

**ANNUAL REPORT
2010-2011**



Hanung

Hanung Toys and Textiles Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashok Kumar Bansal	Chairman-cum-Managing Director
Mrs. Anju Bansal	Whole Time Director
Mr. Ashwani Kumar Singla	Non Executive Director
Mr. Radha Krishan Pandey	Independent Director
Mr. Chander Shekher Batra	Independent Director
Col. Surinder Kumar Jain	Independent Director

AUDIT COMMITTEE

Mr. Radha Krishan Pandey	Chairman
Mr. Ashok Kumar Bansal	Member
Mr. Chander Shekher Batra	Member

SHARE TRANSFER / INVESTOR GRIEVANCES REDRESSAL COMMITTEE

Mr. Chander Shekher Batra	Chairman
Mr. Ashok Kumar Bansal	Member
Mrs. Anju Bansal	Member

REMUNERATION COMMITTEE

Mr. Radha Krishan Pandey	Chairman
Mr. Chander Shekher Batra	Member
Col. Surinder Kumar Jain	Member

CHIEF EXECUTIVE OFFICER

Mr. Sajeev Pandiya

COMPANY SECRETARY

Mr. Arvind Kumar Gupta

STATUTORY AUDITORS

M/s. Rohtas & Hans,
Chartered Accountants,
A-15, Priyadarshni Vihar,
Delhi-110092

BANKERS

Punjab National Bank	State Bank of India	Andhra Bank
Oriental Bank of Commerce	Syndicate Bank	Indian Overseas Bank
Union Bank of India	Central Bank of India	
Allahabad Bank	Karnataka Bank	
ICICI Bank	Bank of India	

REGISTRARS AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited

Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500051
Phone : 040 - 23420815/816/817/818, Fax No. : 040 - 23420814
Email: mailmanager@karvy.com

CORPORATE OFFICE

108-109, NSEZ, Noida 201305 Uttar Pradesh
Tel: +91 120 4140200 – 04, Fax: +91 120 3042099, 4140207

REGISTERED OFFICE

E-93, 2nd Floor, Greater Kailash Enclave-I, New Delhi - 110048
Tel: +91 11 26241572, Fax: +91 11 26241822

Annual Report 2010-2011

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Notice



NOTICE is hereby given that the **Twenty First Annual General Meeting** of members of **Hanung Toys and Textiles Limited** will be held on **Saturday, 24th September, 2011 at 4.00 P.M.** at Air Force Auditorium, Subroto Park, New Delhi-110010 to transact the following businesses:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Radha Krishan Pandey, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Col. Surinder Kumer Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend on equity shares for the year ended March 31, 2011.
5. To appoint M/s Rohtas & Hans, Chartered Accountants as the Statutory Auditors to hold office from conclusion of this Meeting to the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board
For **Hanung Toys and Textiles Limited**

Place : Noida
Date : August 24, 2011

Arvind Kumar Gupta
Company Secretary

NOTES: -

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OR CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Share Transfer Book of the Company will remain closed from 20th September 2011 to 24th September, 2011 (both days inclusive).
 - (a) to those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on 24th September, 2011 after giving effect to all valid transfers in physical form lodged on or before 20th September, 2011 with the Company and/or its Registrar & Transfer agent; and
 - (b) in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by National Security Depository Limited (NSDL) and Central Depository Services Limited (CDSL) at the close of business hours on 19th September 2011.
3. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, Change of address/name etc. to their depository participant only and not to the Company or its Registrar and Transfer Agent. The said intimations will be automatically reflected in the Company's records.
4. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of Meeting to enable the Company to keep the information ready at the Meeting.
5. All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered and Corporate Office of the Company between 10.30 A.M. and 12.30 P.M. on all working days from the date hereof up to the date of Meeting.
6. Members who wish to claim Dividends, which remains unclaimed, are requested to either correspond with the Secretarial Department at the Company's registered office or the Company's Registrar and Share Transfer Agent (Karvy Computershare Pvt. Ltd.). Members are requested to note that dividends not encashed or claimed within seven years and 30 days from the date of declaration of the Dividend, will as per Section 205A (5) read with Section 205C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund of Government of India. In view of this, members are advised to send all the unencashed dividend warrants pertaining to these years to our Registrars for revalidation and encash them before the due dates.

By order of the Board
For **Hanung Toys and Textiles Limited**

Place : Noida
Date : August 24, 2011

Arvind Kumar Gupta
Company Secretary

Directors' Report

Dear Members,

The Directors have pleasure in presenting the Twenty First Annual report of the Company together with the standalone and consolidated audited statements of Financial Account for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS:

The following table gives the financial highlights of your company on a standalone basis according to the Indian Generally Accepted Accounting Principles (GAAP)

FINANCIAL RESULT (STANDALONE) *(Rs. in Lacs)*

Particulars	2010-11	2009-10
Net Sales & Other Income	1,13,971	85,274
Profit before Interest, Depreciation & Tax	22,849	16,499
Financial Overheads	9,345	4,965
Depreciation	2,362	1,722
Net Profit before Tax & Prior Adjustment	13,142	9,812
Prior Period Adjustment	351	81
Net Profit before Tax	12,791	9,731
Provision for Tax		
— Current	591	364
— Deferred	194	248
Tax for earlier years	—	71
Net Profit after tax	12,006	9,048
Appropriations		
Proposed Dividend	504	504
Provision for Tax for dividend	83	86
Surplus carried forward to Balance Sheet	11,419	8,458
Transfer to General Reserve	3,500	3,500
Net Surplus carried forward to Balance Sheet	7,919	4,958

FINANCIAL RESULTS (Consolidated)

The following table gives the financial highlights of your company on a Consolidated basis according to the Indian Generally Accepted Accounting Principles (GAAP)

(Rs. in Lacs)

Particulars	2010-2011	2009-10
Net Sales & Other Income	1,14,052	85,274
Profit before Interest, Depreciation & Tax	22,803	16,430
Financial Overheads	7,345	4,965
Depreciation	2,364	1,722
Net Profit before Tax & Prior Adjustment	13,094	9,743
Prior Period Adjustment	351	81
Net Profit before Tax	12,743	9,662
Provision for Tax		
— Current	591	364
— Deferred	194	249
Tax for earlier years	—	71
Net Profit after tax before Minority Interest	11,958	8978
Minority Interest in Income	0.85	—
Net Profit after Tax & Minority Interest	11,957	8978
Appropriations		
Proposed Dividend	504	504
Provision for Tax for dividend	83	86
Surplus carried forward to Balance Sheet	11,370	8,388
Transfer to General Reserve	3,500	3,500
Net Surplus carried forward to Balance Sheet	7,870	4,888

RESULTS OF THE OPERATION

The gross sales and other income for the financial year under review were Rs.113971 lacs as against Rs. 85274 lakhs for the previous financial year registering an increase of 33.65%. The Profit before tax (after interest and depreciation charges) of Rs.12791 lakhs as against Rs. 9731 lakhs for the previous year increasing by 31% and Profit after tax of Rs. 12006 lakhs as against Rs. 9048 lakhs for the previous year increasing by 32% respectively.

DIVIDEND

Your Directors have recommended dividend of Rs. 2.00 for every equity share of Rs.10 each resulting in a dividend rate of 20% for the financial year 2010- 11.

BUSINESS

The Company's main operations consist of manufacturing Toys and Home Furnishings.

SUBSIDIARY

The Hanung (Shanghai) Limited and Cody Direct Corp. are subsidiary of the Companies within meaning of Section 4 of Companies Act 1956.

CORPORATE GOVERNANCE

Report on Corporate Governance as required under Clause-49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

A Certificate from the Auditors of the Company M/s. Rohtas & Hans, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause-49, forms part of the Annual Report.

TRANSFER TO GENERAL RESERVES

Out of the total profit of Rs. 12006 lacs for the financial year 2010-2011, an amount of Rs. 3500 lacs is proposed to be transferred to the General Reserve. The above transfer to general reserves is in compliance to the Companies (Transfer of Profit to Reserves) Rules 1975.

ACQUISITION OF COMPANY

During the year 2010-11 the company has acquired a controlling stake in M/s Cody Direct Corp., a company incorporated under the US laws. Cody Direct Corp. is an 18 years Home Furnishing "Marketing and Distribution" company based at New York, NY

The acquisition completely synergizes with Hanung's business and its growth strategies. Hanung has long desired to enter the U.S. market in an aggressive and cutting edge manner. We believe that the acquisition of Cody Direct Corp., coupled with Hanung's strengths as a manufacturer, would prove to be the right combination for strong growth in this marketplace. It would enable the Company to service its North American customers directly and improve its EBIDTA margins.

DIRECTORS

There are six directors on the Board of Directors of the Company. By the terms of Articles of Association, Mr. Radha Krishan Pandey and Col. Surinder Kumar Jain, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Directors' Report

Brief resumes of the Directors proposed to be re-appointed, their expertise in specific functional areas and names of the companies in which they hold directorship / membership / chairmanship of the Board Committees, as stipulated under clause 49 of the listing Agreement with the Stock Exchanges have been provided in the report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That the Directors have 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 the Company at the end of the financial year and of the profit or loss of the Company for the period under review.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the annual accounts for the year ended March 31, 2011 on a 'going concern' basis.

AUDITORS

The Auditors, M/s. Rohtas & Hans, Chartered Accountants, retire at the ensuring Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

PUBLIC DEPOSITS

During the year under review, your company has not accepted or renewed any fixed Deposit from the public.

AUDITORS QUALIFICATION SYSTEM ON ACCOUNTS

Notice to the accounts, as referred in the auditors report, are self-explanatory and consistently followed and therefore do not call for any further comments and explanations.

CODE OF CONDUCT COMPLIANCE

Pursuant to Clause 49 of the Listing Agreement entered with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, the declaration signed by the Managing Director affirming compliance with the Code of Conduct by the Director's and senior management personnel, for the financial year 2010-11 is

annexed and forms part of the Directors and Corporate Governance Report.

DISCLOSURE OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other details have been furnished in an Annexure to this Report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

By the terms of 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, the particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo are set out as an Annexure to this Report.

CAUTIONARY STATEMENT

Statements made in the Report, including those stated under the caption "Management Discussion and Analysis" describing the Company's plans, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

REGISTRAR AND SHARE TRANSFER AGENT

M/s Karvy Computershare Private Limited, Hyderabad, are the Registrar and Share Transfer Agent of the Company. Details of the depository system and listing of shares are given in the section "Additional Shareholders Information", which forms a part of the Corporate Governance Report and is attached with the Annual Accounts.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere thanks to the Company's clients, vendors, investors and bankers for their continued support to the Company during the year. The Directors wish to place on record their appreciation of the contributions made by employees at all levels.

We thank the government of India, state governments and other government agencies for their support and look forward to their continued support in future.

By order of the Board
For Hanung Toys and Textiles Limited

Place : Noida
Date : August 24, 2011

Ashok Kumar Bansal
Chairman-cum-Managing Director

Annexure 'A' to the Directors' Report

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

A. CONSERVATION OF ENERGY

- (a) 1. Energy efficient lighting system in place e.g. CFL / FTL fittings are being used in all offices / sites.
 2. Energy efficient lighting system is designed for the commercial projects.
 3. Parallel operations of lifts is being carried out to achieve energy conservation.
 4. Effective preventive and predictive maintenance system is in place for maintaining all energy intensive equipments i.e. DG sets for energy generation etc.
 5. Fuel metering system is in place to track the consumption of fuel.
- (b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**
 The Company thrives to construct energy efficient structures which use natural lighting in their plant & offices.
- (c) **Impact of measures for reduction of energy consumption / Energy Conservation-**
 As the Company is primarily engaged in the manufacturing and the impact of the measures at (a) and (b) above for reduction of energy consumption cannot be quantified.
- (d) **Total Energy consumption and Energy consumption per unit of production as prescribed in Form 'A'**

FORM A
 (See rule 2)

(Rs. In Lacs)

S.No.	Particulars	2010-11	2009-10
1.	Electricity		
	Purchase (Units in lacs)	155.41	104.86
	Total Amount (Rs. In lacs)	552.71	437.05
	Rate / Unit (Rs.)	3.56	5.07
2.	Own Generation Through Diesel Genset (Units in Lacs)		
	Purchase (Units in lacs)	40.18	41.72
	Total Amount (Rs. In lacs)	502.18	516.75
	Rate / Unit (Rs.)	12.50	12.39

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form 'B' of the Annexure

FORM-B

1. Research & Development (R & D)

- a. Specific area in which (R & D) : With the Objective of better productivity and yield and optimum cost effectiveness the Company has been adopting various techniques, developed by in-house R & D department from time to time.
- b. Benefits derived as a result of above R & D
- c. Future Plan of Action

- d. Expenditure on R & D
- Capital
 - Recurring
 - Total
 - Total R & D Expenditure as a percentage
- : The R & D activity of the Company forms part of the project cost and has not been quantified separately.
- 2. Technology absorption, adoption and innovation.**
- Efforts in brief made towards Technology absorption, adoption and innovation.
 - Benefits derives as result of the above efforts e.g. product improvement, cost reduction, production development, import substitution etc.
- 3. In case of imported technology imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished**
- Technology imported
 - Year of Import
 - Has technology fully absorbed areas where this has not taken place, reasons thereof and plan of action

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to exports, initiatives taken to increase exports, developments of new exports markets for products and services, and export plans:

During the year, 14 new customers were added. All these customers have the potential and will be converted into US\$ 10 Millions each, or more, in the next two years. Some of these have already been converted into US\$ 5 Million plus accounts. Products made by your company are available on the shelves of Bloomingdales, William-Sonoma Group, Macy's, Dillard's, BBB, JC Penney, Target Stores, HBC, Rona, Home Depot, Wal-Mart, Anna's Linens, LNT, Tuesday Morning, Ikea, Francodim, Conforama, Homebase, Argos, etc.

The company has a balanced product portfolio, so that the dependence on anyone category is minimized.

In the year under review, company was actively involved with, and made products for, two of the most talked about launches in the Home Textiles space in United States. Of these one was for a mass retailer and the other was for one of the leading Designer Brands in the world.

2. Total Foreign Exchange used and earned (in Rs.) :

Total Foreign Exchange used : 62861.23.Lakh
 Total Foreign Exchange earned : 82799.59 Lakh

By order of the Board
For Hanung Toys and Textiles limited

Place : Noida

Date : August 24, 2011

Ashok Kumar Bansal

Chairman cum Managing Director

Annexure 'B' to the Directors' Report

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 year ended March 31, 2011.

Name of Employee	Age (yrs.)	Qualification	Expe-rience	Date of Employment	Designation	Remuneration Gross (Rs.)	Last Employment held
A. Employed throughout the year and in receipt of remuneration not less than Rs. 24,00,000/- per annum.							
Mr. Ashok Kumar Bansal	53	B.Com, F.C.A. & C.S.	28	10.10.1990	Chairman-cum-Managing Director	1,49,06,250	Self Employed
Mrs. Anju Bansal	50	M. A.	25	28.09.2001	Whole-Time Director	99,37,500	N.A.

Notes:-

- Mrs. Anju Bansal, Whole-Time Director is wife of Mr. Ashok Kumar Bansal. Chairman-cum-Managing Director of the Company.
- Employees named above are whole time employees of the Company as per terms and conditions of the Company.
- Remuneration received gross includes Salary and other allowances.
- Mr. Ashok Kumar Bansal holds 26,49,418 shares i.e. (10.52% of equity capital) and Mrs. Anju Bansal holds 18,92,482 shares i.e (7.51% of equity capital)

By order of the Board
For Hanung Toys and Textiles Limited

Place : Noida
 Date : August 24, 2011

Ashok Kumar Bansal
 Chairman cum Managing Director

Report on Corporate Governance

(A) CORPORATE GOVERNANCE PHILOSOPHY

We stand committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value to the stakeholders. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication increasing long-term shareholder value, keeping in view the interests of the company's stakeholders.

(B) BOARD COMPOSITION AND PARTICULARS OF DIRECTORS

The Composition of the Board of Directors of the Company is governed by the provisions of the Companies Act 1956, the Articles of Association of the Company and clause 49 of Listing Agreement with the Stock Exchanges. The Board has a current strength of six directors with a combination of executive and non-executive directors. Shri Ashok Kumar Bansal is Chairman-cum-Managing Director of the Company and Smt. Anju Bansal, Whole-Time Director,

Mr. Ashwani Kumar Singla, Non-Executive Director and Mr. R.K. Pandey, Mr. Chander Shekher Batra and Col. Surinder Kumar Jain are Independent Directors, who constitute 50% of the Board's composition.

