

HGI Industries Limited

ANNUAL REPORT 2008 - 2009

HGI INDUSTRIES



ADITYA BIRLA GROUP

MANAGEMENT TEAM**DIRECTORS**

Shri Jyoti Prakash Kanoria
 Shri A. K. Newar
 Shri Yashwant Daga
 Shri Ravi Kastia

COMPANY SECRETARY

Shri Ramesh Aggarwal
*Jt. Executive President (F&C) & Company Secretary
 (upto 01.08.2009)*
 Shri Ashok Kumar Baid
*V. President (F&A) & Company Secretary
 (w.e.f 01.08.2009)*

AUDITORS

M/s. S. R. Batliboi & Co.

EXECUTIVES

Shri H. C. Daga
Sr. President

REGISTERED OFFICE

"Industry House"
 18th Floor
 10, Camac Street
 Kolkata - 700 017

BANKERS

United Bank of India

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MANAGEMENT DISCUSSION AND ANALYSIS**FINANCIAL REVIEW AND ANALYSIS**

The performance highlights of your Company during the year are as under -

(Rs. in Thousands)

Particulars	2008-2009	2007-2008*
Total Income	2,971	1,892
Total Expenditure	2,039	1,573
Operating Profit (PBDIT)	932	319
Interest	146	196
Gross Profit (PBDT)	786	123
Depreciation	24	29
Profit before Tax	762	94
Provision for Current Tax	-	-
Fringe Benefit Tax	3	3
Profit after Current Tax	759	91
Deferred Tax	-	-
Net Profit after Tax	759	91

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

REVIEW OF OPERATIONS

Your Company has earned an Income of Rs. 29,71,201/- during the financial year 2008-09, as against Rs. 18,91,980/- in 2007-08. The increase in income was mainly due to an increase in the rental income.

OUTLOOK

Your Company is looking for suitable business opportunities for growth.

RISK MANAGEMENT

Your Company envisages no major risk in the present operations of the Company. The management reviews the Risk management framework and recognizes that it is an integral part of business and an aid to improvement and achieving targets. The Audit Committee also reviews the Risk Management framework.

INTERNAL CONTROL SYSTEM

The internal control system of your Company is adequate and 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 Audit Committee and the Management regularly reviews the findings of the Internal Auditors and steps/measures are taken to implement the suggestions/observations of the Internal Auditors, which is being 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, 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

Corporate Governance refers to the set of process, laws, practices, policies etc observed by a corporate which indicates the manner in which the corporate is directed, administered or controlled. It is a multi-faceted theory which highlights the efficiency and level of ethics at which the corporate operates thereby generating economic efficiency clubbed with a strong emphasis on shareholders welfare and all other stakeholders.

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 to 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 endeavours to attain excellence in corporate governance through adoption of best governance and disclosure practices in accordance with the requirements. In terms of Clause 49 of the Listing Agreement executed with the Calcutta Stock Exchange, your Company observes the following compliances :

BOARD OF DIRECTORS

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

The Board of Directors of your Company comprises of a 100% Non-Executive and Independent Board with eminent Directors proficient in their respective fields. Independent Director means a director as defined in Clause 49(I)(A)(iii) of the Listing Agreement. None of the Directors is a member of more than 10 Committees or acts as 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	8	-	-
Shri A. K. Newar	Both	6	8	-	-
Shri Yashwant Daga	Both	6	5	-	-
Shri Ravi Kastia	Both	2	5	1	-

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 Ravi Kastia	100

Board Meetings

During the year, four Board Meetings were held as detailed below. Your Company made available to the Board, all information as required under Clause 49 of the Listing Agreement and placed before the Board financial and other statements, containing status of various matters and compliance certificates covering all laws applicable to the Company.

Dates on which the Board Meetings were held

Date of Board Meeting	City	No. of Directors present
19.04.2008	Kolkata	3
31.07.2008	Kolkata	2
31.10.2008	Kolkata	3
22.01.2009	Kolkata	2

In the notice to the shareholders, your Company provides a brief resume, details of the expertise in specific functional areas of the Directors proposed to be appointed or re-appointed, names of other companies in which they hold Directorship and list of their membership in Committees of Boards of other Companies.

REPORT ON CORPORATE GOVERNANCE (CONTD.)**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	16,000/-
Shri A. K. Newar	Yes	4	2	4	2	8,000/-
Shri Yashwant Daga	-	4	3	4	3	12,000/-
Shri Ravi Kastia	-	4	1	4	1	4,000/-

* Annual General Meeting (AGM) was held on 25th September, 2008 at the Company's Registered Office at Industry House, 10, Camac Street, Kolkata - 700 017.

