

MANAGEMENT TEAM

DIRECTORS

Mr. Jyoti Prakash Kanoria
Mr. Ravi Kastia
Mr. Arvind Kumar Newar
Mr. Yashwant Daga

REGISTERED OFFICE

Industry House
18th Floor
10, Camac Street
Kolkata – 700017

EXECUTIVE

Mr. Hukam Chand Daga

AUDITORS

M/s. S. V. Ghatalia & Associates

COMPANY SECRETARY

Mr. Ashok Kumar Baid

BANKERS

HDFC Bank Limited
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	2010-11	2009-10*
Total Income	4,151	3,154
Total Expenditure	2,332	2,469
Operating Profit (PBDIT)	1,819	685
Interest	61	115
Gross Profit (PBDT)	1,758	570
Depreciation	23	23
Profit before Tax	1,735	547
Provision for Current Tax	–	–
Fringe benefit Tax	–	–
Profit after Current Tax	1,735	547
Deferred Tax	–	–
Net Profit after Tax	1,735	547

* Figures have been regrouped / rearranged wherever necessary.

REVIEW OF OPERATIONS

During the current fiscal 2011, your Company earned an Income of Rs. 41,51,394/- as against Rs. 31,54,173/- in the previous fiscal 2010. The income comprises mainly of rental income.

OUTLOOK

Your company is looking for suitable business opportunities for growth.

RISK MANAGEMENT

The Risk Management framework is reviewed by the management. It is recognized as an integral part of business and an aid to improvement and achievement of targets. The Audit Committee also reviews the Risk Management framework. No material risk is envisaged in the present operations of the Company.

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 Audit Cell. The Audit Committee and the Management regularly review findings of the Internal Auditors, if any, and steps/measures are taken to implement the suggestions/observations of the Internal Auditors.

CAUTIONARY STATEMENT

Statement in this "Management Discussion and Analysis" describing Outlook is "forward looking statement". 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

Company's Corporate Governance Philosophy

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

We, at HGI Industries Limited, are committed to the adoption of best governance practices and its adherence in true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system. Our Governance philosophy rests on five basic tenets, viz.,

- Board's accountability to the Company and shareholders,
- Equitable treatment to all shareholders,
- Strategic guidance and effective monitoring by the Board,
- Protection of minority interests and rights, and
- Transparency and timely disclosure.

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with the stock exchange, the details of compliance for the year ended 31st March 2011, are as follows:

1. BOARD OF DIRECTORS

Composition of the Board

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 Director is related to any other Director on the Board. No Directors have any business or professional relationship with the Company. 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.

Details of the number of Directorships and Committee memberships held by the Board of Directors in other Companies :

Director	Non-Executive / Independent	No. of Outside Directorship in Public Companies as on 31.03.2011**		No. of Outside Committee Positions in Public Companies as on 31.03.2011***	
		Chairman	Member	Chairman	Member
Mr. J. P. Kanoria	Both	—	1	—	—
Mr. Ravi Kastia*	Both	—	—	—	—
Mr. A.K. Newar	Both	—	6	—	—
Mr. Yashwant Daga	Both	—	5	—	3

* He was a Director/Audit Committee Member of a Public Company up to 21st January, 2011.

** Number of directorships does not include directorship in Private, Foreign and Section 25 Companies.

*** Represents Chairmanship / Membership of Audit Committee and Shareholders'/Investors' Grievance Committee only.

Disclosures - Shareholding of Directors :

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

Board Meetings

During the year, four Board meetings were held and the gap between two meetings did not exceed four months. Your Company makes available to the Board, all information as required under Annexure IA to Clause 49 of the Listing Agreement. Financial and other statements, containing status of various matters and compliance certificates covering all laws applicable to the Company, are also placed before the Board.

Dates on which the Board Meetings were held :

Date of Board Meeting	City	No. of Directors present
30.04.2010	Kolkata	3
23.07.2010	Kolkata	2
03.11.2010	Kolkata	3
29.01.2011	Kolkata	3

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.

Details of the Board and Committee Meetings attended and sitting fees paid :

Director	Whether last AGM* attended	Board Meetings		Audit Committee Meeting		Sitting fees paid (In Rs.)
		No. of Meetings		No. of Meetings		
		Held	Attended	Held	Attended	
Mr. J. P. Kanoria	Y	4	4	4	4	16,000/-
Mr. Ravi Kastia	—	4	0	4	0	Nil
Mr. A.K. Newar	—	4	4	4	4	16,000/-
Mr. Yashwant Daga	—	4	3	4	3	12,000/-

* Annual General Meeting (AGM) of the Company was held on 28th September 2010 at the Company's Registered Office at Industry House, 10, Camac Street, Kolkata – 700 017.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

2. AUDIT COMMITTEE

Composition

Your Company has a Qualified and Independent Audit Committee comprising of all Independent Directors as members, with requisite qualifications as mentioned hereunder :

- Mr. Jyoti Prakash Kanoria Chairman
- Mr. Ravi Kastia Member
- Mr. Yashwant Daga Member
- Mr. Arvind Kumar Newar Member

The Chairman of the Audit Committee who is an Independent Director, attended the Annual General Meeting of the Company.

