</b>		<b>4,49,11,563</b>	<b>5,44,24,812</b>
<b>2 Current Assets:</b>			
Inventories	11	2,44,32,019	1,19,02,309
Trade Receivables	12	39,99,83,532	38,91,69,120
Cash and Bank Balances	13	48,05,819	35,69,578
Short-term Loans and Advances	14	20,80,23,434	16,02,50,993
Other Current Assets	15	17,46,02,057	19,52,25,091
<b>Total Current Assets</b>		<b>81,18,46,861</b>	<b>76,01,17,091</b>
<b>TOTAL ASSETS</b>		<b>85,67,58,424</b>	<b>81,45,41,903</b>
Significant Policies & Other Notes on Accounts :	23		

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

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

**For Ray & Ray**

Chartered Accountants  
Firm Registration Number – 301072E

**(K. K. GHOSH)**

Partner  
Membership Number : 59781  
Kolkata, 4th May, 2012

**R. K. TRIPATHY**

Director

**R. G. VAIDHYANATHAN**

Chairman

**SAMIR BHADRA**

Company Secretary & Head Legal

**Statement of Profit and Loss for the year ended 31st March, 2012**

Particulars	Note No.	2011- 2012 Rs.	2010- 2011 Rs.
I. Revenue from Operations	16	25,81,29,170	20,76,88,445
II. Other Income	17	11,67,32,133	1,48,621
<b>III. Total Revenue (I+II)</b>		<b>37,48,61,303</b>	<b>20,78,37,066</b>
IV. Expenses:			
Cost of Materials Consumed	18	68,83,915	2,06,83,368
Change in Inventories of Finished Goods, Work-in-progress and stock-in-trade	19	(1,21,88,453)	(35,79,848)
Employee Benefits Expense	20	6,15,94,878	6,55,19,920
Finance Costs	21	4,73,78,084	4,29,43,457
Depreciation and Amortisation Expense on			
- Tangible Assets		46,72,344	54,62,748
- Intangible Assets		18,34,988	17,20,680
Other Expenses	22	26,31,73,339	16,79,45,368
<b>Total Expenses</b>		<b>37,33,49,095</b>	<b>30,06,95,693</b>
<b>V. Profit/(Loss) before Tax (III-IV)</b>		<b>15,12,208</b>	<b>(9,28,58,627)</b>
VI. Tax expense:			
(1) Current Tax		—	—
(2) Deferred Tax		(42,20,296)	10,76,906
		<b>(42,20,296)</b>	<b>10,76,906</b>
<b>VII. Profit/(Loss) for the period (V - VI)</b>		<b>57,32,504</b>	<b>(9,39,35,533)</b>
VIII. Earnings per equity share:			
Basic and Diluted (Refer Other Notes on Accounts 23.14)		1.91	(31.31)

Significant Policies & Other Notes on Accounts : 23

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

The Notes referred to above form an integral part of the Statement of Profit and Loss

**For Ray & Ray**

Chartered Accountants

Firm Registration Number – 301072E

**(K. K. GHOSH)**

Partner

Membership Number : 59781

Kolkata, 4th May, 2012

**R. K. TRIPATHY**

Director

**P. G. VAIDHYANATHAN**

Chairman

**SAMIR BHADRA**

Company Secretary & Head Legal

**Notes to Balance Sheet as at 31st March 2012**

	<b>As at 31st March 2012 Rs.</b>	<b>As at 31st March 2011 Rs.</b>
<b>1 Share Capital</b>		
<b>Authorised :</b>		
2,00,00,000 Equity Shares of Rs. 10/- each (March 2011 : 1,00,00,000 Equity Shares of Rs. 10 each )	20,00,00,000	10,00,00,000
<b>Issued, Subscribed and paid up:</b>		
30,00,000 Equity Shares of Rs. 10/- each fully paid up (March 2011 : 30,00,000 Equity Shares of Rs. 10 each, fully paid up)	3,00,00,000	3,00,00,000
	3,00,00,000	3,00,00,000
Notes:		
a. Reconciliation of number of shares at the end of the period:		
Number of Shares at the beginning of the year	30,00,000	30,00,000
Number of Shares issued during the period	—	—
Number of Shares bought back during the period	—	—
Number of Shares at the end of the period	30,00,000	30,00,000

## b. Shares held by Holding Company:

16,63,754 Equity Shares (Previous year: 16,63,754) are held by IOT Infrastructure & Energy Services Limited (Formerly Indian Oiltanking Limited), Holding Company

## c. Shareholders holding more than 5% shares

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	Numbers	%	Numbers	%
IOT Infrastructure & Energy Services Ltd.	16,63,754	55.46	16,63,754	55.46
National Insurance Company Limited	1,52,985	5.10	1,52,985	5.10

## d. Shares allotted other than cash and bought back:

Particulars	Year (Aggregate number of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Fully paid up Equity Shares pursuant to contract(s) without payment being received in cash	—	—	—	—	—
Fully paid up Equity Shares by way of Bonus Shares	—	—	—	—	—
Shares bought back	—	—	—	—	—



STEWARTS AND LLOYDS OF INDIA LIMITED

Notes to Balance Sheet as at 31st March 2012 (Contd.)