The Board of Directors has laid down a Code of Conduct ("the Code") which was circulated to all the Board Members and Senior Management of the Company and a declaration of affirmation is attached and forms a part of this report.

REMUNERATION COMMITTEE

Terms of reference of the Remuneration Committee includes determination of your Company's policy for specific remuneration packages, any commission/compensation to Directors/Executive Directors, sitting fees and other expenses payable to the Directors for attending meeting of the Board or Committees thereof. The Chairman of the Remuneration Committee attended the Annual General Meeting of the Company.

The Remuneration Committee comprises of 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. Sitting fees paid to Directors is within the limits prescribed under the Companies Act, 1956 and the details of sitting fees paid during FY 2008-09 for attending meetings of the Board and Committee of Directors is given above in this Report. 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

Your Company has a qualified and Independent Audit Committee comprising of all Independent Directors as members and 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 terms of reference, powers and role of the Audit Committee are in accordance with Clause 49 of the Listing Agreement which are given below :

The Audit Committee is endowed with the following powers :

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Role of Audit Committee are as follows :

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - a. Matters required to be included in the Director's Responsibility Statement forming part of the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee reviews the following information :

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors, if any;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
6. Risk Management Policy of the Company, if any.

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

<input type="checkbox"/> Shri J. P. Kanoria	Chairman
<input type="checkbox"/> Shri Yashwant Daga	Member
<input type="checkbox"/> Shri A. K. Newar	Member
<input type="checkbox"/> 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 Company Secretary is the finance head and attends all the meetings of

the Audit Committee. The Chairman of the Audit Committee attends the Annual General Meeting.

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
19.04.2008	Kolkata	3
31.07.2008	Kolkata	2
31.10.2008	Kolkata	3
22.01.2009	Kolkata	2

SHARE TRANSFER AND SHAREHOLDERS COMMITTEE

The Shareholders/Investors Grievances Committee constituted under the chairmanship of a Non-Executive & Independent Director looks into issue 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 given below :

<input type="checkbox"/> Shri J. P. Kanoria	Chairman
<input type="checkbox"/> Shri Yashwant Daga	Member
<input type="checkbox"/> Shri Ravi Kastia	Member
<input type="checkbox"/> 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 shares of the Company are compulsorily traded in the dematerialized form and have to be delivered in the dematerialized form in Stock Exchange. For transfer in the physical segment the authority has been delegated to the Shareholder/Investors Grievances Committee of the Board, in order to expedite action taken. Share transfers/transmission approved by the Committee are placed at the Board Meeting from time to time. A statement of complaints received from the investors, is also placed at the Board Meeting.

There were no share transfers pending as on 31st March, 2009. Details of number of shares transferred during the year, time taken for effecting transfers and the 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 down 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 2008-09 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
28th July, 2009

H. C. DAGA	RAMESH AGGARWAL
<i>Senior President</i>	<i>Jt. Executive President (F&C) and Company Secretary</i>

DECLARATION REGARDING CODE OF CONDUCT

The Code of Conduct (Code) laid down by the Board has been circulated to the members 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 31.03.2009.

For **HGI INDUSTRIES LIMITED**

Kolkata
28th July, 2009

H. C. DAGA
Senior President

REPORT ON CORPORATE GOVERNANCE (CONTD.)**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.

OTHER DISCLOSURES**1. Details of General Body Meetings :****1.1. Location and time, of last three AGMs :**

Year	Location	Date	Time
2007-08	Registered Office Industry House, 10, Camac Street Kolkata - 700 017	25.09.2008	3.00 P.M.
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.

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
25.09.2008	Re-appointment of M/s S.R. Batliboi & Co., Chartered Accountants, Kolkata as Statutory Auditors of the Company for the fiscal 2008-09.
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.

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 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. Disclosure of accounting treatment

Your Company has followed all relevant accounting standards in preparing the financial statements.

6. Risk management

During the year, the Audit Committee reviewed the efficacy of the Risk Management framework and the key risks associated, if any.

