ANNUAL REPORT 2011-12

HYDERABAD INDUSTRIES LIMITED
(CK Birla Group)

SOARING HIGH

From our inspired inception, HIL has undoubtedly come a long way. From deriving inspiration from the peerless creator: Nature, to finding an inner drive that constantly propelled us onward, to constantly evolving and re-inventing ourselves, the path was set for us to take the next leap: to soar towards lofty heights of ambition and excellence, to emulate the majestic eagle.

The keenness of vision, the longing to soar higher than all else, and the insatiable hunger to remain at the top are all qualities that one associates with the eagle - qualities we at HIL tirelessly strive to embody. Qualities that have enabled HIL to emerge as the foremost leader in all the realms that we operate in.

OUR VISION

To sustain our domestic market leadership position and become a global provider of building products and solutions, with a commitment to support Green Buildings and Habitats by supplying environment-friendly products and by following green and safe practices.

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BOARD OF DIRECTORS

Mr. C K Birla, Chairman
Mr. Krishnagopal Maheswari
Mr. Shreegopal Daga
Mr. P. Vaman Rao
Mr. Yash Paul
Mr. Abhaya Shankar, Managing Director

Company Secretary: P. Rajesh Kumar Jain

Auditors: S.R. Batlibai & Associates

Solicitors: Khaitan & Co

Bankers
State Bank of Hyderabad
State Bank of India
Central Bank of India
State Bank of Mysore
State Bank of Travancore
HDFC Bank Limited

Registered Office
Hyderabad Industries Limited
Sanathnagar, Hyderabad – 500 018 (Andhra Pradesh)

Works

- **Faridabad:** Sector-25, Haryana
- **Jasidih:** Industrial Area, Jharkhand
- **Hyderabad:** Sanathnagar, Andhra Pradesh
- **Thrissur:** Mulangunnathukukavu, P.O., Kerala
- **Satharya:** SIDA, Jaunpur Dist., Uttar Pradesh
- **Dharuhera:** Plot No. 31, Rewari Dist., Haryana
- **Wada:** Musarane Vil., Thane Dist., Maharashtra
- **Golan Village:** Valad Taluka, Tapi Dist., Gujarat
- **Thimmapur:** Mahaboobnagar Dist., Andhra Pradesh
- **Balasore:** IDCO, Plot No. Z-2, IID Centre, Somanthapure, Orissa
- **Chennai:** Kannigaiper Vil., Tiravallur Dist., Tamil Nadu
- **Vijayawada:** Plot No. 289, IDA, Kondapalli, Andhra Pradesh
- **Dera Bassi:** Village Saidpura, Dera Bassi, Punjab

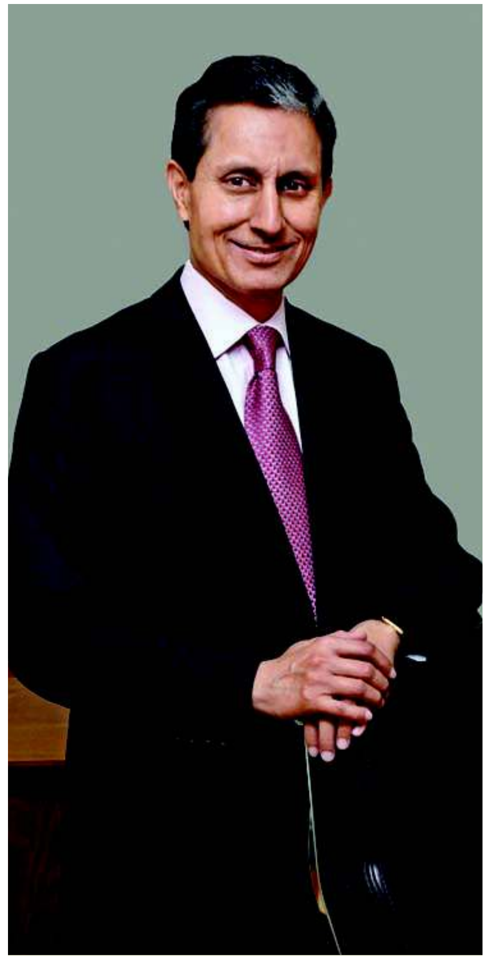
Wind Power

- 3.6 MW (2x1.80 MW) at Kutch Dist., Gujarat
- 1.25 MW near Coimbatore, Tirupur Dist., Tamilnadu
- 2.5 MW (2x1.25 MW) at Jodhpur Dist., Rajasthan

CHAIRMAN'S MESSAGE

Our journey of transformation at HIL started four years ago. Today, we are proud of the overall improvements in both performance and health of the organization. Well-defined strategy, team work, execution roadmap and pursuit of excellence are the pillars of our business philosophy. As we prepare to soar to greater heights, HIL shall remain singularly focussed on delivering the best to maximize the wealth of our stake holders.

- C K Birla



Sitting (L to R) - Sharad Dalmia (Sr. VP – Operations), Sanjay Kavathalkar (VP – HR), Ashok Soni (CFO), Abhaya Shankar (MD), Atul Kapur (Sr. VP Sales & Marketing), Shyam Modi (Sr VP – Special Assignments), Dr. VC Rao (VP – Occupational Health), PK Jhunjhunwala (Sr. VP - Special Assignments)

Standing (L to R) - I K Pandit (GM-Quality Audit), G. Manikandan (DGM-Finance), Madhusudan Mokashi (VP – Marketing), P. Rajesh Kumar Jain (Company Secretary), Pradeep Kumar (VP -Manufacturing), L N Murthy (GM-IR), NB Krishnan (DGM – New Product Development), B Gururaj (GM-Operations), Jitendra Singh (CIO – IT), Tom C Pedersen (Sr Technologist-R&D), Karunasagar (Unit Head-Hyderabad), A Ramakrishna (VP – Supply Chain), Shyam Maheshwari (VP – Roofing Business), Krishna Mohan (GM-Materials), B Srinivas Rao (AVP – Thermal Insulation Business), Jagadiswaraya (GM – R&D), N K Jayakrishnan (GM – Blocks), C. Sankar (GM-Costing & Internal Audit)

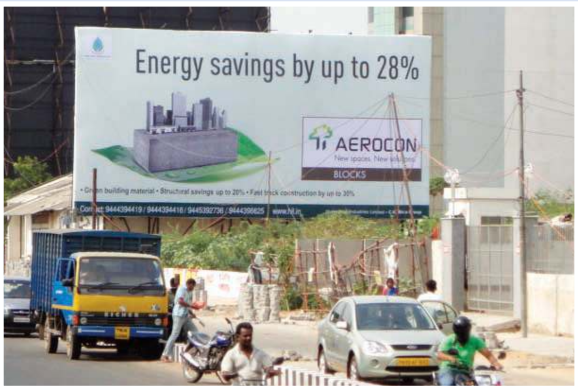
THE MANAGEMENT TEAM

HIL believes in the importance of effective management under the strong and focused leadership that comes with experience. Every function at our organization is headed by an adept head. Each one of our veteran leaders are specialists in their respective fields, bringing with them decades of intensive experience that tempers their efficient management qualities.

HIL'S DYNAMIC YOUNG LEADERS

Our young and vibrant team represents the energy of vigor and celerity. These dynamic young people hail from the country's top educational institutions and have worked in leading companies. Their dauntless and efficient hands, guided by our experts steer the company forward and make sure we stay ahead of the changing times.

INNOVATIVE AND MARKET-SPECIFIC BRANDING



HIL's innovative and maiden attempt, of utlizing outdoor media like bus shelters and the premium intercity bus branding excercise was a notable success. This has led to good brand visibility in both the cities.

ENDORSING THE ORDER OF ACCLAIM

During this year, HIL, with its brand Aerocon, sponsored many key events and awards organized by and for the building & construction fraternity, thereby increasing networking opportunities with them.

The IIA Awards, in Delhi chaired by Central Minister Mr. Kamal Nath. Also present are Mr. Abhaya Shankar, *MD – HIL* and Mr. Atul Kapur, *Sr. VP – Sales and Marketing HIL*

IADF - Indian Architecture and Design Festival, Mumbai. Attended by all leading architects of India. Mr. Mokashi (*VP – Marketing)* presenting award to Architect Shirish Beri

Responsibility for sustainability - Seminars were organized in focus markets across MP and Gujarat. Lead speakers were invited from international structural engineering firms based out of Germany, Burro Happold and other associations like CREDAI, BAI, IIA. The seminars were attended by leading architects and builders of the respective cities.

EXHIBITIONS & TRADE FAIRS

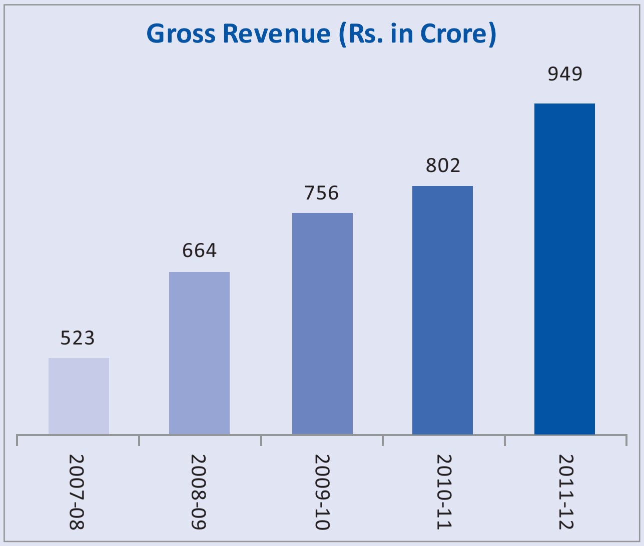
The Aerocon and Charminar range of products were showcased in all the leading construction material exhibition in key markets across India along with Qatar and Dubai to explore international business opportunities.

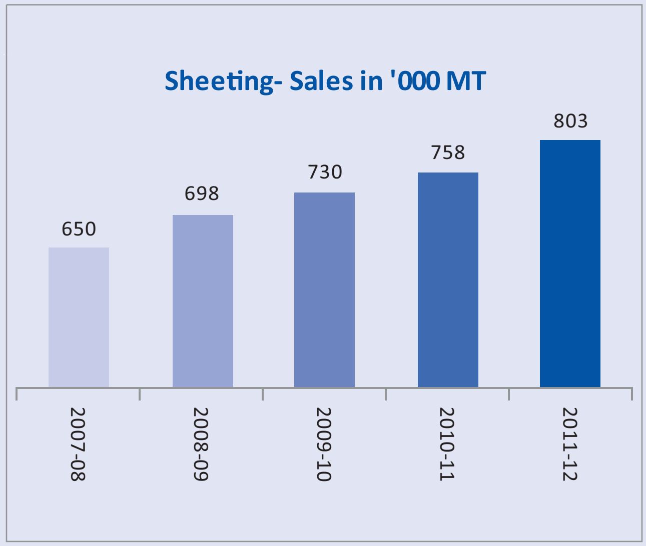
PARTNERS IN PROGRESS MEET

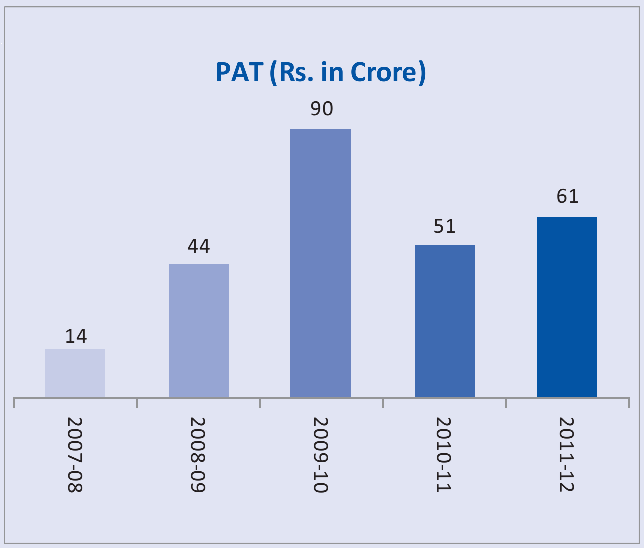
Partners in Progress meet – an evening to recognize the contribution of Retail Network Partners and celebrate our success in the Mumbai region. This was a well-appreciated initiative that kept the retailers engaged and motivated.

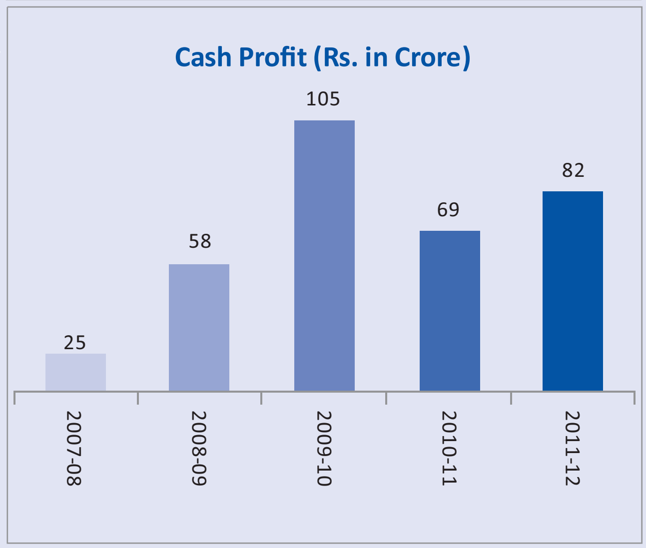
CONSUMER MEET

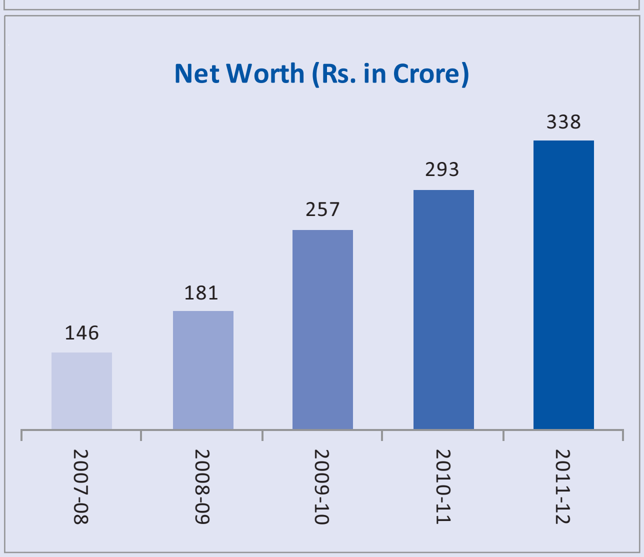
A special evening was organized for the TG (Hatcheries and Poultry Owners). The event was instrumental in sharing with them how charminar benefits their endevours, ensuring a mutual growth.

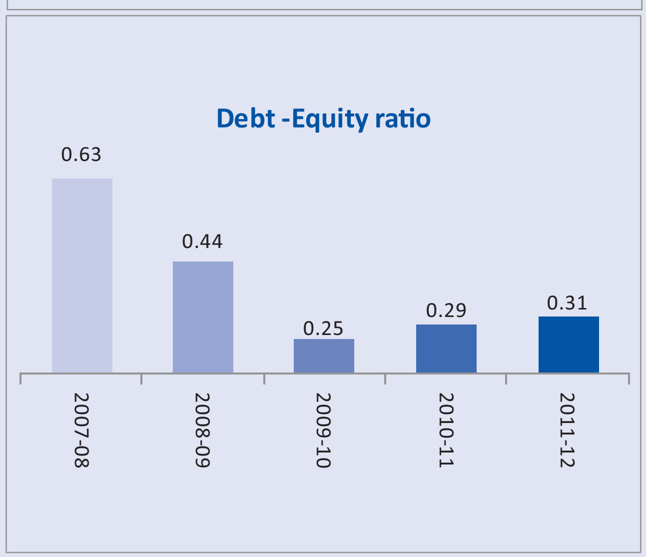

Gross Revenue (Rs. in Crore)
523
664
756
802
949
2007-08
2008-09
2009-10
2010-11
2011-12


Sheeting- Sales in '000 MT
650
698
730
758
803
2007-08
2008-09
2009-10
2010-11
2011-12


PAT (Rs. in Crore)
14
44
90
51
61
2007-08
2008-09
2009-10
2010-11
2011-12


Cash Profit (Rs. in Crore)
25
58
105
69
82
2007-08
2008-09
2009-10
2010-11
2011-12


Net Worth (Rs. in Crore)
146
181
257
293
338
2007-08
2008-09
2009-10
2010-11
2011-12


Debt -Equity ratio
0.63
0.44
0.25
0.29
0.31
2007-08
2008-09
2009-10
2010-11
2011-12

TO THE SHAREHOLDERS

The Directors have pleasure in presenting their Report and the Audited Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS

	₹ in lacs 2011-2012	2010-2011
Earnings before Interest, Depreciation and Tax	**11599.32**	9771.68
Less: Interest	**746.05**	562.94
Depreciation	**2117.58**	1794.93
Profit before Tax	**8735.69**	7413.81
Less:Taxes	**2681.14**	2353.39
Profit for the year	**6054.55**	5060.42
Balance as per last year	**4933.66**	4262.68
AVAILABLE FOR APPROPRIATION	**10988.21**	9323.10
APPROPRIATION		
General Reserve	**4000.00**	3000.00
Interim Dividend on Equity Shares	**447.75**	447.75
Proposed Final Dividend on Equity Shares	**932.82**	746.26
Corporate Dividend Tax	**221.08**	195.43
Balance carried to Balance Sheet	**5386.56**	4933.66

DIVIDEND

During the year the Board has declared an Interim Dividend of ₹ 6/- per equity share (60% of the paid-up capital). Your directors are now pleased to recommend a final dividend of ₹ 12.50/- per equity share (125% of the paid-up capital) for your consideration and approval at the ensuing Annual General Meeting of the Company.

With the proposed final dividend, the total dividend for the year 2011-12 would be ₹ 18.50/- per share (185% of the paid-up equity capital).

The total dividend outgo will be ₹ 1601.65 lacs (including dividend distribution tax)

OVERALL ECONOMIC OUTLOOK

After the extended phase of slowdown starting from 2008-09 on account of global recession, the economic prospects in US and Asia showed signs of improvement in 2011-12. As per the latest IMF forecast, IMF has increased world output growth projections to 3.5% for the year. However, it has also cautioned that though the outlook for the global economy is slowly improving but it is still fragile.

