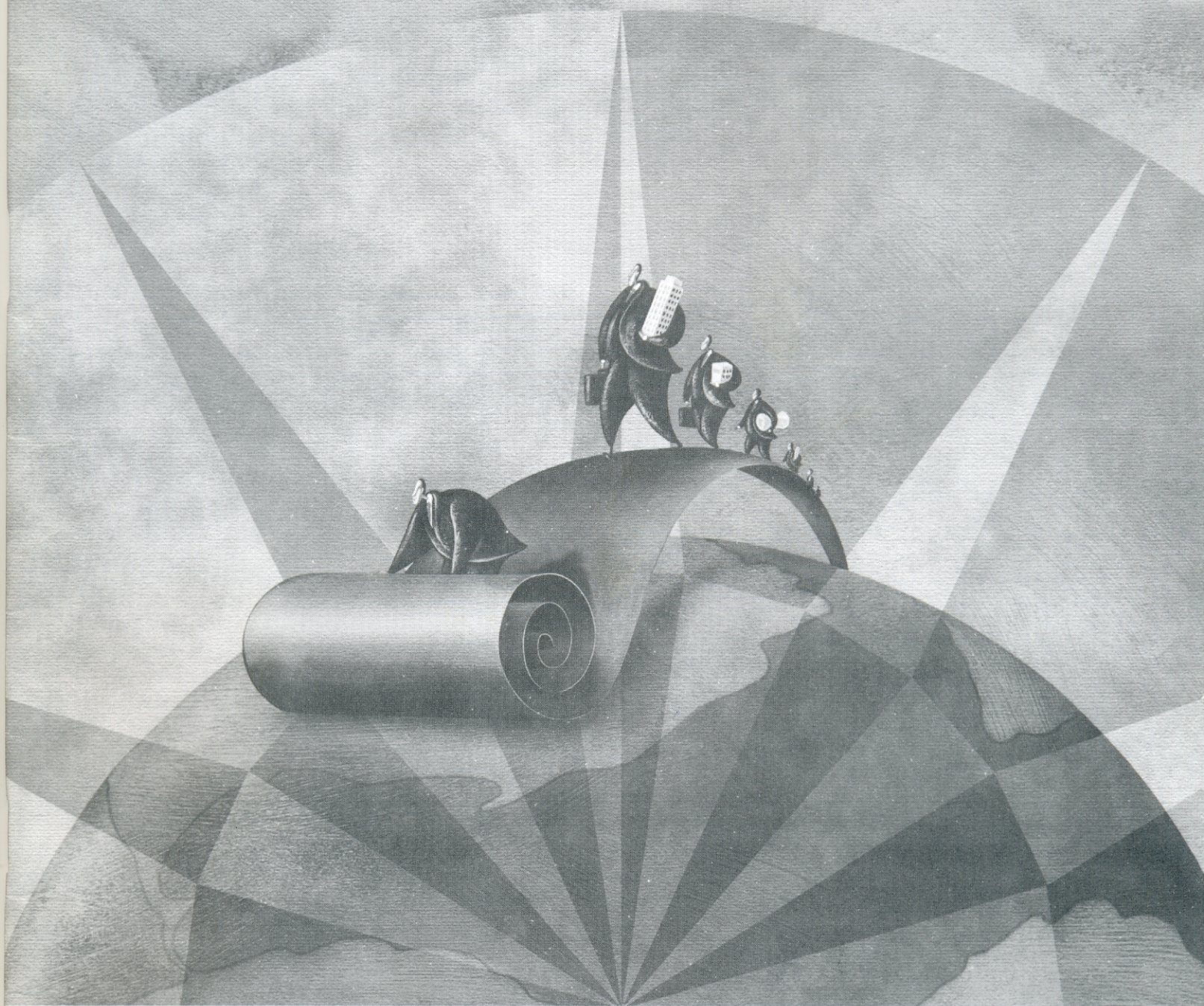


NEW HORIZONS. NEW FRONTIERS.



HGI INDUSTRIES



ADITYA BIRLA GROUP

ANNUAL REPORT 2007-08

NOTICE OF THE ANNUAL GENERAL MEETING



HGI INDUSTRIES LIMITED

Registered Office : "Industry House", 10, Camac Street, Kolkata - 700 017

NOTICE is hereby given that the **SIXTY FOURTH ANNUAL GENERAL MEETING** of the Members of **HGI INDUSTRIES LIMITED** will be held at its Registered Office i.e. "Industry House", 10, CAMAC STREET, KOLKATA - 700 017 on Thursday, the 25th day of September, 2008 at 3 p.m. to transact, with or without modification(s), the following business :-

1. To receive and adopt the audited Balance Sheet as at 31st March, 2008, Profit & Loss Account for the year ended 31st March, 2008 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ravi Kastia, who retires from office by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J. P. Kanoria, who retires from office by rotation, but being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution relating to the appointment of the Auditors of the Company.

"RESOLVED THAT M/s. S. R. Batliboi & Co., Chartered Accountants, Kolkata, the retiring Auditors, be and are hereby re-appointed as the Statutory Auditors of the Company under Section 224A and other applicable provisions, if any, of the Companies Act, 1956, to hold the office as such from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors of the Company."

31st July, 2008

Regd. Office :
"Industry House"
10, Camac Street
Kolkata - 700 017

By Order of the Board
For HGI INDUSTRIES LTD.

RAMESH AGGARWAL
Jt. Executive President (F&C) & Company Secretary

NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of item No.4 of the Notice set out above, is given below.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th September, 2008 to 25th September, 2008 (both days inclusive).
4. a) Members are requested to notify change of address, if any, with PINCODE quoting reference of their folio number immediately to the Company's Registrars and Share Transfer Agents, MCS Ltd., 77/2A, Hazra Road, Kolkata - 700 029.
b) Members are requested to bring their copies of the Reports and Accounts to the Meeting.
5. Members are requested to quote Folio Numbers in all correspondence.
6. Members who are holding shares in identical order of names in more than one Folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the members after making requisite changes thereon.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 4

Board of Directors of the Company have on the recommendation of the Audit Committee proposed that M/s S. R. Battiboi & Company, Chartered Accountants, Kolkata, be re-appointed as the Statutory Auditors of the Company till the conclusion of the next Annual General Meeting of the Company. In view of the provisions contained in Section 224A of the Companies Act, 1956, the resolution for re-appointment of the Statutory Auditors will be proposed as a Special Resolution. M/s S. R. Battiboi & Company, Chartered Accountants, Kolkata have forwarded a Certificate to the Company, stating that the re-appointment, if made, will be within the limit in that behalf specified in Sub-section (1-B) of Section 224 of the Companies Act, 1956.

The Board recommends the acceptance of the above Resolution.

None of the Directors is concerned or interested in the above Resolution.

Accordingly, the Special Resolution as set out in this item of notice is being proposed for the approval of the members.

Details of the Directors, seeking appointment/re-appointment in Annual General Meeting fixed for 25th September, 2008.