Mr. Ashok Kumar Baid, Company Secretary acts as Secretary to the Committee. The Company Secretary is the finance head and attends all the meetings of the Audit 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 to deliberate on various matters.

The Audit Committee of your Company acts as a link between the Management, the Statutory and Internal Auditors and the Board of Directors. It monitors and supervises 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 and section 292A of the Companies Act, 1956.

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. Approving 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 to be included in 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.
- 5A. Reviewing, with the management, the statement of uses /application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of the proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

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. Discussing 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. Discussing 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. Reviewing and looking 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. Approving the of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc of the candidate.
13. 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.

Meetings of the Audit Committee**Dates on which the Audit Committee Meetings were held**

Date of Audit Committee Meeting	City	No. of Directors present
30.04.2010	Kolkata	3
23.07.2010	Kolkata	2
03.11.2010	Kolkata	3
29.01.2011	Kolkata	3

3. REMUNERATION COMMITTEE**Composition**

The Remuneration Committee comprises of the following Directors:

- Mr. Jyoti Prakash Kanoria Chairman
- Mr. Ravi Kastia Member
- Mr. Yashwant Daga Member
- Mr. Arvind Kumar Newar Member

The Chairman of the Remuneration Committee attended the Annual General Meeting of the Company.

Mr. Ashok Kumar Baid, Company Secretary acts as Secretary to the 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.

Your Company does not have any Executive / Whole-time Director on its Board hence no remuneration was 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 2010-11 for attending meetings of the Board and Committees of Directors is given elsewhere 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.

4. SHARE TRANSFER AND SHAREHOLDERS COMMITTEE

The Shareholders / Investors Grievances Committee constituted under the chairmanship of a Non-Executive & Independent Director handles the issues related to shareholders, including transfer and transmission of

REPORT ON CORPORATE GOVERNANCE (CONTD.)

shares, issue of duplicate shares, non-receipt of dividend, if declared, Annual Report, etc.

Composition

The Share Transfer and Shareholders Committee comprises of the following directors:

- Mr. Jyoti Prakash Kanoria Chairman
- Mr. Ravi Kastia Member
- Mr. Yashwant Daga Member
- Mr. Arvind Kumar Newar Member

The Chairman of the Committee, is a non-executive Director and attended the Annual General Meeting of the Company.

Mr. Ashok Kumar Baid, Company Secretary acts as Secretary to the Committee.

The shares of the Company are compulsorily traded in the dematerialized form and have to be delivered in the dematerialized form in the Stock Exchange. For transfer in the physical segment, the authority has been delegated to the Shareholders / 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, if any, is also placed at the Board Meeting.

There were no share transfers pending as on 31st March 2011. Details of number of shares transferred during the year, time taken for effecting transfers and the number of complaints received, number of complaints pending etc, are highlighted in the "Shareholder Information" section of the Annual Report.

5. NAME AND DESIGNATION OF COMPLIANCE OFFICER

Mr. Ashok Kumar Baid, Company Secretary.

6. 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.

7. DETAILS OF THE GENERAL BODY MEETINGS

i Location and time of last three AGMs:

Year	Location	Date	Time
2009-10	Registered Office – Industry House, 10, Camac Street, Kolkata – 700 017.	28.09.2010	3.00 P.M.
2008-09	Registered Office – Industry House, 10, Camac Street, Kolkata – 700 017.	14.09.2009	3.00 P.M.
2007-08	Registered Office – Industry House, 10, Camac Street, Kolkata – 700 017.	25.09.2008	3.00 P.M.

ii 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
28.09.2010	Appointment of M/s S.V. Ghatalia & Associates., Chartered Accountants, Kolkata as Statutory Auditors of the Company for the fiscal 2010-11.
14.09.2009	Re-appointment of M/s S.R. Batliboi & Co., Chartered Accountants, Kolkata as Statutory Auditors of the Company for the fiscal 2009-10.
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.

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

8. 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 or their Subsidiaries, Directors or the Management or Relatives etc. that may have a potential conflict with interests of your Company.

i Disclosures on materially significant Related Party Transactions i.e. transactions of your Company of material nature, with its Promoters or their subsidiaries, the Directors or the management 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.

ii Disclosure of accounting treatment

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

iii There has been no non-compliance, penalties or strictures imposed on your Company by the Stock Exchange, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

iv Risk Management

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

v 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.

9. MEANS OF COMMUNICATION

- | | | |
|---|---|---|
| 9.1 Half yearly report sent to each household of Shareholders | : | No, as the quarterly results of the Company are published in the newspapers |
| 9.2 Quarterly results: | | |
| 9.2.1 Which newspapers normally published in | : | Financial Express
Aarthik Lipi |
| 9.2.2 Any website, where displayed | : | www.hgiil.com |
| 9.3 Whether it also displays: | | |
| 9.3.1 All official news releases | : | No release during the year. |
| 9.3.2 Presentation made to Investors/ Analysts | : | No presentations during the year |
| 9.4 Whether Shareholders' Information section forms part of the Annual Report | : | Yes |

REPORT ON CORPORATE GOVERNANCE (CONTD.)