The Euro zone crisis has rocked the economy again with shocks of sovereign debt crisis emerging from various major economies of the Euro Zone. As Europe enters a recessionary phase, its impact may trickle down to the rest of the world as well. The biggest risks to the global economy in 2012-13 stems from the oil price spikes, deterioration in the European crisis and the investment slump in other developing economies.

The Indian Economy's overall Gross Domestic Product (GDP) growth is estimated at 6.9% in 2011-12. India's current account deficit is expected to touch 4%of GDP in the 2011-12 fiscal year compared to 2.6% in the previous year, the worst in at least eight years on account of a widening trade gap. Government in its latest fiscal budget showed its fiscal deficit to have ballooned to 5.9% of the GDP in 2011-12 which is projected to come down to 5.1% in 2012-13. India's balance of payments slipped into negative territory for the first time in last three years.

High inflation continues to be an area of concern for the common man and would pose a serious challenge for the Government during 2012-13, driven mainly by food inflation and increasing cost of living. Government was compelled to take tough measures such as raising the interest rates, revising the quota restrictions for import/export of commodities etc. However, the long-term prospect of the Indian economy, including the infrastructure and industrial sectors, continue to remain positive. The Economic growth can accelerate if the government implements its various policy reforms and initiatives such as more efficient use of fuel and fertilizer subsidies and an early implementation of the GST and Direct Tax Code, thereby reducing structural fiscal deficits and improve India's investment climate. With good monsoons in the last year and healthy food stocks together with forecasts of a normal monsoon this year, we expect the Indian Economy and especially the rural demand to register a reasonable growth.

PERFORMANCE

In the year 2011-12 the Company's revenue increased to

₹ 949 Crores from ₹ 802 Crores in the previous year, a growth of 18% over the previous year. The Profit Before Tax has also increased from ₹ 74.14 crores to ₹ 87.36 crores registering a growth of 18 %. The growth in turnover and profitability is mainly attributed to aggressive marketing strategy and ongoing cost saving initiatives.

Fibre Cement Sheet Products

Fibre Cement Sheets continue to be the major revenue earner for the Company. During the year under review it registered a growth of 13% in revenue over the previous year. The Fibre Cement Sheet Industry is estimated to grow at around 5% - 7% during the financial year 2012-13 on account of good monsoon in 2011-12, increase in rural income on account of good agricultural production coupled with increase in minimum support price.

The housing shortage continues to be large which offers opportunity for growth to the Company. Implementation of Government of India's infrastructure development projects have started gaining momentum. This together with other Government sponsored initiatives in providing low cost housing and schools for the masses are expected to increase demand for construction materials including fibre cement sheets. With the additional capacities established during the year under review and new facilities planned in 2012-13, your Company is confident of maintaining its market leadership.

Green Building Products

Increasing concern and importance being given to conserve environment and its sustainability, is resulting into increasing preference for Green building products. The Company's drive in growing the Green Building Products business has achieved considerable success. Your Company is committed towards producing sustainable green building products and solutions with an ultimate aim of helping the Construction and Infrastructure Industry to build green habitats.

Aerocon AAC - Blocks

The Aerocon Blocks, a key offering in the Company's product basket as part of its Green Building Products initiative, registered an impressive growth of over 100% during the period under review, mainly on account of stabilization and full capacity utilization of the Golan plant in Gujarat and Company's aggressive and successful marketing strategies in developing this business. This has resulted in an increase in market share from 20% to 26% in the Southern & Western regions of the Country. Our Aerocon Blocks besides being environment friendly (Green) has several advantages for the user in terms of speed of construction and cost savings. This is resulting in increased demand and preference for our AAC Blocks over the conventional products such as red clay bricks which is no longer a favoured product. This division will continue to grow although there will be pressure on prices as competition is likely to intensify further with new entrants in the market. High acceptance of our Aerocon brand and our focus on quality, reliability and customer service has helped us to attain our leadership position. Your Company has ambitious plans to setup new capacities to cater to the growing demand in the forthcoming years.

Aerocon Panels

Aerocon Panels, for construction of prefab structures and partition walls, have been extensively used in the infrastructure sectors like roadways, power plants and airports as well as in the commercial buildings such as malls and modern offices. An innovative and new age product, these panels have created a niche for themselves due to ease of installation and speedy construction as benefits to the users.

During the year under review, the sales of Aerocon Panels in quantity terms has increased by 21% over the previous year while the industry grew by 16% during the same period. The Company's Aerocon Panels enjoys a domestic market share of 58%.

Thermal Insulation - HYSIL

The augmented capacity in 2011-12 helped us to retain our market share of 65% despite the entry of new manufacturers within India and continued imports from China.

The sales in quantity terms of thermal insulation segment grew by 7% over the previous year, keeping pace with the industry growth. However, the future outlook is critically dependent on the commissioning of green field projects. The industry is likely to grow at a rate of 5 % p.a. This division has chalked out plans to expand the market by entering into pipe insulation and renewed thrust on exports, primarily to GCC countries.

NEW PROJECTS

As a part of our market share enhancement strategy, the Company is constantly exploring options for augmenting capacity at existing locations and also by setting up new plants in strategic locations to keep pace with the growing demand for our products.

During the year under review the Company has started commercial production of its second Line at its Fibre Cement Sheet Plant at Sathariya, U.P. With this additional line the total installed capacity of our plant at Sathariya, in Uttar Pradesh has increased to 1,80,000 TPA.

Wind Power :- Expanding its footprint into renewable energy sector your Company has set up a 1.25 MW Wind Power Project near Coimbatore, Tamilnadu. The Wind Turbine was commissioned in September 2011 and the energy generated from the project was used for captive consumption at our AAC Blocks manufacturing unit near Chennai, Tamilnadu. With this, both the AAC Blocks manufacturing units of the Company are now operating with captive Wind Energy Turbines, making the Company's green Blocks greener.

The Company is also setting up a 2.50 MW Wind Power Project in Jodhpur District of Rajasthan which is expected to commission by May, 2012. With this the total Wind Power installed Capacity of the Company would be 7.35MW. Your Company has ambitious growth plans in Renewable energy sector, but future expansion plans grossly depends on the consistency of the policies of the Government of India.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A Report on Management Discussion & Analysis is appended as Annexure (IV) to this report as per the requirements of Listing Agreement with the Stock Exchange(s).

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. C.K. Birla and Mr .P Vaman Rao, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and, being eligible, will be offering themselves for re-appointment.

The term of Mr.Abhaya Shankar, as Managing Director of the Company is due for renewal on 30th April, 2012. On recommendation of the Remuneration Committee the Board at its meeting held on 24th January, 2012 duly considering the performance and achievement of the Company under his supervision and leadership, subject to the approval of the members at the forthcoming Annual General Meeting, reappointed Mr.Abhaya Shankar as Managing Director of the Company for a period of 3 (Three) years w.e.f 1st May, 2012.

For Directors seeking appointment/ re-appointment in the forthcoming Annual General Meeting of the Company; the particulars as required to be disclosed in accordance with Clause 49 (Corporate Governance) of Listing Agreement, forms part of Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement as required under the provisions of Section 217 (2AA) of the Companies Act, 1956, is given in the Annexure (I) attached hereto and forms part of this Report.

CORPORATE GOVERNANCE

The Company has been making every effort to improve governance and transparency in the conduct of business. Your Company is committed to good Corporate Governance with ethical corporate practices. As per the requirements of Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance for the year 2011-12 and a Certificate from the Auditors of the Company are furnished as part of this Annual Report.

The Ministry of Corporate Affairs has issued Corporate Governance Guidelines in December, 2009. While these Guidelines are recommendatory in nature, the Company has already adopted most of the Guidelines. The Company will be reviewing its Corporate Governance Practices in the context of other recommendations under the said Guidelines for appropriate adoption.

HUMAN CAPITAL

At HIL, amongst all our assets, we consider People as most valuable. To achieve the ambitious goal of doubling our revenues in next four to five years and to sustain our market leadership in all our product segments, we have built a competent and motivated team across the organization.

One of the major achievements during the year 2011-12 was Organizational Restructuring to equip the Leadership team to achieve its goals. We have strengthened our senior leadership Team which will bring in transformation and improvement across all functions. Various initiatives towards acquiring fresh talent, training and providing career growth to retain talent are being put in place.

We have developed a robust mechanism to identify high potential employees and to train them as future leaders, we have institutionalized Management Development Programs (MDPs) & competency based training. We are taking up various initiatives for employee engagement including Performance Management Systems, effective rewards and recognition programs which will build a performance driven culture and create a conducive environment for the employee's growth.

AUDITORS

The Statutory Auditors of the Company, M/s. S.R.Batliboi & Associates., who retire at the conclusion of ensuing Annual General Meeting, being eligible, offer themselves for re-appointment.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure (ii) attached hereto and forms part of this Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other required particulars of the employees are set out in Annexure (III) attached hereto and forms part of this Report.

ACKNOWLEDGEMENTS

The Board of Directors places on record their appreciation for the co-operation and support extended by all stakeholders in the Company including the Shareholders, Bankers, Suppliers and other Business Associates.

The Directors also wish to place on record their appreciation for all the employees for their commitment and contribution towards achieving the goals of the Company.

On behalf of the Board of Directors

C.K. BIRLA
Chairman

New Delhi, 1st May, 2012

Annexure I

Annexure (I): Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 and on the basis of compliance certificate received from the executives of the Company and subject to disclosures in the Annual Accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, and to the best of their knowledge and information furnished, the Board of Directors states:

i) That in preparation of the Annual Accounts for the year ended 31st March, 2012; all the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures, if any.

ii) That the Directors have adopted such accounting policies, as selected in consultation with Statutory Auditors, and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended 31st March, 2012.

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 Annual Accounts for the year ended 31st March, 2012, has been prepared on a going concern basis.

On behalf of the Board of Directors

C.K. BIRLA
Chairman

New Delhi, 1st May, 2012

Annexure II

Annexure (II): Statement of particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Conservation of Energy

To conserve and optimize the use of energy, the Company has been installing energy efficient blowers, vacuum pumps, backwater pumps and other equipment in all its plants. Energy efficient lighting system and modernized mechanical devices / systems were also installed for optimum usage of power. Strict controls are exercised in operation of the plants for optimum usage of Power and Fuel. In pursuit of reducing carbon footprint, your Company in addition to using renewable fuel in place of Furnace oil in one of its plants, has setup a 1.25 MW Wind Power Project in Coimbatore, Tamilnadu which was commissioned in September 2011. The energy generated from the project is used for captive consumption at our AAC Blocks manufacturing unit near Chennai, Tamilnadu. Your Company is making constant efforts to explore further areas of improvement as part of the ongoing program to optimize usage of energy.

Total energy consumption and energy consumption per unit of Production as per "Form A" of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

FORM A

Form for disclosure of particulars with respect to conservation of energy:

(A) Power and Fuel Consumption

	2011-12	2010-11
1. Electricity		
a. Purchased		
Units (lacs KwH)	**26.46**	27.83
Total amount (₹ in lacs)	**141.13**	145.99
Rate/Unit (₹/KwH)	**5.33**	5.25
b. Own Generation		
i) Through Diesel Generator Units (lacs KwH)	**9.41**	10.46
Units per Litre of Diesel Oil	**3.41**	3.16
Cost/Unit (₹)	**11.04**	11.12
ii) Through Steam Turbine/ Generator	**–**	–
2. Coal	**–**	–
3. Furnace Oil/LDHS		
Quantity (K.Ltrs.)	**194**	802
Total amount (₹ in lacs)	**67.36**	214.12
Average Rate (₹/K.Ltrs.)	**34665**	26689
4. Others/Internal generation	**–**	–

(B) Consumption per unit of production

	2011-12	2010-11
Thermal Insulation Products (Refractories)		
Electricity (KwH/MT.)	**702**	821
Furnace Oil/LDHS (Litres/MT.)	**407**	698
Coal	**–**	–

FORM B

Form for disclosure of particulars with respect to Technology Absorption:

Research and Development (R&D)

1. Specific areas in which R&D is carried out by the Company:

   a. Develop substitutes for raw materials to address issues of declining availability of raw material and also for cost savings.

   b. Developing new mix of raw materials for better product attributes and lower costs.

   c. Improving cost effectiveness and quality of products through new, improved manufacturing processes, productivity improvements.

   d. Effective utilization of resources like energy, water and waste materials.

   e. Development of new, improved and value added Green Building Products.

   f. Develop new applications for our existing products.

2. Benefits derived as a result of the above R&D:

   a. Usage of cost-effective raw materials resulted in cost savings.

   b. Introduction of value added products helped in increasing customer base.

3. Future Plan of Action:

   Continuation of work in areas specified at S.No.1 to further improve our products, develop new products and technologies.

4. Expenditure on R&D:

	2011-2012 (₹ in lacs)
a. Capital	**4.92**
b. Recurring	**228.67**
c. Total	**233.59**
d. Total R&D expenditure as a Percentage of total net turnover	**0.27%**

Technology Absorption, Adaptation and Innovation:

1. The Company is continuously endeavoring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies.
2. Particulars of imported technology (imported during the last 5 years reckoned from the beginning of the financial year): None

Foreign Exchange Earnings and Outgo:

Efforts to identify export opportunities for the products of the Company continued during the year under review. The Company is exploring other offshore markets to increase the quantum of exports, particularly in the Middle East, Asian, Far East and African countries.

Total Foreign Exchange used and earned:

		2011 - 12 (₹ in lacs)
A	**Foreign Exchange Earned**	
	Export of Goods (FOB)	261.15
	Others	81.99
	Total	**343.14**
B	**Foreign Exchange Used**	
	Raw Materials, Components, Spares and Capital Goods (CIF)	24518.37
	Other matters	119.61
	Total	**24637.98**

On behalf of the Board of Directors

C.K. BIRLA
Chairman

New Delhi, 1st May, 2012

Annexure III

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.

Name & Qualifications	Designation & Nature of Duties	Remuneration (in lacs ₹)	Age (years)	Date of Joining	Total experience (Years)	Last Employment /duration of service (years)
Mr.Abhaya Shankar, B.Tech (Mech) IIT, Kanpur MBA(PGDM) IIM, Kolkata	Managing Director	156.25	56	01.02.2008	31	Tenneco Automotive India Private Limited (10)
Tom Christian Pedersen	Sr Technologist - R&D	18.12*	50	04.01.2012	31	Cembit Holding, Denmark (7)

* Remuneration paid for the part of the year.

NOTES:

1. Remuneration includes actual payments and / or taxable value of perquisites and Company's contribution to Provident and other Funds.
2. Nature of appointment - Contractual
3. Other terms and conditions - As per rules of the Company.
4. None of the employee is a relative of any Director of the Company.

On behalf of the Board of Directors

C.K. BIRLA
Chairman

New Delhi, 1st May, 2012

Annexure IV

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The year under review ended in a positive note showing signs of moderating inflation and reversing of tightening interest rates. The GDP is expected to be 6.90% for 2011-12 as per the revised estimates of IMF. The Government may lower the growth projections for the last fiscal, in view of sharp downward revision of the industrial output numbers for January 2012. Softer global conditions, weak investor and business confidence, rampant corruption, downgrading of the outlook by the rating agencies and tight monetary conditions were the flash points of the Indian Economy during the last fiscal. GDP growth slowed to 6.1 per cent year-on-year in the fourth quarter of 2011-12, the slowest pace since 2008 and is expected to grow at around 6 per cent through the first half of 2012-13 primarily due to a healthy food grain production in the last fiscal and expectations of a healthy demand especially from the rural sector.

In the current fiscal, the Indian economy is projected to grow at around 6.5% to 7.0%. Inflation is anticipated to be moderate as compared to the last fiscal, with the measures being taken by both the Government and the RBI. The Reserve Bank of India (RBI) cut policy rates marginally in its last policy meet, providing some relief from the soaring interest rates, reversing its policy tightening cycle that started in March 2010.

India has been ranked fifth, moving up by three notches, in wielding economic clout globally after the US, China, Japan and Germany, and ahead of European powers France and the UK, according to a study authored by Kaushik Basu, Chief Economist Advisor. India's increasing per capita income, growing middle class and working population are instrumental in generating huge domestic demand for housing and infrastructure, leisure and entertainment, thereby making the Country a lucrative option for investments.

INDUSTRY AND COMPANY TREND

HIL's business is directly influenced by the activities in the Infrastructure and Construction Industry and the overall performance of the rural economy. Infrastructure development and maintenance is a major input to boost economic development and for sustaining growth in an economy. Across the emerging economies in the world, the construction industry is witnessing a tremendous boom and India is no exception. Government polices and expenditure on infrastructure, training and regeneration projects have helped the sector grow at high levels and the same pace is likely to be seen in the coming year too. This industry comprises of many components including construction of heavy infrastructure (highways, bridges, railways, airports, etc.), real estate (both residential as well as commercial) development, and other specialized construction projects . The growth in the infrastructure and real estate development gives rise to demand for various building products such as walling, partitioning, ceiling, roofing, flooring, facades, fittings, paints and decorative materials.

With construction activities taking place in different cities in India at reasonably good speed, industry experts predict that this sector will escalate to new heights in the next few years. The construction industry with a size of US $70 billion is currently growing at 10 per cent on y-o-y basis. With the huge investments planned in the construction industry, tremendous growth opportunities are expected to arise for the building product companies. The housing market is expected to witness growth of around 14%p.a.. An interesting trend is that the age group of ownership of a house is getting younger. According to a recent report by ASSOCHAM, the average age of a person buying a property has come down to 30-38 years as compared to an age of 55-58 years 20 years ago. This is one of the factors instrumental in generating higher demand for housing.

A study conducted by Credit Suisse throws some very interesting insights about the Rural Indian Economy. Unlike traditional perceptions, the rural India is no more solely dependent on agriculture. For instance, in 1978, 81% rural males depended on agriculture as their main source of income. Fast forward to 2009-10, the proportion has dropped substantially to about 55%. The study suggests similar trends even in female rural employment.

There are some robust facts that validate the changing trend. A decade ago, agriculture accounted for nearly 50%

of the rural economy. Now, it has dropped to just about one-fourth. On the other hand, the share of the manufacturing and the services sectors in the rural GDP (Gross Domestic Product) has ascended at a rapid pace. Between 1999 and 2009, manufacturing GDP in rural India has grown at 18% CAGR (compound annual growth rate). The same now contributes to about 55% of India's total manufacturing GDP. Increasingly, Indian villages are acquiring the characteristics of towns.