Name of the Director	Mr. J. P. Kanoria	Mr. Ravi Kastia
Date of Birth	09.04.1938	12.06.1955
Date of Appointment	22.02.1979	31.07.2004
Expertise in Specific functional areas	Business	Company Executive
Qualifications	B.Com.	MBA., FCA., FCS., Diploma in Labour Laws & Personnel Management.
List of outside Directorship held	<ol style="list-style-type: none"> 1. Satya Company Ltd. 2. Anscor Capital & Investment Pvt. Ltd. 3. Dawn Credit Capital Pvt. Ltd. 4. Century Alkalies & Minerals Pvt. Ltd. 5. Orchard Road Properties Pvt. Ltd. 6. One Tree Hill Properties Pvt. Ltd. 7. High Mountain Properties Pvt. Ltd. 8. Silent Valley Properties Pvt. Ltd. 9. Rajokri Properties Pvt. Ltd. 10. AP Golden Apparels Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Essel Mining & Industries Ltd. 2. Pan Century Surfactants Inc. 3. AB Base Metal Mining Co. Pvt. Ltd. 4. AB Metal Mining Co. Pvt. Ltd. 5. AB PGM Mining Co. Pvt. Ltd. 6. SL Base Metal Mining Co. Pvt. Ltd. 7. SL PGM Mining Co. Pvt. Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company	--	--
Chairman/Member of the Committees of Director of other Companies in which he is a Director	--	--
(a) Shareholders Committee	--	--
(b) Share Transfer Committee	--	--
(c) Remuneration Committee	--	--
(d) Audit Committee	--	--

31st July, 2008

Regd. Office :
"Industry House"
10, Camac Street
Kolkata - 700 017

By Order of the Board
For HGI INDUSTRIES LTD.

RAMESH AGGARWAL
Jt. Executive President (F&C) & Company Secretary

HGI INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW AND ANALYSIS

(Rs. in Thousands)

The highlights of performance are as under -

Particulars	2007-2008	2006-2007*
Net Turnover	-	-
Other Income	1,892	1,970
Total Expenditure	1,573	1,126
Operating Profit (PBDIT)	319	844
Interest	196	330
Gross Profit (PBDT)	123	514
Depreciation	29	41
Profit before Tax	94	473
Provision for Current Tax	-	-
Fringe Benefit Tax	3	2
Profit after Current Tax	91	471
Deferred Tax	-	-
Net Profit after Tax	91	471

* Figures have been re-grouped/re-arranged wherever necessary.

REVIEW OF OPERATIONS

Your Company earned an Income of Rs. 18,92,482/- under the head "Other Income" from Rent and Interest.

OUTLOOK

At present, the company is carrying out no manufacturing activity. However, the company is looking for suitable business opportunities for growth.

INTERNAL CONTROL SYSTEM

Your Company is having adequate internal control system commensurate with its size of operations. The internal control is structured through internal audit being carried out by the group's Corporate Management Audit Cell. The Management regularly reviews the findings of the Internal Auditors and corrective measures taken to implement the suggestions/observations of the Internal Auditors, which is monitored on regular basis.

CAUTIONARY STATEMENT

Statements in this "Management Discussion and Analysis" describing Outlook may be "forward looking statements" within the meaning of applicable securities laws and regulations. However, actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in Government regulations, tax regimes and economic developments. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

REPORT ON CORPORATE GOVERNANCE

GOVERNANCE PHILOSOPHY

The Aditya Birla Group is committed to the adoption of best governance practices and their adherence in true spirit. The governance philosophy rests on five basic tenets viz., Board's accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure. The Aditya Birla Group Values - Integrity, Commitment, Passion, Seamlessness and Speed, also reflect this philosophy.

Your Company strives for excellence through adoption of best corporate governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with stock exchange, the details of compliance are as follows :

Compliance with Corporate Governance Guidelines

BOARD OF DIRECTORS

Composition, Outside Directorships, Attendance at the Board Meetings and last AGM and other Board Committees

The Board of your Company comprises of four Non-Executive and Independent Directors with considerable experience in their respective fields. Independent Director means a Director as defined in Clause 49 of the listing agreement. None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees across all companies in which he is a Director. None of the Director is related to any other Director on the Board. No Directors have any business or professional relationship with the Company.

Director	Non-Executive/ Independent	No. of outside Directorship held		Outside Committee Positions Held	
		Public	Private	Member	Chairman/ Chairperson
Shri J. P. Kanoria	Both	1	9	-	-
Shri A. K. Newar	Both	6	8	-	-
Shri Yashwant Daga	Both	6	5	-	-
Shri Pinaki Dutta @	Both	-	1	-	-
Shri Ravi Kastia #	Both	1	5	-	-

@ Shri Pinaki Dutta expired on 1 January, 2008.

Resigned from one public Company as Director during the financial year. Number of directorships does not include directorship in Foreign Companies.

Disclosures : Shareholding of Directors

Director	No. of Shares held
Shri J. P. Kanoria	720
Shri A. K. Newar	500
Shri Yashwant Daga	6100
Shri Pinaki Dutta @	720
Shri Ravi Kastia	100

@ Shri Pinaki Dutta expired on 1 January, 2008.

Board Meetings

The Board of Directors met four times during the year (see details below). Your Company placed before the Board statements containing status of various matters including matters pursuant to Corporate Governance Practices, as required by Clause 49 of the Stock Exchange Listing Agreement.

Dates on which the Board Meetings were held

Date of Board Meeting	City	No. of Directors present
27.04.2007	Kolkata	3
30.07.2007	Kolkata	3
30.10.2007	Kolkata	3
24.01.2008	Kolkata	2

While appointing a new Director or re-appointing an existing Director, the Company provides a brief resume, details of his expertise in specific functional areas, names of companies in which he holds Directorship and his membership in Committees of Boards of Companies, as part of notice to shareholders.

Details of Meetings attended and sitting fees paid

Director	Whether last AGM* Attended	Board Meetings		Audit Committee Meetings		Sitting Fees Paid (in Rs.)
		No. of Meetings		No. of Meetings		
		Held	Attended	Held	Attended	
Shri J. P. Kanoria	Yes	4	4	4	4	16000/-
Shri A. K. Newar	-	4	4	4	4	16000/-
Shri Yashwant Daga	-	4	2	4	2	8000/-
Shri Ravi Kastia	-	4	-	4	-	-
Shri Pinaki Dutta	-	3	1 @	-	-	2000/-

@ Shri Pinaki Dutta expired on 1 January, 2008.

* Annual General Meeting (AGM) was held on 25 September, 2007 at the Company's Registered Office at Industry House, 10, Camac Street, Kolkata - 700 017.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

REMUNERATION COMMITTEE

Terms of reference of this committee includes determination of your Company's policy for specific remuneration packages, commission payable to Directors/Managing Director of your Company sitting fees and other expenses payable to the Directors for attending meeting of the Board or Committees thereof.