**2 Reserves and Surplus**

	Balance 31st March 2011 Rs.	Additions During the Period Rs.	Deductions During the Period Rs.	Balance 31st March 2012 Rs.
Capital Reserve	4,16,401	–	–	4,16,401
Security Premium Account	12,13,970	–	–	12,13,970
General Reserve	8,81,55,507	–	–	8,81,55,507
Surplus (As per note below)	–	57,32,504	–	57,32,504
	<u>8,97,85,878</u>	<u>57,32,504</u>	<u>–</u>	<u>9,55,18,382</u>

	As at 31st March, 2012	As at 31st March, 2011
Note:		
Net Profit/(Loss) for the period	57,32,504	(9,39,35,533)
Add: Transfer from Reserves	–	9,39,35,533
Less: 1. Proposed Dividends	–	–
2. Tax on Proposed Dividends	–	–
3. Transfer to Reserves	–	–
Closing balance	<u>57,32,504</u>	<u>–</u>

**3 Other Long-Term Liabilities**

Others	1,10,01,174	1,10,01,174
	<u>1,10,01,174</u>	<u>1,10,01,174</u>

**4 Long-Term Provisions**

Provision for Retirement Benefits	23,28,122	30,58,391
	<u>23,28,122</u>	<u>30,58,391</u>

**5 Short-Term Borrowings  
Secured**

Loans repayable on demand from Banks:		
Working Capital Facility	29,11,05,632	26,19,08,261
<b>Total Short Term Borrowings</b>	<u>29,11,05,632</u>	<u>26,19,08,261</u>

Working capital and non-fund based facilities aggregating to Rs. 39,16,33,684 ( March 2011 : Rs. 46,94,27,013 ) from banks are 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.

**6 Trade Payable**

Trade Payable		
Due to Micro Enterprises and Small Enterprises	4,13,521	4,18,492
Others	9,55,29,788	8,74,31,436
	<u>9,59,43,309</u>	<u>8,78,49,928</u>

**Notes to Balance Sheet as at 31st March 2012 (Contd.)**

	<b>As at 31st March 2012 Rs.</b>	<b>As at 31st March 2011 Rs.</b>
<b>7 Other Current Liabilities</b>		
Unpaid Dividends	4,24,345	4,99,918
Other Liabilities	33,04,37,460	33,04,38,353
	<u>33,08,61,805</u>	<u>33,09,38,271</u>
<b>8 Fixed Assets</b>		
<b>A Tangible Assets</b>		
Gross Block	11,67,30,378	13,02,14,527
Depreciation	9,19,00,856	9,34,47,896
Net Block	<u>2,48,29,522</u>	<u>3,67,66,631</u>
<b>B Intangible Assets</b>		
Gross Block	91,74,936	91,74,936
Depreciation	38,40,716	20,05,728
Net Block	<u>53,34,220</u>	<u>71,69,208</u>

	Gross Block at Cost				Depreciation and Amortisation				Net Block	
	As at 31.03.2011 Rs.	Addition Rs.	Deduction/ Adjustment Rs.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.	For the Year Rs.	Deduction/ Adjustment Rs.	As at 31.03.2012 Rs.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>Tangible Assets :</b>										
Leasehold Land	1,74,300	-	-	1,74,300	79,614	1,706	-	81,320	92,980	94,686
Buildings	2,26,81,040	-	1,49,74,779	77,06,261	1,27,43,484	4,73,901	62,19,385	69,98,000	7,08,261	99,37,556
Plant and Machinery	9,18,97,729	14,11,270	-	9,33,08,999	6,79,12,879	37,27,532	-	7,16,40,411	2,16,68,588	2,39,84,850
Furniture, Fixtures and Office Equipment	70,01,533	46,930	-	70,48,463	54,02,493	2,74,524	-	56,77,017	13,71,446	15,99,040
Electrical Equipment and Installation	29,02,527	-	-	29,02,527	24,50,434	64,699	-	25,15,133	3,87,394	4,52,093
Air Conditioning Plant	15,13,911	32,430	-	15,46,341	10,54,340	67,685	-	11,22,025	4,24,316	4,59,571
Vehicles	40,43,487	-	-	40,43,487	38,04,652	62,297	-	38,66,949	1,76,538	2,38,835
<b>Sub-total</b>	<b>13,02,14,527</b>	<b>14,90,630</b>	<b>1,49,74,779</b>	<b>11,67,30,378</b>	<b>9,34,47,896</b>	<b>46,72,344</b>	<b>62,19,385</b>	<b>9,19,00,856</b>	<b>2,48,29,522</b>	<b>3,67,66,631</b>
Previous year	13,14,00,852	8,43,564	20,29,889	13,02,14,527	8,96,33,592	54,62,747	16,48,443	9,34,47,896	3,67,66,631	-
<b>Intangible Assets :</b>										
Computer Software - Acquired	91,74,936	-	-	91,74,936	20,05,728	18,34,988	-	38,40,716	53,34,220	71,69,208
<b>Sub-total</b>	<b>91,74,936</b>	<b>-</b>	<b>-</b>	<b>91,74,936</b>	<b>20,05,728</b>	<b>18,34,988</b>	<b>-</b>	<b>38,40,716</b>	<b>53,34,220</b>	<b>71,69,208</b>
Previous year	85,51,430	6,23,506	-	91,74,936	2,85,048	17,20,680	-	20,05,728	71,69,208	-

Notes to Balance Sheet as at 31st March 2012 (Contd.)

