



*FAST***FORWARD**@50

 **HSIL**

Annual Report 2009-10

HSIL is dynamic. HSIL is vibrant. And, our multi-sectoral strategy is well synchronized.

At 50, we feel younger than ever before, and are growing rapidly through a series of strategic business verticals.

We are aided by our innate flexibility and nimble-footedness and benefit from the multiple perspectives in our organizational decision making.

The cover of this annual report represents these aspects of HSIL, through its multiple hues and harmonious forward-moving strokes. At another level, they represent a butterfly whose agility, adaptability and transformational character inspires us.

Across this document, the use of brightly coloured patterns is designed to reinforce our fondness for synergy, our forever-youthful character and a core competence at marrying aesthetics with functionality.



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FORWARD-LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumption. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



At HSIL, half-a-century is not simply a passage of time; it is a grand canvas that reflects our transformation in response to changing realities.

At 50, HSIL is a potent combination of a range of attributes: rich multi-sectoral insight; drive for innovation; a product mix that reflects evolving customer aspirations and perceptions; a growing pool of talented employees and dedicated distributors and dealers; and a futuristic technology focus in a resource-scarce world. What we deliver as a result of these is improved hygiene and sanitation for the nation, design capabilities that are globally benchmarked and enriched bathroom experience for a whole new generation of people.

These attributes have created a fast-paced, resilient and reinvigorated enterprise over the last five decades. But the journey still continues and the road ahead is characterised by strategic expansion plans on the anvil, enhanced market penetration through increasing the breadth and depth of our product portfolio and faster responsiveness to customer needs and aspirations. And, above all, a commitment to cater to the everyday needs of life, faster, surer and better.



OPERATIONAL HIGHLIGHTS

13%
Average realisation of sanitaryware manufacturing

7%
Capacity utilisation of sanitaryware manufacturing

17%
Average realisation of container glass

19%
Capacity utilisation of container glass

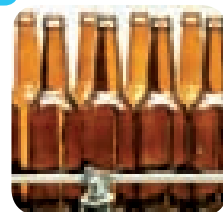
ACQUISITION

We acquired the Chrome Plated Bathroom Fittings Division of Havells India Ltd. sold under the Crabtree brand. This acquisition has further diversified our manufacturing strength to include bathroom fittings as a strategic division for business growth. This acquisition will result in the Company becoming the number two player in the CP bathroom fittings business within a period of two years.

NEW PRODUCTS

Launched 95 new products in the building products division and 60 new products in the container glass segment

Launched an eco-friendly range of water closets and urinals. The Viva EWC, with its water-saving dual flush facility and rectangular slow-falling seat cover connects aesthetics with environment conservation measures



MARKETING AND DISTRIBUTION

Launched two Hindware Lacasa exclusive brand display centers in Kochi and Mumbai

Hindware Arcades and Hindware Boutiques are spread across major cities, showcasing the exclusive product portfolio of the Hindware Brand. We established 33 Hindware Boutiques and Hindware Arcades and designed 18 dealer showrooms

Expanded dealer and sub-dealer network to 1400 and 12,000 respectively

Introduced Hindware Premier League loyalty reward program for our sub-dealer partners







FINANCIAL HIGHLIGHTS

Net Turnover

↑ 29%

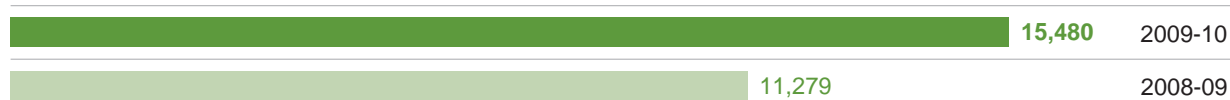
(Rs. in lacs)



EBITDA

↑ 37%

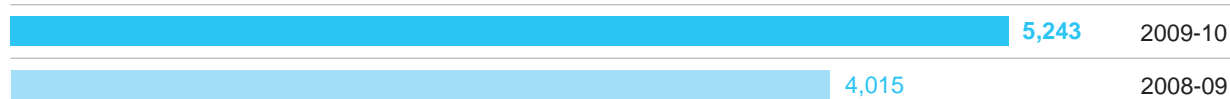
(Rs. in lacs)



PAT

↑ 31%

(Rs. in lacs)



EPS

↑ 31%

(Rs.)





FIVE-YEAR PERFORMANCE SUMMARY

Net Turnover

CAGR 22%

(Rs. in lacs)

78,874	2009-10
61,064	2008-09
52,084	2007-08
47,776	2006-07
39,652	2005-06

EBITDA

CAGR 21%

(Rs. in lacs)

15,480	2009-10
11,279	2008-09
8,873	2007-08
8,469	2006-07
7,847	2005-06

Cash Profit

CAGR 19%

(Rs. in lacs)

11,327	2009-10
7,621	2008-09
5,421	2007-08
5,708	2006-07
5,049	2005-06

PBT

CAGR 18%

(Rs. in lacs)

6,568	2009-10
5,678	2008-09
4,493	2007-08
4,562	2006-07
4,040	2005-06

PAT**CAGR 22%**

(Rs. in lacs)

5,243	2009-10
4,015	2008-09
2,865	2007-08
2,911	2006-07
2,581	2005-06

EPS

(Rs.)

9.53	2009-10
7.30	2008-09
5.21	2007-08
5.55	2006-07
5.52	2005-06

EBITDA Margin

(%)

19.63	2009-10
18.47	2008-09
17.04	2007-08
17.73	2006-07
19.79	2005-06

Net Profit Margin

(%)

6.65	2009-10
6.58	2008-09
5.50	2007-08
6.09	2006-07
6.51	2005-06

Debt Equity Ratio

1.25	2009-10
1.87	2008-09
0.91	2007-08
0.96	2006-07
1.85	2005-06

Interest Cover

3.86	2009-10
6.78	2008-09
5.44	2007-08
5.94	2006-07
6.07	2005-06

FIFTYFULFILLINGYEARS

HSIL's 50-year journey awakens as many associations as it conceals emotions, but the overarching significance can be encapsulated in three simple words: Insight, Innovation and Evolution. These inspiring decades have deepened HSIL's business insight, reinforced innovative capabilities and accelerated its evolution from a small company to a multi-sectoral enterprise. From being the pioneer in the introduction of Vitreous China Single Fired Process in India in 1960s, HSIL has indeed traversed a long way not only in terms of size and scale of operations, but also in the repository of learning and skill that has been acquired over the decades.

THE EARLY YEARS (1960-1970)

The Somany's belonged to a joint family of six brothers, who were collectively involved in small-scale business activities, based out of Kolkata. In 1958, Mr. Rajendra K Somany, decided to embark upon an entrepreneurial venture to explore new avenues for business. Through their interest in the consumer durables industry, coupled with the advice of the then Director General of Technical Development (DGTD), Mr. Rajendra K Somany decided to enter the sanitaryware business.

Still a nascent industry, the quality of bathroom products in India was poor compared to international standards. Operating in such an industry scenario, HSIL wanted to carve a niche by providing quality products at competitive prices. Hence in 1960, through a joint venture with Twyford of UK, Hindustan Twyford Ltd. was incorporated with the objective of introducing high quality and innovative vitreous china ceramic products to the Indian market.

HSIL set up its flagship plant in Bahadurgarh, Haryana (earlier part of Punjab), which commenced production in 1962. The early years were quite challenging due to the lack of satisfactory infrastructure. Nevertheless, with the dedication and desire to bring new products to the market, through iterative trials and tribulations, we successfully developed sanitaryware products, that were superior in quality and finishing to what was at that time available in India.

In 1962, HSIL floated an IPO to raise Rs. 30 lacs through equity shares and Rs. 10 lacs through preferential shares. The IPO got oversubscribed 78.2 times, which was a record. With the initial success and subsequent positive market response, we changed the name of the company to Hindustan Sanitaryware & Industries Ltd in 1967, though still working in technical partnership with Twyford.



Mr. Rajendra K Somany at practical training Twyford - UK

During that period, majority of India's population did not have access to proper sanitation. The manufacturers of sanitaryware products used obsolete technologies, which resulted in high water consumption and constant threat of breeding germs. Even the sanitaryware in hospitals were primarily imported, with the delivery lead-time of at least a year.

CREATING A DISTRIBUTION MECHANISM (1970-1980)

Following pilot production, the final product was sent to Chennai for a dealer presentation and evaluating market response. With an overwhelming positive response, an extensive pan-India dealer survey was conducted for appointing dealers and sub-dealers. That was the beginning of a strong and sustainable distribution mechanism, which has matured over the decades. HSIL introduced fixed MRPs,

even before the MRP law was implemented and also commenced the practice of cash discount for dealers and sub-dealers to strengthen the receivable cycle. HSIL had set up stringent business terms as it was answerable to its shareholders. The seeds of ethical corporate governance were sown from the early days itself.



File Picture of HSIL Manufacturing Facility at Bahadurgarh

Innovation that surprised the innovator

One fine morning Mr. Rajendra K Somany got a call from a gentleman in Norway who wanted to visit him in India. When Mr. Somany agreed, he landed with a big carton and said, 'this is the reason I have come'. In the carton was a ceramic vacuum operated closet, the type one sees in ships. He said, 'I want 300 of these in a month'. This was both an opportunity and a challenge. Opportunity, because such a thing had never been attempted before. Challenge, because the deadline was stiff and the technology unavailable in India.

When the first sample was ready after 75 days, the customer sent his design engineer to inspect it. This engineer, a bulky gentleman, exclaimed: 'I want to put this under a 400 kg load test.' This was indeed shocking. At first, the closet withstood the load test at 350 kg. With improvement to the structure, it passed the 400 kg load test also. We got six weeks to build more samples and eventually, delivered 300 pieces, at a premium price. When asked why he chose HSIL, the gentleman replied, "because the only other manufacturer in the world failed me, and I was told that you can do anything in ceramic."

Overview of HSIL Manufacturing Plant at Bahadurgarh



BUSINESS EXPANSION (1980-1990)

After twenty years of successful business operations, HSIL extended its business activity to Container Glass manufacturing in 1981 through the acquisition of the non-operational unit, Associated Glass Industries Limited (AGI) in Hyderabad. The Promoters leveraged their knowledge and experience, as the extended family was already operating in the container glass industry segment. The I.S. machines and the existing furnace capacity of the AGI plant were upgraded and electronics and Lehr Temperature Control systems were introduced for improved operations.

Sanitaryware Capacity Expansion

With increasing sanitaryware demand across India, HSIL felt the need to expand its sanitaryware manufacturing capacity. It acquired Krishna Ceramics Ltd., an underperforming company in Bibinagar, A.P. in 1989. With this acquisition, HSIL expanded its manufacturing capacity by

6,000 metric tonnes. HSIL's in-house technological competence had matured to drive operations and innovations, which enabled knowledge transfer from the Bahadurgarh plant to the Bibinagar plant. This capacity was further enhanced through iterative technology upgradations.

AT THE CROSSROADS (1990-1999)

The nineties ushered in major headwinds of change in consumer aspirations and product knowledge, as the Indian economy integrated with the advanced nations of the world following the economic liberalization in 1991.

HSIL proactively responded to this market reality. It strengthened its operational efficiencies to cater to increasing volumes by commissioning world's largest open flame kiln at the Bahadurgarh factory in 1990. The *Hindware* brand was launched in 1991. Container glass business also evolved with the introduction of the in-house mould design through CAD/CAM applications. Subsequently, we commenced using high precision CNC machines, enhancing productivity. The result

was a growth-oriented business enterprise, which crossed the historic Rs. 100-cr revenue mark in 1996.

During 1997, HSIL launched its first water conservation product, a three-litre flushing-Super Constellation water closet. In 1998, HSIL introduced PVC cisterns as a part of the Hindware Portfolio. Raasi Ceramics was acquired in 1999 to strengthen market share in the South, additionally the Bibinagar facility was expanded. During the same year, HSIL received the ISO Certificate for the Bahadurgarh Plant, becoming the first Indian plant in the sanitaryware industry to receive the prestigious certification.



DECADE OF EVOLUTION (2000-2010)

This was a busy decade for us indeed. We diversified to Bathroom Wellness products (Bathtubs / Showers / MFMT's etc.). The *Hindware* brand was rebranded in 2003 for a fresh and youthful look along with establishing three sub-brands – *Hindware* Italian Collection, *Hindware* Art and *Hindware*. During the same year, HSIL signed a strategic partnership with Sanitec of Europe to introduce a high-end product range in India under the brand KERAMAG, catering to the premium market segment.

As the years rolled by, more milestones were created in quick succession: our Building Products Division introduced chrome plated bathroom fittings (faucets) under the *Hindware* brand. HSIL also signed a strategic partnership with Teuco, world leader in wellness products, to offer their complete range of wellness products in India. The culmination of all this was that we reached Rs. 500 Crore revenue in 2007.

The following year, in 2008, HSIL forayed into the retail sector, through its subsidiary, providing speciality home interior solutions

under the EVOK Brand. The Company was no longer known as merely a Building Products company; the Container Glass segment now contributed around half of the total business revenue. As a result, the Company was renamed to HSIL Limited in 2009. In the same year, HSIL also launched its display center concept, Lacasa, in Kochi and Mumbai. It even introduced post-sale services for its customers through a service guarantee promise, 'Hindware Care', that assures doorstep services within 48 hours of call registration.

One of HSIL's important milestones has been setting up of its second Greenfield plant (Bahadurgarh plant was the first Greenfield project), a container glass manufacturing facility at Bhongir to significantly expand the capacity of the container glass business. This is a state-of-the art facility, with the largest furnace across all of Asia.

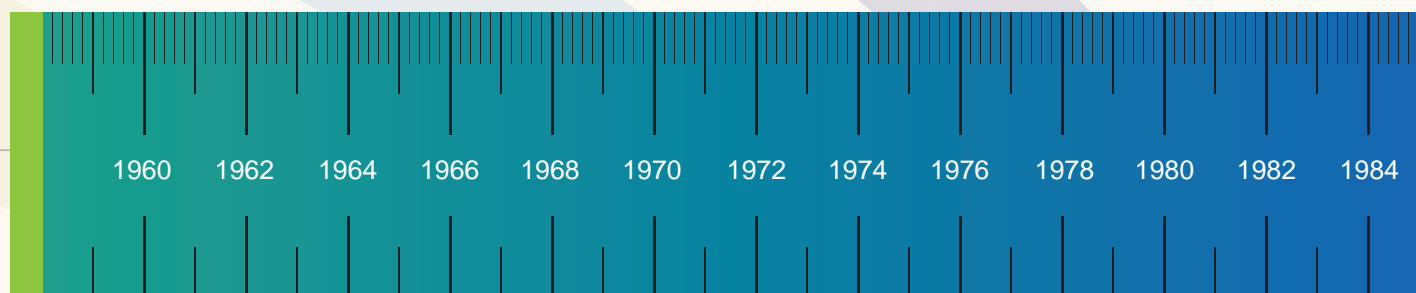
This year, in 2010, we acquired the chrome plated bathroom fitting business of Havells India Ltd, to expand the bath fittings business of HSIL.



Way ahead

Today, HSIL is already a frontrunner in its business verticals. We believe, our commitment to educate customers and bring world-class products and services to their doorstep will further reinforce the brand and create competitive advantage, as the Indian consumer becomes more informed, discerning and demanding. So as we step into the next 50 years, we reaffirm our pledge to accelerate the pace of value creation, benefiting the consumer, community and the country.

JOURNEY ACROSS DECADES THAT BUILT A BRAND



1960

Hindusthan Twyford Ltd. was incorporated to introduce vitreous china sanitaryware for the first time in India

1962

Set up a factory and production commenced in Bahadurgarh, Haryana (earlier part of Punjab)

1967

Company renamed to Hindustan Sanitaryware & Industries Limited

1981

Expanded business into Container Glass manufacturing through the acquisition of Associated Glass Industries Ltd.

1982

Mr. Sandip Somany joined HSIL with focus on business growth;

AGI Furnace upgraded to increase capacity

1986

AGI upgraded I.S. machines; introduced Electronic Control & Lehr Temperature Control systems

1989

Acquired Krishna Ceramics Ltd. (Bibinagar); Expanded Ceramics manufacturing capacity

1990

Commissioned world's largest open flame Kiln in the Bahadurgarh factory;

1991

Introduced the *Hindware* Brand

1992

Accessed natural gas in the Bahadurgarh plant

1994

AGI initiated in-house mould designing through CAD and high precision CNC machines

1996

HSIL crossed the Rs.100 Crore revenue milestone

1997

Launched water conservation product, with 3.5 litre flushing - Super Constellation water closet

1998

Established the Secunderabad office for Building Product Division;

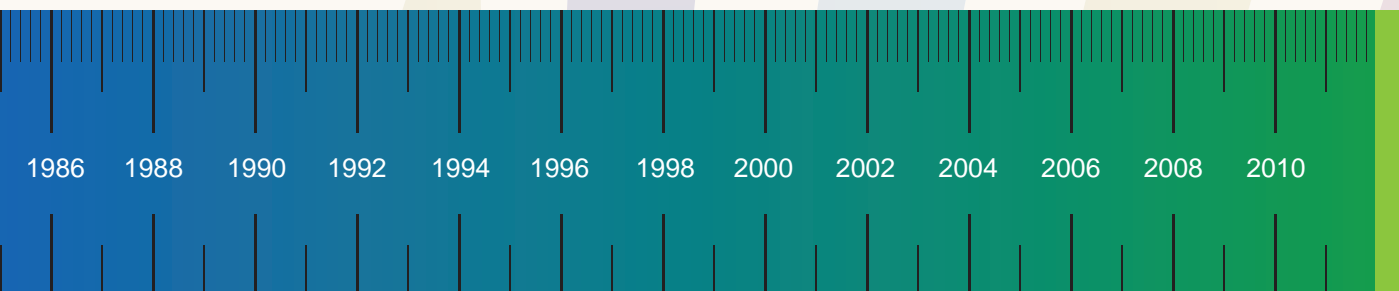
Product category expanded to introduce PVC cisterns as part of the Hindware portfolio

1999

Raasi Ceramics acquired to further expand sanitaryware manufacturing capacity;

Bibinagar capacity expansion completed;

ISO accreditation received by Bahadurgarh Plant; First Indian Plant in the sanitaryware industry to receive this prestigious accreditation



2000

Hindware established online presence with their website;

Building Products Division expanded to Bathroom Wellness category (Bathtubs / Showers / MFMT's etc.)

2001

ISO 9001:2000 Certification received by Building Product Division;

AGI became the largest manufacturer of food jars in the country

2003

Strategic Partnership Agreement with Sanitec for introducing high-end Keramag Brand in the Indian market;

2004

Building Products Division expanded to chrome plated bathroom fittings (faucets);

Rebranded the Hindware logo for a youthful presentation;

Launched light-weight flat flint bottles;

AGI upgraded production technology to make it one of the most flexible production facilities in the country

2005

HPC (Mauritius) Ltd. invested USD 12.2 mn and acquired 14.99% stake in the Company

2006

Expanded export business

2007

HSIL crossed the Rs. 500 Crore revenue milestone

2008

HSIL entered the home interior fashion design retail industry through its subsidiary HHRPL; established two retail megastores in NCR;

Established corporate office presence in Gurgaon;

BPD achieved the highest production levels of 31,000 MT

2009

The Company was renamed to HSIL Limited;

Launched Hindware Lacasa display showrooms;

Bhongir Greenfield Project commenced production, significantly expanding capacity of container glass business

2010

Acquired the CP Bathroom Fittings business of Havells India Ltd.

50 YEARS OF ENDURING TRUST

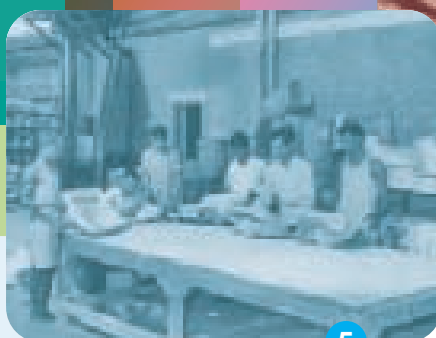
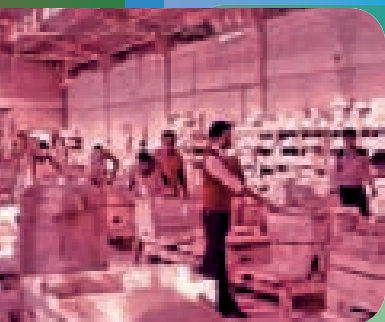
16



Our journey started in 1960, when the Company was incorporated as **Hindusthan Twyfords Limited** by the Somany family (promoters) in collaboration with **Twyfords Limited of UK**, to promote vitreous china ceramic sanitaryware in India. Technology introduction in this industry segment was one of the primary objectives of this collaboration.



Fifty years on, HSIL is a **market leader** in sanitaryware industry and today offers a diverse portfolio of bathroom and kitchen products. It is also the **second largest player in the container glass domain in India**, catering to the packaging requirement for beverages, beer, liquor, pharmaceuticals and food segments.



- ① Mr. Rajendra K Somany at Twyford UK
- ② Visit of Mr. Cohen & Mr. Yates, 1988
- ③ Rajendra K Somany receiving award
- ④ Rajendra K Somany - Raasi plant visit
- ⑤ Quality Inspection Area



IDENTITY

Manufacturer of widest range of bathroom ceramic sanitaryware products

Widened its product portfolio across bathroom and kitchen solutions

Expanded its brand portfolio to include the *Hindware*, *Hindware Art* and *Hindware Italian Collection* brands

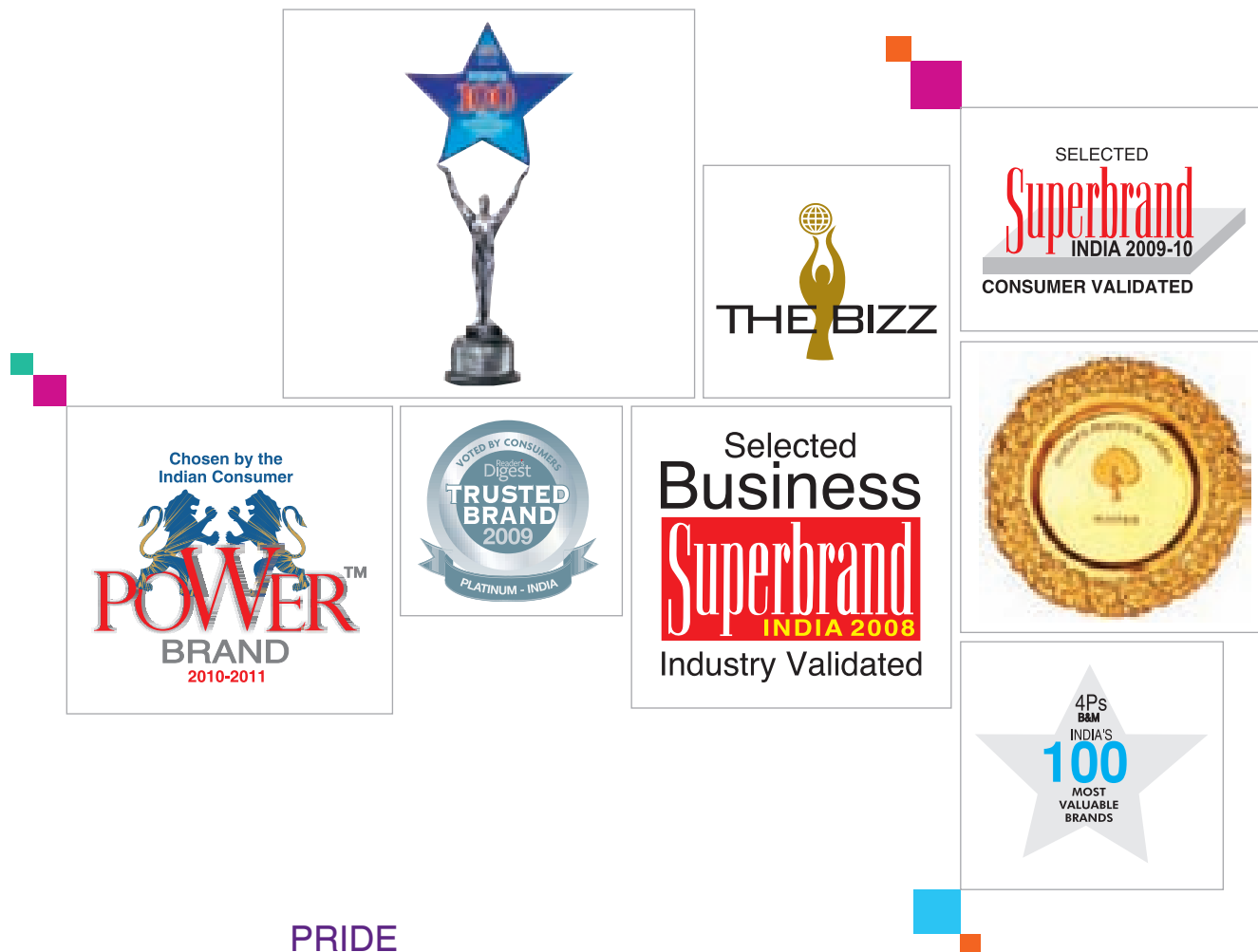
Diversified into container glass production through the acquisition of Associated Glass Industries Limited in 1981

Strengthened container glass business with the Bhongir production facility, established in 2009

Integrated forward into the retail business, through its wholly-owned subsidiary Hindware Home Retail Private Limited (HHRPL), for providing speciality home interior product range under the EVOK brand

CAPACITIES

Business Division	Location	Installed capacity (mn pieces per annum)
Building Products division	Bahadurgarh, Haryana	1.50
	Somanypuram, Andhra Pradesh	1.30
Container Glass division	Hyderabad, Andhra Pradesh	953
	Bhongir, Andhra Pradesh	690



PRIDE

HSIL was rated as one of the **Forbes Global 100 Best Small and Medium Companies**

HSIL was awarded the '**Business Superbrand**' status, latest in 2008, by Superbrand Ltd., a London based institute

Hindware holds the '**Consumer Validated Superbrand**' award promoted by Superbrand Ltd., received twice consecutively

Hindware was rated 67th amongst '**The 100 most valuable brands in India**' by the 4Ps journal in 2007

Hindware received the '**Platinum Trusted Brand 2009 Award**' from Reader's Digest

HSIL was honoured with the '**Golden Peacock Award**' in the year 2009 for strong Environment Management systems

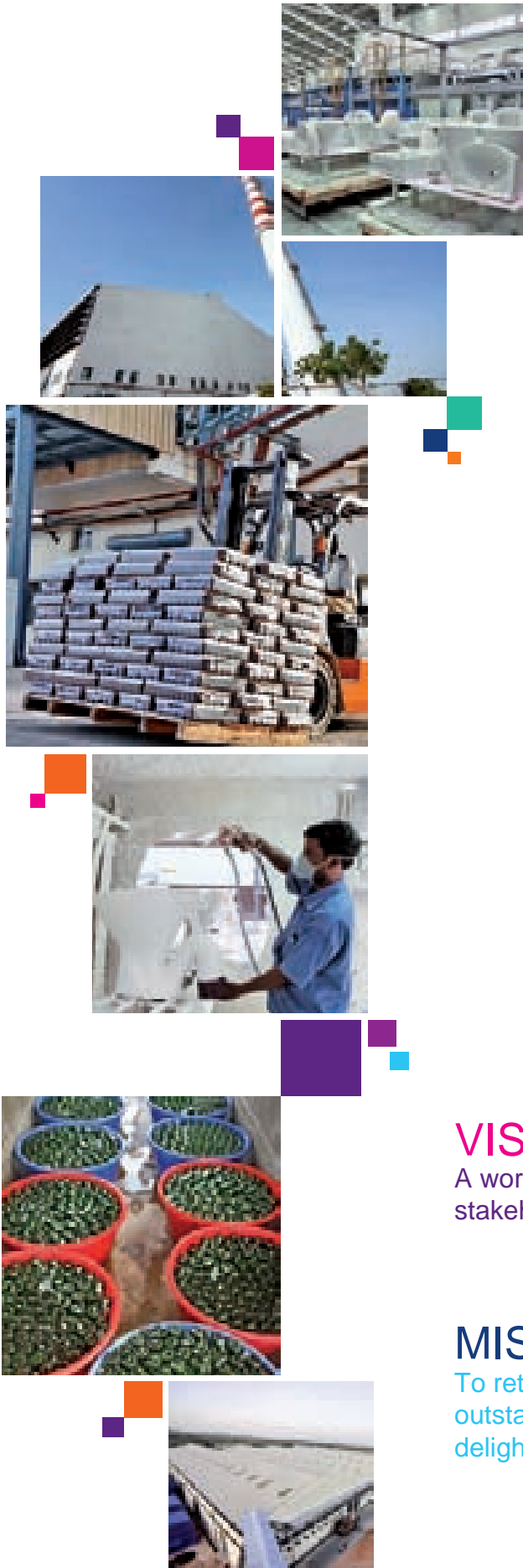
HSIL received the '**Capxeil Award**' and '**IES Excellence Award 2010**'

HSIL was awarded the '**Golden Peacock National Quality Award 2010**'

HSIL was honoured with the prestigious '**THE BIZZ 2010 Award**' for being an **inspirational organisation with admirable business management systems** by the World Confederation of Businesses

HSIL was awarded the '**2010 IMM Award**' for **Excellence** by the Institute of Marketing and Management, Delhi

Hindware was recognized as the '**Power Brand 2010**' in the category of building products, awarded by Planman Media



PERFORMANCE

- Healthy revenue growth achieved consistently over a long period
- Established a strong dealer and distributor network
- Present across a large number of towns and cities
- Enhanced employee retention
- Enriched product quality through innovative design and integrated technology

PIONEERS IN...

- Introducing vitreous china technology in India
- Using battery casting technology in manufacturing
- Using computer-controlled, open fired, tunnel-kiln technology
- Introducing the concept of waterless urinals
- Introducing Customer Service in the building products industry segment

VISION

A world class organization committed to enhancing stakeholder value.

MISSION

To retain market leadership by constantly innovating outstanding quality products and services that delight customers.



PRESENCE

Headquartered in Gurgaon, Haryana

Registered office in Kolkata

Five manufacturing facilities in the states of Haryana, Andhra Pradesh and Rajasthan.

Six regional offices and four area offices

Export presence across 34 countries

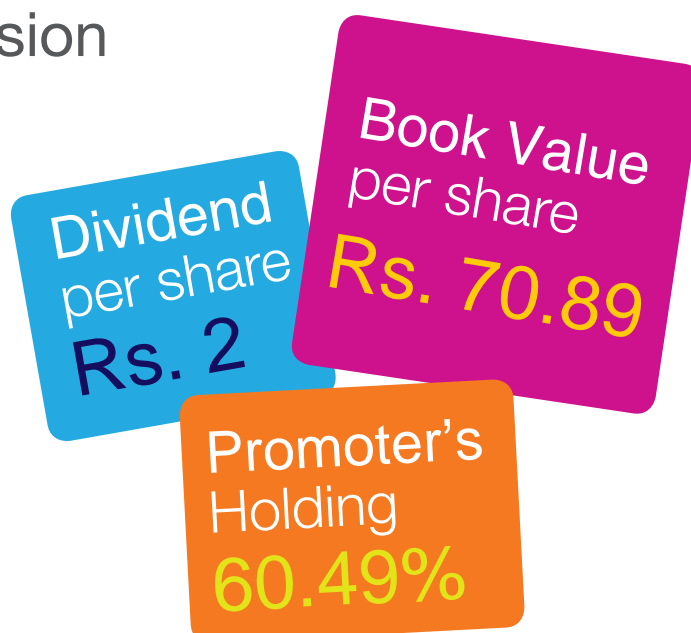
Shares are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange Limited (NSE)

1400+ Direct dealers for our Building Products Division

12000+ Retailers for our Building Products Division

2540+ Institutional customers for the Building Products Division

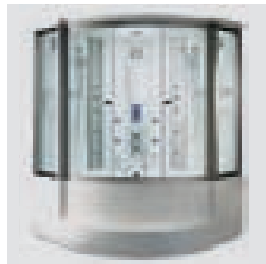
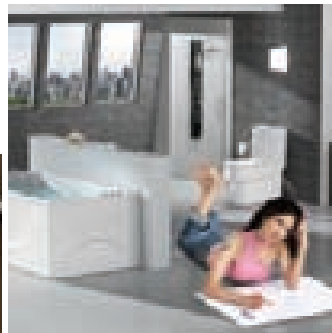
520+ Institutional customers for the Container Glass Division



FROM PERIPHERAL TO INTEGRAL

At HSIL, the customer is not a peripheral entity, but integral to our business approach. The operative word in this context is 'fast'. HSIL's service team responds with the same speed and dedication to each customer, be it a pre-sale enquiry or a post sale support request.

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OUR FAST-PACED SERVICE MINDSET IS REFLECTED IN THE FOLLOWING REALITIES

Introduced end-to-end solutions for bathroom renovation (design, product selection, refurbishment), an integrated service offering for the customers

Created an enhanced customer access through a toll-free number, more branch-level offices and additional touch points

Offered extended warranty programs to cover breakdown repairs, parts replacements and preventive maintenance schedules

Established two spare-part central warehouses to reinforce the service infrastructure and strengthen the spare parts network across all service centres

Assigned a plumber to all institutional customers, ensuring differentiated service under the *Hindware Home Plumber* (HHP) programme

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“ HSIL introduced a service assurance programme, offering the ‘*Hindware Care*’ service at customer’s doorstep within 48 hours of call registration. It possesses 18 service centers across India with a dedicated service team of more than 200 service professionals ”



FROM INSIGHT TO INNOVATION

Our business insight transcends operational concerns to strategic issues confronting our business divisions.

How do we survive in a resource-scarce world?

How do we keep pace with customers' evolving preferences?

How do we counter growing competition?

The answer is simple: **Faster Innovation**

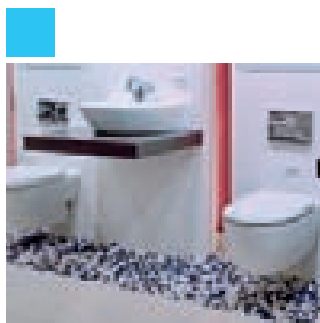


“Water scarcity and a declining water table is a global problem. More so, in India, home to a billion-plus population, with rapid urbanisation and a drive for industrialisation, thus enhancing water consumption. India's population is expected to touch 1.66 bn by 2050; per capita water consumption is expected to be 167 litres per day by 2050; urban population will constitute 55% of the total population by 2050; domestic water consumption is expected to triple by 2050; and more than 80% of the agricultural produce will be water-intensive by 2050; the groundwater levels of major river basins like Ganges, Godavari, Krishna and Kaveri are expected to deplete by 50-75% by 2050



At HSIL, we have reinforced five decades of innovative research to create an ensemble of eco-friendly products, which save precious water. Our new range of bathroom products, include uniquely designed water closets, and a portfolio of water saving models, which have lower or even zero water consumption. The latest product introductions include the Aquafree urinal, a first-ever waterless urinal and Enigma mu-sense urinal with microwave Sensor Technology, the first of its kind in India. Our technologies and enhanced design focus targets the young generation, catering to their constantly changing needs. Even in our container glass division, the drive for innovation is reflected in the development of modern designs, aesthetically appealing and light-weight glass containers.

The result is that, we introduced 600 products in the last three years, more than what we did in the preceding 20.





FROM MOTION TO MOTIVATION

At HSIL, we believe in a simple dictum: **Motivated motion is the mother of all creative endeavors.**

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This simple understanding has inspired HSIL's human resource policy, which ensures a motivated working environment for our employees to work smartly, think laterally and move ahead of the curve. The online Performance Management System (PMS) will also expedite employee growth, training, development and ensure he/she becomes an integral part of our business.

Today, our people are more agile in solving day-to-day problems, more focused to overcome business challenges and more prompt in driving the HSIL brand to greater glories. Aligned with our business growth, we have consistently increased our employee strength, which today stands strong at 3700 people across the country.



“ HSIL is recruiting graduates from National Institute of Design to reinforce its commitment to design innovation and leadership. These graduates are nurtured to produce globally benchmarked designs covering the broad range of our product categories. ”



CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

Rajendra K Somany

Chairman and Managing Director

Dear Stakeholders,

Fifty years is not a long period, nor is it so small that it cannot inspire recollections. A sentimental trip down memory lane. Or a kaleidoscope of golden memories.

At HSIL, it is a proud moment for all of us, as we complete 50 momentous years in 2010. But at 50, one is more mature, less driven by fleeting passions and more worldly wise. The reason is that one has seen so much of life and has been enriched by the headwinds of change in a constantly evolving world. The same principle holds true for an organisation as well. In all these years, HSIL has witnessed so many changes. Faces have changed, processes have changed, products have changed and priorities have changed. But some things have stood the test of time: our values, our drive for innovation and our ability to maintain healthy internal and external relationships. From being the pioneer in the introduction of Vitreous China Single Fired Process in India in 1960s, it is indeed remarkable to see your Company creating milestones across these five decades. We enhanced product innovation, penetrated markets, expanded capacities and ventured into related segments of chrome plated fittings and diversified into the new segment of container glass. Today our container glass division has achieved the distinction of being one of the most flexible production facilities in the country and has acquired the competence of developing a diverse range of glass containers representing the varying needs of the user industries.

THE PIONEERING ZEAL

When we began our journey, we were one of the few organised player in the sanitaryware market. Therefore, the responsibility of product and process innovation also lay with us. We tied up with Twyford's, a UK based company, then a leader in sanitaryware manufacturing, to set up the flagship plant in Bahadurgarh. We established the vitreous glazing practices, which ensured minimal water absorption, leading to better hygiene and longer product life. We retained this culture of being innovators and first movers across all product segments and upholding high quality standards, which has since transformed the industry.



In all these years, we have witnessed changing aspirations, tastes and preferences, coupled with enhanced awareness for health and hygiene and have tried to align our product offering with changing market realities. But the journey for innovation will never stop at HSIL, because it's not a business proposition, it's a way of life.



ORGANISATION BUILDING

We have been cognizant of the challenges of operating a corporate establishment, and have been consistent in de-risking our business, expanding our geographical domain and bringing about greater revenue security. This has been achieved by enhancing skills and ability of our employees and infusing them with trust and responsibility coupled with accountability.

We have invested in design capabilities to ensure that we successfully service the consumer aspirations. We have built a team that is empathetic and responsive to market needs. Moreover, we have maintained superior product quality, far surpassing the Bureau of Indian Standards, and more closely aligned to European standards.

Over the past five decades we grew organically and inorganically. We constantly upgraded and extended our Bahadurgarh production facility, while acquiring facilities in A.P. Our foray into container glass production was initially through an acquisition; last year we have fully operationalised our state of the art Greenfield plant in Bhongir, A.P. HSIL has ensured continuous expansion and growth over the years. Even the poor macro-economic fundamentals of 2008-09 could not deter HSIL from reporting strong growth by virtue of capacity expansion, enhanced product range and greater emphasis on quality standards and customer centricity.

APPROACH TO OUR ENVIRONMENT

Our approach was driven by an overarching objective of water conservation. After successfully reducing the water consumption of a single flush from 15 litres to 3.5 litres, we are today ready to launch 1.5 litres closet. We are focused on reducing it further. Our green sensitivity was reflected in state-of-the-art water closets, aqua-free and sensor operated urinals, among others, that optimised water and energy consumption. These initiatives reflect our deep sense of commitment and the consistency towards environment conservation.

HSIL TODAY AND TOMORROW

Even after half-a-century, HSIL is well-known for its cutting-edge technology adoption, ethical standards in corporate governance, innovative product offerings, extended reach and customer convenience. In all these years, we have witnessed changing aspirations, tastes and preferences, coupled with enhanced awareness for health and hygiene and have tried to align our product offering with changing market realities. But the journey for innovation will never stop at HSIL, because it's not a business proposition, it's a way of life.

A NOTE OF GRATITUDE

I would like to take this opportunity to thank our various stakeholders who have played a pivotal role in our journey over the last 50 years. I wholeheartedly express my gratitude to the Directors, associates and the family of shareowners, bankers and financial institutions, Government of India and State Governments for their unstinted support in making this journey interesting and inspiring and also look forward to their continued support in the future.

I also place on record my deep appreciation for the excellent contribution made by employees at all levels of the operations through their commitment, competence and co-operation with a view to achieving consistent growth of the company.

Warm regards

Rajendra K Somany
Chairman and Managing Director



BUSINESS PERFORMANCE REVIEW BY THE JOINT MANAGING DIRECTOR

Sandip Somany

Joint Managing Director, appraises the Company's performance in 2009-10 and shows the road ahead.



We focused on three important aspects: what more can we offer to our customers; how can we cater to a wider customer cross-section; and where are the segments for organic and inorganic growth. This strategy has strengthened our brand visibility and provided sustainable growth in numbers.





We widened our portfolio, ranging from bathroom products to kitchen appliances, thus increasing the breadth of the Hindware Brand. The brand continues to be the most recognised bathroom brand in the country.



Dear Shareholders,

HSIL has always been the frontrunner in its broad industry segment. Fifty years back, we entered with a clear focus on the ceramic sanitaryware industry. Our priorities were clear: we listened to the consumer, felt the pulse of the market and emphasised on product-process innovation to create the Hindware brand, which today occupies 40% of the market share.

We focused on three important aspects: what more can we offer to our customers; how can we cater to a wider customer cross-section; and where are the segments for organic and inorganic growth. This strategy has strengthened our brand visibility and provided sustainable growth in numbers. This is consistently reflected in our performance, including the one for the year under review.

We have registered a 29% growth in topline, 37% growth in EBITDA, 49% growth in cash profit and 31% growth in profit after tax in 2009-10. Our success was driven on the back of differentiated market positioning, sensitive response to customer requirements, superior service and enhanced focus on value-added premium products.

The Building Products Division and the Container Glass Division contributed 47% and 53%, respectively to the Company's revenue. In the building products division, revenues from premium products increased; average realisation of sanitaryware manufacturing was enhanced by 13.32%. In the container glass segment

growth was driven by a significant increase in volumes, product prices and diversification towards premium products.

During the year, we enhanced in-process innovation, optimised energy consumption, improved capacity utilisation and undertook measures towards strengthening water conservation and less consumption of fossil fuels, thereby protecting the environment. We also continued our cost rationalisation initiatives to achieve improved operating profitability.

PROPELLING INTERNAL EFFICIENCIES

At HSIL, we are driving internal efficiencies through a complement of pertinent initiatives:

Increased product portfolio and reach:

We widened our portfolio, ranging from bathroom products to kitchen appliances, thus increasing the breadth and depth of the Hindware Brand. The brand continues to be the most recognised bathroom brand in the country. The Building Products division launched 95 products during the year, of which about 60% were in the premium category. Building Products division retail channel continued to dominate with a 75% share of total sales while 25% was generated from the institutional segment. The retail demand, serviced through our nationwide distribution network, provides a wide customer base and higher realisations, thus



de-risking us from the dependence on a few customers. The Container Glass division developed 60 new products responding to the demand of the institutional customers. Our institutional clientele demand large volumes leading to economies of scale and improved plant productivity.

Enhanced end-to-end service module:

Our customer service continues to deliver end-to-end solutions, initiating from pre-sale guidance, supporting the customer over the warranty period as well as servicing the product over its productive life. The division was established in 2007 with an objective of providing end to end solution to our customers. We have established 18 service centers across the majority of state capitals, thus covering 92% of our sales base. We conducted free service camps on a pan-India basis, developing a stronger connect with our end-customers. Our customer service endeavor facilitates customer retention, enhances brand recall, and ensures a more holistic service proposition in the market.