CEO/CFO CERTIFICATION

To
The Board of Directors
HGI Industries Limited

We, H.C. Daga, Group Executive President, and Ashok Kumar Baid, 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 2010-11 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 have 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

Place : Kolkata
Date : 29th July 2011

H.C.DAGA
Group Executive President

ASHOK KUMAR BAID
Company Secretary

DECLARATION REGARDING CODE OF CONDUCT

The Code of Conduct (Code) laid down by the Board in accordance with Clause 49 of the Listing Agreement, was circulated to all Board members and Senior Management personnel of the Company. 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 31st March, 2011.

For HGI Industries Limited

Place : Kolkata
Date : 29th July 2011

H.C.Daga
Group Executive President

REPORT ON CORPORATE GOVERNANCE (CONTD.)

AUDITORS' CERTIFICATE

To
**The Members of
HGI Industries Ltd.**

We have examined the compliance of conditions of corporate governance by HGI Industries Ltd for the year ended on 31st March, 2011, 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 explanations 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.V. GHATALIA & ASSOCIATES

Firm Registration Number : 103162W

Chartered Accountants

per (SUDHIR SONI)

a Partner

Place : Mumbai

Date : 29th July, 2011

Membership No. 41870

SHAREHOLDER'S INFORMATION

1	Annual General Meeting:	
	Date and Time	September 26, 2011, 3.00 P.M.
	Venue	Registered Office: 'Industry House' 10, Camac Street Kolkata – 700 017 West Bengal, India
2	Financial Calendar:	April 2011 to March 2012
	Financial reporting for the quarter ending June 30, 2011	Second week of August, 2011
	Financial reporting for the quarter ending September 30, 2011	Second week of November, 2011
	Financial reporting for the quarter ending December 31, 2011	Second week of February, 2012
	Financial reporting for the quarter ending March 31, 2012	Second week of May, 2012
	Financial reporting for the year ending March 31, 2012	Second week of August, 2012
	Annual General Meeting for the year ended March 31, 2012	September, 2012
3	Dates of Book Closure	20.09.2011 to 26.09.2011 (Both days inclusive)
4	Dividend Payment Date	N.A.
5	Registered Office	'Industry House' 18th Floor, 10, Camac Street Kolkata - 700 017 West Bengal, India Tel : (033) 3987-6000 / 30 Fax : (033) 3051-8300 Email: hgih@adityabirla.com Webside : www.hgiil.com
6	Listing on Stock Exchange at	Kolkata
7	Name of the Stock Exchange	The Calcutta Stock Exchange Limited Stock Code: 10018159
8	Name of Depositories ISIN No. INE 869B01018	1. National Securities Depository Ltd. 4th Floor, Trade World, Kamala Mills Compound, Senapat Bapat Marg, Lower Parel, Mumbai - 400 013
		2. Central Depository Services (India) Ltd. Phiroze Jeejeebhoy Tower, 28th Floor, Dalal Street Mumbai - 400 023

SHAREHOLDER'S INFORMATION (CONTD.)

9	Stock Price Data				
	Calcutta Stock Exchange				(in Rs.)
		High	Low	Close	Av. Volume
	F.Y. 2010- 2011	20.80	20.80	20.80	0
	There has been no trading on Calcutta Stock Exchange 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 Ph : (033) 2454-1892/93 Fax : (033) 2454-1961 / 2474-7674 E-Mail : mcskol@rediffmail.com			
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 26,511 (Previous year 1,310). The transfers were completed within 15 days from the date of receipt.			

Transfer period (in days)	2010-2011				2009-2010			
	No. of transfers	No. of Shares	%	Cumulative Total	No. of transfers	No. of Shares	%	Cumulative Total
1 - 10	2	6	0.02	0.02	3	1110	84.73	84.73
11 - 15	3	26505	99.98	100	1	200	15.27	100.00
16 - 20	–	–	–	–	–	–	–	–
21 - 30	–	–	–	–	–	–	–	–
30 & above	–	–	–	–	–	–	–	–
Total	5	26511	100		4	1310	100	

Number of pending Share Transfers as on 31st March, 2011 is Nil.

12	Investor Services: Complaints received during the year:				
	Nature of Complaints	2010-11		2009-10	
		Received	Cleared	Received	Cleared
	1. Relating to Transfer, Transmission etc.	–	–	–	–
	2. Dividends, Interest, Redemption etc.	–	–	–	–
	3. Demat - Remat	–	–	–	–
	4. Others	–	–	–	–

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

SHAREHOLDER'S INFORMATION (CONTD.)