The Remuneration Committee constitutes the following Directors :

- Shri J. P. Kanoria Chairman
- Shri Yashwant Daga Member
- Shri Ravi Kastia Member
- Shri A. K. Newar Member

Mr. Ramesh Aggarwal, Company Secretary acts as Secretary to the Committee.

Your Company does not have any Executive/Whole-time Director on its Board hence no remuneration is paid. However, sitting fees during the year 2007-08 paid to the Directors of your Company are given in the table above.

Your Company has a policy of not advancing any loans and paying commission on profits to its Directors and hence it is not highlighted separately.

AUDIT COMMITTEE

The terms of reference of the Audit Committee are in conformity with the requirements as per Clause 49 of the Listing Agreement with Stock Exchange and the Companies Act, 1956. The Audit Committee of your Company acts as a link between the Management, the Statutory and Internal Auditors and the Board of Directors and oversees the financial reporting process.

The Audit Committee comprises of Independent/Non-Executive Directors, as mentioned hereunder :

- Shri J. P. Kanoria Chairman
- Shri Yashwant Daga Member
- Shri A. K. Newar Member
- Shri Ravi Kastia Member

Mr. Ramesh Aggarwal, Company Secretary acts as Secretary to the Committee.

The Statutory and Internal Auditors of your Company are also invited to the Audit Committee Meetings.

The Audit Committee met four times during the year. Details

of the meetings are given below :

Date of Audit Committee Meetings	City	No. of Directors present
27.04.2007	Kolkata	2
30.07.2007	Kolkata	3
30.10.2007	Kolkata	3
24.01.2008	Kolkata	2

SHARE TRANSFER AND SHAREHOLDERS COMMITTEE

Your Company has a "Shareholders/Investors Grievances Committee" at the Board level under the chairmanship of a Non-Executive/Independent Director to look into issues related to shareholders, including transfer and transmission of shares, issue of duplicate shares, non-receipt of dividend, Annual Report, etc. The composition of the Committee is as follows :

- Shri J. P. Kanoria Chairman
- Shri Yashwant Daga Member
- Shri Ravi Kastia Member
- Shri A. K. Newar Member

Mr. Ramesh Aggarwal, Company Secretary acts as Secretary to the Committee and is the Compliance Officer of the Company.

The Company's shares are compulsorily traded in the dematerialized form and have to be delivered in the dematerialized form in Stock Exchange. To expedite the transfer in the physical segment, authority has been delegated to the Shareholder/Investors Grievances Committee of the Board. Share transfers/transmission approved by the Committee are placed at the Board Meeting from time to time. Simultaneously, a statement of complaints received from the investors is also placed at the Board Meeting.

There were no pending share transfers as on 31st March, 2008. Details of number of shares transferred during the year, time taken for effecting transfers and number of complaints received are highlighted in the "Shareholder Information" section of the Annual Report.

Name and Designation of Compliance Officer :

Mr. Ramesh Aggarwal, Jt. Executive President (F&C) and Company Secretary.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis forms part of the Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

REPORT ON CORPORATE GOVERNANCE (CONTD.)**CEO/CFO CERTIFICATION**

To
The Board of Directors
HGI Industries Limited

We, H. C. Daga, Sr. President, and Ramesh Aggarwal, Jt. Executive President (F&C) & Company Secretary, to the best of our knowledge and belief, certify that :

- a) We have reviewed Financial Statements and the Cash Flow Statement of the Company, for the financial year 2007-08 and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and disclosed to the Auditors and the Audit Committee, that there are no material deficiencies in the design and operation of such internal controls.
- d) We have indicated to the Auditors and the Audit Committee that :
 - i) there is no significant change in internal control over financial reporting during the year;
 - ii) there is no significant change in accounting policies during the year; and
 - iii) there is no instance of significant fraud, in which the management or an employee having a significant role in the company's internal control system over financial reporting was involved.

For HGI INDUSTRIES LIMITED

Kolkata
31st July, 2008

H. C. DAGA
Senior President

RAMESH AGGARWAL
*Jt. Executive President (F&C)
and Company Secretary*

DECLARATION REGARDING CODE OF CONDUCT

The Code of Conduct (Code) laid down by the Board has been circulated to the members of the Board and Senior Management personnel. As provided under Clause 49 of the Listing Agreement with the Stock Exchange, it is hereby declared that all the Board Members and Senior Management personnel of the Company have affirmed the compliance with the Code for the year ended 31.3.2008.

For HGI INDUSTRIES LIMITED

Kolkata
31st July, 2008

H. C. DAGA
Senior President

DISCLOSURES

Disclosures are made to the Board by the management relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of your Company at large. These include dealing in company's shares, commercial dealings with bodies, which have shareholding of management and their relatives, etc.

No transaction of material nature has been entered into by your Company with the Promoters, Directors or the Management, their Subsidiaries or Relatives etc. that may have a potential conflict with interests of your company.

HGI INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE (CONTD.)

OTHER DISCLOSURES

1. Details of General Body Meetings :

1.1. Location and time, of last three AGMs :

Year	Location	Date	Time
2006-07	Registered Office Industry House, 10, Camac Street, Kolkata - 700 017	25.09.2007	3.30 P.M.
2005-06	Registered Office Industry House 10, Camac Street Kolkata - 700 017	15.09.2006	3.30 P.M.
2004-05	Registered Office Industry House 10, Camac Street Kolkata - 700 017	27.09.2005	3.30 P.M.

1.2. Whether any Special resolution was passed in any of the previous 3 AGMs ?

Yes, the following special resolutions were passed during the 3 AGMs and approved by the shareholders :

Date	Resolution
25.09.2007	Re-appointment of M/s S.R. Batliboi & Co., Chartered Accountants, Kolkata as Statutory Auditors of the Company for the fiscal 2007-08.
15.09.2006	Re-appointment of M/s S.R. Batliboi & Co., Chartered Accountants, Kolkata as Statutory Auditors of the Company for the fiscal 2006-07.
27.09.2005	Re-appointment of M/s S.R. Batliboi & Co., Chartered Accountants, Kolkata as Statutory Auditors of the Company for the fiscal 2005-06.

1.3. No Special resolution was passed through postal ballot in any of the General Meetings during the previous financial year.

1.4. No special resolution is proposed to be adopted through postal ballot this year.

2. Disclosures on materially significant related party transactions i.e. transactions of your Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of your Company at large :

Transactions with related parties as per requirements of Accounting Standard - 18 are disclosed elsewhere in this Annual Report. None of these transactions have potential conflict with the interest of your Company at large.

3. There has not been any non-compliance, penalties or strictures imposed on your Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

4. Your Company has adopted & complied with mandatory requirements as per the revised clause 49 of the listing agreement.