The Directors of the Company are eminent personalities with varied knowledge and experience in manufacturing, marketing, finance, banking, legal, management and commercial administration. The Board meets as often as required being not less than 4 times in a year.

(a) Number of Board Meetings held and the dates of the Board Meetings

The Board meets at least once in a quarter and 19 meetings were held during the financial year 2010-2011 on 29th April 2010, 30th April 2010, 08th June 2010, 1ST July 2010, 19th July 2010, 26th July 2010, 10th August 2010, 14th Sep. 2010, 25th Sep. 2010, 28th Sep. 2010, 10th Nov. 2010, 19th Nov. 2010, 24th Nov. 2010, 11th Dec. 2010, 07th Jan. 2011, 11th Jan. 2011, 08th Feb. 2011, 12th March 2011, 29th March 2011.

S. No.	Name of Director	Executive/ Non-Executive	No. of other Directorship*	Committee* Member/ Chairman	No. of Board Meeting attended	Attendance at the last A.G.M.
1.	Mr. Ashok Kumar Bansal	Promoter / Executive	10	2 (as member)	19	YES
2.	Mrs. Anju Bansal	Promoter / Executive	10	1 (as member)	19	YES
3.	Mr. Ashwani Kumar Singla	Non-Executive	05	Nil	18	NO
4.	Mr. R.K. Pandey	Non-Executive & Independent	14	5 (as member) 4 (as chairman)	17	YES
5.	Mr. Chander Shekher Batra	Non-Executive & Independent	10	Nil	18	YES
6.	Col. Surinder Kumar Jain	Non-Executive & Independent	Nil	1 (as member)	06	NO.

* includes private limited and foreign companies.

None of the non-executive independent Directors have any pecuniary relationship or transactions with Company or its Group nor hold any shares in the Company.

(b) Availability of Information to the Members of the Board

The Board has complete access to any information within the Company and to any of our employees. At meetings of the Board, it invites the auditors and managers who can provide additional insights into the items being discussed. The information supplied to the Board meetings include:

- Minutes of Audit Committee and Share Transfer / Investor Grievances Redressal Committee, as well as abstracts of circular resolutions passed.
- General Notice of interest of directors.
- Annual / quarterly budgets, capital budgets and updates.
- Quarterly / half yearly / annual financial results.

- Materially important litigations, show cause notices, demand, prosecution and penalty notices.
- Details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement.

(c) Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between us and our directors, management or relatives of directors except for those disclosed in the financial statements for the year ended on March 31 2011.

(d) Institutionalized Decision Making Process

With a view to institutionalize all corporate affairs and set up systems and procedures for advance planning for matters requiring discussion/ decisions by the Board, the Company has defined guidelines for the meetings of the Board and Committees thereof. These

Guidelines seek to systematize the decision making process at the meetings of the Board / Committees in an informed and efficient manner.

(e) Information to Board

Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda Papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

(f) Annual disclosure of directors' interest as required under section 299 of the Companies Act 1956.

Directors have furnished Notice of Disclosure of interest as required under section 299(1) of the Companies Act, 1956 for the year 2011-12. Any changes in their directorships / interest during the year would be disclosed to the Board as and when such change occurs. The Company maintains Register of Contracts, Companies and Firms in which Directors are interested as provided under section 301(1) of the Companies Act, 1956.

(g) Recording Minutes of Proceedings at Board and Committee Meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The finalized minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that meeting.

(h) Post Meeting Follow-up Mechanism

The Guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. Action taken report on the decisions of the previous meetings(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee.

(C) BOARD COMMITTEES

Presently, the Board has three committees: the Audit Committee, Share Transfer / Investor Grievances Redressal Committee and Remuneration Committee. The Audit Committee consists one Executive Director and Two Independent Directors and Chairman of Audit Committee is Independent Director, whereas Share Transfer / Investor Grievances Redressal Committee consist of two executive directors and one non-executive independent director. the Remuneration committee consist of three Members all of whom are non-executive independent Directors. Normally, the committees meet four times in a year, once in each quarter. The minutes of these committee meetings are submitted to the Board for approval / confirmation.

(i) Audit Committee

The Audit Committee comprises three directors, namely:

Mr. R.K. Pandey (Chairman of the Committee)

Mr. Ashok Kumar Bansal

Mr. Chander Shekher Batra

Each member of the Audit Committee is able to read and understand fundamental financial statements as required under clause 49 of the Listing agreement. The Chairman of the Audit Committee is a financial expert, as specified under clause 49 of the Listing Agreement.

Mr. R.K. Pandey is the Chairman of the Audit Committee. The Company Secretary is the Secretary to the Audit Committee.

The primary objective of the Audit Committee is to monitor and provide supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the management, the head of internal audit team and the statutory auditors and notes the process and safeguards employed by them.

The principal functions of the committee are:

- Oversight (supervision, direction and control) of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Discussion with the Auditors periodically about the internal control systems and the scope of audit including observations of the Auditors.
- Review of the quarterly and annual financial statements before submission to the Board focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft report.
 - Significant adjustments arising out of audit.
 - Going concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions, transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of company at large.
 - Ensure compliance of internal control systems.
 - Investigation into any of the afore-stated matters or as may be referred to by the Board.
 - Review of the Auditors' Report on the Financial Statements and to seek clarifications thereon, if required, from the Auditors.

- Review of weaknesses in Internal Controls, if any and make recommendations relating thereto to the Board so as to ensure compliance of internal control systems.
- To act as a link between the Statutory and the Internal Audit Team and the Board of Directors.
- Any other matter which the Board of Directors may at its discretion assign to the Committee from time to time.

Audit Committee Attendance:

Five Audit Committee meetings were held during the financial year 2010-11. These were held on April 29, 2010, July 01, 2010, August 10, 2010, Nov. 10 2010 and February 08, 2011.

Name	No. of Meeting held	Attended
Shri R.K. Pandey	5	5
Shri Ashok Kumar Bansal	5	5
Shri Chander Shekher Batra	5.	5

(ii) Share Transfer / Investor Grievances Redressal Committee:

The Share Transfer / Investor Grievances Redressal Committee are headed by an independent director and consist of the following directors:

Members	Designation
Shri Chander Shekher Batra	Chairman
Shri Ashok Kumar Bansal	Member
Smt. Anju Bansal	Member

Mr. Arvind Kumar Gupta, Company Secretary is the Compliance Officer for the Committee.

The Committee has the mandate to review and redress the shareholder grievances viz. non-receipt of refund orders, transfer and transmission of shares, non-receipt of annual reports, non-receipt of declared dividends etc., and redressal thereof.

Twelve Share Transfer / Investor Grievances Redressal Committee meetings were held during the financial year 2010-11 on April 05, 2010, April 20, 2010, June 08, 2010, June 21st 2010, June 28, 2010, July 19, 2010, July 30 2010, August 10 2010, November 10, 2010, November 30 2010, February 19, 2011 and March 10, 2011.

Name	No. of Meeting held	Attended
Shri Chander Shekher Batra	12.	12.
Shri Ashok Kumar Bansal	12	12
Smt. Anju Bansal	12	12

(iii) Remuneration Committee

The Remuneration Committee consists of three members, all of whom are Non-Executive Independent Directors.

Members	Designation	Meeting held on February 25, 2011
Shri R.K. Pandey	Chairman	Present
Col. Surinder Kumar Jain	Member	Present
Shri Chander Shekher Batra	Member	Present

Mr. Arvind Kumar Gupta, Company Secretary is the Compliance Officer for the Committee.

(D) Remuneration of Directors

The following directors have been paid Salary and / or sitting fee at the rate of Rs. 5,000 for attending each meeting of the Board for 2010-2011 as per details below:

(Rs. in lacs)

S. No.	Name	Salary	Sitting Fees	Total
1.	Mr. Ashok Kumar Bansal	149.06	—	149.06
2.	Mrs. Anju Bansal	99.37	—	99.37
3.	Mr. Ashwani Kumar Singla	—	0.90	0.90
4.	Mr. R.K. Pandey	—	0.85	0.85
5.	Mr. Chander Shekher Batra	—	0.90	0.90
6.	Col. Surinder Kumar Jain	—	0.30	0.30
	Total	248.43	2.95	251.38

(E) Code of Business Conduct and Ethics for Directors and Senior Management

In terms of Clause 49 of the Listing Agreement, the Company had adopted a code of conduct for the Board of Directors and senior management personnel of the Company. The Code has been circulated to all the members of the Board and senior management personnel and the compliance of the same is affirmed annually. The declaration signed by the Managing Director of the Company forms part of this report.

Declaration by the Managing Director

This is to confirm that the Company has adopted a code of conduct for its Board members and the senior management personnel.

I confirm that the Company has, in respect of the financial year ended March 31, 2011, received from the senior management personnel of the Company and the members of the Board, a declaration of compliance with the code of conduct as applicable to them.

Place : Noida

Ashok Kumar Bansal

Date : August 24, 2011 Chairman cum Managing Director

(F) Investor Complaint Status

The following table shows the nature of complaints / correspondence received from the shareholders / investors during the financial year 2010-11, all of which have been resolved and at the end of year, there were no complaints pending unresolved/ unattended as on March 31, 2011:

S. No.	Source	No. of Complaints		
		Received	Resolved	Pending
1.	Direct	8	8	0
2.	SEBI	0	0	0
3.	Stock Exchange	0	0	0
4.	Investor Association	0	0	0

(G) GENERAL BODY MEETINGS AND EXTRA ORDINARY GENERAL MEETINGS

Details of last Annual General Meetings and Extra Ordinary General Meetings of the Company are detailed below:

ANNAUL GENERAL MEETINGS

Year	Venue / Location	Day, Date & Time
2008	Air Force Auditorium, Subroto Park, N.D.-110 010	Friday, September 26, 2008 10.00 A.M.
2009	Air Force Auditorium, Subroto Park, N.D.-110 010	Tuesday, September 22, 2009 04.00 P.M.
2010	Air Force Auditorium, Subroto Park, N.D.-110 010	Monday, July 26, 2010 04.00 P.M.

EXTRA ORDINARY GENERAL MEETINGS

Year	Venue / Location	Day, Date & Time
2010	Air Force Auditorium, Subroto Park, N.D.-110 010	Monday, May 24, 2010 10.00 A.M.
2009	108-109, NSEZ, Noida-201305, Uttar Pradesh	Monday, August 31, 2009 2.00 P.M.

During the year 2010-2011 No E.G.M was held.

The following special resolutions were passed by the members during the above Extra Ordinary General Meetings:-

Extra Ordinary General Meeting held on May 24, 2010

- Preferential Allotment of Equity Shares of The Company To The Promoter And Promoter Group.
- Qualified Institutional Placement To Qualified Institutional Under Chapter VIII of The SEBI ICDR Regulations, 2009, As Amended

Extra Ordinary General Meeting held on August 31, 2009

- Increasing Borrowing Limits upto Rs.1500 Cr. through Postal Ballot.

Annual General Meeting held on July 26, 2010:

- There was No Special Resolution

Annual General Meeting held on September 22, 2009:

- Further Issue of Securities u/s 81 (1A)
- Increase of Authorised Capital from Rs.28.00 Cr. to Rs.40.00 Cr. and Change of Memorandum & Articles of Association.

Annual General Meeting held on September 26, 2008:

- Reverse earlier Consent of shareholders for shifting the Registered Office from Union Territory of Delhi to Uttar Pradesh.

(H) POSTAL BALLOTS

For the year ended March 31, 2011 No special resolution passed through Postal Ballots.

(I) CEO/CFO CERTIFICATION

In accordance with the requirement of Corporate Governance Clause 49 (V) of the listing agreement, the Board of Directors of the Company have been furnished with the requisite certificate from the C.E.O. of the Company.

(J) DISCLOSURES

- (i) Disclosures on Materially Significant Related Party Transactions

The related party transactions during the year ended March 31, 2011 have been listed in the notes to the accounts. Shareholders may please refer the same.

- (ii) Details of non-compliance by the Company and penalties and strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any member related to capital markets.

There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange or SEBI or ROC etc. on any matters relating to the capital market since the date of listing of shares on the stock exchanges.

(K) MEANS OF COMMUNICATION

The quarterly / half yearly unaudited financial results are generally published in **Business Standard (English & Hindi)**. These results are also posted on the Company's website at www.hanung.com.

Other information like shareholding pattern (quarterly), Corporate Governance Report, Memorandum, Annual Reports etc. are also posted on our website as soon as they are released / published.

(L) DISCLOSURE REGARDING APPOINTMENT / REAPPOINTMENT OF DIRECTORS

According to the Articles of Association, one third of the directors retires by rotation and, if eligible, offers themselves for re-appointment at the Annual General Meeting of shareholders. Shri R.K. Pandey and Col. S.K. Jain; will retire at the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring directors.

The detailed resumes of the directors being appointed / reappointed at the Annual General Meeting are given below:-

(a) Mr. Radha Krishan Pandey

Mr. R.K. Pandey, 70 years joined our company as an independent Director on October 31st 2005, He has completed his Master in Commerce. L.LB and is also a fellow member of ICSI. Mr. Pandey has an experience of around 21 year with various private companies as well as Government Undertakings in various finance and legal capacities and has also served as Executive Director of the Delhi Stock Exchange Association Limited for 16 years. Mr. R.K. Pandey is also the Chairman of Audit Committee and Remuneration Committee of Directors of the

Company. Mr. R.K. Pandey did not hold any equity shares of the Company as on August 24 2011.

Sl. No.	Name of companies/Firms	Nature of Interest
1.	PTC Industries Ltd.	Director
2.	Kamdhenu Ispat Ltd.	Director
3.	British Drugs & Healthcare Ltd.	Director
4.	Mefcom Capital Markets Ltd.	Director
5.	Shree Rajasthan Syntax Ltd.	Director
6.	Jindal Polyfilms Ltd.	Director
7.	Amar Ujala Publications Ltd.	Director
8.	Welcure Drugs & Pharmaceuticals Ltd.	Director
9.	Precise Laboratories Pvt. Ltd.	Director
10.	Ricoh India Ltd.	Director
11.	Morgan Ventures Ltd.	Director
12.	Sanghi Industries Ltd.	Director
13.	Kanpur Fertilizer & Cement Ltd.	Director
14.	Jaypee Uttar Bharat Vikas Pvt. Ltd.	Director
15.	Venture Strategic Management Solution Pvt. Ltd.	Director

(b) Col. Surinder Kumar Jain

Col. Surinder Kumar Jain, Independent Director, aged 58 years, a resident Indian national, joined our Company as an Independent Director on March 24, 2010. Col. Jain is a post graduate in Industrial Engineering. & Operations Research from IIT Kharagpur and he is also hold Masters Degree in Personnel Management from Pune. He has worked

at many important designations in Government and Public Sectors. Col. Jain has over 33 years of experience in various fields. Presently, he is acting as a Principal of Gurukulam Institute of technical Education (Kohra-Bhura) Naraingarh, Col. Surinder Kumar Jain did not hold any equity shares of the Company as on August 24, 2011.

(M) MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis is given separately in the Annual Report.

(N) COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT

Clause 49 of the Listing Agreement requires us to obtain a certificate from either the Auditors or Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in the Clause and annex the certificate with the Directors' Report. We have obtained a certificate to this effect and the same is given in this Annual Report.

The Clause further states that the non-mandatory requirements may be implemented as per the Company's discretion. However, the disclosure of compliance of mandatory requirements and non-compliance of non-mandatory requirements shall be made in the section on Corporate Governance in the Annual Report. The status / extent of compliance of non mandatory requirements is as follows:-

S.No.	Non Mandatory Provision	Status
1.	Maintenance of Chairman's Office	Not Applicable as Chairman is executive Managing Director of the Company
2.	Independent Directors tenure not to exceed nine	Not adopted
3.	Remuneration Committee	Already constituted. Details given elsewhere in this report.
4.	Shareholders rights: Half yearly financial performance and summary of significant events may be sent to each household of shareholders	The said information is available on Company's website
5.	Audit qualifications: Company may move towards regime of unqualified financial statements.	Adopted
6.	Training of Board Members	All Board members are experts in their respective fields and are well aware of Company's business model and risk profile.
7.	Mechanism for evaluating non-executive Board Members	Not adopted
8.	Whistle Blower Policy	Not adopted

(O) General Shareholders' Information

(i) Annual General Meeting

Day, date and time : Saturday,
24th September 2011,
AT 4.00 P.M.
Venue : Air Force Auditorium,
Subroto Park,
New Delhi-110010

(ii) Shareholding of Non-Executive Directors:-

None of the Non-Executive Director holds any shares of the Company.