13	Distribution of Shareholding as on								
	No. of Equity Shares held	31 st March, 2011				31 st March, 2010			
		No. of Share holders	% of Share holders	No. of Shares held	% Share holding	No. of Share holders	% of Share holders	No. of Shares held	% Share holding
	1- 500	1271	83.02	203221	5.33	1255	82.78	201839	5.33
	501-1000	116	7.58	87642	2.32	117	7.72	88024	2.32
	1001-2000	70	4.57	99132	2.62	70	4.62	99132	2.62
	2001-3000	18	1.18	45815	1.21	18	1.19	45815	1.21
	3001-4000	10	0.65	35020	0.92	9	0.59	31020	0.82
	4001-5000	7	0.46	33104	0.87	8	0.53	38104	1.01
	5001-10000	13	0.85	85632	2.26	13	0.86	85632	2.26
	10001-50000	13	0.85	286001	7.55	13	0.86	286001	7.55
	50001 -100000	6	0.39	416817	11.00	6	0.39	416817	11.00
	100001 and Above	7	0.46	2495271	65.88	7	0.46	2495271	65.88
	Total	1531	100.00	3787655	100.00	1516	100.00	3787655	100.00

Category of Shareholding as on 31st March, 2011

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Promoters	7	0.46	647230	17.09
Financial Institutions, Banks & Mutual Funds	13	0.85	1592739	42.05
NRI/OCB	2	0.13	162	0.00
Private Body Corporate	67	4.37	933576	24.65
Individuals	1442	94.19	613948	16.21
Total	1531	100.00	3787655	100.00

SHAREHOLDER'S INFORMATION (CONTD.)

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 Ph : (033) 2454-1892/93 Fax : (033) 2454-1961 / 2474-7674 E-Mail : mcskol@rediffmail.com

19 Per Share Data:

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Net Earnings [PAT] (Rs.Lac)	17.35	5.47	7.59	0.91	4.71
Cash Earnings [PBDT] (Rs.Lac)	17.58	5.70	7.86	1.23	5.14
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?*

- (a) In terms of Section 205A of the Companies Act, 1956, unclaimed Equity Dividend for the financial years(s) upto the financial year 1994-95, had 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.
- (b) Pursuant to Section 205A & 205C of the Companies Act, 1956, unclaimed equity dividend for the financial years 1995-96 upto 1999-2000, had 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.

SHAREHOLDER'S INFORMATION (CONTD.)

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.

Green Initiative in Corporate Governance – Service of Documents in Electronic Form

As you are aware, Ministry of Corporate Affairs, Government of India (MCA) vide its Circular(s) Nos. 17 and 18 dated 21st April, 2011 and 29th April, 2011, respectively, has now allowed the Companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to their shareholders electronically as a part of its green initiative in Corporate Governance.

Keeping in view the aforesaid green initiative of MCA, your Company shall send the Annual Report and other documents to its shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. In case of any change in your e-mail address, you are requested to inform the same to your Depository. Shareholders holding shares in physical form are requested to inform their e-mail address to the Company, so that the Company can send the Annual Report and other documents to them in electronic form.

ADVANTAGES OF REGISTERING WITH THE COMPANY FOR E-COMMUNICATION:

- (a) Will enable you to receive communication promptly and avoid loss of documents in postal transit.
- (b) Will help in eliminating wastage of paper, reduce paper consumption and in turn save trees.

Please note that the said documents will be made available by the Company on its website www.hgiil.com. The physical copies of the same shall also be made available for inspection, during office hours, at the Registered Office of the Company at "INDUSTRY HOUSE", 18th Floor, 10, Camac street, Kolkata – 700 017. Further, upon receipt of a request from you, your Company shall also furnish you the physical copy of the same free of cost.

In case you wish to receive the above documents in physical form, please send us an e-mail at hgiho@adityabirla.com or write to the Registrar and Transfer Agent of the Company, MCS Limited, at its office 77/ 2A, Hazra Road, Kolkata – 700 029 quoting reference of your DP ID & Client ID and name of the 1st Registered Shareholder.

We are confident that you would appreciate the "Green Initiative" taken by MCA.

We sincerely solicit your cooperation in helping your Company to implement the "Green Initiative".

DIRECTORS' REPORT**To The Shareholders**

Your Directors are pleased to present the Sixty-seventh Annual Report together with the Audited Annual Accounts of your Company for the year ended 31st March 2011.

FINANCIAL RESULTS**(Rs. in Thousands)**

Particulars	2010-11	2009-10*
Total Income	4,151	3,154
Less: Expenditure	2,393	2,584
Gross Profit before Depreciation	1,758	570
Less : Depreciation	23	23
Profit before Taxation	1,735	547
Less : Fringe Benefit Tax	-	-
Profit after Taxation	1,735	547
Less: Loss Brought Forward from Previous year	(201,570)	(202,117)
Loss carried to Balance Sheet	(199,835)	(201,570)

* Figures have been regrouped / rearranged wherever necessary.

OPERATIONS AND OVERALL PERFORMANCE

The total income of the Company during the financial year 2010-11 was Rs. 41,51,394/- as against Rs. 31,54,173/- during the previous year.

FUTURE PROSPECTS

Your Company is looking for suitable business opportunities for growth.

DIVIDEND

Your Directors do not recommend any Dividend for the year, 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:**

There was no employees of the Company, 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 Sec. 217(1)(e) of the Companies Act, 1956 as amended, are not applicable to your Company, as the Company has no manufacturing unit. During the year there was no earnings or outgo in foreign exchange.