	<b>As at 31st March 2012 Rs.</b>	<b>As at 31st March 2011 Rs.</b>
<b>9 Non-Current Investments</b>		
<b>Other than Trade - Unquoted</b>		
<b>At cost :</b>		
National Savings Certificate (Lodged as Security Deposit - Matured but not encashed)	1,000	1,000
<b>At written down value :</b>		
Rs.7000, 5% Non-redeemable Registered Mortgage Debenture Stock 1957 - Woodlands Hospital and Medical Research Centre Ltd.	1	1
33 Nos. 1/2% Debentures of Rs.100 each - Woodlands Hospital and Medical Research Centre Ltd.	1	1
	<u>1,002</u>	<u>1,002</u>
<b>10 Long-term Loans and Advances</b> (Unsecured, Considered Good )		
Security Deposits	68,16,141	67,77,589
	<u>68,16,141</u>	<u>67,77,589</u>
<b>11 Inventories</b> (Valued at lower of cost and estimated net realisable value)		
Raw Materials	8,53,141	47,35,084
Work-in-process (Fabrication)	1,70,89,322	47,46,644
Stores and Spare Parts	55,52,139	14,50,604
Loose Tools	9,37,417	9,69,977
	<u>2,44,32,019</u>	<u>1,19,02,309</u>
<b>12 Trade Receivables</b> (Unsecured )		
Trade Receivables outstanding for a period exceeding six months - Considered Good	34,27,70,178	35,26,64,699
Considered Doubtful	2,79,85,625	2,04,85,625
	<u>37,07,55,803</u>	<u>37,31,50,324</u>
Less: Provision for Doubtful Debts	2,79,85,625	2,04,85,625
	<u>34,27,70,178</u>	<u>35,26,64,699</u>
Other Debts - Considered Good	5,72,13,354	3,65,04,421
	<u>39,99,83,532</u>	<u>38,91,69,120</u>
<b>13 Cash and Bank Balances</b>		
Balance with Banks:		
Current Account	36,78,880	20,97,681
Fixed Deposit	7,349	6,865
Margin Money Account	3,93,677	3,74,840
Unpaid Dividend Account	4,24,345	4,99,918
	<u>45,04,251</u>	<u>29,79,304</u>
Cash in hand	3,01,568	5,90,274
	<u>48,05,819</u>	<u>35,69,578</u>

**Notes to Balance Sheet as at 31st March 2012 (Contd.)**

	<b>As at 31st March 2012 Rs.</b>	<b>As at 31st March 2011 Rs.</b>
<b>14 Short-term Loans and Advances</b>		
(Unsecured, considered good)		
Tax payments and tax deducted at source less provision for taxation	5,19,01,304	3,85,17,676
Other Advances	15,61,22,130	12,17,33,317
	<u>20,80,23,434</u>	<u>16,02,50,993</u>
Considered Doubtful	—	—
	<u>20,80,23,434</u>	<u>16,02,50,993</u>
Less: Provision for Doubtful Advances	—	—
	<u>20,80,23,434</u>	<u>16,02,50,993</u>
Note	:	
Tax payments and tax deducted at source are net of provisions for taxation of Rs. 13,78,30,588 (Previous year: Rs. 13,78,30,588)		
<b>15 Other Current Assets</b>		
(Unsecured considered good)		
Tender and Other Deposits	34,49,771	17,91,979
Prepaid Expenses	31,97,583	5,73,080
Work-in-progress (Construction Contracts)	16,79,54,703	19,25,86,329
Leave Encashment	—	2,73,703
	<u>17,46,02,057</u>	<u>19,52,25,091</u>
Note		
Information in accordance with the requirement of the revised Accounting Standard-7 on Construction Contracts prescribed by the Companies Act, 1956:		
Contract revenue recognised for the year	20,44,24,195	17,81,06,129
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to the year end for all the contracts in progress.	1,44,15,50,547	1,38,97,77,412
The amount of customer advances outstanding for contracts in progress as at the year end	5,32,60,859	3,11,76,396
The amount of retention due from customers for contracts in progress as at the year end	3,57,58,227	3,59,13,916
Gross amount due from customers	16,79,54,703	19,25,86,329
Gross amount due to customers	NIL	NIL