5. Means of Communication

- 5.1 Half yearly report sent to each household of Shareholders : No, as the quarterly results of the Company are published in the newspapers
- 5.2 Quarterly results :
5.2.1 Which newspapers normally published in : Financial Express/ Asian Age/ Dainik Lipi
5.2.2 Any website, where displayed : No
- 5.3 Whether it also displays :
5.3.1 All official news releases : No
5.3.2 Presentation made to Investors/Analysts : No
- 5.4 Whether MD&A are a part of Annual Report : Yes
- 5.5 Whether Shareholders' Information section forms part of the Annual Report : Yes

AUDITORS' CERTIFICATE

To

The Members of HGI Industries Ltd.

We have examined the compliance of Corporate Governance by HGI Industries Ltd., for the year ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Calcutta Stock Exchange.

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

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

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

For S. R. BATLIBOI & CO.
Chartered Accountants
per R. K. AGRAWAL
a Partner
Membership No. : 16667

Place : Kolkata
Date : 31st July, 2008

SHAREHOLDERS' INFORMATION

1	Annual General Meeting :	
	Date and Time	25 th September, 2008 3 P.M.
	Venue	Registered Office : "Industry House" 10, Camac Street Kolkata - 700 017 West Bengal, India
2	Financial Calendar :	April 2008 to March 2009
	Financial reporting for the quarter ending June 30, 2008	Last week of July, 2008
	Financial reporting for the quarter ending September 30, 2008	Last week of October, 2008
	Financial reporting for the quarter ending December 31, 2008	Last week of January, 2009
	Financial reporting for the quarter ending March 31, 2009	Last week of April, 2009
	Financial reporting for the year ending March 31, 2009	Last week of July, 2009
	Annual General Meeting for the year ended March 31, 2009	September 2009
3	Dates of Book Closure :	19.09.08 to 25.09.08 (Both days inclusive)
4	Dividend Payment Date :	N.A.
5	Registered Office :	"Industry House" 18 th Floor, 10, Camac Street Kolkata - 700 017 West Bengal, India Tel : (033) 3987-6000/30 Fax : (033) 3051-6300 Email : hgiho@adityabirla.com
6	Listing on Stock Exchange at :	Kolkata
7	Name of the Stock Exchange :	The Calcutta Stock Exchange Association Limited Stock Code : 10018159
8	Name of Depositories :	1. National Securities Depository Ltd. 4 th Floor, Trade World, Kamala Mills Compound, Senapat Bapat Marg, Lower Parel, Mumbai - 400 013 2. Central Depository Services (India) Ltd. Phiroze Jeejeebhoy Tower, 28 th Floor, Dalal Street Mumbai - 400 023 ISIN No. INE 869B01018

SHAREHOLDERS' INFORMATION (CONTD.)

9	Stock Price Data :			
	Calcutta Stock Exchange			(in Rs.)
		High	Low	Close
	F.Y. 2007- 2008	20.80	20.80	20.80
	Since there has been no trading during the year under review, the monthly data are not available and hence not furnished.			
10	Registrar and Transfer Agents : (Physical and Demat both) from 1st April 2003		MCS Limited 77/2A, Hazra Road Kolkata - 700 029 Tel : (033) 2476-7350/54 Fax : (033) 2454-1961 Email : mcscal@cal2.vsnl.net.in	
11	Share Transfer System :		Share Transfers in physical form are registered normally within 15 days from the date of receipt, provided that the documents are complete in all respects. The total number of shares transferred in the physical form during the year was 207 (Previous year 200). The transfers were completed within 15 days from the date of receipt.	

2007-2008					2006-2007			
Transfer period (in days)	No. of transfers	No. of Shares	%	Cumulative Total	No. of transfers	No. of Shares	%	Cumulative Total
1 - 10	1	200	96.62	96.62	-	-	-	-
11 - 15	1	7	3.38	100.00	2	200	100.00	100.00
16 - 20	-	-	-	-	-	-	-	-
21 - 30	-	-	-	-	-	-	-	-
30 & above	-	-	-	-	-	-	-	-
Total	2	207	100.00		2	200	100.00	

Number of pending Share Transfers as on 31st March, 2008 is Nil.

12	Investor Services : Complaints received during the year :				
	Nature of Complaints	2007-2008		2006-2007	
		Received	Cleared	Received	Cleared
	1. Relating to Transfer, Transmission etc.	0	0	0	0
	2. Dividends, Interest, Redemption etc.	0	0	0	0
	3. Demat - Remat	0	0	0	0
	4. Others	0	0	2	2

Legal proceedings on share transfer issues, if any : There are no legal proceedings relating to transfer of shares.

SHAREHOLDERS' INFORMATION (CONTD.)

13	Distribution of Shareholding as on :								
	No. of Equity Shares held	31 st March 2008				31 st March 2007			
		No. of Share holders	% of Share holders	No. of Share held	% Shares holding	No. of Share holders	% of Share holders	No. of Share held	% Shares holding
1-500	1251	82.85	2,02,610	5.35	1254	82.94	2,03,500	5.37	
501-1000	113	7.48	85,434	2.25	112	7.41	84,744	2.24	
1001-2000	72	4.77	1,02,331	2.70	72	4.76	1,02,131	2.69	
2001-3000	19	1.26	47,980	1.27	19	1.26	47,980	1.27	
3001-4000	8	0.53	27,575	0.73	8	0.53	27,575	0.73	
4001-5000	8	0.53	38,104	1.01	8	0.53	38,104	1.01	
5001-10000	14	0.93	95,632	2.52	14	0.93	95,632	2.52	
10001-50000	12	0.79	2,73,501	7.22	12	0.79	2,73,501	7.22	
50001-100000	6	0.40	4,19,317	11.07	6	0.39	4,19,317	11.07	
100001 and Above	7	0.46	24,95,171	65.88	7	0.46	24,95,171	65.88	
Total	1510	100.00	37,87,655	100.00	1512	100.00	37,87,655	100.00	

Category of Shareholding as on 31st March, 2008

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters	15	1.00	6,62,850	17.50
Financial Institutions, Banks & Mutual Funds	13 @	0.86	15,92,839	42.06
NRI/OCB	2	0.13	162	0.00
Private Body Corporate	73	4.84	9,35,492	24.70
Individuals	1405	93.17	5,96,312	15.74
Total	1508	100.00	37,87,655	100.00

@ Shareholders having more than one folio have been considered as one.

14	Dematerialization of Shares and Liquidity :	Trading in Equity Shares of the Company is permitted only in the dematerialized form with effect from 25 th September, 2000, as per notifications issued by SEBI.
15	Details on use of public funds obtained in the last three years :	No funds have been raised from the public in last 3 years.
16	Outstanding GDR/Warrants and Convertible Bonds, Conversion date and likely impact on Equity :	N.A.
17	Plant Locations :	None
18	Investor Correspondence : Share Transfer/De-materialization or other queries relating to Shares of the Company w.e.f. 1st April 2003	MCS Limited 77/2A, Hazra Road, Kolkata - 700 029 Tel : (033) 2476-7350/54 Fax : (033) 2454-1961 Email : mcscal@cal2.vsnl.net.in

SHAREHOLDERS' INFORMATION (CONTD.)