DIRECTORS

Mr. Arvind Kumar Newar and Mr. Yashwant Daga, retire by rotation and being eligible offer themselves for re-appointment.

The composition of the Board of Directors and Committees of the Board are disclosed in the Report on Corporate Governance which forms a part of the Annual Report.

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, 2011 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

Your Company has observed principles of good Corporate Governance, over the years and a separate section on Corporate Governance forms part of the Annual Report. The Board of Directors supports the broad principles of Corporate Governance.

The certificate of compliance of Corporate Governance dated 29th July, 2011 received from the Statutory Auditors of your Company, as stipulated in Clause 49 of the Listing Agreement with Stock Exchange, is reproduced elsewhere in the Annual Report.

AUDITORS

The Audit Committee, recommended the re-appointment of the Auditors of the Company M/s. S. V. Ghatalia & Associates, 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 Directors also recommend the re-appointment.

Your approval will be sought at the Annual General Meeting.

AUDITORS' REPORT

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

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.

APPRECIATION

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

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

On behalf of the Board
JYOTI PRAKASH KANORIA
RAVI KASTIA
ARVIND KUMAR NEWAR
YASHWANT DAGA
Directors

Place : Kolkata

Date : 29th July 2011

AUDITORS' REPORT**TO THE MEMBERS OF HGI INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **HGI INDUSTRIES LIMITED** (the Company) as at 31st March 2011 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. Without qualifying our opinion, attention is drawn to the following matter:
As stated in Note. no. 4 of Schedule-9, Company has accumulated losses aggregating Rs.199,835 thousands (Previous year Rs. 201,570 thousands) as against Shareholder's Funds aggregating Rs. 202,758 thousands (Previous year Rs. 202,758 thousands) as at that date. As indicated in the said note the Company is exploring various business opportunities for its operations in view of which the accompanying financial statements have been prepared under the going concern assumption and consequently, no adjustments have been made to the carrying value or classification of balance sheet.
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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) 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, 2011;
 - 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.

S. V. GHATALIA & ASSOCIATES
FIRM REGISTRATION NUMBER : 103162W
CHARTERED ACCOUNTANTS
 Per (SUDHIR SONI)

The Ruby, 14th Floor,
 29, Senapati Bapat Marg,
 Dadar(W)
 Mumbai-400 028

A Partner
 Membership No. 41870

Dated : 29th July, 2011

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, no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part 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) According to the information and explanations given 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. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given 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. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
4. During the year, the Company has not made any sale of goods or rendered any services or purchased any inventory or fixed assets. Consequently, we are not required to comment whether there is an adequate internal control system commensurate with the size of the Company with respect to the above areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system of the Company in respect of the above areas.
5. In our opinion, there are no contracts or arrangements that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
6. 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, processing or mining activities during the year, the clause for maintenance of cost records under Section 209(1)d of the Companies Act, 1956 is not applicable and hence not commented upon.
9. (a) Undisputed statutory dues including income-tax, and other material statutory dues have generally been regularly deposited with the appropriate authorities. As informed, the Company did not have any dues towards provident fund, education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, the Company did not have any dues towards provident fund, education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess.
- (c) According to the records of the Company, the dues outstanding in respect of sales tax on account of any dispute, are as below. There are no dues in respect, of income tax, custom duty, wealth tax, service tax, excise duty, and cess.

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

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

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 did not have any outstanding dues to any financial institution or bank during the year. Further, the Company did not 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.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company and hence not commented upon.
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 to the Company.
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 balance sheet of the company, we report that no funds raised on short-term basis have been used for 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 public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per 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 year.

S. V. GHATALIA & ASSOCIATES
FIRM REGISTRATION NUMBER : 103162W
CHARTERED ACCOUNTANTS
Per (SUDHIR SONI)
A Partner
Membership No. 41870

The Ruby, 14th Floor,
29, Senapati Bapat Marg,
Dadar(W)
Mumbai-400 028

Dated : 29th July, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

		(Rs. in Thousands)	
SOURCES OF FUNDS	Schedule	As at 31.3.2011	As at 31.3.2010
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		3,792	3,737
		<u>3,792</u>	<u>3,737</u>
		<u>206,550</u>	<u>206,495</u>
APPLICATION OF FUNDS			
1. Fixed Assets	4		
(a) Gross Block		1,602	1,602
(b) Less : Accumulated Depreciation		830	807
(c) Net Block		<u>772</u>	<u>795</u>
2. Investments	5	<u>120</u>	<u>120</u>
3. Current Assets, Loans & Advances			
(a) Cash & Bank Balances	6	6,476	5,534
(b) Loans & Advances	7	3,148	3,735
		<u>9,624</u>	<u>9,269</u>
Less : Current Liabilities & Provisions			
(a) Current Liabilities	8	3,801	5,259
		<u>3,801</u>	<u>5,259</u>
Net Current Assets		<u>5,823</u>	<u>4,010</u>
4. Profit & Loss Account Debit Balance		<u>199,835</u>	<u>201,570</u>
		<u>206,550</u>	<u>206,495</u>
Accounting Policies & Notes on Accounts	9		

Schedules 1 to 9 referred to above form an integral part of the Balance Sheet.