(iii) Financial Calendar

Indicative calendar of events for the financial year

2011-2012 excluding Extraordinary General Meetings, if any, is as under:

First Quarter Financial Results (June 2011)	: August, 2011
Second Quarter Financial Results (September 2011)	: November, 2011
Third Quarter Financial Results (December 2011)	: February, 2012
Fourth Quarter / Audited Financial Results (March 2012)	: May / August, 2012
AGM for Financial year ended March 31, 2012	: By September 30, 2012

(iv) Book Closure

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of Annual General Meeting from 20th September 2011 to 24th September 2011(both days inclusive).

(v) Listing on Stock Exchanges

The Company's equity shares are listed at BSE / NSE and Addresses of the Stock Exchanges are as follows:-

Listing on Stock Exchanges Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400 001, Maharashtra Phones : 91-22-22721233 / 34 Fax : 9-22-22723677/22722082
National Stock Exchange of India Limited (NSE) Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), MUMBAI – 400 051, Maharashtra Phones : 91 -22 - 26538100, Fax : 91 - 22 - 26598237/ 38
The Stock Code of the Company's shares BSE – 532770 NSE – HANUNG
The ISIN for the Company's Equity Shares in De-mat Form INE648H01013
Depository Connectivity NSDL and CDSL

(vi) Listing Fee : Paid for all the above exchanges for the year 2010-11.

(vii) Registered Office : E-93, 2nd Floor, Greater Kailash Enclave, Part-I, New Delhi-110048
 Phones : 91 - 11- 26241572
 Fax : 91 - 11 - 26241822
 Email : investor@hanung.com

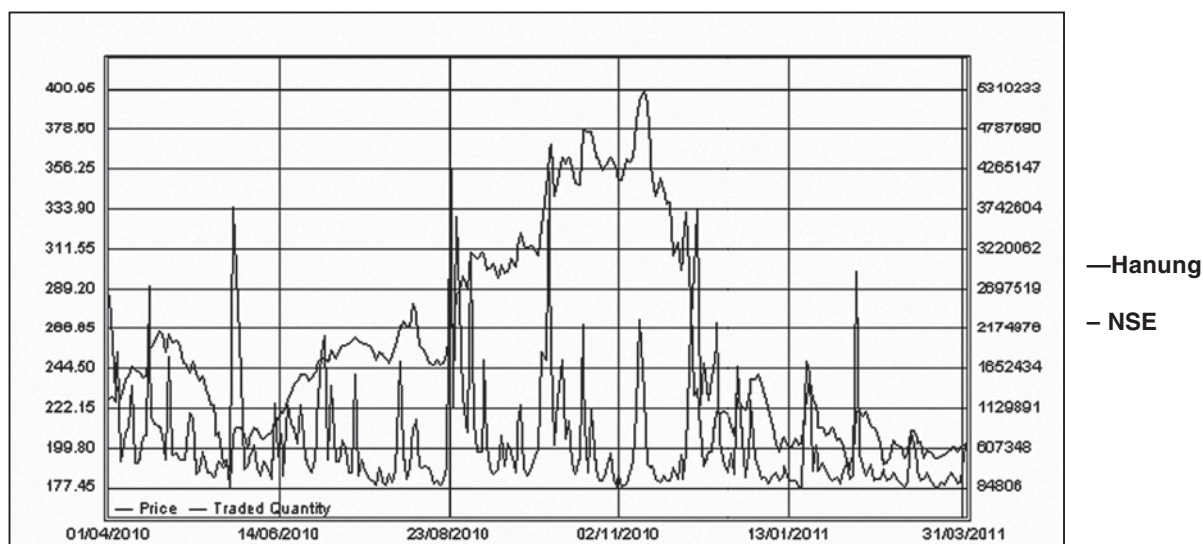
(viii) Corporate Identification Number
 L74999DL1990PLC041722

(ix) Stock Market Data

(a) Monthly high and low quotations along with volume of shares traded at BSE and NSE during July' 09 to July' 10 are as follows:-

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
July' 10	264.90	244.15	12767274	264.90	242.15	12480771
August' 10	302.50	241.00	15147949	302.40	230.00	22066889
September' 10	327.65	246.90	13271240	326.50	288.20	11973634
October' 10	388.60	310.40	17762849	388.70	309.35	22210816
November' 10	414.30	273.20	5434863	414.30	271.00	9246938
December' 10	338.30	176.35	13911094	338.70	171.00	26316638
January' 11	245.00	193.00	3710033	244.35	191.15	7831885
February' 11	235.20	182.00	4518313	235.60	183.10	7828830
March' 11	217.65	192.05	2483664	217.70	192.20	5573556
April' 11	233.40	202.50	4146134	233.60	202.10	6999102
May' 11	222.95	162.60	2430202	222.90	162.25	5086624
June' 11	177.75	124.70	3864730	177.90	124.60	11187596
July' 11	161.95	145.05	2737518	162.00	145.00	7157582

(b) Comparison of Hanung Toys and Textiles Limited scrip movement with National Stock Exchange Limited (BSE) Index



(c) Market Capitalization

The market capitalization of the company as on March 31, 2011 is Rs. 50665 Lacs and is Rs. 36862 Lacs on July 29, 2011 on National Stock Exchange Limited.

(x) Shareholding Pattern

NAME(S) OF THE SHARE HOLDERS HOLDING MORE THAN 1% WITH NUMBER OF SHARES AS ON 31.03.2011

S.NO	DP ID	CLIENT ID / FOLIO	NAME OF THE HOLDER	SHARES	% TO EQT	CAT.
1	IN300484	12758596	HANUNG PROCESSORS PVT LTD	3552059	14.10	GOC
2	IN300484	12758607	ABHINAV INTERNATIONAL PVT LTD	2738000	10.87	GOC
3	IN300484	12730880	ASHOK KUMAR BANSAL	2649418	10.52	PRO
4	IN300484	12798578	HANUNG FURNISHINGS PVT LTD	2498276	9.92	GOC
5	IN300484	12730904	ANJU BANSAL	1892482	7.51	PRO
6	36800	1203680000020258	ASHOK KUMAR BANSAL (HUF)	1322150	5.25	PAC
7	35900	1203590000016351	GLOFIN INVESTMENT AND FINANCE COMPANY PVT LTD	1258703	5.00	GOC
8	IN300167	10030184	SHINSEI UTI INDIA FUND (MAURITIUS) LIMITED	762124	3.03	FII
9	IN300484	12792529	C K SOFTWARE PVT LTD	533540	2.12	GOC
10	IN300054	10016472	CREDIT SUISSE (SINGAPORE) LIMITED	418905	1.66	FII
11	IN300095	11494247	HI TECH PROPERTY DEVELOPMENT AND ENTERPRISES PVT. LTD.	357740	1.42	LTD
12	IN301549	16745355	GLOBE CAPITAL MARKET LTD	323781	1.29	LTD
			TOTAL:	18307178	72.68	

(xi) Distribution of Shareholding as on March 31, 2011

DISTRIBUTION OF SHARE HOLDING AS ON 31ST MARCH, 2011					
S.No.	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1 - 5000	18924	93.61	16700070.00	6.63
2	5001 - 10000	668	3.30	5310960.00	2.11
3	10001 - 20000	309	1.53	4588490.00	1.82
4	20001 - 30000	106	0.52	2737620.00	1.09
5	30001 - 40000	30	0.15	1054950.00	0.42
6	40001 - 50000	34	0.17	1606790.00	0.64
7	50001 - 100000	57	0.28	4202750.00	1.67
8	100001 & Above	87	0.43	215677620.00	85.63
	Total:	20215	100.00	251879250.00	100.00

(xii) Share Transfer Process

The Company's shares being in compulsory demat form are transferable through the depository system. The shares in physical form are processed by the Registrar and Transfer Agents and approved by the Share Transfer / Investor Grievances Redressal Committee. Share transfer process is reviewed by the Board on a periodical basis.

(xiii) Dematerialization of Shares

The equity shares of the company are available under dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading of the Company's shares for all investors is compulsorily

carried out in dematerialized form. Approximately 99.97% equity shares have been dematerialised as on March 31, 2011. Trading in equity shares of the Company is permitted only in dematerialised form as per the notification issued by the Securities and Exchange Board of India (SEBI).

(xiv) Unclaimed dividend

The unclaimed dividend, if any, which remain unclaimed for seven years is transferred to Investor Education and Protection Fund established by the Central Government under section 205 C of the Companies Act, 1956.

(xv) ECS Mandate

To service the Investors better, the Company



requests all shareholders who hold shares in dematerialized form to update their bank particulars with their respective depositories immediately. Shareholders holding shares in the physical form may kindly forward the bank particulars to our Registrars to the address mentioned below.

(xvi) Locations of Manufacturing Facilities

The Company has many manufacturing facilities in various places as under:-

- (a) Plot No. 108-109, NSEZ, Phase –II, Noida-201305 (U.P.)
- (b) Plot No. 129-E, NSEZ, Phase-II, Noida-201305 (U.P.)
- (c) B-7, Hosiery Complex, Phase-II, Noida-201305 (U.P.)
- (d) A-21, Hosiery Complex, Phase-II, Noida-201305 (U.P.)
- (e) Khasra No. 265, Village Lakeshari, Sikanderpur near Bagwanpur, Roorkee, Dist. Haridwar, Utrakhand-247661.
- (f) K-2-A & B, First Floor, Shree Arihant Compound, Village Koper, Taluka, Bhiwadi-421302 District Thane (Maharashtra).

(xvii) The Company and Registrar and Transfer Agent's Address for Correspondence Company:

For all grievance redressal and any query on Annual Report

Arvind Kumar Gupta, Company Secretary

Hanung Toys and Textiles Limited

108-109, NSEZ,

Noida-201305 (U.P.)

Phone : 91 - 120 - 4141200

Fax : 91 - 120 – 4140207, 3042099

Email: ak.gupta@hanung.com, investor@hanung.com

Website: www.hanung.com

REGISTRAR AND TRANSFER AGENTS

Investor Correspondence for Shares held in Physical & Demat Form

Karvy Computershare Private Limited

Unit: Hanung Toys & Textiles Limited

Plot No 17-24 Vittal Rao Nagar

Madhapur

Hyderabad - 500051

Phone : 040 - 23420815/ 816/ 817/818

Fax No : 040 - 23420814

Email: mailmanager@karvy.com

for **Hanung Toys and Textiles Limited**

(Ashok Kumar Bansal)

Chairman cum Managing Director

Place: Noida

Date : August 24, 2011

Auditors' Certificate on Corporate Governance

To
The Members of

Hanung Toys and Textiles Limited

We have examined the compliance of Corporate Governance by Hanung Toys and Textiles Limited ("the Company"), for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the 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 Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances was pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer / Investor Grievances Redressal Committee.

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

For ROHTAS & HANS
Chartered Accountants

Place : Noida
Date : August 24, 2011

(Hans Jain)
Partner
Membership No.: 82912

Management Discussion and Analysis

OVERVIEW

Your company is engaged in the manufacturing of Stuffed Toys /Plush Toys and Home Furnishings. Since incorporation in 1990, your company has continued to do well. In the initial formative years, company gained immensely from its technical tie-up/ collaboration with South Korean company, Hanung Industrial Company Limited, as they helped in establishing well known Korean manufacturing practices and quality systems. After initial five years of collaboration, we have since been independently operating our manufacturing.

Our production units consist of toys manufacturing facility, home furnishing production facility and textile processing facility located at Noida, Roorkee & Bhiwandi.

Our toys manufacturing units are established in the Noida Special Economic Zone (NSEZ) wherein the benefits of duty free imports and single window clearance for imports/exports are available.

Our new production units in Roorkee and NSEZ enjoy 100% tax holiday for first five years.

INTERNATIONAL MARKETING

Our major overseas markets are in Europe, USA, Latin America and Australia. We have been able to attract and retain known brand names as our customers in these markets. We serve these markets with stuffed toys and home furnishings. Our customers are large importers/ whole sellers who in turn service the respective retailers in their country. Our products are sold in over 30 countries. Our products are available with the leading, Tier One, top most retailers in the world. This includes some of the Finest International Brands, serviced and supplied by us.

Our customers are a mix of large retailers, importers, distributors and wholesalers, this multiple tie up helps us to service all channels of the market thereby giving us wider reach and less dependence on any particular trade channel. Our products are sold in over 35 countries.

We have also acquired license to produce organic products in our factory. The demand for such products is increasing with the worldwide awareness for Eco friendly products. Such products have seen a high increase in demand.

We have created competence to strictly comply with stringent requirements of our customers and their inspecting agencies with respect to environmental issues, social issues and statutory compliances.

The company's business in the international market has continued its growth satisfactory. During the year 14 new customers were added. Company also played an active part in two most important launches in the Home Textiles Arena in the US market.

DOMESTIC MARKET

Our products have wide acceptability in the domestic market. Our domestic brands — Play-n-Pets and Splash are available

with all major retailers. A well established distribution network spreads across various towns. Our products are sold through a number of outlets. In the Stuffed Toys /Plush Toys category, our company is the market leader & has major share of the market. The company has taken lead by setting up Brand retail stores both in Home Textiles as well as Stuffed toys / Plush toys.

OPPORTUNITIES

The Company has aggregate home furnishings production capacity of 41 mn mtrs and toys production capacity of 27.5 mn pcs. As such the Company is geared up to reach to new level of operation in the ever changing global environment.

During the year 14 new customers were added.

THREATS & RISK MITIGANTS

After the Global recession the world economies are now coming out of the recession but it will be a while before the stability sets in. The business environment is very challenging, as customers are cutting down on inventory level & making pricing competitive.

Rising food prices and the unprecedented increases in the prices of raw cotton are major concerns at the cost side.

The currency fluctuation is another risk; the country has been facing in view of the turbulence in global economy.

The challenges are considerable in managing costs and retaining market share. The Company recognizes these challenges and has initiated steps to reduce waste, increase productivity and create a sustainable marketing strategy. Your company has tried to retain the Customers by efficient cost management and by offering better prices to our Customers. By retaining its customers through the recession and growing business with them, your Company has recorded a healthy growth in both the top-line as well as the bottom-line

We are escalating productivity standard at low operative cost with the help of Modern Technology & Automated Machinery. This in turn is helping us in offering great value products to our customer at competitive pricing.

OPERATING RESULTS / FINANCIAL HIGHLIGHTS

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles (GAAP) in India. The management accepts the responsibility for the integrity and objectivity of these financial statements and the basis for the various estimates and judgments used in preparing the financial statements.

During the year, the Company has achieved a Gross Revenue of Rs. 112201 lakhs, out of which **73%** is in the form of foreign exchange. The Company posted a strong top line performance due to good order book. Profit before tax was at Rs. 12791 lakhs and net profit after tax stood at Rs. 12006 lakhs.

Earnings per equity share (face value Rs.10/-) was also higher from Rs. 35.92 to Rs. 47.67 on year on year basis.

Some of the key performance indications are given below:

(Rs. in lakhs)

Particulars	2011	2010
Gross revenue	113971	85274
Profit before tax (PBT)	12791	9731
Ratio of PBT to Gross revenue (%)	11.22	11.41
Profit after Tax (PAT)	12006	9047
Ratio of PAT to Gross revenue	10.53	10.61
Earnings per Share (EPS) (Rs.)	47.67	35.92

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUANCY

The Company is committed to maintaining an effective system of internal control for facilitating accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations. The Company has an internal control department to monitor, review and update internal controls on an ongoing basis. The Company has put in place a well defined organization structure, authority levels and internal guidelines for conducting business transactions.

The Company has an Internal Audit Department to monitor and review all transactions independently to get higher level of efficiency. It reports directly to the Audit Committee, on quarterly basis. The Audit Department conducts audit of all key business areas as per the pre-drawn audit plan. All significant audit observations and follow up actions are reported to the Audit Committee along Internal Audit reports and management's responses/replies. The minutes of Audit Committee are reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

The Audit Committee periodically reviews audit plans, observations and recommendations of the internal audit department as well as external auditors with reference to significant risk areas and adequacy of internal controls.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management and human asset refreshal are corner stones for the success of any organization.

As in the past, the industrial relations continue to remain cordial at all factories / units of the Company. The Company had 2247 employees as on March 31, 2011 as against 2452 employees as on March 31, 2010.

CAUTION STATEMENT

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

for **Hanung Toys and Textiles Limited**

Place : Noida

(Ashok Kumar Bansal)

Date : August 24, 2011 Chairman cum Managing Director

Auditors' Report

To
The Members of
HANUNG TOYS AND TEXTILES LTD.