This changing trend opens a sea of opportunities for the rural consumption. A lot of urban consumption categories such as construction materials, two-wheelers, personal products, healthcare, etc. are set to make greater inroads into these high potential rural markets. Your Company is gearing up, to take advantage of this opportunity, raring to go on a strong growth trajectory, consistently creating wealth for its shareholders.

BUSINESS SEGMENT ANALYSIS

The Company's business can broadly be classified into two groups i.e. Building Product Group and Thermal Insulation Product Group:

(A) BUILDING PRODUCT GROUP -

1. Fibre Cement Sheeting Business Division
    a. Fibre Cement Corrugated Sheets
    b. Flat Products
2. Green Building Products Business Division
    a. Autoclaved Aerated Concrete (AAC) Blocks (Light Weight large size Bricks)
    b. Building Panels (for walling/partitioning and pre-fab structures)

(B) THERMAL INSULATION PRODUCT GROUP

a. Calcium Silicate Insulating Materials (for high temperature insulation)

(A) BUILDING PRODUCT GROUP

This segment consists of Fibre Cement Corrugated Sheets, Autoclaved Aerated Concrete Blocks and Aerocon Panels. Fibre Cement Sheets and flat products continue to be the major revenue generator for the Company accounting for about 81% of the Company's sales Revenue. Your Company continues to be the market leader in the fibre cement roofing industry with a market share of about 20%.

During the period under review, Aerocon Blocks registered a growth exceeding 100% over the previous year. This was mainly on account of stabilization of the Golan unit of the Company. In a fairly short period of operation, the Golan plant has achieved full capacity utilization. Capturing of a significant portion of the market in south and west in a short time amidst intense competition is a reflection of the Company's aggressive and successful strategies in developing this business. With the right pricing we anticipate this product to witness significant growth in volumes as the builders convert from conventional red clay bricks to our green AAC Blocks.

Aerocon Panels, used for construction of prefab structures and partition walls, have been extensively used in the infrastructure sectors like roadways, irrigation, power plants, airports etc and also in the construction of malls, schools, colleges etc. The division posted robust growth of over 21% during the year under review and is expected to continue to grow at similar rates for the next few years.

(B) THERMAL INSULATION PRODUCT GROUP

This group of Calcium Silicate based insulating materials caters to industries such as cement, power, petrochemical and fertilizer plants. Due to their superior properties and high quality, the Company's products have gained good acceptance over its substitutes. Efforts are being made for developing new applications to expand the market size.

Demand for insulation products is increasing due to fresh investments in green field projects as well as replacement and modernization of plants in the Cement, Fertilizer, Petrochemicals and other industries.

OUTLOOK FOR THE COMPANY

In India's quest to retain its position as one of the fastest growing economies in the world, it is relying on increase in consumption as one of the major drivers. Indeed, one of the reasons why the country was less affected than many other nations during the global financial crisis is that the domestic consumption was quite robust. This was in sharp contrast to China, where the reliance on exports being high, the dragon nation witnessed considerable slowdown as the developed world sank into recession. When the consumption story in India was being touted as the big driver for India's growth, rural demand was always considered to be the key. This is hardly surprising in an economy, where almost 65-70% of the population depends upon agriculture as a means of livelihood.

Even today, over 50% of the Indian population still lives under thatched roofs (Kuccha roofing) and clay tiles. Security concern coupled with rising income level drives the desire of Rural India to shift from kuccha house to pucca house. A reasonably good monsoon in 2011-12 and Government's continued thrust to provide adequate shelter to the rural poor by introducing various programs like Indira Awas Yojna, Golden Jubilee Rural Housing Finance Scheme, etc., will boost the demand for various building products thereby providing a huge potential for the Company's Charminar roofing sheets.

With the expected softening of the Inflation rate and expectation of a healthy demand from rural India, the fibre cement sheet industry is likely to grow between 5% to 7% annually. HIL has gone in for a major change in makeover to address the new emerging demands, markets and trends. Being a market leader over several years, with its strong brand **"CHARMINAR"**, a strong & extensive distribution network spread across the country, serviced by its 9 manufacturing locations, and a newly structured sales & marketing team, HIL is well poised to capitalise on the opportunities provided by the rural India and is all set to increase its market presence and improve its market share.

The worldwide trend towards sustainable buildings, which began in the 1990s, is now gaining momentum due to increasing concerns over climate change issues. Improving the environmental impact performance of new and existing properties is commonly recognised today as a priority to meet climate change challenges. Issues like diminution of fertile soil, emission from fossil fumes and global warming becoming key concerns across the world, there is need to switch over to products and methodologies that mitigate these concerns. Company's Green building Aerocon products which are environment friendly are garnering the attraction of building community in the last few years. The high acceptance of our Aerocon brand and our focus on quality and reliability will help the Company to grow the Green building division by a healthy 25% in 2012-13. Our solutions approach will help the customers use our products more efficiently. However, there will be pressure on prices as competition is likely to intensify as new entrants are expected in the market.

The Thermal Insulation division, which faced several constraints last year including a surge in competition from the new manufacturers and imports from China is creating new markets like the piping section and increasing exports to the GCC countries. This business is expected to do well with the augmented capacity, improvements in efficiency, world class quality and reliability helping to counter the Chinese threat.

With the recent capacity augmentation in allied building products and thermal insulation business, focused approach on better sales and marketing efforts, cost reduction measures and productivity improvement through **TPM** (Total Productive Maintenance) practices, your Company is well placed to take advantage from the mounting demand in the industry.

RESEARCH AND DEVELOPMENT

We are committed to investing in world-class technology development, particularly in Green Building Products (GBP). The Research and Development (R&D) Centers of the Company are continuously evolving into a vibrant place with the research work progressing in several areas. The technology innovations that we believe will deliver our next generation of Building Products will in turn enable us to introduce new materials and new usage models for our products. Our continuous efforts on R & D activities is focusing on areas such as designing and developing new products, improving manufacturing processes and researching future technologies for total building solutions.

The Research and Development (R&D) Centers of the Company are recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. Well experienced, qualified and a fully dedicated team is actively working in conjunction with our Business Development team in developing energy efficient and pollution free process, application development, business continuity, cost reduction and enhancement of product quality.

Risks

"The process of Risk Assessment & its Mitigation are being handled by the Corporate Risk Management committee. This process is periodically reviewed by the board for implementation and review. The process for Risk Management is grouped under two categories external and internal and the mitigation plans are worked out accordingly. Major risk identified from the Business and Functions are systematically addressed through mitigation actions on a continuous basis. Findings are discussed with both the Management committee and the Audit committee."

Agricultural output growth in India is dependent largely on monsoons and the unpredictable weather patterns in recent years have wreaked havoc on the agricultural output. There has also been a shortage of funding seen for projects like the NREGA (National Rural Employment Guarantee Act). It is apparent that the government has to take the initiative to invest significant amounts on ramping up agricultural infrastructure with a view of enhancing productivity and thereby minimizing dependence on rain Gods. At the same time, failure to address this issue will only take the country more than a step away from a sustainable 9% plus GDP growth.

The major constituents of building products of our Company are OPC cement, fibre,fly-ash, lime and water. Cement prices are volatile and its availability is a constraint in some of the regions and thus we are taking steps to strengthen our supplier base. Constraint in supply of Fibre due to closure of certain mines has resulted in high dependency on limited sources and a steep increase in the cost of fibre, forcing the industry to look for various cost recovery measures. Cost of fly-ash which was earlier procured either free or at a low price from the thermal power stations, has now increased many fold which has increased Company's cost of production.

Chrysotile fibre products manufactured now are completely different from the previously used blue asbestos products. Today, only one type of asbestos is offered which is chrysotile, usage of which is safe. Chrysotile is a low bio persistent material and 90% of the world's production of chrysotile is used in the manufacture of chrysotile-cement, in the form of pipes, sheets and shingles which are safe to use. These products are used in some sixty industrialized and developing countries. According to a group of experts convened by the World Health Organization (WHO - Oxford, 1989), chrysotile-cement products do not have risks of any significance to public health or the environment. Moreover, workers in this industry, whether employed in manufacturing, installation or removal of materials are not exposed to any detectable risk when effective prevention and control measures are adhered.

The Asbestos Information Centre (AIC) and Asbestos Cement Products Manufacturing Association (ACPMA), promoted by the Indian Manufactures have been advocating safe/controlled use/health hazard potential programs and campaigns to highlight the differences between the safe white asbestos (chrysotile) and other (blue and brown) types of asbestos. The educational campaigns and appropriate representations made by these bodies have resulted in better appreciation of scientific facts amongst the policy and decision makers.

Various Public Interest Litigations filed before the Hon'ourable Supreme Court of India and various other High Courts in India in the last 3 decades have all been decided in favor of asbestos cement products industry, advocating regulated use of asbestos with directions to industry and the government. Thus the possibility of restriction or ban on use of chrysotile fibre (chrysotile asbestos) appear remote. However, repercussions of what is happening on anti asbestos activities elsewhere in the world has an indirect effect on anti asbestos activities in our country as well.

INTERNAL CONTROL SYSTEMS

The Internal control system of the Company is well structured and is commensurate with the size, scale and complexity of its operations. It is being constantly assessed and strengthened. The Internal audit department based on the risk assessment, perform regular internal audits and checks to ensure that internal control systems are in place and that responsibilities were being discharged effectively. The Audit Committee of the Board also reviews the adequacy and efficiency of the internal control systems and gives its suggestions for strengthening wherever required. The composition and working of the Audit Committee forms part of the Corporate Governance Report.

SYSTEMS

With the introduction of Cloud computing initiatives like Email on the Cloud, Cloud Drive and Online Learning Management System, your Company has maintained the pace with the latest technological advancements, reaping the benefits of improved efficiency (anytime/anywhere computing) and substantial savings. With an intent to match the speed of transformation and growth at HIL, information technology function is also gearing up for the next phase. Initiatives like the Release of Audio/Visual SAP Manuals for the users has ensured faster, efficient and effective learning, along with savings in the travelling and associated training costs.

Introduction of ITIL based practices in governance of Information Technology, coupled with publishing of the IT Policy, is leading to a new paradigm of Structured yet Agile IT function in your Company. The process of GRC (including ITGC) has already started taking shape in the Company.

New Initiatives like Online Sales Portal, PMS and HIL Portal will further enable operations and the business functions in reaping the benefits of technology.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Human Resource is a most valuable asset and it needs to be continuously developed with the changing business environment. The Company is committed to the welfare and career growth of its people. The Company is continuously utilizing well diversified recruitment methodology to acquire best talent in the industry. To meet the challenges of the future and develop the required competency, the Company has started Level Based Training and development programmes.

The Company's Management firmly believes that a strong and stable industrial relation is essential for success of any organisation. Over the years the Management has made sincere and continuous efforts for the development of an atmosphere of mutual cooperation, confidence and respect duly recognising the rights of the workers. The Industrial Relations at all the plants of HIL continue to be cordial.

As on 31st March, 2012, the Company had 1985 employees.

ENVIRONMENT, HEALTH & SAFETY

The Company believes that a clean environment in and around the work place fosters health and prosperity for the individual, the group and the community they belong to. Regular medical examinations of employees and health care schemes are an integral part of the Company's policy. Health surveillance of employees adhering to national regulations and ILO recommendations is an ongoing process. We ensure that best environment engineering controls are adopted in the factories. These controls aim in preventing accidents and health hazards. We have been successful in preventing occupational health hazards by following best practices. The Pollution control equipment installed in our Plants ensures achievement of internationally best emission norms which are recommended to be followed elsewhere in the world.

The Company's policies give highest priority to safety, employees health and environment protection.

CAUTIONARY STATEMENT

Statements in the Directors Report including Management Discussion & Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations and reflects only the Management's perception and assessment. Actual results may differ materially from those expressed in the statement and the Company assumes no responsibility in respect of forward looking statements made herein which may undergo changes in the future. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, exchange rates, changes in Government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

On behalf of the Board of Directors

C.K. BIRLA
Chairman

New Delhi, 1st May, 2012

TO
THE MEMBERS OF HYDERABAD INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Hyderabad Industries Limited ('the Company') as at March 31, 2012 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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. 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 March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a 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 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 the balance sheet, of the state of affairs of the Company as at March 31, 2012;

      b) in the case of the 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 & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm registration number: 101049W

Per Vikas Kumar Pansari
Partner
Membership No.: 093649

Place : New Delhi
Dated: May 01, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Hyderabad Industries Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted loan to a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 1,000 lacs and the year-end balance of loans granted to such party was Rs Nil.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) 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.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*

(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 material statutory dues were outstanding, at the year end, 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 of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	***Nature of dues***	***Amount (₹ in lacs)***	***Period to which the amount relates***	***Forum where dispute is pending***
Tamil Nadu General Sales Tax Act, 1959 & Central Sales Tax Act, 1956	Sales tax on enhanced turnover due to certain disallowance	10.41*	1990-91, 1994-95, 1997-98, 2000-01, 01-02 & 02-03	Hon'ble Supreme Court of India, Sales Tax Appellate Tribunal, Appellate Asst. Commissioner
Andhra Pradesh General Sales Tax Act, 1957	Disallowance of Concessional Rate of Tax	1.53	1985-86	Hon'ble High Court of Andhra Pradesh
West Bengal Sales Tax Act,1994, Central Sales Tax Act, 1956	Sales Tax Demand	265.85	2001-02, 2002-03, 2003-04 2004-05, 2005-06, 2007-08, 2008-09	Hon'ble High Court of West Bengal, Kolkata, Appellate & Revisional Board, Sr. Jt. Commissioner & Addl. Commissioner
Bihar Finance Act, 1981	Local Sales Tax Demand	109.63	2000-01	Joint Commissioner of Commercial Taxes (Appeals)
Bihar Finance Act, 1981	Demand of Entry Tax	28.57	2003-04	Assistant Commissioner of Commercial Taxes
Bihar Finance Act, 1981	Sales Tax Demand	28.04	2002-03, 2003-04, 2004-05, 2005-06	Dy. Commissioner, Joint Commissioner, Commissioner of Commercial Taxes
Entry Tax of Goods Act, 1930	Demand of Entry Tax including Interest	69.36*	2007-08	Hon'ble Supreme Court of India
Other State/Central Sales Tax Acts	Local Sales Tax Demand, Freight Rebate disallowed, Entry Tax on Stock Transfers & Misc. Disallowance	244.38*	1993-94, 1997-98, 1999-00, 2001-02, 2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	Hon'ble Supreme Court of India, Hon'ble High Court of Rajasthan, Appellate Tribunal, Deputy Commissioner (Appeals), Commissioner of Commercial Tax, Additional Commissioner (Appeals), Deputy Commissioner (Revision), Joint Commercial Appeals, Additional Commissioner, Assistant Commissioner (Appeals), Joint Director Enforcement
Other States like Jharkhand, Maharastra under Central Sales Tax Act, 1956	Sales Tax Demand	132.67	2004-05, 2007-08	Commissioner of Commercial Taxes, Dy. Commissioner (Revision)
Central Excise Act,1944	Excise Duty Demand due to certain disallowance and wrong availment of CENVAT	313.93	2003-04, 2004-05, 2005-06 2006-07, 2007-08, 2008-09, 2009-10, 2010-11	Assistant Commissioner, Joint Commissioner, Additional Commissioner, Appelate Tribunal, Commissioner (Appeals), Customs Excise & Service Tax Appellate Tribunal

Name of the statute	*Nature of dues*	*Amount (₹ in lacs)*	*Period to which the amount relates*	*Forum where dispute is pending*
Central Excise Act,1944	Excise Duty Demand including Penalty	1,040.34*	April 2004-July 2009	Customs Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	2,035.34	2005-06 and 2008-09	Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Wealth Tax Demand	56.98	1993-94 to 1997-98	Hon'ble High Court of Andhra Pradesh, Hyderabad

*net of ₹ 5.29 lacs, ₹ 36.14 lacs, ₹ 106.53 lacs and ₹ 17.50 lacs respectively paid under protest.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) 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.

(xiii) 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 Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) 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 for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) 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.