As per our report of even date

For S.V. Ghatalia & Associates
Firm Registration Number: 103162W

Chartered Accountants

per Sudhir Soni

a Partner

Membership No.41870

The Ruby, 14th Floor,
29, Senapati Bapat Marg, Dadar(W)
Mumbai-400 028

Dated: 29th July, 2011

ASHOK KUMAR BAID
Company Secretary

JYOTI PRAKASH KANORIA
RAVI KASTIA
ARVIND KUMAR NEWAR
YASHWANT DAGA
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		(Rs. in Thousands)	
	Schedule	2010-11	2009-10
I. INCOME			
Rent & Other Income	10	<u>4,151</u>	<u>3,154</u>
		<u><u>4,151</u></u>	<u><u>3,154</u></u>
II. EXPENDITURE			
Administrative Expenses	11	<u>2,332</u>	2,469
Interest		<u>61</u>	<u>115</u>
		<u><u>2,393</u></u>	<u><u>2,584</u></u>
III. PROFIT			
Profit before Depreciation & Taxation		<u>1,758</u>	570
Less: Depreciation		<u>23</u>	<u>23</u>
Profit before Taxation		<u>1,735</u>	547
Less : Current Tax		<u>-</u>	<u>-</u>
Profit after Taxation		<u>1,735</u>	547
Less : Loss brought forward from Previous Year		<u>201,570</u>	<u>202,117</u>
Loss carried to Balance Sheet		<u><u>199,835</u></u>	<u><u>201,570</u></u>
Earning per Share (Rs.10/- each) - Basic and diluted (in Rs.)		0.46	0.14
(Refer Note No. 9 on Schedule - 9)			

Accounting Policies & Notes on Accounts

9

Schedules 9 to 11 referred to above form an integral part of the Profit & Loss Account.

As per our report of even date

For S.V. Ghatalia & Associates
 Firm Registration Number: 103162W
 Chartered Accountants
 per Sudhir Soni
a Partner
 Membership No.41870
 The Ruby, 14th Floor,
 29, Senapati Bapat Marg, Dadar(W)
 Mumbai-400 028
 Dated: 29th July, 2011

ASHOK KUMAR BAID
Company Secretary

JYOTI PRAKASH KANORIA
 RAVI KASTIA
 ARVIND KUMAR NEWAR
 YASHWANT DAGA
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11	(Rs. in Thousands) 2009-10
(A) Cash Flow from Operating Activities:		
Profit before tax	1,735	547
Add: Adjustments for :		
Depreciation	23	23
Interest Expenses	61	115
Interest Income	(464)	(493)
	<u>(380)</u>	<u>(355)</u>
Operating Profit before Working Capital changes	1,355	192
Decrease/(Increase) in Loans and Advances	12	526
Increase/(Decrease) in Current Liabilities & Provisions	(1,459)	92
	<u>(1,447)</u>	<u>618</u>
Cash Generation from operations	(92)	810
Direct Tax (Payments) / Refunds	(101)	(167)
Net Cash Flow From Operating Activities	(193)	643
(B) Cash Flow from Investing Activities:		
Fixed Deposit	-	76
Interest received	1,141	187
Net Cash Flow From Investing Activities	1,141	263
(C) Cash Flow from Financing Activities:		
Repayment of Unsecured Loans	-	(800)
Interest paid	(6)	(12)
Net Cash Flow Used in Financing Activities	(6)	(812)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	942	94
*Cash and Cash equivalents as at 1st April, 2010	655	561
*Cash and Cash equivalents as at 31st March, 2011	1,597	655

* Represents Cash & Bank Balances as indicated in Schedule 6 excluding Rs.4,879 thousands (Rs.4,879 thousands) being fixed deposits pledged against bank guarantees.

As per our report of even date

For S.V. Ghatalia & Associates
 Firm Registration Number: 103162W
 Chartered Accountants
 per Sudhir Soni
 a Partner
 Membership No.41870
 The Ruby, 14th Floor,
 29, Senapati Bapat Marg, Dadar(W)
 Mumbai-400 028
 Dated: 29th July, 2011

ASHOK KUMAR BAID
 Company Secretary

JYOTI PRAKASH KANORIA
 RAVI KASTIA
 ARVIND KUMAR NEWAR
 YASHWANT DAGA
 Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

		(Rs. in Thousands)	
		As at 31.3.2011	As at 31.3.2010
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 in an earlier year 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 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			
Unsecured Loans			
Short Term			
From a Body Corporate		1,400	1,400
Interest accrued & due		<u>2,392</u>	<u>2,337</u>
		<u>3,792</u>	<u>3,737</u>

4. FIXED ASSETS

(Rs. in Thousands)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 1st April, 2010	Additions/ Adjustments	Sales/ Adjustments	As at 31st March, 2011	Upto 1st April, 2010	For the Year	Less : on Sales/ Adjustments	Upto 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Freehold land	125	—	—	125	—	—	—	—	125	125
Buildings	1,095	—	—	1,095*	482	18	—	500	595	613
Office Equipments	103	—	—	103	60	5	—	65	38	43
Computer	279	—	—	279	265	—	—	265	14	14
Total	1,602	—	—	1,602	807	23	—	830	772	795
Previous Year's Total	1,608	—	6	1,602	790	23	6	807	795	

* Includes cost of shares of Rs.0.50 thousand (Rs.0.50 thousand) in the Housing Co-operative Society.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (CONTD.)