Notes to Statement of Profit and Loss for the year ended 31st March 2012

	<b>2011-2012</b> <b>Rs.</b>	<b>2010-2011</b> <b>Rs.</b>
<b>16 Revenue from Operations</b>		
Sale of Products	5,49,33,235	2,52,72,824
Sale of Services	20,44,24,195	17,81,06,129
Other Operating Income	61,24,239	47,19,402
	<u>26,54,81,669</u>	<u>20,80,98,355</u>
Less: Excise Duty	73,52,499	4,09,910
	<u>25,81,29,170</u>	<u>20,76,88,445</u>
<b>17 Other Income</b>		
Interest Income	9,57,715	1,48,621
Profit/(Loss) on Sale of Fixed Assets	11,57,74,418	-
	<u>11,67,32,133</u>	<u>1,48,621</u>
<b>Expenses</b>		
<b>18 Material Consumed</b>		
Opening Stock	47,35,084	1,55,60,657
Add: Purchases	30,01,972	98,57,795
	<u>77,37,056</u>	<u>2,54,18,452</u>
Less: Closing Stock	8,53,141	47,35,084
	<u>68,83,915</u>	<u>2,06,83,368</u>
<b>19 Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade</b>		
Finished Products	-	1,31,200
Work-in - progress (Erection)	1,54,225	8,82,534
Work-in - process (Fabrication)	(1,23,42,678)	(45,93,582)
	<u>(1,21,88,453)</u>	<u>(35,79,848)</u>
<b>20 Employee Benefits Expenses</b>		
Salaries, Wages & Bonus etc. (including compensation of Voluntary Retirement)	5,82,15,623	6,06,31,034
Contribution to Provident and Other Funds	12,70,527	20,33,391
Workmen's Insurance	3,30,803	7,89,799
Workmen & Staff Welfare Expenses	17,77,925	20,65,696
	<u>6,15,94,878</u>	<u>6,55,19,920</u>
<b>21 Finance Costs</b>		
Interest on Fixed Loans	30,13,061	87,91,793
Interest Others	4,43,65,023	3,41,51,664
	<u>4,73,78,084</u>	<u>4,29,43,457</u>

**Notes to Statement of Profit and Loss for the year ended 31st March 2012 (Contd.)**

	<b>2011-2012</b>	<b>2010-2011</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>22 Other Expenses</b>		
Sub-Contractor Payments	14,85,45,247	9,01,82,449
Freight & Handling Charges	1,25,19,989	81,50,897
Advertising	1,02,293	1,86,011
Consumption of Stores & Tools	1,22,44,775	1,82,81,384
Insurance	11,75,496	6,52,336
Power and Fuel	76,10,744	32,34,640
Rent	2,47,77,992	1,12,95,128
Rates & Taxes	2,88,587	22,28,791
Repairs to Building	10,49,906	10,68,400
Repairs to Machinery	32,84,867	20,71,800
Travelling Expenses	43,34,065	48,74,507
Works Contract Tax Expenses	32,77,648	15,57,067
Hire Charges of Equipments	1,58,62,374	19,15,554
Bank Charges	38,43,813	41,55,417
Service Charges	83,74,622	72,15,531
Printing & Stationery	11,42,741	10,32,299
Auditor's Remuneration	8,62,205	10,46,109
Postage & Telephone	11,23,119	11,61,796
Vehicle Expenses	25,76,425	27,21,378
Inspection Charges	1,80,026	7,73,526
Legal Expenses	1,07,823	5,33,215
Miscellaneous Expenses	23,88,582	36,07,133
Provision for Doubtful Debts	75,00,000	-
	<u>26,31,73,339</u>	<u>16,79,45,368</u>

**23 Significant Policies & Other Notes on Accounts**

**23.1 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.

### 23. Significant Policies & Other 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss. 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.

#### 23.2 Year-end Deferred Tax balance comprises the following :

	31st March 2012	31st March 2011
	(Rs.)	(Rs.)
Tax impact due to timing differences resulting in (liabilities)/ assets on account of :		
Payment under Voluntary Retirement Scheme	38,64,521	19,08,494
Depreciation as per tax law and book	(34,99,901)	(63,39,545)
Provision for doubtful debts	63,30,058	68,12,633
Items allowable for tax purpose on payment	12,36,000	13,28,800
Net Deferred Tax Assets /(Liability)	79,30,678	37,10,382



**23. Significant Policies & Other Notes on Accounts (Contd.)**

**23.3 Contingent Liabilities :**

	31st March 2012	31st March 2011
	(Rs.)	(Rs.)
Claims not acknowledged as debts :		
(i) Disputed Sales Tax*	31,73,906	5,77,098
(ii) Disputed Income Tax	5,73,06,080	3,21,23,300
(iii) Disputed Wealth Tax	3,16,688	3,16,688
(iv) Disputed Service Tax	1,62,13,608	1,62,13,608

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

- 23.4** (a) Outstanding Bank Guarantees Rs. 10,05,28,052 (Previous Year: 20,75,18,752) are secured by a charge created on assets as recited under Short-term borrowings (Refer Note 5 to Balance Sheet)
- (b) In the opinion of the Board, all assets other than fixed assets and non current investments, have a realisable value in the ordinary course of business which is not different from the amount at which it is stated.