19 Per Share Data :

Particulars	2007-08	2006-07	2005-06	2004-05 (9 Months)	2003-04 (15 Months)
Net Earnings [PAT] (Rs. in Lac)	0.91	4.71	24.17	1.36	(504.15)
Cash Earnings [PBDT] (Rs. in Lac)	1.23	5.14	24.74	2.08	(102.63)
Dividend Per Share (Rs.)	Nil	Nil	Nil	Nil	Nil
Book Value Per Share (Rs.)	Nil	Nil	Nil	Nil	Nil

20 Other useful information for Shareholders :

How to claim Unpaid Dividends ?

- Pursuant to Section 205A of the Companies Act 1956, unclaimed Equity Dividend upto the financial year 1995-96, have been transferred to the General Revenue Account of the Central Government. Members, who have not encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, M.S.O. II, 234/4, A. J. C. Bose Road, 2nd Floor, Kolkata - 700 020.
- Shareholders of the Company are informed that pursuant to Section 205C of the Companies Act 1956, the amount of dividend which remained unclaimed/unpaid for a period of 7 years have been transferred for the financial year 1999-2000 to the Investor Education & Protection Fund constituted by the Central Government and the Shareholders will not be able to claim any amount of the dividend so transferred to the Fund.

Change of Address

- Members are requested to notify immediately any change of address (with pin code) to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company in respect of their physical share folios, if any, quoting reference of their folio number.
- In case mailing address mentioned in this Annual Report is without PIN CODE, members are requested to kindly inform their PIN CODE immediately to their DPs in respect of their electronic share accounts and to MCS Ltd, in respect of their physical share folios, if any, quoting reference of their folio numbers.

Communication to the Company

Members are requested to make all correspondence in connection with the shares held by them by addressing letters directly to MCS Ltd., 77/2A, Hazra Road, Kolkata - 700 029, quoting reference of their folio numbers and / or Client ID and DP ID number.

Share Transfer/Dematerialization

- Share transfer requests are acted upon in 15 days from the date of their receipt. In case no response is received from the Company within 20 days of lodgement of transfer request, the lodger may write to the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interruption during postal transit.
- Dematerialization requests duly complete in all respects are normally processed within 7 days from the date of their receipt at Registered Office.
- Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.

DIRECTORS' REPORT**To the Shareholders**

Your Directors have pleasure in presenting the Sixty-Fourth Annual Report and the Audited Accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS

(Rs. in Thousand)

Particulars	2007-08	2006-07*
Rent and ther Income	1,892	1,970
Less : Expenditure	1,769	1,456
Gross Profit before Depreciation	123	514
Less : Depreciation	29	41
Profit before Taxation	94	473
Less : Fringe Benefit Tax	3	2
Profit after Taxation	91	471
Less : Loss Brought Forward from previous year	202,967	203,438
Loss carried to Balance Sheet	202,876	202,967

* Figures have been re-grouped/re-arranged wherever necessary.

DIVIDEND

In view of insufficient profit during the year and accumulated losses, your Directors do not recommend any Dividend.

OPERATIONS AND OVERALL PERFORMANCE

During the year the company had a total income of Rs. 18,92,482/- accruing mainly from Rent & Interest and the Profit before Depreciation was Rs. 1,22,505/-

FUTURE PROSPECTS

Your Company is looking for suitable business opportunities for growth.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis Report, is presented in a separate section forming part of the Annual Report.

STATUTORY INFORMATION

Information under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 :

None of the employees of the Company was in receipt of remuneration, which exceeds the amount stipulated u/s 217(2A) of the Companies Act, 1956.

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

Provisions of Section 217(1)(e) of the Companies Act as amended by Companies (Amendment) Act 1968, are not applicable to your Company.

DIRECTORS

Shri Pinaki Dutta expired on 1 January, 2008. The Board places on record deep appreciation for his contributions as a Director of the Company.

Shri J. P. Kanoria and Shri Ravi Kastia retire by rotation and being eligible offer themselves for re-appointment.

HGI INDUSTRIES LIMITED

DIRECTORS' REPORT (CONTD.)

DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) that the Directors have selected such accounting policies and 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 year ended 31st March, 2008 and of the profit of the Company for that year;
- iii) that the Directors have taken proper and sufficient care 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) that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Certificate dated 31st July, 2008 of the Auditors of your Company regarding Compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges, forms part of the Annual Report.

Your Company has been practicing the principles of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance.

DEPOSITORY SYSTEM

Your Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in dematerialized form. The ISIN Number of the Company is **INE 869B01018**. Your Company has also made arrangements for simultaneous dematerialization of share certificates lodged for transfer. Since dematerialization facilitates quick share transfers and prevents forging of documents, those shareholders who have not opted for this facility are advised to dematerialize their shares with either of the depositories.

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

AUDITORS

The Auditors of the Company M/s. S. R. Batliboi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The Company has also received a Certificate from them under Section 224(1-B) of the Companies Act, 1956.

APPRECIATION

The Company places on record its appreciation for overwhelming co-operation and patronage received from the Central and State Governments, Banks, Financial Institutions, Shareholders and Business Associates during the year under review.

Your Directors also deeply appreciate the dedicated efforts put in by the employees.

On behalf of the Board

J. P. KANORIA
A. K. NEWAR
YASHWANT DAGA
RAVI KASTIA
Directors

Place : Kolkata
Date : 31st July, 2008

AUDITOR'S REPORT

TO THE MEMBERS OF HGI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **HGI INDUSTRIES LIMITED** as at 31st March, 2008 and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *As stated in Note. no. 4 of Schedule-10, the net worth of the company is fully eroded, yet the Financial Statements have been prepared on a going concern basis for the reasons mentioned therein. As a result, the accompanying Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amount or the amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern. We are unable to comment upon the consequential adjustment, if any, arising out of the matter referred to above. In respect of the above, the previous year's audit report was similarly disclaimed.*
5. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of the written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) *Subject to para 4 above, whose impact on the Company's profit is not presently ascertainable*, in our opinion and to the best of our information and according to the explanations given to us, the said Statements of Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **S. R. BATLIBOI & CO.**
CHARTERED ACCOUNTANTS
 Per (R. K. AGRAWAL)
a Partner
 Membership No. : 16667

22, Camac Street
 Block - 'C', 3rd Floor
 Kolkata - 700 016
 Date : 31st July, 2008

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN OUR REPORT OF EVEN DATE

TO THE MEMBERS OF HGI INDUSTRIES LIMITED

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by the management during the year and as informed, no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
2. The Company does not have any inventory and hence clause 4 (ii) of the order is not applicable.
3. (a) As informed to us, 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 Companies Act, 1956 and hence the requirements of sub clauses (b) to (d) of clause (iii) of the Order are not applicable.
- (b) As informed to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the requirements of sub clauses (f) & (g) of clause (iii) of the Order are not applicable.
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 fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls in respect of this area. During the year, the Company has not made any sale of goods or rendered any services or purchased any inventory and hence, this clause is not applicable with respect to the above areas.
5. According to the information and explanations given to us, there are no transactions during the year that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
6. As informed, the Company has not accepted any deposit from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. Since the company is not engaged in any manufacturing activity during the year, the clause for maintenance of cost

records under Section 209(1)d of the Companies Act, 1956, is not applicable.