Value creation through retail business:

To build a stronger brand value, in May 2008, we launched EVOK brand of speciality home fashion mega stores to provide a range of over 16,000 home interior products under one roof through our wholly-owned subsidiary Hindware Home Retail Private Ltd. We opened five stores across Delhi, Faridabad, Ghaziabad and Gurgaon. We envision to have the EVOK brand mega stores present across all major cities in India, catering to the construction and renovation market, by offering a better retail experience by housing all products under one roof.

Launch of Exclusive Hindware Display Centres:

We launched our *Hindware* display centre under the brand *Hindware Lacasa*, in Mumbai and Kochi to

showcase the exclusive and extensive range of our products from the sanitaryware, wellness, faucet, tiles and kitchen appliances segment. With the opening up of these display centres, we intend to develop a closer connect with our stakeholders – customers, dealers, interior designers, architects and developers. These centres provide first hand experience of product looks, features and performance, offering a better product experience and ensuring total customer satisfaction.

Capacity expansion in the container glass segment:

Commencement of operations in the newly established container glass plant in Bhongir, Andhra Pradesh in March 2009 progressed well. We ramped up our production and reported capacity utilisation of 80%, resulting in a significant increase in sales and higher revenue contribution from this business division. We also achieved greater efficiencies in raw material consumption translating to lower material cost during the year. The combined raw material cost and fuel cost per metric tonne of production have reduced, indicating improved production efficiency. We expect this division to further enhance the topline in the following years.

Enhancing our faucet business:

We acquired the chrome plated bathroom fittings unit of Havells India Ltd. at Bhiwadi. Aligned with market demand, we were looking forward to establish a manufacturing facility for our fast growing chrome plated fitting business. Through this acquisition we will strengthen our product portfolio and market visibility and intend to occupy the No. 2 position in the faucet business within a period of two years.



We plan to raise the ceramic plant capacity at our Bibinagar facility, increasing our total production capacity by 25% to meet the increasing market demand. This will be operative by June 2011.



INDUSTRY OPTIMISM

India's sanitaryware industry has been growing at approximately 10-12% annually over the preceding six-seven years, today accounting for 8% of the world's sanitaryware production. However, considering India's dense population, its sanitation coverage is only around 40%, which is considered to be one of the lowest in the world, thus increasing the risk of health hazard and epidemics. With increasing awareness towards improving public health, the sanitaryware segment will enjoy high attention. Moreover, a burgeoning middle class, rising per capita income, increasing awareness about health and fitness and changing consumer mindsets will drive the demand for premium sanitaryware products. The concept of making a clean and hygienic toilet is growing rapidly in those rural areas where a toilet did not even exist until a few years ago.

The overall market for container glass is growing at an average rate of 8-10% with Southern India reporting 20% growth where we are the largest player. The industry segments we cater to include liquor, beer, pharmaceuticals, cosmetics, perfumery, food and beverages. India's per capita consumption of container glass, at 1.4 per kg, is far lower than the global average, indicating an immense growth potential.

THE ROAD AHEAD

We don't want to rest on our laurels. We intend to grow our Building Products business at a faster pace by enhancing the product range and launching new product categories.

We plan to raise the ceramic plant capacity at our Bibinagar facility, increasing our total production

capacity by 25% to meet the increasing market demand. This will be operative by June 2011.

We will focus to scale up our institutional business, capitalising on the emerging opportunities from the construction sector. We also plan to set up a greenfield sanitaryware plant nearby a port to exploit export opportunity. Besides, we will be actively seeking acquisition opportunities in the building products segment.

In our container glass unit, we are planning a debottlenecking initiative to raise the capacity to 1,150 tonnes per day. Our state-of-the-art glass plant at Bhongir, which is currently using furnace oil, is able to operate on natural gas as well. The natural gas pipeline in proximity to our plant, gives us confidence of its availability to us in the near future. Converting to natural gas will result in 40% savings in fuel costs. We continue to look for more opportunities in the container glass segment in different parts of the country, as well as in the broader packaging industry.

Going ahead, we expect an attractive topline growth, on the back of an enriched product portfolio, increased demand, enhanced capacity utilisation and extended reach.

My best regards

Sandip Somany
Joint Managing Director



THE COMPANY WE KEEP

COCA COLA DABUR
DLF DR REDDYS GLAXO
SMITHKLINE HUL
ABINBEV INFOSYS ITC
LARSEN AND TUBRO
MAHINDRA LIFE SPACES
NESTLE PEPSI PERNOD
RICARD PFIZER
RECKITT BENCKISER
SAB MILLER TAJ
HOTELS RESORTS AND
PALACES UNITECH

BUSINESS SEGMENTS

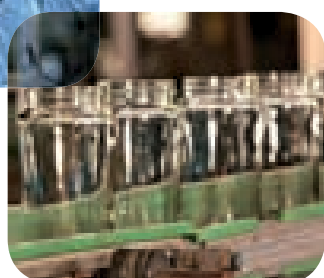
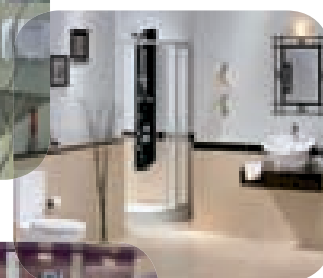
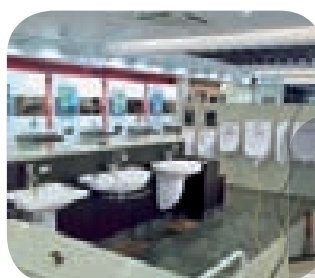
BUILDING PRODUCT DIVISION

MARKET SHARE 40%

REVENUE SHARE IN 2009-10 47%

PRODUCTS Sanitaryware
Bath fittings
Wellness
Kitchen appliances

BRANDS Hindware
Italian Collection
Hindware Art
Hindware



CONTAINER GLASS DIVISION

MARKET SHARE 17%

REVENUE SHARE IN 2009-10 53%

PRODUCTS Glass Container

BRAND





MANAGEMENT DISCUSSION AND ANALYSIS



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In the last fifty years, Hindware has weathered multiple challenges to emerge as a preferred pan-India brand in the bathroom products industry. When we commenced our journey we were into sanitaryware production. Gradually we enhanced our footprint across the broad building products segment and also entered the container glass industry. In the building products segment, we pioneered the Vitreous China Single Fired Process in India in the early sixties. We have traversed a long way since. With a response to the evolving consumer preferences, we have enriched our offerings to include value-added products using environment-friendly technologies. The next step was to enhance visibility and to educate the customer about our brand portfolio. We now possess a distribution network of 1,400 authorised dealers; of them nearly 70% exclusively sell Hindware products. Additionally, there are 12,000 sub-dealers and retail outlets. HSIL's brand promotion initiatives (outdoor, print and electronic advertisements) educate customers about product strengths and compliance to international quality standards, providing a valuable pre-sale service.



BUILDING PRODUCTS DIVISION

HSIL's building products division has concerted focus towards India's sanitaryware industry, which has enjoyed consistent growth of 10-12% over the last five years. At HSIL, we believe this growth rate is bound to accelerate considering the shortage of housing availability and India's lower sanitation coverage. The government has also identified sanitation as one of the key focus areas to improve public health. Thus, there lies an immense growth opportunity for this segment over the coming years. Apart from sanitaryware, the division also offers wellness products, faucets and various kitchen appliances.

HSIL also foresees a positive industry evolution from low-end basic products towards middle- and high-end premium segments. The reasons are not far to seek. India's young earners aspire for a better life style, which is akin to that of advanced countries of the world. The emphasis therefore is on globally benchmarked quality and aesthetic parameters. The new-age customer has become more discerning in terms of quality excellence and less sensitive on price factors. Even bathroom furnishing today has become an important part of home decor. The result: the market is constantly flooded with new designs with emphasis on aesthetics and convenience.

India accounts for 8% of the world's sanitaryware production. The industry comprises organised and unorganised segments. There are six large manufacturers in the organised segment that lead the market in terms of value, while the unorganised segment holds the large share in terms of volume with hundreds of small manufacturers, providing sub-standard quality products at lower prices.

REASONS FOR OPTIMISM

High earnings

At HSIL, we are encouraged by the 10.5% growth in India's per capita income. It increased to Rs. 44,345 in 2009-10 from Rs. 40,141 in 2008-09. The growth is indicative of the increased spending power of the consumer that will shift the demand to our higher value products, and in some cases generate demand for our product offerings.

Attitudinal shift

The new generation is updated and knowledgeable about the latest designs and offerings in the



international market. With a rising trend of younger professionals that start earning early in life, the levels of aspirations have increased. There has been a gradual shift in the living standards. The result is that the premium range of sanitaryware and related bathroom products are treated as lifestyle products, leading to a pride of ownership. This attitude augurs well for HSIL, as it will generate additional demand for the high-end wellness products.

Increase in housing demand

India's housing shortage of 26.53 mn homes (Source: Technical Group on Estimation of Housing Shortage) is expected to increase further. The government has the objective of 'housing for all' through Public-Private Partnerships (PPP) and joint ventures as well as through exemptions in Floor Space Index (FSI). This will enhance housing demand. With a substantial increase in FDI inflow into the real estate sector, there will be a new growth wave in the construction of new homes, driving the demand for the entire range of our building products.

India is expected to emerge as one of the biggest manufacturing hubs for international sanitary ware brands with the ongoing entry of major international brands since 2007.

UP, CLOSE AND PERSONAL WITH HSIL'S BUILDING PRODUCTS DIVISION

Strengths

- Industry leader with 40% share in the domestic organised sanitaryware market

- Diversified presence across sanitaryware, faucets, kitchen appliances, wellness products and most recently ceramic tiles
- Low-cost producer, possessing backward integrated plants in Haryana and Andhra Pradesh
- Extensive product portfolio across each of the product categories
- Largest dealer and distribution network within the building products industry in India
- Significant revenue growth over a long period
- Strong retail presence
- International strategic alliances with globally renowned brands - Keramag & Teuco.
- Strong brand value, with multi-tiered niche brands as part of the Hindware Brand Portfolio
- Pioneer to establish a service division called *Hindware Care* with guaranteed response in 48 hours
- Among three in the world to have the technology to make vacuum operated ceramic toilets used in ships

Challenges

- Production of high and premium value products
- Strive to further improve quality and efficiency to match international standards
- Drive innovation and increase pace of new product introductions
- Enhance employee motivation and loyalty

Opportunities

- Enhance the contribution of premium products for the sanitaryware and faucet businesses



- ✿ Tap international markets
- ✿ Augment institutional sales
- ✿ Acquire overseas and domestic companies with good manufacturing facilities and brands to grow inorganically
- ✿ Increase production capacity and geographical penetration by enhancing supply chain
- ✿ Introduce other product categories as part of the Hindware brand.

Threats

- ✿ Rising competition and entry of new players, including MNCs
- ✿ Rise in fuel cost

HIGHLIGHTS 2009-10

Financial

- ✿ Increased revenue by 17.14% from Rs. 31,892 lacs to Rs. 37,359 lacs
- ✿ Escalated average realisation of manufactured products by 13.32 %
- ✿ Grew EBIT by 31.90% from Rs. 5,476 lacs to Rs. 7,223 lacs

Operational

- ✿ Acquired chrome plated bathroom fittings plant of Havells India Ltd. in Rajasthan
- ✿ Launched 95 new products
- ✿ Organised 25 architect meetings, covering 2,500 architects; and 200 plumber meetings covering 10,000 plumbers
- ✿ Introduced several new water saving green products like waterless and sensor based urinals

- ✿ Initiated effort to expand the distribution network to establish a dealer in towns with a population of over 50,000.
- ✿ Enhanced Bahadurgarh plant's production efficiency by improving plant processes.
- ✿ Strengthened the Hindware Care division to service customers across India;

FUTURE STRATEGIES

Reinforce brand:

To develop unique designs and introduce higher value products for the premium segment reinforcing the brand proposition and strengthening the market leadership.

Strengthen business:

To strengthen business by penetrating deeper into existing markets, exploring opportunities in new markets and increasing realisations by offering high value product ranges.

Augment facilities:

To expand production capacity at Bibinagar and Bahadurgarh facilities through setting up new kilns.

Enrich product range:

To cater to evolving consumer preferences by launching new products in the sanitaryware, faucet, wellness, ceramic tiles and kitchen appliances segments and introduction of new product ranges in the higher value segment.



CONTAINER GLASS DIVISION

HSIL's container glass division (AGI Glasspack) caters to the glass packaging requirement of liquor, beverage, beer, pharmaceutical and the food industry segments. India's container glass market has been growing at 8% - 10% over the last few years, driven by growth in end-consumer segments. The liquor and beer industries are the main users of glass containers with 70% contribution, followed by pharmaceuticals (10%), food (10%), carbonated drinks (6%) and cosmetics. The Indian-made foreign liquor (IMFL) segment has been registering a strong 12% CAGR over the past four years. However, India's per capita consumption of container glass is low at 1.4 kg, compared to Brazil's 4.8 kg, China's 5.9 kg and US's 27.5 kg, indicating a large potential opportunity.

World glass container per capita consumption

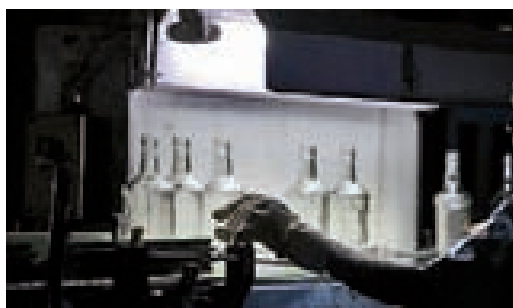
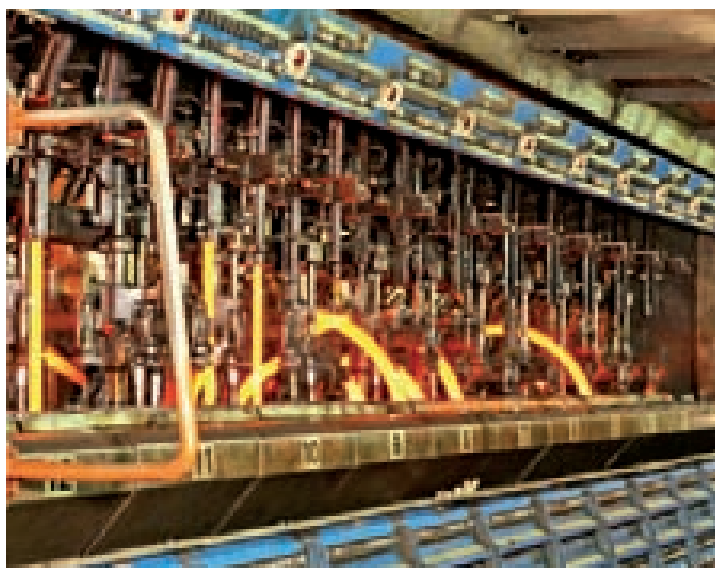
	(Kg)	
	89	South Korea
	63.9	France
	50.3	Spain
	27.5	UK
	27.5	USA
	19.5	Mexico
	10.2	Japan
	5.9	China
	4.8	Brazil
	1.4	India
	1.2	Indonesia

(Source: IBEF, CRISIL Equities)

ADVANTAGE GLASS

Alcohol consumption

The alcohol consumption has increased in the recent past due to growing inclination towards social



drinking and higher disposable income. This in turn is expected to drive container glass demand.

Pharmaceutical

The Indian pharmaceuticals industry is expected to grow to nearly USD 37 Billion by 2013 from the levels of USD 17 Billion in 2008. Glass bottles and moulded vials represent a significant share of packaging medium for cough syrups, tonics, paediatric suspensions, dry powder and liquid injectables. Moreover, tubular vials and ampoules are finding an extensive acceptance by pharmaceutical companies for their product packaging.

Food

In India, currently 10-12% of all food and beverages are packed in container glasses, vis-à-vis 40-50% in developed economies. With India's retail food sector expected to grow to around USD 150 Bn by 2025 (from the levels of USD 70 Bn in 2008), the demand for packaging alternatives, especially container glass is expected to grow.

Carbonated drinks

Innovative advertising, celebrity endorsements and attractive packaging fuelled the recovery of the soft drinks industry. Moreover, the fruit-drinks category

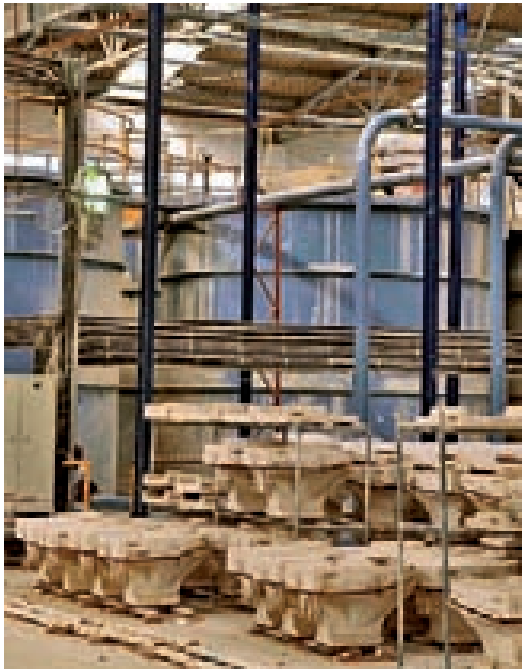
is growing at 25% annually, one of the fastest in the beverages market. Even sports and energy drinks, with low penetration in India, are expected to grow in the coming years.

The liquor and beer industries are the main users of glass containers with 70% contribution, followed by pharmaceuticals (10%), food (10%), carbonated drinks (6%) and cosmetics. The Indian-made foreign liquor (IMFL) segment has been registering a strong 12% CAGR over the past four years.

UP, CLOSE AND PERSONAL WITH HSIL'S CONTAINER GLASS DIVISION

Strength

- 🌈 Second largest container glass manufacturer (annual installed capacity is 1,643 million bottles)
- 🌈 Possesses world's largest end fired container glass furnace at its newly established Bhongir plant
- 🌈 Backward integrated with in-house mould-making and raw material processing capabilities.



- ✿ Presence in diversified industries like alcohol, beverages, beer, FMCG and pharmaceuticals, among others
- ✿ Envious clientele list including Coca Cola, Dabur, Glaxo, HUL, Pepsi, Ranbaxy, United Breweries, among others
- ✿ Vast product portfolio of glass containers (460 varieties in flint, green and amber)
- ✿ Six colour bottle printing facilities available in-house
- ✿ Superior technology to produce light-weight bottles in collaboration with one of the world's high quality container glass manufacturers.
- ✿ World class quality products, backed by multi-stage quality-control system

Challenges

- ✿ Sustain low production cost
- ✿ Respond to the rapid change in packaging design
- ✿ Introduce high levels of automation in specific process areas.

Opportunity

- ✿ Foray into cosmetics and perfumery packaging segment
- ✿ Acquisition of quartz mines, further enhancing backward integration

- ✿ Tap new markets and customers through capacity enhancements
- ✿ Strengthen presence in international markets by augmenting exports
- ✿ Transition to gas based fuel to reduce production cost
- ✿ Production of lighter weight products
- ✿ Foray into other packaging industries

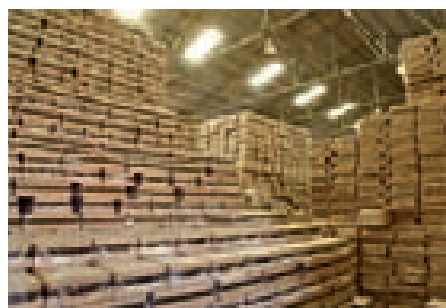
Threats

- ✿ Increasing use of cheaper packing options like plastics bottles
- ✿ Hike in transport cost
- ✿ Rise in raw material cost
- ✿ Volatility in fuel prices
- ✿ Entry of new players

HIGHLIGHTS, 2009 -10

Financial

- ✿ Increased revenue by 42.66% from Rs. 29,942 lacs to Rs. 42,715 lacs
- ✿ Escalated average realisation by 17.26 %
- ✿ Grew EBIT by 44.46% from Rs. 3,286 lacs to Rs. 4,747 lacs



Operational

- ✿ Optimised fuel efficiency, reducing fuel consumption per metric tonne of production
- ✿ Improved the operational speed of bottle-forming machines, enhancing productivity
- ✿ Enhanced the quality of product further by introducing stringent quality check post production and introduction of new state-of-the-art automatic inspection technology
- ✿ Developed two-litre bottle for Signature whisky and heavier jars with capacity upto 3 litres
- ✿ Implemented light weight technology, collaborating with Wiegand Glass, a leading German producer
- ✿ Tied-up with raw material suppliers for long term sustainable supplies

FUTURE STRATEGIES

Shift to natural gas:

To procure natural gas connection for the Bhongir as well as Hyderabad plant and shift the fuel from furnace oil to gas.

Greenfield/brownfield expansion:

To establish another greenfield plant for container glass production within a three year period. Expand the current facility at Bhongir with a new setup catering to cosmetics packaging.

Enhance capacity:

To capture wider markets and new market segments.

Strengthen R&D focus:

To develop new products with reference to shape, design, size and weight.

Reinforce intellectual capital:

To focus on overseas engineering training to gain technical knowledge on glass melting, bottle formation, mould designing and good manufacturing practices among other intellectual development activities.

Explore global opportunities:

To develop advanced products to leverage global opportunities.



RISK MANAGEMENT AT HSIL

Over the preceding five decades, one overarching spirit has reinforced the Company amidst multiple challenges. The spirit to foresee trends and evolve. The spirit to address day-to-day needs of life. The spirit to make innovation the ammunition to counter competition. This spirit manifest in HSIL's multiple strengths, which also act as intelligent de-risking



Quality focus

HSIL's international quality standards represent its principal strength to counter competition from the unorganised and the organised segments of the industry. The building products division is certified by ISO:9001, ISO:14001 and OHSAS:18001 accreditations. It far surpasses the Bureau of Indian Standards, and closely aligns to the European standards. The product spectrum is approved by QAS (Australia), an indication of the high quality products we offer. The Temperature Gradient Furnace helps understand the effect of different temperature zones on product colours. Also, the Simultaneous Thermal Analyser helps to analyse clay behaviour, the body of the product and the glaze at different temperature zones. This set of information and automation ensures better control on the final product quality.

The container glass division is also accredited with ISO:9001 and ISO:14001 certifications. The production lines are equipped with automatic computerised inspection machines to check critical quality parameters followed by rigorous visual inspection. As a result, reputed clients like AstraZeneca, Coca Cola, Continental Coffee, Dr. Reddy's Laboratories, Hindustan Unilever, Pepsi, Pfizer, Ranbaxy, Reckitt Benckiser, SABMiller and United Breweries prefer our brand.



Green intelligence

'Green' is going to be the new norm to evaluate futuristic products and processes and HSIL is in step with tomorrow. We rationalised water consumption (per flush) in our products from 15 litres in 1962 to 10 litres in 1984 and 6/3 litres in 2004 (a potential saving of 35,000 litres per annum across a family of four). We even have a dedicated research and development centre (recognised by the Department of Science and Technology, Ministry of Science, Government of India), the first of its kind recognition in our industry. In addition, we launched a portfolio of European Water Closets (EWC) which consume only 3.5 litres of water per flush, reducing water consumption.



Design capability

We possess the largest design portfolio of sanitaryware products in India. We have also developed higher-value products with reduced water usage, innovative aesthetics and surface finish. Additionally, we provide high-end designer and premium products. It is a matter of pride that today our award winning designs are internationally benchmarked. This continuous drive for innovation enables our brand to rise above market clutter and create enduring consumer recall.



People competence

All our organisational objectives can turn into vibrant realities only when we have the right talent to drive our brand. We recruit MBA graduates from reputed B-schools in India, engineering trainees (GETs) and diploma holders through campus placements from reputed institutes like colleges of ceramic engineering as and when required. In addition, we provide industry-specific training and attractive incentives for superlative performance.



Service-oriented mindset

At HSIL, we have always believed that business is not a one-off transaction, which ends when a product is sold. Rather, we think it is the beginning of a new chapter in client relations, which can be enriched over the years. This mindset is reflected in our portfolio of value-added services, which include installation services, maintenance services, Hindware protection plan, Hindware home solution and Hindware home plumber. Our dedicated service team across 18 different states address service calls within 48 hours.



Enhanced liquidity

At HSIL, we efficiently manage and mobilise the funds, for a smooth working capital management and funding requirements. We maintained a 61-day debtors' cycle, 68-day inventory cycle and a 48-day creditors' cycle, resulting in a comfortable management of cash inflows and outflows. Our strong debt equity ratio of 1.25 and an interest cover of 3.86 facilitates faster capital mobilisation.



Growing competition

At HSIL, we have several competitive advantages that keep us ahead of the competition. We operate through established brands, sell products targeting customers across extensive price points, offer unique products, undertake innovative brand promotion schemes and build long-term relationships with the customers through our exclusive services.

Over the last half-a-century we have built a powerful organisation and the credit for this goes to the resolute spirit of our people. Our vision is clear and we are right on course. Our collective journey towards excellence will never cease, so that we can create a brand worthy of inspiration and emulation.



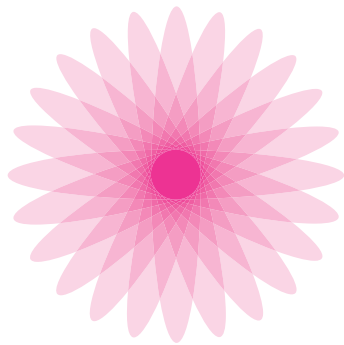
Product substitution

At HSIL, we are insulated from the threat of substitution of glass containers by any other alternative packing solutions. The reasons are its environment-friendly properties and recyclable nature. The usage of glass is increasingly finding importance for food products, beverages and medicines because it does not react with food or liquid.



Diverse clientele

At HSIL, our revenue base is spread across diverse brand-enhancing clients, so that no single client accounts for more than 10% of total sales. Our innovative R&D enables us to develop bottles of varying shapes and sizes to cater to varied industry demands.



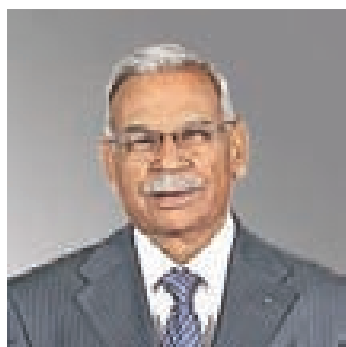
OUR MANUFACTURING FACILITIES







BOARD OF DIRECTORS



RAJENDRA K SOMANY

Chairman and Managing Director (Promoter)

- Commerce graduate from St. Xavier's college, Calcutta University.
- Prestigious fellowship of the Institute of Ceramics, U.K. and is a fellow member of Charter Management Institute, Emeritus member of American Ceramic Society and member of Institute of Materials, Minerals and Mining, U.K. and Life Fellow of the All India Management Association (AIMA)
- Rich 55 years working experience
- Assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry
- Member of Employees State Insurance Corporation (ESIC) and convener of Bureau of Indian Standards sub-committee of Domestic Sanitary Appliances & Accessories
- Former President of the ASSOCHAM, PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India
- Past Chairman of Council of Indian Employers
- Founder President of Bahadurgarh Chamber of Commerce and Industry (BCCI)
- Member of the National Executive Committee and Technical Committee of the Indian Plumbing Association
- Chairman of the Hyderabad Chapter of Indian Plumbing Association
- Director since: January 9, 1988



SANDIP SOMANY

Joint Managing Director (Promoter)

- Commerce graduate and a diploma holder in ceramic manufacturing technology from the US
- Associated with the ceramics and glass industry for 25 years
- Vice President of PHD Chamber of Commerce and Industry (PHDCCI)
- Member of the Executive Committee of FICCI and Managing Committee of ASSOCHAM and on the Governing Council of All India Glass Manufacturer's Association
- Chairman of Indian Council of Sanitaryware Manufacturers (INCOSAMA) and member of Delhi Chapter of the Young Presidents' Organisation (YPO) and Delhi Achievers Round Table
- Director since: November 11, 1994
- Associated with the Company since: October 1, 1985



ASHOK JAIPURIA

Independent Director

- ✔ Qualified in business administration and marketing sciences.
- ✔ Chairman and CEO of Cosmo Films Ltd., an Indian multinational company that manufactures Biaxially Oriented Polypropylene (BOPP) Films having its manufacturing locations in India, Europe, Korea & U.S.A. and export presence across more than 50 countries in the World and a consistent Award Winner since 1995
- ✔ Chairman of Cosmo Ferrite Ltd.
- ✔ Member of the Executive Committee of the FICCI
- ✔ Member of the Board of Governors of Indian Institute of Technology (IIT), Patna
- ✔ President of The Golf Foundation, a charitable society formed with an objective of helping the under privileged potential golfers in India
- ✔ Director since: May 15, 2004



BINAY KUMAR

Independent Director

- ✔ Degree in business science
- ✔ Chairman of Banaras House Pvt. Ltd.
- ✔ Chairman U.P. Hotel Clarks Ltd.
- ✔ Member of Indo-German Chamber of Commerce and Executive Committee of FICCI
- ✔ Life member of Indian National Trust for Art & Cultural Heritage and Confederation of Asian Chamber of Commerce & Industry, Taiwan
- ✔ Former President of Federation of Indian Exporters Organisation, Rotary Club of Delhi Midtown, Indo-American Chamber of Commerce & Industry, Indo-French Chamber of Commerce & Industry, PHD Chamber of Commerce and Industry (PHDCCI), Indo-Polish Chamber of Commerce & Industry
- ✔ Member of Company's Audit Committee
- ✔ Director since: September 27, 1996



G.L. SULTANIA

Independent Director

- ✔ FCA, FCS, A consultant by profession
- ✔ Member of Capital Market Committee of Merchants' Chamber of Commerce and a member of the Company's Shareholders/ Investors Grievance Committee
- ✔ Director since: January 9, 1988



N.G. KHAITAN

Independent Director

- An Attorney-At-Law, Notary Public appointed by Government of India, practicing in Calcutta High Court and in the Supreme Court of India
- Senior partner at Khaitan & Co., one of the leading law firms in India
- Awarded Bell Chambers Gold medal by the Incorporated Law Society, High Court, Calcutta for standing first in all the Law examinations
- Holds the reputation of being a committee member of the Federation of Indian Chambers of Commerce and Industry (FICCI), Vice President of Indian Council of Arbitration, New Delhi and committee member of Bharat Chamber of Commerce, Calcutta
- Director in various other Companies and is a member of Company's Audit Committee, Shareholders'/ Investors' Grievance and Remuneration Committee
- Director since: June 29, 1996



S.B. BUDHIRAJA

Independent Director

- Mechanical engineer from the University of Roorkee (now IIT Roorkee) Received distinguished Alumni Award from IIT Roorkee in 2008
- Management Consultant, and Past President of the Institute of Management Consultants of India
- Youngest ever Managing Director of Indian Oil Corporation Ltd
- Former Managing Director of IBP, Balmer Lawrie & Co. Ltd., Indian Oxygen Ltd. and Director of Al Futtaim Group, UAE
- Former President, Indian Chamber of Commerce, Kolkata
- Chairman, CII, Eastern Region
- Former Executive Director of Management Development Institute (MDI), Gurgaon
- Fellow of the All India Management Association, and the Institute of Management Consultants of India
- Former member of the World Bank team that studied the restructuring of the Haryana power sector
- Senior Advisor for India, to the United Nations Secretary General's office for Global Compact
- Chairman of the Company's Remuneration Committee, Shareholders'/ Investors' Grievance Committee, and a member of the Audit Committee
- Director since: October 30, 2003



VISHAL MARWAHA

Independent Director

- ▶ A Chartered Accountant associated with renowned international banks and leading private equity investors
- ▶ Former Chief Representative of HSBC Private Equity Management (Mauritius) Ltd. for its India dedicated fund prior to joining the Private Equity operations of Henderson Global Investors
- ▶ Member of the Company's Audit Committee
- ▶ Director since: July 14, 2005



V.K. BHANDARI

Independent Director

- ▶ FCA, Ex-banker by profession
- ▶ Former General Manager of Central Bank of India
- ▶ Over 30 years of experience in Banking Industry and had been the Head of Credit, Credit Monitoring, Treasury, Investment, Funds Management, Merchant Banking and International Banking Divisions
- ▶ Chairman of our Audit Committee and Member of Remuneration and Shareholders'/ Investors' Grievance Committee
- ▶ Director since: January 17, 2004



FIVE YEAR FINANCIAL SUMMARY

BALANCE SHEET

(Rs. in lacs)

	2005-06	2006-07	2007-08	2008-09	2009-10
Equity Share Capital	935.55	1100.55	1100.55	1100.55	1100.55
Reserve and Surplus	10288.91	12227.50	14126.80	17111.97	40834.51
Share Premium	1717.38	6840.63	6840.63	6840.63	6840.63
Secured Loans	8129.66	16498.59	11222.32	43150.54	31026.64
Unsecured Loans	15808.05	2794.47	8963.84	3754.82	17889.11
Deferred Tax Liability	3170.62	3485.32	3409.75	4230.94	5411.85
Total	40050.17	42947.06	45663.89	76189.45	103103.29
Gross Block	36552.83	40595.34	44305.23	62677.29	101191.13
Less: Depreciation	16065.61	18374.25	20915.33	22353.71	26611.70
Net Block	20487.22	22221.09	23389.90	40323.58	74579.43
Capital Work-in-Progress	380.34	2202.81	2812.99	12515.10	779.26
Investments	5779.60	4841.51	3500.98	4275.26	5540.70
Current Assets					
Inventories	10827.29	12181.83	14376.31	14699.64	15658.67
Sundry Debtors	9165.53	7703.92	9095.77	10277.30	13973.72
Cash & Bank	1239.47	860.82	1212.54	7927.19	1621.12
Loans & Advances	1412.70	2727.46	2414.31	4030.82	7224.12
Other Current Assets	118.88	9.07	10.01	83.23	44.99
Current Liabilities					
Sundry Creditors	6127.73	6673.90	6305.62	12511.46	10272.93
Provisions	983.23	890.80	1383.15	1533.16	1729.60
Other Liabilities	2249.90	2236.75	3460.15	3898.05	4316.19
Net Current Assets (Working Capital)	13403.01	13681.65	15960.02	19075.51	22203.90
Total	40050.17	42947.06	45663.89	76189.45	103103.29

PROFIT & LOSS ACCOUNT

(Rs. in lacs)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross Turnover	43831.75	52675.03	57627.38	66145.74	83572.71
Less: Excise Duty	4179.57	4898.62	5543.59	5081.39	4699.20
Net Turnover	39652.18	47776.41	52083.79	61064.35	78873.51
Other Income	741.71	622.42	776.43	914.53	1391.71
Stock Variation	2968.73	953.65	1975.92	424.44	1871.81
Total	43362.62	49352.48	54836.14	62403.32	82137.03
Goods Purchased for Resale	5575.61	7426.39	8064.78	9541.84	10798.68
Power & Fuel	8494.74	9345.56	11136.87	12336.84	16687.09
Manufacturing, Administrative & Other Expenses	17208.85	19219.85	21164.45	22830.74	30931.87
Employee Cost	4236.49	4891.46	5596.69	6415.06	8239.30
Total Expenses	35515.69	40883.26	45962.79	51124.48	66656.94
EBITDA	7846.93	8469.22	8873.35	11278.84	15480.09
Interest	1293.43	1425.21	1630.30	1663.64	4008.67
Gross Profit	6553.50	7044.01	7243.05	9615.20	11471.42
Depreciation and Amortisation	2513.51	2482.52	2631.52	2784.27	4903.81
PBT before Exceptional Items	4039.99	4561.49	4611.53	6830.93	6567.61
Exceptional Items	-	-	(118.48)	(1153.26)	-
Profit after Exceptional Items	4039.99	4561.49	4493.05	5677.67	6567.61
Income Tax	1504.10	1335.60	1703.66	841.28	144.00
Deferred Tax	(45.58)	314.70	(75.57)	821.19	1180.90
Profit After Tax	2581.47	2911.19	2864.96	4015.20	5242.71
Cash Profit	5049.40	5708.41	5420.91	7620.66	11327.42



RATIO ANALYSIS

KEY PERFORMANCE INDICATORS

(Rs. in lacs)

	2005-06	2006-07	2007-08	2008-09	2009-10
Networth*	12941.84	20168.68	22067.98	25053.15	39008.32
Capital Employed**	40050.17	42947.06	45663.89	76189.45	103103.29
Average Capital Employed	35772.69	41498.62	44305.48	60926.67	89646.37
Average Loan Fund	20506.28	21615.39	19739.61	33545.76	47910.56
Cash Profit	5049.40	5708.41	5420.91	7620.66	11327.42
Net Domestic Turnover	34096.76	41240.65	46807.54	54997.96	73298.27
Export Turnover	5555.42	6535.76	5276.25	6066.39	5575.24
Dividend (%)	65.00	75.00	75.00	80.00	100.00
Market Price -(Rs.) (End of year at NSE)	148.35	89.45	43.05	28.50	78.85
Total Dividend Payout (including Dividend Tax)	693.37	910.45	965.65	1030.04	1287.54
Retained Earnings	1888.10	2000.74	1899.31	2985.16	3955.17

* Networth = Equity Share Capital + Reserves & Surplus - Miscellaneous Expenses - Business Reconstruction Reserve

** Capital Employed = Networth + Loans + Deferred Liability + Business Reconstruction Reserve

BALANCE SHEET RATIOS

	2005-06	2006-07	2007-08	2008-09	2009-10
Return on Networth (%)	19.95	14.43	12.98	16.03	13.44
Return on Average Capital Employed (%)	14.91	14.43	13.82	12.05	11.80
Debt Equity Ratio	1.85	0.96	0.91	1.87	1.25
Debtors Cycle (Days)	76	53	58	57	61
Creditors Cycle (Days)	56	51	44	75	48
Inventory Cycle (Gross Sales)	90	84	91	81	68
Net Current Assets Turnover (Days)	123	105	112	114	103
Turnover/Net Current Assets	2.96	3.49	3.26	3.20	3.55
Turnover/Inventory	4.05	4.32	4.01	4.50	5.34
Turnover/Capital Employed	1.09	1.23	1.26	0.87	0.81
Turnover/Net Block	2.14	2.37	2.46	1.64	1.12
Net Block/Capital Employed	0.51	0.52	0.51	0.53	0.72
Working Capital/Capital Employed	0.33	0.32	0.35	0.25	0.22

PROFIT & LOSS ACCOUNT RATIOS

(%)

	2005-06	2006-07	2007-08	2008-09	2009-10
Domestic Sales/Turnover	85.99	86.32	89.87	90.07	92.93
Export Sales/Turnover	14.01	13.68	10.13	9.93	7.07
Excise/Turnover	10.54	10.25	10.64	8.32	5.96
MARGINS					
EBITDA Margin	19.79	17.73	17.04	18.47	19.63
Gross Profit Margin	16.53	14.74	13.91	15.75	14.54
Pre Tax Profit Margin	10.19	9.55	8.63	9.30	8.33
PAT Margin	6.51	6.09	5.50	6.58	6.65
EXPENSES					
Goods Purchased for Resale/Total Expenses	15.70	18.16	17.55	18.66	16.20
Power/Total Expenses	23.92	22.86	24.23	24.13	25.03
Manufacturing, Adm Expenses/Total Expenses	48.45	47.01	46.05	44.66	46.40
Employee Cost/Total Expenses	11.93	11.96	12.18	12.55	12.36
Interest Cover (times)	6.07	5.94	5.44	6.78	3.86
Cost of Debt	6.31	6.59	8.26	4.96	8.37
PER SHARE DATA (Rs.)					
EPS (Face Value Rs. 2/-)	5.52	5.55	5.21	7.30	9.53
CEPS (Face Value Rs. 2/-)	10.79	10.88	9.85	13.85	20.59
Book Value	27.67	36.65	40.11	45.53	70.89



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 50th Annual Report and Audited Financial Statements of your Company for the year ended March 31, 2010.

FINANCIAL RESULTS

Parameters	(Rs. in lacs)	
	2009-10	2008-09
Gross revenue	84,964	67,060
Less excise duty	4,699	5,081
Net revenue	80,265	61,979
EBITDA	15,480	11,279
Profit before taxation and extraordinary items	6,568	6,831
Less extraordinary item	-	1,153
Profit before taxation	6,568	5,678
Less provision for taxation	1,325	1,663
Profit after taxation	5,243	4,015
Add balance brought forward	11,648	9,163
Amount available for appropriation	16,890	13,178
Appropriations		
Transferred to General Reserve	600	500
Proposed dividend on equity shares	1,101	880
Corporate dividend tax	186	150
Balance carried forward	15,003	11,648

ANALYSIS OF PERFORMANCE

Following a moderate slowdown, the Indian economy bounced back in 2009 -10. The Government's fiscal stimulus accelerated the economic recovery and put to rest concerns related to economic stability. In this backdrop, HSIL continued with its robust performance, reporting a significant rise across all operating and performance parameters. In 2009-10, HSIL achieved a 26.70% increase in gross revenue, 37.25% increase in EBITDA, 48.64% increase in cash profit and 30.57% increase in the post-tax

profit. The operating margins and net profit margins strengthened to 19.63% and 6.65%, respectively. The following reasons were the major contributors to this commendable performance:

- 🌱 Application of differentiated strategy in positioning the Company's products
- 🌱 Continuous modification in the product offering, based on the consumer preference and demand
- 🌱 Increased focus on the value-added product segment

- 🌱 Rationalisation of energy consumption and other major operational costs
- 🌱 Undertaking process innovation for better capacity utilisation
- 🌱 Enhanced production in the Container Glass Division with fully operational activities in the new glass unit at Bhongir

The Company continued to focus on ensuring a strong balance sheet together with a consistently growing Profit and Loss account. The debt equity was maintained at a comfortable 1.25 with a strong interest cover of 3.86. The reserves (excluding Business Reconstruction Reserve) stood at Rs 37,907 lacs and the total net worth of the Company increased to Rs. 39,008 lacs.

BUSINESS DIVISION REVIEW

Building Product Division

Performance in 2009-10

The divisional revenues increased 17.14%, mainly on account of higher realisations from the premium products segment.

Major initiatives

- 🌱 Acquired business undertaking of Havells India Ltd. manufacturing and marketing chrome plated brass bathroom fittings to strengthen the product portfolio and develop a new market leadership in this segment
- 🌱 Organised numerous architects and plumbers meet, covering over 2,500 architects; organized plumber meets reaching out to 10,000 plumbers, to strengthen the post-sale service offering
- 🌱 Introduced several water-saving green products like four-litre flushing closets and waterless urinals
- 🌱 Strengthened distribution channel to deepen market reach

- 🌱 Enhanced production efficiencies through improved in-process innovations

Container Glass Division

Performance in 2009-10

The divisional revenues increased 42.66%, on account of additional sale generated with the fully operational new unit at Bhongir, as well as diversification to premium products to service the varying customer demands.

Major initiatives

- 🌱 Stabilised operations at the new unit
- 🌱 Optimised fuel consumption and enhanced productivity through improvement in the operational speed of the machines
- 🌱 Strengthened quality checks
- 🌱 Introduced Narrow Neck Press and Blow technology in collaboration with Weigand Glass of Germany, a leading player in glass manufacturing
- 🌱 Secured and strengthened raw material supplier base

ACQUISITION OF FAUCET BUSINESS OF HAVELLS INDIA LIMITED

On March 16, 2010, the Company signed a Business Transfer Agreement with the intent to acquire the chrome plated brass bathroom fittings business division of Havells India Ltd., under the brand 'Crabtree'. The plant is situated at Bhiwadi, Rajasthan. The legal and physical possession of this undertaking was transferred to Company w.e.f. May 1, 2010.

The acquisition is aligned with our business intent of expanding our activity and market share in the chrome plated bathroom fittings industry segment in India. We plan to become the number two player in the segment.