7. Proceeds from public issue, rights issue, preferential issue etc.

During the year, your Company did not raise any funds by way of public, rights or preferential issues etc.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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 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' Informatin 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, 2009, 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 : 28th July, 2009

SHAREHOLDERS' INFORMATION

1	Annual General Meeting :	
	Date and Time	14 th September, 2009 3.00 P.M.
	Venue	Registered Office : "Industry House" 10, Camac Street Kolkata - 700 017 West Bengal, India
2	Financial Calendar :	April 2009 to March 2010
	Financial reporting for the quarter ending June 30, 2009	Last week of July, 2009
	Financial reporting for the quarter ending September 30, 2009	Last week of October, 2009
	Financial reporting for the quarter ending December 31, 2009	Last week of January, 2010
	Financial reporting for the quarter ending March 31, 2010	Last week of April, 2010
	Financial reporting for the year ending March 31, 2010	Last week of July, 2010
	Annual General Meeting for the year ended March 31, 2010	August 2010
3	Dates of Book Closure :	7.09.2009 to 14.09.2009 (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 : hgih@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	Av. Volume
	F.Y. 2008- 2009	20.80	20.80	20.80	0
	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)		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 950 (Previous year 207). The transfers were completed within 15 days from the date of receipt.		

Transfer period (in days)	2008-2009				2007-2008			
	No. of transfers	No. of Shares	%	Cumulative Total	No. of transfers	No. of Shares	%	Cumulative Total
1 – 10	3	950	100.00	100.00	1	200	96.62	96.62
11 – 15	-	-	-	-	1	7	3.38	100.00
16 – 20	-	-	-	-	-	-	-	-
21 – 30	-	-	-	-	-	-	-	-
30 & above	-	-	-	-	-	-	-	-
Total	3	950	100.00		2	207	100.00	-

Number of pending Share Transfers as on 31st March, 2009 is Nil.

12	Investor Services : Complaints received during the year :				
	Nature of Complaints	2008-2009		2007-2008	
		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	0	0

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 2009				31 st March 2008			
		No. of Share holders	% of Share holders	No. of Share held	% Share holding	No. of Share holders	% of Share holders	No. of Share held	% Share holding
1-500	1258	82.87	201955	5.33	1251	82.85	202610	5.35	
501-1000	116	7.64	87687	2.31	113	7.48	85434	2.25	
1001-2000	70	4.61	99453	2.63	72	4.77	102331	2.70	
2001-3000	18	1.19	45815	1.21	19	1.26	47980	1.27	
3001-4000	9	0.59	31020	0.82	8	0.53	27575	0.73	
4001-5000	8	0.53	38104	1.01	8	0.53	38104	1.01	
5001-10000	14	0.92	95632	2.52	14	0.93	95632	2.52	
10001-50000	12	0.79	273501	7.22	12	0.79	273501	7.22	
50001-100000	6	0.40	419317	11.07	6	0.40	419317	11.07	
100001 and Above	7	0.46	2495171	65.88	7	0.46	2495171	65.88	
Total	1518	100.00	3787655	100.00	1510	100.00	3787655	100.00	

Category of Shareholding as on 31st March, 2009

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters	15	0.99	662850	17.50
Financial Institutions, Banks & Mutual Funds	14 @	0.92	1592739	42.05
NRI/OCB	2	0.13	162	0.00
Private Body Corporate	71	4.68	935226	24.69
Individuals	1416	93.28	596678	15.76
Total	1518	100.00	3787655	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/Dematerialization 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	2008-09	2007-08	2006-07	2005-06	2004-05 (9 Months)
Net Earnings [PAT] (Rs. in Lac)	7.59	0.91	4.71	24.17	1.36
Cash Earnings [PBDT] (Rs. in Lac)	7.86	1.23	5.14	24.74	2.08
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 ?*

1. In terms of Section 205A of the Companies Act, 1956, unclaimed Equity Dividend for the financial year(s) upto the financial year 1994-95, have been transferred to the General Revenue Account of the Central Government. Shareholders, who have so far not claimed or collected their dividend for the said financial year(s) may claim the same 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.
2. Pursuant to Section 205A & 205C of the Companies Act, 1956, unclaimed equity dividend for the financial years 1995-96 upto 1999-2000, has been transferred by the Company to the Investor Education & Protection Fund (IEPF) constituted by the Central Government. No claim by the Shareholders shall lie against IEPF in respect of the said unclaimed amount.

Change of Address

- (a) 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.
- (b) 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

- (a) 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/interception during postal transit.
- (b) Dematerialization requests duly complete in all respects are normally processed within 7 days from the date of their receipt at Registered Office.
- (c) 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 are pleased to present the Sixty-Fifth Annual Report together with the Audited Annual Accounts of your Company for the year ended 31st March 2009.