For **S.R. BATLIBOI & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm registration number: 101049W

Per Vikas Kumar Pansari
Partner
Membership No.: 093649

Place : New Delhi
Dated: May 01, 2012

	Notes	31st March 2012	31st March 2011
		₹ in lacs	
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	**748.98**	748.98
Reserves and Surplus	4	**33514.16**	29078.09
		34263.14	29827.07
Non-current liabilities			
Long-term borrowings	5	**3458.12**	3600.96
Deferred tax liabilities (net)	6	**3557.80**	2803.88
Long-term provisions	7	**100.92**	181.09
		7116.84	6585.93
Current liabilities			
Short-term borrowings	8	**6897.78**	4899.78
Trade payables	9	**8802.11**	6228.65
Other current liabilities	9	**8107.28**	6968.00
Short-term provisions	7	**2031.52**	1433.94
		25838.69	19530.37
TOTAL		**67218.67**	55943.37
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	**30808.69**	26506.73
Intangible assets	10	**144.85**	201.16
Capital work-in-progress		**1683.62**	2284.90
		32637.16	28992.79
Non-current investments	11	**899.78**	911.22
Long-term loans and advances	12	**1492.45**	1516.55
Other non-current assets	13	**259.96**	221.55
		2652.19	2649.32
Current assets			
Inventories	14	**18533.35**	15151.33
Trade receivables	15	**8463.92**	6264.65
Cash and bank balances	16	**943.93**	1050.78
Short-term loans and advances	12	**3883.48**	1744.80
Other current assets	13	**104.64**	89.70
		31929.32	24301.26
TOTAL		**67218.67**	55943.37
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date
For **S.R.Batliboi & Associates**
Firm registration number : 101049W
Chartered Accountants

For and on behalf of the Board of Directors

Per **Vikas Kumar Pansari**
Partner
Membership No.093649

Ashok Soni
C F O

C.K. Birla
Chairman

Place : New Delhi
Dated : 1st May, 2012

P. Rajesh Kumar Jain
Company Secretary

Abhaya Shankar
Managing Director

₹ in lacs

	Notes	2011-12	2010-11
Income			
Revenue from operations (gross)	17	**94908.19**	80203.62
Less: excise duty		**9127.00**	7750.74
Revenue from operations (net)		**85781.19**	72452.88
Other income	18	**848.62**	956.92
Total revenue (I)		**86629.81**	73409.80
Expenses			
Cost of raw material consumed	19	**46225.56**	37891.09
Purchase of traded goods	20	**272.37**	895.06
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	20	**(22.36)**	224.09
Employee benefits expense	21	**7539.50**	6428.42
Other expenses	22	**21015.42**	18199.46
Total expenses (II)		**75030.49**	63638.12
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) – (II)		**11599.32**	9771.68
Depreciation and amortisation expense	23	**2134.41**	1811.89
(Less): recoupment from revaluation reserve	23	**16.83**	16.96
Net depreciation and amortisation expense		**2117.58**	1794.93
Finance costs	24	**746.05**	562.94
Profit before tax		**8735.69**	7413.81
Tax expenses			
Current tax [including taxes for earlier years ₹ 93.22 lacs (Previous Year ₹ 98.89 lacs)]			
Current tax		**1927.22**	1568.89
Deferred tax [including taxes for earlier years ₹ 90.22 lacs (Previous Year ₹ 104.14 lacs)]			
Deferred tax		**753.92**	784.50
Total tax expense		**2681.14**	2353.39
Profit for the year		**6054.55**	5060.42
Earnings per equity share [Nominal value of share ₹ 10 (Previous Year ₹ 10)]	25		
Basic and Diluted (Computed on the basis of total profit for the year)		**81.13**	67.81
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

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For **S.R.Batliboi & Associates**
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P. Rajesh Kumar Jain
Company Secretary

Abhaya Shankar
Managing Director

₹ in lacs

		2011-12	2010-11
A.	**Cash flow from operating activities**		
	Profit before tax	**8735.69**	7413.81
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation/amortisation	**2117.58**	1794.93
	Rent from Long term Investment in properties	**(350.53)**	(327.13)
	Provision for doubtful receivables, advances and other assets	**375.21**	177.22
	Unspent Liabilities, Provisions and Unclaimed Balances Written back (net)	**(14.35)**	(73.48)
	(Profit)/loss on sale of fixed assets (net)	**10.33**	(293.12)
	Interest expense	**746.05**	562.94
	Interest income	**(202.39)**	(50.42)
	Dividend income	**(47.33)**	(32.25)
	Operating profit before working capital changes	**11370.26**	9172.50
	Movements in working capital :		
	Increase/(decrease) in trade payables	**2573.48**	(1039.98)
	Increase/(decrease) in long-term provisions	**(80.17)**	(51.27)
	Increase/(decrease) in short-term provisions	**(99.32)**	21.79
	Increase/(decrease) in other current liabilities	**1081.02**	1825.84
	Decrease/(increase) in trade receivables	**(2320.14)**	(1201.05)
	Decrease/(increase) in inventories	**(3382.02)**	(1300.20)
	Decrease/(increase) in long-term loans and advances	**(205.99)**	(256.50)
	Decrease/(increase) in short-term loans and advances	**(2138.68)**	(578.32)
	Decrease/(increase) in other current assets	**(1.04)**	(11.59)
	Decrease/(increase) in other non-current assets	**(38.61)**	(17.74)
	Cash generated from operations	**6758.79**	6563.48
	Direct taxes paid (net of refunds)	**(1290.34)**	(1386.20)
	Net cash flow from operating activities (A)	**5468.45**	5177.28
B.	**Cash flows used in investing activities**		
	Purchase of fixed assets, including capital advances	**(6071.01)**	(6193.61)
	Proceeds from sale of fixed assets	**135.60**	387.61
	Proceeds of non-current investments	**—**	0.01
	Purchase of current investments	**(10257.79)**	(9077.11)
	Proceeds from sale/maturity of current investments	**10257.79**	9077.11
	Redemption/maturity of bank deposits (having original maturity of more than three months)	**0.20**	–
	Rent received from Long term Investment in properties	**350.53**	327.13
	Interest received	**168.04**	51.22
	Dividends received	**47.33**	32.25
	Net cash flow used in investing activities (B)	**(5369.31)**	(5395.39)
C.	**Cash flows from financing activities**		
	Proceeds from long-term borrowings	**—**	792.00
	Repayment of long-term borrowings	**(86.23)**	(60.07)
	Proceeds from short-term borrowings (net)	**1998.00**	1425.43
	Interest paid	**(740.79)**	(556.39)
	Dividend paid on equity shares	**(1183.28)**	(1183.56)
	Tax on equity dividend paid	**(193.69)**	(198.32)
	Net cash flow (used in)/ from financing activities (C)	**(205.99)**	219.09
	Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(106.85)**	0.98
	Cash and cash equivalents at the beginning of the year	**1050.78**	1049.80
	Cash and cash equivalents at the end of the year	**943.93**	1050.78
	Components of cash and cash equivalents		
	Cash on hand	**4.73**	4.62
	Cheques/drafts on hand	**243.72**	325.84
	With banks- on current account	**637.78**	673.35
	- unpaid dividend accounts*	**57.70**	46.97
	Total cash and cash equivalents (note 16)	**943.93**	1050.78
	Summary of significant accounting policies 2.1		

*The Company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our Report of even date
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Ashok Soni
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C.K. Birla
Chairman

Place : New Delhi
Dated : 1st May, 2012

P. Rajesh Kumar Jain
Company Secretary

Abhaya Shankar
Managing Director

1. CORPORATE INFORMATION

The Company is engaged in the production and distribution of Fibre Cement Sheets, other building products, viz., Aerocon Panels, AAC Blocks, Material Handling and Processing Plant and Equipment, and Thermal Insulation Products (Refractories). The Company presently has manufacturing facilities at Hyderabad, Faridabad, Jasidih, Dharuhera, Thimmapur, Kondapalli, Chennai, Thrissur, Wada, Satharya, Balasore and Golan. The Company has set up Wind Turbine Generators in Gujarat and Tamil Nadu.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for freehold land, lease hold land and building acquired before December 31, 1983 which are carried at revalued amounts.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a. Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible Fixed Assets

Fixed assets, except freehold, lease hold land and buildings acquired before December 31, 1983, pertaining to certain units are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

On December 31, 1983, the Company revalued all its freehold land, leasehold land land and buildings pertaining to certain units existing as on that date. These freehold land, leasehold land and buildings are measured at fair value less accumulated depreciation and impairment losses, if any, recognized after the date of the revaluation. In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d. Depreciation on tangible Fixed Assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the Management, which are equal to the corresponding rates prescribed under the Schedule XIV to the Companies Act, 1956. Some of the Plant and Machinery has been treated as continuous process plant based on technical evaluation.

Depreciation on Company's proportionate share in Fly Ash Handling System (capital expenditure not represented by asset owned by the Company but installed at vendor's location) is provided over its useful life of five years on straight line basis.

Depreciation on the amount added to Fixed Assets on revaluation has been adjusted by transfer of equivalent amount from Revaluation Reserve to statement of Profit and Loss.

e. Intangible Assets

Computer Software

Costs relating to software, which are acquired, are capitalized and amortized on a straight-line basis over their useful lives of five years.

f. Leases

Where the Company is a Lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is a Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g. Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h. Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

i. Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

j. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Investment property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on investment property other than perpetual leasehold land is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management, which are equal to corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

k. Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a transaction moving weighted average basis.

Work-in-progress, trading goods and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of products

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

m. **Foreign currency translation**

i. **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.

ii. **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a 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.

iii. **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

iv. **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 expense or income over the life of the contract. Exchange differences on such contracts are recognized 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.

n. **Retirement and other employee benefits**

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the funds.

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. The Company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Company accounts for gratuity liability of its employees including contract workers on the basis of actuarial valuation carried out at the year end by an independent actuary.

The Company treats accumulated leave, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Future monthly installments payable under voluntary early retirement scheme in respect of the employees, who opted for the said scheme, are provided for as per the actuarial valuation carried out at the year end.Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

o. **Income Taxes**

Tax expense 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 Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, entire deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

p. Segment Reporting Policies

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter-segment transfers

The company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Unallocated items

The unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

q. Indirect expenditure incurred on new projects under construction and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

r. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year 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 year 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.

s. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

t. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of non-occurrence of one or more uncertain future events beyond control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that can't be recognised because it can't be measured reliably. The Company does not recognise the contingent liability but disclose its existence in its financial statements

u. Cash and Cash equivalents

Cash and cash equivalents 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.

v. Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

w. Research and development

Revenue expenditure on research and development is charged to revenue in the year in which it is incurred. Capital expenditure on research and development is added to fixed assets and are depreciated in accordance with policies of the company.

x. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expense, finance costs and tax expense.

		₹ in lacs 31st March 2012	31st March 2011
3. SHARE CAPITAL			
Authorized shares			
9,500,000	(Previous Year 9,500,000) Equity Shares of ₹10 each	**950.00**	950.00
50,000	(Previous Year 50,000) Preference Shares of ₹100 each	**50.00**	50.00
Issued, subscribed and fully paid-up shares			
7,462,563	(Previous Year 7,462,563) Equity Shares of ₹10 each fully paid-up	**746.26**	746.26
	Forfeited Shares (amount originally paid-up)	**2.72**	2.72
Total issued, subscribed and fully paid-up share capital		**748.98**	748.98

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	31st March, 2012		31st March, 2011	
	No	**₹ in Lacs**	No	₹ in Lacs
At the beginning of the year	**7,462,563**	**748.98**	7,462,563	748.98
Outstanding at the end of the year	**7,462,563**	**748.98**	7,462,563	748.98

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹10/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of dividend per share recognized as distributions to equity shareholders was ₹18.50/-, including Interim dividend of ₹6/- (Previous Year ₹16/-, including interim dividend of ₹6/-)

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	**As at 31st March, 2012**		As at 31st March, 2011	
	Nos	**% holding**	Nos	% holding
Central India Industries Limited	**1,074,634**	**14.40**	1,074,634	14.40
Orient Paper And Industries Limited	**906,360**	**12.15**	906,360	12.15

As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

	₹ in lacs 31st March 2012	31st March 2011
4. RESERVES AND SURPLUS		
Capital redemption reserve	**35.00**	35.00
Securities premium account	**624.95**	624.95
Revaluation reserve (arising on revaluation of fixed assets)		
Balance as per the last financial statement	**484.48**	505.99
Less: amount transferred to the statement of profit and loss as reduction from depreciation	**16.83**	16.96
Less: amount transferred to the statement of profit and loss towards sale of revalued assets	**-**	4.55
Closing Balance	**467.65**	484.48
General reserve		
Balance as per the last financial statement	**23000.00**	20000.00
Add: amount transferred from surplus balance in the statement of profit and loss	**4000.00**	3000.00
Closing Balance	**27000.00**	23000.00
Surplus in the statement of profit and loss		
Balance as per the last financial statement	**4933.66**	4262.68
Profit for the year	**6054.55**	5060.42
Less: Appropriations		
Interim Dividend on Equity Shares (amount per share ₹ 6 (Previous Year ₹ 6))	**(447.75)**	(447.75)
Proposed final Equity Dividend (amount per share ₹ 12.50 (Previous Year ₹ 10))	**(932.82)**	(746.26)
Corporate dividend tax on Equity Shares	**(221.08)**	(195.43)
Transfer to general reserve	**(4000.00)**	(3000.00)
Total appropriations	**(5601.65)**	(4389.44)
Net surplus in the statement of profit and loss	**5386.56**	4933.66
Total reserves and surplus	**33514.16**	29078.09

		Non Current 31st March, 2012 ₹ in lacs	Non Current 31st March, 2011 ₹ in lacs	Current 31st March, 2012 ₹ in lacs	Current 31st March, 2011 ₹ in lacs
5. LONG-TERM BORROWINGS					
Other loans					
Interest Free Sales Tax Loan from a financial institution (secured)	(a)	**1520.00**	1520.00	**-**	-
Deferred Sales Tax Loan (unsecured)	(b)	**1938.12**	2080.96	**142.85**	76.29
Interest Free Sales Tax Loan (unsecured)	(c)	**-**	-	**-**	9.94
		3458.12	3600.96	**142.85**	86.23
The above amount includes					
Secured borrowings		**1520.00**	1520.00	**-**	-
Unsecured borrowings		**1938.12**	2080.96	**142.85**	86.23
Amount disclosed under the head "other current liabilities" (note 9)				**(142.85)**	(86.23)
		3458.12	3600.96	**-**	-

a) Interest free sales tax loan from a financial institution is secured by way of first charge on the entire assets of the Sathariya Unit of the Company, both present and future, repayable after 7 years from the date of disbursement. Accordingly ₹ 427 lacs due on July 2016, ₹ 301 lacs due on January 2017 and ₹ 792 lacs due on March 2018

b) Deferred Sales Tax loan was sanctioned towards the sales tax dues relating to Thimmapur, Kondapalli and Chennai unit. The loans are interest free and repayable at the end of 7 years from the month of deferral. The repayment of the deferral scheme has already commenced for Thimmapur and Chennai and for Kondapalli it will commence from 2012-13. The last installment is due on 2017-18 for Chennai & Kondapalli and on 2023-24 for Thimmapur. The yearly repayment varies from ₹ 5 lacs to ₹ 4 crores due to varying amount of availment in the earlier years as per deferral scheme.

c) Interest free sales tax loan sanctioned by Jharkhand Government to unit situated in Jasidih has been fully repaid during the Current Year.

	₹ in lacs	
	31st March 2012	31st March 2011
6. DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities		
Difference in Depreciation/Amortisation on fixed assets as per tax books and financial books	**4248.04**	3327.53
Gross Deferred tax liabilities	**4248.04**	3327.53
Deferred tax assets		
Effect of expenditure debited to statement of Profit & Loss but allowable for tax purposes in following years	**388.24**	296.92
Provision for Doubtful Receivables, Advances and Other Assets	**278.70**	182.14
Voluntary Early Retirement Scheme and Voluntary Retirement Scheme	**23.30**	44.59
Gross Deferred tax assets	**690.24**	523.65
Deferred tax liabilities (Net)	**3557.80**	2803.88

	Non Current		**Current**	
	31st March, 2012 ₹ in lacs	31st March, 2011 ₹ in lacs	**31st March, 2012 ₹ in lacs**	31st March, 2011 ₹ in lacs
7. PROVISIONS				
Provision for employee benefits				
Provision for gratuity (note 26)	**100.92**	181.09	**-**	-
Provision for leave benefits	**-**	-	**294.02**	240.45
	100.92	181.09	**294.02**	240.45
Other provisions				
Provision for Employee related other Costs (note 37)	**-**	-	**21.76**	70.92
Provision for Loss on onerous contract (note 37)	**-**	-	**-**	103.73
Provision for income tax (net of advance income tax)	**-**	-	**631.59**	148.64
Proposed final dividend	-	-	**932.82**	746.26
Provision for tax on proposed final dividend	**-**	-	**151.33**	123.94
	-	-	**1737.50**	1193.49
	100.92	181.09	**2031.52**	1433.94

	31st March 2012	31st March 2011
	₹ in lacs	
8. SHORT-TERM BORROWINGS		
Cash credit from banks (secured)	**3229.37**	3154.48
Buyers Credit from banks (secured)	**451.88**	-
Buyers Credit from banks (unsecured)	**3216.53**	1745.30
	6897.78	4899.78
The above amount includes		
Secured borrowings	**3681.25**	3154.48
Unsecured borrowings	**3216.53**	1745.30
	6897.78	4899.78

a) Cash credit facilities and buyers credits from banks are secured by hypothecation of inventories and book debts and are further secured by second equitable mortgage of the Company's immovable properties and hypothecation of other fixed assets, both present and future, other than assets exclusively charged in favour of a Financial Institution for Interest Free Sales Tax Loan as disclosed in note 5.

b) Cash credit is repayable on demand and carries interest @10.75% to 14.50% p.a. Buyers Credit is repayable after 6 months from the date of availment and carries US$ interest @2.00% to 2.80% p.a.

	31st March 2012	31st March 2011
	₹ in lacs	
9. TRADE PAYABLE AND OTHER CURRENT LIABILITIES		
Trade payables (refer note 36 for details of dues to micro and small enterprises)	**8802.11**	6228.65
Other current liabilities		
Current maturities of long-term borrowings (note 5)	**142.85**	86.23
Deferred payment liability towards voluntary early retirement scheme	**-**	9.04
Interest accrued but not due on borrowings	**11.81**	6.55
Advances From Customers	**1611.46**	1420.76
Unclaimed Dividend (Statutory liabilities as referred in Section 205C of Companies Act, to be transferred to Investor Education and Protection Fund as and when due)	**57.70**	46.97
Others		
Sundry Deposits*	**3819.40**	3600.06
Other statutory liabilities	**2464.06**	1798.39
	8107.28	6968.00
	16909.39	13196.65

* Deposits represents amount collected from customers/consignment agents as collateral at the time of agreement/ contract which is repayable on cancellation of the said contract. These deposits attract interest @ 8% p.a.