**23.5 Managing and other Directors' remuneration :**

	2011-2012	2010-2011
	(Rs.)	(Rs.)
Salaries etc.	—	—
Other perquisites	—	—
Sitting Fees	3,20,000	2,60,000
Commission to Non-Executive Directors	—	—
	3,20,000	2,60,000

**23.6 (a) Information on Sale of products under broad heads (Net of Excise duty) :**

Particulars	2011-2012	2010-2011
	(Rs.)	(Rs.)
Industrial Pipework	4,75,80,736	17,30,759
Forged Flanges	—	—
Engineering and Procurement	—	2,31,32,155
	4,75,80,736	2,48,62,914

**23.6 (b) Information on Work-in-Progress (Fabrication) :**

Particulars	Year	Opening Stock	Closing Stock
		(Rs.)	(Rs.)
Industrial Pipework	2011-12	47,46,644	1,70,89,322
	2010-11	1,53,062	47,46,644

**23. Significant Policies & Other Notes on Accounts (Contd.)**
**23.7 Consumption of Materials under broad heads :**

Particulars	2011-2012	2010-2011
	(Rs.)	(Rs.)
Tubes	57,39,088	76,89,006
Plates	4,45,419	31,12,592
Valves	—	1,41,675
Fittings	1,810	32,86,368
Miscellaneous	6,97,598	64,53,727
	68,83,915	2,06,83,368

(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.

**23.8 Value of Imported and Indigenous Materials Consumption as a percentage of total consumption :**

Particulars	2011-2012		2010-2011	
	(Rs.)	%	(Rs.)	%
Indigenous	68,83,915	100.00	2,06,83,368	100.00
Imported	—	—	—	—
	68,83,915	100.00	2,06,83,368	100.00

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

Particulars	2011-2012		2010-2011	
	(Rs.)	%	(Rs.)	%
Indigenous	1,05,12,563	85.85	1,82,81,384	100.00
Imported	17,32,212	14.15	—	—
	1,22,44,775	100.00	1,82,81,384	100.00

**23.10 Earnings and Expenditure in Foreign Currency :**

Particulars	2011-2012	2010-2011
	(Rs.)	(Rs.)
a) Value of Imports calculated on C.I.F. basis		
– Materials	—	—
– Store, Tools, Spare Parts and Components	13,00,375	—
b) Expenditure in foreign currency		
– Travelling	5,53,707	—
– Technical Services	—	—
c) Earnings in foreign currency		
– F.O.B. Value of Export	—	—

**23. Significant Policies & Other Notes on Accounts (Contd.)**

**23.11 Details of Dues to Micro Enterprises and Small Enterprises :**

		2011-2012	2010-2011
		(Rs.)	(Rs.)
a)	The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year	Principal Interest 1,46,152 2,67,369	1,78,394 2,40,098
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 32,242 Nil	41,166 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 27,271 2,67,369	19,695 2,40,098
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	27,271	19,695

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.

**23.12 Employees Benefits :**

**Post Employment Defined Contribution Plans :**

During the year an amount of Rs. 8,56,637 (2010-2011 : Rs. 10,91,087) 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 amount based on the respective employee's eligible salary and tenure of employment as per the provision of "The Payment of Gratuity Act, 1972". Liabilities with regard to Gratuity Plan are determined by actuarial valuation as set out in Note 23.1.e.(iii) above based upon which the Company makes contribution to Gratuity Fund.

**23. Significant Policies & Other Notes on Accounts (Contd.)**

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 2012 and corresponding figures for the previous year :

(Rupees)

	Description	Gratuity		Leave Encashment Unfunded	
		31st March 2012	31st March 2011	31st March 2012	31st March 2011
(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	70,12,551	79,29,216	35,34,005	43,45,942
	Current Service Cost	2,95,633	4,72,608	4,51,469	4,13,033
	Past Service Cost	–	–	–	–
	Interest Cost	5,61,004	6,18,479	2,82,720	3,38,983
	Actuarial (Gains)/Losses	(3,33,056)	(2,67,531)	(8,19,511)	(6,23,371)
	Benefits Paid	(42,56,235)	(17,40,221)	(8,77,246)	(9,40,582)
	Present Value of Obligation at the end of the year	32,27,046	70,12,551	25,71,437	35,34,005
(b)	Reconciliation of the Opening and Closing balances of Plan Assets :				
	Fair Value of Plan Assets at the beginning of the year	70,12,551	79,29,216	–	–
	Expected Return on Plan Assets	5,23,581	7,25,523	–	–
	Actuarial Gains/(Losses)	–	41,785	–	–
	Contributions	–	56,248	–	–
	Benefits Paid	(42,56,235)	(17,40,221)	–	–
	Fair Value of Plan Assets at the end of the year	32,27,046	70,12,551	–	–
(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	32,27,046	70,12,551	25,71,437	35,34,005
	Fair Value of Plan Assets at the end of the year	32,27,046	70,12,551	–	–
	Assets/(Liabilities) recognised in the Balance Sheet	–	–	(25,71,437)	(35,34,005)
(d)	Expense recognised in the Statement of Profit and Loss :				
	Current Service Cost	2,95,633	4,72,608	4,51,469	4,13,033
	Past Service Cost	–	–	–	–
	Interest Cost	5,61,004	6,18,479	2,82,720	3,38,983
	Expected Return on Plan Assets	(5,23,581)	(7,25,523)	–	–
	Actuarial (Gains)/Losses	(3,33,056)	(3,09,316)	(8,19,511)	(6,23,371)
	Total Expense recognised	–	56,248	(85,322)	1,28,645
(e)	Category of Plan Assets :				
	Fund with LIC	42,61,070	73,85,271	–	–
	Central Government Securities	–	–	–	–
	State Government Securities	–	3,65,400	–	–
	Others (including bank balances)	(10,34,024)	(7,38,120)	–	–
	Total	32,27,046	70,12,551	–	–
(f)	Actual Return on Plan Assets	5,23,581	7,67,308	–	–
(g)	Actuarial Assumptions :				
	Discount Rate (Per annum)	8.60%	8.00%	8.60%	8.00%
	Expected Rate of Return on Assets (Per annum)	9.15%	9.15%	–	–
	Mortality Rate	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)