FINANCIAL RESULTS

(Rs. in Thousand)

Particulars	2008-09	2007-08*
Total Income	2,971	1,892
Less : Expenditure	2,185	1,769
Gross Profit before Depreciation	786	123
Less : Depreciation	24	29
Profit before Taxation	762	94
Less : Fringe Benefit Tax	3	3
Profit after Taxation	759	91
Less : Loss Brought Forward from Previous year	(202,876)	202,967
Loss carried to Balance Sheet	(202,117)	202,876

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

OPERATIONS AND OVERALL PERFORMANCE

During the financial year 2008-09, the Company had a total income of Rs. 29,71,201/- as against that of Rs.18,92,482/- during the previous year.

FUTURE PROSPECTS

Your Company is looking for suitable business opportunities for growth.

DIVIDEND

Your Directors do not recommend any Dividend in view of insufficient profit during the year and accumulated losses.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report, forms a part of this 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, 1956 as amended, are not applicable to your Company.

DIRECTORS

Shri A. K. Newar and Shri Yashwant Daga, retire by rotation and being eligible offer themselves for re-appointment.

COMPANY SECRETARY

Shri Ashok Kumar Baid has been appointed as Vice President (F&A) & Company Secretary of the Company w.e.f. 1st August 2009, in place of Shri Ramesh Aggarwal, Jt. Executive President (F&C) & Company Secretary.

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, 2009 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

The Company has received a certificate dated 28th July, 2009, from the Statutory Auditors of your Company, regarding compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchange.

Your Company has been practicing the principles of good Corporate Governance over the years and a separate section on Corporate Governance forms part of the Annual Report together with the certificate from Statutory Auditors. The Board of Directors support 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

Based on the recommendation of the Audit Committee, your Directors propose the re-appointment of the Auditors of the Company M/s. S. R. Batliboi & Co., Chartered Accountants, Kolkata, who 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.

Your approval will be sought at the Annual General Meeting.

APPRECIATION

Your Directors place on record their appreciation for the unstinted support and the dedicated efforts put in by the employees.

Your Directors wish to take this opportunity to express their gratitude for overwhelming co-operation and patronage received from the Central and State Governments, Banks, Shareholders and business associates during the year under review.

On behalf of the Board
J. P. KANORIA
A. K. NEWAR
YASHWANT DAGA
Directors

Place : Kolkata
Date : 28th July, 2009

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 2009 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 accumulated losses amounts to Rs. 202,117 thousands as on 31st March, 2009 against Shareholder's Funds of Rs.202,758 thousands, 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 amounts 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 modified.*
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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009;
 - 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 : 28th July, 2009

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 4(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 4(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. Further, the Company didnot have any outstanding debentures 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.

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

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.
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 the 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 : 28th July, 2009

HGI INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Thousands)

SOURCES OF FUNDS	Schedule	As at 31.3.2009	As at 31.3.2008
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		4,434	5,121
		<u>4,434</u>	<u>5,121</u>
		<u>207,192</u>	<u>207,879</u>
APPLICATION OF FUNDS			
1. Fixed Assets	4		
(a) Gross Block		1,608	1,512
(b) Less : Accumulated Depreciation		790	786
(c) Net Block		<u>818</u>	<u>726</u>
2. Investments	5	<u>120</u>	<u>120</u>
3. Current Assets, Loans & Advances			
(a) Cash & Bank Balances	6	5,516	6,251
(b) Loans & Advances	7	3,788	6,532
		<u>9,304</u>	<u>12,783</u>
Less : Current Liabilities & Provisions			
(a) Current Liabilities	8	5,102	8,596
(b) Provisions	9	65	30
		<u>5,167</u>	<u>8,626</u>
Net Current Assets		<u>4,137</u>	<u>4,157</u>
4. Profit & Loss Account Debit Balance		<u>202,117</u>	<u>202,876</u>
		<u>207,192</u>	<u>207,879</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 : 28th July, 2009