9. (a) The Company has been regular in depositing 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 to it with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the end of the year, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, and Cess on account of any dispute, are as follows :

Name of the statute	Nature of dues	Period to which the amount relates	Amount (Rs. in thousands)	Forum where dispute is pending
Maharashtra Sales Tax	Sales Tax	1990-1991	337	Deputy Commissioner of Sales Tax

10. *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth.* The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, the Company has no outstanding dues in respect of any financial institution or bank. There were no debentures outstanding during the year.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society and therefore, the provisions of clause 4 (xiii) of the Order are not applicable.

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN OUR REPORT OF EVEN DATE (CONTD.)

14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used to finance long-term investment.
18. The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. R. BATLIBOI & CO.**
CHARTERED ACCOUNTANTS
Per (R. K. AGRAWAL)
a Partner
Membership No. : 16667

22, Camac Street
Block - 'C', 3rd Floor
Kolkata - 700 016
Date : 31st July, 2008

HGI INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

SOURCES OF FUNDS	Schedule	(Rs. in Thousands)	
		As at 31.3.2008	As at 31.3.2007
1. Shareholders' Funds			
(a) Share Capital	1	37,877	37,877
(b) Reserves & Surplus	2	164,881	164,881
		<u>202,758</u>	<u>202,758</u>
2. Loan Funds	3		
Unsecured Loans		5,121	4,971
		<u>5,121</u>	<u>4,971</u>
		<u>207,879</u>	<u>207,729</u>
APPLICATION OF FUNDS			
1. Fixed Assets	4		
(a) Gross Block		1,512	1,872
(b) Less : Accumulated Depreciation		786	1,043
(c) Net Block		<u>726</u>	<u>829</u>
2. Investments	5	<u>120</u>	<u>120</u>
3. Current Assets, Loans & Advances			
(a) Cash & Bank Balances	6	6,251	5,381
(b) Loans & Advances	7	6,532	4,044
		<u>12,783</u>	<u>9,425</u>
Less : Current Liabilities & Provisions			
(a) Current Liabilities	8	8,596	5,571
(b) Provisions	9	30	41
		<u>8,626</u>	<u>5,612</u>
Net Current Assets		<u>4,157</u>	<u>3,813</u>
4. Profit & Loss Account Debit Balance		<u>202,876</u>	<u>202,967</u>
		<u>207,879</u>	<u>207,729</u>
Accounting Policies & Notes on Accounts	10		

Schedules 1 to 10 referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For S. R. BATLIBOI & CO.

Chartered Accountants

per R. K. AGRAWAL

a Partner

Membership No. 16667

22, Camac Street, Block - 'C', 3rd Floor

Kolkata - 700 016

Dated : 31st July, 2008

R. AGGARWAL
Jt. Executive President (F&C)
and Company Secretary

H. C. DAGA
Sr. President

J. P. KANORIA
A. K. NEWAR
YASHWANT DAGA
RAVI KASTIA
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

		(Rs. in Thousands)	
	<u>Schedule</u>	2007-2008	2006-2007
I. INCOME			
Rent & Other Income	11	1,892	1,970
		<u>1,892</u>	<u>1,970</u>
II. EXPENDITURE			
Administrative Expenses	12	1,531	1,084
Interest		196	330
Directors' Remuneration	13	42	42
		<u>1,769</u>	<u>1,456</u>
III. PROFIT/(LOSS)			
Profit before Depreciation & Taxation		123	514
Less : Depreciation		29	41
Profit before Taxation		94	473
Less : Fringe Benefit Tax		3	2
Profit after Taxation		91	471
Less : Loss brought forward from previous year		202,967	203,438
Loss carried to Balance Sheet		<u>202,876</u>	<u>202,967</u>
Earning Per Share (Rs. 10/- each) - Basic and Diluted (in Rs.) (Refer Note No. 9 on Schedule -10)		0.02	0.12

Accounting Policies & Notes on Accounts

10

Schedules 10 to 13 referred to above form an integral part of the Profit & Loss Account.

As per our Report of even date

For S. R. BATLIBOI & CO.

Chartered Accountants

per R. K. AGRAWAL

a Partner

Membership No. 16667

22, Camac Street, Block - 'C', 3rd Floor

Kolkata - 700 016

Dated : 31st July, 2008

R. AGGARWAL
Jt. Executive President (F&C)
and Company Secretary

H. C. DAGA
Sr. President

J. P. KANORIA
A. K. NEWAR
YASHWANT DAGA
RAVI KASTIA
Directors

HGI INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	(Rs. in Thousands)	
	2007-2008	2006-2007
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	94	473
Add : Adjustments for :		
- Depreciation	29	41
- Loss on Sale of Fixed Assets sold/discarded	56	-
- Interest Expenses	196	330
- Interest Income	(612)	(341)
Operating Profit/(Loss) before Working Capital changes	(237)	503
Decrease/(Increase) in Trade and other Receivables	(3,365)	297
Increase/(Decrease) in Trade Payables	3,013	(1,120)
	<u>(352)</u>	<u>(823)</u>
Cash Generation from operations	(589)	(320)
Direct Tax (Payments)/Refunds	560	(3)
Net Cash Flow From Operating Activities	(29)	(323)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	18	-
Interest received	927	58
Net Cash Flow from Investing Activities	945	58
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(46)	(179)
Net Cash Flow From Financing Activities	(46)	(179)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	870	(444)
* Cash and Cash Equivalents as at 1st April, 2007	5,381	5,825
* Cash and Cash Equivalents as at 31st March, 2008	<u>6,251</u>	<u>5,381</u>

*Represents Cash & Bank Balances as per Schedule 6 of Annual Accounts.

Note : Cash and Cash Equivalent at the end of the year include Fixed Deposits amounting to Rs. 4968 thousands which has been made against guarantees issued by the bank and hence is not available for use.

As per our Report of even date

For S. R. BATLIBOI & CO.