10. TANGIBLE ASSETS AND INTANGIBLE ASSETS

₹ in lacs

Paritulars	Freehold Land	Leasehold Land	Buildings	Railway sidings	Plant and Machinery	Furniture and Fittings	Office Equipments	Vehicles	Total tangible Assets	Intangible Assets-Softwares	Grand Total
A. Gross Block											
At 1st April, 2010	1019.34	383.82	6924.05	12.75	22284.72	215.38	318.57	508.99	31667.62	443.39	32111.01
Additions	145.00	–	2692.84	–	7212.32	21.29	51.65	83.52	10206.62	42.93	10249.55
Disposals	–	–	(49.48)	–	(157.86)	(3.56)	(6.04)	(57.55)	(274.49)	–	(274.49)
At 31st March, 2011	1164.34	383.82	9567.41	12.75	29339.18	233.11	364.18	534.96	41599.75	486.32	42086.07
Additions	25.11	75.03	743.42	–	5486.22	23.46	21.71	84.69	6459.64	54.91	6514.55
Disposals	(4.34)	–	–	–	(469.84)	(0.99)	(2.43)	(76.02)	(553.62)	–	(553.62)
At 31st March, 2012	**1185.11**	**458.85**	**10310.83**	**12.75**	**34355.56**	**255.58**	**383.46**	**543.63**	**47505.77**	**541.23**	**48047.00**
B. Depreciation											
At 1st April, 2010	–	37.20	2042.57	12.12	10947.08	167.20	173.43	177.08	13556.68	194.78	13751.46
Charge for the year	–	4.79	237.95	–	1398.01	12.28	17.97	40.79	1711.79	90.38	1802.17
Disposals	–	–	(21.20)	–	(104.07)	(2.85)	(3.48)	(43.85)	(175.45)	–	(175.45)
At 31st March, 2011	–	41.99	2259.32	12.12	12241.02	176.63	187.92	174.02	15093.02	285.16	15378.18
Charge for the year	–	4.83	267.68	–	1665.48	11.85	14.20	47.71	2011.75	111.22	2122.97
Disposals	–	–	–	–	(356.03)	(0.91)	(1.82)	(48.93)	(407.69)	–	(407.69)
At 31st March, 2012	**–**	**46.82**	**2527.00**	**12.12**	**13550.47**	**187.57**	**200.30**	**172.80**	**16697.08**	**396.38**	**17093.46**
C. Net Block (A–B)											
At 31st March, 2011	1164.34	341.83	7308.09	0.63	17098.16	56.48	176.26	360.94	26506.73	201.16	26707.89
At 31st March, 2012	**1185.11**	**412.03**	**7783.83**	**0.63**	**20805.09**	**68.01**	**183.16**	**370.83**	**30808.69**	**144.85**	**30953.54**

Notes

a) Pending settlement of dispute regarding external development charges with Haryana Urban Development Authority, Faridabad, Freehold Land of the value of ₹ 1.27 lacs (Previous Year ₹ 1.27 lacs) is pending for registration in the Company's name.

b) Plant and Machinery of the value of ₹ 30.60 lacs (Previous Year ₹ 30.60 lacs) are held in joint ownership with others.

c) Plant and Machinery includes Company's proportionate share in Fly Ash Handling System (Capital expenditure not represented by asset owned by the Company but installed at vendor's location) of the value of Gross ₹ 67.88 lacs, Written down value ₹ 12.35 lacs (Previous Year ₹ 67.88 lacs and ₹ 25.93 lacs respectively).

d) Freehold Land, Leasehold Land and Buildings include ₹ 945.23 lacs (Previous Year ₹ 945.23 lacs), WDV ₹ 467.65 lacs (Previous Year ₹ 484.48 lacs) on account of additions on revaluation during the year ended 31.12.1983 as per valuation carried out by an approved valuer.

₹ in lacs

	2011-12	2010-11
e) Depreciation/Amortisation for the year (as above)		
- Tangible assets	**2011.75**	1711.79
- Intangible assets	**111.22**	90.38
Add: Depreciation charged on Investment Properties (refer Note 11)	**11.44**	11.44
Less: Transferred to Expenditure incurred during construction period	**–**	1.72
Depreciation/ Amortisation charged to statement of Profit and Loss	**2134.41**	1811.89

	31st March 2012	31st March 2011
	₹ in lacs	
11. NON-CURRENT INVESTMENTS		
Investment property (at cost less accumulated depreciation)		
Investment in Properties given as an operating lease (a)	**846.80**	846.80
Less: Accumulated depreciation	**90.92**	79.48
Net block	**755.88**	767.32
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Birla Buildings Limited-5,000 Equity Shares of ₹ 10 each	**0.80**	0.80
Investment in joint ventures		
Supercor Industries Limited, Nigeria - 4,125,000 Equity Shares of Naira 1 each	**142.60**	142.60
	143.40	143.40
Non-trade investments (valued at cost unless stated otherwise)		
Government and trust securities (unquoted) (b)		
7 year National Savings Certificate	**0.02**	0.02
6 year National Savings Certificate	**0.47**	0.47
Indira Vikas Patra	**0.01**	0.01
	0.50	0.50
	899.78	911.22
Aggregate amount of unquoted investments	**143.90**	143.90
Value of investment property	**755.88**	767.32
	899.78	911.22

a) The Company alongwith other co-owners, has developed a plot of land at 25 Barakhamba Road, New Delhi, where the Company's share is 15%. The registration of the said plot of the value of ₹ 427.60 lacs (Previous Year ₹ 427.60 lacs) in the name of the Company is pending. The Company has given the said property on operating lease to some parties. There are no contingent rents in the lease agreements. The lease terms are mainly for 3-5 years and are renewable at the option of the lessee. There are no restrictions imposed by lease agreements. There are no subleases.

b) Government Securities for ₹ 0.50 lac (Previous Year ₹ 0.50 lac) lodged with Government Departments.

	Non Current 31st March, 2012 ₹ in lacs	Non Current 31st March, 2011 ₹ in lacs	Current 31st March, 2012 ₹ in lacs	Current 31st March, 2011 ₹ in lacs
12. LOANS AND ADVANCES				
Capital advances (A)	**726.96**	569.22	**-**	-
Unsecured, considered good				
Inter corporate deposits (B)	**-**	-	**1025.00**	-
(unsecured, considered good)				
Security Deposits (C)				
Unsecured, considered good	**595.32**	570.95	**-**	-
Doubtful	**25.00**	-	**-**	-
	620.32	570.95	**-**	-
Provision for doubtful security deposit	**(25.00)**	-	**-**	-
	595.32	570.95	-	-
Advances recoverable in cash or kind (D)				
Unsecured, considered good	**-**	72.57	**1884.30**	651.81
Doubtful	**461.59**	252.69	**-**	-
	461.59	325.26	**1884.30**	651.81
Provision for doubtful advances	**(461.59)**	(252.69)	**-**	-
	-	72.57	**1884.30**	651.81
Other loans and advances (E)				
(unsecured, considered good)				
Advance income-tax (net of provision for taxation)	**83.81**	237.74	**-**	-
Prepaid expenses	**20.29**	-	**81.24**	61.94
Balance with statutory/government authorities	**66.07**	66.07	**892.94**	1031.05
	170.17	303.81	**974.18**	1092.99
Total (A+B+C+D+E)	**1492.45**	1516.55	**3883.48**	1744.80

13. OTHER ASSETS (unsecured, considered good unless stated otherwise)

	Non Current 31st March, 2012 ₹ in lacs	Non Current 31st March, 2011 ₹ in lacs	Current 31st March, 2012 ₹ in lacs	Current 31st March, 2011 ₹ in lacs
Non-current bank balance (note 16)	**0.11**	0.31	**-**	-
Others				
Interest accrued on fixed deposits and security deposits	**-**	-	**55.00**	20.65
Dividend receivable on investments	**-**	-	**8.40**	-
Other Receivables	**259.85**	221.24	**41.24**	69.05
Doubtful	**20.45**	-	**-**	-
	280.30	221.24	**41.24**	69.05
Provision for doubtful other assets	**(20.45)**	-	**-**	-
	259.85	221.24	**41.24**	69.05
	259.96	221.55	**104.64**	89.70

	₹ in lacs 31st March 2012	31st March 2011
14. INVENTORIES (valued at lower of cost and net realizable value)		
Raw materials (includes in transit ₹ 1392.36 lacs (Previous Year ₹ 71.39 lacs)) (refer note 19)	**8913.86**	5799.26
Work-in-progress (refer note 20)	**200.12**	563.01
Finished goods (refer note 20)	**8737.44**	7707.09
Traded goods (refer note 20)	**38.59**	557.60
Stores and spares	**643.34**	524.37
	18533.35	15151.33
15. TRADE RECEIVABLES		
Considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**58.25**	47.39
Doubtful	**468.36**	398.14
	526.61	445.53
Provision for doubtful receivables	**(468.36)**	(398.14)
	58.25	47.39
Outstanding for a period below six months from the date they are due for payment		
Unsecured, considered good	**8405.67**	6217.26
Doubtful	**127.56**	76.91
	8533.23	6294.17
Provision for doubtful receivables	**(127.56)**	(76.91)
	8405.67	6217.26
	8463.92	6264.65

	Non Current 31st March, 2012 ₹ in lacs	31st March, 2011 ₹ in lacs	Current 31st March, 2012 ₹ in lacs	31st March, 2011 ₹ in lacs
16. CASH AND BANK BALANCE				
Cash and cash equivalents				
Balances with banks:				
On current/collection/cash credit accounts	**-**	-	**637.78**	673.35
On unpaid dividend account	**-**	-	**57.70**	46.97
Cheques/drafts on hand	**-**	-	**243.72**	325.84
Cash on hand	**-**	-	**4.73**	4.62
	-	-	**943.93**	1050.78
Other bank balances				
Deposits with original maturity for more than 12 months	**-**	0.20	**-**	-
With Post Office in Savings Bank Account	**0.11**	0.11	**-**	-
	0.11	0.31	**-**	-
Amount disclosed under non-current assets (note 13)	**(0.11)**	(0.31)	**-**	-
	-	-	**943.93**	1050.78

	2011-12	2010-11
	₹ in lacs	
17. REVENUE FROM OPERATIONS		
Sale of products		
Finished goods	**93780.44**	79761.91
Traded goods	**847.08**	244.36
Other operating revenue		
Technical Know-how and Service fee	**81.99**	64.89
Scrap sales	**198.68**	132.46
Revenue from operations (gross)	**94908.19**	80203.62
Less: Excise duty*	**9127.00**	7750.74
Revenue from operations (net)	**85781.19**	72452.88

* Excise duty on sales amounting to ₹ 9127.00 lacs (Previous Year ₹ 7750.74 lacs has been reduced from sales in the statement of profit & loss account and excise duty on increase/decrease in stock amounting to ₹ 377.93 lacs (Previous Year ₹ 204.35 lacs) has been considered as (income)/expense in note 22 of financial statements.

	2011-12	2010-11
Detail of products sold		
Finished goods sold		
1. Fibre Cement Sheets	**76415.36**	67844.67
2. Thermal Insulation Products	**3236.92**	3017.72
3. Wind power	**226.27**	-
4. Others (including scrap)	**14182.56**	9096.87
	94061.11	79959.26
Traded goods sold		
1. Fibre Cement Sheets	**587.87**	242.54
2. Others	**259.21**	1.82
	847.08	244.36
	94908.19	80203.62
18. OTHER INCOME		
Interest income on		
Deposits and others	**202.39**	50.42
Dividend income on		
Current investments	**38.79**	24.35
Long-term investments in joint venture	**8.54**	7.90
Foreign Exchange Fluctuation (Net)	**112.79**	87.48
Rent from Long Term Investments in Properties	**350.53**	327.13
Rent (Others)	**18.80**	18.10
Unspent Liabilities, Provisions and Unclaimed Balances Written back (net)	**14.35**	73.48
Profit on Disposal of Fixed Assets (Net)	**-**	293.12
Miscellaneous Receipts	**102.43**	74.94
	848.62	956.92

	₹ in lacs 2011-12	2010-11
19. COST OF RAW MATERIAL CONSUMED		
Inventory at the beginning of the year	**5799.26**	4458.53
Add: Purchases	**49340.16**	39231.82
	55139.42	43690.35
Less: inventory at the end of the year	**8913.86**	5799.26
Cost of raw material and components consumed	**46225.56**	37891.09
Details of raw material consumed		
Fibre	**24596.79**	20275.95
Cement	**13808.15**	12065.42
Others	**7820.62**	5549.72
	46225.56	37891.09
Details of inventory		
Fibre	**7941.71**	4467.52
Cement	**252.21**	112.60
Others	**719.94**	1219.14
	8913.86	5799.26
20. (INCREASE)/DECREASE IN INVENTORIES		
Inventories at the end of the year		
Finished goods	**8737.44**	7707.09
Work-in-progress	**200.12**	563.01
Trading goods	**38.59**	557.60
	8976.15	8827.70
Inventories at the beginning of the year		
Finished goods	**7707.09**	8543.54
Work-in-progress	**563.01**	363.73
Trading goods	**557.60**	-
	8827.70	8907.27
	(148.45)	79.57
Add: Stocks of Finished Goods out of Trial Run Production	**126.09**	144.52
	(22.36)	224.09
Details of purchase of traded goods		
1. Fibre Cement Sheets	**11.88**	892.02
2. CC Sheets	**239.23**	-
3. Others	**21.26**	3.04
	272.37	895.06
Details of inventory		
Traded goods		
1. Fibre Cement Sheets	**20.60**	556.38
2. Others	**17.99**	1.22
	38.59	557.60
Work-in-progress		
1. Thermal Insulation Products	**47.69**	50.36
2. Material handling and processing plant and equipments	**140.71**	502.19
3. Others	**11.72**	10.46
	200.12	563.01
Finished goods		
1. Fibre Cement Sheets	**7876.90**	7102.55
2. Thermal Insulation Products	**112.65**	53.53
3. Others	**747.89**	551.01
	8737.44	7707.09

	2011-12	2010-11
	₹ in lacs	
21. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	**6400.71**	5369.32
Gratuity expenses	**138.07**	234.78
Contribution to Provident Fund	**361.55**	320.14
Contribution to Other Funds	**112.43**	64.57
Staff and Workmen Welfare Expenses	**526.74**	439.61
	7539.50	6428.42
22. OTHER EXPENSES		
Consumption of Stores and Spares	**2625.40**	2419.44
Packing Expenses (Net)	**495.66**	493.29
Repairs and Renewals		
Buildings	**151.25**	160.74
Machinery (Excluding Stores and Spares Consumption)	**567.92**	573.08
General Repairs and Maintenance	**1195.71**	1096.70
Power and Fuel	**5370.96**	4730.71
Rent	**322.78**	224.70
Rates and Taxes	**342.00**	198.47
Excise Duty on Stocks (Refer Note 17)	**377.93**	(204.35)
Insurance (Net)	**31.29**	42.33
Commission on Sales	**804.58**	747.38
Carriage Outwards (Net)	**4131.27**	4078.91
Advertisement and Sales Promotion Expenses	**890.86**	841.83
Directors' fee	**4.90**	5.10
Directors' Commission	**84.00**	70.00
Donations	**200.00**	200.00
Loss on Disposal of Fixed Assets (Net)	**10.33**	-
Provision for Doubtful receivables, advances and other assets	**375.21**	177.22
Miscellaneous Expenses	**3033.37**	2343.91
	21015.42	18199.46
Payment to auditor (included in Miscellaneous Expenses)		
As Auditors		
- For Statutory Audit Fee	**27.00**	27.00
- For Tax Audit	**5.00**	5.00
- For Quarterly Review of Accounts	**18.00**	18.00
In other capacity		
- For Certification, Income tax, Company law matters etc.	**3.25**	-
Out of Pocket expenses	**2.55**	2.37
	55.80	52.37

	₹ in lacs 2011-12	2010-11
23. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets (refer note 10)	**2011.75**	1710.07
Amortisation of intangible assets (refer note 10)	**111.22**	90.38
Depreciation of investment property (refer note 10)	**11.44**	11.44
	2134.41	1811.89
Less: recoupment from revaluation reserve	**16.83**	16.96
	2117.58	1794.93
24. FINANCE COSTS		
On short term loans	**70.30**	82.00
Exchange difference to the extent considered as an adjustment to borrowing costs	**179.04**	12.41
Others	**496.71**	468.53
	746.05	562.94
25. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Total operations for the year		
Profit after tax	**6054.55**	5060.42
Weighted average number of equity shares in calculating basic and diluted EPS (Nos)	**7462563**	7462563
Basic and Diluted Earnings per Share (EPS) (₹)	**81.13**	67.81

26. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through Group Gratuity Scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss, the funded/non-funded status and amount recognised in the balance sheet for the gratuity plan:

Statement of Profit and Loss

Net employee benefit expense (recognised as personnel expenses) in the statement of Profit and Loss

	₹ in lacs 2011-12	2010-11
Current service cost	**130.11**	153.73
Interest cost on benefit obligation	**159.22**	146.09
Expected return on plan assets	**(155.36)**	(139.65)
Net actuarial loss recognized in the year	**4.10**	74.61
Net benefit expenses	**138.07**	234.78
Actual return on plan assets	**174.95**	156.74

	₹ in lacs 2011-12	2010-11
Amount recognized in the Balance sheet		
Defined benefit obligation	**2215.91**	2125.02
Fair value of plan assets	**2114.99**	1943.93
	100.92	181.09
Less: Un-recognised past service cost	**-**	-
Plan liability	**100.92**	181.09

Changes in the present value of the defined benefit obligation are as follows:

	2011-12	2010-11
Opening defined benefit obligation	**2125.02**	1936.48
Interest cost	**159.22**	146.09
Current service cost	**130.11**	153.73
Benefits paid	**(222.13)**	(202.98)
Actuarial losses on obligation	**23.69**	91.70
Closing defined benefit obligation	**2215.91**	2125.02

Changes in the fair value of plan assets are as follows:

	2011-12	2010-11
Opening fair value of plan assets	**1943.93**	1704.12
Expected return	**155.36**	139.65
Contributions by employer	**204.05**	270.48
Benefits paid	**(207.94)**	(187.41)
Actuarial gain	**19.59**	17.09
Closing fair value of plan assets	**2114.99**	1943.93

The Company expects to contribute ₹ Nil to gratuity fund in the year 2012-13.

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

	2011-12	2010-11
Investments with insurer	**100%**	100%

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

The principal assumptions used in determining gratuity and leave benefit obligations for the Company's plans are shown below:

		2011-12	2010-11
Mortality Table		**LIC 1994-96 Ultimate**	LIC 1994-96 Ultimate
Imputed rate of interest		**8.00%**	8.00%
Expected rate of return of assets		**8.00%**	8.00%
Salary rise		**8%**	6%
Remaining working life		**15 Years**	15 Years
Attrition Rate	**Age**		
	18-57	**3%**	3%

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

Amount for the current and previous four years are as follows:

(₹ in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	**2215.91**	2125.02	1936.48	1704.92	1447.01
Plan assets	**2114.99**	1943.93	1704.12	1567.70	1340.99
Deficit	**100.92**	181.09	232.36	137.22	106.02

Note:

Information relating to experience adjustments to plan assets and liabilities as required by Para 120(n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits is not available with the Company.

₹ in lacs

	2011-12	2010-11
Defined Contribution Plan		
Contribution to Provident Fund*	**361.92**	321.57
Contribution to Superannuation Fund*	**51.60**	2.91

* including charged to Expenditure during construction period.