1. We have audited the attached Balance Sheet of HANUNG TOYS AND TEXTILES LTD., as at 31st March, 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books of the Company.
 - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of representations made by the directors as on 31st March, 2011 and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes on Accounts in Schedule and those appearing elsewhere in the accounts, give the

information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
- (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

For **ROHTAS & HANS**
Chartered Accountants

Hans Jain

Partner

Place : Noida

Date : August 24, 2011

Membership No.: 82912

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF HANUNG TOYS AND TEXTILES LTD.

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

1. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us and according to the practice of the Company, all the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, discrepancies noticed, if any, on physical verification have been adjusted in the books of account.
 - (c) During the year, the company has not disposed off a substantial part of its fixed assets so as to affect its going concern.
2. (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are in our opinion reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks, if any, have been properly dealt with in the books of account;
3. According to the information and explanations given to us, the company has neither taken nor granted any loan, secured or unsecured, from/to Companies, firms or other



- parties listed in the register maintained under Section 301 of the Companies Act, 1956;
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness in the internal controls, had come to our notice;
 5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees 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.
 6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58 A and 58 AA of the Companies Act, 1956 and the rules framed thereunder ;
 7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
 8. According to the information and explanations given to us, 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.
 9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Custom Duty, Excise-Duty, Cess and other statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2011 for a year of more than six months from the date they became payable.
(c) According to the records of the company, there are no dues of Sale Tax, Income Tax, Customs Duty, Wealth-Tax, Excise Duty/Cess, which have not been deposited on account of any dispute.
 10. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and the immediately preceding financial year.
 11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
 12. As explained 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. The Company is not a Chit Fund or a Nidhi Mutual benefit Fund/Society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
 14. According to the information and explanations given to us, the Company is not dealing or trading in Shares, Securities, Debentures and Other Investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
 15. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution.
 16. According to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
 17. According to the information and explanations given to us and on an overall examination of the balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except core (permanent) working capital.
 18. Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
 19. According to the information and explanation given to us, no debentures have been issued by the Company during the year.
 20. According to the information and explanation given to us, the Company has not raised any money by public issue during the year.
 21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **ROHTAS & HANS**
Chartered Accountants

Hans Jain
Partner

Place : Noida
Date : August 24, 2011

Membership No.: 82912

Balance Sheet as at 31st March, 2011

PARTICULARS	Schedule	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	"A"	251,879,250	251,879,250
Reserves & Surplus	"B"	4,790,979,889	3,649,079,213
		<u>5,042,859,139</u>	<u>3,900,958,463</u>
Convertible Share warrants (Partly paidup)		76,790,625	0
Deferred Tax Liability		148,000,014	128,600,014
LOAN FUNDS			
Secured Loans	"C"	10,235,161,246	5,467,580,998
Total		<u>15,502,811,024</u>	<u>9,497,139,475</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	"D"	5,067,530,761	3,899,714,161
Less : Accumulated Depreciation		638,129,022	403,245,135
Net Block		4,429,401,739	3,496,469,026
Add : Capital Work in Progress		590,731,658	257,767,653
		<u>5,020,133,397</u>	<u>3,754,236,679</u>
INVESTMENTS			
	"E"	107,377,936	41,622,900
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	"F"	7,518,674,332	4,627,531,994
Sundry Debtors		2,669,000,716	1,544,158,463
Cash & Bank Balances		915,142,960	478,716,343
Loans & Advances		447,415,693	253,982,738
		<u>11,550,233,701</u>	<u>6,904,389,538</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	"G"	1,043,465,937	1,009,590,370
Provisions		131,468,073	193,519,272
		<u>1,174,934,010</u>	<u>1,203,109,642</u>
NET CURRENT ASSETS		<u>10,375,299,691</u>	<u>5,701,279,896</u>
Total		<u>15,502,811,024</u>	<u>9,497,139,475</u>
Significant Accounting Policies and Notes on Accounts			
	"P"		

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

As per our report attached of even date

For and on behalf of the Board of Directors

For Rohtas & Hans
Chartered Accountants

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Whole Time Director

Hans Jain
Partner
Membership No : 82912

Arvind Kumar Gupta
Company Secretary cum Financial Controller

Place : Noida

Date : August 24, 2011

**Profit and Loss Account for the Year
Ended on 31st March, 2011**



PARTICULARS	Schedule	2010-2011 Amount (₹)	2009-2010 Amount (₹)
INCOME			
Sales	“H”	11,220,172,706	8,368,518,968
Other Income	“I”	176,971,309	158,901,101
		<u>11,397,144,015</u>	<u>8,527,420,069</u>
Increase in Stocks	“J”	632,420,975	418,497,391
TOTAL		12,029,564,990	8,945,917,460
EXPENDITURE			
Manufacturing Overheads	“K”	9,175,186,037	6,816,335,290
Establishment Overheads	“L”	156,222,294	137,696,873
Administrative Overheads	“M”	144,913,727	98,129,939
Selling Overheads	“N”	268,258,829	243,802,798
Financial Overheads	“O”	734,473,580	496,503,685
Depreciation	“D”	236,241,651	172,211,279
TOTAL		10,715,296,118	7,964,679,864
Net Profit before Tax & Adjustment		1,314,268,872	981,237,596
Prior Period Adjustment		35,125,547	8,096,800
Net Profit before Tax		1,279,143,325	973,140,796
Less : Provision for Tax - Income Tax		59,100,000	36,400,000
-Deferred Tax		19,400,000	24,861,000
Less : Tax for earlier years		0	7,127,850
		<u>78,500,000</u>	<u>68,388,850</u>
Net Profit after Tax		1,200,643,325	904,751,946
Less: Proposed Dividend		50,375,850	50,375,850
Less: Provision for Dividend Tax		8,366,799	8,561,375
		<u>58,742,649</u>	<u>58,937,225</u>
Surplus carried to Balance Sheet		1,141,900,676	845,814,721
Basic earning per share (Note no. 18)		47.67	35.92
Significant Accounting Policies and Notes on Accounts	“P”		

Schedules referred to above form an integral part of the Profit and Loss Accounts.

As per our report attached of even date

For and on behalf of the Board of Directors

For Rohtas & Hans
Chartered Accountants

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Whole Time Director

Hans Jain
Partner
Membership No : 82912

Arvind Kumar Gupta
Company Secretary cum Financial Controller

Place : Noida
Date : August 24, 2011

SCHEDULES TO THE BALANCE SHEET

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (Rs.)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised Share Capital		
4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of Rs. 10/- each	<u>400,000,000</u>	<u>4,00,000,000</u>
Issued, Subscribed & Paid Up Capital		
2,51,87,925 (Pr.Yr. 2,51,87,925) Equity Shares of Rs.10/- each fully paid up of the above 51,17,330 (Pr.Yr. 51,17,330) Equity Shares allotted as fully paid up by way of Bonus Shares and 71,47,835 (Pr. Yr. 71,47,835) Equity Shares allotted as fully paid up pursuant to a contract without payment being received in cash.	<u>251,879,250</u>	<u>251,879,250</u>
	<u><u>251,879,250</u></u>	<u><u>251,879,250</u></u>
SCHEDULE "B"		
RESERVES & SURPLUS		
Share Premium		
Balance as per last year	<u>1,047,574,907</u>	<u>1,047,574,907</u>
	<u>1,047,574,907</u>	<u>1,047,574,907</u>
General Reserve		
Balance as per last year	<u>1,603,757,150</u>	<u>1,253,757,150</u>
Add : Amount transferred from Profit & Loss A/c	<u>350,000,000</u>	<u>350,000,000</u>
	<u>1,953,757,150</u>	<u>1,603,757,150</u>
Profit & Loss Account		
Balance as per last year	<u>997,747,156</u>	<u>501,932,435</u>
Add : Surplus brought from Profit & Loss A/c	<u>1,141,900,676</u>	<u>845,814,721</u>
Less : Amount transferred to General Reserve	<u>350,000,000</u>	<u>350,000,000</u>
	<u>1,789,647,832</u>	<u>997,747,156</u>
TOTAL	<u><u>4,790,979,889</u></u>	<u><u>3,649,079,213</u></u>

SCHEDULES TO THE BALANCE SHEET

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "C"		
SECURED LOANS		
I) TERM LOAN		
(against First Pari-passu charge with other banks on present & future fixed assets of the company other than those exclusively financed by any other banks/ financial institutions & second pari-passu charge with other banks on all present & future current assets of the company & personal guarantee of Sh. A. K. Bansal & Smt. Anju Bansal, directors, their relatives & corporate guarantee of group companies / others - The loan is collaterally secured by equitable mortgage of land & building of associate concerns / others on pari-passu basis with other member banks.)		
a) From State Bank of India		
Term Loan - I	163,202,018	209,606,454
(Repayable in 26 equal quarterly instalments starting from June 08)		
Term Loan - II	0	440,740,937
(Repayable in 36 equal quarterly instalments starting from June 10)		
Term Loan - III	700,000,000	0
(Repayable in 48 equal Monthly instalments starting from April 11)		
b) From Syndicate Bank	58,850,506	79,556,902
(Repayable in 28 quarterly instalments starting from June 08)		
c) From Punjab National Bank	170,547,607	225,673,661
(Repayable in 28 quarterly instalments starting from June 08)		
d) From Oriental Bank of Commerce	120,941,331	142,593,533
(Repayable in 28 quarterly instalments starting from June 08)		
e) From Karnataka Bank Ltd.	164,404,847	201,265,164
(Repayable in 18 quarterly instalments starting from Dec 09)		
f) From ICICI Bank Ltd.		
Term Loan - I	0	150,500,000
(Repayable in 18 quarterly instalments starting from June 10)		
Term Loan - I I	400,000,000	0
(Repayable in 24 monthly instalments starting from Sept 11)		
g) From Central Bank of India		
Term Loan - I	34,504,533	7,497,600
(Repayable in 18 quarterly instalments starting from Sept 10)		
Term Loan - I I	500,164,384	0
(Repayable in monthly instalments starting from April 13)		
h) From Allahabad Bank	500,000,000	0
(Repayable in 6 monthly instalments starting from March 12)		
i) From Indian Overseas Bank	250,000,000	0
(Bullet payment in the month of Jan 12)		
j) From Laxmi Vilas Bank	502,315,068	0
(Repayable in 3 unequal monthly instalments of Rs. 15 Crore, Rs. 15 crores, Rs. 20 crores starting from April 12)		
k) From UCO Bank	599,995,979	0
(Repayable in 3 monthly instalments starting from Oct 11)		
l) From Yes Bank	139,781,250	0
(Repayable in 33 monthly instalments starting from July 10)		

SCHEDULES TO THE BALANCE SHEET

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
II) Foreign Currency Borrowings from ICICI Bank Ltd. (against first charge on immovable & movable assets financed by the ICICI bank & personal guarantee of directors Sh. A.K. Bansal & Smt. Anju Bansal.)		
Foreign Currency Loan (Repayable in 19 quarterly instalments starting from Sep 08)	23,415,791	35,463,158
External Commercial Borrowing (Repayable in 19 quarterly instalments starting from Sep 08)	70,247,367	106,389,474
	4,398,370,681	1,599,286,883
III) Working Capital Borrowings (Comprising of Export Packing Credit, FDBP etc. from Banks, secured by hypothecation of stocks, book debts, bills and personal / corporate guarantee of wholetime directors / group company / others. The limits are also collaterally secured by immovable properties owned by directors and associate concerns / others. The loan is collaterally secured by way of equitable mortgage on pari-passu basis with other banks of all present & future fixed assets of the company.)		
Allahabad Bank	818,174,344	350,266,096
Andhra Bank	350,346,475	0
Bank of India	539,503,760	539,812,037
Central Bank of India	473,835,750	846,917,016
IDBI Bank Ltd.	120,000,000	0
Karnataka Bank Ltd.	191,044,345	62,920,381
Oriental Bank of Commerce	605,002,137	361,523,613
Punjab National Bank	1,259,264,858	827,648,993
SICOM Ltd.	150,000,000	150,000,000
SIDIBI	0	31,824,011
State Bank of India	488,097,899	0
Syndicate Bank	415,736,484	330,696,457
Union Bank of India	419,678,321	359,996,706
	5,830,684,373	3,861,605,310
Vehicle Loans (Against vehicles from Banks etc.)	6,106,192	6,688,805
Total	10,235,161,246	5,467,580,998



SCHEDULE OF FIXED ASSETS AS ON 31.03.2011
SCHEDULE - "D"

Amount (₹)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		OP. BAL. AS ON 01.04.2010	ADDITIONS	DELETIONS	TOTAL AS ON 31.03.2011	UPTO 31.03.2010	FOR THE YEAR	ON DELETIONS	UPTO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
1	LAND	270,710,696	0	0	270,710,696	0	0	0	0	270,710,696	270,710,696
2	BUILDING	679,375,340	125,836,085	0	805,211,425	49,008,410	23,616,229	0	72,624,639	732,586,786	630,366,930
3	PLANT AND MACHINERY	2,834,240,439	1,035,957,960	0	3,870,198,399	328,356,844	203,920,168	0	532,277,012	3,337,921,387	2,505,883,595
4	FURNITURE, FIXTURE & EQUIPMENTS	79,313,662	3,662,748	0	82,976,410	12,066,814	5,156,311	0	17,223,125	65,753,285	67,246,848
5	VEHICLES	36,074,024	4,384,644	2,024,837	38,433,831	13,813,067	3,548,943	1,357,764	16,004,246	22,429,585	22,260,957
	TOTAL :	3,899,714,161	1,169,841,437	2,024,837	5,067,530,761	403,245,135	236,241,651	1,357,764	638,129,022	4,429,401,739	3,496,469,026
	PREVIOUS YEAR :	2,811,314,676	1,089,942,975	1,543,490	3,899,714,161	231,735,678	172,211,279	701,822	403,245,135		
CAPITAL WORK IN PROGRESS (including Advances & Pre-operative Expenses)											
										590,731,658	257,767,653
										5,020,133,397	3,754,236,679