SCHEME OF ARRANGEMENT

A Scheme of arrangement under Section 391-394 of The Companies Act, 1956 ('the scheme') between the Company and its equity shareholders was approved by the shareholders at the court convened meeting held on November 7, 2009 and sanctioned by Hon'ble High Court in Calcutta on March 26, 2010.

Under the scheme certain immovable properties in the form of Land and Buildings have been reinstated at their respective fair values as valued by a recognised valuer w.e.f. April 1, 2009, the appointed date for the scheme. The amount of such revaluation being Rs. 23,500 lacs has been transferred to separate reserve account titled as Business Reconstruction Reserve.

The scheme enables the Company to utilise the Business Reconstruction Reserve for writing off certain expenses as specified therein. The scheme has been given effect to in the accounts for the year ended March 31, 2010.

DIVIDEND

Your Directors recommend for the consideration of the members, at the Annual General Meeting, payment of dividend of Rs. 2.00 per share on equity shares of face value of Rs. 2 each for the year ended March 31, 2010, the total outgo including tax thereon will be Rs. 1,287 lacs.

APPROPRIATIONS

It is proposed to transfer Rs. 600 lacs to the General Reserve while Rs. 15,003 lacs is proposed to be retained in the Profit and Loss account.

MANAGEMENT FOCUS

HSIL is a leading player in both Building Products and Container Glass industry catering to the customers growing demand. It endeavors to maintain a long-term

association with the customers by satisfying their evolving needs.

The management's focus is on building the business model to serve customers 24x7, with the intent to grow in the expanding domestic / international market. The aim is not only to serve the customers but to maintain a life-long connect.

Your Company seeks to achieve sustainable growth by providing value-added services to its customers, dealer network, sub dealers and institutional partners.

In order to achieve this, the internal impetus is on increasing production efficiencies, people productivity, process controls and innovative practices. The management also seeks to invest in good governance and fiscal discipline in accordance with the best practices relevant globally.

DIRECTORS

Mr. Binay Kumar, Mr. S.B. Budhiraja and Mr. Vishal Marwaha, are liable to retire by rotation and being eligible, have offered themselves for re-appointment.

SHARE CAPITAL

During 2009-10, the Company has increased its Authorised Capital from Rs. 150,000,000/- (Rupees fifteen crore) to Rs. 200,000,000/- (Rupees twenty crore) divided into 100,000,000 (Ten crore) Equity Shares of Rs. 2/- each.

CORPORATE GOVERNANCE

Your Company complies with all mandatory requirements as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. The Corporate Governance Report and a certificate from the Company's statutory auditors, regarding compliance of the conditions of Corporate Governance, are attached with the Report and form an integral part thereof.



Further, the Management Discussion and Analysis report is appended to and forms a part of the Annual Report.

WHOLLY OWNED SUBSIDIARIES

As per the requirement under Section 212 of the Companies Act, 1956, the Annual Report of the Company's subsidiaries for the year ended March 31, 2010, is attached to the Company's Balance Sheet. Also, the statement as required under Section 212 (3) is annexed to this Report.

FIXED DEPOSIT

Your Company did not invite or accept any fixed deposit pursuant to provisions of Section 58A of the Companies Act, 1956, during the year.

STATUTORY DISCLOSURES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, are annexed to this Report.

AWARDS AND RECOGNITION

The Company was recognised through following awards:

- 🌿 'Business Superbrand India'
- 🌿 Reader Digest 'Trusted Brands Platinum Award'
- 🌿 Golden Peacock National Quality Award
- 🌿 4Ps India's '100 most Valuable Brands'
- 🌿 The Bizz Award 2010
- 🌿 2010 IMM Award for Excellence
- 🌿 Capxeil Award and IES Excellence Award 2010

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Your Directors hereby confirm that in the preparation of annual accounts, the applicable accounting standards and provisions of Court approved scheme were followed along with proper explanation relating to material departures if any.

Your Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period.

Your Directors took proper and sufficient care for maintaining adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.

Your Directors prepared the annual accounts on a going concern basis.

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

Information required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988, is annexed to this Report.

AUDITORS

The Auditors M/s Walker, Chandio & Co., Chartered Accountants will hold office until conclusion of the ensuing Annual General meeting and are recommended for reappointment. Auditors have confirmed that their re-appointment, if made, shall be within the limits laid down under Section 224 (1B) of the Companies Act, 1956.



The notes to the accounts referred to in the Auditor's Report, are self-explanatory and therefore, do not require any further comments under Section 217 (3) of the Companies Act, 1956.

INTERNAL AUDIT

The Company has an adequate system of internal control to ensure compliance with policies and procedures. Internal audit of all the units/divisions of the Company is regularly carried out to review the internal control systems. The internal auditors evaluate the adequacy of internal controls and independence of the audit is ensured by their direct reporting to the Audit Committee of the Board.

APPRECIATION

Your Directors wish to place on record their sincere appreciation for the support and cooperation extended by all dealers, financial institutions, banks, customers, employees, all the stakeholders of your Company, Government of India and State Governments and look forward to their continued support in the years ahead.

For and on behalf of the Board of Directors

Place: Gurgaon

Rajendra K Somany

Date: May 20, 2010

Chairman and
Managing Director

ANNEXURE TO DIRECTORS' REPORT

A. Conservation of energy

(a) Energy Conservation Measures Taken:

- 🌱 Optimisation of LPG vaporiser by adjusting pressure and temperature
- 🌱 Reduction of Lehr height from 400 mm to 260 mm to contain heat energy loss
- 🌱 Modification of process equipments to operate at 4 bar air pressure in place of 7 bar
- 🌱 Replacement of old pumps with new, energy efficient pumps
- 🌱 Reduction of heat tracing line temperature set point from 80°C to 70°C in fuel tank through process modifications
- 🌱 Provision of auto drain valves for moisture separators to arrest air leakages
- 🌱 Implementation of Thermography recommendations to arrest heat losses and unexpected failures in electrical distribution system
- 🌱 Installation of capacitor banks to improve power factor resulting in the reduction of energy cost
- 🌱 Installing transformer for reduction of voltage from 250 V to 230 V and ensuring constant supply
- 🌱 Replacing 400 W MV lamps with 250 W MV for electricity conservation
- 🌱 Optimisation of compressed air discharge pressure for IS Machine Blowing leading to reduction in air pressure by 4 PSI
- 🌱 Usage of low pressure compressed air for combustion instead of high pressure air
- 🌱 Segregation of mould cooling air for blank side and mould side and optimising blower pressure to reduce power consumption
- 🌱 Installation of transparent roofing sheets to allow natural light in production areas
- 🌱 Usage of high quality raw materials with controlled grain size and moisture to save energy and enhance furnace output
- 🌱 Installation of Turbo Ventilators in the plant for heat extraction, replacing electrical exhaust fans
- 🌱 Maximisation of waste heat utilisation from kilns
- 🌱 Shutting down of high fuel consuming Kiln



(b) Additional investment and proposals for reduction of consumption of energy :

- 🌱 Modification of verti flow blower pipeline and main conveyor cooling for better control and energy conservation for IS Machines
- 🌱 Increasing loading density in Kilns to reduce LPG consumption per tonne
- 🌱 Modernisation of old casting shop of Bahadurgarh plant with AHUs and phasing out of old boiler
- 🌱 Ducting to be placed in the Bibinagar facility to use waste heat

(c) Impact of the above measures at reduction of energy and consequent impact on cost of production:

- 🌱 Bhadurgarh plant: Energy reduction of 10% approximately
- 🌱 Bibinagar plant: Energy reduction of 9.2% approximately
- 🌱 Glass plants: Saving of Rs. 114 lacs in energy cost.

(d) Total energy consumption and energy consumption per unit of production as per Form A (applicable to Container glass division) was as under:

Form 'A'

Sl. No.	Particulars	2009-10	2008-09
A)	POWER AND FUEL CONSUMPTION :		
1.	a) Electricity (purchased)		
	Units (KWH)	108,143,410	73,228,223
	Total Amount (Rs.)	294,834,534	196,571,944
	Rate / Unit	2.86	2.68
	b) Own generation		
	Units (KWH)	3,657,757	1,728,289
	Unit per LT of fuel oils	4.85	4.08
	Rate / unit	5.74	6.44
	c) Total (A + B)		
	Units (KWH)	106,801,167	74,956,512
	Total amount (Rs.)	315,830,059	207,702,125
	Rate / unit	2.96	2.77
2.	Fuels (HSD, LDO, LPG and LSHS)		
	Quantity in MT	42,578	25,185
	Value (Rs.)	1,160,100,555	731,190,522
	Rate / MT	27,246	29,033
B)	CONSUMPTION PER MN PIECES OF PRODUCTION :		
	Glass bottles (Production in mn pieces)	1,176	868.53
	Electricity (KWH)	90,851	86,303
	Fuels (HSD, LDO, LPG and LSHS)	36.22	29.00



B. Technology absorption

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

- 🌱 Glass business entered into a Technical Support Agreement on long term basis with M/s. Neue Glaswerke GroBreitenbach GmbH & Co. KG, Germany (Weigand Glass), one of the leading and the most efficient Container Glass Manufacturers in the world. The technical support will include the entire process from raw material selection to final inspection of the product
- 🌱 Research for more cost-effective raw material alternatives and direct sourcing to substitute the depleting raw materials currently used
- 🌱 Container glass division will train its engineers with latest manufacturing techniques. This initiative will result in a sustainable advantage by reducing container weights, improving operating speed and quality
- 🌱 Development of antibacterial coatings / glaze on Sanitaryware

2. Future plan of action:

- 🌱 Development of new technologies for reducing overall weight of bottles
- 🌱 Development of an alternative to Nano Coatings on Sanitaryware

Expenditure on R & D

	(Rs. in lacs)	
	2009-10	2008-09
Capital expenditure	-	-
Recurring expenditure	24.67	14.12
Total		
Total R & D expenditure as a % of total building products revenue	0.06%	0.04%

3. Foreign exchange earnings and outgo

Activities and initiatives

A number of new products were developed and exported. The export team was strengthened for better direct market penetration overseas, especially for Southeast Asia and other developed countries. Better strategies were formulated for more aggressive development of international opportunities.

	(Rs. in lacs)	
	2009-10	2008-09
Earnings in foreign exchange	1975.49	2686.59
Expenditure on foreign exchange:		
Raw material, spare parts and others	10275.99	7688.68
Capital equipments	1432.05	84.45

For and on behalf of the Board of Directors

Place: Gurgaon

Date: May 20, 2010

Rajendra K Somany

*Chairman and
Managing Director*

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 (3) OF THE COMPANIES ACT, 1956

1.	Name of Subsidiary	AGI Glasspack Ltd.	HSIL Associates Ltd.	Hindware Home Retail Pvt. Ltd.	Halis International Ltd.	Alchemy International Cooperatief U.A. (Sub. Of Halis International Ltd.)	Haas International B.V. (Sub. Of Alchemy International Cooperatief U.A.)
2.	Financial year	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3.	Holding company's interest	100%	100%	100%	100%	0.64%	-
4.	Shares held by holding company in subsidiary (number)	4,449,517	50,000	9,000,000	65,000	180*	-
5.	The net aggregate of profits/ (losses) for the current financial year of the subsidiary so far as it concerns the members of the holding company						
	(a) Dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-
	(b) Not dealt with or provided for in the accounts of the holding company	(1.45)	0.04	(860.96)	(4.42)	(4.62)	(6.46)
6.	The net aggregate of profits / (losses) for the previous financial year of the subsidiary so far as it concerns the members of the holding company						
	(a) Dealt with or provided for in the accounts of the holding company	(0.18)	(0.18)	(841.07)	(1.20)	-	-
	(b) Not dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-

* This denotes member's contribution in Euros.

Ruchika Gupta
Company Secretary

Sandip Somany
Joint Managing Director

V.K. Ajmera
Vice President (Corporate Finance)

Rajendra K Somany
Chairman and Managing Director



INFORMATION AS PER 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 FINANCIAL YEAR ENDED MARCH 31, 2010.

Name of the Employee	Designation and Nature of Employment	Qualification	Experience (Years)	Date of Employment	Age (Yrs.)	Remuneration Received (Rs.)	Last Employment held and designation	
A. Employed throughout the period and in receipt of remuneration not less than Rs. 24,00,000 for the period								
Mr. Rajendra K Somany	Chairman and Managing Director (Contractual)	B.Com., FI(Cem.), FBIM(U.K.), LFIMA	55	October 1, 1965	73	287,69,820	-	-
Mr. Sandip Somany	Joint Managing Director (Contractual)	B.Com., Diploma in Ceramics (USA)	25	October 1,1985	47	266,37,400	-	-
Mr. R.B. Kabra	President-BPD	B.Com., FCA, ACS	29	September 7,1981	52	1,05,82,900	Hyderabad Asbestoes Ltd.	Chief Accountant
Mr. Arun Kumar D.	President - AGI	B.E. (Mechanical)	38	December 2,1996	63	78,69,256	Nagarjuna Acqua Ltd.	President
Mr. Manoj Kumar Kar	Sr. Vice President (Operations) - AGI	B.E. (Hons.)	23	February 5, 2007	47	25,97,402	Eveready Industries India Ltd.	G.M. (Works)
Mr. V Vijay Sanker	Sr. Vice President- AGI	B.Com (Hons.)	42	January 1,1984	62	25,88,413	SPL Ltd.	Commercial Executive
Mr. Sanjay Kalra	Sr. Vice President (Sales) - BPD	B.Sc., MBA	26	April 29, 2002	48	44,01,150	Pedilite Industries Ltd.	D.G.M.
Mr. J.K. Somani	Sr. Vice President - BPD	B.Com., ACS	32	June 16, 1977	53	51,83,017	—	—
Mr. Sanjay Gaur	Vice President (H.R.) - BPD	B.Com., MBA	20	December 04, 2006	43	46,72,623	Bharti Airtel Ltd.	G.M.(H.R.)
Mr. Ajay Seth	Vice President (Services) - BPD	B.E.(Elect), MBA	20	September 10, 2007	42	42,68,187	Reliance Industries Ltd.	G.M. (Service)
Mr. S.S. Kamath	Vice President (Works) - BPD	B.Tech.	27	December 20,2005	49	43,63,000	ACC Ltd.	Vice President, Works
Mr. S.P. Chandra	Vice President (Production) - AGI	B.Sc., Dip. Mech. Engg.	38	October 19,1982	65	29,47,018	Hindustan National Glass Ltd.	Production Supervisor
Mr. V.K. Ajmera	Vice President, (Corporate Finance)	B.Com(H), F.C.A.	31	May 19,1990	55	29,54,879	Modi Alkalies Ltd.	Manager (Accounts)

Name of the Employee	Designation and Nature of Employment	Qualification	Experience (Years)	Date of Employment	Age (Yrs.)	Remuneration Received (Rs.)	Last Employment held and designation	
Mr. C.P. Suresh	Vice President (Marketing) -AGI	B.Sc. P.G.D.B.M.	35	November 9,1977	60	25,72,612	-	-
Mr. Anil Chandani	Associate .V. P. (Corporate Finance)	B.Com.(H), FCA, FCS, AICWA, DBF	19	April 21,2008	42	32,43,619	GHCL Ltd.	G.M. (Corporate Finance)
Mr Venkat Ramana Reddy N	Sr. G.M.(Sales) - BPD	MBA	25	July 11, 1990	48	30,84,478	Madhusudan Ceramics Ltd.	Sales Officer
B. Employed for part of the period and in receipt of remuneration not less than Rs. 2, 00,000 per month.								
Mr. Santosh Nema	President (Market and Business Operation) - BPD	PGDBM (IIM-A)	27	September 21, 2009	51	42,88,000	Cera Sanitaryware Ltd.	CEO & Director
Mr. Sanjiv Dham	A.V.P. (Head Faucets) - BPD	B.E, Diploma in Mech, M.A	34	September 04, 2009	53	15,92,500	Havells India Ltd.	Vice President
Mr. Vijay Sati	Vice President (SCM)- BPD	B.E(Civil)., MBA	20	July 14, 2008	45	39,61,339	HCL Technologies Ltd.	Head Commercial
Mr. Direndra Kumar Suri	Head Faucets- BPD	MBA	17	June 10, 2003	42	20,71,967	Ess Ess Ltd.	Country Manager

NOTES:

1. Employees named above are/were wholtime employees of the Company as per the Company's terms and conditions.
2. Mr. Rajendra K Somany, Chairman and Managing Director and Mr. Sandip Somany, Joint Managing Director are related to each other. None of the other employees are related to any of the Directors of the Company.
3. Mr. Rajendra K Somany, Chairman and Managing Director and Mr. Sandip Somany, Joint Managing Director are promoters of the company and except them no other employee holds 2% or more of the equity share capital of the Company.
4. Remuneration received includes Gross Salary, Bonus, Commission, performance incentive, ex-gratia, actual expenditure for provision of rent free accommodation or benefits or amenities, house rent allowance, medical expenses, leave travel assistance, other allowances, reimbursement of gas, water and electricity expenses. Company's contribution to provident fund, employee pension scheme, gratuity fund and provision of car valued as perquisites in accordance with rules under the Income Tax Act, 1961.

For and on behalf of the Board of Directors

Place: Gurgaon
Date: May 20, 2010

Rajendra K Somany
Chairman and Managing Director



CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

HSIL has been practicing principles of Corporate Governance over the years in all its operations and processes with emphasis on transparency, accountability and integrity. Through its Corporate Governance measures, HSIL keeps all its stakeholders informed about its policies, performance and development.

Your Company's Board administers implementation of key elements of Corporate Governance and will continue to sustain stakeholders confidence by adopting good governance practices.

Your Company's Corporate Governance compliances are as follows:

A. Board of Directors

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

Presently, the Board of your Company comprises of nine Directors, two Executive Directors (Chairman and Managing Director and Joint Managing Director) and seven Non-executive Independent Directors.

None of the Directors on the Company's Board is a Director in more than 15 Companies, neither a member of more than 10 Committees nor

Chairman of more than 5 Committees. All the Directors have made necessary disclosures regarding their Directorships and Committee memberships/Chairmanships in other Companies.

No Director is related to any other Director on the Board except Mr. Rajendra K Somany and Mr. Sandip Somany who are father and son. All Non-executive Directors are liable to retire by rotation. The appointment of the Managing Director including the tenure and terms of remuneration are approved by the members.

Agenda papers of the Board meeting are circulated to the Directors in advance of the meeting, supported with significant information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement for discussion and consideration at Board meetings. The Board reviews declarations made by Head of Business Divisions regarding compliances with all applicable laws on a quarterly basis along with steps taken to remediate instances of non compliance if any.

During the year, seven Board meetings were held on May 23, 2009, July 23, 2009, August 17, 2009, October 28, 2009, January 21, 2010, February 18, 2010 and March 12, 2010

The maximum gap between two consecutive meetings did not exceed 4 months.

Composition of Board and attendance at Board meetings and at the last Annual General Meeting (AGM), and their shareholding in the Company, is as follows:

	Name of the Director	No. of Board meetings attended during 2009-10	Whether Attended the last AGM	No. of other Directorships *	Committee position of other Companies**		No. of Equity Shares held
					Chairman	Member	
	Executive (Promoter)						
1.	Mr. Rajendra K Somany Chairman and Managing Director	7	Yes	4	Nil	Nil	2,492,614
2.	Mr. Sandip Somany Joint Managing Director	6	No	5	Nil	Nil	2,736,528
	Non-executive and Independent						
3.	Mr. V.K. Bhandari	5	Yes	8	3	2	Nil
4.	Mr. S.B. Budhiraja	5	No	3	1	2	3,300
5.	Mr. Ashok Jaipuria	2	No	2	Nil	Nil	18,000
6.	Mr. N.G. Khaitan	4	No	9	1	5	832
7.	Mr. Binay Kumar	6	No	5	Nil	Nil	27,473
8.	Mr. Vishal Marwaha	6	No	3	Nil	2	25,000
9.	Mr. G.L. Sultania	6	Yes	12	4	4	6,705

* Excludes Directorship in private companies, foreign companies, Section 25 companies, membership of managing committees of chambers of commerce/professional bodies and alternate directorship.

** Membership of Audit Committees and Investors'/Shareholders' Grievance Committees of public companies, whether listed or not, are considered.

B. Committees of the Board

HSIL Board has constituted committees which operate as empowered agents of the Board as per their charter/terms of reference. At present there are five committees - Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievance Committee, Share Transfer Committee and Corporate Affairs Committee. The minutes of the meetings of all such committees are placed before the Board for discussion/noting.

Detail of the role and composition of committees, number of meetings held during the year and attendance, are as below :

I. Audit Committee

This Committee comprises of 5 Non-executive Independent Directors. The Chairman of the Committee, Mr. V.K. Bhandari, is a financial expert. The quorum of the Committee is two members or one-third of members, whichever

is higher. The Committee meetings are held at Company's corporate office or at city where plants are located and are attended by Chairman, Presidents of Divisions, Finance Head, Statutory Auditors and Internal Auditors. The business and operation heads are invited to the meetings as and when required. The Company Secretary acts as the Secretary to the Committee.

During the year, four meetings of the Audit Committee were held on May 23, 2009, July 23, 2009, October 28, 2009 and January 21, 2010. The time gap between two meetings was less than four months. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The following table summarises attendance of committee members:

Name of Members	Status	No. of meetings attended
Mr. V.K. Bhandari	Chairman	4
Mr. Binay Kumar	Member	4
Mr. N.G. Khaitan	Member	4
Mr. S.B. Budhiraja	Member	4
Mr. Vishal Marwaha	Member	4

Scope of the Audit Committee

The Committee is empowered to review the quarterly and annual financial statements, remuneration payable to the Auditors and to recommend a change in Auditors, if required. Management Discussion and Analysis, material individual transactions with related parties not in the normal course of business or which are not on arm's length basis are also subjects of discussion for the committee.

Generally, all items listed in Clause 49II (D) of the Listing Agreement are covered in the terms of reference. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the statutory and the Internal Auditors and meet them to discuss their findings, suggestions and other related matters.

II. Remuneration Committee

The Committee comprises three Non-executive Independent Directors. The Chairman of Committee is Mr. S.B. Budhiraja, who is a management consultant by profession and past Managing Director of Indian Oil Corporation of India. The Company Secretary acts as the Secretary to the Committee.

The Committee is empowered to review and recommend remuneration of the Wholetime Directors/Executive Directors and recommends the amount of Commission payable to them.

Remuneration policy

1. For Executive Directors

The remuneration of Executive Directors is recommended by the Remuneration Committee based on Company's performance and industry benchmarks and decided by the Board of Directors within the limits approved by the members. The Company pays remuneration by way of salary, perquisites, allowances and commission among others. Annual increments are recommended by the

Remuneration Committee as per Salary grade approved by the Members of the Company.

The services of Chairman and Managing Director and Joint Managing Director may be terminated by giving six months' notice or alternatively six months' salary in lieu of six months' notice.

2. For Non-executive Directors

Non-executive Directors are remunerated by way of commission @1% of the net profits of the Company for each financial year computed in accordance with Section 309 of the Companies Act, 1956 as approved by the shareholders by way of special resolution passed at the 48th

Annual General Meeting held on September 4, 2008. Non-executive Directors are also entitled to sitting fees for attending the meetings of the Board and committees thereof. The Company also reimburses out of pocket expenses to Directors attending the meetings.

During the year the Remuneration Committee met once on January 21, 2010. The following table summarises the attendance details of Committee members:

Name of Members	Status	No. of meetings attended
Mr. S.B. Budhiraja	Chairman	1
Mr. N.G. Khaitan	Member	1
Mr. V.K. Bhandari	Member	1

Detail of Remuneration of Directors

The details of the remuneration paid to the Directors, during the financial year 2009-10 are as follows :

Name	Amount in Rs.					
	Basic	Perquisites	Commission (for the year 2008-09)	Contribution to PF	Sitting Fee	Total
Mr. Rajendra K Somany	8,742,742	143,859	18,834,090	1,049,129	-	28,769,820
Mr. Sandip Somany	6,600,000	411,310	18,834,090	792,000	-	26,637,400
Mr. V.K. Bhandari	-	-	896,862	-	21,500	918,362
Mr. S.B. Budhiraja	-	-	896,862	-	21,500	918,362
Mr. Ashok Jaipuria	-	-	896,861	-	-*	896,861
Mr. N.G. Khaitan	-	-	896,861	-	19,000	915,861
Mr. Binay Kumar	-	-	896,862	-	19,000	915,862
Mr. Vishal Marwaha	-	-	896,861	-	19,000	915,861
Mr. G.L. Sultania	-	-	896,861	-	18,000	914,861
TOTAL	15,342,742	555,169	43,946,210	1,841,129	118,000	61,803,250

* Mr. Ashok Jaipuria relinquished his entitlement of sitting fee.

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

Directors with materially significant, pecuniary or business relationship with the Company

The transactions with related parties are furnished in Schedule 20, note no.10 to Annual Accounts as stipulated under Accounting Standard 18(AS-18). Apart from aforesaid related party transactions there are no transactions of material nature with Directors or their relatives etc., which may have potential conflict with the interest of the Company. The Register of Contracts required to be maintained under section 301 of the Companies Act, 1956 containing the contracts in which the Directors are concerned or interested is placed at the meeting of Board of Directors for their approval and noting, on a periodical basis.

No pecuniary or business relationship exists between the Non-executive Directors and the Company. Mr. G.L. Sultania, Independent Director of the Company was paid consultancy fees for rendering professional service which is not to be construed as material transaction with the Company.

III. Shareholders'/Investors' Grievance Committee

The Committee comprises of four Non-executive Independent Directors. The Chairman of Committee is Mr. S.B. Budhiraja. The Company Secretary acts as the Secretary to the Committee and is also Compliance Officer of the Company.

The Committee monitors the redressal of shareholders and investors complaints concerning transfer of shares, non-receipt of dividends and non-receipt of Annual Reports among others. During the year total 39

complaints were received and duly resolved by the Company.

During the year, four meetings of the Committee were held on May 23, 2009, July 23, 2009, October 28, 2009 and January 21, 2010.

The following table summarises the attendance details of Committee members:

Name of Members	Status	No. of meetings attended
Mr. S.B. Budhiraja	Chairman	4
Mr. N.G. Khaitan	Member	4
Mr. V.K. Bhandari	Member	4
Mr. G.L. Sultania	Member	3

IV. Share Transfer Committee

The Committee comprises of one Non-executive Director, Mr. G.L. Sultania who is Chairman of the Committee and two Executives of the Company i.e. Mr. N. Goenka - Dy. G.M. (Finance) and Mr. S. Banerjee - Investor Relations Manager as members.

The Share Transfer Committee considers and processes various requests for transfer of shares, issue of duplicate shares, split/consolidation of shares and issue of fresh share certificates and transmissions or transposition of shares, if found in order in all respect.

The Committee conducts monthly meetings for the approval of transfer of shares lodged with the Company and all members of the Committee attended all such meetings. As on the date, no requests for transfer of shares were pending.

V. Corporate Affairs Committee

Corporate Affairs Committee comprises two Executive Directors and one Non-executive Director. Mr. Rajendra K Somany, Chairman and Managing Director of the Company is Chairman of the Committee.

The terms of reference of the Corporate Affairs Committee include banking, taxation, corporate and financial management issues arising in day to day operations of the Company and its powers are revised from time to time by Board of Directors to facilitate seamless operations of the Company. The Company Secretary acts as the Secretary to the Committee.

The Corporate Affairs Committee met on twelve occasions during the year on April 9, 2009, June 2, 2009, July 24, 2009, September 14, 2009, October 19, 2009, November 7, 2009, November 26, 2009, December 12, 2009, January 14, 2010, February 10, 2010, March 2, 2010 and March 12, 2010.

The following table summarises the attendance details of Committee members:

Name of Members	Status	No. of meetings attended
Mr. Rajendra K Somany	Chairman	12
Mr. Sandip Somany	Member	12
Mr. G.L. Sultania	Member	2

C. Other Disclosures Recommended By SEBI

1. Subsidiary Companies

HSIL does not have any material non-listed Indian subsidiary whose turnover or networth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or networth respectively, of the Company and

its subsidiaries in the immediately preceding accounting year. The financial statements, including the material investments, if any, made by the unlisted subsidiary companies are reviewed by the Audit Committee of the Company as and when required. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for noting.

2. Particulars of Directors seeking Re-appointment

All the Directors of the Company except Chairman and Managing Director and Joint Managing Director are liable to retire by rotation of which one-third retire every year and are eligible for re-election. The details of Directors being re-appointed on retirement by rotation at the ensuing Annual General Meeting as required pursuant to clause 49(IV) (G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting.

3. General Body Meetings

The last three Annual General Meetings were held as under :

Financial year	Date	Time	Venue
2008-09	September 19, 2009	11.30 a.m.	Somany Conference Hall, Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001
2007-08	September 4, 2008	11:00 a.m.	Same as above
2006-07	September 15, 2007	11:00 a.m.	Same as above

Four Special resolutions were passed at the Annual General Meetings held during last three financial years and one Special Resolution at an Extra-Ordinary General meeting.

During the financial year 2009-10, no special resolution was passed through Postal Ballot.

An Extra Ordinary General Meeting was held at office of the Company at its plant at Bahadurgarh - 124507, District - Jajjhar, Haryana on Monday, the March 8, 2010 at 11:00 a.m. during the financial year for seeking approval of shareholders by way of passing 4 Special Resolutions viz. increase in authorised share capital of the Company and consequential amendments in Memorandum and Articles of Association of the Company, Raising of Capital from domestic and/or international market and increase in limit for investments by Foreign Investors in the share capital of the Company.

A meeting of Shareholders of the Company convened as per Order dated September 11, 2009 of Hon'ble High Court, Calcutta was held on November 7, 2009 at Somany Conference Hall of Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, 2nd floor, Kolkata - 700 001 at 11.00 a.m. seeking their approval to the Scheme of Arrangement.

4. CEO and CFO Certification

The certificate as required under Clause 49(V) of the Listing Agreement duly signed by the Chairman and Managing Director and Vice President (Corporate Finance), was placed before the Board and the same is provided as Annexure to this report.

5. Disclosures

(1) Disclosure of Accounting Treatment

The Company followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

(2) Risk management

The Company's risk management strategies are continuously being refined and redefined. Despite the substantial increase in volume of business risks, they were effectively managed through risk assessment framework and policies. The internal control system provides a robust support for risk management for the Company in operating its business. The Company laid down a procedure to inform Board of Directors about risk assessment and minimisation procedures. The Company formulated a Foreign Exchange Risk Assessment Policy to effectively monitor and mitigate Foreign Exchange Risk.

(3) No strictures/ penalties were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

(4) Proceeds from public issue, right issues, preferential issues

During the year 2009-10, the Company did not raise money from public issue, right issue and preferential issue.

(5) Management

- i) The Management Discussion and Analysis Report forms a part of the Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement.
- ii) No material transaction was entered into by the Company with the Promoters, Directors or the senior management that may have a potential conflict with interests of the Company.

(6) Means of Communication

The unaudited quarterly financial results of the Company are approved by the Board of Directors of the Company within one month of the close of the respective quarter except for the last quarter, which are approved along with audited financial results for the entire year within two months of the end of the last quarter. The approved results are forthwith sent to BSE & NSE as prescribed in Listing Agreement. Further the quarterly/annual results in the prescribed format along with press release are published within 48 hours in any prominent daily newspaper i.e. The Economic Times/Business Standard/Financial Express and Kalantar (vernacular newspaper). All financial results, Annual Reports of last three years and Shareholding Pattern have been posted on the Company's website www.hindwarehomes.com.

The quarterly and annual financial statements, Shareholding Pattern and Corporate Governance Report are posted

on the official website of SEBI - www.sebiedifar.nic.in only upto quarter ended December 31, 2009 since as per recent amendment by SEBI in Listing Agreement the EDIFAR system has been discontinued w.e.f. April 1, 2010.

HSIL makes financial presentations to institutional investors and mutual funds that have invested or intend to invest funds in the Company.

7. HSI Code of Conduct for prevention of insider trading

All Directors and Senior management who have access to price sensitive information have to abide by the HSI Share Transaction Code for prevention of insider trading in the shares and securities of the Company which has been adopted in accordance with model code of conduct prescribed under Insider Trading Regulation of SEBI.

D. Shareholders Information

- (i) The 50th Annual General Meeting is proposed to be held on Wednesday, September 22, 2010 at 11.30 a.m. at Somany Conference Hall of Merchants' Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata - 700 001.

(ii) Financial calendar

The Company follows April to March as its financial year. The results for every quarter beginning from April will be declared within 45 days of the end of quarter except for the last quarter, which will be submitted along with the annual audited results within 60 days of end of last quarter as permitted under the Listing Agreement.



(iii) Date of Book Closure: September 13, 2010 to September 22, 2010 (both days inclusive).

(iv) Dividend payment date: Latest by October 22, 2010

(v) Listing on Stock Exchanges

The Stock Exchanges at which the equity shares of the Company are listed and the respective stock codes are:

National Stock Exchange of India Ltd. (NSE)
HSIL

Bombay Stock Exchange Ltd. (BSE)
500187

ISIN of Company's equity shares having face value of Rs. 2 each is INE 415A 01038. Listing fees for the financial year 2010-11 has been paid to the stock exchanges.

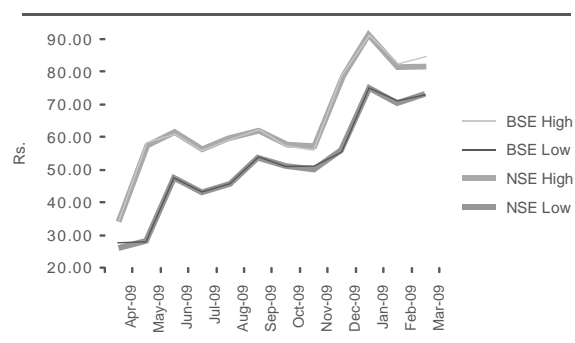
(vi) Market Price data

Monthly stock market data of high-and-low prices of equity shares of the Company during 2009-10 and their performance in comparison with the broad-based index comprise:

Monthly Stock Market Data

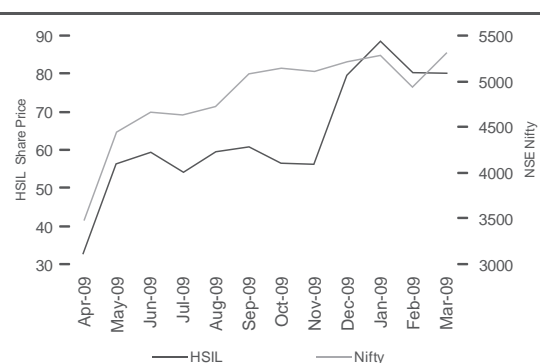
Month	NSE		BSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April'09	34.70	26.00	34.45	27.50
May'09	57.85	28.10	58.15	28.00
June'09	61.50	47.55	61.40	47.55
July'09	56.90	43.20	55.50	43.40
August'09	60.00	45.70	59.50	45.45
September'09	61.90	53.50	62.40	54.10
October'09	58.00	51.20	57.95	51.00
November'09	57.35	50.10	56.20	51.10
December'09	79.30	56.00	79.30	55.50
January'10	91.80	75.00	91.80	75.10
February'10	82.15	70.60	82.90	71.00
March'10	82.00	73.20	85.00	73.00

The performance of HSIL's equity shares relative to the BSE (Sensex) & NSE (Nifty)



Performance comparison with broad-based index

Month	HSIL	NSE Nifty
April'09	32.60	3484.15
May'09	56.25	4448.95
June'09	59.00	4655.25
July'09	54.35	4636.45
August'09	59.40	4732.35
September'09	60.65	5083.95
October'09	56.35	5142.15
November'09	56.20	5108.15
December'09	79.30	5201.05
January'10	88.15	5281.80
February'10	79.90	4931.85
March'10	80.10	5302.85



Above prices are monthly highest closing price on NSE & NSE Nifty.

(vii) Registrar and Transfer Agent

M/s Maheshwari Datamatics Private Limited is Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are:

Maheshwari Datamatics Private Limited
6, Mangoe Lane, Kolkata - 700 001.
Phone no. (033) 2243 5809 / 5029,
Fax No. (033) 2248 4787
Email : mdpl@cal.vsnl.net.in

(viii) Share Transfer System

The Company's shares are traded on stock exchanges in compulsory demat mode. The Company's Share Transfer Committee is authorised to approve transfers of securities. Share transfers which are received in physical form are processed and the share certificates returned within a period of 14 days from the date of receipt, subject to the documents being valid and complete in all respects. The dematerialised shares are transferred directly to the beneficiaries by the depositories.

(ix) Distribution of Shareholding as on March 31, 2010

Number of Shares held	Shareholders		Shares	
	Number	% of total	Number	% of total
Upto 500	7670	70.53	1277507	2.32
501-1000	1841	16.93	1447972	2.63
1001-2000	710	6.53	1047608	1.90
2001-3000	197	1.81	489241	0.89
3001-4000	96	0.88	332557	0.60
4001-5000	89	0.82	416140	0.76
5001-10000	139	1.28	1012536	1.84
10000 and above	133	1.22	49001947	89.06
Total	10875	100.00	55025508	100.00

(x) Category of Shareholders as on March 31, 2010

Category	No. of Shares of Rs. 2 each	% of Total
Promoter, Directors and Relatives	33365213	60.64
Mutual Funds/UTI	3323180	6.04
Financial Institutions/Banks	17531	0.03
Insurance Companies	122815	0.22
Foreign Institutional Investors	245182	0.45
Foreign Companies	8250000	14.99
Domestic Companies/Bodies Corporate	2222882	4.04
Non-Resident Individual	154731	0.28
Others	7323974	13.31
Total	55025508	100.00



(xi) Dematerialisation of shares

The detail of Shares dematerialised and those held in physical form as on March 31, 2010:

Particulars of Shares	Shares of Rs. 2 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
National Securities Depository Ltd. (NSDL)	26307121	47.81	6033	55.48
Central Depository Services (India) Ltd. (CDSL)	2403504	4.37	1983	18.23
Physical Form	26314883*	47.82	2859	26.29
Total	55025508	100.00	10875	100.00

* Out of this 24,793,222 shares comprising of 45.06% are held by Promoters.

(xii) The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

(xiii) Plant locations

Location	Address
Haryana	
Building Product Division	Bahadurgarh, District Jhajjar, Haryana-124 507
Andhra Pradesh	
Building Product Division	Somanypuram, Brahmanapally, Bibinagar- 508 126, District Nalgonda
Glass Division-I	Glass Factory Road, Off Motinagar, P.B No. 1930, Sanathnagar P.O., Hyderabad - 500 018.
Glass Division -II	Glass Factory Road Thukkapur Road, Bhongir - 508116, District Nalgonda
Rajasthan	
Faucet Plant	G 470-471, Phase I, RIICO Industrial Area, Bhiwadi - 131019, Rajasthan.

(xiv) Address for correspondence

2, Red Cross Place,
Kolkata - 700 001
Phone: 91 - 33 -2248 7406/07
Fax: 91 - 33 - 2248 7045
email: hsilinvestors@hindware.co.in

this Code. A Declaration signed by the Chairman and Managing Director was placed before the Board and is enclosed at the end of this report.

E. Code of Conduct

The Company has Code of Conduct for the Board of Directors and senior management and employees of the Company. The Code is posted on the Company's website. All Board members and Senior Management Personnel affirmed compliance with

F. Compliance

We have complied with all the mandatory requirements of corporate governance as stipulated under the Listing Agreement. We have obtained a Certificate affirming the compliance from Walker Chandiok and Co., Statutory Auditors of the Company and the same is annexed to the Directors' Report and forms a part of the Annual Report.

CEO/ CFO Certification

To Board of Directors

We hereby certify that:

- a. We have reviewed financial statements of HSIL Limited ('the Company') for the period upto March 31, 2010 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations and court approved scheme.
- b. There were, to the best of our knowledge and belief, no transactions entered into by the Company during the above said period which were fraudulent, illegal or violate the Company's code of conduct.
- c. We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the abovesaid period;
 - ii. significant changes in accounting policies, if any, during the abovesaid period and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

V.K. Ajmera
Vice President (Corporate Finance)

Place: Gurgaon
Date: May 20, 2010

Rajendra K Somany
Chairman and Managing Director



Declaration by Chairman and Managing Director under Clause 49 of the Listing Agreement regarding adherence to Code of Conduct

In accordance with sub clause 1(D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management have affirmed compliance with their respective codes of conduct as applicable to them, for the year ended on March 31, 2010.

Place: Gurgaon
Date: May 20, 2010

Rajendra K Somany
Chairman and Managing Director

Auditors' Certificate on Corporate Governance

To the members of HSIL Ltd.

We have examined the compliance of conditions of corporate governance by HSIL Ltd. ("the Company") for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the Company with the 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 conditions of 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 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 Walker, Chandok and Co.
Chartered Accountants

B.P. Singh
Partner
Membership no.070116

Place: Gurgaon
Date: May 20, 2010

FINANCIAL STATEMENTS

Standalone Financial Statements

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Auditors' Report

To,

The Members of

HSIL Limited (formerly known as Hindustan Sanitaryware & Industries Limited)

1. We have audited the attached Balance Sheet of HSIL Limited, (the 'Company') as at 31 March 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Without qualifying our opinion, we draw attention to Note 21 on Schedule 20 to the financial statements regarding the Scheme of Arrangement ('the Scheme'), approved by Hon'ble Calcutta High Court. In terms of the Scheme, the Company has revalued only a portion of its freehold land by crediting the resulting gain of Rs. 23,500 lacs to the Business Reconstruction Reserve Account ("the BRR account") and has transferred Rs. 3,732.63 lacs (detailed in the Note) from the BRR account to the profit and loss account. The applicable accounting standards and generally accepted accounting principles do not provide for revaluation of part of a class of asset and credit of amounts released from reserves to the profit and loss account. However, the Company has followed the accounting treatment as prescribed under the Scheme approved by Hon'ble High Court at Kolkata. Had the Company followed the generally accepted accounting principles, the profit after tax would have been lower by Rs. 3,732.63 lacs and reserves would have been lower by Rs. 23,500 lacs.
5. Further to our comments in the Annexure referred to above, we report that:
 - a. 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;
 - b. 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;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
 - ii) the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date

For Walker, Chandiok & Co

Chartered Accountants

Firm Registration No: 001076N



per B. P. Singh

Partner

Place : Gurgaon

Date : 20 May 2010

Membership No. 70116

Annexure to the Auditors' Report

Annexure to the Auditor's Report of even date to the members of HSIL Limited (formerly known as Hindustan Sanitaryware & Industries Limited), on the financial statements for the year ended 31 March 2010

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification 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) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) Physical verification of inventory (except stock in transit) has been carried out at reasonable intervals. Finished goods inventories are being verified by the management in a phased manner over the period of two years.
- (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 but its coverage needs to be increased.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to (d) of the Order are not applicable.
- (b) 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 Act. Accordingly, the provisions of clauses 4(iii) (f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, 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.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable.

- (b) The dues outstanding in respect of sales tax, income tax, custom duty, wealth tax, excise duty, cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount Rs. in lacs	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty on captive consumption of plaster of paris	5.00	June 1990 to April 1991	Customs, Excise and Service tax Appellate Tribunal. Out of this, Rs. 2.50 lacs has been paid under protest.
The Central Excise Act, 1944	Duty on cisterns cleared with fittings	27.80	Feb. 1988 to July 1988	Commissioner of Central Excise, Rohtak
The Central Excise Act, 1944	Duty on C.I boring/ brass/ copper boring/ capital goods scrap/ waste paper/ waste shrink/ stretch film	91.48	2002-03 to 2006-07	Commissioner of Customs & Central Excise (Appeals). Out of this demand, Rs. 10.74 lacs has been deposited by the Company under protest
Delhi Sales Tax Act, 1975	Sales tax demand due to non submission of statutory forms	172.50	1998-99 to 2005-06	Commissioner (Appeals), sales tax. Out of this demand, Rs. 32.28 lacs has been deposited by the Company and assessment for the year 1998-99 to 2004-05-involving disputed tax of Rs. 106.76 lacs has been remanded back to the Assessing officer.
The Income Tax Act, 1956	Income tax and wealth tax demand	182.29	AY 2002-03 to 2004-05	Commissioner of Income Tax (Appeals)

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank. There were no outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (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 Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.