27. EXPENDITURE DURING CONSTRUCTION PERIOD (INCLUDED IN CAPITAL WORK IN PROGRESS)

Balance Brought Forward	**23.87**	249.55
Expenditure Incurred during the year		
Raw Materials Consumed	**148.69**	110.96
Salaries, Wages and Bonus	**11.89**	25.80
Contribution to Provident Fund	**0.37**	1.43
Staff and Workmen Welfare Expenses	**0.66**	0.97
Consumption of Stores and Spares	**8.22**	25.52
Packing Expenses	**0.21**	-
Repairs and Renewals		
Machinery (Excluding Stores and Spares Consumption)	**8.54**	0.92
General Repairs and Maintenance	**-**	12.26
Power and Fuel	**38.02**	61.54
Rent	**2.94**	0.77
Rates and Taxes	**1.90**	0.82
Excise Duty on Stocks	**-**	13.50
Insurance (Net)	**1.22**	1.00
Commission on sales	**0.02**	0.70
Carriage Outwards (Net)	**-**	0.17
Depreciation	**-**	1.72
Miscellaneous Expenses	**7.09**	78.37
Total Expenditure during Construction period	**229.77**	336.45
Less:Turnover (Net of excise duty collected ₹ 8.57 lacs, Previous year: ₹ 9.95 lacs)	**84.12**	94.81
Less:Stocks of Finished Goods out of trial run production	**126.09**	144.52
Total	**43.43**	346.67
Allocated to Fixed Assets	**43.43**	322.80
Balance carried forward	**-**	23.87

28. EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT

Revenue and Capital expenditure debited to respective heads of account include expenditure incurred on Research and Development during the year amounting to ₹ 228.67 lacs and ₹ 4.92 lacs respectively (Previous Year ₹ 155.62 lacs and ₹ 8.40 lacs respectively).

29. INTEREST IN JOINT VENTURE COMPANY

The Company's interest in a joint venture company is as follows:

Name of the Joint Venture Company	Country of incorporation	Proportion of ownership interest	For the year ended on	Description of Interest
Supercor Industries Limited (SIL)	Nigeria	33%	December 31, 2011*	JV established for manufacture of asbestos cement sheets

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity as at and for the years ended December 31, 2011 and 2010 are as follows:

Proportion of Company's Interest in a Joint Venture Company

	₹ in lacs	
	31-12-2011*	31-12-2010*
Assets		
Fixed assets (net block)	**315.89**	197.25
Inventories	**147.83**	166.64
Sundry debtors	**15.33**	11.26
Cash and bank balances	**13.08**	30.14
Other current assets, loans and advances	**258.36**	129.84
Liabilities		
Secured loans	**82.82**	50.34
Current liabilities and provisions	**268.15**	167.65
Deferred tax liabilities	**35.36**	25.87
Income		
Sales	**1018.06**	765.04
Other income	**25.82**	(1.19)
Expenses		
Raw materials consumed	**628.38**	448.04
Manufacturing and Other expenses	**339.92**	264.70
Interest and Financial charges	**18.81**	29.17
Depreciation	**9.48**	7.09
Provision for tax	**14.09**	4.56
Proposed Dividend	**-**	-
Contingent Liabilities	**-**	-
Capital commitments	**-**	-

*Figures are based on un-audited financial statements and are as certified by the Management.

30. SEGMENT INFORMATION

Business Segments

As of March 31, 2012 the Company has organised its operations into two major businesses: Building Products and Thermal Insulation Products (Refractories). A description of the types of products and services provided by each reportable business segment is as follows:

Building Products: The Company manufactures and markets fibre cement sheets, Aerocon Panels and AAC blocks. The said products are used in construction activity. Company also trades in allied products like GC Sheets, CC Sheet etc.

Thermal Insulation Products (Refractories): The Company manufactures and markets insulation products used in Cement, Fertilizers and Power Sector in the Kilns, furnaces and boilers.

Wind Power: The Company installed few Wind Turbine Generators as a part of Green initiative, part of which is used for captive consumption and the excess power to be sold to the respective state electricity board.

Geographical Segments

The analysis of geographical segments is based on the location of the customers i.e. domestic and overseas.

a. Primary segment information (by Business segments)

The following table presents revenue and profit information regarding business segments for the years ended March 31, 2012 and March 31, 2011 and certain assets and liabilities information regarding business segments as at March 31, 2012 and March 31, 2011.

(₹ in Lacs)

Particulars	Building Products		Thermal Insulation Products		Wind Power		Elimination		Total	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Revenue										
External Sales*	**82589.50**	69594.66	**2962.52**	2740.19	**353.00**	–	**-**	–	**85905.02**	72334.85
Other Income**	**240.71**	179.38	**1.61**	–	**-**	–	**-**	–	**242.32**	179.38
Less: Inter Segment Revenue					**126.73**		**-**	–	**126.73**	–
Total Revenue	**82830.21**	69774.04	**2964.13**	2740.19	**226.27**	–	**-**	–	**86020.61**	72514.23
Results										
Segment results	**11653.14**	9372.31	**506.50**	149.93	**124.68**	–	**-**	–	**12284.32**	9522.24
Interest Income									**202.39**	50.42
Unallocated Corporate Expenses (Net)									**3004.97**	1595.91
Operating Profit									**9481.74**	7976.75
Interest Expenses									**746.05**	562.94
Exceptional Items										–
Taxes (Net)									**1927.22**	1568.89
Deferred Tax Charge									**753.92**	784.50
Net Profit from Ordinary Activities									**6054.55**	5060.42
As at 31 March 2012										
Segment Assets	**56327.47**	48746.07	**2982.49**	2915.74	**4236.11**	1701.55	**-**	–	**63546.07**	53363.36
Unallocated Corporate Assets									**3672.60**	2580.01
Total Assets									**67218.67**	55943.37
Segment Liabilities	**11604.37**	8713.59	**890.20**	834.16	**26.55**	80.14	**-**	–	**12521.12**	9627.89
Unallocated Corporate Liabilities									**20434.41**	16488.41
Total Liabilities									**32955.53**	26116.30
Other segment information										
Capital Expenditure	**2917.75**	3342.98	**235.57**	1033.33	**2581.06**	1621.43	**-**	–	**5734.38**	5997.74
Unallocated Capital Expenditure									**336.63**	197.61
Depreciation/Amortisation	**1737.87**	1667.00	**74.15**	41.49	**193.33**	–	**-**	–	**2005.35**	1708.49
Unallocated Corporate Depreciation/Amortisation									**112.23**	86.44
Provision for Doubtful Debts, Advances and Receivables	**354.70**	158.59	**20.51**	18.63	**-**	–	**-**	–	**375.21**	177.22
Unallocated Corporate Provision for Doubtful Debts										

* Sales as per the statement of Profit and Loss is ₹ 85781.19 lacs (Previous Year ₹ 72452.88 lacs) which includes ₹ 2.90 lacs (Previous Year ₹ 118.03 lacs) pertaining to Corporate Office.

** Total other income as per the statement of Profit and Loss is ₹ 848.62 lacs (Previous Year ₹ 956.92 lacs) which includes ₹ 606.30 lacs (Previous Year ₹ 777.54 lacs) pertaining to Corporate Office.

SEGMENT INFORMATION (Contd.)

b. Geographical Segments

The following is the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

	₹ in lacs **2011-12**	2010-11
Assets		
Domestic Market (excluding Sales during trial run period)	**85360.82**	71998.91
Overseas Markets (Including Technical know -how and service fee)	**420.37**	453.97
	85781.19	72452.88

The following table shows the carrying amount of Trade Receivables by geographical markets.

Domestic Market	**9015.38**	6709.75
Overseas Markets	**44.46**	29.95
	9059.84	6739.70

The Company has entire fixed assets situated within India for producing goods/providing services to domestic as well as overseas markets. Hence, separate figures for fixed assets/addition to fixed assets have not been furnished.

31. RELATED PARTY DISCLOSURE

	₹ in lacs Joint Venture (Supercor Industries Limited) **2011-12**	2010-11
Transactions during the year		
Sale of Finished Goods (inclusive of Freight Recovery)	**119.95**	37.80
Service Charges and Technical Know-how Fees received	**81.99**	64.89
Dividend received	**8.40**	7.80
Re-imbursement of Expenses	**1.79**	2.80
Balance outstanding as at the year end		
Receivable	**297.30**	211.51
Advance received	**1.08**	4.46
Key Management Personnel		
Mr. Abhaya Shankar Managing Director		
Managerial Remuneration	**156.25**	141.04
Dividend Paid	**0.48**	0.48
Year end payable	**25.00**	30.00

No amount has been provided as doubtful debt or advance written off or written back in the year in respect of debts due from/to above related parties.

Name of related parties

Joint Venture	Supercor Industries Limited, Nigeria.
Key Management Personnel	Mr. Abhaya Shankar (Managing Director)

	₹ in lacs 2011-12	2010-11
32. CAPITAL COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**185.40**	1098.39
33. CONTINGENT LIABILITIES (NOT PROVIDED FOR) IN RESPECT OF		
a. Demand raised by the Income Tax authorities, being disputed by the Company	**1057.27**	592.41
b. Demands raised by Sales tax authorities, being disputed by the Company.	**822.76**	1654.36
c. Demands (Including penalties) raised by Excise authorities, being disputed by the Company.	**1376.38**	1139.44
d. Appeal filed by the Company before the High Court of Judicature of Andhra Pradesh against the decision of appeal in favour of the Income tax department pertaining to wealth tax matter.	**56.98**	56.98
e. Pending cases with Income Tax Appellate Authorities where Income Tax Department has preferred appeals.	**Liability not ascertainable**	Liability not ascertainable
f. Demand for Property Tax, being disputed by the Company	**401.68**	401.68
g. Other claims against the Company not acknowledged as debts	**161.73**	246.00

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed above and hence no provision has been considered necessary against the same.

34. PARTICULARS OF HEDGED/UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT THE BALANCE SHEET DATE

a. Unhedged Foreign Currency Exposure	Currency	**2011-12**	2010-11
Trade Payables	US$	**2452256**	748538
Canadian	$	**-**	1388600
Loans	US$	**2491471**	–
Trade Receivables	US$	**87400**	91862
Other Receivable	Nigerian Naira	**73265156**	59553519
	US$	**28888**	–
Cash and Bank Balances	US$	**1600**	1600
Interest accrued but not Due	US$	**23204**	–
Advances from customers	US$	**2100**	25452

b. The details of forward contracts outstanding at the year end are as follows:

Currency	Number of contracts	Buy Amount in US$	Purpose
31-Mar-2012	9	**4718450**	For hedging of
31-Mar-2011	12	4168240	loans

35. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO COMPANY IN WHICH DIRECTORS ARE INTERESTED

Hindustan Motors Limited

Balance as at March 31, 2012 ₹ Nil (Previous Year ₹ Nil)

Maximum amount outstanding during the year ₹ 1000.00 lacs (Previous Year ₹ 500.00 lacs)

36. Details of dues to Micro, Small and Medium Enterprises as per Micro Small and Medium Enterprise Development (MSMED) Act, 2006 (as certified by the Management)

₹ in lacs

		2011-12	2010-11
a.	The principal amount remaining unpaid to any supplier as at the end of each accounting year.	**18.59**	26.64
b.	The interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	**NIL**	NIL
c.	The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	**NIL**	NIL
d.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	**NIL**	NIL
e.	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**NIL**	NIL
f.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	**NIL**	NIL

37. Provision for employee related other costs and loss on onerous contracts

₹ in lacs

	Opening Balance	Created during the year	Utilised/ recouped during the year	Closing Balance
Employee Related Other Costs (Refer note a)	70.92	8.50	57.66	21.76
Loss on Onerous Contracts	103.73	–	103.73	–
	174.65	8.50	161.39	21.76

a) The wage agreements at one of the manufacturing location of the Company is pending as at March, 31 2012. The provision for wage arrears have been made on the basis of expected outflows. It is expected that agreement will be entered in next year and arrears would be paid based on the agreement.

b) The Company has executed one supply and erection contract entered with a party. The estimated unavoidable future cost of meeting the obligations under the contract exceed the expected future economic benefits to be received under it by ₹ Nil (Previous Year ₹ 103.73 lacs). Accordingly, provision for loss on onerous contract made during last year was utilised.

38. VALUE OF IMPORTS CALCULATED IN CIF BASIS

₹ in lacs

		2011-12	2010-11
a.	Raw Materials	**24483.53**	19679.30
b.	Stores and Spares	**34.84**	19.11

39. EXPENDITURE IN FOREIGN CURRENCY (on accural basis)

a.	Others (included in Miscellaneous expenses)	**119.61**	65.45

40. Value of Raw Materials, Stores and Spares Consumed (including material consumed during the trial run period) and Percentage to the total

₹ in lacs

	2011-12		2010-11	
	Percentage	**Value**	Percentage	Value
a. Raw Materials				
i. Indigenous	**47.15**	**21863.39**	45.44	17267.09
ii. Imported	**52.85**	**24510.86**	54.56	20734.96
	100.00	**46374.25**	100.00	38002.05
b. Stores and Spares				
i. Indigenous	**99.96**	**2632.64**	99.87	2441.86
ii. Imported	**0.04**	**0.98**	0.13	3.10
	100.00	**2633.62**	100.00	2444.96

41. NET DIVIDEND REMITTED IN FOREIGN CURRENCY

₹ in lacs

	2011-12	2010-11
a. Final Dividend		
Number of NRI Shareholders	**283**	216
Number of Shares held by them	**144639**	107581
Dividend paid (₹ In Lacs) *	**–**	
Year to which dividend relates	**2010-11**	2009-10
b. Interim dividend		
Number of NRI Shareholders	**282**	296
Number of Shares held by them	**141923**	132311
Dividend paid (₹ In Lacs) *	**–**	–
Year to which dividend relates	**2011-12**	2010-11

* excluding dividend of ₹ 22.98 lacs (Previous Year ₹ 18.70 lacs) credited to FCNR/NRE account of NRI's and paid to foreign Institutional Investors on repatriation basis.

42. EARNINGS IN FOREIGN EXCHANGE

₹ in lacs

	2011-12	2010-11
(i) Export of Goods (F.O.B.)	**261.15**	160.28
(ii) Technical Know-how and service fees (on accrual basis)	**81.99**	64.89
	343.14	225.17

As per our Report of even date
For **S.R.Batliboi & Associates**
Firm registration number : 101049W
Chartered Accountants

For and on behalf of the Board of Directors

Per **Vikas Kumar Pansari**
Partner
Membership No.093649

Ashok Soni
C F O

C.K. Birla
Chairman

Place : New Delhi
Dated : 1st May, 2012

P. Rajesh Kumar Jain
Company Secretary

Abhaya Shankar
Managing Director

TO THE SHAREHOLDERS

Notice Is hereby given that the Sixty-Fifth Annual General Meeting of Hyderabad Industries Limited will be held on Friday the 20th day of July, 2012, at 3.00 P.M. at Asbestos Centre, Road No.13, Banjara Hills, Hyderabad, Andhra Pradesh 500 034 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the Report of the Directors' and Auditors' thereon.

2. To declare final dividend of ₹ 12.50/- per Equity Share and to confirm the interim dividend of ₹ 6/- per Equity Share already paid, on 74,62,563 Equity Shares of ₹ 10/- each for the financial year 2011-12.

3. To appoint a Director in place of Mr. Chandra Kant Birla, who retires by rotation and being eligible offers himself for re-election.

4. To appoint a Director in place of Mr. P Vaman Rao, who retires by rotation and being eligible offers himself for re-election.

5. To appoint M/s. S.R. Batliboi & Associates., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business

6. **Change of Name of the Company:**

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution.

"RESOLVED THAT in accordance with Section 21 and other applicable provisions if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be and is hereby changed from **"Hyderabad Industries Limited" to "HIL Limited".**

RESOLVED FURTHER THAT upon issuance of fresh Certificate of Incorporation by the Registrar of Companies consequent to change of name of the Company, the name "HIL Limited" be inserted in place of the present name of the Company wherever appearing in the Memorandum and Articles of Association of the Company AND THAT the Board of Directors (which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board of Directors to exercise its powers including the powers conferred by this resolution) or Company Secretary , be and is hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

7. **Reappointment of Mr.Abhaya Shankar as Managing Director**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 317 & Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, read with Article 146 of the Articles of Association of the Company, and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to approval of Central Government, required if any, and such other consents and approvals as may be required, Mr.Abhaya Shankar, be and is hereby reappointed as Managing Director of the Company, with substantial powers of management to be exercised by him, subject to the superintendence, control and direction of the Board of Directors of the Company, for a period of 3 (Three) Years, effective from 01st May, 2012, including payment of remuneration, on the terms and conditions set out below, with the liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution), to sanction, alter and / or vary the terms and conditions, within the overall specified limit, as they in their discretion deem fit."

7.1 Monthly Emoluments:

7.1.1 Basic Salary of ₹ 3,60,000/- per month with authority to the Board of Directors (which expression shall include a committee thereof) to revise the basic salary from time to time taking into account the performance of the Company, subject to a ceiling of 50% of the basic salary last drawn.

7.1.2 Fully furnished residential accommodation, the cost of which shall not exceed 60% of the basic salary per annum or House Rent Allowance in lieu thereof.

7.1.3 Personal Allowance of ₹ 2,53,000/- per month, with the authority to the Board of Directors to revise it from time to time, subject to a ceiling of basic salary per month.

7.1.4 Other Allowances / Reimbursements, or Specified Allowances of ₹ 2,53,000/- per month, with the authority to the Board of Directors to revise it from time to time, subject to a ceiling of basic salary per month.

7.2 Annual Emoluments:

7.2.1 Medical Reimbursement (for domiciliary medical expenses of self and family) up to a maximum of ₹ 50,000/- per annum. The expenses will have to be substantiated by appropriate medical bills.

7.2.2 Coverage under suitable Hospitalization scheme as applicable to employees of the Company.

7.2.3 Leave Travel Assistance to a minimum of one month basic salary per annum for self and family, with the authority to the Board of Directors to revise it from time to time, subject to a ceiling of 100% of basic salary per month.

7.2.4 Performance Variable Pay as approved by the Board (which expression shall include a committee thereof) subject to a maximum of ₹ 45,00,000/- per annum, the exact quantum payable will be based on the actual performance of the Company, with authority to the Board of Directors (which expression shall include a committee thereof) to revise the maximum Performance Variable Pay payable from time to time taking into account the performance of the Company, subject to a ceiling of 50% of the Annual Performance Variable Pay last drawn.

7.3 Other Benefits:

7.3.1 Provident Fund and Gratuity as per Company Rules.

7.3.2 Encashment of leave at the end of the year / tenure / cession of service / retirement, as per the Rules of the Company, shall not be included in the computation of the minimum remuneration.

7.3.3 Consolidated privilege leave, on full pay and allowance, not exceeding 24 working days in a financial year. Casual and Sick leaves as per the Rules of the Company.