					(Rs. in Thousands)	
5. INVESTMENTS - AT COST	No.	Face Value Rs.	As at 31.3.2011	As at 31.3.2010		
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>		
					(Rs. in Thousands)	
			As at 31.3.2011	As at 31.3.2010		
6. CASH & BANK BALANCES						
Cash-in-hand			<u>5</u>	<u>4</u>		
Cheques-in-hand			<u>63</u>	<u>-</u>		
With Scheduled banks on :						
Current Account			<u>56</u>	<u>250</u>		
Fixed Deposit Account (including interest accrued)			<u>6,352 *</u>	<u>5,280</u>		
			<u>6,476</u>	<u>5,534</u>		
* Receipts for Rs.4,879 thousands (Rs.4,879 thousands) pledged against Guarantees issued by banks.						
7. LOANS & ADVANCES						
(Unsecured, Considered Good)						
Interest accrued on fixed deposits etc.			<u>103</u>	<u>780</u>		
Advances (Recoverable in cash or in kind or for value to be received or pending adjustments)			<u>1,216</u>	<u>1,231</u>		
Income tax deducted at source			<u>1,496</u>	<u>1,394</u>		
Other Deposits			<u>333</u>	<u>330</u>		
			<u>3,148</u>	<u>3,735</u>		
8. CURRENT LIABILITIES						
Sundry Creditors for Goods, Services, Expenses etc.						
- Due to Micro & Small Enterprises (Refer Note No. 3 on Schedule 9)			<u>-</u>	<u>-</u>		
- Due to Others			<u>3,774</u>	<u>5,226</u>		
Other Liabilities			<u>27</u>	<u>33</u>		
			<u>3,801</u>	<u>5,259</u>		

SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2011

9. 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 (as amended) 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 applied by the Company 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 the 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 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) Rental Income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

iv) Fixed Assets

- a) Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition 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. The recoverable amount is the greater of the asset's net selling price and 'Value in use'. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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.
- 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

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current Investments are stated at lower of cost and market rate on individual investment basis. Long Term Investments are considered at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of 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.

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2011 (CONTD.)**

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

- 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.

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 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.

x) Taxation

Tax expenses comprises of current and deferred tax. Current income 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 recognized 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.

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.

SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2011 (CONTD.)

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

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 dilutive potential equity shares.

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 recognized as an expense in the Profit & Loss account on a straight line basis over the leased term.

xiii) 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.

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 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 31.3.2011	As at 31.3.2010
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	3,608	3,608
iii) ESI Matters	5,457	5,262
	9,702	9,507
*Against the above, payment has been made under protest.	300	300
b) Unredeemed Bank Guarantees	4,879	4,879

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, 2011 amounts to Rs. 1,99,835 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.

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2011 (CONTD.)**

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

5. In terms of AS - 22 "Accounting for Deferred Taxes", Deferred Tax Assets (Net) of Rs. 46,058 thousands (upto 31st March, 2011) 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. Since the company has currently no reportable business segment and the company operates in a single 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)	
		<u>Gratuity</u>	
(i) Net Employee Expense /(benefit)	<u>2010-11</u>	<u>2009-10</u>	
Current service cost	-	4	
Interest cost on benefit obligation	-	-	
Expected return on plan assets	-	-	
Net Actuarial gain/(Loss) recognised in the year	-	-	
Total employer expense / (Income)	-	4	
(ii) Actual return on plan assets	-	-	
(iii) Benefit Asset / (Liability)			
Defined benefit obligation	-	-	
Fair value of Plan Assets	-	-	
Benefit Asset / (Liability)	-	-	
(iv) Movement in benefit liability			
Opening defined benefit obligation	-	-	
Interest cost	-	-	
Current service cost	-	-	
Benefits paid	-	-	
Actuarial (gains) / losses on obligation	-	-	
Closing benefit obligation	-	-	
(v) Movement in fair value of plan assets			
Opening fair value of plan assets	-	-	
Return on plan assets(actual)	-	-	
Contribution by employer	-	-	
Benefits paid	-	-	
Actuarial gains on assets	-	-	
Closing fair value of plan assets	-	-	

SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2011 (CONTD.)

9 ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

	<u>2010-11</u>	<u>2009-10</u>	
(vi) The Principal actuarial assumptions are as follows:			
Discount rate	-	-	
Salary Increase	-	-	
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) Amounts for current and previous years are as follows :	2010-11	2009-10	2008-09
Defined Benefit Obligation	-	-	26
Experience adjustments on plan liabilities	-	-	- *
* The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities for the year 2008-09 are not readily available and hence not disclosed.			
(b) Amount incurred as expense for defined contribution to Provident / Pension fund plan Rs. Nil (Rs.13 thousands).			