- (xvii) In our opinion, 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 Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandio & Co**
Chartered Accountants
Firm Registration No: 001076N



per **B. P. Singh**

Place : Gurgaon
Date : 20 May 2010

Partner
Membership No. 70116

Balance Sheet

		Rs. in lacs	
	Schedule	As at 31 March 2010	As at 31 March 2009
SOURCES OF FUNDS			
Shareholders' fund			
Share Capital	1	1,100.55	1,100.55
Reserves and surplus	2	47,675.14	23,952.60
		48,775.69	25,053.15
Loan funds			
Secured	3	31,026.64	43,150.54
Unsecured	4	17,889.11	3,754.82
		48,915.75	46,905.36
Deferred tax liability (net) (Refer note 8 of Schedule 20)		5,411.85	4,230.94
		103,103.29	76,189.45
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	101,191.13	62,677.29
Less: Accumulated depreciation and amortisation		26,611.70	22,353.71
Net block		74,579.43	40,323.58
Capital work-in-progress (including spares and capital advances)		779.26	12,515.10
		75,358.69	52,838.68
Investments	6	5,540.70	4,275.26
Current assets, loans and advances			
Inventories	7	15,658.67	14,699.64
Sundry debtors	8	13,973.72	10,277.30
Cash and bank balances	9	1,621.12	7,927.19
Other current assets	10	44.99	83.23
Loans and advances	11	7,224.12	4,030.82
		38,522.62	37,018.18
Less:			
Current liabilities and provisions			
a) Current liabilities	12	14,589.12	16,409.51
b) Provisions		1,729.60	1,533.16
		16,318.72	17,942.67
Net current assets		22,203.90	19,075.51
		103,103.29	76,189.45
Significant accounting policies	19		
Notes to the financial statements	20		

The schedules referred to above form an integral part of the financial statements

Ruchika Gupta
Company Secretary

V. K. Ajmera
Vice President (Corporate Finance)

Sandip Somany
Joint Managing Director

For and on behalf of the Board of Directors
Rajendra K Somany
Chairman & Managing Director

This is the Balance Sheet referred to in our report of even date
For **Walker, Chandiok & Co.**
Chartered Accountants

Per **B. P. Singh**
Partner

Place : Gurgaon
Date : 20 May 2010

Membership No. 70116

Profit and Loss Account

		Rs. in lacs	
	Schedule	Year ended 31 March 2010	Year ended 31 March 2009
INCOME			
Income from operations	13	83,572.71	66,145.74
Less: Excise duty on sale of goods		4,699.20	5,081.39
		78,873.51	61,064.35
Other income	14	1,391.71	914.53
Increase in stocks	15	1,871.81	424.44
		82,137.03	62,403.32
EXPENDITURE			
Goods purchased for resale		10,798.68	9,541.84
Personnel cost	16	8,239.30	6,415.06
Manufacturing, selling and general expenses	17	47,618.96	35,167.58
		66,656.94	51,124.48
Profit before interest, depreciation, amortisation and tax		15,480.09	11,278.84
Interest	18	4,008.67	1,663.64
Depreciation and amortisation	5	4,903.81	2,784.27
Profit before tax and exceptional items		6,567.61	6,830.93
Loss on foreign exchange fluctuations		-	1,153.26
Profit before tax		6,567.61	5,677.67
Tax expense:			
Current tax		1,095.15	828.39
MAT credit entitlement		(1,085.70)	-
Income tax for earlier years		-	(85.74)
Deferred tax		903.91	821.19
Fringe benefit tax		-	98.63
Profit after tax before prior period item		5,654.25	4,015.20
Prior period item			
Taxes for earlier years (refer note 22 of schedule 20)		(411.54)	-
Profit after tax and prior period item		5,242.71	4,015.20
Balance transferred from previous year		11,647.53	9,162.36
Balance available for appropriation		16,890.24	13,177.56
APPROPRIATIONS			
Transferred to general reserve		600.00	500.00
Proposed dividend on equity shares		1,100.51	880.41
Tax on proposed dividend		187.03	149.62
Balance carried to balance sheet		15,002.70	11,647.53
		16,890.24	13,177.56
Basic & diluted earning per share before prior period item		10.28	7.30
Basic & diluted earning per share after prior period item		9.53	7.30
(Refer note 9 of Schedule 20)			
Significant accounting policies	19		
Notes to the financial statements	20		

The schedules referred to above form an integral part of the financial statements

Ruchika Gupta
Company Secretary

V. K. Ajmera
Vice President (Corporate Finance)

Sandip Somany
Joint Managing Director

For and on behalf of the Board of Directors

Rajendra K Somany
Chairman & Managing Director

This is the Profit and Loss Account referred to in our report of even date
For **Walker, Chandiok & Co.**
Chartered Accountants

Per **B. P. Singh**
Partner

Place : Gurgaon
Date : 20 May 2010

Membership No. 70116

Cash Flow Statement

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	6,567.61	5,677.67
Adjustments for:		
Depreciation and amortisation	4,903.81	2,784.27
(Profit)/loss on disposal of fixed assets (net)	(18.55)	(22.72)
Interest expense	4,008.67	1,663.63
Interest income	(106.16)	(62.54)
(Profit)/loss on sale of investments (net)	(0.46)	(13.22)
Bad debts and provision for doubtful debts and advances	(150.00)	51.71
Sundry balances and liabilities no longer required written back	(141.92)	(113.03)
Operating Profit before working capital changes	15,063.00	9,965.77
Adjustments for :		
(Increase)/ decrease in inventories	(3,250.69)	(323.32)
(Increase)/ decrease in trade/other receivable	(6,946.01)	(2,849.76)
(Decrease)/ increase in trade/other payables	(1,613.27)	6,420.72
Cash generated from operations	3,253.03	13,213.41
Direct taxes paid	(1,326.73)	(784.29)
Net cash from operating activities	1,926.30	12,429.12
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(8,646.30)	(27,859.35)
Proceeds from sale of fixed assets	147.62	110.16
Purchase of investments	(1,765.44)	(1,070.66)
[including investment in subsidiaries Rs. 1,265.39 lacs (previous year Rs. 1,070.36 lacs)]		
Sale proceeds of investments	500.46	309.61
Movement in restricted cash	(251.24)	30.67
Interest received	144.40	(10.68)
Net cash used in investing activities	(9,870.50)	(28,490.25)

Cash Flow Statement

	Year ended 31 March 2010	Year ended 31 March 2009
	Rs. in lacs	
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	6,652.11	25,979.53
Repayment of long term borrowings	(4,370.46)	(2,798.34)
Proceeds from short term borrowings (net)	4,262.40	1,891.69
Interest paid	(4,135.28)	(1,307.26)
Dividend paid	(872.26)	(818.90)
Taxes on dividend	(149.62)	(140.27)
Net cash from financing activities	1,386.89	22,806.45
Net (decrease)/increase in cash and cash equivalents	(6,557.31)	6,745.32
Cash and cash equivalents in the beginning	7,589.85	844.53
Cash and cash equivalents at the close	1,032.54	7,589.85
Note:		
Cash and cash equivalents include:		
Cash and cheques in hand and remittances in transit	552.04	573.18
Balances with bank	480.50	7,016.67
Cash and cash equivalents	1,032.54	7,589.85
Balances in fixed deposit accounts - pledged	543.53	300.44
Balances in unpaid dividend accounts	44.37	36.22
Bonus fraction 2005 account	0.34	0.34
Share split fraction 2006 account	0.30	0.30
Balance in post office savings account (pledged)	0.04	0.04
Balance with bank not considered as cash equivalents	588.58	337.34
Cash and bank balances as per balance sheet	1,621.12	7,927.19



Ruchika Gupta
Company Secretary



V. K. Ajmera
Vice President (Corporate Finance)



Sandip Somany
Joint Managing Director



For and on behalf of the Board of Directors
Rajendra K Somany
Chairman & Managing Director

This is the Cash Flow Statement referred to in our report of even date
For **Walker, Chandiok & Co.**
Chartered Accountants



Per **B. P. Singh**
Partner
Membership No. 70116

Place : Gurgaon
Date : 20 May 2010

Schedules forming part of the financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 1		
Share capital		
Authorised		
100,000,000 (previous year 75,000,000) equity shares of Rs. 2 each	2,000.00	1,500.00
	2,000.00	1,500.00
Issued		
55,029,333 (previous year 55,029,333) equity shares of Rs. 2 each	1,100.59	1,100.59
	1,100.59	1,100.59
Subscribed and paid-up*		
55,025,508 (previous year 55,025,508) equity shares of Rs. 2 each fully paid-up	1,100.51	1,100.51
Add: Forfeited shares	0.04	0.04
	1,100.55	1,100.55

*Of the above shares, 24,268,638 equity shares of Rs. 2 each (previous year 24,268,638 equity shares of Rs. 2 each) were allotted as fully paid-up by way of bonus shares by capitalisation of revenue reserves, 67,500 equity shares of Rs. 10 each fully paid-up (now stands split into 337,500 equity shares of Rs. 2 each, previous year 337,500 equity shares of Rs. 2 each) were issued to the equity shareholders of the erstwhile The Associated Glass Industries Limited pursuant to the scheme of amalgamation and 365,645 equity shares of Rs. 10 each fully paid up (now stands split into 1,828,225 equity shares of Rs. 2 each, previous year 1,828,225 shares of Rs. 2 each fully paid up) were issued to the equity shareholders of the erstwhile Krishna Ceramics Limited pursuant to the scheme of amalgamation.

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE- 2		
Reserves and surplus		
i) Capital reserve		
a) On account of amalgamation with erstwhile Krishna Ceramics Limited	3.33	3.33
b) Forfeited amount of debentures	19.97	19.97
c) Forfeited amount of upfront payment for naked warrants	97.50	97.50
	120.80	120.80
ii) Central subsidy reserve	25.00	25.00
iii) Securities premium account		
As per last year	6,840.63	6,840.63
	6,840.63	6,840.63
iv) General reserve		
As per last year	5,303.64	4,803.64
Add: Transferred from profit and loss account	600.00	500.00
Add: Transferred from business reconstruction reserve (refer note 21 of schedule 20)	10,000.00	-
	15,903.64	5,303.64
Note: Of the above Rs. 10,000 lacs cannot be used for issue of bonus shares and payment of dividend		
v) Capital redemption reserve	15.00	15.00
vi) Business reconstruction reserve (refer note 21 on Schedule 20)		
Revaluation of Land	23,500.00	-
Less: Transferred to profit and loss account (refer schedule 15 and 17)	3,732.63	-
Less: Transferred to general reserve	10,000.00	-
	9,767.37	-
vii) Profit and loss account		
Surplus in profit and loss account	15,002.70	11,647.53
	47,675.14	23,952.60

Schedules forming part of the financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 3		
Secured loans		
From banks:		
Cash credit accounts	671.50	12,043.42
Buyers credit	2,152.13	-
(Secured by hypothecation of stocks and book debts and further secured by second charge on all the fixed assets located at Bahadurgarh, Bibinagar and Sanathnagar).		
Term loans from banks*	28,197.70	31,086.85
(Term loans of Rs. 1,532.31 lacs [Previous year Rs. 4,653.65 lacs] are payable within one year)		
Car finance loans from banks	5.31	20.27
(Secured by hypothecation of vehicles financed out of proceeds of loans)		
(Amount payable within one year Rs. 4.47 lacs (previous year Rs. 14.16 lacs)		
	31,026.64	43,150.54

*Notes:-

- 1) Term loan includes External Commercial Borrowings (ECB) loans of **Hongkong and Shanghai Bank Corporation**, **CITI Bank** and **Standard Chartered Bank** are secured by way of hypothecation of the whole of fixed assets including movable plant & machinery, machine spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company located at Sanathnagar and Bhongir.
- 2) Rupee term loan from :
 1. **Andhra Bank:** Term loan is secured by way of hypothecation of the whole of fixed assets including movable plant & machinery, machine spares, tools and accessories (both present and future) pertaining to the ceramic division of Company located at Bibinagar, District Nalgonda, Andhra Pradesh and secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of ceramic division located at Bibinagar, District Nalgonda, Andhra Pradesh and Gurgaon office of the Company.
 2. **Dhanalakshmi Bank Ltd:** Term loan is secured by way of hypothecation of the whole of fixed assets including movable plant & machinery, machine spares, tools and accessories (both present and future) pertaining to the ceramic division of Company located at Bahadurgarh, District Jhajjar, Haryana and further to be secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of ceramic division of the Company located at Bahadurgarh, District Jhajjar, Haryana.
 3. **DBS Bank Ltd:** Term loan is secured by way of hypothecation of the whole of vacant freehold land located at Sitarampur, Isnapur, PO Medak District, Andhra Pradesh, near Hyderabad and further to be secured by first pari-passu charge by way of mortgage of deposit of title deeds of the Company.

Schedules forming part of the financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 4		
Unsecured loans		
Short term		
Trade deposits from dealers	736.56	692.91
From banks:		
Commercial paper	8,000.00	-
Supplier bills discounted	-	51.39
Export packing credit	-	510.07
Short term loans	6,000.00	-
Other		
Deferred sales tax credit	3,152.55	2,500.45
	17,889.11	3,754.82

Notes:

- 1 Maximum amount outstanding on commercial paper during the year Rs. 8,000 lacs (previous year Rs. 6,000 lacs).
- 2 The amount of deferred sales tax credit is subject to assessment by sales tax authorities.
- 3 As per agreement with Commercial Tax Department, Hyderabad, deferred sales tax credit relating to the glass division located at Sanathnagar amounting to Rs. 1,545.48 lacs (previous year Rs. 1,138.25 lacs) and ceramic division located at Bibinagar amounting to Rs. 1,607.07 lacs (previous year Rs. 1,362.20 lacs) is secured against the moveable and immoveable properties of the Company. However, the charge is not yet been registered with the Registrar of Companies, West Bengal.

Schedules forming part of the financial statements

SCHEDULE - 5		Fixed Assets				Depreciation/ amortisation			Net block	
Particulars	As at 01 April 2009	Addition during the year	Sales/ Revaluation Adjustment	As at 31 March 2010	As at 01 April 2009	For the year	Sales/ Adjustment	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
Intangible										
Trade Mark	300.00	-	-	300.00	300.00	-	-	300.00	-	-
Tangible										
Land freehold	1,259.80	-	-	24,759.80	-	-	-	-	24,759.80	1,259.80
Land leasehold	30.00	-	-	30.00	2.55	1.00	-	3.55	26.45	27.45
Building	14,047.13	1,627.05	-	15,674.18	1,700.59	380.74	-	2,081.33	13,592.85	12,346.54
Leasehold improvements	10.44	-	-	10.44	0.34	0.17	-	0.51	9.93	10.10
Plant and machinery	43,179.03	13,322.22	172.14	56,329.11	18,815.96	4,017.94	160.56	22,673.34	33,655.77	24,363.07
Vehicles	1,109.01	386.37	177.03	1,318.35	517.05	191.61	109.06	599.60	718.75	591.96
Office equipments	384.87	92.19	39.55	437.51	119.41	22.91	18.72	123.60	313.91	265.46
Computers (including software)	1,745.82	130.21	372.46	1,503.57	737.65	240.89	345.48	633.06	870.51	1,008.17
Furniture and fixtures	611.19	230.69	13.71	828.17	160.16	48.55	12.00	196.71	631.46	451.03
Total	62,677.29	15,788.73	774.89	101,191.13	22,353.71	4,903.81	645.82	26,611.70	74,579.43	40,323.58
Previous year	44,305.23	19,805.39	1,433.33	62,677.29	20,915.33	2,784.27	1,345.89	22,353.71	40,323.58	

* Refer note 21 in Schedule 20

Schedules forming part of the financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 6		
Investments		
Long Term		
Non Trade		
i) Government securities* - unquoted:		
National Savings Certificates	1.18	1.13
ii) Fully paid-up equity shares of Rs. 10 each - quoted:		
125 (previous year 125) Neycer India Limited	0.01	0.01
50 (previous year 50) Swastik Sanitarywares Limited	0.01	0.01
Trade - unquoted		
(equity shares of Rs. 10 each)		
Subsidiary companies		
4,449,517 (previous year 4,301,200) AGI Glasspack Limited	1,428.46	1,280.14
9,000,000 (previous year 6,225,000) Hindware Home Retail Private Limited	3,000.00	1,890.00
50,000 (previous year 50,000) HSIL Associates Limited	5.00	5.00
5,000 (previous year 5,000) Halis International Limited, Mauritius (Fully paid up equity shares USD 1 each)	2.54	2.54
Alchemy International Cooperatief U.A. (Member's contribution)	0.12	-
Others		
804,000 (previous year 804,000) Andhra Pradesh Gas Power Corporation Ltd.	1,073.61	1,073.61
iii) Fully paid-up preference shares of USD 1 each		
Subsidiary companies		
60,000 (previous year 45,000) Halis International Limited, Mauritius	29.77	22.82
	5,540.70	4,275.26
Aggregate cost of quoted investments	0.02	0.02
Aggregate cost of unquoted investments	5,540.68	4,275.24
* Deposited with government departments	0.52	0.52

During the year, the following current investments were purchased and sold:

- 1) 526,465.416 units of Reliance Medium Term Fund - Retail Plan- Growth Plan Option purchased at cost of Rs. 100.00 lacs and sold at Rs. 100.14 lacs
- 2) 789,602.514 units of Reliance Medium Term Fund - Retail Plan- Growth Plan Option purchased at cost of Rs. 150.00 lacs and sold at Rs. 150.20 lacs
- 3) 1,314,094.983 units of Reliance Medium Term Fund - Retail Plan- Growth Plan Option purchased at cost of Rs. 250.00 lacs and sold at Rs. 250.12 lacs

Schedules forming part of the financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 7		
Inventories		
(As taken, valued and certified by the management)		
Stores, spares and packing materials	2,522.93	1,977.49
Raw materials and components	1,224.22	1,268.96
Stock-in-process	499.36	333.43
Goods in transit*	72.12	105.51
Finished goods including goods purchased for sale	11,340.04	11,014.25
	15,658.67	14,699.64

* Includes raw materials and components Rs. 30.06 lacs (previous year Rs. 105.51 lacs) and stores and spares Rs. 42.06 lacs (previous year Nil).

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 8		
Sundry debtors		
(Unsecured unless otherwise stated)		
Debts outstanding for a period exceeding six months:		
Considered good		
Secured	-	29.43
Others	46.53	703.55
Considered doubtful	73.50	667.01
Other debts:		
Considered good		
Secured	339.48	271.75
Others	13,587.71	9,272.57
Considered doubtful	414.24	-
	14,461.46	10,944.31
Less: Provision for doubtful debts	487.74	667.01
	13,973.72	10,277.30

Schedules forming part of the financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 9		
Cash and bank balances		
Cash in hand	34.67	28.06
Remittance-in-transit	517.37	545.12
Balances with scheduled banks in:		
Current accounts	148.17	274.42
Deposit accounts *	875.86	7,042.69
Unpaid dividend accounts	44.37	36.22
Bonus fraction 2005 account	0.34	0.34
Share fraction 2006 account	0.30	0.30
With post office in savings account (pledged)	0.04	0.04
	1,621.12	7,927.19

* Rs. 543.53 lacs (previous year Rs. 300.44 lacs) are pledged with banks as margin money

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 10		
Other current assets		
Interest accrued but not due on loans and deposits	44.99	83.23
	44.99	83.23

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 11		
Loans and advances		
(Unsecured, considered good except where otherwise stated)		
Advance recoverable in cash or in kind or for value to be received	3,447.07	1,520.68
(including Rs. 26.89 lacs (previous year Rs. 26.89 lacs) considered doubtful of recovery)		
Balance with excise/sales tax authorities	2,127.69	2,128.81
Deposits	590.55	408.22
MAT credit entitlement	1,085.70	-
	7,251.01	4,057.71
Less: Provision for doubtful advances	26.89	26.89
	7,224.12	4,030.82

Advance recoverable in cash or in kind includes share application money amounting Rs. 779.96 lacs (previous year Nil) given to Halis International Limited, Mauritius, wholly owned subsidiary of the Company.

Schedules forming part of the financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 12		
Current liabilities and provisions		
a) Current liabilities		
Acceptances	478.06	2,885.24
Sundry creditors for goods, services and expenses		
Due to micro, small and medium enterprises (refer note 5 of schedule 20)	58.79	10.46
Others	9,736.08	9,615.76
Interest accrued but not due on loans	249.63	376.24
Advances against sales/ orders	333.73	562.88
Investor education and protection fund**		
Unclaimed dividend	44.37	36.22
Unclaimed share fraction 2006	0.30	0.30
Unclaimed bonus fraction 2005	0.34	0.34
Other liabilities*	3,687.82	2,922.07
b) Provisions	14,589.12	16,409.51
Employee benefits	297.32	261.37
Income tax (including fringe benefit tax)	144.74	241.76
(net of advance payment of Rs. 3,701.88 lacs, previous year Rs. 3,870.56 lacs)		
Proposed dividend	1,100.51	880.41
Tax on proposed dividend	187.03	149.62
	1,729.60	1,533.16
	16,318.72	17,942.67

* Including excise duty payable Rs. 1,120.87 lacs (previous year Rs. 780.27 lacs) on finished goods lying at Company's bonded warehouses.

** Not due for deposit

Schedules forming part of the financial statements

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 13		
Income from operations		
Sale of goods (net of returns)		
Domestic		
Sanitaryware, fittings and glassware	77,645.08	59,781.31
Export		
Sanitaryware, fittings and glassware	5,575.24	6,066.39
(including deemed export Rs. 3,221.93 lacs (previous year Rs. 2,802.43 lacs))	83,220.32	65,847.70
Others		
Scrap and other sales	352.39	298.04
	352.39	298.04
	83,572.71	66,145.74

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 14		
Other income		
Operating income		
Export incentives	352.32	79.59
Sundry balances and liabilities no longer required written back	141.92	113.03
Foreign exchange gain	295.19	304.41
Insurance claims received	142.67	141.91
Annual maintenance charges	21.57	-
Service charges	10.03	-
Provision for doubtful debts written back	150.00	-
Miscellaneous receipts	118.70	100.46
Total operating income	1,232.40	739.40
Non-operating income		
Rent received *	24.13	64.52
Interest income (gross) on: *		
- Loans to body corporates	0.20	1.03
- Deposits	62.02	18.40
- Margin money	27.34	19.73
- Dealers	16.60	23.38
Profit on sale of investments in liquid mutual funds (non trade - unquoted)	0.46	13.22
Profit on disposal of fixed assets	28.56	34.85
Total non-operating income	159.31	175.13
Total other income	1,391.71	914.53
* Income tax deducted at source	16.15	24.27

Schedules forming part of the financial statements

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 15		
Increase in stocks		
Opening stocks		
Finished goods including goods purchased for resale	11,014.25	11,006.69
Stock-in-process	333.43	567.58
	11,347.68	11,574.27
Less: Closing stocks		
Finished goods including goods purchased for resale	13,059.09	11,014.25
Stock-in-process	469.57	333.43
Less: Obsolete inventories written off	(2,131.99)	-
Add: Transferred from business reconstruction reserve (refer note 21 of schedule 20)	2,131.99	-
	13,528.66	11,347.68
	2,180.98	(226.59)
Less: Excise duty on increase/(decrease) in stock:		
Excise duty on opening stock	780.27	1,431.30
Less: Excise duty on closing stock	1,089.44	780.27
	309.17	(651.03)
Increase in stocks	1,871.81	424.44

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 16		
Personnel cost		
Salaries, wages and bonus	7,471.26	5,734.94
Contribution to provident and other funds	368.78	374.95
Staff and labour welfare expenses	399.26	305.17
	8,239.30	6,415.06

Schedules forming part of the financial statements

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 17		
Manufacturing, selling and general expenses		
Raw materials consumed *	13,939.09	10,016.14
Stores and spares consumed	2,843.34	2,076.83
Excise duty on stock transfers and others	99.84	84.54
Packing materials consumed	3,749.47	2,236.42
Power and fuel	16,687.09	12,336.84
Repairs to:		
Buildings	130.12	120.32
Plant and machinery (excluding stores consumption)	565.57	357.62
Other assets	201.48	184.54
Rent (including hire charges)	271.75	218.55
Rates and taxes	61.48	30.87
Directors fees	1.18	1.11
Expenditure on ceramic and applied research centre	24.67	14.12
Insurance	170.27	113.03
Travelling and conveyance	876.15	703.45
Discount	1,774.57	2,034.52
Commission on sales	249.99	163.72
Expenses on exports	391.79	707.27
Advertisement and publicity	1,040.93	919.40
Other selling and distribution expenses	3,250.02	1,754.93
Bad debts and advances written off	1,291.99	172.80
Charity and donations	60.22	10.52
Foreign exchange fluctuation	182.39	-
Loss on disposal and assets written off	69.77	12.13
Miscellaneous expenses	1,286.43	897.91
	49,219.60	35,167.58
Less: Transferred from business reconstruction reserve (refer note 21 of schedule 20)	1,600.64	-
	47,618.96	35,167.58

* Includes accessories and fittings aggregating to Rs. 548.39 lacs (previous year Rs. 369.30 lacs)

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 18		
Interest		
On term loans	2,846.03	897.45
Others*	1,162.64	766.19
	4,008.67	1,663.64

* Includes Rs. 393.92 lacs (previous year Rs. 254.33 lacs) incurred on account of discounting charges of commercial paper

Schedules forming part of the financial statements

SCHEDULE – 19

Significant Accounting Policies

1. Basis of preparation

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 including the Rules framed there under, except as specifically stated in note 20 in schedule 20 and also the Scheme of Arrangement as approved by the Hon'ble High Court of Calcutta. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amount of income and expenses during the period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

3. Revenue recognition

Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty and net of trade discounts, sales return and sales tax wherever applicable.

Interest

Interest income is recognised on time proportion basis at the applicable rates.

4. Export benefit/incentive

Benefit under the advance license scheme and duty free replenishment certificate are accounted for at the time of purchase of imported raw materials or sale of the license.

5. Fixed assets

Tangible

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure on account of restoration/ modification/ alteration in plant and machinery/ building, which increases the future benefit from the existing asset beyond its previously assessed standard of performance/ estimated useful life, is capitalised.

Intangible

Intangible assets are recognised if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company.

6. Depreciation and amortisation

A. Tangible

Depreciation on fixed assets has been provided on straight line method at the rates and in the manner prescribed under schedule XIV ("schedule") to the Companies Act, 1956, except the following:

- i. on assets acquired and put to use on or before 1 July 1987 in the glass division of the Company and on vehicles acquired till date in all the divisions of the Company, depreciation is provided on written down value method at the rates and in the manner prescribed in the schedule;

Schedules forming part of the financial statements

- ii. on furnaces (included in plant and machinery) having a cost of Rs. 11,245.15 lacs used in the glass division, depreciation is provided on straight line method, as technically assessed from time to time, based on expected useful lives of the furnaces. The rate presently being 16.21% per annum which is the rate as prescribed in the schedule;
- iii. cost of leasehold improvements is depreciated over the period of the lease or estimated useful life of the leasehold improvements, whichever is lower.
- iv. pre-operative expenditure including borrowing cost (net of revenue, where applicable) and foreign exchange differences on specific project loans incurred during the construction/trial run of the project is allocated on an appropriate basis to fixed assets upon commissioning.

B. Intangible

- i. Trademarks are being amortised over a period of ten years;
 - ii. Computer software (included in Computers in Schedule 5) are amortised over a period of six years;
- The depreciation and amortisation rates are indicative of the expected useful lives of the assets.

7. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are valued at the lower of cost and fair value. Long-term investments are stated at cost.

Provision is made for diminution in the value of long-term investments to recognise a decline, if any, other than temporary in nature.

Profit /loss on sale of investments are computed with reference to their cost determined on first in first out basis.

8. Inventories

a) Inventories are valued as follows:

Stores and spares, packing materials, raw materials including components and goods in transit - At lower of cost and net realisable 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.

Work- in-process - At cost up to estimated stage of completion.

Finished goods and goods purchased for resale - At lower of cost and net realisable value.

b) Cost of inventories is ascertained on the following basis:

Raw materials, stores and spare parts and packing materials - On weighted average basis.

Finished goods purchased for resale - On weighted average basis.

Cost of manufactured finished goods and stock in process comprises of material, labour and other related production overheads including depreciation.

9. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the profit and loss account.

Monetary items outstanding at the balance sheet date and denominated in foreign currencies are restated at the exchange rates prevailing at the balance sheet date. Differences arising on such restatement are recognised in the profit and loss account except to the extent permitted by the transitional provision contained in the Companies

Schedules forming part of the financial statements

(Accounting Standards) Amendment Rules, 2009 in respect of long term foreign currency monetary items, in which case the cost of fixed assets are adjusted by the translation differences and amortised over the remaining useful life of the related asset.

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

Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date if such mark to market results in exchange loss. Such exchange loss is recognised in the profit and loss account immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

10. Taxes on income

Tax expense comprises current income tax and deferred income tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year, in accordance with the Income Tax Act, 1961.

Deferred income tax reflects 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/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate tax ('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 period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account 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 it is not reasonably certain that the Company will pay normal income tax during the specified period.

11. Research and development

Research and development expenditure is charged to profit and loss account except capital expenditure, which is added to the cost of respective fixed assets in the year in which it is incurred.

12. Leases

a) Operating Lease

Lease rentals in respect of assets taken on operating lease are charged to the profit and loss account on a straight-line basis over the term of lease.

b) Finance Lease

Assets acquired on finance lease which transfer risk and rewards of ownership to the Company are capitalised as assets by the Company at the lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such assets. Amortisation of capitalised leased assets is computed on the straight line method over the useful life of the assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

Schedules forming part of the financial statements

13. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15":

a) Provident fund

The Company makes contributions to two independently constituted trusts and regional provident fund recognised by income tax authorities. In terms of the Guidance on implementing the revised AS – 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognised as an expense in the period in which services are rendered by the employee.

b) Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded as expense or income in the profit and loss account in the year in which such gains or losses arise.

c) Compensated absence

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent Actuary using the projected unit credit method. Actuarial gains or losses are recognised in the profit and loss account in the year they arise.

d) Other short term benefits

Expenses relating to other short term benefits including performance bonus is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

Schedules forming part of the financial statements

14. Earnings per share

Basic earnings per share is calculated by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue.

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.

15. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

16. Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made.

Schedules forming part of the financial statements

SCHEDULE – 20

Notes to the Financial Statements

		Rs. in lacs	
		2010	2009
1.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs. 1,592.87 lacs; Previous year Rs. 2,565.30 lacs)	2,965.21	731.39
2.	Contingent liabilities not provided for in respect of:		
a)	Demands raised by the excise authorities against which appeals have been filed	124.28	32.80
b)	Demands raised by the income tax authorities against which appeals have been filed	182.29	-
c)	Demands made by the sales tax authorities against which appeals have been filed	172.50	114.41
d)	Bank guarantees outstanding	747.29	312.63
e)	Guarantees given to a bank for availment of credit facilities by a subsidiary Company for Rs. 1,320 lacs. Amount outstanding as at the year end is:	481.96	-
f)	Claims against the Company not acknowledged as debts	1,964.20	1,761.87
3.	Unfulfilled export obligation under EPCG license of EXIM Policy	2,859.88	3,627.45

		Rs. in lacs	
		2010	2009
4.	Other liabilities include:		
	Directors' commission payable	492.85	439.46

5. Amount due to entities covered under Micro, Small and Medium Enterprises have been identified on the basis of confirmations received from these entities and information available with the Company. There was no amount due for more than forty five days payable to these identified entities at any time during the year.

		Rs. in lacs	
		2010	2009
6.	Miscellaneous expenses include payments to auditors for:		
a)	Audit fee	12.13	11.03
b)	Tax audit fee	1.65	1.65
c)	Certification and other services	2.10	2.84
d)	Reimbursement of expenses	2.74	1.91
	(including service tax wherever applicable)	18.62	17.43

Schedules forming part of the financial statements

7. Employee benefits

During the year the Company has recognised the following amounts in the profit and loss account.

a) Provident fund and other funds*:	Rs. in lacs	
	2010	2009
Employer's contribution to provident fund **	281.84	220.83
Employer's contribution to ESI	63.73	50.93

* included in contribution to provident and other funds (refer schedule 16)

** The Fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall, pending the issuance of the Guidance Note from the Actuarial Society of India, the measurement of actuarial valuation liability towards Provident Fund is not feasible. Accordingly, other related disclosures in respect of provident fund have not been furnished.

b) Defined benefit plan	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
	Gratuity Funded	Gratuity Funded
Amount recognised in the balance sheet :		
Present value of obligations	1,006.32	920.29
Fair value of plan assets	1,072.59	865.06
Net (asset)/liability recognised in the balance sheet	(66.27)	55.23
Amount recognised in profit and loss account:		
Current service cost	89.33	75.38
Interest cost	61.25	64.60
Expected return on plan assets	(69.20)	(74.20)
Actuarial (gain)/ loss (net)	(110.40)	(17.68)
Total included in 'Personnel Cost' *	(29.02)	48.10
Actual return on plan assets	205.53	24.70
* Refer schedule 16		
Reconciliation of opening and closing balances of benefit obligations and plan assets		
Change in defined benefit obligation		
Opening defined benefit obligation	920.29	998.18
Current service cost	89.33	75.38
Interest cost	61.25	64.60
Benefits paid	(90.48)	(150.68)
Actuarial (gain)/ loss	25.93	(67.19)
Closing defined benefit obligation	1,006.32	920.29
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	865.06	927.55
Expected return on plan assets	69.20	74.20
Actuarial gain/ (loss)	136.33	(49.51)
Employer's contribution	92.48	63.50
Contribution by plan participants	-	-
Settlement cost	-	-
Benefits paid	(90.48)	(150.68)
Fair value of plan assets at the end of the year	1,072.59	865.06
Assumptions used to determine the benefit obligations:		
Discount rate	7.00%	7.00%
Expected rate of increase in compensation levels	6.00%	6.00%
Expected rate of return on plan assets	8.00%	8.00%
Expected average remaining working lives of employees	16 Years	17 Years

Schedules forming part of the financial statements

Defined benefit plan (Contd.)	Rs. in lacs			
Amounts for the current and previous periods are as follows:	2009-10	2008-09	2007-08	2006-07
Defined benefit plan – Gratuity				
Defined benefit obligation	(1,006.32)	(920.29)	(998.18)	(762.63)
Plan Assets	1,072.59	865.06	927.55	752.70
Surplus/ (deficit)	66.27	(55.23)	(70.63)	(9.93)

The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was not informed by BSL of the investment made or the break down of plan assets by investment type, accordingly related disclosures are not included in these financial statements.

Estimated amount of benefits payable within next year are Rs. Nil (previous year Rs. 55.23 lacs).

c) Other long term benefit plans

Rs. in lacs		
	As at 31 March 2010	As at 31 March 2009
	Leave encashment	Leave encashment
Amount recognised in the balance sheet :		
Present value of obligations	297.32	206.14
Fair value of plan assets	-	-
	297.32	206.14
Unrecognised past service cost	-	-
Net liability recognised in the balance sheet	297.32	206.14
Amount recognised in profit and loss account:		
Current service cost	40.06	24.73
Interest cost	15.46	12.97
Expected return on plan assets	-	-
Actuarial (gain)/ loss (net)	82.78	6.36
Past service cost	-	-
Curtailment and settlement cost/(gain)	-	-
Total included in 'Personnel Cost' *	138.30	44.06
Actual return on plan assets	-	-
* Refer schedule 16		
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Opening benefit obligation	206.14	162.08
Current service cost	40.06	24.73
Interest cost	15.46	12.97
Benefits paid	(47.12)	-
Curtailment and settlement cost/ (credit)	-	-
Contribution by plan participants	-	-
Past service cost	-	-

Schedules forming part of the financial statements

Other long term benefit plans (Contd.)		Rs. in lacs
	As at 31 March 2010	As at 31 March 2009
	Leave encashment	Leave encashment
Actuarial (gain)/ loss	82.78	6.36
Closing benefit obligation	297.32	206.14
Assumptions used:		
Discount rate	7.50%	8.00%
Expected rate of increase in compensation levels	5.00%	5.50%
Expected average remaining working lives of employees	19.67 Years	18.11 Years

8. Deferred tax

Major components of deferred tax assets and liabilities are as given below:

	Rs. in lacs
	2010
Deferred tax liability	2009
On fiscal allowances on fixed assets	6,229.74
Deferred tax assets	4,584.30
On provision for doubtful debts, loans and advances	174.92
Other timing differences	235.86
	642.97
	117.50
	817.89
	353.36
Deferred tax liability (net)	5,411.85
	4,230.94

9. Earnings per share

	Rs. in lacs
	2010
Basic earnings per share	2009
Profit after tax before prior period item	5,654.25
Tax for earlier years	4,015.20
Less : Prior period item	(134.54)
	(277.00)
Profit attributable to equity shareholders after prior period item	5,242.71
Number of Shares	4,015.20
Weighted average number of shares outstanding during the year.	55,025,508
Nominal value per share (Rs.)	55,025,508
Earnings per share – basic and diluted before prior period item	2
Earnings per share – basic and diluted after prior period item	10.28
	7.30
	7.30

Schedules forming part of the financial statements

10. Related party transactions

a) Name of related parties and description of relationship:

(i) Subsidiaries – AGI Glasspack Limited.

Hindware Home Retail Private Limited
 HSIL Associates Limited
 Alchemy International Cooperatief U.A.
 Haas International B.V.
 Halis International Limited, Mauritius

(ii) Key management personnel

(Name of the relatives of key management personnel with whom the Company had transactions during the year are listed below).

Mr. R.K. Somany (Father)

Mr. Sandip Somany (Son)

(iii) Entities where significant influence is exercised by key management personnel and/ or their relatives having transactions with the Company:

- (a) Textool Mercantile Private Limited
- (b) Paco Exports Limited
- (c) New Delhi Industrial Promoters and Investors Limited
- (d) Soma Investments Limited
- (e) Hindusthan National Glass & Industries Limited

11. Related party disclosures

				Rs. in lacs	
Particulars		Subsidiaries	Key management Personnel and their Relatives	Other parties which significantly influence/are influenced by the Company (either individually or otherwise)	
		2010	2009	2010	2009
A.	a) Sale of Goods	89.10	33.58	-	-
	b) Purchase of trading goods	0.94	5.09	-	-
	c) Purchase of capital goods	-	1.97	-	-
	d) Expenses paid on behalf of subsidiary	7.21	8.36	-	-
	e) Rent paid	-	-	4.80	4.00
	f) Display charges	195.00	-	-	-
	g) Investment made	1,265.39	1,070.36	-	-
	h) Share application money	779.96	-	-	-
	i) Balance outstanding at the year end (receivable)/ payable	(569.18)	-	-	-
B.	Directors remuneration	-	-	599.84	544.12
	Balance outstanding at the year end - payable	-	-	422.45	376.68

12. In the opinion of the board of directors, current assets, loans and advances have a value on realisation in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

Schedules forming part of the financial statements

13. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	Rs. in lacs	
	2010	2009
Receivables and advances:		
Exports outstanding	610.89	952.59
Payables:		
Payable on imports	489.34	2,111.97
Loans:		
Buyers credit	1,630.53	-
Export packing credit	-	186.55

14. **Payment to directors***

	Rs. in lacs	
	2010	2009
a) Salary	153.43	131.74
b) Contribution to provident fund	18.41	15.81
c) Leave encashment paid	-	9.40
d) Commission	492.85	439.46
e) Monetary value of perquisites	5.55	10.49
f) Directors' sitting fee	1.18	1.11
Total	671.42	608.01

* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on overall Company basis.

Computation of net profit in accordance with Section 198 of the Companies Act, 1956 and the commission payable to directors

	Rs. in lacs	
	2010	2009
Net profit before tax	6,567.61	5,677.67
Add: Directors' remuneration including directors' fee	671.42	608.01
Add: Provision for doubtful debts and advances (net)	(150.00)	28.29
	7,089.03	6,313.97
Less:- Profit on sale of fixed assets (net)	18.54	22.72
Less:- Profit on sale of investments (net)	0.46	13.22
Net profit for the year in accordance with section 198 of the Companies Act, 1956	7,070.03	6,278.03
i) Commission payable to whole-time directors		
a) Chairman & Managing Director	211.22	188.34
(Restricted to 3% of net profit as calculated above)	211.22	188.34
b) Joint Managing Director		
(Restricted to 3% of net profit as calculated above)		
ii) Commission payable to non-whole-time directors	70.41	62.78
(Restricted to 1% of net profit as calculated above)		

Schedules forming part of the financial statements

15. Particulars relating to foreign exchange

a) Value of imports calculated on C.I.F. basis

	Rs. in lacs	
	2010	2009
Raw materials and components	4,668.61	3,078.83
Spares	822.09	278.95
Capital goods	1,432.05	84.45
Goods purchased for resale	3,441.53	3,061.46
Total	10,364.28	6,503.69

b) Expenditure in foreign currency

	Rs. in lacs	
	2010	2009
Commission on exports	19.78	25.56
Travelling	129.35	132.32
Consultancy fee (net of tax)	413.72	528.92
Designs and drawings	-	167.80
Interest to bank (net of tax)	759.12	405.32
Rent	2.34	1.29
Others	19.45	8.23
Total	1,343.76	1,269.44

c) Earnings in foreign exchange

	Rs. in lacs	
	2010	2009
FOB value of export of goods	1,975.49	2,686.59
Total	1,975.49	2,686.59

d) Value of imported and indigenous raw materials, stores and spares consumed

Raw material and components:			Rs. in lacs	
	2010		2009	
	Value	%	Value	%
Imported	5,292.04	38	3,102.44	31
Indigenous	8,647.05	62	6,913.70	69
Total	13,939.09	100	10,016.14	100

Stores and spare parts consumed:

Stores and spare parts consumed:			Rs. in lacs	
	2010		2009	
	Value	%	Value	%
Imported	392.67	14	289.16	14
Indigenous	2,450.67	86	1,787.67	86
Total	2,843.34	100	2,076.83	100

Schedules forming part of the financial statements

16 Particulars in respect of goods manufactured / traded

Class of Goods	Unit of Measurement	Licensed/Registered Capacity	Installed Capacity	Production Qty.	Purchase Value	Opening Stock		Closing Stock		Sales	
						Qty.	Value	Qty.	Value	Qty.	Value
Sanitaryware, fittings and other allied products	M.T	NA	28,000 (32,000)	23,167 (24,169)	10,798.68 (9,541.84)	14,205 (17,208)	8,847.53 (9,019.34)	10,697 (14,205)	6,326.37 (8,847.53)	26,675 (27,172)	38,161.36 (33,223.51)
Plaster of Paris	M.T	NA	3,000 (3,000)	466 (127)	-	56 (95)	3.24 (1.03)	6 (56)	2.06 (3.24)	516 (166)	-
Refractories	M.T	NA	1,200 (1,200)	-	-	-	-	-	-	-	-
Zirconium Opacifier	M.T	NA	600 (600)	-	-	-	-	-	-	-	-
Heat Rings	NOS.	NA	500,000 (500,000)	100,650 (81,000)	-	40,600 (18,970)	-	42,800 (40,600)	-	98,450 (59,370)	2.40 (2.03)
Acide Resistant Tiles	NOS.	NA	650,000 (650,000)	-	-	160 (160)	-	160 (160)	-	-	-
Glass Bottles / Containers	Lac Pcs.	NA	16,431 (16,431)	11,756 (8,685)	-	942 (1,042)	2,163.48 (1,986.33)	2,066 (942)	5,011.61 (2,163.48)	10,632 (8,785)	45,056.56 (32,622.16)
Scrap & Other Sales			-	-	-	-	-	-	-	-	352.39 (298.04)

1 Installed capacity has been certified by the management, which the auditors have relied on without verification as this is a technical matter.