7.3.4 Club Membership and use (Maximum of Two Clubs). The membership will be held in the name of the Company.

7.3.5 Telephone connection and broad band connection at residence and the actual expenses towards its usage will be reimbursed.

7.3.6 Mobile Phones and the expenses towards its usage will be reimbursed by the Company.

7.3.7 Group Mediclaim Insurance and Personal Accident Insurance in India and Abroad for self.

7.3.8 Provision of one Car with Chauffeur on Company's business / personal use with full maintenance.

7.4 "Resolved further that the office of Mr.Abhaya Shankar, Managing Director may be terminable by either side on three months notice or pay in lieu thereof or part thereof in case of shorter notice or on such terms as may be mutually agreed upon, unless such notice or salary in lieu of the notice has been waived by the other party."

7.5 "Resolved further that in the event of loss or inadequacy of profits during the tenure of service of Mr. Abhaya Shankar as Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.

7.6 "Resolved further that the remuneration specified above for Mr.Abhaya Shankar, Managing Director may, subject to overall ceiling specified above and subject to Schedule XIII of the Companies Act, 1956 be modified, during the tenure of office as Managing Director, as may be agreed to by the Board of Directors and Mr.Abhaya Shankar, Managing Director."

7.7 "Resolved further that Mr.P.Vaman Rao, Director or Mr.P Rajesh Kumar Jain, Company Secretary of the Company be and are hereby directed and severally authorised to complete necessary statutory formalities to give effect to the resolution and to do all such acts, deeds, matter and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution."

By Order of the Board
For Hyderabad Industries Limited

Registered Office:
Sanatnagar
Hyderabad - 500 018
Dated: 1st May, 2012

P. Rajesh Kumar Jain
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 6: Change of Name of the Company:

The Company was incorporated on 17th June, 1946 as Hyderabad Asbestos Cement products Limited and engaged in the business of manufacturing of Asbestos Cement roofing sheets. Thereafter on 11th November 1985, the name of the Company was changed to "Hyderabad Industries Ltd" in order to reflect the diversified business activities of the Company.

Since then, the Company has expanded its product range with a special thrust on Green Building products. Currently your Company is engaged in business of manufacturing / dealing in:

- Various building products such as Fibre Cement Corrugated Sheets (PVA and Chrysotile Fibre), Flat Products, Autoclaved Aerated Concrete (AAC) Blocks (Light Weight Bricks), Aerocon Panels etc.,
- Calcium Silicate Thermal Insulating Materials, and
- Generation of energy through wind.

Your Company has strengthened its presence across India with a strong and extensive manufacturing and distribution network spread across the country, serviced by its 13 manufacturing locations. Your Company is one of the strong domestic player in building products and systems and aspires to be a global player by targeting export markets.

Our Green Building products requires renewed image building and aggressive marketing in urban areas specifically with the sophisticated influencing groups such as Architects, Interior Designers, Structural Consultants etc., Hence, in order to depict the Company's diversified business activities with a pan India presence and accurately reflect the Corporate image and to carry on its business more conveniently, a need is felt to change the Name of the Company from "Hyderabad Industries Ltd" to 'HIL Limited'.

The Registrar of Companies (ROC), Andhra Pradesh has approved the availability of the name 'HIL Limited' to the Company.

The change of Name of the Company requires approval of Members in the General Meeting pursuant to the provisions of Section 21 of the Companies Act, 1956. Accordingly, the Board recommends the resolution at item no. 6 of the Notice to the members for approval.

None of the directors of the Company are concerned or interested in the resolution.

A copy of the Memorandum and Articles of Association of the Company along with the alterations as aforesaid of the Name Clause of the Memorandum and the letter of the ROC approving the availability of name are available for inspection at the Registered Office of the Company during normal business hours between 10.00 A.M. to 12.00 Noon on any working day up to the date of ensuing Annual General Meeting and at the venue of Annual General Meeting on Friday, the 20th day of July 2012.

ITEM NO. 7: Reappointment of Mr.Abhaya Shankar as Managing Director

The Managing Director plays a crucial role in managing affairs of the Company. Mr.Abhaya Shankar was appointed as Managing Director of the Company by the Board of Directors at their meeting held on 29th January, 2008, on the recommendation of the Remuneration Committee, for a period of three years w.e.f., 1st February 2008. The consent of Shareholders for appointment and remuneration of Mr. Abhaya Shankar, as Managing Director was obtained through postal ballot as per the provisions of the Companies Act, 1956.

Thereafter the Board of Directors at their meeting held on 1st May, 2009 reappointed Mr.Abhaya Shankar as Managing Director of the Company, on the recommendation of the Remuneration Committee, for a period of three years w.e.f., 1st May 2009 to 30th April, 2012. The consent of Shareholders for reappointment and remuneration of Mr.Abhaya Shankar, as Managing Director was obtained at the annual general meeting of the Company held on 23rd July 2009. The term of Mr. Abhaya Shankar, as Managing Director of the Company is due for renewal on 30th April'12.

Mr.Abhaya Shankar, as Managing Director, by realigning the operational and marketing strategies and by strategically building up Company's operational capability in all verticals, spearheaded the Company's growth since 2008 during which the Company's revenue has almost doubled. The Company under his leadership set into motion various major initiatives such as overall efficiency improvement, rejuvenation of brands, develop new product offerings under one umbrella, induction and nurturing of new talents across various functions to drive change and make organisation future ready.

Under his able guidance, the Company has enhanced its operational capacities by successfully setting up 3 new Fibre Cement Sheet lines at Vijayawada (Andhra Pradesh), Balasore (Orissa) and Sathariya (U.P) and a AAC Blocks Plant at Golan (Gujarat).The Company has also forayed into Wind Energy segment by setting up a 3.6 MW plant in Vandhiya (Guajarat) and 1.25 MW plant near Coimbatore, Tamilnadu. Further a 2.5 MW wind power plant is in progress near Jodhpur, Rajasthan.

The Remuneration Committee at its meeting held on 24th January, 2012 after considering the performance and achievement of the Company under the supervision of Mr.Abhaya Shankar, Managing Director recommended to the Board to reappoint him as a Managing Director for a period of 3 (Three) years on the remuneration as stated in the Resolution. The Board of Directors at their meeting held on 24th January, 2012 considered the recommendations of Remuneration Committee and approved the same, subject to the approval of shareholders.

Mr. Abhaya Shankar will continue to exercise the management control over the whole of the affairs of the Company under the control, superintendence and direction of the Board of Directors. Mr. Abhaya Shankar does not have any pecuniary relationship directly or indirectly with the Company or any relationship with the managerial person as disclosed.

The Resolution passed by the Board of Directors on 24th January, 2012 pertaining to the revision of remuneration payable to Mr. Abhaya Shankar as Managing Director is open for inspection by the members at the Registered Office of the Company between 10.00 A.M. to 12.00 Noon on any working day up to the date of ensuing Annual General Meeting.

A brief profile of Mr.Abhaya Shankar pursuant to the requirement of the Listing Agreement with the Stock Exchanges is disclosed in Corporate Governance Report, being annexed to this notice.

The Board of Directors recommends the Resolution at item no. 7 of the Notice to the members for approval.

Mr.Abhaya Shankar is interested in the resolution to the extent of revision in remuneration proposed to be paid to him. None of the other Directors of the Company is in any way, concerned or interested in the resolution above.

This may also be treated as memorandum issued pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board
For Hyderabad Industries Limited

P. Rajesh Kumar Jain
Company Secretary

Registered Office:
Sanatnagar
Hyderabad - 500 018
Dated: 1st May, 2012

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM(S) IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. Proxies submitted on behalf of Limited Companies, Societies, Partnership Firms, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member organisation.

2. An explanatory statement, pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of item No. 6 of the notice, is annexed hereto.

3. The details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, is annexed hereto.

4. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from Saturday, 14th July, 2012 to Friday 20th July, 2012 (both days inclusive).

5. The final dividend, as recommended by the Board of Directors, if approved by the Shareholders at their 65th Annual General Meeting, will be paid to those Shareholders or their mandate(s), whose names appear in the Register of Members of the Company on Friday, the 20th July, 2012. In respect of shares held in dematerialised / electronic form, the dividend thereon shall be paid to the beneficial owners, as per the list

provided by the respective Depositories for the said purpose.

6. M/s. Venture Capital and Corporate Investments Pvt.Ltd. 12-10-167, Bharat Nagar, Hyderabad - 500018 (email: info@vccilindia.com) Tel: 040-23818475/76; Fax: 040-23868024; is the Share Transfer Agent (STA) of the Company. For effecting changes in the Address / Bank details / NECS (National Electronic Clearing Service) mandate; the members are requested to notify to the said share transfer agent if shares are held in physical form; and their respective Depository Participant (DP), if the shares are held in dematerialised form.

7. To avoid loss of dividend warrants in transit and undue delay in respect of dividend warrants, the Company has provided a facility to the members for remittance of dividend through the National Electronic Clearing System (NECS). The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agent.

8. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the STA / Company. Members holding shares in physical form are informed to furnish their bank account details to the Company / STA to have printed the same on the dividend warrants so as to avoid possibility of misuse of dividend warrants by others.

9. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations power to attorney, change of address / name, etc. to their Depository Participant only and not to the Company's Registers and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the Members.

10. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends up to the financial year ended 31st March, 2004 have been transferred to the General Revenue Account of the Central Government.

11. Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payment shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrant(s) for the financial years 2004-2005 to 2010-2011 are requested to make their claims to the Company without any delay.

12. Members are requested to visit the website of the Company, i.e., "www.hil.in" for viewing the quarterly, half-yearly and annual financial results and for more information on the Company.

13. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.

14. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.

15. Members / Proxies are requested to kindly take note of the following:

    i. Attendance slip, as sent herewith, is required to be brought at the venue duly filled in and signed, for attending the meeting.

    ii. Folio No. / DP & Client ID No. may please be quoted in all correspondence with the Company and / or the STA.

Auditors' Certificate

To
The Members of Hyderabad Industries Limited

We have examined the compliance of conditions of corporate governance by Hyderabad Industries Limited, for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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. R. BATLIBOI & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Registration No: 101049W

per **Vikas Kumar Pansari**
Partner
Membership No.:093649

Place : New Delhi
Dated : 1st May, 2012

Declaration by the Managing Director

I, Abhaya Shankar, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2011-2012.

Abhaya Shankar
Managing Director

Place : New Delhi
Dated : 1st May, 2012

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to the highest standards of Corporate Governance. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance framework enable's the Board and Management to achieve the goals and objectives effectively for the benefit of the Company and its Shareholders. The Code of Corporate Governance emphasises on transparency of systems to enhance the benefits to Shareholders, Customers, Creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standard of ethical conduct is maintained throughout the organisation.

The Company has complied with the requirements of the Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed hereinbelow:

2. BOARD OF DIRECTORS

The Board of Directors along with its Committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board of Directors presently comprises of six Directors, having rich experience and specialized skills in their respective fields, out of which five are Non-Executive Directors. The Company has a Non-Executive Chairman and four Independent Directors comprising more than one third of the total strength of the Board. The Non-Executive Directors are more than 50% of the total number of Directors with the Managing Director being the only Executive Director on the Board of the Company.

All the Directors on the Board of the Company have made necessary declarations / disclosures regarding their other directorships along with Committee positions held by them in other Companies.

During the year under review, four Board Meetings were held on 27th April, 2011, 21st July, 2011, 2nd November, 2011 and 24th January, 2012. The maximum time-gap between any two consecutive meetings did not exceed four months. The composition of the Board of Directors, their directorship details and the attendance of each Member at the meetings were as follows:

Name of the Director	Category of Directorship	No. of Board Meetings held during the Year of his directorship	No. of Meetings attended	Number of other Directorships[1]	Number of other Committee Memberships	Attendance at last AGM	Share-holding
Mr.C.K.Birla	Chairman Promoter Non-Executive	4	4	7	-	Yes	51376
Mr.Krishnagopal Maheshwari	Director Non-Executive & Independent	4	1	1	-	Yes	9660
Mr.Shreegopal Daga	Director Non-Executive & Independent	4	3	1	-	No	400
Mr.P.Vaman Rao	Director Non-Executive & Independent	4	4	1	2	Yes	Nil
Mr.Yash Paul	Director Non-Executive & Independent	4	4	-	-	Yes	Nil
Mr.Abhaya Shankar	Managing Director	4	4	0	-	Yes	2997

[1] Other than Directorships in Private Limited Companies, Section 25 Companies, Foreign Companies and Associations.

3. COMMITTEES OF DIRECTORS

3.1 Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Committee is empowered with the powers as prescribed under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Committee also acts in terms of reference and directions of the Board from time to time.

During the year under review, four Audit Committee Meetings were held on 27th April, 2011, 21st July, 2011, 2nd November, 2011 and 24th January, 2012. The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

S. No.	Name of the Director	Category	No. of meetings held during the year of his membership	No of meetings attended
1	Mr. P. Vaman Rao	Chairman	4	4
2	Mr. Shreegopal Daga	Member	4	3
3	Mr. Yash Paul	Member	4	4

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Managing Director, Chief Financial Officer, Internal Auditor and Statutory Auditors are also invited to the meetings, to brief the Committee and to answer and clarify queries raised at the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

3.2 Remuneration Committee

The Remuneration Committee comprises of three Independent Non-Executive Directors. During the year under review, two Remuneration Committee Meetings were held on 27th April, 2011 and 24th January, 2012. The composition of the Remuneration Committee and the attendance at its meeting is as follows:

S. No.	Name of the Director	Category	No. of meetings held during the year of his membership	No of meetings attended
1	Mr. Shreegopal Daga	Chairman	2	2
2	Mr. P. Vaman Rao	Member	2	2
3	Mr. Yash Paul	Member	2	2

The Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Executives in the top level Management of the Company and gives its recommendation to the Board and acts in terms of reference of the Board from time to time.

The details of remuneration and performance bonus paid during the year to the Managing Director, is as follows:

Mr. Abhaya Shankar, Managing Director

Particulars	Amount (₹ in Lacs)
Salary	37.20
Allowance, Perquisites & Others	79.05
Guaranteed Bonus	15.00
Performance Variable Pay	25.00
Total	156.25

Apart from the above, he is also eligible for the Leave Encashment, Leave Travel Concession, Gratuity and Contribution to Provident Funds and other benefits in terms of his appointment and rules of the Company.

The remuneration by way of commission to the Non-Whole-time Directors is decided by the Board of Directors and distributed to them based on their contribution as well as time spent on operational matters other than at the meetings. The Members had, at the Annual General Meeting held on 21st July, 2011 approved the payment of remuneration by way of commission to the Non-Whole-time Directors of the Company, calculated in accordance with the provisions of the Companies Act, 1956, for a period of five years, for each financial year commencing from

01st April, 2011. All the Non-executive Directors are eligible to receive Commission up to a maximum of 1% of profits calculated in accordance with the provisions of Section 198, of the Companies Act 1956, in addition to the sitting fees. The details of sitting fees, for attending the Board Meetings and Committee Meetings, and Commission for the year under review are as follows:

Name of the Director	Sitting Fees (₹ in Lacs)	Commission (₹ in Lacs)
Mr.C.K. Birla	0.80	60.00
Mr.Krishnagopal Maheshwari	0.20	6.00
Mr.Shreegopal Daga	1.10	6.00
Mr.P.Vaman Rao	1.40	6.00
Mr.Yash Paul	1.40	6.00

Other than the sitting fees and commission paid to Non-Executive Directors there were no material pecuniary relationship or transaction with the Company.

The Company has not issued any stock options to its Directors / employees.

3.3 Investors Relations Committee:

The Investors Relations Committee comprises of three Independent Non-Executive Directors. During the year under review, four Investors Relations Committee Meetings were held on 27th April, 2011, 21st July, 2011, 2nd November, 2011 and 24th January, 2012. The composition of the Investors Relations Committee and the attendance of each Member of the Committee at the meetings were as follows:

S. No.	Name of the Director	Category	No. of meetings held during the year of his membership	No of meetings attended
1	Mr. P. Vaman Rao	Chairman	4	4
2	Mr. Shreegopal Daga	Member	4	3
3	Mr. Yash Paul	Member	4	4

The Investors Relations Committee of the Board is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorised the Company Secretary, who is also the Compliance Officer, to approve share transfers / transmissions and is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate transmission of shares and other miscellaneous complaints.

Mr. P. Rajesh Kumar Jain, Company Secretary is the Compliance Officer of the Company. All investor complaints, which cannot be settled at the level of the Compliance Officer, are placed before the Committee for final settlement.

Sixteen investor complaints were received during the year under review, which were resolved at the level of the Compliance Officer itself. There were no pending investor complaints pertaining to the Financial Year ended 31st March, 2011.

4. GENERAL BODY MEETINGS

a. The last 3 Annual General Meetings (AGM) of the Company, were held at the Asbestos Centre, Road No.13, Banjara Hills, Hyderabad as detailed below:

Financial Year Ended	Day	Time
31st March, 2011	21st July, 2011	3.00 P.M.
31st March, 2010	21st July, 2010	3.00 P.M.
31st March, 2009	23rd July, 2009	3.00 P.M.

b. All special resolutions moved at the last three Annual General Meetings were passed by show of hand by the shareholders present at the meeting. The details of Special Resolution(s) passed at the last three Annual General Meetings is as follows:

In the Annual General Meeting held on 23rd July, 2009:

1. To re-appoint and determine the terms of remuneration of Mr.Abhaya Shankar, Managing Director.

In the Annual General Meeting held on 21st July, 2011:

1. Payment of Commission to Non-Executive Directors for a further period of 5 (five) years commencing from April 1, 2011 at a rate not exceeding 1 (one)% of Net Profits of the Company.

Note:

a) No Special resolutions were passed at the Annual General Meeting's held on 21st July, 2010.

b) No special resolution was passed through postal ballot last year.

c) No special resolution is proposed to be conducted through postal ballot.

5. DISCLOSURES:

Disclosures on Materially Significant Related Party Transactions:

Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

Details of Non-Compliance and Penalties:

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by any Stock Exchanges, Securities and Exchange Board of India or any Statutory Authority relating to the capital markets.

CEO/CFO Certification:

The Managing Director (CEO) and Chief Financial Officer have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March, 2012.

Compliance Certificate:

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this Report.