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

H. C. DAGA
Sr. President

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	<u>Schedule</u>	(Rs. in Thousands)	
		2008-2009	2007-2008
I. INCOME			
Rent & Other Income	11	<u>2,971</u>	<u>1,892</u>
		<u><u>2,971</u></u>	<u><u>1,892</u></u>
II. EXPENDITURE			
Administrative Expenses	12	<u>1,999</u>	<u>1,531</u>
Interest		<u>146</u>	<u>196</u>
Directors' Remuneration	13	<u>40</u>	<u>42</u>
		<u><u>2,185</u></u>	<u><u>1,769</u></u>
III. PROFIT/(LOSS)			
Profit before Depreciation & Taxation		<u>786</u>	<u>123</u>
Less : Depreciation		<u>24</u>	<u>29</u>
Profit before Taxation		<u>762</u>	<u>94</u>
Less : Fringe Benefit Tax		<u>3</u>	<u>3</u>
Profit after Taxation		<u>759</u>	<u>91</u>
Less : Loss brought forward from previous year		<u>202,876</u>	<u>202,967</u>
Loss carried to Balance Sheet		<u><u>202,117</u></u>	<u><u>202,876</u></u>
Earning Per Share (Rs.10/- each) - Basic and Diluted (in Rs.) (Refer Note No. 9 on Schedule -10)		<u>0.20</u>	<u>0.02</u>

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 : 28th July, 2009

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

H. C. DAGA
Sr. President

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	(Rs. in Thousands)	
	2008-2009	2007-2008
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	762	94
Add : Adjustments for :		
Depreciation	24	29
Loss on Sale of Fixed Assets sold/discarded	9	56
Item pertaining to previous year	(125)	-
Interest Expenses	146	196
Interest Income	(549)	(612)
	<u>(495)</u>	<u>(331)</u>
Operating Profit/(Loss) before Working Capital changes	267	(237)
Decrease/(Increase) in Advances and other Receivables	3,228	(3,365)
Increase/(Decrease) in Trade Payables	(3,459)	3,013
	<u>(231)</u>	<u>(352)</u>
Cash Generation from operations	36	(589)
Direct Tax (Payments)/Refunds	(404)	560
Net Cash Flow From Operating Activities	(368)	(29)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	-	18
Interest received	466	927
Net Cash Flow From Investing Activities	466	945
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Unsecured Loans	(800)	-
Interest Paid	(33)	(46)
Net Cash Flow From Financing Activities	(833)	(46)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(735)	870
Cash and Cash Equivalents as at 1st April, 2008 (Note 1)	6,251	5,381
Cash and Cash Equivalents as at 31st March, 2009 (Note 1)	5,516	6,251
Restricted Cash and Cash Equivalents (Note 2)	4,968	4,968

Notes :

1. Represents Cash & Bank Balances as per Schedule 6 of Annual Accounts.
2. Cash and Cash equivalents at the end of the year include fixed deposits amounting to Rs. 4,968 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 : 28th July, 2009

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

H. C. DAGA
Sr. President

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	(Rs. in Thousands)	
	As at 31.3.2009	As at 31.3.2008
1. CAPITAL		
Authorised		
50,000 (50,000) Preference Shares of Rs. 100/- each	5,000	5,000
95,00,000 (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 (37,87,655) Equity Shares of Rs. 10/- each fully paid-up	<u>37,877</u>	<u>37,877</u>
Out of the above Equity Shares, 1,012,500 (1,012,500) Shares were issued at par as fully paid up Bonus Shares and the paid up value of 1,575,000 (1,575,000) Equity Shares was increased from Rs. 7/- to Rs. 10/- each, by capitalisation of Securities Premium, Capital Reserve and General Reserve.		
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		
<u>Unsecured Loans</u>		
Short Term		
From a Body Corporate	2,200	3,000
Interest accrued & due	<u>2,234</u>	<u>2,121</u>
	<u>4,434</u>	<u>5,121</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009 (CONTD.)

(Rs. in Thousands)

4. FIXED ASSETS

Description of Assets	Gross Block			Depreciation				Net Block		
	As at 1st April 2008	Additions / Adjustments	Sales / Adjustments	As at 31st March, 2009	Upto 1st April, 2008	For the year	Less : on Sales/ Adjustments	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Freehold Land	-	125 *	-	125	-	-	-	-	125	-
Buildings	1,095	-	-	1,095 **	446	18	-	464	631	649
Office Equipments	132	-	29	103	69	6	20	55	48	63
Computer	285	-	-	285	271	-	-	271	14	14
Total	1,512	125	29	1,608	786	24	20	790	818	726
Previous year's Total	1,872	-	360	1,512	1,043	29	286	786	726	

* Represents the value of land written off in earlier years, but re-instated now, since the relevant title deed has been traced during the year.