SCHEDULES TO THE BALANCE SHEET

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "E"		
INVESTMENTS		
Quoted : (At Cost)		
Mutual Fund		
L144G SBI Infrastructure Funds - I - Growth 50000.00 Units of Rs. 10/- Each	500,000	500,000
L121G SBI One India Mutual Fund - Growth 150000.00 Units of Rs. 10/- Each	1,500,000	1,500,000
	<u>2,000,000</u>	<u>2,000,000</u>
Unquoted : (At Cost)		
a) Group Companies		
Hanung Infra & Power Ltd. 1985000 (Pr.Yr. 1985000) Equity Shares of Rs. 10/- Each	19,850,000	19,850,000
Hanung Retail Ltd. 916540 (Pr.Yr.916540) Equity Shares of Rs. 10/- Each	9,165,400	9,165,400
Cody Direct Corp. USA	67,515,000	0
Hanung (Shanghai) Ltd.	6,982,500	6,982,500
	<u>103,512,900</u>	<u>35,997,900</u>
b) Others		
The Orissa Minerals Development Company Ltd. 100 Equity Shares of Rs. 10/- Each	0	1,759,964
Pilani Investments Industries Corporation Ltd. 500 Equity Shares of Rs. 10/- Each	1,865,036	1,865,036
Total	<u>1,865,036</u>	<u>3,625,000</u>
	<u>107,377,936</u>	<u>41,622,900</u>
Aggregate market value of quoted investment	<u>2,093,000</u>	<u>2,117,500</u>
SCHEDULE "F"		
CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
(As taken, valued and certified by the management)		
Raw materials (at cost & including Goods in Transit)	4,657,926,473	2,398,048,182
Packing materials (at cost)	8,340,617	9,497,545
Semi Finished Goods (at cost)	1,459,833,588	1,258,726,412
Finished Goods (lower of cost or net realisable value)	1,392,573,654	961,259,855
	<u>7,518,674,332</u>	<u>4,627,531,994</u>
Sundry Debtors		
(Unsecured, considered good)		
More than Six Months	0	0
Others	2,669,000,716	1,544,158,463
	<u>2,669,000,716</u>	<u>1,544,158,463</u>
Cash & Bank Balances		
Cash in hand	2,940,222	7,117,955
Balance with Scheduled Banks in C/A	686,874,539	272,248,301
Fixed Deposits with Banks (Includes Pledged with Banks for Bank Guarantee / Letter of Credit)	225,328,199	199,350,087
	<u>915,142,960</u>	<u>478,716,343</u>
Loans & Advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	416,364,562	236,377,935
Security Deposits	10,717,849	10,428,184
Interest Accrued on FDRs	11,897,304	3,436,467
Prepaid Expenses	8,435,978	3,740,152
	<u>447,415,693</u>	<u>253,982,738</u>
Total	<u>11,550,233,701</u>	<u>6,904,389,538</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "G"		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	975,476,001	964,964,843
Other Liabilities	67,917,546	44,553,137
Item covered by Investor Education and Protection Fund		
Unpaid application money received by the company for allotment of securities and due for refund	72,390	72,390
	<u>1,043,465,937</u>	<u>1,009,590,370</u>
PROVISIONS		
Income Tax / Fringe Benefit Tax (Net)	72,725,424	134,582,046
Provision for Dividend	50,375,850	50,375,850
Provision for Dividend Tax	8,366,799	8,561,376
	<u>131,468,073</u>	<u>193,519,272</u>
Total	<u><u>1,174,934,010</u></u>	<u><u>1,203,109,642</u></u>
SCHEDULE "H"		
SALES		
Export Sales	8,271,843,117	6,392,496,648
Inland Sales	2,948,329,589	1,976,022,320
Total	<u><u>11,220,172,706</u></u>	<u><u>8,368,518,968</u></u>
SCHEDULE "I"		
OTHER INCOME		
Export Incentive	116,461,074	114,922,299
Bank Interest	14,688,796	8,073,289
Other Income	45,821,439	35,905,513
Total	<u><u>176,971,309</u></u>	<u><u>158,901,101</u></u>
SCHEDULE "J"		
INCREASE IN STOCK		
Opening Stock		
Semi Finished Goods	1,258,726,412	913,893,938
Finished Goods	961,259,855	887,594,938
Total (A)	<u>2,219,986,267</u>	1,801,488,876
Closing Stock		
Semi Finished Goods	1,459,833,588	1,258,726,412
Finished Goods	1,392,573,654	961,259,855
Total (B)	<u>2,852,407,242</u>	<u>2,219,986,267</u>
Increase in Stock : (B) - (A)	<u><u>632,420,975</u></u>	<u><u>418,497,391</u></u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "K"		
MANUFACTURING OVERHEADS		
Raw Materials Consumed		
Opening Stock	2,381,479,696	1,821,917,430
Add : Purchases	10,688,396,175	6,675,390,874
Add: Processing Charges	27,585,974	78,430,065
	<u>13,097,461,845</u>	<u>8,575,738,369</u>
Less : Closing Stock	4,583,839,484	2,381,479,696
Consumed during the year	8,513,622,361	6,194,258,673
Packing Materials Consumed		
Opening Stock	9,497,545	10,728,269
Add : Purchases	120,900,312	122,315,775
	<u>130,397,857</u>	<u>133,044,044</u>
Less : Closing Stock	8,340,617	9,497,545
Consumed during the year	122,057,240	123,546,499
Cost of Material Consumed	8,635,679,601	6,317,805,172
Other Manufacturing Costs		
Consumable Goods	6,660,299	7,999,735
Design & Testing Charges	5,951,485	9,825,137
Direct Wages	137,070,348	136,081,950
Excise and Custom Duty	6,536,572	7,216,326
Factory Rent	5,797,713	6,112,493
Freight Inward	62,807,647	55,676,091
Job Work Charges	108,816,829	101,599,090
Power & Fuel	205,865,543	174,019,296
	<u>539,506,436</u>	<u>498,530,118</u>
Total	9,175,186,037	6,816,335,290
SCHEDULE "L"		
ESTABLISHMENT OVERHEADS		
Directors' Remuneration	25,138,750	20,240,000
Salaries & Allowances	100,974,103	90,404,293
Provident Fund and ESI Contribution	17,808,596	16,853,801
Staff Welfare	12,300,845	10,198,779
Total	156,222,294	137,696,873

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "M"		
ADMINISTRATIVE OVERHEADS		
Business Promotion	2,469,504	718,100
Cellular & Telephone Expenses	2,409,282	2,557,697
Courier, Postage and Telegram	2,672,188	4,519,061
ECGC Premium	31,961,533	16,918,595
Insurance Charges	9,099,489	7,094,485
General Expenses	8,687,162	1,769,134
Printing and Stationery	3,038,166	3,356,380
Professional & Legal Charges	15,877,540	11,494,369
Rent, Rates & Taxes	6,722,062	2,490,561
Repair and Maintenance	40,037,596	30,559,444
Security Watch and Ward Expenses	6,307,935	4,595,254
Local Conveyance	7,295,235	2,966,574
Travelling Directors	3,571,235	3,795,332
Travelling Others	4,764,800	5,294,953
Total	144,913,727	98,129,939
SCHEDULE "N"		
SELLING OVERHEADS		
Advertisement and Publicity	4,229,206	6,043,102
Exchange Rate Fluctuation	178,760,240	153,207,867
Freight and Forwarding	78,461,194	75,934,978
Rebate, Discount and Commission	6,808,189	8,616,851
Total	268,258,829	243,802,798
SCHEDULE "O"		
FINANCIAL OVERHEADS		
Interest to Bank - Term Loan	138,463,815	111,104,286
Interest to Bank - Working Capital	490,990,707	308,950,723
Interest on Vehicle Loans	534,086	612,889
Bank Charges	104,484,972	75,835,787
Total	734,473,580	496,503,685

CASH FLOW STATEMENT AS AT 31ST MARCH, 2011

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
A CASH FLOW FROM OPERATIVE ACTIVITIES		
Profit before tax	1,314,268,872	981,237,596
Adjustments for :		
Depreciation	236,241,651	172,211,279
Interest and finance charges	734,473,580	496,503,685
Interest income	(14,688,796)	(8,073,289)
Dividend Income	(31,100)	(60,400)
(Profit) / Loss on disposal of investments	(2,495,271)	4,289,686
Operating profit before working capital changes	2,267,768,936	1,646,108,557
Adjustments for changes in working capital :		
Inventories (Increase) / Decrease	(2,891,142,338)	(955,355,709)
Debtors (Increase) / Decrease	(1,124,842,253)	(236,755,771)
Advances (Increase) / Decrease	(193,432,955)	28,759,230
Current Liabilities & Provisions Increase / (Decrease)	33,875,567	73,149,453
Cash generated from operations	(1,907,773,043)	555,905,760
Income tax (paid) / refund for earlier years	—	(7,127,850)
Income tax (paid) / refund	(120,956,622)	24,073,558
Extra Ordinary Items	(35,125,547)	(8,096,800)
Net Cash from Operating Activities	(2,063,855,212)	564,754,668
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments for asset acquisition	(1,502,805,442)	(1,343,240,969)
Proceeds on sale of fixed assets	667,073	841,668
Purchase of investments	(67,515,000)	(6,982,500)
Sale / redemption of investments	4,255,235	20,341,615
Dividend received	31,100	60,400
Net cash flow used in investing activities	(1,565,367,034)	(1,328,979,786)
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital / Share Application Money	76,790,625	—
Long term borrowing (net) Increase / (Decrease)	4,767,580,248	1,658,854,016
Interest and finance charges paid - net	(719,784,784)	(488,430,396)
Dividend paid and tax thereon	(58,937,226)	(44,202,920)
Net cash flow from financing activities	4,065,648,863	1,126,220,700
Net cash inflow / (outflow)	436,426,617	361,995,582
Opening cash and cash equivalents	478,716,343	116,720,761
Closing cash and cash equivalents	915,142,960	478,716,343
Net increase / (decrease) in cash equivalents	436,426,617	361,995,582

This is the Cash Flow Statement referred to in our report of even date.

As per our report attached of even date

For and on behalf of the Board of Directors

For Rohtas & Hans
Chartered Accountants

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Whole Time Director

Hans Jain
Partner
Membership No : 82912

Arvind Kumar Gupta
Company Secretary cum Financial Controller

Place : Noida
Date : August 24, 2011

SCHEDULE – “P”
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS
A. SIGNIFICANT ACCOUNTING POLICIES
01. Basis for Preparation of Financial Statements

The financial statements have been prepared on the historical cost convention basis. The Generally Accepted Accounting Principles (GAAP) and the Accounting Standards referred under section 211(3C) of the Companies Act, 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

02. Fixed Assets

- a) Fixed assets are stated at costs, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use.
- b) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

03. Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current Assets and Current Liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain / loss is recognized in the Profit & Loss Account, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets. The Forward Contract including derivatives contract entered into to hedge foreign currency risk on unexpected firm commitments and highly probable forecast transactions recognized in the financial statements accordingly as per Accounting Standards issued by the Institute of chartered Accountants of India, exchange difference arising on such contracts are recognized in the period in which they arise. Gain and losses arising on account of such transaction are recognized as income/ expenses in the Profit and Loss Account.

04. Research and Development

Revenue expenditure on Research & Development is included under the natural heads of expenditure. Capital expenditure on Research & Development is treated in the same manner as expenditure on other fixed assets.

05. Valuation of Inventory

- a) Closing stock of finished goods is valued at the lower of estimated cost or net realizable value.
- b) Closing stock of semi-finished goods is valued at estimated cost.
- c) Inventory of raw material and packing material is valued at cost.

06. Investments

Investments are valued at costs unless there is a permanent fall in their value as at the date of Balance Sheet.

07. Retirement Benefits

Encashment of accrued leave salary and retirement benefits to employees are provided on accrual basis.

08. Contingent Liability

Liabilities though contingent, are provided for if there are reasonable prospects of such liabilities maturing. The other Contingent Liabilities, which are not acknowledged as debt are disclosed by way of note, but claims of frivolous nature are ignored. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

09. Revenue Recognition

- a. Sales are inclusive of excise duty / customs duty and net of trade discounts. Export sales include goods invoiced against confirmed orders and cleared from excise and customs authorities.
- b. Export incentives receivable on exports made during the year, are recognized as income.
- c. Other items of revenue including export benefits are recognized in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment / realization of income such as interest from customers, the same is not accounted for.

10. Taxes on Income

- a. Provision for current income tax is made on the basis of the estimated taxable income for the current accounting year computed in accordance with the provisions of the Income Tax Act, 1961.
- b. Deferred tax is recognized on timing difference between the income accounted in financial statements and taxable income for the year, and quantified using tax rates and laws enacted or substantively enacted as on the Balance Sheet date are accounted for on the basis of Accounting Standard (AS-22)

11. Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are recognized as expenses in the period in which they are incurred and charged to the Profit & Loss Account.

12. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that any asset including goodwill, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to Profit & Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists,

then such loss is reversed and the asset is restated to that effect.

13. Segment accounting

Segment accounting policies are in line with the accounting policies of the company. In addition, the following specific accounting policies have been followed for segment reporting:

- Segment revenue includes sales and other income directly identifiable with/ allocable to the segment.
- Expenses that are directly identifiable with / allocable to segment are considered for determining the segment results.
- Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

B. NOTES TO ACCOUNTS

01. Comparative figures for the previous year have been regrouped, recast and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

02. Debtors, Creditors and Advances are subject to confirmation.

03. Loans and Advances include:

- Dues from subsidiary company Hanung (Shanghai) Ltd. is Rs. 98.80 Lacs (Previous year Rs. 71.18). The maximum amount due from the company during the year was Rs. 98.80 Lacs (Previous year Rs. 71.18)
- Due from companies under the same management or companies in which any of the directors are interested is Praneet Softech Pvt Ltd Rs. Nil

(Previous Year Rs. 1.40 Lacs). The maximum amount due from the company during the year was Rs. Nil (Previous Year Rs. 121.17 Lacs) and Hanung Infra & Power Ltd. Rs. 51.56 Lacs (Previous Year Rs. Nil). The maximum amount due from the company during the year was Rs. 104.06 Lacs (Previous Year Rs. Nil).

04. In the opinion of Board of Directors, the Current Assets, Loans and Advances have value on realization in ordinary course of business, at least equal to the amount at which they are stated except as expressly stated otherwise.

05. Based on the information / documents available with the Company, Sundry Creditors include total outstanding dues to Small Scale Industrial undertakings Rs. 21.63 Lacs (Previous Year Rs. 98.71 Lacs) of which

- Amount overdue on account of principal and / or interest is NIL.
- Name of the Parties to whom the company owes any sum outstanding for more than thirty days but not overdue as per the information available with the company are :

Chaudhary Lables Pvt. Ltd., Malwa Leather Components Pvt. Ltd., Palak Tapes Pvt. Ltd., Lace India Co, D.M. Enterprises, Praveen Print O Pack Pvt. Ltd., Sushila Textiles.

06. The Accounting Standard (AS-22) for accounting of deferred income tax has become applicable on the company w.e.f. 01.04.2002. Accordingly, provision for deferred tax liability has been made in accordance with the Accounting Standard (AS-22).

07. Establishment Overheads include payments and provisions of remuneration to whole-time directors of Rs 248.44 Lacs (previous year Rs. 198.75 Lacs) and directors' sitting fee of Rs. 2.95 Lacs (previous year Rs. 3.65 Lacs).

(Amount in Lacs)

Particulars	2010-2011	2009-2010
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8 Remuneration to Auditors

Audit Fee	7.00	5.00
Other Services	7.53	2.80
Re-imbusement of Expenses	2.52	2.00

9. CIF Value of Imports

Raw Material and Freight	54,838.37	29,847.65
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10. Expenditure in Foreign Currency

Machinery	7,984.66	7,311.07
Raw Materials	54,713.96	29,762.33
Travelling Expenses	14.84	18.05
Others	147.77	192.09

Particulars	2010-2011	2009-2010
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11. Earning in Foreign Exchange (on Fob basis)

Stuffed Toys etc.	34,539.11	26,360.28
Sheet Set, Duvet, Curtain etc	48,179.32	37,564.69

12. Value of Imported and indigenous raw materials, stores and spares purchased with their percentages

	Amount	%	Amount	%
Imported	54713.96	50.82	29762.33	43.78
Indigenous	53379.00	49.18	38214.74	56.22
Total	108092.96	100.00	67977.07	100.00

13. Contingent Liabilities

Bank Guarantees	2308.46	1.12
Letters Of Credit	5665.00	6371.75
Bills Discounted	1726.48	4764.00
Capital Commitment	1006.21	437.64

14. Particulars in respect of installed capacities etc

Class of Goods	Unit	Capacity Licensed	Capacity Installed	Production 2010 – 2011	Production 2009 – 2010
Stuffed Toys	Pcs	N. A.	375,00,000	38687386	30398945
Sheet set, Duvet set, Comforter set	Sets	N. A.	68,50,000	3509882	3065879
Curtains, Cushions, Sham, Pillow Covers etc	Pcs	N. A.		7856318	4619208

The figures of installed capacity are on single shift working basis and are as certified by the management and not verified by the auditors, being a technical matter.

15. Particulars in respect of opening stock, purchase, consumption, sale and closing stock for each class of goods dealt with by the company: (Amount in Lacs)

Particulars	Qty Unit	2010-2011		2009-2010	
		Quantity	Amount	Quantity	Amount
Opening Stock					
Fabric	Mtrs	18,283,368	23,125.44	14,138,398	18,006.52
Cotton Yarn	Kgs	150,703	304.21	—	—
P S F	Kgs	238,928	118.72	90,562	45.17
Chemicals & Dyes		—	153.90	—	59.03
Other Items		—	112.52	—	108.45
Packing Material		—	94.98	—	107.28
Stuffed Toys	Pcs	3,357,788	2,832.27	4,354,128	3,527.40
Sheet Sets / Duvets / Mattress Covers	Sets	598,468	6,273.26	479,787	5,049.41
Curtains / Quilts / Sham / Pillow Covers	Pcs	234,747	507.07	136,764	299.13
Semi Finished / W I P		—	12,587.26		9,138.94
Purchases					
Fabric	Mtrs	70,338,132	92,219.89	45,051,108	56,845.59
Cotton Yarn	Kgs	3,841,067	11,039.10	3,399,412	6,861.97
P S F	Kgs	2,709,920	1,359.57	2,289,370	1,137.42

Particulars	Qty Unit	2010-2011		2009-2010	
		Quantity	Amount	Quantity	Amount
Chemicals & Dyes		—	1,951.89	—	1,467.92
Other Items		—	313.51	—	441.02
Packing Material		—	1,209.00	—	1,223.16
Consumption					
Fabric	Mtrs	54,679,660	71,168.32	40,906,138	51,726.67
Cotton Yarn	Kgs	3,593,177	10,197.75	3,248,709	6,557.76
P S F	Kgs	2,549,685	1,278.19	2,141,004	1,063.87
Chemicals & Dyes		—	1,897.37	—	1,373.05
Other Items		—	318.74	—	436.95
Packing Material		—	1,220.57	—	1,235.46
Production					
Stuffed Toys	Pcs	38,687,386		30,398,945	
Sheet Sets / Duvets / Mattress Covers	Sets	3,509,882		3,065,879	
Curtains / Quilts / Sham / Pillow Covers	Pcs	7,856,318		4,619,208	
Fabric	Mtrs	9,881,237		8,933,950	
Sales					
Stuffed Toys	Pcs	38,200,483	43,861.79	31,395,285	33,334.25
Sheet Sets / Duvets / Mattress Covers	Sets	3,277,084	43,573.09	2,947,198	37,775.80
Curtains / Quilts / Sham / Pillow Covers	Pcs	7,426,703	20,407.09	4,521,225	11,941.72
Processed & Grey Fabrics	Mtrs	2,917,584	4,359.75	484,081	633.42
Closing Stock					
Fabric	Mtrs	33,941,840	44,177.01	18,283,368	23,125.44
Cotton Yarn	Kgs	398,593	1,145.56	150,703	304.21
P S F	Kgs	399,163	200.11	238,928	118.72
Chemicals & Dyes		—	208.42	—	153.90
Other Items		—	107.30	—	112.52
Packing Material		—	83.41	—	94.98
Stuffed Toys	Pcs	3,844,691	3,487.88	3,357,788	2,832.27
Sheet Sets / Duvets / Mattress Covers	Sets	831,266	8,958.26	598,468	6,273.26
Curtains / Quilts / Sham / Pillow Covers	Pcs	664,362	1,479.60	234,747	507.07
Semi Finished / W I P		—	14,598.34	—	12,587.26

Fabric, Cotton Yarn, P.S.F., Chemical & Dye, Packing Material and other items are classified as Raw Materials and Stuffed Toys, Sheet Sets / Duvets / Mattress Covers, Curtains / Quilts / Sham / Pillow Covers as Finished Goods.