**23. Significant Policies & Other Notes on Accounts (Contd.)**

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

	Gratuity			Leave Encashment		
	2012	2011	2010	2012	2011	2010
Present value of funded obligation	32,27,046	70,12,551	79,29,216	-	-	-
Present value of unfunded obligation	-	-	-	2,571,437	3,534,005	4,345,942
Fair Value of Plan Assets	32,27,046	70,12,551	80,40,913	-	-	-
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.

**23.13** 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. Nil (Previous Year : Rs. 2,73,703) has been disclosed as Miscellaneous Expenditure to the extent not written-off (Refer Notes 15 to the Balance Sheet).

**23.14 Basic and Diluted Earning/(Loss) Per Share :**

i) <b>Basic</b>	2011-2012	2010-2011
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.)	57,32,504	(9,39,35,533)
Basic Earning/(Loss) per Share (Rs.)	1.91	(31.31)
ii) <b>Dilutive Potential Equity Shares</b>		
Diluted Earning/(Loss) per Share (Rs.)	1.91	(31.31)

**23.15 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  
 IOT Design & Engineering Ltd. – Fellow Subsidiary  
 IOT Anwasha Engineering & Construction Limited – Fellow Subsidiary  
 Newsco International Energy Services Inc. – Fellow Subsidiary

ii) **Key Managerial Personnel :**

Mr. S. P. Saha – Chief Executive Officer

**23. Significant Policies & Other Notes on Accounts (Contd.)**
**Transactions with Related Parties**

	2011-2012 <u>(Rs.)</u>	2010-2011 <u>(Rs.)</u>
a) <b>Sales and Services billed</b>		
Holding Company	8,68,08,792	2,25,422
Fellow Subsidiaries	2,67,47,281	–
b) <b>Purchase of Raw Materials and Components and Services</b>		
Fellow Subsidiary	–	53,606
c) <b>Other Income – Rental Income</b>		
Holding Company	41,46,900	4,25,700
Fellow Subsidiary	11,82,141	7,20,000
<b>Income from sale of immovable property</b>		
Holding Company	12,45,29,813	–
d) <b>Expenditure on other services</b>		
Holding Company	2,74,95,123	1,82,721
Fellow Subsidiary	7,83,659	–
e) <b>Outstanding Balances as at the end of Financial Year</b>		
<u>Receivables (Net) :</u>		
Fellow Subsidiary	41,853	–
<u>Payables (Net) :</u>		
Holding Company	2,76,20,972	9,93,27,088
Fellow Subsidiary	9,14,04,263	6,93,40,059
f) <b>Managing Director's Remuneration</b>	(Refer Note 23.5 above)	

**23.16** 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.

**23.17** 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 Notes 1 to 23.

**R. K. TRIPATHY**  
Director

**P. G. VAIDHYANATHAN**  
Chairman

**SAMIR BHADRA**  
Company Secretary & Head Legal

STEWARTS AND LLOYDS OF INDIA LIMITED

**CASH FLOW STATEMENT**

(PREPARED PURSUANT TO LISTING AGREEMENT)

	For the Year ended 31st March 2012		For the Year ended 31st March 2011	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit/(Loss) Before Tax and Extraordinary Items :		15,12,208		(9,28,58,627)
<b>Adjustments for –</b>				
Depreciation	65,07,332		71,83,427	
Liability written back	(2,89,679)		(35,08,618)	
Profit/Loss on Sale of Fixed Assets	(11,57,74,418)		39,137	
Interest (Net) – shown separately	4,64,20,369		4,34,72,165	
Amortisation of Miscellaneous Expenditure	2,73,703		2,73,712	
Provision for Doubtful Debts	75,00,000		–	
		(5,53,62,693)		4,74,59,823
Operating Profit before Working Capital Changes		(5,38,50,485)		(4,53,98,804)
<b>Adjustment for –</b>				
Trade and other receivables	(3,23,92,445)		22,79,84,765	
Inventories	(1,25,29,710)		61,05,415	
Trade payable	75,76,325		(10,69,07,697)	
		(3,73,45,831)		12,71,82,483
Cash generated/(used in) from operation		(9,11,96,315)		8,17,83,679
Direct Taxes Paid (Net of refunds) (Including Fringe Benefit Tax)	(1,33,83,628)		(1,27,67,338)	
		(1,33,83,628)		(1,27,67,338)
<b>Net Cash from/(used in) operating activities</b>		(10,45,79,943)		6,90,16,341
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(14,90,630)		(14,67,070)	
Sale of Fixed Assets	12,45,29,812		3,42,309	
Interest Received	9,57,715		1,48,621	
<b>Net Cash from /(used in) investing activities</b>		12,39,96,897		(9,76,140)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from Short Term Bank Borrowing (Net)	2,91,97,371		(2,58,28,328)	
Interest paid	(4,73,78,084)		(4,36,20,786)	
Dividend Paid (including Tax thereon)	–		(70,103)	
<b>Net Cash from/(used in) financing activities</b>		(1,81,80,713)		(6,95,19,217)
Carried forward		12,36,241		(14,79,016)