2 Production includes captive consumption.

3 Sales quantities include free replacement, breakage, samples, etc. the quantity whereof has not been separately determined.

4 Value of purchases, sales & stocks of sanitaryware & fittings include the value of fitting items. In view of practical difficulties, the quantitative details of fitting items have not been included above.

5 Previous year's figures are given in brackets.

Schedules forming part of the financial statements

17. Raw material and components consumed

Description	2010		2009	
	Rs. in lacs		Rs. in lacs	
	Qty. (M.T.)	Value	Qty. (M.T.)	Value
Clays	20,561	649.57	17,367	485.46
Soda Ash	42,143	4,973.89	21,832	3,478.81
Cullets	93,827	3,226.56	90,278	3,048.33
Quartz/Feldspar	10,724	236.04	10,831	186.78
Others	-	4,853.03	-	2,816.76
Total		13,939.09		10,016.14

18. Expenditure during construction period

	2010		2009	
	Rs. in lacs		Rs. in lacs	
Balance brought forward from previous year	-		92.89	
Add:				
- Raw material consumed	397.88		-	
- Packing material consumed	55.74		-	
- Repairs	3.74		-	
- Selling expenses	1.82		-	
- Stores and spares consumed	204.27		17.92	
- Power and fuel	476.27		41.74	
- Insurance	5.49		10.44	
- Rates and taxes	0.29		7.59	
- Traveling and conveyance	7.88		82.01	
- Rent and hiring charges	19.08		38.19	
- Salary, wages and bonus	66.45		305.26	
- Contribution to provident and other funds	2.61		20.80	
- Staff and labour welfare expenses	2.77		13.08	
- Interest paid	226.48		2,394.34	
- Foreign exchange fluctuation loss	54.02		1,648.15	
- Miscellaneous expenses	20.35		140.42	
Total (A)	1,545.14		4,812.83	
Less :				
- Sales	636.42		-	
- Increase in stocks including excise duty	411.30		-	
- Miscellaneous receipts	10.94		14.74	
- Misc. sales	0.97		1.26	
- Interest received	18.45		190.46	
- Provision for taxation	(6.27)		(64.39)	
- Insurance claim received	-		2.24	
Total (B)	1,071.81		144.31	
Total (A-B)	473.33		4,668.52	
Allocated to fixed assets	473.33		2,580.02	
Balance allocated to capital work-in-progress	-		2,088.50	
Balance carried forward	-		-	

Schedules forming part of the financial statements

19. Expenditure on ceramic and applied research centre

	Rs. in lacs	
	2010	2009
Salaries, wages and bonus	16.19	8.75
Contribution to provident and other funds	0.84	0.63
Stores and spares consumed	7.64	4.74
Total	24.67	14.12

20. Upto 31 March, 2008, the Company was recognising translation differences arising on long term foreign currency monetary items (i.e. monetary assets or liabilities expressed in foreign currency and having a term of 12 months or more at the date of origination) in the profit and loss account. Pursuant to Companies (Accounting Standards) Amendment Rules, 2009, the Company has exercised the option of deferring the recognition of Profit and Loss account in respect of accounting periods commencing on or after 7 December 2006. As a result, net foreign exchange transaction gain amounting to Rs. 1,237.30 lacs relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets.

21. The Hon'ble Calcutta High Court vide its order dated 26 March 2010 approved a scheme of arrangement between the Company and its shareholders ("the Scheme"). The Scheme provides that with effect from April 01, 2009, the Appointed Date, all or such of the immovable properties in the form of land and buildings, as the Company considers relevant and appropriate, will be reinstated at their respective fair values as determined by recognised valuers. Consequently, any adjustments (debit/credit) on account of such revaluation would be reflected in Business Reconstruction Reserve Account ("BRR") of the Company.

The Scheme provides that in addition to the aforementioned revaluation, any or all of the immovable properties in the form of land and buildings, as the Company considers relevant and appropriate up to 31 March 2012, may further be reinstated at their respective fair values as determined by recognised valuers with the consequent adjustments (debit/credit) on account of such revaluation being reflected in the Business Reconstruction Reserve Account of the Company.

The Scheme further provides that the aggregate amount under the BRR created by way of revaluation of land and buildings would be utilised, to the extent considered necessary and appropriate by the Board of Directors of the Company from time to time, to adjust certain expenses as mentioned in the Scheme until the balance is available in the BRR account.

In terms of the Scheme, the Company revalued one of its freehold land by crediting Rs. 23,500.00 lacs to the BRR and has transferred Rs. 3,732.63 lacs from the BRR to the profit and loss account for the year ended 31 March 2010, as deemed appropriate by the Board of Directors on account of the following expenses charged in the profit and loss account:

1. Write –off of old non-recoverable receivables and advances aggregating to Rs. 1,291.99 lacs;
2. Write-off of old non-moving and slow moving inventories aggregating to Rs. 2,291.65 lacs;
3. Write-off certain fixed assets aggregating to Rs. 59.76 lacs; and
4. Expenses incurred in connection with the Scheme or purposes mentioned there in aggregating to Rs. 89.23 lacs.

Pursuant, the Scheme, the Company has also transferred Rs. 10,000 lacs from the BRR to the General Reserve as on March 31, 2010. As per undertaking provided by the Company to the stock exchange, this amount transferred to the General Reserve shall not be utilised for either payment of dividends or issue of bonus shares in accordance with the provisions of the Companies Act, 1956.

Schedules forming part of the financial statements

The applicable Indian Generally Accepted Accounting Standards and Principles do not provide for revaluation of part of a class of asset and credit of amounts released from reserves to the profit and loss account but the said accounting treatment has been followed as prescribed under the Scheme approved by Hon'ble Calcutta High Court. Had this not been done, profit after tax would have been lower by Rs. 3,732.63 lacs and reserves would be have been lower by Rs. 23,500 lacs.

22. Prior period items comprise of deferred tax correction of Rs. 277.00 lacs and income tax correction of Rs. 134.54 lacs.
23. Previous year figures have been regrouped/recast wherever considered necessary to make them comparable with those of the current year.



Ruchika Gupta
Company Secretary



V. K. Ajmera
Vice President (Corporate Finance)



Sandip Somany
Joint Managing Director

For and on behalf of the Board of Directors



Rajendra K Somany
Chairman & Managing Director

For **Walker, Chandiok & Co.**
Chartered Accountants



Per **B. P. Singh**
Partner

Membership No. 70116

Place : Gurgaon
Date : 20 May 2010

(i) Registration details

(ii) Capital Raised During the year

(iii) Position of mobilisation and deployments of funds (Rs. in lacs)

Sources of Funds

Application of Funds

(iv) Performance of Company (Rs. in lacs)

(v) Generic Names of Two Principal Products of the Company

For and on behalf of the Board of Directors


Rajendra K Somany
Chairman & Managing Director

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AGI Glasspack

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Consolidated Auditors' Report

To

The Board of Directors of HSIL Limited (formerly known as Hindustan Sanitaryware & Industries Limited)

1. We have audited the attached consolidated balance sheet of HSIL Limited (formerly known as Hindustan Sanitaryware & Industries Limited) ("the Company") and its subsidiaries collectively referred to as the "HSIL Group" as at 31 March 2010, the consolidated profit and loss account and also the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the HSIL Group and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 2,251.88 lacs as at 31 March 2010, the total revenue of Rs. Nil and cash out flows amounting to Rs. 763.00 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of other auditors.
4. Without qualifying our opinion, we draw attention to Note 18 on Schedule 21 to the financial statements regarding the Scheme of Arrangement ('the Scheme'), approved by Hon'ble High Court at Kolkata. In terms of the Scheme, the Company has revalued only a portion of its freehold land by crediting the resulting gain of Rs. 23,500 lacs to the Business Reconstruction Reserve Account ("the BRR account") and has transferred Rs. 3,732.63 lacs (detailed in the Note) from the BRR account to the profit and loss account. The applicable accounting standards and generally accepted accounting principles do not provide for revaluation of part of a class of asset and credit of amounts released from reserves to the profit and loss account. However, the Company has followed the accounting treatment as prescribed under the Scheme approved by Hon'ble High Court at Kolkata. Had the Company followed the generally accepted accounting principles, the profit after tax would have been lower by Rs. 3,732.63 lacs and reserves would have been lower by Rs. 23,500 lacs.
5. We report that the consolidated financial statements have been prepared by HSIL Group's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India; in case of:
 - (a) the consolidated balance sheet, of the state of affairs of the HSIL Group as at 31 March 2010;
 - (b) the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (c) the consolidated cash flow statement, of the cash flows for the year ended on that date.

For Walker, Chandiook & Co

Chartered Accountants

Firm Registration No: 001076N



per **B. P. Singh**

Partner

Place : Gurgaon

Date : 20 May 2010


Membership No. 70116

Consolidated Balance Sheet

		Rs. in lacs	
	Schedule	As at 31 March 2010	As at 31 March 2009
SOURCES OF FUNDS			
Shareholders' fund			
Share capital	1	1,100.55	1,100.55
Reserves and surplus	2	45,628.48	22,798.76
		46,729.03	23,899.31
Loan funds			
Secured	3	31,373.70	43,319.36
Unsecured	4	17,889.11	3,754.82
		49,262.81	47,074.18
Deferred tax liability (net) (Refer note 8 on Schedule 21)		5,411.85	4,230.94
		101,403.69	75,204.43
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		103,589.83	64,667.05
Less: Accumulated depreciation and amortisation		26,800.12	22,419.43
Net block		76,789.71	42,247.62
Capital work-in-progress (including spares and capital advances)		806.49	12,515.10
		77,596.20	54,762.72
Investments	6	1,172.49	1,079.52
Current assets, loans and advances			
Inventories	7	16,257.80	15,093.98
Sundry debtors	8	14,191.88	10,277.30
Cash and bank balances	9	2,468.28	7,971.25
Other current assets	10	44.99	83.23
Loans and advances	11	6,736.33	4,212.25
		39,699.28	37,638.01
Less:			
Current liabilities and provisions	12		
a) Current liabilities		15,319.93	16,732.85
b) Provisions		1,744.53	1,543.21
		17,064.46	18,276.06
Net current assets		22,634.82	19,361.95
Miscellaneous expenditure (To the extent not written off or adjusted)	13	0.18	0.24
		101,403.69	75,204.43
Significant accounting policies	20		
Notes to the financial statements	21		

The schedules referred to above form an integral part of the consolidated financial statements


Ruchika Gupta
Company Secretary


V. K. Ajmera
Vice President (Corporate Finance)



Sandip Somany
Joint Managing Director

For and on behalf of the Board of Directors

Rajendra K Somany
Chairman & Managing Director

This is the Consolidated Balance Sheet referred to in our report of even date
For **Walker, Chandiok & Co.**
Chartered Accountants

Place : Gurgaon
Date : 20 May 2010


Per **B. P. Singh**
Partner
Membership No. 70116

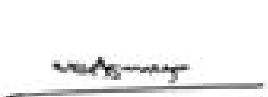
Consolidated Profit and Loss Account

			Rs. in lacs
	Schedule	Year ended 31 March 2010	Year ended 31 March 2009
INCOME			
Income from operations	14	85,122.87	66,658.84
Less: Excise duty on sale of goods		4,699.20	5,081.39
		80,423.67	61,577.45
Other income	15	1,462.43	940.30
Increase in stocks	16	2,075.85	490.66
		83,961.95	63,008.41
EXPENDITURE			
Goods purchased for resale		11,912.34	9,874.82
Personnel cost	17	8,799.37	6,778.71
Manufacturing, selling and general expenses	18	48,511.25	35,746.90
		69,222.96	52,400.43
Profit before interest, depreciation, amortisation and tax		14,738.99	10,607.98
Interest	19	4,019.49	1,681.03
Depreciation and amortisation	5	5,029.36	2,839.69
Profit before tax and exceptional items		5,690.14	6,087.26
Loss on foreign exchange fluctuations		-	1,153.26
Profit before tax		5,690.14	4,934.00
Tax expense			
Current tax		1,095.18	828.39
MAT credit entitlement		(1,085.70)	-
Taxes for earlier years		0.38	(85.74)
Deferred tax		903.91	821.19
Fringe benefit tax		-	103.58
Profit after tax before prior period item		4,776.37	3,266.58
Prior period item			
Taxes for earlier years (refer note 19 of schedule 21)		(411.54)	(94.00)
Profit after tax and prior period item		4,364.83	3,172.58
Balance transferred from previous year		10,493.43	8,850.88
Balance available for appropriation		14,858.26	12,023.46
APPROPRIATIONS			
Transferred to general reserve		600.00	500.00
Proposed dividend on equity shares		1,100.51	880.41
Tax on proposed dividend		187.03	149.62
Balance carried to balance sheet		12,970.72	10,493.43
		14,858.26	12,023.46
Basic & diluted earning per share before prior period item		8.68	5.94
Basic & diluted earning per share after prior period item (Refer note 11 on schedule 21)		7.93	5.77
Significant accounting policies	20		
Notes to the financial statements	21		

The schedules referred to above form an integral part of the consolidated financial statements



Ruchika Gupta
Company Secretary

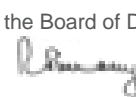


V. K. Ajmera
Vice President (Corporate Finance)



Sandip Somany
Joint Managing Director

For and on behalf of the Board of Directors



Rajendra K Somany
Chairman & Managing Director

This is the Consolidated Profit and Loss Account referred to in our report of even date
For **Walker, Chandiok & Co.**
Chartered Accountants



Per B. P. Singh
Partner
Membership No. 70116

Place : Gurgaon
Date : 20 May 2010

Consolidated Cash Flow Statement

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	5,690.14	4,934.00
Adjustments for:		
Depreciation and amortisation	5,029.36	2,839.69
Miscellaneous expenditure	0.06	0.09
(Profit)/loss on fixed assets discarded/sold (net)	(15.55)	(23.31)
Interest expense	4,019.49	1,681.03
Interest income	(106.42)	(62.62)
(Profit)/loss on sale of investments (net)	(0.80)	(13.32)
Sundry balances and liabilities no longer required written back	(141.92)	(113.03)
Unrealised foreign exchange on consolidation gain/loss (net)	(14.94)	-
Bad debts and provision for doubtful debts and advances	(150.00)	51.71
Operating Profit before working capital changes	14,309.42	9,294.24
Adjustments for :		
(Increase)/ decrease in inventories	(3,455.49)	(389.54)
(Increase)/ decrease in trade/other receivable	(6,489.40)	(2,942.82)
(Decrease)/ increase in trade/other payables	(1,200.12)	6,667.23
Cash generated from operations	3,164.41	12,629.11
Direct taxes paid	(1,333.48)	(789.33)
Net cash from operating activities	1,830.93	11,839.78
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(9,098.51)	(28,300.97)
Proceeds from sale of fixed assets	157.79	111.91
Purchase of investments	(597.55)	(4.80)
Sale proceeds of investments	505.39	310.95
Movement in restricted cash equivalent	(272.66)	29.84
Interest received	144.66	(10.60)
Loans and advances recovered	-	(6.00)
Net cash used in investing activities	(9,160.88)	(27,869.67)

Consolidated Cash Flow Statement

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	6,806.09	25,979.53
Repayment of long term borrowings	(4,370.46)	(2,798.34)
Proceeds from short term borrowings (net)	4,286.66	1,913.40
Expenditure incurred on preliminary expenses	-	(0.30)
Interest paid	(4,146.09)	(1,324.65)
Dividend paid	(872.26)	(818.90)
Taxes on dividend	(149.62)	(140.27)
Net cash from financing activities	1,554.32	22,810.47
Net (decrease)/ increase in cash and cash equivalents	(5,775.63)	6,780.58
Cash and cash equivalents in the beginning	7,632.88	852.30
Cash and cash equivalents at the close	1,857.25	7,632.88
Note:		
Cash and cash equivalents include:		
Cash and cheques in hand and remittances in transit	581.47	577.32
Balances with bank	1,275.78	7,055.56
Cash and cash equivalents	1,857.25	7,632.88
Balances in fixed deposit accounts - pledged	565.98	301.47
Balances in unpaid dividend accounts	44.37	36.22
Bonus fraction 2005 account	0.34	0.34
Share split fraction 2006 account	0.30	0.30
Balance in post office savings account (pledged)	0.04	0.04
Balance with bank not considered as cash equivalents	611.03	338.37
Cash and bank balances as per Balance Sheet	2,468.28	7,971.25



Ruchika Gupta
Company Secretary



V. K. Ajmera
Vice President (Corporate Finance)



Sandip Somany
Joint Managing Director



Rajendra K Somany
Chairman & Managing Director

For and on behalf of the Board of Directors

This is the Consolidated Cash Flow Statement referred to in our report of even date
For **Walker, Chandiok & Co.**
Chartered Accountants



Per **B. P. Singh**
Partner
Membership No. 70116

Place : Gurgaon
Date : 20 May 2010

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 1		
Share capital		
Authorised		
100,000,000 (previous year 75,000,000) equity shares of Rs. 2 each	2,000.00	1,500.00
	2,000.00	1,500.00
Issued		
55,029,333 (previous year 55,029,333) equity shares of Rs. 2 each	1,100.59	1,100.59
	1,100.59	1,100.59
Subscribed and paid-up*		
55,025,508 (previous year 55,025,508) equity shares of Rs. 2 each fully paid-up	1,100.51	1,100.51
Add: Forfeited shares	0.04	0.04
	1,100.55	1,100.55

*Of the above shares, 24,268,638 equity shares of Rs. 2 each (previous year 24,268,638 equity shares of Rs. 2 each) were allotted as fully paid-up by way of bonus shares by capitalisation of revenue reserves, 67,500 equity shares of Rs. 10 each fully paid-up (now stands split into 337,500 equity shares of Rs. 2 each, previous year 337,500 equity shares of Rs. 2 each) were issued to the equity shareholders of the erstwhile The Associated Glass Industries Limited pursuant to the scheme of amalgamation and 365,645 equity shares of Rs. 10 each fully paid up (now stands split into 1,828,225 equity shares of Rs. 2 each, previous year 1,828,225 shares of Rs. 2 each fully paid up) were issued to the equity shareholders of the erstwhile Krishna Ceramics Limited pursuant to the scheme of amalgamation.

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE- 2		
Reserves and surplus		
i) Capital reserve		
a) On account of amalgamation with erstwhile Krishna Ceramics Limited	3.33	3.33
b) Forfeited amount of debentures	19.97	19.97
c) Forfeited amount of upfront payment for naked warrants	97.50	97.50
d) Profit on acquisition of shares	0.26	0.26
	121.06	121.06
ii) Central subsidy reserve	25.00	25.00
iii) Securities premium account		
As per last year	6,840.63	6,840.63
	6,840.63	6,840.63
iv) General reserve		
As per last year	5,303.64	4,803.64
Add: Transferred from profit and loss account	600.00	500.00
Add: Transferred from Business reconstruction reserve (refer note 18 on schedule 21)	10,000.00	-
	15,903.64	5,303.64
Note: Of the above Rs. 10,000 lacs cannot be used for issue of bonus shares and payment of dividend		
v) Capital redemption reserve	15.00	15.00
vi) Business reconstruction reserve (refer note 18 on schedule 21)		
Revaluation of land	23,500.00	-
Less: Transferred to Profit and Loss Account (refer schedule 16 & 18)	3,732.63	-
Less: Transferred to General Reserve	10,000.00	-
	9,767.37	-
vii) Foreign currency translation reserve account	(14.94)	-
viii) Profit and loss account		
Surplus in profit and loss account	12,970.72	10,493.43
	45,628.48	22,798.76

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 3		
Secured loans		
From banks:		
Cash credit accounts	864.58	12,212.24
Buyers credit	2,152.13	-
(Secured by hypothecation of stocks and book debts and further secured by second charge on all the fixed assets located at Bahadurgarh, Bibinagar and Sanathnagar)		
Term loans from banks*	28,351.68	31,086.85
(Term loans of Rs. 1,532.31 lacs [Previous year Rs. 4,653.65 lacs] are payable within one year)		
Car finance loans from banks and bodies corporate	5.31	20.27
(Secured by hypothecation of vehicles financed out of proceeds of loans)		
(Amount payable within one year Rs. 4.47 lacs (previous year Rs. 14.16 lacs))		
	31,373.70	43,319.36

***Notes:-**

- 1) Term loan includes External Commercial Borrowings (ECB) loans of **Honkong and Shanghai Bank Corporation**, **CITI Bank** and **Standard Chartered Bank** are secured by way of hypothecation of the whole of fixed assets including movable plant & machinery, machine spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company located at Sanathnagar and Bhongir.
- 2) Rupee term loan from :
 1. **Andhra Bank:** Term loan is secured by way of hypothecation of the whole of fixed assets including movable plant & machinery, machine spares, tools and accessories (both present and future) pertaining to the ceramic division of Company located at Bibinagar, District Nalgonda, Andhra Pradesh and secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of ceramic division located at Bibinagar, District Nalgonda, Andhra Pradesh and Gurgaon office of the Company.
 2. **Dhanalakshmi Bank Ltd:** Term loan is secured by way of hypothecation of the whole of fixed assets including movable plant & machinery, machine spares, tools and accessories (both present and future) pertaining to the ceramic division of Company located at Bahadurgarh, District Jhajjar, Haryana and further to be secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of ceramic division of the Company located at Bahadurgarh, District Jhajjar, Haryana.
 3. **DBS Bank Ltd:** Term loan is secured by way of hypothecation of the whole of vacant freehold land located at Sitarampur, Isnapur, PO Medak District, Andhra Pradesh, near Hyderabad and further to be secured by first pari-passu charge by way of mortgage of deposit of title deeds of the Company.
 4. **Central Bank of India:** Term loan is secured by way of hypothecation of the furniture, fixture, plant, machineries, equipments and all other fixed assets of Hindware Home Retail Private Ltd. and also secured against a corporate guarantee provided by HSIL Limited.

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 4		
Unsecured loans		
Short term		
Trade deposits from dealers	736.56	692.91
From banks:		
Commercial paper	8,000.00	-
Supplier bills discounted	-	51.39
Packing credit accounts	-	510.07
Short term loans	6,000.00	-
Other		
Deferred sales tax credit	3,152.55	2,500.45
	17,889.11	3,754.82

Notes:

- 1 Maximum amount outstanding on commercial paper during the year Rs. 8,000 lacs (previous year Rs. 6,000 lacs).
- 2 The amount of deferred sales tax credit is subject to assessment by sales tax authorities.
- 3 As per agreement with Commercial Tax Department, Hyderabad, deferred sales tax credit relating to the glass division located at Sanathnagar amounting to Rs. 1,545.48 lacs (previous year Rs. 1,138.25 lacs) and ceramic division located at Bibinagar amounting to Rs. 1,607.07 lacs (previous year Rs. 1,362.20 lacs) is secured against the moveable and immovable properties of the Company. However, the charge is not yet been registered with the Registrar of Companies, West Bengal.

Schedules forming part of the Consolidated financial statements

SCHEDULE - 5 Fixed Assets										Rs. in lacs	
Particulars	Gross block			Depreciation/ amortisation			Net block				
	As at 01 April 2009	Addition during the year	Sales/ Revaluation Adjustment	As at 31 March 2010	As at 01 April 2009	For the year	Sales/ Adjustment	As at 31 March 2010	As at 31 March 2010		
Intangible											
Trade Mark	300.00	-	-	300.00	300.00	-	-	300.00	-	-	-
Goodwill	0.26	-	-	0.26	0.12	-	-	0.12	0.14	0.14	0.14
Tangible											
Land freehold	2,535.49	-	-	26,035.49	-	-	-	-	26,035.49	2,535.49	2,535.49
Building	14,047.13	1,627.05	-	15,674.18	1,700.59	380.74	-	2,081.33	13,592.85	12,346.54	12,346.54
Plant & Machinery	43,199.51	13,333.56	172.14	56,360.93	18,816.98	4,019.10	160.56	22,675.52	33,685.41	24,382.53	24,382.53
Vehicles	1,208.16	406.22	193.07	1,421.31	526.82	200.91	111.91	615.82	805.49	681.34	681.34
Office Equipments	395.07	102.85	39.55	458.37	119.76	24.61	18.72	125.65	332.72	275.31	275.31
Computers	1,851.62	164.36	372.46	1,643.52	757.34	261.01	345.48	672.87	970.65	1,094.28	1,094.28
Furniture & Fixtures	735.63	256.35	13.71	978.27	167.36	58.41	12.00	213.77	764.50	568.27	568.27
Leasehold Land	30.00	-	-	30.00	2.55	1.00	-	3.55	26.45	27.45	27.45
Leasehold Building	364.18	323.32	-	687.50	27.91	83.58	-	111.49	576.01	336.27	336.27
Total	64,667.05	16,213.71	790.93	103,589.83	22,419.43	5,029.36	648.67	26,800.12	76,789.71	42,247.62	42,247.62
Previous Year	45,719.96	20,381.66	1,434.57	64,667.05	20,925.71	2,839.69	1,345.97	22,419.43	42,247.62		

* Refer note 18 in Schedule 21

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 6		
Investments		
Long Term		
Non Trade		
i) Government securities* - Unquoted:		
National Savings Certificates	1.18	1.13
ii) Fully paid-up equity shares of Rs.10 each - Quoted:		
125 (previous year 125) Neycer India Limited	0.01	0.01
50 (previous year 50) Swastik Sanitarywares Limited	0.01	0.01
Trade - Unquoted		
Others		
804,000 (previous year 804,000) Andhra Pradesh Gas Power Corporation Ltd.	1,073.61	1,073.61
	1,074.81	1,074.76
Current		
i) Mutual Fund - Non trade (unquoted)		
(Units of Rs. 10 each fully paid up)		
2,624.886 (previous year Nil) HDFC Prudence Fund - Growth	4.50	-
1,042.341 (previous year 26,444.236) HDFC Liquid Fund - Growth	0.18	4.76
488,273.599 (previous year Nil) Reliance Medium Term Fund - Growth	93.00	-
	97.68	4.76
	1,172.49	1,079.52
Aggregate cost of quoted investments	0.02	0.02
Aggregate cost of unquoted investments	1,172.47	1,079.50
Aggregate net asset value of mutual fund investments	97.68	4.76
* Deposited with government departments Rs. 0.52 lacs (previous year Rs. 0.52 lacs)		

During the year, following current investments were purchased and sold:

- 1 526,465.416 units of Reliance Medium Term Fund - Retail Plan- Growth Plan Option purchased at cost of Rs. 100.00 lacs and sold at Rs. 100.14 lacs.
- 2 789,602.514 units of Reliance Medium Term Fund - Retail Plan- Growth Plan Option purchased at cost of Rs. 150.00 lacs and sold at Rs. 150.20 lacs
- 3 1,314,094.983 units of Reliance Medium Term Fund - Retail Plan- Growth Plan Option purchased at cost of Rs. 250.00 lacs and sold at Rs. 250.12 lacs
- 4 56,790.754 units of HDFC Liquid Fund - Growth Option purchased at cost of Rs. 10.00 lacs and sold at Rs. 10.08 lacs

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 7		
Inventories		
(As taken, valued and certified by the management)		
Stores, spares and packing materials	2,522.93	1,977.49
Raw materials and components	1,224.22	1,268.96
Stock-in-process	499.36	333.43
Goods in transit*	72.87	105.51
Finished goods including goods purchased for sale	11,938.42	11,408.59
	16,257.80	15,093.98

* Includes raw materials and components Rs. 30.06 lacs (previous year Rs. 105.51 lacs), stores and spares Rs. 42.06 lacs (previous year Nil) and finished goods Rs. 0.75 lacs (previous year Nil).

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 8		
Sundry debtors		
(Unsecured unless otherwise stated)		
Debts outstanding for a period exceeding six months:		
Considered good		
Secured	-	29.43
Others	52.65	703.55
Considered doubtful	73.50	667.01
Other debts:		
Considered good		
Secured	339.48	271.75
Others	13,799.75	9,272.57
Considered doubtful	414.24	-
	14,679.62	10,944.31
Less: Provision for doubtful debts	487.74	667.01
	14,191.88	10,277.30

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 9		
Cash and bank balances		
Cash in hand	55.34	32.20
Remittances-in-transit	526.13	545.12
Balances with banks in:		
Current accounts	943.45	313.31
Fixed deposit accounts*	898.31	7,043.72
Unpaid dividend accounts	44.37	36.22
Bonus fraction 2005	0.34	0.34
Share fraction 2006	0.30	0.30
With post office in savings account (pledged)	0.04	0.04
	2,468.28	7,971.25

*Rs. 565.98 lacs (previous year Rs. 301.47 lacs) are pledged with banks as margin money

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 10		
Other current assets		
Interest accrued but not due on loans and deposits	44.99	83.23
	44.99	83.23

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 11		
Loans and advances		
(Unsecured, considered good except where otherwise stated)		
Advance recoverable in cash or in kind or for value to be received	2821.04	1561.96
(including Rs. 26.89 lacs (previous year Rs. 26.89 lacs) considered doubtful of recovery)		
Balance with excise/sales tax authorities	2127.69	2166.62
Deposits	728.79	510.56
MAT credit entitlement	1085.70	-
	6763.22	4239.14
Less: Provision for doubtful advances	26.89	26.89
	6736.33	4212.25

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 12		
Current liabilities and provisions		
a) Current liabilities		
Acceptances	478.06	2,885.24
Sundry creditors for goods, services and expenses		
Due to Micro, Small and Medium enterprises (Refer note 5 of Schedule 21)	58.79	10.46
Others	10,230.80	9,769.73
Interest accrued but not due on loans/debentures	249.63	376.24
Advance against sales/orders	333.73	562.88
Investor education & protection fund**		
Unclaimed dividend	44.37	36.22
Unclaimed share fraction 2006	0.30	0.30
Unclaimed bonus fraction 2005	0.34	0.34
Other liabilities*	3,923.91	3,091.44
	15,319.93	16,732.85
b) Provisions		
Employee benefits	312.22	270.58
Income tax (including fringe benefit tax)	144.77	242.60
(net of advance payment of Rs. 3,712.74 lacs, previous year Rs. 3,877.04 lacs)		
Proposed dividend	1,100.51	880.41
Tax on proposed dividend	187.03	149.62
	1,744.53	1,543.21
	17,064.46	18,276.06

* Including excise duty payable Rs. 1,120.87 lacs (previous year Rs. 780.27 lacs) on finished goods lying at company's bonded warehouses.

** Not due for deposit

	Rs. in lacs	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 13		
Miscellaneous expenditure		
Preliminary expenses	0.24	0.33
Less: Written off during the year	0.06	0.09
	0.18	0.24

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 14		
Income from operations		
Sale of goods (net of returns)		
Domestic		
Sanitaryware, fittings and glassware	77,555.98	59,747.73
Others	1,639.26	546.68
	79,195.24	60,294.41
Export		
Sanitaryware, fittings and glassware	5,575.24	6,066.39
(including deemed export Rs. 3,221.93 lacs (previous year Rs. 2,802.43 lacs))		
	84,770.48	66,360.80
Others		
Scrap and other sales	352.39	298.04
	85,122.87	66,658.84

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 15		
Other income		
Operating income		
Export incentives	352.32	79.59
Sundry balances and liabilities no longer required written back	141.92	113.02
Foreign exchange gain	298.30	305.35
Insurance claims received	150.70	144.32
Annual maintenance charges	21.57	-
Service charges	51.42	6.46
Miscellaneous receipts	131.58	101.12
Provision for doubtful debts written back	150.00	-
Commission on sales	0.86	1.72
Total operating income	1,298.67	751.58
Non-operating income		
Rent received *	24.13	64.52
Interest income (gross) on: *		
- Loans to body corporate	0.20	1.03
- Deposits	62.27	18.48
- Margin money	27.34	19.73
- Dealers	16.60	23.38
Profit on sale of investments in liquid mutual funds (non trade - unquoted)	0.81	13.32
Profit on disposal of fixed assets	28.56	35.44
Shop in shop income	3.85	12.82
Total non-operating income	163.76	188.72
Total other income	1,462.43	940.30
* Income tax deducted at source	16.17	24.29

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 16		
Increase in stocks		
Opening stocks		
Finished goods including goods purchased for resale	11,408.59	11,334.81
Stock-in-process	333.43	567.58
	11,742.02	11,902.39
Less: Closing stocks		
Finished goods including goods purchased for resale	13,657.47	11,408.59
Stock-in-process	469.57	333.43
Less: Obsolete inventories written off	(2131.99)	-
Add: Transferred from business reconstruction reserve (Refer note 18 of Schedule 21)	2,131.99	-
	14,127.04	11,742.02
	2,385.02	(160.37)
Less: Excise duty on increase/(decrease) in stock		
Excise duty on opening stock	780.27	1,431.30
Less: Excise duty on closing stock	1,089.44	780.27
Increase/(decrease) in excise duty on finished stocks	309.17	(651.03)
Increase in stocks	2,075.85	490.66

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 17		
Personnel cost		
Salaries, wages and bonus	7,996.19	6,081.58
Contribution to provident and other funds	387.68	384.32
Staff and labour welfare expenses	415.50	312.81
	8,799.37	6,778.71

Schedules forming part of the Consolidated financial statements

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 18		
Manufacturing, selling and general expenses		
Raw materials consumed *	13,939.09	10,016.14
Stores and spares consumed	2,843.34	2,076.83
Excise duty on stock transfers and others	99.84	84.54
Packing materials consumed	3,749.47	2,236.42
Power and fuel (net)	16,687.09	12,336.84
Repairs to:		
Buildings	137.69	120.32
Plant and machinery (excluding stores consumption)	565.57	364.35
Other assets	202.26	188.60
Rent (including hire charges)	750.72	476.75
Rates and taxes	113.24	31.66
Directors fees	1.18	1.11
Expenditure on ceramic and applied research centre	24.67	14.12
Insurance	178.55	117.50
Traveling and conveyance	917.34	733.28
Discount	1,774.57	2,034.52
Commission on sales	249.99	163.72
Expenses on exports	391.79	707.28
Advertisement and publicity	1,239.62	1,038.83
Other selling and distribution expenses	3,198.87	1,785.00
Bad debts and advances written off	1,291.99	172.80
Charity and donations	60.22	10.52
Foreign exchange fluctuation	182.39	-
Loss on disposal and assets written off	72.77	12.13
Miscellaneous expenses	1,439.63	1,023.64
	50,111.89	35,746.90
Less: Transferred from business reconstruction reserve (refer note 18 on schedule 21)	1,600.64	-
	48,511.25	35,746.90

* Includes accessories and fittings aggregating to Rs. 548.39 lacs (previous year Rs. 369.30 lacs)

	Rs. in lacs	
	Year ended 31 March 2010	Year ended 31 March 2009
SCHEDULE - 19		
Interest		
On term loans	2,846.03	897.45
Others*	1,173.46	783.58
	4,019.49	1,681.03

* Includes Rs. 393.92 lacs (previous year Rs. 254.33 lacs) incurred on account of discounting charges of commercial paper

Schedules forming part of the Consolidated financial statements

SCHEDULE – 20

Significant Accounting Policies

1. Principles of Consolidation

These consolidated financial statements include the financial statements of HSIL Limited (formerly known as Hindustan Sanitaryware & Industries Limited), the Parent Company and its subsidiaries namely, AGI Glasspack Limited, Hindware Home Retail Pvt. Limited, HSIL Associates Limited, Halis International Limited, Alchemy International Cooperatief U.A., HAAS International B.V. (collectively referred to as 'the Group').

The consolidated financial statements have been combined on a line by line basis by adding the book value of the like items of the assets, liabilities, income and expenses after eliminating intra-group transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

The excess/deficit of cost to the Parent Company of its investment over its portion of equity in the subsidiaries at the respective date on which the investment in such entity was made is recognised in the financial statements as goodwill/capital reserve. The Parent Company's portion of equity in such entities is determined on the basis of book value of assets and liabilities as per financial statements of the entity as on the date of investment.

The consolidated statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

Statement of entities consolidated

Company	Date of Shareholding	Country of Incorporation	Percentage of shareholding
Hindware Home Retail Private Limited	September 9, 2006	India	100%
AGI Glasspack Limited	May 29, 2003	India	100%
HSIL Associates Limited	September 4, 2008	India	100%
Halis International Limited	January 14, 2009	Mauritius	100%
Alchemy International Cooperatief U.A.			
(Subsidiary of Halis International Limited)	April 24, 2009	Netherland	100%
HAAS International B.V.			
(Subsidiary of Alchemy International Cooperatief U.A.)	July 8, 2009	Netherland	100%

2. Basis of preparation

The financial statements are prepared on an accrual basis under the historical cost convention, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 including the Rules framed there under, except as specifically stated in note 17 in schedule 21 and also the Scheme of Arrangement as approved by the Hon'ble Calcutta High Court. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amount of income and expenses during the period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

Schedules forming part of the Consolidated financial statements

4. Revenue recognition

Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty and net of trade discounts, sales return and sales tax wherever applicable.

Interest

Interest income is recognised on time proportion basis at the applicable rates.

5. Export benefit/incentive

Benefit under the advance license scheme and duty free replenishment certificate are accounted for at the time of purchase of imported raw materials or sale of the license.

6. Fixed assets

Tangible

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure on account of restoration/modification/ alteration in plant and machinery/ building, which increases the future benefit from the existing asset beyond its previously assessed standard of performance/estimated useful life, is capitalised.

Intangible

Intangible assets are recognised if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Group.

7. Depreciation and amortisation

A. Tangible

Depreciation on fixed assets has been provided on straight line method at the rates and in the manner prescribed under schedule XIV ("schedule") to the Companies Act, 1956 except the following:

- i. on assets acquired and put to use on or before 1 July 1987 in the glass division of the Parent Company and on vehicles acquired till date in all the divisions of the Parent Company, depreciation is provided on written down value method at the rates and in the manner prescribed in the schedule;
- ii. on furnaces (included in plant and machinery) having a cost of Rs. 11,245.15 lacs used in the glass division, depreciation is provided on straight line method, as technically assessed from time to time, based on expected useful lives of the furnaces. The rate presently being 16.21% per annum which is the rate as prescribed in the schedule;
- iii. cost of leasehold improvements is depreciated over the period of the lease or estimated useful life of the leasehold improvements, whichever is lower.
- iv. pre-operative expenditure including borrowing cost (net of revenue, where applicable) and foreign exchange differences on specific project loans incurred during the construction/trial run of the project is allocated on an appropriate basis to fixed assets upon commissioning.

B. Intangible

- i. Trademarks are being amortised over a period of ten years;
- ii. Computer software (included in Computers in Schedule 5) are amortised over a period of six years;

The depreciation and amortisation rates are indicative of the expected useful lives of the assets.

8. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are valued at the lower of cost and fair value. Long-term investments are stated at cost.

Schedules forming part of the Consolidated financial statements

Provision is made for diminution in the value of long-term investments to recognise a decline, if any, other than temporary in nature.

Profit /loss on sale of investments are computed with reference to their cost determined on first in first out basis.

9. Inventories

a) Inventories are valued as follows:

Stores and spares, packing materials, raw materials including components and goods in transit - At lower of cost and net realisable 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.

Work- in-process - At cost upto estimated stage of completion.

Finished goods and goods purchased for resale - At lower of cost and net realisable value.

b) Cost of inventories is ascertained on the following basis:

Raw materials, stores and spare parts and packing materials - On weighted average basis.

Finished goods purchased for resale - On weighted average basis.

Cost of manufactured finished goods and stock in process comprises of material, labour and other related production overheads including depreciation.

10. Foreign currency transactions

Indian Rupee is the reporting currency for the Group. However, the local currencies of non-integral overseas subsidiaries are different from the reporting currency of the Group. The translation of local currencies into Indian Rupee is performed for assets and liabilities (excluding share capital, opening reserves and surplus), using the exchange rate as at the balance sheet date, and for revenues, costs and expenses using average exchange rate during the reporting period. Share capital, opening reserves and surplus are carried at historical cost. Resultant currency translation exchange gain/loss is carried as foreign currency translation reserve under reserves and surplus. Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment.

Income and expenditure items of integral foreign operations are translated at the yearly average exchange rate of their respective foreign currencies. Monetary items at the balance sheet date are translated using the rates prevailing on the balance sheet date. Non- monetary assets are recorded at the rates prevailing on the date of the transaction.

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the profit and loss account.

Monetary items outstanding at the balance sheet date and denominated in foreign currencies are restated at the exchange rates prevailing at the end of the year. Differences arising on such restatement are recognised in the profit and loss account except to the extent permitted by the transitional provision contained in the Companies (Accounting Standards) Amendment Rules, 2009 in respect of long term foreign currency monetary items, in which case the cost of fixed assets are adjusted by the translation differences and amortised over the remaining useful life of the asset.

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

Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date if such mark to market results in exchange loss. Such exchange loss is recognised in the profit and loss account immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

Schedules forming part of the Consolidated financial statements

11. Taxes on income

Tax expense comprises current income tax and deferred income tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred income tax reflects 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/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Group will pay normal income tax during the specified period.

12. Research and development

Research and development expenditure is charged to profit and loss account except capital expenditure, which is added to the cost of respective fixed assets in the year in which it is incurred.

13. Leases

a) Operating Lease

Lease rentals in respect of assets taken on operating lease are charged to the profit and loss account on a straight-line basis over the lease term.

b) Finance Lease

Assets acquired on finance lease which transfer risk and rewards of ownership to the Group are capitalised as assets by the Group at the lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such assets. Amortisation of capitalised leased assets is computed on the straight line method over the useful life of the assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

14. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15":

a) Provident fund

The Group makes contributions to two independently constituted trusts and regional provident fund recognised by income tax authorities. In terms of the Guidance on implementing the revised AS-15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Group is treated as defined benefit plan since the Group has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and interest shortfall, if any is recognised as an expense in the period in which services are rendered by the employee.

b) Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded as expense or income in the profit and loss account in the year in which such gains or losses arise.

Schedules forming part of the Consolidated financial statements

c) **Compensated absence**

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent Actuary using the projected unit credit method. Actuarial gains or losses are recognised in the profit and loss account in the year they arise.

d) **Other short term benefits**

Expenses relating to other short term benefit including performance bonus is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

15. **Earnings per share**

Basic earnings per share is calculated by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue.

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.

16. **Impairment of assets**

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

17. **Contingent liabilities and provisions**

The Group makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Group;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made.

18. **Segment reporting**

The accounting policies adopted for segment reporting are in line with those of the Group with the following additional policies for segment reporting:

- a) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- b) Revenues and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included as unallocated corporate expenses.
- c) Assets and liabilities, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated assets and liabilities respectively.