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

5. INVESTMENTS - AT COST

	No.	Face Value (Rs.)	As at 31.3.2009	As at 31.3.2008
LONG TERM				
TRADE INVESTMENTS				
Unquoted :				
Equity Shares (Fully paid)				
Birla Management Centre Services Ltd.	7,000	10	<u>70</u>	<u>70</u>
			<u>70</u>	<u>70</u>
Preference Shares (Fully paid)				
Cummulative Redeemable Preference Shares of West Bengal Development Corporation Limited	50	100	<u>5</u>	<u>5</u>
			<u>75</u>	<u>75</u>
OTHER THAN TRADE				
Unquoted :				
Equity Shares (Fully paid)				
Padmavati Investment Ltd.	15	10	<u>20</u>	<u>20</u>
Mohan Machines Ltd.	500	10	<u>5</u>	<u>5</u>
Aditya Birla Power Company Ltd.	2,000	10	<u>20</u>	<u>20</u>
			<u>45</u>	<u>45</u>
			<u>120</u>	<u>120</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009 (CONTD.)

	(Rs. in Thousands)	
	As at 31.3.2009	As at 31.3.2008
6. CASH & BANK BALANCES		
Cash-in-hand	19	16
Cheques-in-Hand	-	6
With Scheduled banks on :		
- Current Account	241	1,261
- Fixed Deposit Account	5,256 *	4,968
	<u>5,516</u>	<u>6,251</u>
* Includes Rs. 4,968 thousands (Rs. 4,968 thousands) against Bank Guarantees issued by banks.		
7. LOANS & ADVANCES		
(Unsecured, Considered Good)		
Interest accrued on Deposits etc.	474	391
Advances (Recoverable in cash or in kind or for value to be received or pending adjustments)	1,163	4,391
Advance Payment of Income Tax and Tax Deducted at Source	1,227	826
Deposits against demand under dispute	366	366
Other Deposits	558	558
	<u>3,788</u>	<u>6,532</u>
8. CURRENT LIABILITIES		
Sundry Creditors for Goods, Services, Expenses etc.		
- Due to Micro & Small Enterprises (Refer Note No. 3 on schedule 10)	-	-
- Due to Others	5,029	8,525
Other Liabilities	73	71
	<u>5,102</u>	<u>8,596</u>
9. PROVISIONS		
Gratuity	26	-
Leave Salary	39	30
	<u>65</u>	<u>30</u>

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2009****10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS****1. Accounting Policies****ij] 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. The financial statements have been prepared under the Historical Cost convention on an accrual basis except in respect of insurance and other claims, which on grounds of prudence or uncertainty in realisation, are accounted for as and when accepted/received. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ii] Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operation during the reporting year end. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from these estimates.

iii] Revenue Recognition

- a) Dividend income is recognised 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.

iv] Fixed Assets

- a) Fixed Assets are stated at cost of acquisition inclusive of duties (net of cenvat), taxes, incidental expenses, erection/commissioning expenses 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.

v] Depreciation

- a) Depreciation on Fixed Assets is provided under Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 or at the rates based on the useful lives of the assets, estimated by the management whichever is higher.
- 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.

vi] 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 recognise a decline other than temporary in the value of the investments.

vii] 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 funds.
- b) Gratuity liability is a defined benefit obligation and is 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 which is done as per projected unit credit method at the end of each financial year.
- 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, 2009 (CONTD.)

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

viii] 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.

ix] 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 not intended for Trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised 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 recognised as income or as expense for the year.

x] 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 taxes 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 and Deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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 recognised 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes - down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

xi] 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 diluted potential equity shares.

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2009 (CONTD.)**
10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)
xii] Leases
Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account on a straight line basis over the leased term.

xiii] Provisions

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

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.

xiv] Cash and Cash equivalents

Cash and Cash equivalent in the Cash Flow Statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

xv] Contingencies

Liabilities which are material and whose future outcome can not 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 31.3.2009	As at 31.3.2008
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	2,470
iii) Others	5,067	4,873
	8,174	7,980
Against the above, payments have been made under protest to the respective parties.	366	366
b) Unredeemed Bank Guarantees	4,968	4,968

3. Based on the information/document available with the company, no creditor is covered under Micro and Small 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, 2009 amounts to Rs.2,02,117 thousands against shareholder's funds (total of Share Capital and Reserves & Surplus) of Rs. 202,758 thousands 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. 100,507 thousands (upto 31st March, 2009) 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.

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2009 (CONTD.)**
10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

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) 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 Payment of Gratuity Act, 1972. The scheme is unfunded.

The following tables summarize the components of net benefit and expenses recognized in the Profit & Loss Account and amounts recognized in the Balance Sheet for the Gratuity plan.