8. Related Party Disclosures

a) Names of the related parties

Key Management Personnel	: Mr. H.C.Daga, Group Executive President
Entity in which Key Management Personnel have significant influence	: Essel Mining & Industries Limited

b) Aggregated Related Party Disclosures for the year ended 31st March, 2011 (Rs. in Thousands)

Particulars	Key Management Personnel		Entity in which Key Management Personnel have significant influence		Total	
	Transaction value during the year 2010-11	Balance as at 31st March, 2011	Transaction value during the year 2010-11	Balance as at 31st March, 2011	Transaction value during the year 2010-11	Balance as at 31st March, 2011
Interest Paid						
Essel Mining & Industries Limited			61 (115)	2,392 (2,337)	61 (115)	2,392 (2,337)
Salary & Other Allowances						
Mr. R. Aggarwal-	-	(-)			-	(-)
	(68)				(68)	
Rent and Maintenance Charges Received						
Essel Mining & Industries Limited			2,648 (2,648)	-	2,648 (2,648)	-
Unsecured Loans taken during the year						
Essel Mining & Industries Limited			-	1,400 (1,400)	-	1,400 (1,400)
Inter-corporate Deposit Refunded during the year						
Essel Mining & Industries Limited			-	-	-	-
			(800)	(-)	(800)	(-)
Sundry Creditors						
Essel Mining & Industries Limited			1,379 (609)	2,605 (3,984)	1,379 (609)	2,605 (3,984)

**SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2011 (CONTD.)**

9 ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

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

	2010-2011	2009-2010
Profit after tax as per Profit & Loss Account (Rs. in Thousands)	1,735	547
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.)	0.46	0.14

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 cancellable.

Particulars	2010-2011	2009-2010
Lease payments made for the year	1808	1808
Contingent rent recognized in Profit & Loss Account	Nil	Nil

11. In case of assets given on lease:

Operating lease :

Certain office premises are given on operating lease. The lease term is renewable from time to time mutually or at the option of the company.

The rent is not based on any contingencies. There are no restrictions imposed by lease agreements. The leases are cancellable.

12. Previous year figures including those given in the brackets have been re-grouped and/or re-arranged wherever necessary.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	(Rs. in Thousands)	
	2010-11	2009-10
10. RENT & OTHER INCOME		
Rent (Gross) [Tax deducted at Source Rs.234 (Rs.358)]	2,648	2,648
Interest received on:		
Bank Deposits(Gross)	464	461
[Tax deducted at source Rs. 47(Rs.52)]		
Tax Refunds	29	32
Provisions no longer required written back.	-	13
Recovery of Debts written off in earlier years	850	-
Miscellaneous Income	160	-
	<u>4,151</u>	<u>3,154</u>
11. ADMINISTRATIVE EXPENSES		
<i>Payments to and Provisions for Employees</i>		
Salaries, Wages & Bonus	-	48
Contribution to Provident & other Funds (Including Administrative Charges)	-	13
Employees' Welfare Expenses	<u>25</u>	<u>33</u>
Rent	1,808	1,808
Rates & Taxes	11	18
Auditor's Remunerations		
- As Auditors	50	50
- In other capacity for Certificates	20	20
- For Expenses	<u>7</u>	<u>7</u>
Subscription	47	47
Telephone , Postage & Stamp	11	11
Printing & Stationery	26	22
Software Expenses	14	-
Legal & Professional Charges	184	236
Bank Charges	37	42
Directors' Fees	44	40
Miscellaneous Expenses	48	74
	<u>2,332</u>	<u>2,469</u>

Note : Signatories to all Schedules from 1 to 11

As per our report of even date

For S.V. Ghatalia & Associates

Firm Registration Number: 103162W

Chartered Accountants

per Sudhir Soni

a Partner

Membership No.41870

The Ruby, 14th Floor,

29, Senapati Bapat Marg, Dadar(W)

Mumbai-400 028

Dated: 29th July, 2011

ASHOK KUMAR BAID
Company Secretary

JYOTI PRAKASH KANORIA
RAVI KASTIA
ARVIND KUMAR 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 :

1 Registration Details :

State Code	021
Registration Number	11754
Balance Sheet Date	31 st March, 2011
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	210,351
Total Assets *	210,351

* Including Profit & Loss Account Debit Balance Rs. 199,835

Sources of Funds:

Paid up Capital	37,877
Reserves & Surplus	164,881
Secured Loan	NIL
Unsecured Loans	3,792

Application of Funds:

Net Fixed Assets	772
Investments	120
Net Current Assets	5,823
Misc. Expenditure	NIL
Accumulated Losses	199,835

4 Performance of the Company [Rs.in Thousands] :

Rent & Other Income	4,151
Total Expenditure	2,416
Profit Before Tax	1,735
Profit After Tax	1,735
Basic & Diluted Earning per Share [in Rs.]	0.46
Dividend Rate	–

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

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