Schedules forming part of the Consolidated financial statements

SCHEDULE – 21

Notes to the financial statements

		Rs. in lacs
	2010	2009
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs. 1649.27 lacs; Previous year Rs. 2566.24 lacs)	3,058.81	733.24
2. Contingent liabilities not provided for in respect of:		
a) Demands raised by the excise authorities against which appeals have been filed	124.28	32.80
b) Demands raised by the income tax authorities against which appeals have been filed	182.29	-
c) Demands made by the sales tax authorities against which appeals have been filed	172.50	114.41
d) Service tax liability on lease rent	26.36	-
e) Bank guarantees outstanding	758.75	312.63
f) Claims against the Group not acknowledged as debts	1,964.20	1,761.87
3. Unfulfilled export obligation under EPCG license of EXIM Policy	2,859.88	3,627.45

		Rs. in lacs
	2010	2009
4. Other liabilities include:		
Directors' commission payable	492.85	439.46

- 5 Amount due to entities covered under Micro, Small and Medium Enterprises have been identified on the basis of confirmations received from these entities and information available with the Group. There was no amount due for more than forty five days payable to these identified entities at any time during the year.

		Rs. in lacs
	2010	2009
6. Miscellaneous expenses include payments to auditors of the Parent Company for:		
a) Audit fee	12.13	11.03
b) Tax audit fee	1.65	1.65
c) Certification and other services	2.10	2.84
d) Reimbursement of expenses	2.74	1.91
(including service tax wherever applicable)	18.62	17.43

7. Employee benefits

During the year the Group has recognised the following amounts in the profit and loss account.

a) Provident fund and other funds**:		Rs. in lacs
	2010	2009
Employer's contribution to provident fund **	291.93	224.74
Employer's contribution to ESI *	64.77	51.98

* included in contribution to provident and other funds (refer schedule 17)

** The Fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall, pending the issuance of the Guidance Note from the Actuarial Society of India, the measurement of actuarial valuation liability towards Provident Fund is not feasible. Accordingly, other related disclosures in respect of provident fund have not been furnished.

Schedules forming part of the Consolidated financial statements

b) Defined benefit plan

	Rs. in lacs	
	As at	
	31 March 2010	31 March 2009
	Gratuity	Funded
Amount recognised in the balance sheet :		
Present value of obligations	1,014.96	925.35
Fair value of plan assets	1,072.59	865.06
Net (asset)/liability recognised in the balance sheet	(57.63)	60.29
Amount recognised in profit and loss account:		
Current service cost	93.04	78.16
Interest cost	61.63	64.66
Expected return on plan assets	(69.20)	(74.20)
Actuarial (gain)/ loss (net)	(109.49)	(16.18)
Total included in 'Personnel Cost' *	(24.02)	52.44
Actual return on plan assets	205.53	24.70
* Refer schedule 17		
Reconciliation of opening and closing balances of benefit obligations and plan assets		
Change in defined benefit obligation		
Opening defined benefit obligation	925.35	998.97
Current service cost	93.04	78.16
Interest cost	61.63	64.66
Benefits paid	(91.90)	(150.75)
Actuarial (gain)/ loss	26.84	(65.69)
Closing defined benefit obligation	1,014.96	925.35
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	865.06	927.55
Expected return on plan assets	69.20	74.20
Actuarial gain/ (loss)	136.33	(49.51)
Employer's contribution	92.48	63.50
Contribution by plan participants	-	-
Settlement cost	-	-
Benefits paid	(90.48)	(150.68)
Fair value of plan assets at the end of the year	1,072.59	865.06
Assumptions used to determine the benefit obligations:		
Discount rate	7.00%	7.00%
Expected rate of increase in compensation levels	6.00%	6.00%
Expected rate of return on plan assets	8.00%	8.00%
Expected average remaining working lives of employees	16 Years	17 Years

Schedules forming part of the Consolidated financial statements

b)	Defined benefit plan (Contd.)	Rs. in lacs			
Amounts for the current and previous periods are as follows:		2009-10	2008-09	2007-08	2006-07
Defined benefit plan – Gratuity					
	Defined benefit obligation	(1,014.96)	(925.35)	(998.18)	(762.63)
	Plan Assets	1,072.59	865.06	927.55	752.70
	Surplus/(deficit)	57.63	(60.29)	(70.63)	(9.93)

The Group made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Group was not informed by BSL of the investment made or the break down of plan assets by investment type, accordingly related disclosures are not included in these financial statements. Estimated amount of benefits payable within next year are Rs. Nil (previous year Rs. 60.29 lacs).

c) Other long term benefit plans			Rs. in lacs
	As at 31 March 2010	As at 31 March 2009	
	Leave encashment	Leave encashment	
Amount recognised in the balance sheet :			
Present value of obligations	303.58	210.29	
Fair value of plan assets	-	-	
	303.58	210.29	
Unrecognised past service cost	-	-	
Net liability recognised in the balance sheet	303.58	210.29	
Amount recognised in profit and loss account:			
Current service cost	42.15	26.42	
Interest cost	15.77	13.12	
Expected return on plan assets	-	-	
Actuarial (gain)/ loss (net)	83.15	6.76	
Past service cost	-	-	
Curtailement and settlement cost/ (gain)	-	-	
Total included in 'Personnel Cost' *	141.07	46.30	
Actual return on plan assets	-	-	
* Refer schedule 17			
Reconciliation of opening and closing balances of obligations			
Change in benefit obligation			
Opening benefit obligation	210.29	164.21	
Current service cost	42.15	26.42	
Interest cost	15.77	13.12	
Benefits paid	(47.78)	(0.22)	
Curtailement and settlement cost/ (credit)	-	-	
Contribution by plan participants	-	-	
Past service cost	-	-	
Actuarial (gain)/ loss	83.15	6.76	
Closing benefit obligation	303.58	210.29	
Assumptions used:			
Discount rate	7.50%	8.00%	
Expected rate of increase in compensation levels	5.00%	5.50%	
Expected average remaining working lives of employees	19.67 Years	18.11 Years	

Schedules forming part of the Consolidated financial statements

8. Deferred tax

Major components of deferred tax assets and liabilities are as given below:

	Rs. in lacs	
	2010	2009
Deferred tax liability		
On fiscal allowances on fixed assets	6,229.74	4,584.30
Deferred tax assets		
Carrying Forward of Losses	-	-
On provision for doubtful debts, loans and advances	174.92	235.86
Other timing differences	642.97	117.50
	817.89	353.36
Deferred tax liability (net)	5,411.85	4,230.94

9. Segment Reporting

Identification of segment:

The group's operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The group has accordingly identified two primary business segments, i.e. Sanitaryware and glassware.

The activities of the Group are primarily limited within Indian territories having no variation in risk and returns. Consequently, information in respect of geographical segment is not given.

Unallocated items:

The corporate and other segment includes general corporate income and expense items, which are not allocated to any business segment.

Information about primary business segments is given as follows:

(Figures in parenthesis are for the previous year)

	Rs. in lacs			
PARTICULARS	SANITARYWARE	GLASSWARE	OTHERS	Year ended 31 March 2010
Segment Revenue				
External Sales (gross)	36,697.15	41,949.79	1,776.73	80,423.67
	(31,345.58)	(29,560.11)	(671.77)	(61,577.46)
Other Income	514.86	664.48	119.33	1,298.67
	(419.45)	(316.60)	(15.53)	(751.58)
Segment results	7,222.76	4,746.85	(820.65)	11,148.96
	(5,449.14)	(3,286.07)	(-681.67)	(8,053.54)
Unallocated corporate expenses (net)				1,439.33
				(1,438.51)
Interest				4,019.49
				(1,681.03)
Income Tax (including deferred and fringe benefit tax)				1,325.31
				(1,667.42)

Schedules forming part of the Consolidated financial statements

				Rs. in lacs
PARTICULARS	SANITARYWARE	GLASSWARE	OTHERS	
				Year ended 31 March 2010
Profit after tax				4,364.83
				(3,266.58)
Other Information				
Segment assets	46,493.02	61,910.90	116.93	108,520.85
	(25,707.24)	(61,476.01)	(486.12)	(87,669.37)
Unallocated corporate assets				9,947.12
				(5,810.88)
Total assets				118,467.97
				(93,480.25)
Segment liabilities	16,803.30	46,339.30	1,092.77	64,235.37
	(16,602.29)	(46,381.56)	(502.20)	(63,486.05)
Unallocated corporate liabilities				7,503.75
				(6,095.13)
Total liabilities (excluding shareholders' fund)				71,739.12
				(69,581.18)
Capital Expenditure	1,150.88	14,637.15	425.68	16,213.71
	(1,508.28)	(16,598.45)	(3,087.86)	(21,194.59)
Depreciation	978.27	3,812.51	238.58	5,029.36
	(1,039.33)	(1,670.02)	(130.34)	(2,839.69)
Other non-cash expenses				
Provision for doubtful debts and advances				-
				(149.38)
Preliminary expenditure written off				0.06
				(0.09)

10. Payment to directors of Parent Company*

		Rs. in lacs
	2010	2009
a) Salary	153.43	131.74
b) Contribution to provident fund	18.41	15.81
c) Leave encashment paid	-	9.40
d) Commission	492.85	439.46
e) Monetary value of perquisites	5.55	10.49
f) Directors' sitting fee	1.18	1.11
Total	671.42	608.01

* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on overall Company basis.

Schedules forming part of the Consolidated financial statements

11. Earnings per share

	Rs. in lacs	
	2010	2009
Basic earnings per share:		
Profit before prior period item	4,776.37	3,266.58
Prior period item (tax for earlier years)	(411.54)	(94.00)
Profit after prior period item	4,364.83	3,172.58
Number of Shares	55,025,508	55,025,508
Weighted average number of shares outstanding during the year	55,025,508	55,025,508
Nominal value per share (Rs.)	2	2
Earnings per Share – Basic and diluted		
Before prior period item	8.68	5.94
After prior period item	7.93	5.77

12. Related party transactions

a) Name of related parties and description of relationship:

(i) Key management personnel

(Name of the relatives of key management personnel with whom the Group had transactions during the year are listed below).

Mr. R.K. Somany (Father)

Mr. Sandip Somany (son)

b) Entities where significant influence is exercised by key management personnel and/or their relatives having transactions with the Group:

(i) Textool Mercantile Private Limited

(ii) Paco Exports Limited

(iii) New Delhi Industrial Promoters and Investors Limited

(iv) Soma Investments Limited

(v) Hindusthan National Glass & Industries Limited

Related party disclosures

		Rs. in lacs			
Particulars		Key management Personnel and their Relatives		Other parties which significantly influence/are influenced by the Group (either individually or otherwise)	
		2010	2009	2010	2009
A.	a) Sale of trading goods	6.77	-	-	-
	b) Rent Paid	4.80	4.00	10.27	0.34
B	Directors remuneration	599.84	544.12	-	-
	Balance outstanding at the year end- payable	422.45	376.68	-	-

13. In the opinion of the board of directors, current assets, loans and advances have a value on realisation in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

Schedules forming part of the Consolidated financial statements

14. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	Rs. in lacs	
	2010	2009
Receivables and Advances:		
Exports outstanding	644.03	960.10
Payables:		
Payable on imports	490.00	2,112.71
Loans:		
Buyers credit	1,630.53	-
Export packing credit	-	186.55

15. The subsidiary companies namely AGI Glasspack Limited, Hindware Home Retail Private Limited and HSIL Associates Limited are incorporated in India and 100% of its share capital is held by the Parent Company. The subsidiary company namely Halis International Limited was incorporated in Mauritius and 100% of its share capital is held by the Parent Company. The subsidiary companies namely HAAS International B.V. and Alchemy International Cooperatief U.A. were incorporated in Netherland.

16. **Expenditure during construction period**

	Rs. in lacs	
	2010	2009
Balance brought forward from previous year	-	92.89
- Raw material consumed	397.88	-
- Packing material consumed	55.74	-
- Repairs	3.74	-
- Selling expenses	1.82	-
- Stores & spares consumed	204.27	17.92
- Power & fuel	476.27	41.74
- Insurance	5.49	10.44
- Rates & taxes	0.29	7.59
- Travelling & conveyance	7.88	82.01
- Rent & hiring charges	19.08	38.19
- Salary, wages & bonus	66.45	305.26
- Contribution to provident and other funds	2.61	20.80
- Staff & labour welfare expenses	2.77	13.08
- Interest paid	226.48	2,394.34
- Foreign exchange fluctuation loss	54.02	1,648.15
- Miscellaneous expenses	20.35	140.42
Total (A)	1,545.14	4,812.83
Less :		
- Sales	636.42	-
- Increase in stocks including excise duty	411.30	-
- Miscellaneous receipts	10.94	14.74
- Misc. sales	0.97	1.26
- Interest received	18.45	190.46
- Provision for taxation	(6.27)	(64.39)
- Insurance claim received	-	2.24
Total (B)	1,071.81	144.31
Total (A-B)	473.33	4,668.52
Allocated to fixed assets	473.33	2,580.02
Balance allocated to capital work-in-progress	-	2,088.50
Balance carried forward	-	-

Schedules forming part of the Consolidated financial statements

17. Upto 31 March, 2008, the Group was recognising translation differences arising on long term foreign currency monetary items (i.e. monetary assets or liabilities expressed in foreign currency and having a term of 12 months or more at the date of origination) in the profit and loss account. Pursuant to Companies (Accounting Standards) Amendment Rules, 2009, the Group has exercised the option of deferring the recognition of Profit and Loss account in respect of accounting periods commencing on or after 7 December 2006. As a result, net foreign exchange transaction gain amounting to Rs. 1,237.30 lacs relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets.

18. The Hon'ble Calcutta High Court vide its order dated 26 March 2010 approved a scheme of arrangement between the Company and its shareholders ("the Scheme"). The Scheme provides that with effect from 01 April 2009, the Appointed Date, all or such of the immovable properties in the form of land and buildings, as the Company considers relevant and appropriate, will be reinstated at their respective fair values as determined by recognised valuers. Consequently, any adjustments (debit/credit) on account of such revaluation would be reflected in Business Reconstruction Reserve Account ("BRR") of the Parent Company.

The Scheme provides that in addition to the aforementioned revaluation, any or all of the immovable properties in the form of land and buildings, as the Parent Company considers relevant and appropriate up to 31 March 2012, may further be reinstated at their respective fair values as determined by recognised valuers with the consequent adjustments (debit/credit) on account of such revaluation being reflected in the Business Reconstruction Reserve Account of the Parent Company.

The Scheme further provides that the aggregate amount under the BRR created by way of revaluation of land and buildings would be utilised, to the extent considered necessary and appropriate by the Board of Directors of the Parent Company from time to time, to adjust certain expenses as mentioned in the Scheme until the balance is available in the BRR account.

In terms of the Scheme, the Parent Company revalued one of its freehold land by crediting Rs. 23,500.00 lacs to the BRR and has transferred Rs. 3,732.63 lacs from the BRR to the profit and loss account for the year ended 31 March 2010, as deemed appropriate by the Board of Directors on account of the following expenses charged in the profit and loss account:

1. Write-off of old non-recoverable receivables and advances aggregating to Rs. 1,291.99 lacs;
2. Write-off of old non-moving and slow moving inventories aggregating to Rs. 2,291.65 lacs;
3. Write-off certain fixed assets aggregating to Rs. 59.76 lacs; and
4. Expenses incurred in connection with the Scheme or purposes mentioned there in aggregating to Rs. 89.23 lacs.

Pursuant, the Scheme, the Parent Company has also transferred Rs. 10,000 lacs from the BRR to the General Reserve as on 31 March 2010. As per undertaking provided by the Parent Company to the stock exchanges, this amount transferred to the General Reserve shall not be utilised for either payment of dividends or issue of bonus shares in accordance with the provisions of the Companies Act, 1956.

The applicable Indian Generally Accepted Accounting Standards and Principles do not provide for revaluation of part of a class of asset and credit of amounts released from reserves to the profit and loss account but the said accounting treatment has been followed as prescribed under the Scheme approved by Hon'ble Calcutta High Court. Had this not been done, profit after tax would have been lower by Rs. 3,732.63 lacs and reserves would have been lower by Rs. 23,500 lacs.

19. Prior period items comprise of deferred tax correction of Rs. 277.00 lacs and current tax correction of Rs. 134.54 lacs.

20. Previous year figures have been regrouped/ recast wherever considered necessary to make them comparable with those of the current year.



Ruchika Gupta
Company Secretary



V. K. Ajmera
Vice President (Corporate Finance)



Sandip Somany
Joint Managing Director



Rajendra K Somany
Chairman & Managing Director

For and on behalf of the Board of Directors

For **Walker, Chandio & Co.**
Chartered Accountants



Per B. P. Singh
Partner

Membership No. 70116

Place : Gurgaon
Date : 20 May 2010

Directors' Report

Dear Members,

Your Directors are pleased to present the Fifth Annual Report together with the audited accounts of the Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

The Company incurred a loss of Rs. 86,096,444 for the year under review which has been carried forward to next year.

OPERATIONS

The Company is a wholly owned subsidiary of HSIL Ltd., established to diversify the group into the total Home Solutions Enterprise with its foray into the high potential Home Interiors sector in India under the brand name "EVOK".

The core vision of the Company is to be the first choice partner of customers aspiring for value for style Home Interior solutions in Living, Kitchen and Bath domains.

During the financial year 2009-10, the Company expanded its business operations by establishing two more Home Fashion Megastores in Delhi-NCR, in addition to its two existing Stores. These new Stores were setup at prime customer footfall locations at JMD Mall, Gurgaon and Shipra Mall, Indirapuram. All the new Stores being established by the Company are based on optimised format workings of 10000 to 15000 sq.ft size and revised retail merchandise category mix, based on key learnings of our pilot Store operations. These large format flagship stores offer end to end single window solutions for Home Interior needs ranging from interior design services, concepts, wide range products, turnkey installation services and post care services. The comprehensive product category range includes Home Furniture, Soft Furnishings, Home Décor, Modular Kitchens, Bath, Lighting, Flooring, Home organisation and accessories with a population of more than 16,000 world class products sourced and aggregated globally. During the year, the pilot flagship Store was also re-engineered to rightsize the Store operations and ensure better cost-revenue mix. The Company continued to invest its capability in developing an extensive global supplier base for its operations, as well as improvising ERP systems, processes and infrastructure. Investments were effectively utilised for building and promoting the exciting brand of the company "EVOK" and propagating it to be the icon for Home Fashion retail in India.

Considering the slow and weak recovery in market conditions and consumer buying sentiments during the year, the Company had to moderate its expansion speed which affected the revenue size and profitability of the Company. The Projects and Institutional Division established to service the architects, builders, corporates and institutional community faced difficult conditions for project acquisition and closures due to sluggish project business conditions prevailing in the real estate segment

markets. However the expansion plans have been revived to ensure that the revenue and profitability mix undergoes significant improvement over the next year.

In the next financial year, the Company is confident of its target to achieve operating profits from its existing flagship Stores and expanding the Store population with additional 6 to 7 stores based on revised Megastore formats. The Company has also introduced the specialty Evok Kitchen+Bath retail formats and the pilot Store has been established at the prime South Delhi GK2 destination market which commenced its operations in April, 2010.

The Company is completely focused on significant revenue escalation through its existing and upcoming/proposed retail stores and the projects division next year, as well as control operating costs with effective budgeting and control systems. The Company expects to deliver significant long term value to the Group operations.

DIVIDEND

In view of losses, your Directors do not recommend dividend for the year.

SHARE CAPITAL

During the year under review, the Company has issued and allotted 27,75,000 equity shares of Rs. 10 each at a premium of Rs. 30 each, for cash at par to HSIL Limited (formerly Hindustan Sanitaryware & Industries Limited), the parent Company on 24th March, 2010.

FIXED DEPOSITS

The Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956, during the year ended 31st March, 2010.

AUDITORS' REPORT

The Report of the Auditors read together with the Notes on Account is self explanatory and, therefore, does not need any comments under Section 217 of the Companies Act, 1956.

DIRECTORS

Mr. Sandip Somany, Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

AUDITORS

M/s. Walker Chandiok & Co., Chartered Accountants retire at the ensuing Annual General Meeting and offer themselves for re-appointment. The Board recommends appointing M/s. Walker Chandiok & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting to next Annual General Meeting for

conducting audit of the books of account of the Company for the financial year 2010-11, subject to approval of the shareholders at the ensuing Annual General Meeting.

PARTICULARS OF EMPLOYEES

List of employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended is enclosed.

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

Information 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, is attached as annexure to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of your Company confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) the Directors have selected such accounting policies 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 the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) 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; and
- (iv) the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the support and co-operation extended by all the banks and all the stakeholders of your Company.

For and on behalf of the Board

(Sandip Somany)

Chairman

Place : Gurgaon

Date : 10th May 2010

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Annexure to the Directors' Report

Additional information given as required under the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY

- a) Energy Conservation measures taken:
 - Synchronised and balanced running of equipments and machinery.
 - Creating awareness in workmen & implementing discipline of switching off fans, lights and other equipments immediately after work to eliminate all kinds of power wastages.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
The Company has installed energy efficient equipments to save consumption of energy.
- c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

In the previous year of operations in the Company, there was substantial impact of measures (a) and (b) above on the energy consumption and reduction in operational cost component attributable to the overall consumption of the energy.

- d) Total energy consumption and energy consumption per unit of production:

Not applicable in case of our Company.

B) TECHNOLOGY ABSORPTION

Research and Development (R & D)

- 1) Specific areas in which R & D carried out by the Company: Not Applicable
- 2) Benefits derived, as a result of the above R & D: Not Applicable
- 3) Future plan of action and expenditure on R & D: Not Applicable
Technology absorption, adaptation and innovation
Efforts made and benefit arrived: Not Applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Amount in Rs.)
A. Foreign Exchange Outgo -	21,703,547
B. Foreign Currency Earned -	NIL

For and on behalf of the Board

(Sandip Somany)

Chairman

Place : Gurgaon

Date : 10th May 2010

INFORMATION AS PER 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 FINANCIAL YEAR ENDED MARCH 31, 2010.

Name of the Employee	Designation & Nature of Employment	Qualification	Experience (Yrs.)	Date of Employment	Age (Yrs.)	Remuneration Received (Rs.)	Last Employment held and designation
Mr.D.K Jairath	COO & Business Head (Whole Time Employee of the Company)	B.E. (Mechanical) & MBA-Marketing	21 years	01.11.2005	42 Yrs	4,112,930	General Manager In M/s Godrej & Boyce Ltd.

NOTES:

- Employee named above is the wholetime employee of the Company as per terms and conditions of the Company.
- Employee named above and no other employee holds 2% or more of the equity share capital of the Company.
- Remuneration Received includes salary, bonus, performance incentive, ex-gratia, actual expenditure for provision of benefits, house rent allowance, medical expenses, leave travel assistance, other allowances, reimbursement of gas, water and electricity expenses. Company's contribution to provident fund, employee pension scheme, gratuity fund and provision of car valued as perquisites in accordance with rules under the Income Tax Act, 1961.

For and on behalf of the Board of Directors

Sandip Somany
Chairman

Place : Gurgaon

Date : 10th May 2010

Auditors' Report

To,

The Members of

Hindware Home Retail Private Limited

1. We have audited the attached Balance Sheet of Hindware Home Retail Private Limited (the 'Company') as at 31 March 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. 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;
 - b. 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;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
 - ii) the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **B. P. Singh**
Partner
Place : Gurgaon
Date : 10 May 2010 Membership No. 70116

Annexure to the Auditors' Report

Annexure to the Auditors' report of even date to the members of Hindware Home Retail Private Limited on the financial statements for the year ended 31 March 2010

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and in terms of the information and explanations given to us and the books and records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (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 carried out at the end of the year.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order are not applicable to the Company.
- (e) 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 Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.
- (iv) In our opinion, 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.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge, the Central Government has not prescribed 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 and accordingly, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) The Company is regular in depositing the undisputed statutory dues including provident fund employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable.

Annexure to the Auditors' report of even date to the members of Hindware Home Retail Private Limited on the financial statements for the year ended 31 March 2010

- | | |
|---|--|
| <p>(b) There are no dues in respect of income tax, sales tax, wealth tax, service tax and customs duty that have not been deposited with the appropriate authorities on account of any dispute.</p> <p>(x) The Company has been registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable.</p> <p>(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders during the year.</p> <p>(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares and accordingly, the provisions of clause 4(xii) of the Order are not applicable.</p> <p>(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the company.</p> <p>(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 Order are not applicable to the company.</p> <p>(xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the company.</p> <p>(xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.</p> | <p>(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.</p> <p>(xviii) The Company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.</p> <p>(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.</p> <p>(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the company.</p> <p>(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.</p> |
|---|--|

For Walker, Chandiok & Co
Chartered Accountants
 Firm Registration No: 001076N

per B. P. Singh

Place : Gurgaon
 Date : 10 May 2010

Partner
 Membership No. 70116

Balance Sheet

		(Amount in Rs.)	
	Schedule	As at 31 March 2010	As at 31 March 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	90,000,000	62,250,000
Reserves & surplus	2	210,000,000	126,750,000
		300,000,000	189,000,000
Loan funds			
Secured loans	3	34,705,182	16,881,112
Total		334,705,182	205,881,112
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	112,274,997	71,380,380
Less : accumulated depreciation and amortisation		18,829,910	6,559,579
Net block		93,445,087	64,820,801
Capital work-in-progress (including capital advances)		2,722,598	-
		96,167,685	64,820,801
Current assets, loans and advances			
Inventories	5	59,912,482	39,433,281
Sundry debtors	6	21,815,328	-
Cash and bank	7	6,445,480	2,436,714
Loans and advances	8	22,850,696	17,470,230
		111,023,986	59,340,225
Less :	9		
Current liabilities and provisions			
Current liabilities		72,145,443	32,327,768
Provisions		1,490,047	1,004,703
		73,635,490	33,332,471
Net current assets		37,388,496	26,007,754
Deficit in profit and loss account		201,149,001	115,052,557
Total		334,705,182	205,881,112
Significant accounting policies	16		
Notes to the financial statements	17		

The schedules referred to above form an integral part of the financial statements

For and on behalf of the Board of Directors

Meenakshi Nayyar
Company Secretary

Sumita Somany
Executive Director

Sandip Somany
Director

This is the Balance Sheet referred to in our report of even date.
For **Walker, Chandiok & Co.**
Chartered Accountants

Place : Gurgaon
Date : 10 May 2010

Per **B. P. Singh**
Partner

Profit and Loss Account

		(Amount in Rs.)	
	Schedule	For the year ended 31 March 2010	For the year ended 31 March 2009
INCOME			
Sales		164,020,570	55,373,855
Other income	10	26,537,105	2,567,651
Increase in stocks	11	20,404,685	6,621,836
Total		210,962,360	64,563,342
EXPENDITURE			
Cost of goods purchased for resale	12	120,276,066	37,361,674
Personnel cost	13	56,101,874	36,364,924
Administrative, selling & general expenses	14	107,006,824	57,766,548
Depreciation and amortisation	4	12,555,402	5,541,464
Interest & finance charges	15	1,081,187	1,739,691
Total		297,021,353	138,774,301
Loss before tax and prior period item		(86,058,993)	(74,210,959)
Tax expense			
Fringe benefit tax		-	(495,662)
Fringe benefit tax for earlier years		(37,451)	-
Loss after tax and before prior period item		(86,096,444)	(74,706,621)
Prior period item			
Deferred tax for earlier years		-	(9,400,144)
Loss for the year		(86,096,444)	(84,106,765)
Balance as per last balance sheet		(115,052,557)	(30,945,792)
Deficit carried to balance sheet		(201,149,001)	(115,052,557)
Basic & diluted loss per share before prior period item		(13.70)	(20.57)
Basic & diluted loss per share after prior period item		(13.70)	(23.16)
(refer note 13 of schedule 17)			
Significant accounting policies	16		
Notes to the financial statements	17		

The schedules referred to above form an integral part of the financial statements

For and on behalf of the Board of Directors

Meenakshi Nayyar
Company Secretary

Sumita Somany
Executive Director

Sandip Somany
Director

This is the Profit & Loss referred to in our report of even date.
For **Walker, Chandiok & Co.**
Chartered Accountants

Place : Gurgaon
Date : 10 May 2010

Per **B. P. Singh**
Partner

Cash Flow Statement

	(Amount in Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before tax	(86,058,993)	(74,210,959)
Adjustments for :		
Depreciation and amortisation	12,555,402	5,541,464
(Profit)/ loss on fixed assets sold	300,340	(58,665)
Miscellaneous expenditure	-	3,120
Interest income	(25,246)	(7,931)
Interest expenses	1,081,187	1,739,691
Operating cash loss before working capital changes	(72,147,310)	(66,993,280)
Adjustments for :		
Increase/ (decrease) in trade and other payables	40,386,999	24,647,595
(Increase)/decrease in trade and other receivables	(26,642,530)	(9,306,331)
(Increase)/decrease in inventories	(20,479,201)	(6,621,836)
Cash used in operation	(78,882,042)	(58,273,852)
Add/(less):		
Direct taxes paid	(674,695)	(502,242)
Net cash used in operating activities	(79,556,737)	(58,776,094)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(45,220,605)	(44,161,719)
Proceeds from sale of fixed assets	1,017,979	174,711
Movements in restricted cash	(2,142,052)	(82,948)
Interest income	25,246	7,931
Net cash flow used in investing activities	(46,319,432)	(44,062,025)

	(Amount in Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	111,000,000	104,000,000
Proceeds from short term borrowings (net)	2,426,270	2,171,131
Proceeds from long term borrowings	15,397,800	-
Interest paid	(1,081,187)	(1,739,691)
Net cash flow from financing activities	127,742,883	104,431,440
Net increase in cash and cash equivalents	1,866,714	1,593,321
Cash and cash equivalents in the beginning	2,333,766	740,445
Cash and cash equivalents at the close	4,200,480	2,333,766
Note:		
Cash and cash equivalent include:-		
Cash and cheques in hand	2,941,000	412,982
Balances with banks	1,259,480	1,920,784
Cash and cash equivalents	4,200,480	2,333,766
Balance with bank in fixed deposits not considered as cash equivalents	2,245,000	102,948
Cash and bank balance as per balance sheet	6,445,480	2,436,714

For and on behalf of the Board of Directors

Meenakshi Nayyar
Company Secretary

Sumita Somany
Executive Director

Sandip Somany
Director

This is the Cash Flow Statement referred to in our report of even date.
For **Walker, Chandio & Co.**
Chartered Accountants

Place : Gurgaon
Date : 10 May 2010

Per **B. P. Singh**
Partner

Schedules forming part of the financial statements

	(Amount in Rs.)	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 1		
Share Capital		
Authorised		
10,000,000 (previous year 10,000,000) equity shares of Rs. 10 each	100,000,000	100,000,000
Issued, subscribed and fully paid-up		
9,000,000 (previous year 6,225,000) equity shares of Rs. 10 each	90,000,000	62,250,000
	90,000,000	62,250,000

	(Amount in Rs.)	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 2		
Reserves & Surplus		
Securities premium account		
Balance as per last year	126,750,000	48,750,000
Add: premium on issue of shares	83,250,000	78,000,000
	210,000,000	126,750,000

	(Amount in Rs.)	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 3		
Secured Loans		
Term loans from bank*	15,397,800	-
(Secured by hypothecation of furniture, fixture, plant, machineries, equipments and all other fixed assets and also secured against a corporate guarantee provided by HSIL Limited)		
Cash credit account from bank	19,307,382	16,881,112
(Secured by hypothecation of furniture, fixture, plant, machineries, equipments and all other fixed assets and also secured against a corporate guarantee provided by HSIL Limited)		
	34,705,182	16,881,112

*Loan repayable within one year Rs. Nil (previous year Rs. Nil)

Schedules forming part of the financial statements

SCHEDULE - 4		Fixed Assets				Depreciation/ amortisation			Net block	
		Gross block			As at 31 March 2010		As at 31 March 2010	Sales/ deletion during the year	As at 31 March 2010	As at 31 March 2009
Particulars	As at 01 April 2009	Additions during the year	Sales/ deletion during the year	As at 31 March 2010	As at 31 March 2009	For the year	As at 31 March 2010			
Tangible										
Vehicles	9,914,224	1,984,636	1,603,390	10,295,470	976,700	929,908	1,621,537	285,071	8,673,933	8,937,524
Air conditioning unit	2,047,329	371,400	-	2,418,729	101,929	98,021	199,950	-	2,218,779	1,945,400
Office equipments	1,020,565	1,066,111	-	2,086,676	35,182	170,007	205,189	-	1,881,487	985,383
Computers	5,157,735	2,298,791	-	7,456,526	1,133,194	1,041,747	2,174,941	-	5,281,585	4,024,541
Furniture & fittings	12,444,854	2,565,990	-	15,010,844	720,008	985,476	1,705,484	-	13,305,360	11,724,846
Furniture & fittings- Shop	30,067,639	27,481,873	-	57,549,512	2,343,554	4,914,078	7,257,632	-	50,291,880	27,724,085
Leasehold improvements	5,306,055	4,849,742	-	10,155,797	413,568	3,427,184	3,840,752	-	6,315,045	4,892,487
Plant & machinery	-	709,425	-	709,425	-	16,989	16,989	-	692,436	-
Tools	-	53,458	-	53,458	-	1,768	1,768	-	51,690	-
Intangible										
Computer software	5,421,979	1,116,581	-	6,538,560	835,444	970,224	1,805,668	-	4,732,892	4,586,535
TOTAL	71,380,380	42,498,007	1,603,390	112,274,997	6,559,579	12,555,402	18,829,910	285,071	93,445,087	64,820,801
Previous Year	13,882,805	57,622,179	124,604	71,380,380	1,026,673	5,541,464	6,559,579	8,558	64,820,801	-
Capital work-in-progress (including capital advances)									2,722,598	-

Schedules forming part of the financial statements

	(Amount in Rs.)	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 5		
Inventories		
(As taken, valued and certified by the management)		
Goods purchased for re-sale	59,837,966	39,433,281
Goods in transit	74,516	-
	59,912,482	39,433,281

	(Amount in Rs.)	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 6		
Sundry Debtors		
(Unsecured, considered good except as otherwise stated)		
Outstanding for more than six months	611,158	-
Others*	21,204,170	-
	21,815,328	-
*including debt due from Company having common director	21,078,330	-

	(Amount in Rs.)	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 7		
Cash and Bank Balances		
Cash in hand (as certified by the management)	2,941,000	412,982
Balance with scheduled banks -		
In current accounts	1,259,480	1,920,784
In fixed deposits (pledged against bank guarantees and LC)	2,245,000	102,948
	6,445,480	2,436,714

	(Amount in Rs.)	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 8		
Loans and Advances		
(Unsecured considered good except otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	8,516,887	3,472,699
Balances with excise & sales tax authorities	-	3,781,087
Advance income tax (net of provision for tax of Rs. 533,113)	553,264	-
Security deposits	13,780,545	10,216,444
	22,850,696	17,470,230

Schedules forming part of the financial statements

	(Amount in Rs.)	
	As at 31 March 2010	As at 31 March 2009
SCHEDULE - 9		
Current Liabilities and Provisions		
Current liabilities		
Due to micro, small and medium enterprises	-	-
Sundry creditors for goods, services and expenses	48,537,482	15,391,387
Other liabilities	23,607,961	16,936,381
	72,145,443	32,327,768
Provisions		
Employee benefits	1,490,047	920,723
Tax (including fringe benefit tax)	-	83,980
(net of advance payment Rs. Nil (previous year Rs. 645,850))		
	1,490,047	1,004,703
	73,635,490	33,332,471

	(Amount in Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
SCHEDULE - 10		
Other Income		
Profit on sale of fixed assets	-	58,665
Foreign exchange fluctuation (net)	310,996	94,427
Interest on fixed deposits (TDS Rs. 1,697 (previous year Rs. 1,742))	25,246	7,931
Claims received	802,854	240,840
Shop in shop income	384,357	1,281,802
Service charges	4,139,541	646,131
Commission on sales	86,299	171,755
Display income	19,500,000	-
Discounts received	838,854	-
Miscellaneous income	448,958	66,100
	26,537,105	2,567,651

Schedules forming part of the financial statements

	(Amount in Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
SCHEDULE - 11		
Increase in Stocks		
Closing stocks		
Goods purchased for re-sale	59,837,966	39,433,281
Less:		
Opening stocks		
Goods purchased for re-sale	39,433,281	32,811,445
	20,404,685	6,621,836

	(Amount in Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
SCHEDULE - 12		
Cost of Goods Purchased for Re-Sale		
Purchase domestic	85,883,670	29,965,909
Purchase imports	21,624,909	4,669,024
Direct expenses	12,767,487	2,726,741
	120,276,066	37,361,674

	(Amount in Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
SCHEDULE - 13		
Personnel Cost		
Salaries, bonus & others benefits	52,492,668	34,663,697
Contribution to provident and other funds	1,890,224	937,594
Staff welfare expenses	1,718,982	763,633
	56,101,874	36,364,924

Schedules forming part of the financial statements

	(Amount in Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
SCHEDULE - 14		
Administrative, Selling & General Expenses		
Rent & mall maintenance	47,897,087	25,820,800
Repairs and maintenance	835,414	1,078,878
Rates & taxes	5,154,299	56,195
Insurance	827,457	446,357
Travelling & conveyance	4,119,523	2,983,129
Advertisement & promotion	19,869,611	11,943,426
Other selling & distribution expenses	9,045,967	3,006,715
Staff recruitment expenses	1,654,013	1,489,446
Printing & stationery	709,084	1,227,166
Legal & professional fee	1,885,354	846,716
Communication expenses	2,070,842	1,756,884
Electricity expenses	3,127,769	4,612,837
Miscellaneous expenses	4,171,070	2,497,999
Gift vouchers	5,338,994	-
Loss on sale of fixed assets	300,340	-
	107,006,824	57,766,548

	(Amount in Rs.)	
	For the year ended 31 March 2010	For the year ended 31 March 2009
SCHEDULE - 15		
Interest and Financial Charges		
Interest:		
Term loans	133,857	-
Others	947,330	1,739,691
	1,081,187	1,739,691

Schedules forming part of the financial statements

SCHEDULE - 16

Significant Accounting Policies

1. Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of the powers conferred under sub-section (1) (a) of section 642 and the relevant provision of the Companies Act, 1956 (the 'Act') read along with section 211(3C) of the Act. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

3. Revenue recognition

Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the goods have been transferred to the customer and is stated exclusive of sales tax, trade discounts, and sales return wherever applicable.

Revenue from services

Revenue from services is recognised as and when services have been rendered.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

4. Fixed assets

Tangible

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost incurred for bringing the assets to their working condition for their intended use. Capital expenditure incurred on rented properties is recorded as leasehold improvements under fixed assets to the extent such expenditure is of permanent nature. Expenditure in assets which are of removable nature are recorded in the respective category of assets.

Intangible

Intangible assets are recognised if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the company. Software which is not an integral part of the related hardware, is classified as an intangible asset and is being amortised over its estimated useful life.

5. Depreciation/amortisation

Depreciation on fixed assets has been provided on the basis of straight line method at the rates and in the manner prescribed under schedule in Schedule XIV of the Companies Act, 1956 except in the case of leasehold improvements which are being depreciated over the lease period or estimated useful life, whichever is shorter.

Schedules forming part of the financial statements

6. Foreign currency transactions

Transactions in foreign currencies are recorded at the rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date.

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 the previous financial statements, are recognised as income or expense in the year in which they arise.

7. Inventories

Inventories including material in transit are valued at lower of cost and net realisable value. Cost includes freight and other related incidental expenses incurred in bringing the inventory to its present condition and location and is arrived at on weighted average basis.

8. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 referred to in the Companies (Accounting Standards) Rules 2006

i) Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. The Company's contribution paid/payable under the scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at the balance sheet date by an independent Actuary using the projected unit credit method

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded as exposure or income in the profit and loss account in the year in which such gains or losses arise

iii) Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent Actuary using the projected unit credit method. Actuarial gains or losses are recognised in the profit and loss account in the year they arise.

iv) Other short term benefits

Expense in respect of other short-term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

9. Taxation

Provision for tax for the year comprises current income tax and deferred tax. Current income tax is determined in respect of taxable income in accordance with Income Tax Act, 1961.

Deferred income tax reflects 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/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Schedules forming part of the financial statements

10. Leases

Lease rentals in respect of assets taken on operating lease are charged to the profit and loss account on a straight-line basis over the term of lease.

11. Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

12. Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- (i) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- (ii) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- (iii) present obligation, where a reliable estimate cannot be made.

13. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

SCHEDULE - 17

Notes to the Financial Statements

1. Hindware Home Retail Private Limited ('the Company') was incorporated on 24 November 2005 as a wholly owned subsidiary of HSIL Limited (formerly known as Hindustan Sanitaryware & industries Limited). The Company is primarily engaged in retail trade of furniture and home decor through a chain of retail outlets.
2. The entire share capital of the Company amounting to Rs. 90,000,000 (previous year Rs. 62,250,000) comprising of 9,000,000 equity shares of Rs. 10 each (previous year 6,225,000 equity shares of Rs. 10 each) is held by HSIL Limited the holding company and its nominees.
3. In the opinion of the board of directors current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in the accounts.
4. The Company is a lessee under various operating leases for premises taken on lease. These leasing arrangements, which are non-cancellable, ranges between 0 month to 36 months and are renewable on mutually agreeable terms. Aggregate rental expenses under operating leases amounted to Rs. 37,900,694 (previous year Rs. 22,210,604) for the year, has been charged to the profit and loss account. The future lease payments in respect of these leases as at 31 March 2010 and 31 March 2009 are as follows.

Schedules forming part of the financial statements

	(Amount in Rs.)	
Minimum lease Payments	31 March 2010	31 March 2009
Not later than one year	49,393,134	35,114,393
Later than one year but not later than five years	46,253,982	72,504,370
Later than five years	-	-

5. Deferred tax assets

In accordance with Accounting Standard 22 "Accounting of Taxes on Income", in view of the significant losses incurred by the Company during the year, deferred tax assets on carried forward losses, unabsorbed depreciation and other timing differences have not been accounted in the books, since it is not virtually certain whether the Company will be able to utilise such assets.

6. Value of imports calculated on CIF basis

	(Amount in Rs.)	
Particulars	31 March 2010	31 March 2009
Finished goods for re-sale	24,502,001	4,892,150
Capital goods	-	251,267

7. Expenditure in foreign currency:

	(Amount in Rs.)	
Particulars	31 March 2010	31 March 2009
Travelling	256,536	377,051
Rent	17,257	-
Professional charges	24,153	-

8. Contingent liabilities not provided for:

	(Amount in Rs.)	
Particulars	31 March 2010	31 March 2009
Bank guarantees given to various authorities	1,146,600	-
Service tax liability on lease rent	2,636,329	-

9. Directors' remuneration

	(Amount in Rs.)	
Particulars	31 March 2010	31 March 2009
Salaries	1,320,000	600,000
Contribution to provident fund	158,400	72,000
Total	1,478,400	672,000

10. Payment to auditors

	(Amount in Rs.)	
Particulars	31 March 2010	31 March 2009
Audit fee	50,000	50,000
Tax audit fee	100,000	-
Service tax & cess	15,450	5,150
Total	165,450	55,150

Schedules forming part of the financial statements

11. Employee benefits

(Amount in Rs.)

During the year the Company has recognised the following amounts in the profit and loss account:-

a) **Provident fund and other funds*:**

Particulars	31 March 2010	31 March 2009
Employer's contribution to provident fund	1,008,582	390,974
Employer's contribution to ESI	103,927	104,872
*included in contribution to provident and other funds (refer schedule 13)		

b) **Long term benefit plans**

(Amount in Rs.)