Code of Conduct:

The Company has posted the Code of Conduct for Directors and Senior Management on its website. The Code of Conduct is applicable to all Directors and Senior Management Personnel of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the Financial Year ended 31st March, 2012. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

Details of Compliance with Mandatory Requirements and Adoption of the Non-mandatory Requirements:

The Company has complied with the mandatory requirements of Clause 49 and is in the process of implementation of Non-mandatory requirements.

Relationships inter-se among Directors:

In accordance with the provisions of Section 6 read with Schedule IA of the Companies Act, 1956, none of the Director(s), on the Board of the Company is related to each other.

6. MEANS OF COMMUNICATION

Quarterly and half-yearly reports are published in two Newspapers - one in English and one in Telugu.

The Financial Results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website www.hil.in. The Company Law Department of the Company serves to inform the investors by providing key and timely information like details of Directors, Financial Results, Shareholding Pattern, etc.

The Company is also displaying official news on its website www.hil.in.

7. GENERAL SHAREHOLDER'S INFORMATION:

Date, time and Venue	:	Friday 20th July, 2012 at 3.00 P.M. Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad
Financial year	:	April to March
Book Closure	:	From 14th July, 2012 to 20th July, 2012 (both days inclusive)
Dividend Payment Date	:	With in one Week from the date of declaration in the Annual General Meeting.
Listing on Stock Exchanges	:	1) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400001 2) National Stock Exchange of India Limited. 'EXCHANGE PLAZA' 5th Floor, Plot#C/1, G-Block, Bandra-Kurla Complex, Bandra(E), MUMBAI - 400051.

Stock Code:

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited	509675
National Stock Exchange of India Ltd.	HYDRBADIND EQ

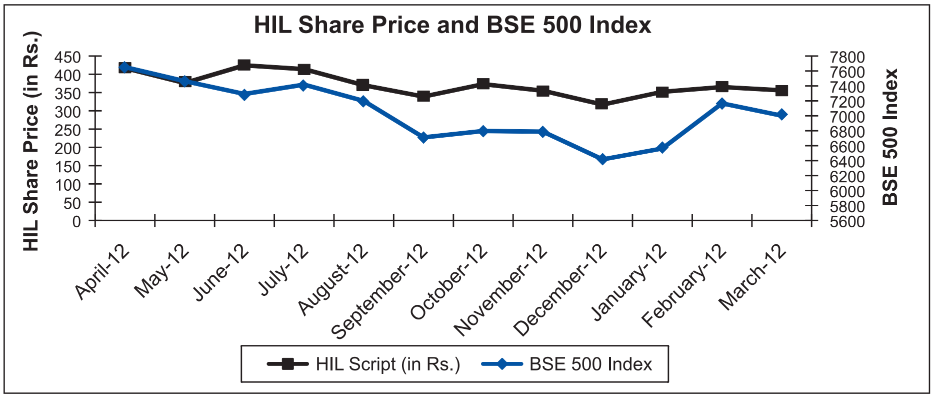
The Listing fee for the year 2012-2013 has been paid to both the above said Stock Exchanges.

Market Price Data

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2011-12 at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited are given below:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Ltd., (NSE)			BSE 500 Index	
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded	High	Low
Apr-11	416.45	355.00	393,601	416.80	350.20	848,049	7651.27	7381.56
May-11	393.95	340.00	70,504	376.00	341.60	221,087	7463.28	6932.82
Jun-11	424.00	348.20	484,837	424.40	348.40	10,64,507	7291.32	6789.01
Jul-11	413.20	356.00	440,826	414.00	357.90	667,575	7417.00	7103.90
Aug-11	369.00	299.70	165,346	370.00	303.00	153,603	7197.91	6165.06
Sep-11	338.00	302.50	86,986	338.95	298.45	125,783	6711.06	6208.73
Oct-11	380.00	305.25	82,037	372.90	305.60	141,330	6796.79	6135.65
Nov-11	354.40	288.00	84,496	354.90	287.00	184,371	6787.42	5899.25
Dec-11	320.00	255.00	34,678	317.00	255.00	75,320	6416.65	5683.02
Jan-12	353.80	261.55	177,622	352.00	263.00	352,919	6562.69	5734.21
Feb-12	365.90	324.05	107,929	364.95	326.00	195,881	7166.28	6522.13
Mar-12	353.60	318.00	124,190	356.00	291.50	324,554	7001.32	6556.03

Share Performance in comparison to broad-based indices-BSE 500 INDEX



Registrar and Transfer Agents : M/s.Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad - 500018
Tel: 91-40-23818475 / 476, Fax: 91-40-23868024

Share transfer System : Share Transfers in physical form shall be lodged with the Registrars at the said address.

The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

Pursuant to Clause 47(C) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been given by a Practicing Company Secretary duly certifying compliance of shares transfer formalities.

Distribution of Equity Shares as on 31st March, 2012

S.No.	Range			No. of Shares Hold	% to Capital	No. of Shareholders	% to Total Shareholders
1	1	to	500	1251219	16.77	16688	94.60
2	501	to	1000	389914	5.22	501	2.84
3	1001	to	2000	349709	4.69	238	1.35
4	2001	to	3000	166474	2.23	65	0.37
5	3001	to	4000	120770	1.62	34	0.19
6	4001	to	5000	147781	1.98	32	0.18
7	5001	to	10000	235385	3.15	34	0.19
8		More than	10000	4801311	64.34	50	0.28
			TOTAL	**7462563**	**100.00**	**17642**	**100.00**

Shareholding Pattern as on 31st March, 2012

Category of Shareholder	No. of Shares	Percentage
Promoters and Person Acting in Concert	3089566	41.40
Mutual Funds	258046	3.46
Banks, Financial Institutions, Insurance Companies Including A.P. State Government	315684	4.23
Foreign Institutional Investors	–	–
Corporate Bodies	717203	9.61
Indian Public	2819256	37.78
NRI's/OCB's	262808	3.52
TOTAL	**7462563**	**100.00**

Dematerialization of shares and liquidity	:	The shares of the Company are under compulsory dematerialize trading. The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31st March, 2012, 97.88% of the Company's Equity Shares are in dematerialised form. The ISIN No. / Code for the Company's Equity Shares is INE557A01011. Shareholders can open an account with any of the depository participants registered with any of these depositories.
Plant Locations	:	**Manufacturing** 1. Hyderabad, Sanatnagar - 500018 (Andhra Pradesh) 2. Faridabad, Sector-25 - 121005 (Haryana) 3. Jasidih, Industrial Area - 814142 (Jharkhand) 4. Dharuhera, Plot No.31, Rewari District - 122106 (Haryana) 5. Thimmapur, Mahboobnagar District - 509325 (Andhra Pradesh) 6. Vijayawada, Plot No.289, IDA, Kondapalli - 521228 (Andhra Pradesh) 7. Chennai, Kannigaiper Vil., Tiruvallur District -601102 (Tamil Nadu) 8. Wada, Musarane Vil., Thane District - 421312 (Maharashtra) 9. Sathariya, SIDA, Jaunpur District - 222022 (Uttar Pradesh) 10. Thrissur, Mulangunnathukavu Post - 680581 (Kerala) 11. Balasore, IDCO, Plot No. 72, ND Centre, Somanathpur - 756019 (Orissa) 12. Golan Village,Valod Taluka, Tapi District - 394640 (Gujarat) 13. Village Saidpura, Dera Bassi - 140 507 (Punjab) **Wind Power** 14. 3.60 MW (2x1.80 MW) at Kutch Dist, Gujarat. 15. 1.25 MW near Coimbatore, Tirupur Dist, Tamilnadu. 16. 2.50 MW (2x1.25 MW) at Jodhpur Dist, Rajasthan.
Address for Correspondence	:	Mr. P.Rajesh Kumar Jain Company Secretary & Compliance Officer Hyderabad Industries Limited Sanatnagar, HYDERABAD - 500 018 Tel: 91 40 30999121, 30999122 Fax: 91 40 23701227 & 23702400 Email: cs@hil.in

The above Report was approved by the Board of Directors at their meeting held on 1st May, 2012.

Details of the Directors seeking appointment / reappointment of Directors at this Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Particulars	**Mr.C.K.Birla**	**Mr.Vaman Rao**	**Mr.Abhaya Shankar**
Date of Birth & Age	09-01-1955 / 57 yrs	12-06-1928 / 84 yrs	26-03-1956 / 56 yrs
Date of Appointment	04-02-1980	22-12-1987	01-02-2008
Qualification	B.A	B.A.	B.TECH (MECH) IIT, Kanpur; MBA(PGDM) IIM, Calcutta
Occupation	Industrialist	Retired Senior Executive	Service
Expertise in specific functional areas	Industrialist having rich business experience	Expertise in finance and administration since he had held various Senior Executive positions in the Sirpur Paper Mills Ltd., for several years	Mr. Abhaya Shankar has 31 years of experience in India and abroad, of which 18 years have been in top management roles. He has extensive experience in heading Manufacturing Companies, as well as undertaking corporate roles encompassing formulation of corporate strategy, mergers and acquisitions, formation of joint ventures and turn around of under-performing Companies.
Directorships held on other Companies	1. Orient Paper & Industries Limited 2. Hindustan Motors Limited 3. National Engineering Industries Limited 4. AVTEC Limited 5. Birla Brothers Pvt. Ltd. 6. Birlasoft (India) Ltd. 7. The Indian Smelting & Refining Co. Limited 8. Orient Cement Ltd 9. Birla Associates Private Limited, Singapore 10. Nigeria Engineering Works Limited, Nigeria 11. Rivers Vegetable Oil Co. Ltd., Nigeria 12. Birlasoft Inc., USA 13. Birlasoft (U.K.) Ltd., London	1. Sirpur Paper Mills Ltd. 2. Hyderabad Agencies Pvt. Ltd	1. Raygan Finvest Private Limited 2. Supercor Industries Ltd., Nigeria
Memberships/ Chairmanships of Committees across other public Companies	NIL	1) Sirpur Paper Mills Ltd. a) Member & Chairman- Audit Committee b) Member - Shareholders' Grievances Committee	NIL
Shareholding	51376 Equity Shares	NIL	2997 Equity Shares

Dear Shareholder,

Re; Green Initiative in Corporate Governance: Go Paperless.

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication, avoid loss in postal transit.

Keeping in view the underlying theme members are requested to support green initiative by registering/updating their email id address in respect of shares held in dematerlisation form with respective depository participants (DP's) and in respect of shares held in physical form update with our registrars(RTA's) by sending email to gicg@vccilindia.com or send requests to Venture Capital and Corporate Investments Private Limited along with your Folio No.

HYDERABAD INDUSTRIES LIMITED

Registered Office: Sanathnagar, Hyderabad - 500018

Attendance Slip

I hereby record my presence at the **Sixty-fifth Annual General Meeting** of the Company at Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad - 500 034, at **3.00 P.M.** on **Friday, the 20th July, 2012.**

Name of the Attending Member / Proxy	:
Signature of the Attending Member / Proxy	:

Notes:

1. Shareholder/Proxy holder wishing to attend the meeting are requested to bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.
3. A Proxy need not be a Member.
4. Bodies Corporate, whether a Company or not, who are members, may attend through their authorised representatives appointed under Section 187 of the Companies Act, 1956. A copy of authorisation should be deposited with the Company.
5. In case the shares held in demat/electronic form, the signatures of the beneficial owner is liable for verification with the record furnished to the Company by NSDL/CDSL. Beneficial owners are advised to bring relevant identity card issued by the Depository Participant.

HYDERABAD INDUSTRIES LIMITED

Registered Office: Sanathnagar, Hyderabad - 500018

Proxy

I/we..of..being a Members/ Members of the above named Company, hereby appoint Mr.. or failing him Mr...of...as my/our Proxy to attend and vote for me/us and on my/our behalf at the **Sixty-fifth Annual General Meeting** of the Company, to be held on **Friday,** the **20th** day of **July, 2012** and at any adjournment thereof.

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

Folio No./CL ID* :

D.P. ID* :

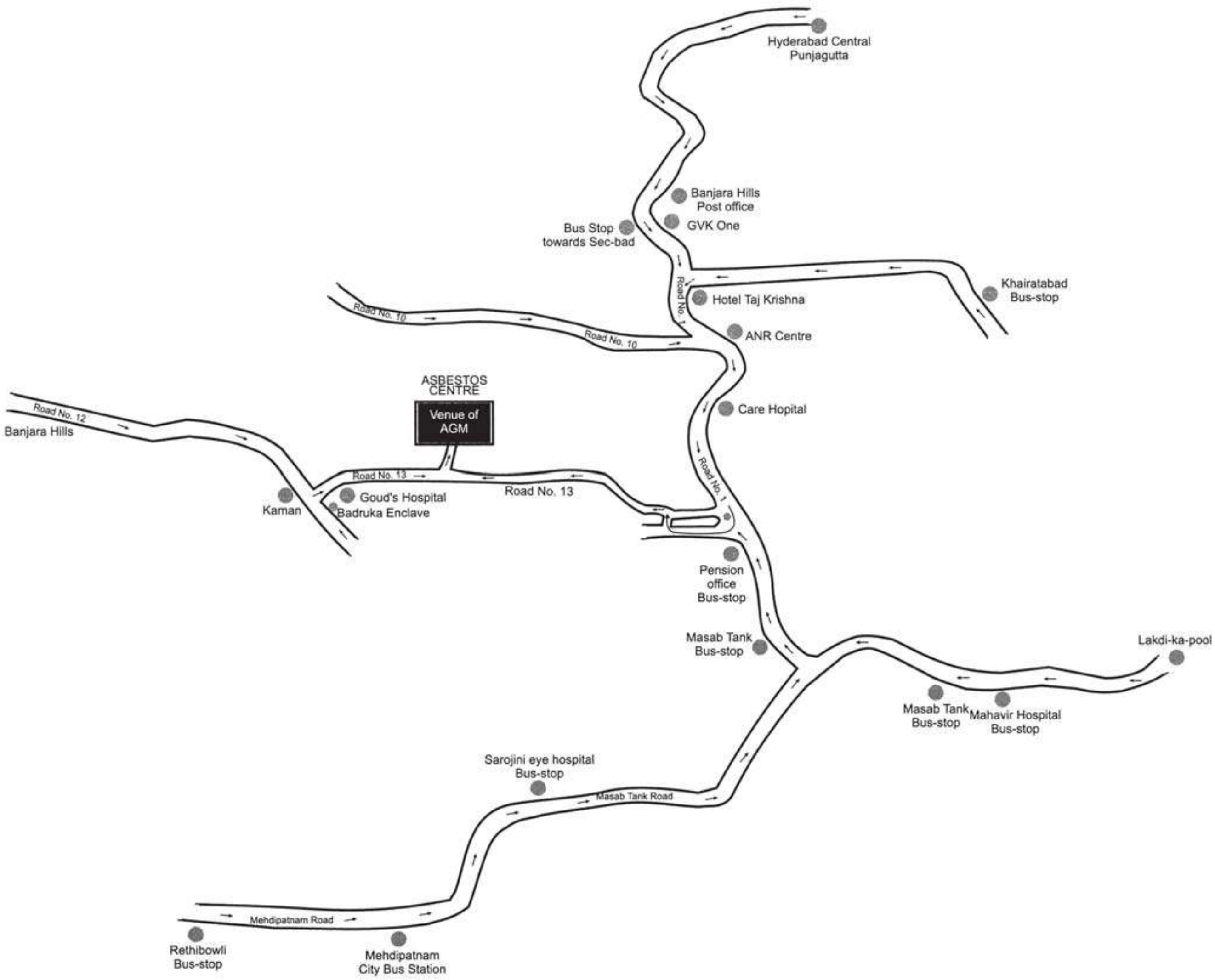
No. Of Shares :

Affix thirty Paise Revenue Stamp

Note: *Applicable only for Shareholders holding shares in dematerialised form.

1. The Proxy must be deposited at the Registered Office of the Company, not less than FORTY EIGHT HOURS before the commencement of the aforesaid meeting.
2. In the case of joint Shareholders, all must sign the proxy form.

Routemap



Note: Pickup facility will be available at the beginning of Road No. 13, Banjara Hills, Hyderabad from 2.00 p.m. onwards.

CSR INITIATIVES FOR AN INCLUSIVE ADVANCEMENT

Black top road constructed by HIL Chennai plant to facilitate road connectivity for the nearby villages.

Books being distributed to school children by the HIL Satariya Plant team

HIL supported the green and healthy cause of encouraging bicycling by helping Hyderabad Bicycle Club in launch of the bicycling track in Hyderabad. Water bottles, fruits and health tips books were also distributed during the cycling marathon at the launch event.

PROGRESSING WITH AN ECO-FRIENDLY NOTION

Indepth research with modern approach is the essence of HIL's sustainable growth. Our state of art R&D centre is being continuously upgraded in line with technological advancement.

As an expansion and growth plan – an additional line for manufacturing sheets was commissioned in Satharia plant.

HIL has successfully installed 7.35 MW Wind Turbines to generate green energy, equivalent to 25% of its energy consumption requirement, standing testimony to its commitment to green cause.

TPM KICK OFF

HIL, in pursuit of excellence continues to implement TPM principles in all of its manufacturing facilities step by step.

WORKSHOPS

At HIL, we ensure that all employees enjoy work and live healthy. Noted faculty from external health care centers are regularly invited to assist and educate employees on physical and mental healthy living habits.

HR INITIATIVES

HIL recognizes the efforts put in by each one of our deserving employees and rewards them at every opportunity.

4C (CREATE, CONSERVE, CONSTRUCT AND CELEBRATE)

On 24th December 2011, our employees took time off from their busy schedules in order to connect with each other and with their families. The evening was an extravagant affair with cultural programs and entertainment by the employees and their families.

BE THE CHANGE

Marking the launch of the new brand identities of Charminar and Aerocon, Mr. Abhaya Shankar MD-HIL addressed the HIL team and communicated the need to change one's own self in order to bring about a positive change in the organization. Every participant took a pledge to be the change and imbibe the brand values in their daily life.

EVOLVE

Evolution is a precursor to advancement. It is a natural response to changes, both within oneself, and in one's surroundings. It is a wonder to witness, and a joy to experience. At HIL, we are evolving. Our brands have been revitalised. Our teams and strategies have been realigned. A vibrant energy pervades every aspect of our being. And we have channelized this energy of transformation and evolution to drive us further in our pursuit of perfection. We have attained great heights. We are escalating towards our vision.

We are soaring high!

HYDERABAD INDUSTRIES LIMITED

Sanathnagar, Hyderabad - 500 018 | ww.hil.in