Chartered Accountants

per R. K. AGRAWAL

a Partner

Membership No. 16667

22, Camac Street, Block - 'C', 3rd Floor

Kolkata - 700 016

Dated : 31st July, 2008

R. AGGARWAL
Jt. Executive President (F&C)
and Company Secretary

H. C. DAGA
Sr. President

J. P. KANORIA
A. K. NEWAR
YASHWANT DAGA
RAVI KASTIA
Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	(Rs. in Thousands)	
	As at 31.3.2008	As at 31.3.2007
1. CAPITAL		
Authorised		
50,000 Preference Shares of Rs. 100/- each	5,000	5,000
95,00,000 Equity Shares of Rs. 10/- each	<u>95,000</u> <u>100,000</u>	<u>95,000</u> <u>100,000</u>
Issued, Subscribed & Paid-up		
37,87,655 Equity Shares of Rs. 10/- each fully paid-up	<u>37,877</u>	<u>37,877</u>
<p>Out of the above Equity Shares, 1,012,500 Shares were issued at par as fully paid up Bonus Shares and the paid up value of 1,575,000 Equity Shares was increased from Rs. 7/- to Rs. 10/- each, by capitalisation of Securities Premium, Capital Reserve and General Reserve.</p>		
2. RESERVES & SURPLUS		
Capital Reserve		
As per last Balance Sheet	30,922	30,922
Capital Redemption Reserve		
As per last Balance Sheet	1,200	1,200
Securities Premium Account		
As per last Balance Sheet	<u>132,759</u>	<u>132,759</u>
	<u>164,881</u>	<u>164,881</u>
3. LOAN FUNDS		
Unsecured Loans		
Short Term		
From a Body Corporate	3,000	3,000
Interest accrued & due	<u>2,121</u>	<u>1,971</u>
	<u>5,121</u>	<u>4,971</u>

HGI INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 (CONTD.)

(Rs. in Thousands)

4. FIXED ASSETS

Description of Assets	Gross Block			Depreciation				Net Block	
	As at 31.3.2007	Sales/ Adjustments	As at 31.3.2008	Upto 31.3.2007	For the year	Less : on Sales/ Adjustments	Upto 31.3.2008	As at 31.3.2008	As at 31.3.2007
Buildings	1,095	-	1,095 *	428	18	-	446	649	667
Office Equipments	296	164	132	162	7	100	69	63	134
Computer	481	196	285	453	4	186	271	14	28
Total	1,872	360	1,512	1,043	29	286	786	726	829
Previous year's Total	1,872	-	1,872	1,002	41	-	1,043	829	-

* Represents cost of shares in a Housing Co-operative Society.

5. INVESTMENTS - AT COST

LONG TERM

TRADE INVESTMENTS

Unquoted :

Equity Shares (Fully paid)

- Birla Management Centre Services Ltd.	7,000	10	70	70
			<u>70</u>	<u>70</u>

Preference Shares (Fully paid)

- Cummulative Redeemable Preference Shares of West Bengal Development Corporation Limited	50	100	5	5
			<u>75</u>	<u>75</u>

OTHER THAN TRADE

Unquoted :

Equity Shares (Fully paid)

- Padmavati Investment Ltd.	15	10	20	20
- Mohan Machines Ltd.	500	10	5	5
- Aditya Birla Power Company Ltd.	2,000	10	20	20
			<u>45</u>	<u>45</u>
			<u>120</u>	<u>120</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 (CONTD.)

	(Rs. in Thousands)	
	As at 31.3.2008	As at 31.3.2007
6. CASH & BANK BALANCES		
Cash-in-Hand	16	8
Cheques-in-Hand	6	-
With Scheduled banks on :		
- Current Account	1,261	88
- Fixed Deposit Account	4,968 *	5,255
- Unpaid Dividend Account	-	30
	6,251	5,381
* Against Bank Guarantees issued by banks.		
7. LOANS & ADVANCES		
(Unsecured, Considered Good)		
Interest accrued on Deposits etc.	391	706
Advances (Recoverable in cash or in kind or for value to be received or pending adjustments)	4,391	121
Advance Payment of Income Tax and Tax Deducted at Source	826	1,388
Deposits against demand under dispute	366	366
Other Deposits	558	1,463
	6,532	4,044
8. CURRENT LIABILITIES		
Sundry Creditors for Goods, Services, Expenses, etc.	-	-
- Due to Micro, Medium & Small Enterprises	8,596	5,541
- Due to Others	-	-
Investor's Education and Protection Fund :		
- Unpaid Dividend	-	30
	8,596	5,571
9. PROVISIONS		
Gratuity	-	13
Leave Salary	30	28
	30	41

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008**

10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. Accounting Policies

(i) Basis of Preparation

The financial statements have been prepared to comply in all material aspect with the Accounting Standards notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. Except otherwise mentioned, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Revenue Recognition

- a) Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.
- c) Due to uncertainty in realisation, claims are accounted for on cash/acceptance basis.

(iii) Fixed Assets

- a) Fixed Assets are stated at cost of acquisition inclusive of duties (net of cenvat), taxes, incidental expenses, erection/commissioning expenses and interest etc. upto the date the asset is ready for its intended use.
- b) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

(iv) Depreciation

- a) Depreciation on Fixed Assets is provided under Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 (As amended).
- b) Depreciation on Fixed Assets added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal thereof.

(v) Investments

Current Investments are carried at lower of cost and market value on individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(vi) Retirement Benefits and other employee benefits

- a) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective trusts/funds.
- b) Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- d) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)**

10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

(vii) Borrowing Costs

Borrowing Costs relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(viii) Foreign Currency Transactions

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or as expenses in the year in which they arise.

d) Forward Exchange Contracts for Trading or Speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

(ix) Taxation

Tax expenses comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Income tax reflects the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(x) Earnings Per Share

Basic Earning per Share is calculated by dividing the net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

HGI INDUSTRIES LIMITED

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)**

10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

(xi) Provisions

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

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(xii) Contingencies

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

2. Contingent Liabilities not provided for in respect of :

(Rs. in Thousands)

	As at 31.3.2008	As at 31.3.2007
a) Demands/Claims by various Government authorities and others not acknowledged as debts and contested by the company :		
i) Sales Tax	637	637
ii) Claims from ex-employees	2,470	2,353
iii) Others	4,873	4,681
	7,980	7,671
Against the above, payments have been made under protest to the respective parties.	366	366
b) Unredeemed Bank Guarantees	4,968	5,255

3. Based on the information/document available with the company, no creditor is covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result, no interest provisions/payments have been made by the company to such creditors, if any, and no disclosures are made in these accounts.

4. The accumulated losses of the Company as at 31st March, 2008, being Rs. 2,02,876 thousands, the net worth of the Company has become negative as on the said date. The Company is exploring various business opportunities for its operations and hence, these accounts have been prepared on a going concern basis.

In case, the Company is unable to continue as a going concern in future, the resultant adjustments, if any, are presently not ascertainable.

5. In terms of AS - 22 "Accounting for Deferred Taxes", Deferred Tax Assets (Net) of Rs. 100,661 thousands (upto 31st March, 2008) has arisen to the company against accumulated losses and unabsorbed depreciation. However, the same has not been recognised in the accounts, due to uncertain future taxable income.

6. As the Company's business activity during the year primarily falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard - 17 'Segment Reporting'.

7. (a) In the current year, the Company has adopted Accounting Standard 15 (revised) - Employee Benefits, which is mandatory from accounting periods commencing on or after December 7, 2006. Accordingly, the Company has provided for gratuity and long term compensated leave encashment based on actuarial valuation done as per projected unit credit method. This change does not have any material impact on the profit for the current year.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms as per provisions of the The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company. The following tables summarize the components of net benefit and expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for the respective plans.