Particulars	As at 31 March 2010		As at 31 March 2009	
	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)	Leave encashment (unfunded)
Amount recognised in profit and loss account:				
Current service cost	370,994	209,580	278,223	169,175
Interest cost	37,969	31,086	5,572	14,877
Net actuarial (gain)/ loss	91,371	36,715	150,061	40,367
Total included in personnel cost*	500,334	277,381	433,856	224,419
* Refer schedule 13				
Change in benefit obligation				
Opening benefit obligation	506,249	414,474	79,593	212,530
Current service cost	370,994	209,580	278,223	169,175
Interest cost	37,969	31,086	5,572	14,877
Benefits paid	(142,849)	(65,542)	(7,200)	(22,475)
Actuarial (gain)/ loss	91,371	36,715	150,061	40,367
Closing benefit obligation recognised in balance sheet	863,734	626,313	506,249	414,474
Actuarial assumptions				
Discount rate	7.50%	7.50%	7.00%	7.00%
Expected rate of increase in compensation levels	5.00%	5.00%	4.50%	4.50%
Expected average remaining working lives of employees	28.22 yrs	30.13 yrs	30.10 yrs	29.72 yrs

Schedules forming part of the financial statements

Amounts for the current period are as follows:

	31 March 2010		31 March 2009	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Defined benefit obligation	863,734	626,313	506,249	414,474
Plan assets	-	-	-	-
Surplus/ (deficit)	863,734	626,313	506,249	414,474

Estimated amount of benefits payable within next year are Rs. 850,907 (previous year Rs. 664,619).

12. Details in respect of finished Goods dealt with by the Company:

Particulars	31 March 2010		31 March 2009	
	Qty* (In Pcs.)	Value (Rs.)	Qty* (In Pcs.)	Value (Rs.)
Opening stock				
Furniture & home furnishing	69,013	33,504,665	25,627	31,506,726
Other		5,928,616		1,304,719
	69,013	39,433,281	25,627	32,811,445
Purchases				
Furniture & home furnishing	278,417	102,558,117	100,347	26,970,889
Other		17,717,949		10,390,785
	278,417	120,276,066	100,347	37,361,674
Sales				
Furniture & home furnishing	216,392	144,697,161	56,961	44,047,680
Other		19,323,409		11,326,175
	216,392	164,020,570	56,961	55,373,855
Closing stock				
Furniture & home furnishing	131,038	51,403,993	69,013	33,504,665
Other		8,433,973		5,928,616
	131,038	59,837,966	69,013	39,433,281

* The Company deals in large number of products, the quantitative information has been furnished only in respect of major items namely furniture & home furnishing items. Other items are grouped together, as quantitative information in respect of each product is not practical to ascertain in view of nature of retail operation of the Company.

Schedules forming part of the financial statements

13. LOSS PER SHARE

	(Amount in Rs.)	
	31 March 2010	31 March 2009
Basic & Diluted loss per share		
(Loss) attributable to equity shareholders before prior period item (Rs.)	(86,096,444)	(74,706,621)
Prior period item (deferred tax for earlier year) (Rs.)	-	(9,400,144)
(Loss) attributable to equity shareholders after prior period item (Rs.)	(86,096,444)	(84,106,765)
Weighted average number of shares outstanding during the year.	6,285,822	3,632,123
Nominal value per share (Rs.)	10	10
Basic and diluted (loss) per share - before prior period item (Rs.)	(13.70)	(20.57)
Basic and diluted (loss) per share - after prior period item (Rs.)	(13.70)	(23.16)

14. There are no micro, small and medium enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the company.

15. **The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:**

	(Amount in Rs.)	
Particulars	31 March 2010	31 March 2009
Payables		
Payable on imports	65,972	74,158
Receivables		
Advances to suppliers	3,314,202	750,361

16. The Company is engaged in the business of "Retail Trade" which is considered to be the only reportable business segment as per the accounting standard 17 on 'Segment Reporting' referred to in the Companies (Accounting Standards) Rules 2006. The Company only operates in India and therefore does not have any other geographical segments.

17. RELATED PARTY DISCLOSURES

Information to be disclosed in accordance with Accounting Standard 18 "Related Party Disclosures referred to in the Companies (Accounting Standards) Rules 2006.

Schedules forming part of the financial statements

Relationship	Particulars
Holding Company	HSIL Limited (formerly known as 'Hindustan Sanitaryware & Industries Limited').
Fellow Subsidiary Companies	AGI Glasspack Limited
	HSIL Associates Limited
	Halis International Limited
	Alchemy International Cooperatief U.A.
	Haas International B.V.
Key Management Personnel & relatives	Mr. Sandip Somany (Director)
	Mrs. Sumita Somany (Executive Director)
	Mr. R K Somany (Father of Mr. Sandip Somany)

Transactions undertaken/ balances outstanding with related parties in the ordinary course business:

Particulars	(Amount in Rs.)			
	Holding Company		Key Management Personnel(KMP) & relatives	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Transactions during the year				
Sales of trading goods	94,248	508,829	676,981	-
Sales of fixed assets	-	196,550	-	-
Display Income	19,500,000	-	-	-
Purchase of trading goods	8,909,978	3,358,345	-	-
Amount paid by holding company on account of expenses pertaining to the Company	720,846	836,459	-	-
Issue of shares	111,000,000	104,000,000	-	-
Remuneration paid	-	-	1,320,000	600,000
Balance outstanding at the year end- Receivable	21,078,330	-	-	-

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18. Previous year's figures have been regrouped / reclassified, wherever considered necessary to make them comparable with those of the current year.

For and on behalf of the Board of Directors

Meenakshi Nayyar
Company Secretary

Sumita Somany
Executive Director

Sandip Somany
Director

Place : Gurgaon
Date : 10 May 2010

Balance sheet Abstract and Company's General Business Profile

(i) Registration details

Registration No./ CIN : U51109WB2005PTC106307 State Code No. : 21
 Balance Sheet Date : 31 03 2010

(ii) Capital raised during the year (Amount in Rs. Thousands)

Public Issue : NIL Right Issue : NIL
 Bonus Issue : NIL Private Placement : 111000
 (including Share Premium amounting Rs. 83,250 in thousands)

(iii) Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities : 334705 Total Assets : 334705

Sources of Funds

Paid-up Capital : 90000 Reserves & Surplus : 210000
 Secured Loans : 34705 Unsecured Loans : NIL

Application of Funds

Net Fixed Assets : 96168 Investments : NIL
 Net Current Assets : 37388 Miscellaneous Expenditure : NIL
 Accumulated Losses : 201149

(iv) Performance Of Company (Amount in Rs. Thousands)

Net Turnover : 190558 Total Expenditure : 276617
 (including other income)
 Profit Before Tax : (86059) Profit after tax : (86096)
 Basic earning per share (Rs.) : (13.70) Dividend(%) : NIL

(v) Generic Names of Two Principal products of the Company

Item Code No. (ITC Code) : 94036000
 Product/Service Description : WOODEN FURNITURE

For and on behalf of the Board of Directors

Meenakshi Nayyar
Company Secretary

Sumita Somany
Executive Director

Sandip Somany
Director

Place : Gurgaon
Date : 10 May 2010

Directors' Report

Dear Members,

Your Directors present the Thirteenth Annual Report together with audited accounts of the Company for the year ended 31st March, 2010.

	(Amount in Rs.)
FINANCIAL RESULTS	
Profit/(Loss) during the year	(145,555.43)
Add: Excess Provision of tax for earlier year written back	77.00
	(145,478.43)
Add: Balance brought forward from previous year	(204,306.26)
Balance carried to Balance Sheet	(349,784.69)

DIVIDEND

In view of loss, your Directors do not recommend any dividend for the year under review.

ISSUE OF EQUITY SHARES

The Company has issued and allotted 1,48,317 Equity Shares of Rs. 10/- each at a premium of Rs. 90/- on 17th March, 2010 to its existing shareholders on Rights basis.

FIXED DEPOSITS

The Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956, during the year under review.

AUDITORS' REPORT

The Report of the Auditors read together with the Notes on Account is self explanatory and, therefore, does not need any comments under Section 217 of the Companies Act, 1956.

DIRECTORS

Mr. N. Goenka, Director of the Company, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

AUDITORS

M/s. Choudhari Pramod & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, expressed their willingness to continue in office, if re-appointed.

PARTICULARS OF EMPLOYEES

The Company had no employee in the categories specified under Section 217(2A) of the Companies Act, 1956.

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

The Company had no operations during the year under review and, hence, there are no details that may be

furnished pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Board of Directors) Rules, 1988.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the provisions of Section 383A of the Companies Act, 1956 the Secretarial Compliance Certificate for the year 2009-10 is enclosed as part of this Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of your Company confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies 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 the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- 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; and
- the Directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board

Place : Kolkata (N. Goenka) (A. K. Dokania)
Dated : 28th day of April, 2010 Director Director

Compliance Certificate

CIN NO of the Company : U67120WB1997PLC085439
 Nominal Capital : Rs. 5,00,00,000/-
 Paid Up Capital : Rs. 4,44,95,170/-

The Members

AGI GLASSPACK LIMITED

2, Red Cross Place, Kolkata - 700 001

We have examined the registers, records, books & papers of M/s. AGI GLASSPACK LIMITED (the Company), as required to be maintained under the Companies Act, 1956 (The Act) and the Rules made thereunder and also the provisions contained in the Memorandum & Articles of Association of the Company for the year ended on 31st March, 2010. In our opinion & to the best of our information & according to the examinations carried out by us & explanations furnished to us by the Company, its officers & agents, we certify that in respect of aforesaid financial year :

1. The Company has kept & maintained all the registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act & the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, West Bengal under the Companies Act, 1956 and the Rules made thereunder. However, no forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a Public Limited Company, provisions of Section 3(1)(iii) are not applicable, so comments are not required.
4. The Board of Directors duly met 5(five) times respectively on 5th May, 2009, 17th July, 2009, 27th November, 2009, 2nd February, 2010 & 17th March, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The Company has not passed any Board Resolution by circulation during the year under review.
5. The Company has closed its register of Members from 24th August, 2009 to 28th August, 2009 (both days inclusive) for transfer or other purposes for Annual General Meeting and fixed 16th February, 2010 as record date for the purpose of entitlement to Right Issue.
6. The Annual General Meeting of the Company for the financial year ended on 31st March, 2009 was held on 28th August, 2009, after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. An Extra Ordinary General Meeting of shareholders was held on 28th July, 2009, for issue of Equity Shares to the existing shareholders of the Company on rights basis after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minute Book maintained for the purpose. Other than this, no Extra-Ordinary General Meeting of the Members was held during the financial year under review.
8. The Company has not advanced loan to its Director and/or person, Firm or Company referred to in Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act as and where necessary.
11. As there are no instances falling within the purview of Section 314 of the Act, the Company has not obtained approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate Share Certificates during the financial year under review.
13. The Company has:
 - a) delivered all the certificates on allotment of 148317 Equity Shares of Rs. 10/- each issued upon rights basis to the existing shareholders of the Company during the financial year under review.
 - b) not received any instrument for transfer or transmission or any other purposes during the financial year under review.
 - c) not required to deposit any amount in a separate bank account for dividend as no dividend was declared during the above financial year.
 - d) not required to post dividend warrants to any of its Member as no Dividend was declared during the above financial year.
 - e) no amount lying outstanding in unpaid Dividend account or under any other head for more than seven years, which are required to be transferred to IEPF under Section 205C of the Act.
 - f) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Director, alternate Director or Director to fill casual vacancy during the above financial year.
15. The Company has not appointed any Managing Director/Whole time Director/Manager during the above financial year.
16. The Company has not appointed any Sole-selling Agent during the above year under review.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.

18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued and allotted 148317 Equity shares of Rs. 10/- each to the existing shareholders of the Company during the financial year under review, pursuant to rights issue of the Company
20. The Company has not bought back Share during the above financial year.
21. The Company has neither issued nor redeemed any redeemable preference share/ debentures.
22. There was no transaction necessitating the Company to keep in abeyance the right to dividend, rights Shares and Bonus Shares pending registration of transfer of Shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the above financial year under review.
24. The Company has not borrowed any loan during the financial year from other Bodies Corporate, Financial Institutions, Banks, Public and others under Section 293 (1)(d) of the Companies Act, 1956.
25. The Company has not made any loans, advances or given guarantee or provided securities in relation to loan given to other Bodies Corporate but has invested the surplus fund in the units of mutual fund pursuant to the provisions of Section 372A of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the above financial year.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the above financial year.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the above financial year.
29. The Company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the above financial year.
30. The Company has not altered its Articles of Association during the above financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the above year for offence under the various provisions of the Act.
32. The Company has not received any money as security from its employees during the above financial year.
33. The Company has not deducted any contribution towards Provident Fund during the aforesaid financial year as the same is not applicable to the Company.

For **Drolia & Company**
(Company Secretaries)

Place : 9, Crooked Lane,
Kolkata 700069
Dated : 28th day of April, 2010

(**P K Drolia**)
Proprietor
CP: 1362

ANNEXURE : A

Register as maintained by the Company

Sl. No.	Particulars	Section
1.	Register of Members	150
2.	Directors Minutes Book	193
3.	Shareholders Minutes Book	193
4.	Register of Directors	303
5.	Register of Transfer	-
6.	Shareholders Attendance Register	-
7.	Register of Contracts & Agreements	301
8.	Register of Directors Shareholding	307

ANNEXURE : B

Sl. No.	Form No./Return	Filed under Section	Date of filing	Whether filed within Statutory time period
1.	Registration of Resolution dated 28th July, 2009 in Form No. 23	192	27.08.2009	Yes
2.	Compliance Certificate for the year ended 31st March, 2009 in Form No. 66	383A	10.09.2009	Yes
3.	Balance Sheet & Profit and Loss Account as at 31st March, 2009 in Form No. 23AC & 23ACA	220	12.09.2009	Yes
4.	Annual Return as on 28th August, 2009 in Form No. 20B	159	27.10.2009	Yes
5.	Return of Allotment dated 17th March, 2010 in Form No. 2	75(1)	18.03.2010	Yes

Auditors' Report

To,

The Members Of

AGI GLASSPACK LIMITED

We have audited the attached Balance Sheet of AGI GLASSPACK LIMITED as at 31st March, 2010, the Profit and Loss Account and 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.

We conducted our auditing 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 and as amended by Companies (Auditors' Report) (Amendment Order), 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
3. The Balance Sheet and Profit and Loss Account are in agreement with the books of account.
4. In our opinion, the Profit and Loss account and the Balance Sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

5. During the course of our Audit, we have not come across with any such observation which has any adverse effect on the functioning of the Company.
6. Pursuant to the provisions of sub-section (1) (g) of Section 274 of the Companies Act, 1956, we report as under:

On the basis of written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of directors, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

7. In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of Profit and Loss Account of the Loss for the period 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 **CHOUDHARI PRAMOD & CO.**

Chartered Accountants

Registration No. : 324247E

(D. Panda)

Partner

Place : Kolkata

Dated : 28th April, 2010

Membership No. 66197

Annexure to the Auditors' Report

Annexure Referred to in paragraph 3 of our report of even date to the members of AGI GLASSPACK LIMITED

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the management has physically verified the fixed assets during the year and 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 the assets. No material discrepancies were noticed on such verification.
- c) The Company has not disposed off any fixed assets during the year and hence, it has not affected the going concern status of the Company.
2. The Company did not have any inventory during the year.
3. As informed to us, the Company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. As informed to us, the Company has not taken loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
5. The Company has adequate internal control procedures commensurate with the size of Company and the nature of its business.
6. Based on the audit procedure applied by us and according to the information and explanations provided by the management, the Company has made necessary entries in the register maintained under Section 301 of the Companies Act, 1956 as and where necessary.
7. The Company has not accepted any deposits from public.
8. In our opinion, the Company has internal audit system commensurate with size of the Company and the nature of its business.
9. According to the records of the Company, the Company is regular in depositing undisputed statutory dues applicable to the Company among Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty and Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty and Excise Duty which have remained outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
10. The Company has accumulated losses at the end of the financial year 31st March, 2010. Further the Company has incurred cash losses of Rs. 145,555.43 in the current financial year 31st March, 2010 and Rs. 17,664.11 during the immediately preceding financial year ended on 31st March, 2009.
11. Based on the audit procedure and on the information and explanations provided by the management, the Company has not borrowed any loan from financial institution or bank or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual fund/societies.
14. The Company is dealing and trading in shares, securities, debentures and other Investments and maintaining proper records of the transactions and contracts with timely entries therein, also held shares, securities, debentures and other securities in its own name.
15. 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.
16. Based on information and explanations given to us by the management, no term loan has been taken from any Bank or Financial Institution(BFI).
17. According to the information & explanations given to us and an overall examination of the balance sheet of the Company, we report that short term funds have not been used to finance long term investments and vice versa as the Company has not availed any financial facilities during the year.
18. The Company has not made any preferential allotment during the year.
19. During the year, since the Company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.
20. We have verified the end use of money raised by the rights issue during the year and as disclosed in the Directors' Report.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **CHOUDHARI PRAMOD & CO.**

Chartered Accountants

Registration No. : 324247E

(D. Panda)

Partner

Place : Kolkata

Dated : 28th April, 2010

Membership No. 66197

Balance Sheet

		(Amount in Rs.)	
	Schedule	As on 31.03.2010	As on 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	44,495,170.00	43,012,000.00
Reserves & Surplus	2	98,348,530.00	85,000,000.00
Total		142,843,700.00	128,012,000.00
APPLICATION OF FUNDS			
Fixed Assets			
Land		127,569,500.00	127,569,500.00
Investments	3	9,300,000.00	26,430.21
Current Assets, Loans & Advances			
Cash & Bank Balances	4	71,205.31	23,836.53
Loans & Advances	5	5,683,167.00	193,395.00
		5,754,372.31	217,231.53
Less : Current Liabilities & Provisions			
Current Liabilities	6	129,957.00	3,168.00
Provisions	7	-	2,300.00
		129,957.00	5,468.00
Net Current Assets		5,624,415.31	211,763.53
Profit & Loss Account		349,784.69	204,306.26
Total		142,843,700.00	128,012,000.00
Notes on Accounts	8		

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

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

For and on behalf of the Board of Directors

For Choudhari Pramod & Co.

Chartered Accountants

(D. Panda)

Partner

Membership No. 66197

165/1, Ashokgarh

Kolkata-700 108

Date : 28th day of April, 2010

N. Goenka

Director

A. K. Dokania

Director

Profit and Loss Account

		(Amount in Rs.)	
	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME			
Profit on sale of Investments		11,981.57	9,521.86
		11,981.57	9,521.86
EXPENSES			
Electricity & Water Charges		104,016.00	4,125.00
Maintenance Charges		10,000.00	-
Charges General		30.00	270.00
Bank Charges		1,765.00	1,292.17
Filing Fees		2,500.00	1,000.00
Audit Fees		2,500.00	2,500.00
Printing & Stationary		74.00	22.80
Rates & Taxes		1,7570.00	17,570.00
Legal & Professional		19,082.00	406.00
		157,537.00	27,185.97
Profit/(Loss) for the year		(145,555.43)	(1,7664.11)
Less : Provision for Taxation		-	-
Profit/(Loss) after Taxation		(145,555.43)	(17,664.11)
Add: Excess Provision of Tax for earlier year written back		77.00	-
		(145,478.43)	(17,664.11)
Balance brought forward from previous year		(204,306.26)	(186,642.15)
Balance carried to Balance Sheet		(349,784.69)	(204,306.26)
Earnings per share		(0.03)	0.00
Notes on Accounts	8		

Schedules referred to above form an integral part of the Profit and Loss Account.

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

For and on behalf of the Board of Directors

For Choudhari Pramod & Co.

Chartered Accountants

(D. Panda)

Partner

Membership No. 66197

165/1, Ashokgarh

Kolkata-700 108

Date : 28th day of April, 2010

N. Goenka

Director

A. K. Dokania

Director

Cash Flow Statement

	(Amount in Rs.)	
	For the year ended 31.03.2010	For the year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	(145,555.43)	(17,664.11)
Adjustment for		
- Profit on sale of Investments	(11,981.57)	(9,521.86)
Operating profit before Working Capital Changes	(157,537.00)	(27,185.97)
Adjustments for		
- Trade and Other receivables	(5,491,995.00)	(118,250.00)
- Trade and Other Payables	126,789.00	288.00
Cash Generated from Operations	(5,522,743.00)	(145,147.97)
- Direct tax paid	-	(2,223.00)
Net Cash from Operating Activities	(5,522,743.00)	(147,370.97)
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase/Sale of Investments	(9,261,588.22)	135,000.00
Net Cash used in investing activities	(9,261,588.22)	135,000.00
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used in Financing Activities	14,831,700.00	-
Net Increase in Cash & Cash Equivalents(A+B+C)	47,368.78	(12,370.97)
Cash and Cash Equivalents as at (Opening)	23,836.53	36,207.50
Cash and Cash Equivalents as at (Closing)	71,205.31	23,836.53

For and on behalf of Board of Directors

N. Goenka
Director

A. K. Dokania
Director

Place : Kolkata
Date : 28th day of April, 2010

Auditors' Report

We have examined the above cash flow statement of AGI Glasspack Limited for the year ended 31st March,2010. The statement has been prepared by the Company and is based on and in agreement with the corresponding Profit & Loss Account and the Balance Sheet for the Company covered by our report of even date to the Members of the Company.

For Choudhari Pramod & Co.
Chartered Accountants

(D. Panda)
Partner
Membership No. 66197
165/1, Ashokgarh
Kolkata-700 108
Date : 28th day of April, 2010

Schedules Annexed to and forming part of the Accounts

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 1		
Share Capital		
Authorised :		
5,000,000 Equity Shares of Rs. 10/- each	50,000,000.00	50,000,000.00
Issued, Subscribed & Paid up		
4,449,517 (4,301,200) Equity Shares of Rs. 10/- each fully paid up in cash	44,495,170.00	43,012,000.00
	44,495,170.00	43,012,000.00

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 2		
Reserves & Surplus		
Share Premium Account	98,348,530.00	85,000,000.00
	98,348,530.00	85,000,000.00

	No. of Units	Amount in Rs.	No. of Units	Amount in Rs.
SCHEDULE - 3				
Investments (At Cost)				
Mutual Fund				
HDFC Liquid Fund - Growth	-	-	1710.239	26,430.21
Reliance Medium Term Fund - Growth	488273.559	9,300,000.00	-	-
Total		9,300,000.00		26,430.21
NAV of Mutual Fund		9,317,284.88		29,866.76

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 4		
Cash & Bank Balances		
Cash in hand (As Certified by the Management)	1,634.00	1,634.00
Balance with Scheduled Banks		
- In Current Accounts	69,571.31	22,202.53
	71,205.31	23,836.53

Schedules Annexed to and forming part of the Accounts

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 5		
Loans & Advances		
Advances (Recoverable in cash or in kind or for value to be received or pending adjustment)	5,639,991.00	172,996.00
Security Deposit	43,176.00	18,176.00
Advance Income Tax	-	2,223.00
	5,683,167.00	193,395.00

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 6		
Current Liabilities		
Liabilities for Expenses	129,957.00	3,168.00
	129,957.00	3,168.00

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 7		
Provision		
For Income Tax	-	2,300.00
	-	2,300.00

Schedules Annexed to and forming part of the Accounts

SCHEDULE - 8

Significant Accounting Policies and Notes on Accounts

A. Significant Accounting policies

Basis of Preparation of financial statements

The Company adopts accrual basis of Accounting in preparation of accounts. All expenses and income to the extent considered payable and receivable respectively, unless stated otherwise, are accounted for on mercantile basis.

Investments

- i) In terms of Accounting Standard-13 issued by the Institute of Chartered Accountants of India, investments in securities are valued at cost, which includes brokerage, transfer stamp etc.
- ii) Provision for diminution in the value of investments are made if such fall is considered permanent in nature.

Fixed Assets

Fixed Assets are stated at cost.

Depreciation

Depreciation on Fixed Assets is provided at the rates in accordance with Schedule XIV of the Companies Act, 1956, as notified by the Department of Company Affairs vide notification no. GSR.756(E) dated 16th December, 1993.

Taxation

Provision for the Income Tax is made on estimates to arise on the results for the year at current rates of tax in accordance with the Income Tax Act, 1961

Foreign Currency Transactions

The Company has no foreign currency transactions during the year.

Retirement Benefit

The Company has no employee during the year under review, hence provision for liabilities for provident fund, gratuity and accrued leave benefits are not required to be made by the Company on the date of Balance Sheet.

B. Notes on Accounts

- i) Estimated amount of contracts amounting to Rs. 9,360,009 (Previous year Rs. 185,617) net of advances Rs. 5,639,991 (Previous year Rs. 94,383) remaining to be executed on capital account and not provided for.
- ii) The entire paid-up Equity Share Capital of the Company is held by HSIL Limited, the holding Company and its nominees.
- iii) Previous year's figures have been regrouped /rearranged, wherever considered necessary.

Signature to schedules " 1" to "8"
In terms of our Report of even date

For and on behalf of the Board of Directors

For **Choudhari Pramod & Co.**
Chartered Accountants

(D. Panda)
Partner
Membership No. 66197
165/1, Ashokgarh
Kolkata - 700 108
Date : 28th day of April, 2010

N. Goenka
Director

A. K. Dokania
Director

(i) Registration details

Balance Sheet Date : 31 03 2010

Public Issue :

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue :

					N	I	L
--	--	--	--	--	---	---	---

Private Placement :

					N	I	L
--	--	--	--	--	---	---	---

Total Liabilities :

		1	4	2	8	4	4
--	--	---	---	---	---	---	---

Total Assets :

		1	4	2	8	4	4
--	--	---	---	---	---	---	---

Paid up Capital	:				4	4	4	9	5
-----------------	---	--	--	--	---	---	---	---	---

Reserves & Surplus :				9	8	3	4	9
----------------------	--	--	--	---	---	---	---	---

Secured Loans :

					N	I	L
--	--	--	--	--	---	---	---

Unsecured Loans	:						N	I	L
-----------------	---	--	--	--	--	--	---	---	---

Net Fixed Assets :

		1	2	7	5	7	0
--	--	---	---	---	---	---	---

Investments :

				9	3	0	0
--	--	--	--	---	---	---	---

Net Current Assets :

				5	6	2	4
--	--	--	--	---	---	---	---

Miscellaneous :

						N	I	L
--	--	--	--	--	--	---	---	---

Accumulated Losses :

				3	5	0
--	--	--	--	---	---	---

Turnover :

						1	2
--	--	--	--	--	--	---	---

Total Expenditure :

					1	5	8
--	--	--	--	--	---	---	---

Profit/(Loss) before tax	:					(1	4	6)
--------------------------	---	--	--	--	--	----	---	----

Profit/(Loss) after tax :						(1	4	6)
---------------------------	--	--	--	--	--	----	---	----

Earnings Per Share (Rs.) :

				(0	.	0	3)
--	--	--	--	----	---	---	----

Dividend Rate% :

					N	I	L
--	--	--	--	--	---	---	---

Item Code No. (ITC Code)							N.	A.
--------------------------	--	--	--	--	--	--	----	----

Product/Service Description						N.	A.
-----------------------------	--	--	--	--	--	----	----

Place : Kolkata
Date : 28th day of April, 2010

N. Goenka
Director

A. K. Dokania
Director

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 2nd (Second) Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2010.

	(Amount in Rs.)
FINANCIAL RESULTS	
Profit during the year	6,965.18
Less: Provision for Taxation	2,900.00
	4065.18
Add: Balance brought forward from previous year	(17,882.20)
Balance carried to Balance Sheet	(13,817.02)

DIVIDEND

To conserve the resources, your Directors do not recommend any dividend for the year under review.

FIXED DEPOSITS

The Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 during the year ended 31st March, 2010.

AUDITORS' REPORT

The Report of the Auditors read together with the Notes on Account is self explanatory and therefore does not call for any further comments under Section 217 of the Companies Act, 1956.

DIRECTORS

Mr. Sandip Somany, Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

Mr. G. L. Sultania, Director of the Company, resigned from the directorship of the Company with effect from 9th November, 2009. Mr. A. K. Dokania appointed as a director in the casual vacancy caused by the resignation of Mr. G. L. Sultania on 9th November, 2009.

AUDITORS

M/s. Choudhari Pramod & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Directors recommend their appointment as Auditors of the Company.

PARTICULARS OF EMPLOYEES

The Company had no employee in the categories specified under Section 217(2A) of the Companies Act, 1956 hence no statement.

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

The provisions of Section 217(1)(e) of the Companies Act, 1956 are not applicable to the Company, as the Company does not carry on any manufacturing activity. There was no foreign exchange earning and outgo during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies 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 the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) 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) the Directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board

Place: Kolkata

Dated: 28th day of April, 2010

N. Goenka

Director

A. K. Dokania

Director

Auditors' Report

To the Members of

HSIL ASSOCIATES LIMITED

We have audited the attached Balance Sheet of **HSIL ASSOCIATES LIMITED** as at 31st March, 2010, the Profit and Loss Account and also 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.

We conducted our auditing 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 and as amended by Companies (Auditors' Report) (Amendment Order), 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
3. The Balance Sheet and Profit and Loss Account are in agreement with the books of account.
4. In our opinion, the Profit and Loss account and the Balance Sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

5. During the course of our Audit, we have not come across with any such observation which has any adverse effect on the functioning of the Company.
6. Pursuant to the provisions of sub-section (1) (g) of Section 274 of the Companies Act, 1956, we report as under:

On the basis of written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of directors, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

7. 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 as required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of Profit and Loss Account of the Profit for the period ended on that date; and
 - c) In the case of Cash Flow Statement of the Cash Flows for the period ended on that date.

For **Choudhari Pramod & Co.**

Chartered Accountants

Registration No.324247E

D Panda

Partner

Place : Kolkata

Date : 28th day of April, 2010 Membership No. 66197

Annexure To The Auditors' Report

Annexure referred to in paragraph 3 of our report of even date to the members of HSIL ASSOCIATES LIMITED

1. The Company does not have any fixed assets, hence the clause is not applicable to the Company.
2. The Company did not have any inventory, hence the clause is not applicable to the Company.
3. As inform to us, the Company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. As inform to us, the Company has not taken loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
5. The Company has adequate internal control procedures commensurate with the size of Company and the nature of its business.
6. Based on the audit procedure applied by us and according to the information and explanations provided by the management, the Company has entered the transactions which are required to be entered into the register maintained under Section 301 of the Companies Act, 1956.
7. The Company has not accepted any deposits from public.
8. In our opinion, the Company did not have any internal audit system commensurate with size of the Company and the nature of its business.
9. According to the records of the Company, the Company is regular in depositing undisputed statutory dues applicable to the Company among Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty and Excise Duty, Cess and other statutory dues, as applicable, with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty and Excise Duty which have remained outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
10. The Company has accumulated losses at the end of the financial year 31st March, 2010. Further, the Company has not incurred cash losses during the financial year ended 31st March, 2010 whereas incurred cash losses of Rs. 17,882.20 during the immediately preceding financial year 31st March, 2009.
11. Based on the audit procedure and on the information and explanations provided by the management, the Company has not borrowed any loan from financial institution or bank or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual fund/societies.
14. The Company is dealing and trading in shares, securities, debentures and other Investments and maintaining proper records of the transactions and contracts with timely entries therein, also held shares, securities, debentures and other securities in its own name.
15. 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.
16. Based on information and explanations given to us by the management, no term loans have taken from any banks or financial institution.
17. According to the information & explanations given to us and an overall examination of the balance sheet of the Company, we report that short term funds have not been used to finance long term investments and vice versa as the Company has not availed any financial facilities during the year.
18. The Company has not made any preferential allotment during the year.
19. During the year, since the Company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.
20. During the year, since the Company has not raised any money by way of public issue, paragraph 4(xx) of the Order is not applicable.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Choudhari Pramod & Co.**

Chartered Accountants

Registration No.324247E

D Panda

Partner

Place : Kolkata

Date : 28th day of April, 2010 Membership No. 66197

Balance Sheet

(Amount in Rs.)			
	Schedule	As on 31.03.2010	As on 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	500,000.00	500,000.00
Total		500,000.00	500,000.00
APPLICATION OF FUNDS			
Investments	2	467,852.38	450,000.00
Current assets, loans & advances			
Cash & Bank Balances	3	6,473.00	11,441.00
		6,473.00	11,441.00
Less : Current Liabilities & Provisions			
Current Liabilities	4	3,000.00	3,000.00
Provisions	5	2,900.00	-
		5,900.00	3,000.00
Net Current Assets		573.00	8,441.00
Miscellaneous Expenditure			
(To the extent not written off and/or adjusted)			
Preliminary Expenses	6	17,757.60	23,676.80
Profit and Loss Account		13,817.02	17,882.20
Total		500,000.00	500,000.00
Notes on Accounts	7		

Schedule 1 to 7 form part of the Balance Sheet

In terms of our attached report of even date

For and on behalf of the Board of Directors

For Choudhari Pramod & Co.

Chartered Accountants

(D. Panda)

Partner

Membership No. 66197

165/1, Ashokgarh

Kolkata-700 108

Date : 28th day of April, 2010

N. Goenka

Director

A. K. Dokania

Director

Profit and Loss Account

		(Amount in Rs.)	
	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME			
Profit on sale of Investments		22,852.38	-
		22,852.38	-
EXPENDITURE			
Filing Fee		900.00	600.00
Auditors' Remuneration		3,000.00	3,750.00
General Charges		18.00	12.00
Legal & Professional Charges		1,650.00	3,056.00
Printing & Stationery		-	145.00
Rates & Taxes		4,400.00	4,400.00
Preliminary Expenses Written off		5,919.20	5,919.20
		15,887.20	17,882.20
Profit/(Loss) before Taxation		6,965.18	(17,882.20)
Provision for Taxation		2,900.00	-
Profit/(Loss) after Taxation		4,065.18	(17,882.20)
Add : Balance brought forward from last year		(17,882.20)	-
Balance carried to Balance Sheet		(13,817.02)	(17,882.20)
Notes on Accounts	7		

Schedule 1 to 7 form part of the Balance Sheet and Profit and Loss Account

In terms of our attached report of even date

For and on behalf of the Board of Directors

For Choudhari Pramod & Co.

Chartered Accountants

(D. Panda)

Partner

Membership No. 66197

165/1, Ashokgarh

Kolkata-700 108

Date : 28th day of April, 2010

N. Goenka

Director

A. K. Dokania

Director

Cash Flow Statement

	(Amount in Rs.)	
	For the year ended 31.03.2010	For the year ended 31.03.2009
A . CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	6,965.18	(17,882.20)
<i>Adjustment for</i>		
- (Profit)Loss on sale of Investments	(22,852.38)	-
- Preliminary Expenses written off	5,919.20	5,919.20
Operating profit before Working Capital Changes	(9,968.00)	(11,963.00)
<i>Adjustments for</i>		
- Trade and Other Payables	-	3,000.00
Cash Generated from Operations	(9,968.00)	(8,963.00)
- Direct tax paid	-	-
Cash Flow Before Extraordinary Items	(9,968.00)	(8,963.00)
Extraordinary Items :		
Net Cash from Operating Activities	(9,968.00)	(8,963.00)
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase/Sale of Investments	5,000.00	(450,000.00)
Net Cash Used in Investing Activities	5,000.00	(450,000.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
- Preliminary Expenses	-	(29,596.00)
- Proceeds by way of issue of Shares	-	500,000.00
Net Cash Used in Financing Activities	-	470,404.00
Net Increase in Cash & Cash Equivalents(A+B+C)	(4,968.00)	11,441.00
Cash and Cash Equivalents as at (Opening)	11,441.00	-
Cash and Cash Equivalents as at (Closing)	6,473.00	11,441.00

For and on behalf of the Board of Directors

N. Goenka
Director

A. K. Dokania
Director

Place : Kolkata
Date : 28th day of April, 2010

Auditors' Report

We have examined the above cash flow statement of HSIL Associates Limited for the year ended 31st March, 2010. The statement has been prepared by the Company and is based on and in agreement with the corresponding Profit and Loss Account and the Balance Sheet of the Company covered by our report of even date to the Members of the Company.

In terms of our attached report of even date

On behalf of the Board of Directors

For Choudhari Pramod & Co.
Chartered Accountants

Place : Kolkata
Date : 28th day of April, 2010

(D. Panda)
Partner
Membership No. 66197

Schedule Annexed to and forming part of the Accounts

			(Amount in Rs.)	
			As on 31.03.2010	As on 31.03.2009
SCHEDULE - 1				
Share Capital				
Authorised				
50,000 Equity Shares of Rs. 10/- each			500,000.00	500,000.00
Issued, Subscribed and Paid-up				
50,000 Equity Shares of Rs. 10/- each			500,000.00	500,000.00
			500,000.00	500,000.00

		No. of Units	Amount in Rs.	No. of Units	Amount in Rs.
SCHEDULE - 2					
Investments (At Cost)					
Mutual Fund					
HDFC Liquid Fund - Growth	1,042.341	17,852.38	26,273.997	450,000.00	
HDFC Prudence Fund - Growth	2,624.886	450,000.00	-	-	
		467,852.38		450,000.00	
NAV of Mutual Fund		496,877.21		458,835.95	

Schedule Annexed to and forming part of the Accounts

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 3		
Cash & Bank Balances		
Balances with Schedule Banks		
- in Current Account	6,473.00	11,441.00
	6,473.00	11,441.00

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 4		
Current Liabilities		
Sundry Creditors		
- For Expenses	3,000.00	3,000.00
	3,000.00	3,000.00

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 5		
Provisions		
Provision for Taxation	2,900.00	-
	2,900.00	-

	(Amount in Rs.)	
	As on 31.03.2010	As on 31.03.2009
SCHEDULE - 6		
Miscellaneous Expenditure		
(To the extent not written off and/or adjusted)		
Preliminary Expenses	23,676.80	29,596.00
Less: Written Off	5,919.20	5,919.20
	17,757.60	23,676.80

Schedule Annexed to and forming part of the Accounts

SCHEDULE - 7

Accounting Policies and Notes on Accounts

A. Accounting Policies

1) Basis of preparation of Financial Statements

The financial statements are prepared under the historical cost conventions in accordance with Generally Accepted Accounting Principles (GAAP), and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI).

2) Accounting Convention

The financial statement have been prepared in accordance with the historical cost convention.

3) Revenue Recognition

The Company recognises income on accrual basis.

4) Fixed Assets

The Company does not have any fixed asset during the year.

5) Depreciation

The Company does not have any fixed asset during the year hence no depreciation has been provided.

6) Investments

Current investments are valued at the lower of cost and fair value. Long-term investments are stated at cost. Provision is made for diminution in the value of long-term investments to recognise a decline, if any, other than temporary in nature.

7) Taxation

Provision for the Income Tax is made on estimate to arise on the results for the year at current rates of tax in accordance with the Income Tax Act, 1961.

8) Inventories

The Company has not dealt with any inventory during the year.

9) Foreign Currency Transactions

The Company has no foreign currency transactions during the year.

10) Retirement Benefit

The Company has no employee during the year under review, hence provision for liabilities for provident fund, gratuity and accrued leave benefits are not required to be made by the Company on the date of Balance Sheet.

B. Notes on Accounts

1) Contingent Liabilities

There is no contingent liabilities of the Company on the date of the Balance Sheet.

2) Sundry Debtors & Creditors

The Company has not started its business operations during the year.

3) Share Capital

The entire paid-up Equity Share Capital of the Company is held by HSIL Limited, the holding Company and its nominees.

Schedule Annexed to and forming part of the Accounts

	(Amount in Rs.)	
	31.03.2010	31.03.2009
4) Remuneration to Auditors		
Audit Fee	3,000.00	3,000.00
Certification fee	0.00	750.00
	3,000.00	3,750.00

5) Managerial Remuneration

The Company has not paid any managerial remuneration during the year.

6) Fixed Assets

The Company has not made any additions/disposal of Fixed Assets during the year.

7) Previous year's figure have been regrouped/rearranged, wherever considered necessary.

8) Additional information pursuant to the provisions of paragraph 4C & 4D of part II of Schedule-VI is not applicable to the Company

For and on behalf of the Board of Directors

For Choudhari Pramod & Co.
Chartered Accountants

(D. Panda)
Partner
Membership No. 66197
165/1, Ashokgarh
Kolkata : 700 108
Date : 28th day of April, 2010

N. Goenka
Director

A. K. Dokania
Director

Balance Sheet Abstract and Company's General Business Profile

(i) Registration details

Registration No. : U27107WB2008PLC129064 State Code : 2 1
 Balance Sheet Date : 3 1 0 3 2 0 1 0

(ii) Capital raised during the year (Amount in Rs. Thousands)

Public Issue : N I L Right Issue : N I L
 Bonus Issue : N I L Private Placement : N I L

(iii) Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities : 5 0 0 Total Assets : 5 0 0

Sources of Funds

Paid-up Capital : 5 0 0 Reserves & Surplus : N I L
 Secured Loans : N I L Unsecured Loans : N I L

Application of Funds

Net Fixed Assets : N I L Investments : 4 6 8
 Net Current Assets : 1 Misc. Expenditure : 1 8
 Accumulated Losses : 1 4

(iv) Performance of Company (Amount in Rs. Thousands)

Turnover : 2 3 Total Expenditure : 1 6
 Profit/(Loss) before tax : 7 Profit/(Loss) after tax : 4
 Basic Earnings Per Share : N I L Dividend Rate% : N I L

(v) Generic Names of Two Principal products of the Company (as per monetary terms)

Item Code No. (ITC Code) N. A.
 Product/Service Description N. A.

For and on behalf of the Board of Directors

Place : Kolkata
 Date : 28th day of April, 2010

N. Goenka
 Director

A. K. Dokania
 Director

Directors' Report and Financial Statements

For the Period 14 January 2009 to 31 March 2010

Corporate Data

Directors:

Miss Bilkis Cassoomally
Mr Jamiil Oozeerally
Mr. Sandip Somany

Company secretary:

ML Administrators Ltd
3rd Floor,
DHL Building
Sir Virgil Naz Street
Port Louis
Mauritius

Registered office:

3rd Floor,
DHL Building
Sir Virgil Naz Street
Port Louis
Mauritius

Auditors:

Lloyd Bowmaker
Rue Dauphine
Port Louis
Mauritius

Directors' report

The directors are pleased to present their annual report together with the audited financial statements of the company for the period 14 January 2009 to 31 March 2010.

Principal activity

The principal activity of the company is to hold investments.

Results and dividend

The results for the year are attached.

The directors have not paid dividend for the period under review.

Statement of directors' responsibilities in respect of financial statements

The directors are responsible for the preparation of financial statements, which comply with the Companies Act 2001. In preparing those financial statements, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that are reasonable and prudent;

- stated whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Sd/-
Director

Date : 12/05/2010

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Secretary's certificate

For the period 14 January 2009 to 31 March 2010

In accordance with section 166 (d) of the Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the company under the Companies Act 2001.

Sd/-
Secretary

Date : 12/05/2010

Independent auditors' report to the members of HALIS INTERNATIONAL LTD.

Report on the Financial Statements

We have audited the financial statements of **HALIS INTERNATIONAL LTD (the "Company")** which comprise the balance sheet as at **31 MARCH 2010** and the income statement, statement of changes in equity and cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial Statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at **31 MARCH 2010** and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act.