**CASH FLOW STATEMENT (Contd.)**

(PREPARED PURSUANT TO LISTING AGREEMENT)

	<b>For the Year ended 31st March 2012</b>		<b>For the Year ended 31st March 2011</b>	
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Brought forward		12,36,241		(14,79,016)
<b>NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)</b>		<u>12,36,241</u>		<u>(14,79,016)</u>
CASH AND CASH EQUIVALENTS				
– Opening Balance (Refer Note 13 to Balance Sheet)	35,69,578		50,48,594	
CASH AND CASH EQUIVALENTS				
– Closing Balance (Refer Note 13 to Balance Sheet)	48,05,819	<u>12,36,241</u>	<u>35,69,578</u>	<u>(14,79,016)</u>

- 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 Ray & Ray**

Chartered Accountants  
Firm Registration Number – 301072E

**K.K. GHOSH**

Partner  
Membership Number : 59781  
Kolkata, 4th May, 2012

**R. K. TRIPATHY**

Director

**P. G. VAIDHYANATHAN**

Chairman

**SAMIR BHADRA**

Company Secretary & Head Legal



## 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 meet 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 six members as at 31st March 2012. Out of this strength, there is 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 Company did not have any pecuniary relationship or transactions with the Non Executive Directors during 2011-12.

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 2011-12	Whether attended AGM held on 29th July 2011	No. of Directorships in other Indian public limited companies as on 31st March 2012	No. of Committee* position held in other Indian public limited companies as on 31st March 2012	
					Chairman	Member
Mr. P. G. Vaidhyanathan	Non-Executive Chairman	3	Yes	2	Nil	Nil
Mr. Radhakant Tripathy	Independent Non-Executive	4	No	Nil	Nil	Nil
Mr. V K Sinha	Independent Non-Executive	3	Yes	Nil	Nil	Nil
Mr. Jatin Mavani	Non-Independent Non-Executive	4	Yes	5	Nil	2
Mr. K. P. Brahma	Independent Non-Executive (GIC Nominee)	3	No	Nil	Nil	Nil
Mr. K. K. Ranade	Non-Independent Non-Executive	4	Yes	1	Nil	Nil

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

Four Board Meetings were held during the year 2011-12 and the gap between two meetings did not exceed four months.

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

4th May 2011, 28th July 2011, 11th November 2011 and 9th February 2012.

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 2011-12
Mr. Radhakant Tripathy (Chairman)	Non-Executive, Independent	4
Mr. Jatin Mavani	Non-Executive, Non-Independent	4
Mr. K. P. Brahma	Non-Executive, Independent	3

Mr. Jatin Mavani, Director, a member of the Audit Committee is a Chartered Accountant and has the requisite financial and accounting expertise.

#### Number of Audit Committee Meetings held during the year: 4

**Dates of Audit Committee Meetings:** 4th May 2011, 28th July 2011, 11th November 2011, and 9th February 2012.

The Audit Committee meetings were attended by the Financial Controller i.e Head of Finance, the Chief Executive officer, 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 could not attend the 73rd Annual General Meeting held on 29th July 2011.

At the Audit Committee Meeting held on 4th May 2012 the Annual Accounts for the year ended 31st March, 2012 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 in regard to 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 2011-12
Mr. Radhakant Tripathy	Non-Executive, Independent	–
Mr. K. K. Ranade	Non-Executive, Non-Independent	–
Mr. K. P. Brahma	Non-Executive, Independent	–

**No. of Remuneration Committee Meetings held during the year :** Nil (did not require in absence of any Executive Director)

**Dates of Remuneration Committee Meeting :** N.A.

**Details of remuneration paid to all Directors during the year 2011-2012 :**

**Non-Executive Directors :**

Sl. No.	Name	Sitting Fees (Rs.)
1	Mr. P. G. Vaidhyanathan	30,000
2	Mr. V. K. Sinha	30,000
3	Mr. Jatin Mavani	80,000
4	Mr. Radhakant Tripathy	80,000
5	Mr. K. K. Ranade	40,000
6	Mr. K. P. Brahma*	60,000
		3,20,000

\* Amount paid to National Insurance Co. Ltd.

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.

None of the Directors hold any shares in the Company.