	(Rs. in Thousands)	
	Gratuity	
	2008-2009	2007-2008
(i) Net Employee Expense/(benefit)		
Current service cost	5	5
Interest cost on benefit obligation	1	1
Expected return on plan assets	–	(6)
Net Actuarial gain/(loss) recognised in the year	1	–
Total employer expenses/(income)	7	–
(ii) Actual return on plan assets	–	8%
(iii) Benefit Asset/(Liability)		
Defined benefit obligation	26	19
Fair value of Plan Assets	–	19
Benefit Asset/(Liability)	(26)	–
(iv) Movement in benefit liability		
Opening defined benefit obligation	19	10
Interest cost	1	1
Current service cost	5	5
Benefits paid	–	–
Actuarial (gains)/losses on obligation	1	3
Closing benefit obligation	26	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
* excluding Rs. 19 thousand realised from the company to whom the fund is transferred during the year.		
(vi) The Principal actuarial assumptions are as follows :		
Discount rate	6.50%	8.50%
Salary Increase	5%	6%
Withdrawal rates	varying between 1 per thousand and 10 per thousand employees depending upon duration and age of the employees	

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2009 (CONTD.)**
10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

(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) Amounts for current and previous year are as follows :	2008-2009	2007-2008
Defined Benefit Obligation	26	19
Experience adjustments on plan liabilities *		

* The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities are not readily available and hence not disclosed.

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

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, 2009

(Rs. in Thousands)

Particulars	Key Management Personnel		Entity in which Key Management Personnel have significant influence	
	Transaction value during the year 2008-09	Balance as at 31.03.2009	Transaction value during the year 2008-09	Balance as at 31.03.2009
<u>Interest Paid</u>				
Essel Mining & Industries Limited			146 (195)	2,234 (2,121)
<u>Salary & Other Allowances</u>				
Shri R. Aggarwal	193 (173)	- (-)		
<u>Rent and Maintenance Charges Received</u>				
Essel Mining & Industries Limited			2,107 (1,267)	- (-)
<u>Unsecured Loan taken during the year</u>				
Essel Mining & Industries Limited			- (-)	2,200 (3,000)
<u>Sundry Creditors</u>				
Essel Mining & Industries Limited			- (3,226)	3,375 (6,630)
<u>Inter-corporate Deposit Refunded during the year</u>				
Essel Mining & Industries Limited			800 (-)	
<u>Advances Refunded during the year</u>				
Essel Mining & Industries Limited			3,255 (-)	

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009 (CONTD.)**
10. ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)
9. Basis for calculation of Basic and Diluted Earning per share is as under :

Particulars	2008-2009	2007-2008
Profit after Tax as per Profit & Loss Account (Rs. in Thousands)	759	91
Weighted Average number of Equity Shares (Nos.)	3,787,655	3,787,655
Nominal value of Equity Shares (Rs.)	10	10
Basic & Diluted Earning Per Share (Rs.)	0.20	0.02

10. In case of assets taken on lease :
Operating lease :

Certain office premises are obtained on operating lease. The lease term is renewable from time to time mutually or at the option of the company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease agreements. The leases are cancelable.

Particulars	2008-2009	2007-2008
Lease payments made for the year	1267	487
Contingent rent recognised in Profit & Loss Account	Nil	Nil

11. 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 :

	2008-2009	2007-2008
No. of Shareholders	2	2
Number of Shares held	162	162
Amount remitted	-	-

12. 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, 2009**

	(Rs. in Thousands)	
	2008-2009	2007-2008
11. RENT & OTHER INCOME		
Rent (Gross) [Tax Deducted at Source Rs. 380 (Rs.237)]	2,107	1,267
Interest from Banks & Others (Gross)	549	612
[Tax deducted at source Rs. 155 (Rs.198)]		
Item pertaining to previous year	125	-
Liabilities and Provisions no longer required written back	7	13
Miscellaneous Income	183	-
	<u>2,971</u>	<u>1,892</u>
12. ADMINISTRATIVE EXPENSES		
<i>Payments to and Provisions for Employees</i>		
Salaries, Wages & Bonus	149	137
Contribution to Provident & Other Funds (Including Administrative Charges)	37	37
Gratuity & Pension	11	4
Employees' Welfare Expenses	29	33
Rent	1,267	487
Rates & Taxes	5	10
Insurance	-	8
Auditor's Remunerations		
- As Auditors	50	50
- In other capacity for Certificates etc.	20	20
- For Expenses	7	10
Subscription	19	19
Travelling & Conveyance	10	1
Telephone, Postage & Stamp	11	11
Printing & Stationery	31	17
Legal & Professional Charges	199	238
Debts & Advances written off	-	1
Sales Tax for earlier years	-	307
Loss on Fixed Assets sold/written off (Net)	9	56
Bank Charges	44	29
Miscellaneous Expenses	101	56
	<u>1,999</u>	<u>1,531</u>
13. DIRECTORS' REMUNERATION		
Non-Executive Directors Fees	40	42
	<u>40</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 : 28th July, 2009