Other matter

This report, including the opinion, has been prepared for and only for, the Company's members as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements Companies Act

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lloyd Bowmaker
Fellow Chartered Certified Accountants
Rue Dauphine
Port Louis

Date : 12/05/2010

Income statement

For the period 14 January 2009 to 31 March 2010

	2010 Rs.	2010 USD
Administrative expenses	561,780	(11,840)
Loss for the period	561,780	(11,840)

There were no recognised gains and losses other than profit for the period

Balance Sheet

As at 31 March 2010

	Note	2010 Rs.	2010 USD
ASSETS			
Non-current assets			
Investment	3	1,820,788	40,307
Current assets			
Receivables	4	64,055	1,418
Cash and cash equivalents		77,364,861	1,712,635
Total current assets		77,428,916	1,714,053
Total assets		79,249,704	1,754,360
EQUITY AND LIABILITIES			
Equity			
Share capital	5	3,231,000	65,000
Profit and loss		(561,780)	(11,840)
Share application monies		77,996,000	1,700,000
Foreign Translation Reserve		(1,469,724)	
Total equity		79,195,496	1,753,160
Current liabilities			
Payables	6	54,208	1,200
Total equity and liabilities		79,249,704	1,754,360

These financial statements have been approved by the Board of Directors on 12/05/2010

Sd/-
Director

Sd/-
Director

Statement of changes in equity

For the period 14 January 2009 to 31 March 2010

	Share Capital USD	Retained Earnings USD	Share application monies USD	Total USD
Balance at 14 January 2009	-	-	-	-
Issued during the period	65,000		1,700,000	1,765,000
Loss for the period	-	(11,840)	-	(11,840)
Balance at 31 March 2010	65,000	(11,840)	1,700,000	1,753,160

Cash flow statement

For the period 14 January 2009 to 31 March 2010

	2010 USD
Operating losses before working capital changes	(11,840)
Increase in receivables	(1,418)
Increase in payables	1,200
Cash flows used in operating activities	(12,058)
Investing activities	
Purchase of investments	(40,307)
Net cash flows used in investing activities	(40,307)
Financing activities	
Issue of shares	65,000
Share application monies received	1,700,000
Net cash flows from financing activities	1,765,000
Net movement in cash and cash equivalents	1,712,635
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	USD 1,712,635

Notes to and forming part of the financial statements

For the period 14 January 2009 to 31 March 2010

1. GENERAL INFORMATION

Halis Interntional Ltd (the "Company") was incorporated as a private limited company on 14 January 2009 and was granted a Category 1 Global Business Licence. The principal activity of the Company is to hold investments.

The company, as a holder of a Category 1 Global Business License company under the Financial Services Act 2007, is required to carry on its business activity in a currency other than the Mauritian Rupee.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared on historical cost basis and in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

(b) Revenue recognition

Revenue is accounted on an accrual basis in the financial statements.

(c) Net financing cost

Net financing cost comprises bank charges and foreign exchange gains and losses.

(d) Foreign currencies

Transactions during the year are translated into US DOLLAR (USD) at the rate ruling at the transaction date. Assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are converted into USD at the rate ruling at that date. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.

(e) Taxation

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profits for the period. Taxable profits differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current period is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date. With effect from period of assessment beginning 1 July 2003, the Company is liable to tax on chargeable income under the Income Tax Act 1995 at a fixed rate of 15% and the effective rate of tax is 3%.

(f) Impairment

The carrying amount of the company's assets, other than deferred tax assets, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(g) Receivables

Receivables are stated at their cost less impairment losses.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(i) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Notes to and forming part of the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Provisions

A provision is recognised only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of the provision is the present value of the expenditure required to settle the obligation.

(k) Investment in subsidiaries

Subsidiaries are those enterprises controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The investment in subsidiaries are stated at fair value and the revaluation is taken to the revaluation reserve. Any permanent decrease in the carrying amount of investment is written off first in the revaluation reserve and any further write off is taken to the income statement. Income from investment is included in the income statement in the accounting period in which it is receivable.

(l) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to contractual provision of the instruments. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value. The company derecognises financial assets and liabilities when it ceases to be a party to such contractual provision of the instruments.

3. INVESTMENT			2010 USD
Investment			40,307
Investment in co-operative is made as follows:			
Name of Co-operative	Amount paid up capital	% held	Country of Registration
Alchemy International Cooperatief, U.A	Eur 27,939.06	99.36	Netherlands

4. RECEIVABLES		2010 USD
Prepayments		1,418

5. EQUITY		2010 USD
Share Capital		
Issued and fully paid		
5,000 Ordinary shares of USD 1 each		5,000
60,000 redeemable preference shares of USD 1 each		60,000
Total share capital		65,000

Notes to and forming part of the financial statements

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

There is no fixed redemption date for the redemption of the preference shares. The Preference shares shall:

- (i) rank in preference to the ordinary shares for the repayment of capital and dividends;
- (ii) rank pari-passu to the ordinary shares with regard to participation in surplus assets and profits
- (iii) carry dividend rights to be declared from time to time by the board of directors and same voting rights as the ordinary shares

6. PAYABLES	2010 USD
Accrued expense	1,200

7 RELATED PARTY DISCLOSURE

As the company is a wholly owned subsidiary of HSIL Limited, it has taken advantage of the exemption of IAS 24 with respect to disclosure of transactions with other group undertakings and investees of the group qualifying as related parties

8 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Fair value

Investments are valued as described in Note 3. The company's assets and liabilities include investments, receivables, cash and cash equivalents and payables. The carrying amounts of these assets and liabilities approximate their fair values.

Interest rate risk

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company's significant interest-bearing asset is cash and cash equivalents. Interest income from cash at bank may fluctuate in amount, in particular due to changes in interest rates.

Credit risk

Credit risk represents the potential loss that the company would incur if counter parties fail to perform pursuant to the terms of their obligations to the company. The Company limits its credit risk by carrying out transactions through established reputable institutions. At Balance Sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Company has invested in unquoted shares. There is a risk that these securities are not readily realisable on the market.

Currency risk

The Company invests in shares denominated in Euro (EUR) and has bank account held in Eur. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the EUR may change in a manner, which has a material effect on the reported values of the company's assets, which is denominated in USD.

Notes to and forming part of the financial statements

8 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTD.)

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial Assets 2010 USD	Financial Liabilities 2010 USD
USD	1,714,053	1,200
EUR	40,307	-
	1,754,360	1,200

9 POST BALANCE SHEET EVENT

The directors are not aware of any matter or circumstance arising since the end of the financial statements that would affect significantly the operations of the company or the results of those operations.

10 HOLDING COMPANY

The Company is a wholly owned subsidiary of HSIL Limited, a company incorporated under the laws of India.

Auditors' Report

TO THE BOARD OF DIRECTORS OF HSIL LIMITED

We have verified the accompanying financial statements of **HALIS INTERNATIONAL LIMITED**, expressed in INR, which comprises of Balance Sheet as at 31st March 2010 and the Profit & Loss account from the period from 14.01.2009 to 31.03.2010 duly converted into Indian GAAP as per the requirements of The Companies Act, 1956 and in compliance with The Companies (Accounting Standard) Rules 2006 and we have signed under reference to this certificate.

The conversion has been done by the management of HSIL LTD ("the Company"), being the holding company of Halis International Limited ("the subsidiary"), in accordance with generally accepted accounting practice in India and other recognised accounting practices and policies followed by the Company to enable their incorporation in the consolidated financial statements of the Company pursuant to Accounting Standards 21 - Consolidation Financial Statements - prescribed by the Central Government of India in The Companies (Accounting Standards) Rules 2006.

The conversion of these financial statements into the relevant formats is the responsibility of the management of the Company. Our responsibility is to certify whether these financial statements and relevant formats prepared for the purpose outlined above and verified by us are in accordance with the generally accepted auditing standards in India.

The management of the company has considered the operation of its subsidiary as "Non Integral Foreign Operation" and accounting treatment for the conversion of

subsidiary's financial statements has been done as set out in the Accounting standard -11 "The effects of changes in the Foreign Exchange Rates" prescribed by the Central Government of India in The Companies (Accounting Standards) Rules 2006.

Based on our verification and on the basis of information and explanations given to us, the accompanying converted financial statements and relevant formats of the Subsidiary read with notes thereon and attached thereto have been converted as per the requirements of Accounting standard -11 and are in conformity with generally accounting principles and other recognised accounting practices and policies in India.

This certificate is intended solely for the information and use of the Company and its statutory auditors in connection with their audit of consolidation financial statements of Company. We do not accept or assume any liability or duty of care for any other purposes or to any third parties to whom this certificate is shown, or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For V.D.S & ASSOCIATES

(Chartered Accountants)

VINEET GUPTA

Partner

(M.No. 500670)

The 14th day of May 2010

Auditors' Report

We have audited the attached Balance Sheet of Alchemy International Cooperatief U.A, Kablelweg 37, 1014 BA Amsterdam as on March 31, 2010 and also the Profit and Loss Account of the Company for the year ended on that day annexed thereto. These financial statements are the responsibility of the Managements of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentations. We believe that our audit provides a reasonable basis for our opinion.

Further we report that,

1. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

2. In our opinion proper books of account to the extent required by the Indian laws have been maintained by the Company so far as appears from our examination of those books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements comply with the applicable accounting standards and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of the::
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010, and
 - (b) In the case of Profit and Loss account, of the loss for the year ended on that date.

For **V.D.S & ASSOCIATES**

(Chartered Accountants)

VINEET GUPTA

Partner

Place : Bahadurgarh

Dated : 14/05/2010

Balance Sheet

Particulars	Schedule	Amount As on 31.03.2010 (in Rs.)	Amount As on 31.03.2010 (in Euro)
SOURCES OF FUNDS			
Share Holder's Funds			
Share Capital (Member's Contribution)	1	1,833,010.11	28,119.06
Reserves & Surplus	2	(549,912.03)	(6,890.23)
		1,283,098.08	21,228.83
APPLICATION OF FUNDS			
Fixed Assets	3		
Investment in Group Entities		1,087,943.40	18,000.00
		1,087,943.40	18,000.00
Current Assets			
Cash at Bank	4	603,858.75	9,990.83
Pre- Payments		206,335.72	3,413.82
		810,194.47	13,404.65
Less : Current Liabilities & Provisions			
Amount owed to Group Entity	5	287,780.97	4,761.33
Accrued Expenses	6	327,258.81	5,414.49
		615,039.79	10,175.82
Net Current Assets		195,154.68	3,228.83
Miscellaneous Expenditure		-	-
(To the extent not adjusted or Written Off)			
		1,283,098.08	21,228.83

Notes forming Part of the accounts

8

Schedules referred to above form integral part of this Balance Sheet

As per our audit report of even date attached

(Director)

For **V.D.S & Associates***Chartered Accountants***VINEET GUPTA***Partner*

Date : 14/05/2010

Profit and Loss Account

Particulars	Schedule	Year ended 31.03.2010 (in Rs.)	Year ended 31.03.2010 (in Euro)
HOLDING ACTIVITIES			
Result from Interests in Group Entities		-	-
OTHER INCOME AND EXPENSES			
General and Administrative Expenses	7	549,912.03	6,890.23
		549,912.03	6,890.23
Net Result Before Taxation		(549,912.03)	(6,890.23)
Less : Taxation		-	-
Net Result		(549,912.03)	(6,890.23)
Notes forming Part of the accounts	8		
Schedules referred to above form integral part of this Balance Sheet			

As per our Audit Report of even date attached

(Director)

For **V.D.S & Associates**

Chartered Accountants

VINEET GUPTA

Partner

Date : 14/05/2010

Cash Flow Statement

	(Amount in Rs.)
	Year ended 31 March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before tax	(461,943)
Adjustments For	
Unrealised foreign exchange gain/loss	(87,969)
Operating Profit before working capital changes	(549,912)
Adjustments for	
Trade/other receivable	(206,336)
Trade/other payables	615,040
Net cash from operating activities	(141,208)
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of investments	(1,087,943)
Net cash used in investing activities	(1,087,943)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Issue of Share Capital	1,833,010
Net cash used in financing activities	1,833,010
Net increase in cash and cash equivalent	603,859
Cash and cash equivalents in the beginning	-
Cash and cash equivalents at the close	603,859
Note:	
Cash and cash equivalent include:	
Cash and cheques in hand and remittances in transit	-
Balances with bank	603,859
Cash and cash equivalents	603,859
Cash and bank balances as per Balance Sheet	603,859

For V.D. S & Associates
Chartered Accountants

VINEET GUPTA
Partner
Place : Bahadurgarh
Date : 14/05/2010

Schedules Annexed to and forming part of the Accounts

	As on 31.03.2010 (in Rs.)	As on 31.03.2010 (in Euro)
SCHEDULE - 1		
Share Capital (Member's Contribution)		
Issued, Subscribed & Paid up	1,833,010.11	28,119.06
	1,833,010.11	28,119.06

	As on 31.03.2010 (in Rs.)	As on 31.03.2010 (in Euro)
SCHEDULE - 2		
Reserve and Surplus		
Net Result	(549,912.03)	(6,890.23)
	(549,912.03)	(6,890.23)

	As on 31.03.2010 (in Rs.)	As on 31.03.2010 (in Euro)
SCHEDULE - 3		
Investment In Group Entities		
Name : HAAS International B.V.		
Legal Seat : Amsterdam	1,087,943.40	18,000.00
Owned : 100%		
	1,087,943.40	18,000.00

	As on 31.03.2010 (in Rs.)	As on 31.03.2010 (in Euro)
SCHEDULE - 4		
Cash at Bank		
Current Account	603,858.75	9,990.83
	603,858.75	9,990.83

Cash at banks is available upon Demand

	As on 31.03.2010 (in Rs.)	As on 31.03.2010 (in Euro)
SCHEDULE - 5		
Amount Owned To Group Entity		
HAAS International B.V.	287,780.97	4,761.33
	287,780.97	4,761.33

Schedules Annexed to and forming part of the Accounts

	As on 31.03.2010 (in Rs.)	As on 31.03.2010 (in Euro)
SCHEDULE - 6		
ACCRUED EXPENSES		
Management Fees	183,408.52	3,034.49
Notary Fees	143,850.29	2,380.00
	327,258.81	5,414.49

	Year ended 31.03.2010 (in Rs.)	Year ended 31.03.2010 (in Euro)
SCHEDULE - 7		
General and Administrative Expenses		
Management Fees	235,070.22	3,506.25
Notary Fees	134,086.40	2,000.00
Bank Charges	8,596.95	128.23
Other General Expenses	84,189.50	1,255.75
Foreign Translation Expenses	87,968.96	-
	549,912.03	6,890.23

8. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Methodology:

- (i) The Financial Statements are prepared on historical basis.
- (ii) The Organisation follows the accrual method of accounting.

B. INVESTMENTS:

Investments are stated at cost.

2. Foreign Exchange Transactions:

Foreign Exchange Transactions are generally recorded at the exchange rate prevailing on the date of the transaction. Foreign Currency retained in Foreign Currency Account is converted at balance sheet date at the rates applicable as on that date. Gains or Losses arising upon settlement of the transactions during the year is recognised in the Profit & Loss Account.

3. IN THE OPINION OF THE BOARD OF DIRECTORS OF THE COMPANY:

- (i) All the assets of the company as appearing in the Balance Sheet are realisable in the ordinary course of Business.
- (ii) No personal expenses have been debited to the revenue account

As per our report on even date

For V.D.S & Associates

(Director)

Chartered Accountants

VINEET GUPTA

Partner

Place : Bahadurgarh

Date : 14/05/2010

Auditors' Report

We have audited the attached Balance Sheet of Haas International B.V. Kabelweg 37, 1014 BA Amsterdam as on March 31, 2010 and also the Profit and Loss Account of the Company for the year ended on that day annexed thereto. These financial statements are the responsibility of the Managements of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentations. We believe that our audit provides a reasonable basis for our opinion.

Further we report that,

1. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

2. In our opinion proper books of account to the extent required by the Indian laws have been maintained by the Company so far as appears from our examination of those books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements comply with the applicable accounting standards and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of the::
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010, and
 - (b) In the case of Profit and Loss account, of the loss for the year ended on that date.

For **V.D. S & Associates**
Chartered Accountants

VINEET GUPTA

Partner

Place : Bahadurgarh

Date : 14/5/2010

Balance Sheet

Particulars	Schedule	Amount as on 31.03.2010 (in Rs.)	Amount as on 31.03.2010 (in Euro)
SOURCES OF FUNDS			
Share Holder's Funds			
Share Capital	1	1,087,943.40	18,000.00
Reserves & Surplus	2	(582,533.25)	(9,638.00)
		505,410.15	8,362.00
APPLICATION OF FUNDS			
Fixed Assets			
Investment in Group Entities		-	-
		-	-
Current Assets			
Cash at Bank	3	223,935.02	3,705.00
Pre- Payments		412,693.20	6,828.00
Amount owed by Group Entity	4	287,761.03	4,761.00
		924,389.24	15,294.00
Less : Current Liabilities & Provisions			
Accrued Expenses	5	418,979.09	6,932.00
		418,979.09	6,932.00
Net Current Assets		505,410.15	8,362.00
Miscellaneous Expenditure		-	-
(To the extent not adjusted or Written Off)			
		505,410.15	8,362.00

Notes forming part of the Account

7

Schedules referred to above form an integral part of this Balance Sheet

As per our Audit Report of even date attached

(Director)

For **V.D. S & Associates**

Chartered Accountants

VINEET GUPTA

Partner

Place : Bahadurgarh

Date : 14/5/2010

Profit and Loss Account

Particulars	Schedule	Year ended 31.03.2010 (in Rs.)	Year ended 31.03.2010 (in Euro)
Holding Activities			
Result from Interests in Group Entities		-	-
		-	-
Other Income And Expenses			
General and Administrative Expenses	6	582,533.25	9,638.00
		582,533.25	9,638.00
Net Result Before Taxation		(582,533.25)	(9,638.00)
Less:- Taxation		-	-
Net Result		(582,533.25)	(9,638.00)

Notes forming part of the Account

7

Schedules referred to above form an integral part of this Balance Sheet

As per our Audit Report of even date attached

(Director)

For **V.D. S & Associates**

Chartered Accountants

VINEET GUPTA

Partner

Place : Bahadurgarh

Date : 14/5/2010

Cash Flow Statement

		(Amount in Rs.)
		Year ended
		31 March 2010
A.	Cash Flow From Operating Activities	
	Net Profit before tax	(646,162)
	<i>Adjustments for:</i>	
	Unrealised foreign exchange gain/loss	63,629
	Operating Profit before working capital changes	(582,533)
	<i>Adjustments for :</i>	
	Trade/other receivable	(700,454)
	Trade/other payables	418,979
	Net cash from operating activities	(864,008)
B.	Cash Flow From Financing Activities	
	Proceeds from Issue of Share Capital	1,087,943
	Net Cash Used in Financing Activities	1,087,943
	Net increase in cash and cash equivalent	223,935
	Cash and cash equivalents in the beginning	-
	Cash and cash equivalents at the close	223,935
	Note:	
	Cash and cash equivalent include:	
	Balances with bank	223,935
	Cash and cash equivalents	223,935
	Cash and bank balances as per Balance Sheet	223,935

For **V.D. S & Associates**
Chartered Accountants

VINEET GUPTA
Partner
Place : Bahadurgarh
Date : 14/5/2010

Schedules Annexed to and forming part of the Accounts

Particulars	Amount as on 31.03.2010 (in Rs.)	Amount as on 31.03.2010 (in Euro)
SCHEDULE - 1		
Share Capital		
<i>Authorised</i> (9000.00 Equity Shares of EURO 10 each)	5,439,717.00	90,000.00
	5,439,717.00	90,000.00
Issued, Subscribed & Paid-up (1800.00 Equity Shares of EURO 10 each)	1,087,943.40	18,000.00
	1,087,943.40	18,000.00

	Amount as on 31.03.2010 (in Rs.)	Amount as on 31.03.2010 (in Euro)
SCHEDULE - 2		
Reserve And Surplus		
Net Result	(582,533.25)	(9,638.00)
	(582,533.25)	(9,638.00)

	Amount as on 31.03.2010 (in Rs.)	Amount as on 31.03.2010 (in Euro)
SCHEDULE - 3		
CASH AT BANK		
Current Account	223,935.02	3,705.00
	223,935.02	3,705.00
Cash at banks is available upon Demand		

	Amount as on 31.03.2010 (in Rs.)	Amount as on 31.03.2010 (in Euro)
SCHEDULE - 4		
Amount Owned By Group Entity		
Alchemy International Coop. U. A.	287,761.03	4,761.00
	287,761.03	4,761.00

Schedules Annexed to and forming part of the Accounts

	Amount as on 31.03.2010 (in Rs.)	Amount as on 31.03.2010 (in Euro)
SCHEDULE - 5		
Accrued Expenses		
Management Fees	275,128.80	4,552.00
Notary Fees	143,850.29	2,380.00
	418,979.09	6,932.00

	Year ended 31.03.2010 (in Rs.)	Year ended 31.03.2010 (in Euro)
SCHEDULE - 6		
General And Administrative Expenses		
Management Fees	384,693.88	5,738.00
Notary Fees	134,086.40	2,000.00
Bank Charges	15,755.15	235.00
Other General Expenses	111,626.93	1,665.00
Foreign Translation Expenses	(63,629.11)	-
	582,533.25	9,638.00

7. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2010**1. SIGNIFICANT ACCOUNTING POLICIES****A. Accounting Methodology:**

- (i) The Financial Statements are prepared on historical basis.
- (ii) The Organisation follows the accrual method of accounting.

B. Investments:

Investments are stated at cost.

2. FOREIGN EXCHANGE TRANSACTIONS:

Foreign Exchange Transactions are generally recorded at the exchange rate prevailing on the date of the transaction. Foreign Currency retained in Foreign Currency Account is converted at balance sheet date at the rates applicable as on that date. Gains or Losses arising upon settlement of the transactions during the year is recognised in the Profit & Loss Account.

3. IN THE OPINION OF THE BOARD OF DIRECTORS OF THE COMPANY:

- (i) All the assets of the company as appearing in the Balance Sheet are realisable in the ordinary course of Business.
- (ii) No personal expenses have been debited to the revenue account

For **V.D. S & Associates**
Chartered Accountants

(Director)

VINEET GUPTA

Partner

Place : Bahadurgarh

Date : 14/5/2010

NOTICE

Notice is hereby given that the 50th Annual General Meeting of HSIL Limited will be held at Somany Conference Hall, Merchants' Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata-700 001 on Wednesday, the 22nd day of September, 2010 at 11.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend on Equity Shares for the year ended March 31, 2010.
3. To appoint a Director in place of Mr. Binay Kumar, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. B. Budhiraja, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vishal Marwaha, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint M/s. Walker, Chandio & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting till conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

7. Re-appointment of Mr. Sandip Somany as Joint 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 Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (the Act), and such other

approvals and/or sanctions as may be necessary, consent and/or approval of the Company be and is hereby accorded to the re-appointment of Mr. Sandip Somany (Mr. Somany) as Joint Managing Director of the Company for 3 (THREE) year-term, commencing from December 1, 2010 till November 30, 2013 on terms and conditions including remuneration by way of salary, commission, perquisites and/or allowances as recommended by the Remuneration Committee, contained in the Agreement to be entered into between the Company and Mr. Somany, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment provided however that the remuneration payable to Mr. Somany, shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the said Act or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being be in force."

"RESOLVED FURTHER THAT where in any financial year, during his term of office, the Company makes no profits or its profits are inadequate, the Company may pay Mr. Somany minimum remuneration by way of salary, perquisites and/or allowance subject to the maximum ceiling calculated in accordance with the scale laid down in Section II (c) of Part II of Schedule XIII to the Companies Act, 1956, and in compliance with the provisions stipulated therein as applicable to the Company at the relevant time depending upon the capital of the Company and as may be agreed to by the Board of Directors of the Company and acceptable to Mr. Somany."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

8. Increase in borrowing limit from Rs. 500 Crore to Rs. 1000 Crore

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution:

"RESOLVED THAT in supersession of an ordinary resolution passed by the members at Forty-Fifth Annual General Meeting held on Wednesday, the 24th day of August, 2005 the consent of the Company be and is hereby accorded, pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, authorising the Board of Directors of the Company to borrow any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of Directors may in its discretion thinks fit notwithstanding that the money or monies to be borrowed, together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Share Capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purposes, provided however, that the total amount so borrowed and remaining outstanding at any particular time shall not exceed Rs. 1000 (One Thousand) Crore."

By order of the Board
For HSIL Limited

Place: Gurgaon (RUCHIKA GUPTA)
Date: May 20, 2010 Company Secretary

NOTES:

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business item no. 7 & 8 set out above and details under clause 49 of listing agreement with the Stock Exchanges in respect of reappointment of the Directors retiring by rotation at the ensuing Annual General Meeting of the Company is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS / HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A proxy should be sent in the form enclosed and in order to be effective must reach the registered office of the Company at least FORTY

EIGHT HOURS before the scheduled time 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 member of the organisation.

3. A copy of the Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon are enclosed. Members and Proxy-holders are requested to bring their copies of Annual Report to the meeting.
4. Members are requested to write to the Company their query(ies), if any, on the Accounts and operations of the Company at least 10 days before the meeting to keep the information ready at the meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, September 13 2010 to Wednesday, September 22, 2010 (both days inclusive) for determination of payment of dividend, if declared, and will be paid to those shareholders whose names are on the Company's Register of Members on September 13, 2010 and in respect of shares held in the dematerialised form, dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose as on close on business hours on September 13, 2010.
6. Members who hold shares in dematerialised form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the meeting.
7. In terms of the provisions of Section 205A of the Companies Act, 1956, the unclaimed Dividends for the financial year(s) upto 1994-1995 have been transferred to the General Revenue Account of the Central Government. Members who have so far not claimed or collected their dividend for the said financial year(s), may claim the same by submitting an application in the prescribed Form II to the Registrar of Companies, West Bengal, 'Nizam Palace', 234/4, A.J.C. Bose Road, Kolkata-700 020.

Unclaimed / Unencashed dividend warrants for the financial year 2002-2003 are due for transfer to IEPF on October 29, 2010 pursuant to the provisions of

Section 205A(5) of the Act. Members who have not encashed their dividend warrants for the financial year 2002-2003 may request for revalidation of unclaimed/unencashed dividend warrants so as to reach the Company by September 30, 2010 and for subsequent years, if any, may also be sent to the Company for its revalidations.

Members are informed that in accordance with the provisions of Section 205(C) of the Companies Act, 1956, no claim shall lie with respect to unclaimed dividend after it is transferred to IEPF. During the year, the Company has already transferred the amount of unclaimed dividend for the financial year ended March 31, 2002 to IEPF.

8. Section 109A of the Companies Act, 1956 has extended nomination facility to individuals holding shares in Companies. Shareholders holding shares in physical mode and in particular those holding shares in single name, are advised to avail the above facility by furnishing to the Company the particulars of their nominations in the prescribed Nomination Form 2B. Shareholders holding shares in demat form are also advised to avail nomination facility by submitting the prescribed form to their concerned Depository Participants (DPs).
9. Member(s) of the Company who have multiple folios in identical name(s) under different Ledger Folio(s) are requested to apply for consolidation of such folio(s) and send the relevant Share Certificates to the Company's Registrar & Transfer Agent viz. M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, Kolkata - 700 001, for necessary endorsement thereon.
10. As per directive from Securities and Exchange Board of India (SEBI), Companies use Electronic Clearing Service (ECS) facility, introduced by Reserve Bank of India (RBI), for distributing dividends and other cash benefits to investors, wherever available. In this system, the investor's bank account is directly credited with the dividend amount based on the information provided by the Company, under advice to the investor.

As per RBI notification, with effect from October 1, 2009, the remittance of the money through ECS is replaced by National-Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform with immediate effect. The advantages of NECS over ECS include faster credit of

remittance to beneficiary's account, coverage of more bank branches and ease of operations for remitting agencies. NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

Shareholders holding shares in electronics form may furnish the new Bank Account Number allotted by your bank after implementation of CBS, along with a photocopy of the cheque pertaining to the concerned account, to your Depository Participant (DP). Those holding shares in physical form may send the above particulars/documents to the Company's Registrar or at the Registered Office of the Company.

It may please be noted that if the new account number allotted, after implementation of CBS by the bank, is not intimated then the ECS to your old account may either be rejected or returned.

11. Securities and Exchange Board of India (SEBI) vide its Circular dated April 27, 2007 had made PAN mandatory for all securities market transactions. Thereafter, SEBI vide its Circular dated May 20, 2009 also clarified that, for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/Registrar & Share Transfer Agents for registration of such transfer of shares. Submission of PAN has also been made mandatory by SEBI vide its circular dated January 7, 2010, pertaining to the cases relating to deletion of name of deceased shareholder(s), transmission of shares to the legal heir(s) and transposition of shares. As such, shareholders are requested to furnish a copy of the PAN Card in regard to cases involving transfer of shares in physical form.
12. In terms of Notification issued by Securities and Exchange Board of India (SEBI), Equity Shares of the Company are under compulsory demat trading by all investors. Shareholders are, therefore, advised to dematerialise their shareholding for convenience.
13. Please send all correspondence including requests for transfer / transmission of shares, change of address etc. to Registrar & Transfer Agent of the Company.

14. The Company has designated an exclusive email id i.e. hsilinvestors@hindware.co.in for redressal of shareholders' complaints/grievances. If you have any query please write to us on hsilinvestors@hindware.co.in.

15. Detail of Directors seeking reappointment at the Annual General Meeting:

At the ensuing Annual General Meeting, Mr. Binay Kumar, Mr. S. B. Budhiraja and Mr. Vishal Marwaha, retire by rotation and, being eligible, offer themselves for re-appointment, as directors liable to retire by rotation.

Brief resume of Directors seeking re-appointment and other details as required by Clause 49 of the Listing Agreement is as under:

Mr. Binay Kumar

He is an Independent Director of the Company since September 27, 1996. He holds degree in Business Science. He is Chairman of Banaras House Pvt. Ltd. and Chairman of U.P. Hotel Clarks Ltd. He was also the President of Indo-Polish Chamber of Commerce & Industry, member of Indo-German Chamber of Commerce and Executive Committee of FICCI, life member of Indian National Trust for Art & Cultural Heritage and Confederation of Asian Chamber of Commerce & Industry, Taiwan. He is former President of Federation of Indian Exporters Organisation, Rotary Club of Delhi Midtown, Indo-American Chamber of Commerce & Industry, Indo-French Chamber of Commerce & Industry and PHD Chamber of Commerce & Industry. He is member of Audit Committee of the Company. He holds 27473 shares of our Company.

The other companies on which Mr. Binay Kumar holds directorship and Chairmanship/Membership of Committee of the Board is given below:

Directorship	Chairmanship(s)/ Membership(s) of Committees
Banaras House Pvt. Ltd.	-
Banaras International Ltd.	-
Bonita India Ltd.	-
Hotel Clarks Varanasi Ltd.	-
Great Value Hotels Ltd.	-
U P Hotels Clarks Ltd.	-

Mr. S. B. Budhiraja

He is an Independent Director of the Company since October 30, 2003. He is mechanical engineer from the University of Roorkee (now IIT Roorkee); received Distinguished Alumni Award from IIT Roorkee in 2008. He is a Management Consultant and Past President of the Institute of Management Consultants of India. He was the youngest ever Managing Director of Indian Oil Corporation Ltd. He has also been a former Managing Director of IBP, Balmer Lawrie & Co. Ltd., Indian Oxygen Ltd. and Director of Al Futtaim Group, UAE. He holds the distinction of being a former President, Indian Chamber of Commerce Kolkata; Chairman, CII, Eastern Region; and former Executive Director of Management Development Institute (MDI), Gurgaon. He is a Fellow of the All India Management Association and the Institute of Management Consultants of India. Was a member of the World Bank team that studied the restructuring of the Haryana power sector. Senior Advisor for India, to the United Nations Secretary General's office for Global Compact. He is chairman of Remuneration Committee and Shareholders'/ Investors' Grievance Committee and member of Audit Committee of the Company. He holds 3300 shares of the Company.

The other companies on which Mr. S. B. Budhiraja holds directorship and Chairmanship/Membership of Committee of the Board is given below:

Directorship	Chairmanship(s)/ Membership(s) of Committees
Balrampur Chini Mills Ltd.	Audit Committee- Chairman Shareholders'/ Investors' Grievance Committee - Member
Neuland Laboratories Ltd.	Audit Committee- Member
JCL International Ltd.	-

Mr. Vishal Marwaha

He is a nominee Director of HPC (Mauritius) Ltd., since 14.07.2005. He is a Chartered Accountant associated with renowned international banks and leading private equity investors. He was a Director of HSBC Private Equity Management (Mauritius) Ltd. and Business Head for Management of the private equity operation for US\$ 60 million Indian dedicated fund. He is representative of our investor HPC (Mauritius) Ltd. Mauritius (Henderson) and associated with the Henderson Equity Partners (India) Partners Ltd., as

Director for sourcing investments in South Asia. He is member of Audit Committee of the Company. He holds 25000 shares of the Company.

The other companies on which Mr. Vishal Marwaha holds directorship and is also a Chairman/Members of Committee of the Board is given below

Directorship	Chairmanship(s)/ Membership(s) of Committees
Jubilant Organosys Ltd.	Audit Committee-Member
Jubilant Foodworks Ltd.	Audit Committee-Member

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

ITEM NO. 7

The present term of Mr. Sandip Somany as Joint Managing Director of the Company (hereinafter referred to as Mr. Somany) will expire by efflux of time on November 30, 2010. The Board of Directors, at its meeting held on Thursday, the May 20, 2010, have re-appointed Mr. Sandip Somany as Non-retiring Whole-time Joint Managing Director of the Company on the remuneration as recommended by the Remuneration Committee for a further term of 3 years, commencing from December 1, 2010 and upto November 30, 2013. His appointment and remuneration fixed by the Board are in accordance with Schedule XIII to the Companies Act, 1956 ("the Act") and are subject to the approval of the shareholders for which purpose relevant resolution as set out in the Notice is proposed.

The Board of Directors has recommended the remuneration payable to Mr. Somany, as stated hereunder, during the tenure of his re-appointment with power to the Board to make such variation or increase therein as may be thought fit from time to time, but within the ceiling laid down in Schedule XIII to the Companies Act, 1956 or any statutory amendment or relaxations thereof.

The Abstract of Terms and Conditions of the appointment and remuneration payable to Mr. Somany, as embodied in the draft Agreement to be entered into by Mr. Somany with the Company for his appointment and remuneration payable to him, are as follows:-

1. Period of Appointment

3 (Three) years commencing from December 1, 2010 to November 30, 2013.

2. Remuneration

- (a) SALARY : Rs. 700,000/- per month.
(In the scale of Rs. 700,000-100,000-1,000,000)
- (b) COMMISSION : At the rate of 3% (Three percent) of net profits of the Company for each financial year computed in the manner as laid down in Section 198 and 309 of the Companies Act, 1956.
- (c) PERQUISITES : Mr. Somany will be entitled to the following perquisites in addition to his salary and commission restricted to an amount equal to the annual salary of Mr. Somany.

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:-

CATEGORY - A

This will comprise of house rent allowance, leave travel concession, medical reimbursement, fees of clubs, personal accident insurance and such other benefits, facilities and allowances as may be available and allowed to Mr. Somany, as per rules of the Company. These may be provided for as under:-

Housing

- The expenditure incurred by the Company on hiring furnished accommodation for Mr. Somany will be subject to the ceiling - 60 (Sixty) percent of the Salary, over and above 10 (Ten) per cent payable by Mr. Somany.
- In case the accommodation is owned by the Company, 10 (Ten) per cent of the salary of Mr. Somany shall be deducted by the Company.
- In case no accommodation is provided by the Company, Mr. Somany shall be entitled to House Rent Allowance subject to the ceiling laid down under Clause (i) above.

Explanation

The Expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10 (Ten) per cent of the salary of Mr. Somany.

Medical Reimbursement

All Medical expenses incurred for self and his family including hospitalisation, Nursing Home and Surgical charges in India and/or Abroad or both subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

Leave Travel Concession

For Mr. Somany and his family once in a year incurred in accordance with the Rules of the Company.

Club Fees

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Of an amount, the annual premium of which does not exceed Rs. 10,000/- per annum for Mr. Somany.

Other benefits and Allowances

Any other benefits, facilities and allowances as may be available and allowed to Mr. Somany, as per rules of the Company.

The value of the perquisites for the purpose of calculating the above annual ceiling shall be evaluated as per Income Tax Rules wherever applicable, otherwise at actual.

CATEGORY - B

- i) Contributions to Provident Fund and Superannuation/Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable shall be half a month's salary for each completed year of service.
- iii) Encashment of Leave at the end of the tenure will be permitted and will not be included in the computation of the ceiling on perquisites.

CATEGORY - C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Somany.

Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Chairman & Managing Director and Joint Managing Director as calculated in accordance with Section 198 and 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be for the time being in force.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of office of Mr. Somany, the Company shall pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down under Section II of Part II of the amended Schedule XIII to the Companies Act, 1956 as may be for the time being in force.

Sitting Fee

Mr. Somany shall not, so long as he acts as the Whole-time Director, designated as the Joint Managing Director of the Company, be paid any sitting fee for attending any meeting of the Board or any Committee thereof.

Other Terms

Mr. Somany shall not, during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business or affairs of the Company or as to any trade secret or secrets, processes of the Company and shall, during the continuance of his employment hereunder, use his best endeavors to prevent any other person from doing so.

Mr. Somany hereby undertakes that so long as he functions as the Whole-time Joint Managing Director of the Company, he shall not become interested or otherwise concerned directly or indirectly in any selling agency of the Company in future without the prior approval of the Central Government.

The Board of Directors may, in their discretion, revise or modify any of the terms of appointment and remuneration from time to time within the limits laid down in Schedule XIII to the Act.

Termination

Notwithstanding anything contained in this Agreement, either party shall be entitled to determine this Agreement by giving 6 (Six) months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever, to terminate the Agreement on giving to Mr. Somany 6 (Six) months' salary as specified in Clause 2 (a) in lieu of six months' notice required to be given under this Clause.

Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in case of Mr. Somany by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in the case of the Company by being delivered at or sent by registered post addressed to its registered office, any such notice if so posted shall be deemed served on the day following that on which it was posted.

The Board of Directors are of the view that it is in the interest of the Company to continue to avail the services of Mr. Somany as Joint Managing Director of the Company.

Approval of members is sought for re-appointment of Mr. Sandip Somany as Joint Managing Director and for payment of remuneration including minimum remuneration.

None of the directors of the Company are concerned or interested in the resolution set out under Item No. 7 of the accompanying Notice of 50th Annual General Meeting of the Company except Mr. R. K Somany and Mr. Sandip Somany, being relatives of each other.

The Board commends the Resolution for approval.

ITEM NO. 8

At the Forty Fifth Annual General Meeting of the Company held on August 24, 2005, the Board of Directors were authorised to borrow monies in excess of paid up share capital and free reserves of the Company, not exceeding Rs. 500 Crore.

In view of Company's consistent requirements for financing the capital expenditure on expansion and modernisation programmes and partly to augment the long term capital requirements for Company's growing activities and operations, it is necessary to raise the existing borrowing limits of Rs. 500 Crore to Rs. 1000 Crore. The Board commends the Resolution for approval.

None of the Directors are concerned and interested in the said Resolution.

By order of the Board
For HSIL Limited

Place: Gurgaon
Date: May 20, 2010

(RUCHIKA GUPTA)
Company Secretary



Registered Office: 2, Red Cross Place, Kolkata - 700 001. Phone: 91-33-2248 7406/07

Fax: 91-33-2248 7045 E-mail: hsilinvestors@hindware.co.in

ATTENDANCE SLIP

The Folio No. and Name(s) of the Member (s) are to be furnished below in block letters

Folio No.

No. of Shares held

Client ID

DP ID

Full Name (s) of Member / Joint Members

1. 2.

3. 4.

Full Name of the Proxy if attending the meeting

I hereby record my presence at the Fiftieth Annual General Meeting of the Company held at Somany Conference Hall of Merchants' Chamber of Commerce, 2nd Floor, 15 B, Hemanta Basu Sarani, Kolkata - 700 001 on Wednesday, the September 22, 2010 at 11:30 A.M.

.....

Signature of the Member / Joint Members / Proxy attending the meeting

Please complete this attendance slip and hand it over at the entrance of the meeting hall.



Registered Office: 2, Red Cross Place, Kolkata - 700 001. Phone: 91-33-2248 7406/07

Fax: 91-33-2248 7045 E-mail: hsilinvestors@hindware.co.in

PROXY FORM

I/We.....of.....

being a Member(s) of HSIL Limited hereby

appoint.....

offailing him/her.....

of.....failing him /her.....

of as my/our proxy to vote for me/us and on my/our behalf at the Fiftieth Annual General Meeting of the Company to be held at Somany Conference Hall of Merchants' Chamber of Commerce, 2nd Floor, 15 B, Hemanta Basu Sarani, Kolkata - 700 001 on Wednesday, the September 22, 2010 at 11:30 A.M.

Signed at this day of2010



Folio No. Client ID and DP ID

Signature of the Member

Note:

The proxy in order to be effective must reach the Registered Office of the Company at 2, Red Cross Place, Kolkata - 700 001, not less than 48 hours before the time for holding the aforesaid meeting.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rajendra K Somany, Chairman and Managing Director
Mr. Sandip Somany, Joint Managing Director
Mr. Ashok Jaipuria
Mr. Binay Kumar
Mr. G.L. Sultania
Mr. N.G. Khaitan
Mr. S.B. Budhiraja
Mr. Vishal Marwaha
Mr. V.K. Bhandari

COMPANY SECRETARY

Ms. Ruchika Gupta

STATUTORY AUDITORS

M/s. Walker, Chandiok & Co., Chartered Accountants

BANKERS

Andhra Bank
Canara Bank
Central Bank of India
Citibank, N.A.
Dhanalakshmi Bank
DBS Bank
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation

INTERNAL AUDITORS

BDO Consulting Pvt. Ltd.

REGISTERED OFFICE

2, Red Cross Place, Kolkata – 700001
Tel: 91 33 2248 7406/07 | Fax: 91 33 2248 7045
Email: hsilinvestors@hindware.co.in

CORPORATE OFFICE

301-302, Park Centra, Sector 30, National Highway 8,
Gurgaon – 122 001
Tel: 91 124 477 9200-201 | Fax: 91 124 429 2898

REGIONAL OFFICES

Bengaluru: Jai Krishna Krupa, No.6 Crescent Road,
Highgrounds, Bengaluru – 560 001

Tel: 91 80 4081 1011

Chennai: MKM Chambers (Annexe), 1st floor, 154 & 155,
Kodambakkam High Road, Nungambakkam, Chennai

Tel: 91 44 2822 0912

Ernakulam: 1st Floor, Heavenly Plaza, Colony Stop,
Civil Lane Road, Padamughal, Kakkanad PO,
Ernakulam – 682 021, Kerala

Tel: 91 484 242 1030

Mumbai: 2nd Floor, Satyanarayan Prasad Commercial Centre,
Plot no. 200, Next to State Bank of India, Dayaldas Road,
Vile Parle (East), Mumbai – 400 057

Tel: 91 22 4342 0600

Pune: Vastushree Complex, Office No. 31, D Wing, 1st Floor,
Near Hydepark, Market Yard, Bibewadi, Pune – 411 037

Secunderabad: 304-305, Ashoka Bhoopal Chambers,
Sardar Patel Road, Secunderabad – 500 003
Tel: 91 40 6628 800

PLANT LOCATIONS

Building Products Division

1. Bahadurgarh-124507, Dist. Jhajjar, Haryana
Tel: 91 1276 230 485/87 - 232 226-8 | Fax: 91 1276 230 138

2. Somanyapuram Brahmanapally Bibinagar, Dist. Nalgonda,
Andhra Pradesh – 508126 Tel: 91 8685 651 773/448

3. G 470-471, Phase I, RIICO Industrial Area,
Bhiwadi – 131019, Rajasthan.

Container Glass Division

AGI GLASPAC

1. Glass Factory Road, Off Motinagar, P.B. no. 1930,
Sanathnagar P.O., Hyderabad – 500018

Tel: 91 40 2383 1771 | Fax: 91 40 2383 1787

2. Glass Factory Road, Bhongir – 508 116,
Nalgonda District, Andhra Pradesh

EVOK STORES

Delhi: West Gate Mall, Rajouri Garden, GK-II Market

Haryana: Crown Interiorz Mall, Faridabad, JMD Mall, Gurgaon

Uttar Pradesh: Shipra Mall, Ghaziabad



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