16. SEGMENT INFORMATION

The Company is principally engaged in the business of Toys and Home Furnishings. Accordingly there are two reportable segments as per Accounting Standard (AS 17) issued by the Institute of Chartered Accountant of India on 'Segment Reporting', which have been disclosed below.

Particulars	Stuff Toys		Home Furnishings		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
I. Primary Segment Business						
a Segment Revenue						
Sales to External Customers excluding Export Benefits	43,861.79	33,334.25	68,339.94	50,350.95	112,201.73	83,685.20
Other Income including Export Benefits	404.41	394.54	1,365.30	1,194.47	1,769.71	1,589.01
Total Segment Revenue	44,266.20	33,728.79	69,705.24	51,545.42	113,971.44	85,274.21
b Segment Result						
Profit before Financial Overheads, Income Tax and exceptional Items	8,881.47	6,612.07	11,605.96	8,165.35	20,487.43	14,777.42
Less : Interest and Finance Charges	2,625.45	1,863.33	4,719.29	3,101.70	7,344.74	4,965.03
Profit before Income Tax and exceptional Items	6,256.02	4,748.74	6,886.67	5,063.65	13,142.69	9,812.39
Less : Exceptional Items (Prior Period Expenses / Income)	2.40	8.05	348.86	72.92	351.26	80.97
Profit before Tax	6,253.62	4,740.69	6,537.81	4,990.73	12,791.43	9,731.42
Provision for Current Tax	—	—	—	—	591.00	435.28
Provision for Deferred Tax	—	—	—	—	194.00	248.61
Profit after Tax	6,253.62	4,740.69	6,537.81	4,990.73	12,006.43	9,047.53
c Segment Assets						
Carrying Amount Allocated	8,948.24	8,700.01	35,345.78	26,264.67	44,294.02	34,964.68
Unallocated Assets	—	—	—	—	122,483.44	72,037.80
Total Assets	8,948.24	8,700.01	35,345.78	26,264.67	166,777.46	107,002.48
d Segment Liabilities						
Carrying Amount Allocated	417.04	300.73	262.13	158.19	679.17	458.92
Unallocated Liabilities	—	—	—	—	114,901.78	67,533.98
Total Liabilities	417.04	300.73	262.13	158.19	115,580.95	67,992.90
e Cost of Fixed Assets Acquired						
Allocated Fixed Assets Acquired	2,573.13	2,340.59	9,125.28	8,558.84	11,698.41	10,899.43
Unallocated Fixed Assets	—	—	—	—	—	—
Total Fixed Assets acquired	2,573.13	2,340.59	9,125.28	8,558.84	11,698.41	10,899.43
f Depreciation / Amortization						
Allocated	412.56	405.99	1,949.85	1,316.13	2,362.41	1,722.12
Unallocated	—	—	—	—	—	—
II. Secondary Segment — Geographical						
Export Revenues	34,539.11	26,360.28	48,179.32	37,564.69	82,718.43	63,924.97
Domestic Revenues	9,322.68	6,973.97	20,160.62	12,786.26	29,483.30	19,760.23
Total	43,861.79	33,334.25	68,339.94	50,350.95	112,201.73	83,685.20

The Company's operating facilities are located in India

17. Related Party Transactions

As per AS—18, the Company's related parties and transactions with them are disclosed below

A. Related Parties

- | | |
|------------------------------|--|
| (a) Subsidiary Company | <ol style="list-style-type: none"> 1. Hanung (Shanghai) Ltd. 2. Cody Direct Corp. |
| (b) Associate Companies | <ol style="list-style-type: none"> 1. Hanung Furnishings Private Limited 2. Hanung Processors Private Limited 3. Parneet Softech Private Limited 4. C K Software Private Limited 5. Abhinav International Private Limited 6. Hanung Retail Limited 7. Hanung Infra & Power Limited |
| (c) Key Management Personnel | <ol style="list-style-type: none"> 8. Glofin Investment & Finance Co. Private Limited 1. Mr. Ashok Kumar Bansal, (Chairman cum Managing Director) 2. Mrs. Anju Bansal (Wholetime Director) 3. Mr. Arvind Kumar Gupta (Company Secretary) 4. Mr. Sandeep Agrawal (CFO) 5. Mr. Vijay Grover 6. Mr. Sunil Duggal 7. Mr. Rajat Saran Lal |

B. Transactions with Related Parties

(Amount in Lacs)

Sl.No.	Nature of Transaction	Subsidiary Companies		Associate Companies		Key Management Personnel	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Purchase of Goods & Services	Nil	Nil	9.12	7.92	0.36	0.36
2	Sale of Goods & Services	Nil	Nil	22.72	19.86	Nil	Nil
3	Advance Outstanding	98.80	71.18	Nil	1.40	Nil	Nil
4	Managerial Remuneration	Nil	Nil	Nil	Nil	304.93	224.48
5	Dividend	Nil	Nil	211.61	149.61	90.84	68.13
6	Subscription to share capital	744.98	69.83	Nil	Nil	Nil	Nil

18. Earning Per Equity Share

Basic Earning Per Share	31.03.2011	31.03.2010
Profit after tax as per Profit and loss account (In Rs. Lacs)	12,006.43	9,047.52
Weighted Average Number of Equity Shares Outstanding	2,51,87,925.00	2,51,87,925.00
Basic Earning per Share (Face Value Rs.10/-)	47.67	35.92

19. Take Over of Business under Slump Sale Agreement

Some of the immoveable properties acquired by the company under the agreement of slump sale are being registered in the name of the company.

20. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2011.
21. Schedules "A" to "P" form an integral part of the Balance Sheet and Profit and Loss Account and have been duly authenticated.

As per our report attached of even date

For and on behalf of the Board of Directors

For Rohtas & Hans
Chartered Accountants

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Whole Time Director

Hans Jain
Partner

Arvind Kumar Gupta
Company Secretary cum Financial Controller

Membership No : 82912

Place : Noida

Date : August 24, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS :

Registration No. State Code
 Balance Sheet date

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue Right Issue
 Bonus Issue Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSAND)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserve and Surplus
 Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover Total Expenditure
 + - Profit/Loss Before Tax + - Profit/Loss After Tax

(Please tick appropriate box+for profit-for loss)

Earning per share in Rs. Dividend rate %

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No.
 Product description

Consolidated Auditors' Report

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HANUNG TOYS & TEXTILES LTD. AND ITS SUBSIDIARY

1. We have audited the attached Consolidated Balance Sheet of 'the Hanung Toys & Textiles Ltd. Group' as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs. -87.37 lacs as at March 31, 2011 total revenues of Rs. 103.98 for the year ended on that date. These financial statements have been audited by another auditor whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary company is based solely on the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS)21 Consolidated Financial Statements specified by the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and on the basis of the separate audited financial statements of the Hanung Toys and Textiles Ltd. Group included in the consolidated financial statements.
5. In our opinion and to the best of our information and explanations given to us and on consideration of the separate audit report on individual audited financial statements of the Hanung Toys and Textiles Ltd. Group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Hanung Toys and Textiles Ltd. Group as at March 31, 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Hanung Toys and Textiles Ltd. Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Hanung Toys and Textiles Ltd. Group for the year ended on that date.

For **ROHTAS & HANS**
Chartered Accountants

(Hans Jain)

Partner

Place : Noida
Date : August 24, 2011

Membership No.: 82912

Consolidated Balance Sheet as at 31st March, 2011



PARTICULARS	Schedule	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	"A"	251,879,250	251,879,250
Reserves & Surplus	"B"	4,779,108,370	3,642,125,455
		5,030,987,620	3,894,004,705
Convertible Share warrants (Partly paidup)		76,790,625	0
Minority Interest		852,904	0
Deferred Tax Liability		148,000,014	128,600,014
LOAN FUNDS			
Secured Loans	"C"	10,235,161,246	5,467,580,998
Total		15,491,792,409	9,490,185,717
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	"D"	5,069,463,810	3,900,144,203
Less : Accumulated Depreciation		638,298,926	403,269,257
Net Block		4,431,164,884	3,496,874,946
Add : Capital Work in Progress		590,731,658	257,767,653
		5,021,896,542	3,754,642,599
GOODWILL ON CONSOLIDATION		17,155,918	246,572
INVESTMENTS	"E"	32,880,436	34,640,400
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	"F"	7,561,585,143	4,627,531,994
Sundry Debtors		2,688,820,623	1,544,158,463
Cash & Bank Balances		920,486,668	485,181,226
Loans & Advances		440,768,964	246,915,073
		11,611,661,398	6,903,786,756
LESS : CURRENT LIABILITIES & PROVISIONS	"G"		
Current Liabilities		1,105,683,047	1,009,611,338
Provisions		86,118,838	193,519,272
		1,191,801,885	1,203,130,610
NET CURRENT ASSETS		10,419,859,513	5,700,656,146
Total		15,491,792,409	9,490,185,717
Significant Accounting Policies and Notes on Accounts		"P"	

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

As per our report attached of even date

For and on behalf of the Board of Directors

For Rohtas & Hans
Chartered Accountants

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Whole Time Director

Hans Jain
Partner
Membership No : 82912
Place : Noida
Date : August 24, 2011

Arvind Kumar Gupta
Company Secretary cum Financial Controller

Consolidated Profit and Loss Account for the Year Ended on 31st March, 2011



PARTICULARS	Schedule	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
INCOME			
Sales	"H"	11,228,289,218	8,368,518,968
Other Income	"I"	176,971,396	158,901,101
		11,405,260,614	8,527,420,069
Increase in Stocks	"J"	623,059,366	418,497,391
Total		12,028,319,980	8,945,917,460
EXPENDITURE			
Manufacturing Overheads	"K"	9,167,374,264	6,816,335,290
Establishment Overheads	"L"	160,584,200	140,267,795
Administrative Overheads	"M"	151,255,645	102,240,711
Selling Overheads	"N"	268,797,095	244,008,611
Financial Overheads	"O"	734,484,514	496,545,814
Depreciation	"D"	236,387,433	172,235,401
Total		10,718,883,151	7,971,633,622
Net Profit before Tax & Adjustment		1,309,436,829	974,283,838
Prior Period Adjustment		35,125,547	8,096,800
Net Profit before Tax		1,274,311,282	966,187,038
Less : Provision for Tax — Income Tax		59,100,000	36,400,000
— Deferred Tax		19,400,000	24,861,000
Less : Tax for earlier years		0	7,127,850
		78,500,000	68,388,850
Net Profit after Tax before minority interest		1,195,811,282	897,798,188
Less: Minority interest in income		85,718	—
Net Profit after Tax & minority interest		1,195,725,564	897,798,188
Less: Proposed Dividend		50,375,850	50,375,850
Less: Provision for Dividend Tax		8,366,799	8,561,375
		58,742,649	58,937,225
Surplus carried to Balance Sheet		1,136,982,915	838,860,963
Basic earning per share (Note no. 19)		47.47	35.64
Significant Accounting Policies and Notes on Accounts	"P"		

Schedules referred to above form an integral part of the Profit and Loss Accounts

As per our report attached of even date

For and on behalf of the Board of Directors

For Rohtas & Hans
Chartered Accountants

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Whole Time Director

Hans Jain
Partner
Membership No : 82912

Arvind Kumar Gupta
Company Secretary cum Financial Controller

Place : Noida
Date : August 24, 2011



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised Share Capital		
4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of Rs. 10/- each	<u>400,000,000</u>	<u>400,000,000</u>
Issued, Subscribed & Paid Up Capital	251,879,250	251,879,250
2,51,87,925 (Pr.Yr. 2,51,87,925) Equity Shares of Rs.10/- each fully paid up. Of the above 51,17,330 (Pr.Yr. 51,17,330) Equity Shares allotted as fully paid up by way of Bonus Shares and 71,47,835 (Pr. Yr. 71,47,835) Equity Shares allotted as fully paid up pursuant to a contract without payment being received in cash	<u>251,879,250</u>	<u>251,879,250</u>
SCHEDULE "B"		
RESERVES & SURPLUS		
Share Premium		
Balance as per last year	<u>1,047,574,907</u>	<u>1,047,574,907</u>
	1,047,574,907	1,047,574,907
General Reserve		
Balance as per last year	<u>1,603,757,150</u>	<u>1,253,757,150</u>
Add : Amount transferred from Profit & Loss A/c	<u>350,000,000</u>	<u>350,000,000</u>
	1,953,757,150	1,603,757,150
Profit & Loss Account		
Balance as per last year	<u>990,793,398</u>	<u>501,932,435</u>
Add : Surplus brought from Profit & Loss A/c	<u>1,136,982,915</u>	<u>838,860,963</u>
Less : Amount transferred to General Reserve	<u>350,000,000</u>	<u>350,000,000</u>
	1,777,776,313	990,793,398
Total	<u>4,779,108,370</u>	<u>3,642,125,455</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "C"		
SECURED LOANS		
I) TERM LOAN		
(against First Pari-passu charge with other banks on present & future fixed assets of the company other than those exclusively financed by any other banks/ financial institutions & second pari-passu charge with other banks on all present & future current assets of the company & personal guarantee of Sh. A. K. Bansal & Smt. Anju Bansal, directors, their relatives & corporate guarantee of group companies / others - The loan is collaterally secured by equitable mortgage of land & building of associate concerns / others on pari-passu basis with other member banks.)		
a) From State Bank of India		
Term Loan - I	163,202,018	209,606,454
(Repayable in 26 equal quarterly instalments starting from June 08)		
Term Loan - II	0	440,740,937
(Repayable in 36 equal quarterly instalments starting from June 10)		
Term Loan - III	700,000,000	0
(Repayable in 48 equal Monthly instalments starting from April 11)		
b) From Syndicate Bank		
(Repayable in 28 quarterly instalments starting from June 08)	58,850,506	79,556,902
c) From Punjab National Bank		
(Repayable in 28 quarterly instalments starting from June 08)	170,547,607	225,673,661
d) From Oriental Bank of Commerce		
(Repayable in 28 quarterly instalments starting from June 08)	120,941,331	142,593,533
e) From Karnataka Bank Ltd.		
(Repayable in 18 quarterly instalments starting from Dec 09)	164,404,847	201,265,164
f) From ICICI Bank Ltd.		
Term Loan - I	0	150,500,000
(Repayable in 18 quarterly instalments starting from June 10)		
Term Loan - I I	400,000,000	0
(Repayable in 24 monthly instalments starting from Sept 11)		
g) From Central Bank of India		
Term Loan - I	34,504,533	7,497,600
(Repayable in 18 quarterly instalments starting from Sept 10)		
Term Loan - I I	500,164,384	0
(Repayable in monthly instalments starting from April 13)		



PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
h) From Allahabad Bank (Repayable in 6 monthly instalments starting from March 12)	500,000,000	0
i) From Indian Overseas Bank (Bullet payment in the month of Jan 12)	250,000,000	0
j) From Laxmi Vilas Bank (Repayable in 3 unequal monthly instalments of Rs. 15 Crore, Rs. 15 crores, Rs. 20 crores starting from April 12)	502,315,068	0
k) From UCO Bank (Repayable in 3 monthly instalments starting from Oct 11)	599,995,979	0
l) From Yes Bank (Repayable in 33 monthly instalments starting from July 10)	139,781,250	0
II) Foreign Currency Borrowings from ICICI Bank Ltd. (against first charge on immovable & movable assets financed by the ICICI bank & personal guarantee of directors Sh. A.K. Bansal & Smt. Anju Bansal.)		
Foreign Currency Loan (Repayable in 19 quarterly instalments starting from Sep 08)	23,415,791	35,463,158
External Commercial Borrowing (Repayable in 19 quarterly instalments starting from Sep 08)	70,247,367	106,389,474
	4,398,370,681	1,599,286,883
III) Working Capital Borrowings (Comprising of Export Packing Credit, FDBP etc. from Banks, secured by hypothecation of stocks, book debts, bills and personal / corporate guarantee of wholtime directors / group company / others. The limits are also collaterally secured by immovable properties owned by directors and associate concerns / others. The loan is collaterally secured by way of equitable mortgage on pari-passu basis with other banks of all present & future fixed assets of the company.)		
Allahabad Bank	818,174,344	350,266,096
Andhra Bank	350,346,475	0
Bank of India	539,503,760	539,812,037
Central Bank of India	473,835,750	846,917,016
IDBI Bank Ltd.	120,000,000	0
Karnataka Bank Ltd.	191,044,345	62,920,381
Oriental Bank of Commerce	605,002,137	361,523,613
Punjab National Bank	1,259,264,858	827,648,993
SICOM Ltd.	150,000,000	150,000,000
SIDIBI	0	31,824,011
State Bank of India	488,097,899	0
Syndicate Bank	415,736,484	330,696,457
Union Bank of India	419,678,321	359,996,706
	5,830,684,373	3,861,605,310
Vehicle Loans (Against vehicles from Banks etc.)	6,106,192	6,688,805
Total	10,235,161,246	5,467,580,998

SCHEDULE OF CONSOLIDATED FIXED ASSETS AS ON 31.03.2011
SCHEDULE - "D"

Amount (Rs.)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		OP. BAL. AS ON 01.04.2010	ADDITIONS	DELETIONS	TOTAL AS ON 31.03.2011	UPTO 31.03.2010	FOR THE YEAR	ON DELETIONS	UPTO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
1	LAND	270,710,696	0	0	270,710,696	0	0	0	0	270,710,696	270,710,696
2	BUILDING	679,375,340	125,836,085	0	805,211,425	49,008,410	23,616,229	0	72,624,639	732,586,786	630,366,930
3	PLANT AND MACHINERY	2,834,240,439	1,037,446,469	0	3,871,686,908	328,356,844	203,980,674	0	532,337,518	3,339,349,390	2,505,883,595
4	FURNITURE, FIXTURE & EQUIPMENTS	79,743,704	3,677,246	0	83,420,950	12,090,936	5,241,587	0	17,332,523	66,088,427	67,652,768
5	VEHICLES	36,074,024	4,384,644	2,024,837	38,433,831	13,813,067	3,548,943	1,357,764	16,004,246	22,429,585	22,260,957
	TOTAL :	3,900,144,203	1,171,344,444	2,024,837	5,069,463,810	403,269,257	236,387,433	1,357,764	638,298,926	4,431,164,884	3,496,874,946
	PREVIOUS YEAR :	2,811,314,676	1,090,373,017	1,543,490	3,900,144,203	231,735,678	172,235,401	701,822	403,269,257		
	CAPITAL WORK IN PROGRESS (including Advances & Pre-operative Expenses)										
										590,731,658	257,767,653
										5,021,896,542	3,754,642,599

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "E"		
INVESTMENTS		
Quoted : (At Cost)		
Mutual Fund		
L144G SBI Infrastructure Funds - I - Growth 50000.00 Units of Rs. 10/- Each	500,000	500,000
L121G SBI One India Mutual Fund - Growth 150000.00 Units of Rs. 10/- Each	1,500,000	1,500,000
	2,000,000	2,000,000
Unquoted : (At Cost)		
a) Group Companies		
Hanung Infra & Power Ltd. 1985000 (Pr.Yr. 1985000) Equity Shares of Rs. 10/- Each	19,850,000	19,850,000
Hanung Retail Ltd. 916540 (Pr.Yr.916540) Equity Shares of Rs. 10/- Each	9,165,400	9,165,400
	29,015,400	29,015,400
b) Others		
The Orissa Minerals Development Company Ltd. 100 Equity Shares of Rs. 10/- Each	0	1,759,964
Pilani Investments Industries Corporation Ltd. 500 Equity Shares of Rs. 10/- Each	1,865,036	1,865,036
	1,865,036	3,625,000
Total	32,880,436	34,640,400
Aggregate market value of quoted investment	2,093,000	2,117,500
SCHEDULE "F"		
CURRENT ASSETS, LOANS & ADVANCES		
Inventories (As taken, valued and certified by the management)		
Raw materials (at cost & including Goods in Transit)	4,657,926,473	2,398,048,182
Packing materials (at cost)	8,340,617	9,497,545
Semi Finished Goods (at cost)	1,459,833,588	1,258,726,412
Finished Goods (lower of cost or net realisable value)	1,435,484,465	961,259,855
	7,561,585,143	4,627,531,994
Sundry Debtors (Unsecured, considered good)		
More than Six Months	0	0
Others	2,688,820,623	1,544,158,463
	2,688,820,623	1,544,158,463
Cash & Bank Balances		
Cash in hand	2,954,539	7,137,994
Balance with Scheduled Banks in C/A	692,203,930	278,693,145
Fixed Deposits with Banks (Includes Pledged with Banks for Bank Guarantee / Letter of Credit)	225,328,199	199,350,087
	920,486,668	485,181,226
Loans & Advances (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	406,520,092	229,259,957
Security Deposits	12,928,690	10,478,497
Interest Accrued on FDRs	11,897,304	3,436,467
Prepaid Expenses	9,422,878	3,740,152
	440,768,964	246,915,073
Total	11,611,661,398	6,903,786,756

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "G"		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	1,035,427,343	964,964,843
Other Liabilities	70,183,314	44,574,105
Item covered by Investor Education and Protection Fund		
Unpaid application money received by the company for allotment of securities and due for refund	72,390	72,390
	<u>1,105,683,047</u>	<u>1,009,611,338</u>
PROVISIONS		
Income Tax / Fringe Benefit Tax (Net)	27,376,189	134,582,046
Provision for Dividend	50,375,850	50,375,850
Provision for Dividend Tax	8,366,799	8,561,376
	<u>86,118,838</u>	<u>193,519,272</u>
Total	<u><u>1,191,801,885</u></u>	<u><u>1,203,130,610</u></u>
SCHEDULE "H"		
SALES		
Export Sales	8,279,959,629	6,392,496,648
Inland Sales	2,948,329,589	1,976,022,320
Total	<u><u>11,228,289,218</u></u>	<u><u>8,368,518,968</u></u>
SCHEDULE "I"		
OTHER INCOME		
Export Incentive	116,461,074	114,922,299
Bank Interest	14,688,883	8,073,289
Other Income	45,821,439	35,905,513
Total	<u><u>176,971,396</u></u>	<u><u>158,901,101</u></u>
SCHEDULE "J"		
INCREASE IN STOCK		
Opening Stock		
Semi Finished Goods	1,258,726,412	913,893,938
Finished Goods	1,013,532,275	887,594,938
Total (A)	<u><u>2,272,258,687</u></u>	<u><u>1,801,488,876</u></u>
Closing Stock		
Semi Finished Goods	1,459,833,588	1,258,726,412
Finished Goods	1,435,484,465	961,259,855
Total (B)	<u><u>2,895,318,053</u></u>	<u><u>2,219,986,267</u></u>
Increase in Stock : (B) - (A)	<u><u>623,059,366</u></u>	<u><u>418,497,391</u></u>

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "K"		
MANUFACTURING OVERHEADS		
Raw Materials Consumed		
Opening Stock	2,381,479,696	1,821,917,430
Add : Purchases	10,678,443,704	6,675,390,874
Add: Processing Charges	27,585,974	78,430,065
	<u>13,087,509,374</u>	<u>8,575,738,369</u>
Less : Closing Stock	4,583,839,484	2,381,479,696
Consumed during the year	8,503,669,890	6,194,258,673
Packing Materials Consumed		
Opening Stock	9,497,545	10,728,269
Add : Purchases	120,900,312	122,315,775
	<u>130,397,857</u>	<u>133,044,044</u>
Less : Closing Stock	8,340,617	9,497,545
Consumed during the year	122,057,240	123,546,499
Cost of Material Consumed	8,625,727,130	6,317,805,172
Other Manufacturing Costs		
Consumable Goods	6,660,299	7,999,735
Design & Testing Charges	6,015,075	9,825,137
Direct Wages	137,070,348	136,081,950
Excise and Custom Duty	6,536,572	7,216,326
Factory Rent	7,316,504	6,112,493
Freight Inward	63,365,964	55,676,091
Job Work Charges	108,816,829	101,599,090
Power & Fuel	205,865,543	174,019,296
	<u>541,647,134</u>	<u>498,530,118</u>
Total	9,167,374,264	6,816,335,290
SCHEDULE "L"		
ESTABLISHMENT OVERHEADS		
Directors' Remuneration	25,138,750	20,240,000
Salaries & Allowances	105,260,311	92,855,544
Provident Fund and ESI Contribution	17,808,596	16,853,801
Staff Welfare	12,376,543	10,318,450
Total	160,584,200	140,267,795



SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
SCHEDULE "M"		
ADMINISTRATIVE OVERHEADS		
Business Promotion	2,507,984	718,100
Cellular & Telephone Expenses	2,963,657	2,800,112
Courier, Postage and Telegram	2,677,754	4,519,061
ECGC Premium	31,961,533	16,918,595
Insurance Charges	9,758,269	7,094,485
General Expenses	10,681,046	2,658,534
Printing and Stationery	3,072,282	3,356,380
Professional & Legal Charges	16,104,218	12,046,518
Rent, Rates & Taxes	7,687,109	3,977,022
Repair and Maintenance	40,102,612	30,559,444
Security Watch and Ward Expenses	6,307,935	4,595,254
Local Conveyance	7,700,507	2,966,574
Travelling Directors	3,571,235	3,795,332
Travelling Others	6,159,504	6,235,300
Total	151,255,645	102,240,711
SCHEDULE "N"		
SELLING OVERHEADS		
Advertisement and Publicity	4,229,206	6,043,102
Exchange Rate Fluctuation	178,791,827	153,413,680
Freight and Forwarding	78,470,485	75,934,978
Rebate, Discount and Commission	7,305,577	8,616,851
Total	268,797,095	244,008,611
SCHEDULE "O"		
FINANCIAL OVERHEADS		
Interest to Bank - Term Loan	138,463,815	111,104,286
Interest to Bank - Working Capital	490,990,707	308,950,723
Interest on Vehicle Loans	530,402	612,889
Bank Charges	104,499,590	75,877,916
Total	734,484,514	496,545,814

CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	As At 31.03.2011 Amount (₹)	As At 31.03.2010 Amount (₹)
A CASH FLOW FROM OPERATIVE ACTIVITIES		
Profit before tax	1,309,436,829	974,283,838
Adjustments for :		
Depreciation	236,386,620	172,235,401
Interest and finance charges	734,462,646	496,545,814
Interest income	(14,688,709)	(8,073,289)
Dividend Income	(31,100)	(60,400)
(Profit) / Loss on disposal of investments	(2,495,271)	4,289,686
Operating profit before working capital changes	2,263,071,015	1,639,221,050
Adjustments for changes in working capital :		
Inventories (Increase) / Decrease	(2,934,053,149)	(955,355,709)
Debtors (Increase) / Decrease	(1,144,662,160)	(236,755,771)
Advances (Increase) / Decrease	(193,859,924)	35,826,895
Current Liabilities & Provisions Increase / (Decrease)	96,092,677	73,170,421
Cash generated from operations	(1,913,411,541)	556,106,886
Income tax (paid) / refund for earlier years	—	(712,785)
Income tax (paid) / refund	(166,305,857)	240,735,558
Extra Ordinary Items	(35,125,547)	(80,968,000)
Net Cash from Operating Activities	(2,114,842,945)	564,955,794
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments for asset acquisition	(1,504,293,951)	(1,343,671,011)
Proceeds on sale of fixed assets	667,073	841,668
Goodwill on Conolidation	(17,155,918)	(246,572)
Sale / redemption of investments	4,255,235	20,341,615
Dividend received	31,100	60,400
Net cash flow used in investing activities	(1,516,496,461)	(1,322,673,900)
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital / Share Application Money	76,790,625	—
Minority Interest	767,186	
Long term borrowing (net) Increase / (Decrease)	4,767,580,248	1,658,854,016
Interest and finance charges paid - net	(719,773,937)	(488,472,525)
Dividend paid and tax thereon	(58,937,226)	(44,202,920)
Net cash flow from financing activities	4,066,426,896	1,126,178,571
Net cash inflow / (outflow)	435,087,490	368,460,465
Opening cash and cash equivalents	485,399,178	116,720,761
Closing cash and cash equivalents	920,486,668	485,181,226
Net increase / (decrease) in cash equivalents	435,087,490	368,460,465

This is the Consolidated Cash Flow Statement referred to in our report of even date.

As per our report attached of even date

For and on behalf of the Board of Directors

For Rohtas & Hans
Chartered Accountants

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Whole Time Director

Hans Jain
Partner
Membership No : 82912
Place : Noida
Date : August 24, 2011

Arvind Kumar Gupta
Company Secretary cum Financial Controller

SCHEDULE – “P”
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
A. SIGNIFICANT ACCOUNTING POLICIES
01. Basis of Preparation of Financial Statements

The consolidated financial statements of Hanung Toys & Textiles Limited and its subsidiary are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

02. Principles of Consolidation

The consolidated financial statements relate to of Hanung Toys & Textiles Limited and its subsidiary. The consolidated financial statements (drawn up to the same reporting date as of the company), have been prepared on the following basis.

- a) The financial statements of the company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in un realised profit or losses, as per Accounting Standard (AS) 21 “Consolidated Financial Statements” as notified by Company (Accounting Standards) Rules 2006.
- b) The excess of cost to the company of its investment in subsidiary company over its share of equity of the subsidiary company at the dates, on which the investments are made, is recognised as “Goodwill” being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the company, it is recognised as “Capital Reserve” and shown under the head ‘Reserves & Surplus’, in the consolidated financial statements.
- c) Consolidated Financial Statement have been prepared using uniform accounting policies for like transaction & other events in similar circumstances, however in case of depreciation it was not practicable to use uniform accounting policy
- d) As per Accounting Standard Interpretation (ASI) 15 on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and / or a parent having no bearing on the true and fair view of the consolidated financial statements are not disclosed in the consolidated financial statements.

03. Fixed Assets

- a) Fixed assets are stated at costs, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use.
- b) Deprecation on fixed assets (other than those relating to foreign subsidiary) is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

04. Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current Assets and Current Liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain / loss is recognized in the Profit & Loss Account, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets. The Forward Contract including derivatives contract entered into to hedge foreign currency risk on unexpected firm commitments and highly probable forecast transactions recognized in the financial statements accordingly as per Accounting Standards issued by the Institute of chartered Accountants of India, exchange difference arising on such contracts are recognized in the period in which they arise. Gain and losses arising on account of such transaction are recognized as income/ expenses in the Profit and Loss Account.

05. Research and Development

Revenue expenditure on Research & Development is included under the natural heads of expenditure. Capital expenditure on Research & Development is treated in the same manner as expenditure on other fixed assets.

06. Valuation of Inventory

- a) Closing stock of finished goods is valued at the lower of estimated cost or net realizable value.
- b) Closing stock of semi-finished goods is valued at estimated cost.
- c) Inventory of raw material and packing material is valued at cost.

07. Investments

Investments are valued at costs unless there is a permanent fall in their value as at the date of Balance Sheet.

08. Retirement Benefits

Encashment of accrued leave salary and retirement benefits to employees are provided on accrual basis.

09. Contingent Liability

Liabilities though contingent, are provided for if there are reasonable prospects of such liabilities maturing. The other Contingent Liabilities, which are not acknowledged as debt are disclosed by way of note, but claims of frivolous nature are ignored. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

10. Revenue Recognition

- a) Sales are inclusive of excise duty / customs duty and net of trade discounts. Export sales include goods invoiced against confirmed orders and cleared from excise and customs authorities.
- b) Export incentives receivable on exports made during the year, are recognized as income.
- c) Other items of revenue including export benefits are recognized in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment / realization of income such as interest from customers, the same is not accounted for.