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)**

10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

(Rs. in Thousands)

	Gratuity
(i) Net Employee Expense/(benefit)	
Current service cost	5
Interest cost on benefit obligation	1
Expected return on plan assets	(6)
Net Actuarial gain recognised in the year	-
Total employer expense/(Income)	-
(ii) Actual return on plan assets	8%
(iii) Benefit Asset/(Liability)	
Defined benefit obligation	19
Fair value of Plan Assets	19
Benefit Asset/(Liability)	-
(iv) Movement in benefit liability	
Opening defined benefit obligation	10
Interest cost	1
Current service cost	5
Benefits paid	-
Actuarial (gains)/losses on obligation	3
Closing benefit obligation	19
(v) Movement in fair value of plan assets	
Opening fair value of plan assets	13
Return on plan assets (actual)	6
Contribution by employer	-
Benefits paid	-
Actuarial gains on assets	-
Closing fair value of plan assets	19
(vi) The Principal actuarial assumptions are as follows :	
Discount rate	8.50%
Salary Increase	6%
Withdrawal rates	Varying between 1 per thousand and 10 per thousand employees depending upon duration and age of the employees

(vii) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.

(viii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

Particulars	31 st March, 2008
Investments with insurer	100%

(ix) The Company expects to contribute Rs. 6 thousands to Gratuity fund in 2008-2009.

(x) Since AS-15 (revised) on employee benefits is applicable from 1st April, 2007, the disclosures above are given only for the current year only.

(b) Amount incurred as expenses for defined contribution to Provident/Pension fund plan Rs. 37 thousands.

HGI INDUSTRIES LIMITED

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)**

10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

8. Related Party Disclosures

(a) Names of the related parties

Key Management Personnel : Shri H. C. Daga, Sr. President
Shri R. Aggarwal, Jt. Executive President (F & C) & Co. Secretary

Entity in which Key Management Personnel have significant influence : Essel Mining & Industries Limited

(b) Aggregated Related Party Disclosures for the year ended 31st March, 2008

(Rs. in Thousands)

Particulars	Key Management Personnel		Entity in which Key Management Personnel have significant influence	
	Transaction value during the year 2007-08	Balance as on 31.03.2008	Transaction value during the year 2007-08	Balance as on 31.03.2008
Interest Paid				
Essel Mining & Industries Limited			195 (195)	2,121 (1,971)
Salary & Other Allowances				
Shri R. Aggarwal	173 (142)	- (-)		
Rent and Maintenance Charges Received			1,267 (876)	- (-)
Inter-corporate Deposit taken during the year			- (-)	3,000 (3,000)
Advances taken				
Essel Mining & Industries Limited			3,226 (504)	6,630 (3,404)

9. Basis for calculation of Basic and Diluted Earning per share is as under :

Particulars	2007-2008	2006-2007
Profit after Tax as per Profit & Loss Account (Rs. in Thousands)	91	471
Weighted Average number of Equity Shares (Nos.)	3,787,655	3,787,655
Basic & Diluted Earning Per Share (Rs.)	0.02	0.12

10. Information pursuant to the provisions of paragraphs 3,4C and 4D of Part-II of Schedule VI of The Companies Act, 1956 :

Remittance on account of Dividends to Non-Residential Shareholders :

Particulars	2007-2008	2006-2007
No. of Shareholders	3	3
Number of Shares held	662	662
Amount remitted	-	-

11. Previous year's figures which are given in brackets, have been re-grouped/re-arranged wherever necessary.

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)**

	(Rs. in Thousands)	
	2007-2008	2006-2007
11. RENT & OTHER INCOME		
Rent (Gross) [Tax Deducted at Source Rs. 237 (Rs.182)]	1,267	876
Interest from Banks & Others (Gross)	612	341
[Tax deducted at source Rs. 198 (Rs.13)]	13	753
Liabilities and Provisions no longer required written back	<u>1,892</u>	<u>1,970</u>
12. ADMINISTRATIVE EXPENSES		
<i>Payments to and Provisions for Employees</i>		
Salaries, Wages & Bonus	137	112
Contribution to Provident & other Funds (Including Administrative Charges)	37	27
Gratuity & Pension	4	8
Employees' Welfare Expenses	<u>33</u>	<u>20</u>
Rent	487	276
Rates & Taxes	10	9
Insurance	8	18
Auditor's Remunerations		
- As Auditors	50	50
- For Certificates etc.	20	20
- For Expenses	<u>10</u>	<u>9</u>
Subscription	19	19
Travelling & Conveyance	1	-
Telephone, Postage & Stamp	11	11
Printing & Stationery	17	16
Legal & Professional Charges	238	191
Debts & Advances written off	1	194
Sales Tax for earlier years	307	65
Loss on Fixed Assets sold/written off (Net)	56	-
Bank Charges	29	20
Miscellaneous Expenses (Net)	<u>56</u>	<u>19</u>
	<u>1,531</u>	<u>1,084</u>
13. DIRECTORS' REMUNERATION		
Non-Executive Directors		
Fees	42	42
	<u>42</u>	<u>42</u>

Note : Signatories to all Schedules from 1 to 13

As per our Report of even date

For S. R. BATLIBOI & CO.

Chartered Accountants

per R. K. AGRAWAL

a Partner

Membership No. 16667

22, Camac Street, Block - 'C', 3rd Floor,

Kolkata - 700 016

Dated : 31st July, 2008

R. AGGARWAL
Jt. Executive President (F&C)
and Company Secretary

H. C. DAGA
Sr. President

J. P. KANORIA
A. K. NEWAR
YASHWANT DAGA
RAVI KASTIA
Directors

HGI INDUSTRIES LIMITED

INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008

Registration Details

State Code	021
Registration Number	11754
Balance Sheet Date	31st March, 2008

Capital Raised during the year

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

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

Total Liabilities	216,504
Total Assets *	216,504

*Including Profit & Loss Account Debit Balance Rs. 202,955

Sources of Funds :

Paid up Capital	37,877
Reserves & Surplus	164,881
Secured Loan	NIL
Unsecured Loans	5,121

Application of Funds :

Net Fixed Assets	726
Investments	120
Net Current Assets	4,157
Miscellaneous Expenditure	NIL
Accumulated Losses	202,876

Performance of the Company (Rs.in Thousands)

Rent & Other Income	1,892
Total Expenditure	1,799
Profit before Tax	93
Profit after Tax	91
Basic & Diluted Earning per Share (in Rs.)	0.02
Dividend Rate (%)	-

Generic Names of Principal Product of the Company (as per monetary terms)

Item Code No.	N.A.
Product Description	N.A.

BOOK POST

If undelivered, please return to :

HGI INDUSTRIES LIMITED

“Industry House”

10, Camac Street

Kolkata - 700 017