**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 attended during the year 2011-2012
Mr. Jatin Mavani	Non-Executive, Non-Independent	3
Mr. P. G. Vaidhyanathan (Chairman)	Non-Executive, Non-Independent	3
Mr. K. P. Brahma	Non-Executive, Independent	3

**Compliance Officer :** Mr. S Bhadra, Company Secretary and Head Legal

**No. of shareholders complaints received during 2011-2012 :** NIL

**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 :

	2009	2010	2011
Date	24th July 2009	23rd July 2010	29th July 2011
Time	11 a.m.	11 a.m.	11.30 a.m.
Venue	"AIKATAN", Eastern Zonal Cultural Centre, IA-290, Salt Lake City, Kolkata-700 097	"RABINDRA-OKAKURA BHABAN", 27/A/1, DD Block, Salt Lake, Kolkata-700 064	"RABINDRA-OKAKURA BHABAN", 27/A/1, DD Block, Salt Lake, Kolkata-700 064

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.

Transactions with the related parties are disclosed in note no 23.15 of Note 23 Significant Policies & Other Notes on 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 is no instance 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 4th May 2012 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 45 days 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](http://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](http://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	: Friday, 27 July, 2012 at 11.30 A.M.
Venue	At the auditorium of Birla Academy of Art & Culture, Ground Floor, 108 Sourhern Avenue, Kolkata - 700 029

### 2.0 Financial Calendar (tentative)

Financial Results for the quarter ending 30th June, 2012	: August, 2012
Financial Results for the quarter/half year ending 30th September, 2012	: November, 2012
Financial Results for the quarter ending 31st December, 2012	: February, 2013
Audited Results for the year ending 31st March, 2013	: May, 2013

### 3.0 Date of Book Closure

: from 16th July, 2012 to 27th July, 2012  
(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
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(Note: Annual Listing Fees for the year 2012-2013 have been duly paid to both these Stock Exchanges)

### 6.0 A. Demat ISIN Number in NSDL and CDSL

: INE356D01012

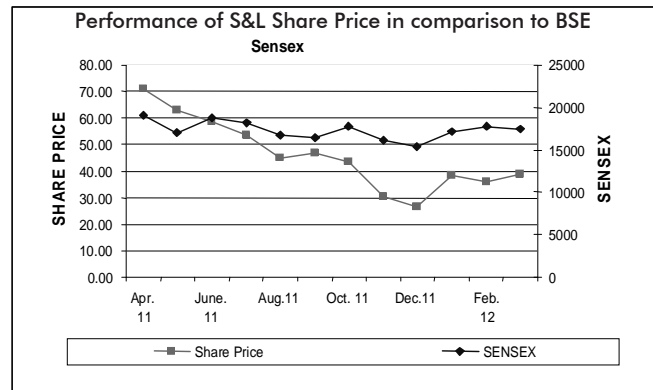
#### B. Stock Code

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 2011 -12 at the Bombay Stock Exchange Ltd., Mumbai were as follows :

Month	High (Rs.)	Low (Rs.)
April '11	76.95	56.40
May '11	73.20	60.00
June '11	69.00	57.75
July '11	64.40	52.00
Aug '11	54.60	45.05
Sept '11	55.55	41.00
Oct '11	48.00	37.85
Nov '11	42.90	27.45
Dec '11	31.90	25.30
Jan '12	41.50	26.50
Feb '12	44.20	36.00
Mar '12	44.80	34.40

**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 31.03.2012 Categories of Shareholders as on 31.03.2012**

No. of Shares held	No. of Shareholders	Total No. of Shares
Upto 2500	2966	487645
2501-5000	18	60108
5001-50000	16	215723
50001-100000	1	53189
Above 100000	5	2183335
<b>Total</b>	<b>2997</b>	<b>3000000</b>

Category	No. of Shares held	% of Capital
Promoters	1663754	55.46
FIs incl. Banks	317760	10.59
Indian Individuals	744021	24.80
Bodies Corporate	236661	7.89
NRIs	37804	1.26
<b>Total</b>	<b>3000000</b>	<b>100.00</b>

**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 2012 : 29,01,749  
% of share dematerialised till 31st March 2012 : 96.72%

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

**13.0 Plant Locations:**

**Kolkata**

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

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

**14.0 Address for Correspondence:**

Mr. S Bhadra  
Company Secretary and Head Legal  
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



## Corporate Governance Compliance Certificate

Registration No. of the Company : 21-9099

ISIN : INE 035600102

Nominal Capital : Rs. 20,00,00,000/- Paid up Capital Rs. 3,00,00,000/-

To

The Members

Stewarts and Lloyds of India Limited

41, Chowringhee Road,

Kolkata- 700 071

I have examined all relevant records of M/S. Stewarts & Lloyds of India Limited (The Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Calcutta Stock Exchange Ltd. and Bombay Stock Exchange Ltd. for the financial year ended 31st March, 2012. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanations and information furnished, I certify that the Company has complied with all the mandatory conditions of Clause 49 of the Listing Agreement.

Date : 14th April, 2012

Place : Kolkata

**P. N. Sinha**

Practising Company Secretary

Membership No. ACS-3896

Certificate of Practice No. 1676