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

H. C. DAGA
Sr. President

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

**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, 2009**

1. Registration Details

State Code	021
Registration Number	11754
Balance Sheet Date	31st March, 2009
CIN	L40200WB1944PLC011754

2. Capital Raised during the year

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

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

Total Liabilities	212,359
Total Assets *	212,359

*Including Profit & Loss Account Debit Balance Rs. 202,117

Sources of Funds :

Paid up Capital	37,877
Reserves & Surplus	164,881
Secured Loan	NIL
Unsecured Loans	4,434

Application of Funds :

Net Fixed Assets	818
Investments	120
Net Current Assets	4,137
Miscellaneous Expenditure	NIL
Accumulated Losses	202,117

4. Performance of the Company (Rs.in Thousands)

Rent & Other Income	2,971
Total Expenditure	2,209
Profit before Tax	762
Profit after Tax	759
Basic & Diluted Earning per Share (in Rs.)	0.20
Dividend Rate (%)	-

5. 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

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 FIFTH 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 Monday, the 14th day of September, 2009 at 3.00 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, 2009, Profit & Loss Account for the year ended 31st March, 2009 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri A. K. Newar, who retires from office by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Yashwant Daga, 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."

28th July, 2009

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 annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 07.09.2009 to 14.09.2009 [both days inclusive].
4. a) Members are requested to notify change of address, if any, with PIN CODE quoting reference of their folio number immediately to the Company's Registrars and Share Transfer Agents, MCS Ltd., 77/2A, Hazra Road, Kolkata - 700029
b) Members are requested to bring their copies of the Annual Reports 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**

The Board of Directors of the Company has on the recommendation of the Audit Committee proposed that M/s S. R. Batiboi & 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. Batiboi & 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 14th September, 2009.

Name of the Director	Mr. A. K. Newar	Mr. Yashwant Daga
Date of Birth	06.05.1945	07.03.1961
Date of Appointment	19.09.1984	26.11.1987
Expertise in Specific functional areas	Merchant	Company Executive
Qualifications	B. A. (Hons.) in Political Science	B. Com (Hons.)
List of outside Directorship held	<ol style="list-style-type: none"> 1. Arvind Press Caps Ltd. 2. Dukenhengra Tea Pvt. Ltd. 3. Halmira Estate Tea Pvt. Ltd. 4. Halmira Properties Pvt. Ltd. 5. Kushal Investment Pvt. Ltd. 6. Kool Kidz Products Ltd. 7. Manjushree Properties Pvt. Ltd. 8. Umashree Properties Pvt. Ltd. 9. Thai Carbon Black PLC (Bangkok) 10. Predator Exim Pvt. Ltd. 11. Alpine Trading and Finance Ltd. 12. Meenakshi Steel Industries Ltd. 13. Rangoli Holdings Ltd. 14. Gwalior Properties and Estates Pvt. Ltd. 15. Vidula Chemical & Manufacturing Industries Ltd. 	<ol style="list-style-type: none"> 1. Longview Tea Co. Ltd. 2. Deepak Gears Ltd. 3. Deepak Spinners Ltd. 4. Brua Hydrowatt Pvt. Ltd. 5. DSL Hydrowatt Ltd. 6. Mint Investments Ltd. 7. Merlin Holdings Pvt. Ltd. 8. Narsingh Holdings Pvt. Ltd. 9. Jalpaiguri Holdings Pvt. Ltd. 10. Contransys Pvt. Ltd. 11. Solding Hydrowatt 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	—	—

28th July, 2009

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

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

FORM OF PROXY

I/We of
being a member/members of HGI Industries Limited hereby appoint
..... of or
failing him of as my/our
proxy to vote for me/us on my/our behalf in the 65th Annual General Meeting of the Company to be held on Monday,
14th September, 2009 at 3 p.m. or at any adjournment thereof.

Signed this day of, 2009.

NOTE : The proxy duly completed must be returned so as to reach the Registered Office of the Company not less than 48
(Forty Eight) hours before the time of holding the meeting. The Proxy need not be a member of the Company.

Proxy No. :
Ledger Folio No. :
No. of Shares :

Affix Re.1 Revenue Stamp

(Signature)