11. Taxes on Income

- a. Provision for current income tax is made on the basis of the estimated taxable income for the current accounting year computed in accordance with the provisions of the Income Tax Act, 1961.
- b. Deferred tax is recognized on timing difference between the income accounted in financial statements and taxable income for the year, and quantified using tax rates and laws enacted or substantively enacted as on the Balance Sheet date are accounted for on the basis of Accounting Standard (AS-22)

12. Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are recognized as expenses in the period in which they are incurred and charged to the Profit & Loss Account.

13. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that any asset including goodwill, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to Profit & Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

14. Segment accounting

Segment accounting policies are in line with the accounting policies of the company. In addition, the following specific accounting policies have been followed for segment reporting:

- a. Segment revenue includes sales and other income directly identifiable with/ allocable to the segment.
- b. Expenses that are directly identifiable with / allocable to segment are considered for determining the segment results.
- c. Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

B. NOTES TO ACCOUNTS

01. The particulars of the subsidiary company considered in the consolidated financial statements are-

Name	Hanung (Shanghai) Ltd.	Cody Direct Corp.
Country of Incorporation	China	USA
Ownership as at 31.03.2011	100%	98.50%
Ownership as on 31.03.2010	100%	NA

02. Comparative figures for the previous year have been regrouped, recast and re-arranged wherever necessary, so as to make them comparable with the current year's figures.
03. Debtors, Creditors and Advances are subject to confirmation.
04. Loans and Advances include:

Due from companies under the same management or companies in which any of the directors are interested is Praneet Softech Pvt Ltd Rs. Nil (Previous Year Rs. 1.40 Lacs). The maximum amount due from the company during the year was Rs. Nil (Previous Year Rs. 121.17 Lacs) and Hanung Infra & Power Ltd. Rs. 51.56 Lacs (Previous Year Rs. Nil). The maximum amount due from the company during the year was Rs. 104.06 Lacs (Previous Year Rs. Nil).
05. In the opinion of Board of Directors, the Current Assets, Loans and Advances have value on realization in ordinary course of business, at least equal to the amount at which they are stated except as expressly stated otherwise.
06. Based on the information / documents available with the Company, Sundry Creditors include total outstanding dues to Small Scale Industrial undertakings Rs. 21.63 Lacs (Previous Year Rs. 98.71 Lacs) of which
 - a. Amount overdue on account of principal and / or interest is NIL
 - b. Name of the Parties to whom the company owes any sum outstanding for more than thirty days but not overdue as per the information available with the company are :

Chaudhary Lables Pvt. Ltd., Malwa Leather Components Pvt. Ltd., Palak Tapes Pvt. Ltd., Lace India Co, D.M. Enterprises, Praveen Print O Pack Pvt. Ltd., Sushila Textiles.
07. The Accounting Standard (AS-22) for accounting of deferred income tax has become applicable on the company w.e.f. 01.04.2002. Accordingly, provision for deferred tax liability has been made in accordance with the Accounting Standard (AS-22).
08. Establishment Overheads include payments and provisions of remuneration to whole-time directors of Rs 248.44 Lacs (previous year Rs. 198.75 Lacs) and directors' sitting fee of Rs. 2.95 Lacs (previous year Rs. 3.65 Lacs).

(Amount in Lacs)

Particulars	2010-2011	2009-2010
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9. Remuneration to Auditors

Audit Fee	7.00	5.00
Other Services	7.53	2.80
Re-imbursment of Expenses	2.52	2.00

10. CIF Value of Imports

Raw Material and Freight	54,838.37	29,847.65
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11. Expenditure in Foreign Currency

Machinery	7984.66	7311.07
Raw Materials	54713.96	29762.33
Travelling Expenses	14.84	18.05
Others	147.77	192.09

12. Earning in Foreign Exchange (on Fob basis)

Stuffed Toys etc	34539.11	26360.28
Sheet Set, Duvet, Curtain etc	48260.48	37564.69

13. Value of Imported and indigenous raw materials, stores and spares purchased with their percentages

	Amount	%	Amount	%
Imported	54713.96	50.82	29762.33	43.78
Indigenous	53379.00	49.18	38214.74	56.22
Total	108092.96	100.00	67977.07	100.00

14. Contingent Liabilities

Bank Guarantees	2308.46	1.12
Letters Of Credit	5665.00	6371.75
Bills Discounted	1726.48	4764.00
Capital Commitment	1006.21	437.64

15. Particulars in respect of installed capacities etc.

Class of Goods	Unit	Capacity Licensed	Capacity Installed	Production 2010 – 2011	Production 2009 – 2010
Stuffed Toys	Pcs	N. A.	375,00,000	3,86,87,386	3,03,98,945
Sheet set, Duvet set, Comforter set	Sets	N. A.	68,50,000	35,09,882	30,65,879
Curtains, Cushions, Sham, Pillow Covers etc	Pcs	N. A.		78,56,318	46,19,208

The figures of installed capacity are on single shift working basis and are as certified by the management and not verified by the auditors, being a technical matter.

16. Particulars in respect of opening stock, purchase, consumption, sale and closing stock for each class of goods dealt with by the company:

(Amount in Lac)

Particulars	Qty Unit	2010-2011		2009-2010	
		Quantity	Amount	Quantity	Amount
Opening Stock					
Fabric	Mtrs	18,283,368	23,125.44	14,138,398	18,006.52
Cotton Yarn	Kgs	150,703	304.21		
P S F	Kgs	238,928	118.72	90,562	45.17
Chemicals & Dyes		—	153.90	—	59.03
Other Items		—	112.52	—	108.45
Packing Material		—	94.98	—	107.28
Stuffed Toys	Pcs	3,357,788	2,832.27	4,354,128	3,527.40
Sheet Sets / Duvets / Mattress Covers	Sets	668,179	6,795.98	479,787	5,049.41
Curtains / Quilts / Sham / Pillow Covers	Pcs	234,747	507.07	136,764	299.13
Semi Finished / W I P		—	12,587.26		9,138.94



Particulars	Qty Unit	2010-2011		2009-2010	
		Quantity	Amount	Quantity	Amount
Purchases					
Fabric	Mtrs	70,338,132	92,219.89	45,051,108	56,845.59
Cotton Yarn	Kgs	3,841,067	11,039.10	3,399,412	6,861.97
P S F	Kgs	2,709,920	1,359.57	2,289,370	1,137.42
Chemicals & Dyes		—	1,951.89	—	1,467.92
Other Items		—	313.51	—	441.02
Packing Material		—	1,209.00	—	1,223.16
Consumption					
Fabric	Mtrs	54,679,660	71,168.32	40,906,138	51,726.67
Cotton Yarn	Kgs	3,593,177	10,197.75	3,248,709	6,557.76
P S F	Kgs	2,549,685	1,278.19	2,141,004	1,063.87
Chemicals & Dyes		—	1,897.37	—	1,373.05
Other Items		—	318.74	—	436.95
Packing Material		—	1,220.57	—	1,235.46
Production					
Stuffed Toys	Pcs	38,687,386		30,398,945	
Sheet Sets / Duvets / Mattress Covers	Sets	3,509,882		3,065,879	
Curtains / Quilts / Sham / Pillow Covers	Pcs	7,856,318		4,619,208	
Fabric	Mtrs	9,881,237		8,933,950	
Sales					
Stuffed Toys	Pcs	38,200,483	43,861.79	31,395,285	33,334.25
Sheet Sets / Duvets / Mattress Covers	Sets	3,288,784	43,654.26	2,947,198	37,775.80
Curtains / Quilts / Sham / Pillow Covers	Pcs	7,426,703	20,407.09	4,521,225	11,941.72
Processed & Grey Fabrics	Mtrs	2,917,584	4,359.75	484,081	633.42
Closing Stock					
Fabric	Mtrs	33,941,840	44,177.01	18,283,368	23,125.44
Cotton Yarn	Kgs	398,593	1,145.56	150,703	304.21
P S F	Kgs	399,163	200.11	238,928	118.72
Chemicals & Dyes		—	208.42	—	153.90
Other Items		—	107.30	—	112.52
Packing Material		—	83.41	—	94.98
Stuffed Toys	Pcs	3,844,691	3,487.88	3,357,788	2,832.27
Sheet Sets / Duvets / Mattress Covers	Sets	889,277	9,387.37	598,468	6,273.26
Curtains / Quilts / Sham / Pillow Covers	Pcs	664,362	1,479.60	234,747	507.07
Semi Finished / W I P		—	14,598.34	—	12,587.26

Fabric, Cotton Yarn, P.S.F., Chemical & Dye, Packing Material and other items are classified as Raw Materials and Stuffed Toys, Sheet Sets / Duvets / Mattress Covers, Curtains / Quilts / Sham / Pillow Covers as Finished Goods.

17. SEGMENT INFORMATION

The Company is principally engaged in the business of Toys and Home Furnishings. Accordingly there are two reportable segments as per Accounting Standard (AS 17) issued by the Institute of Chartered Accountant of India on 'Segment Reporting', which have been disclosed below.

Particulars	Stuff Toys		Home Furnishings		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
I. Primary Segment Business						
a Segment Revenue						
Sales to External Customers excluding						
Export Benefits	43,861.79	33,334.25	68,421.10	50,350.95	112,282.89	83,685.20
Other Income including Export Benefits	404.41	394.54	1,365.30	1,194.47	1,769.71	1,589.01
Total Segment Revenue	44,266.20	33,728.79	69,786.40	51,545.42	114,052.60	85,274.21
b Segment Result						
Profit before Financial Overheads, Income Tax and exceptional Items	8,881.47	6,612.07	11,557.75	8,096.23	20,439.22	14,708.30
Less : Interest and Finance Charges	2,625.45	1,863.33	4,719.40	3,102.12	7,344.85	4,965.45
Profit before Income Tax and exceptional Items	6,256.02	4,748.74	6,838.35	4,994.11	13,094.37	9,742.85
Less : Exceptional Items (Prior Period						
Expenses / Income	2.40	8.05	348.86	72.92	351.26	80.97
Profit before Tax	6,253.62	4,740.69	6,489.49	4,921.19	12,743.11	9,661.88
Provision for Current Tax	—	—	—	—	591.00	435.28
Provision for Deferred Tax	—	—	—	—	194.00	248.61
Profit after Tax	6,253.62	4,740.69	6,489.49	4,921.19	11,958.11	8,977.99
c Segment Assets						
Carrying Amount Allocated	8,948.24	8,700.01	35,363.41	26,268.73	44,311.65	34,968.74
Unallocated Assets	—	—	—	—	122,524.28	71,964.41
Total Assets	8,948.24	8,700.01	35,363.41	26,268.73	166,835.93	106,933.15
d Segment Liabilities						
Carrying Amount Allocated	417.04	300.73	284.79	158.40	701.83	459.13
Unallocated Liabilities	—	—	—	—	115,056.33	67,533.98
Total Liabilities	417.04	300.73	284.79	158.40	115,758.16	67,993.11
e Cost of Fixed Assets Acquired						
Allocated Fixed Assets Acquired	2,573.13	2,340.59	9,140.31	8,563.14	11,713.44	10,903.73
Unallocated Fixed Assets	—	—	—	—	—	—
Total Fixed Assets acquired	2,573.13	2,340.59	9,140.31	8,563.14	11,713.44	10,903.73
f Depreciation / Amortization						
Allocated	412.56	405.99	1,951.30	1,316.36	2,363.86	1,722.35
Unallocated	—	—	—	—	—	—
II. Secondary Segment — Geographical						
Export Revenues	34,539.11	26,360.28	48,260.48	37,564.69	82,799.59	63,924.97
Domestic Revenues	9,322.68	6,973.97	20,160.62	12,786.26	29,483.30	19,760.23
Total	43,861.79	33,334.25	68,421.10	50,350.95	112,282.89	83,685.20

18. Related Party Transactions

As per AS—18, the Company's related parties and transactions with them are disclosed below

A. Related Parties

- | | |
|------------------------------|---|
| (a) Associate Companies | <ol style="list-style-type: none"> 1. Hanung Furnishings Private Limited 2. Hanung Processors Private Limited 3. Parneet Softech Private Limited 4. C K Software Private Limited 5. Abhinav International Private Limited 6. Hanung Retail Limited 7. Hanung Infra & Power Limited 8. Glofin Investment & Finance Co. Private Limited |
| (b) Key Management Personnel | <ol style="list-style-type: none"> 1. Mr. Ashok Kumar Bansal
(Chairman & Managing Director) 2. Mrs. Anju Bansal (Wholetime Director) 3. Mr. Arvind Kumar Gupta (Company Secretary) 4. Mr. Sandeep Agrawal (CFO) 5. Mr. Vijay Grover 6. Mr. Sunil Duggal 7. Mr. Rajat Saran Lal |

B. Transactions with Related Parties

(Amount in Lac)

Sl.No.	Nature of Transaction	Associate Companies		Key Management Personnel	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Purchase of Goods & Services	9.12	7.92	0.36	0.36
2	Sale of Goods & Services	22.72	19.86	Nil	Nil
3	Advance Outstanding	Nil	1.40	Nil	Nil
4	Managerial Remuneration	Nil	Nil	304.93	224.48
5	Dividend	211.61	149.61	90.84	68.13

19. Earning Per Equity Share

Basic Earning Per Share	31.03.2011	31.03.2010
Profit after tax as per Profit and loss account (In Rs. Lacs)	11957.26	8977.98
Weighted Average Number of Equity Shares Outstanding	2,51,87,925	2,51,87,925
Basic Earning per Share (Face Value Rs.10/—)	47.47	35.64

20. Take Over of Business under Slump Sale Agreement

Some of the immovable properties acquired by the company under the agreement of slump sale are being registered in the name of the company.

21. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2011.

22. Schedules "A" to "P" form an integral part of the Balance Sheet and Profit and Loss Account and have been duly authenticated.

As per our report attached of even date

For and on behalf of the Board of Directors

For Rohtas & Hans
Chartered Accountants

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Whole Time Director

Hans Jain
Partner
Membership No : 82912
Place : Noida
Date : August 24, 2011

Arvind Kumar Gupta
Company Secretary cum Financial Controller

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956
 RELATING TO SUBSIDIARY COMPANIES**

Name of the Subsidiary	Hanung (Shanghai) Ltd.
1. Financial Year of the Subsidiary ended on	31st Dec. 2010
2. Share of the Subsidiary Company held on the above date and extent of holding	
(a) Equity Shares 69.63	
(b) Extent of Holding	100
3. The Net aggregate amount of the Subsidiaries profit(Loss) so far as it is concerned with the members of the Hanung Toys & Textiles Ltd.	
i) Not dealt within the holding company's accounts	
a) For the financial year of the Subsidiary	-85.32
b) For the previous financial years of the Subsidiary/since it became the Holding Company's Subsidiary	
iii) Dealt within the holding Company's accounts	
a) For the financial year of the Subsidiary	
b) For the previous financial years of the Subsidiary/since it became the Holding Company's Subsidiary	
4. Material Changes,if any, between the end of the financial year of the subsidiary company and that of the Holding Company	N/A
5. Additional information on Subsidiary Companies Share Capital	69.63
Reserve	-133.80
Total Assets	15.53
Total Liabilities	15.53
Investment (except incase of investment in subsidiaries)	—
Turnover	—
Profit before Taxatio	-85.32
Provision for Taxaton	—
Profit after Taxaion and write back	-85.32
Proposed Divident (including Dividend Distribution Tax thereon)	—

Notes:

- 1 Your Company had two Subsidiary Companies as on 31st March 2011.Hanung (Shanghai) Ltd and Cody Direct Corp. The Cody Direct Corp. has become the subsidiary company of Hanung Toys & Textiles Ltd. On March 1st 2011 and Audited Financial Results of Cody Corp is being made on every year in December. Therefore the Audited Financial Results after the date of acquisition is not available.
- 2 The Ministry of Corporate Affairs Government of India, vide General circular No. 2 and 3 dated 8th Feb. 2011 and 21st Feb. 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act 1956 subject to fulfilment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.
- 3 The Annual Accounts for 2010-2011 for all subsidiaries are available at Company's Registered Office. Any investor either of Holding Company or any subsidiary company can sek any information at any point of time by making request in writing to the Company Secretary of the Company to obtain a copy of the financial statements of the subsidiary ciomapnies. The Subsidiary Accounts will also be available on the Websidte of the company www.hanung.com
- 4 The consolidated financial statements, in terms of Clause 32 of the Listing Agreement and in terms of Accounting Standards 21 as prescribed by Companis (Accounting Standards) Rules 2006 issued by Ministry of Corporate Affairs vide notification no. G.S.R.739 (E) dated 7th December, 2006 also form part of this Annual Report.

