So that when you think glass the next time, you think of HNG.

HNG is not just a container glass manufacturer.

It is a health-focused company that makes products absolutely safe for enduring use.

Protecting food freshness.

Conserving pharmaceutical potency.

Retaining beverage fizz.

Ensuring liquor taste.

Bringing more fun to life.

Part of Page 5 and Page 7 will be seen from here

vision

To create a world-class glass manufacturing plant that pursues quality, cost reduction and productivity improvement measures in a truly holistic manner, leading to customers', shareholders', employees' and suppliers' satisfaction; this integrated effort will result in the Company becoming an industry benchmark and a role model for its systems, processes and results.

X

Parentage

- Promoted by the Kolkata-based Somany family in 1952
- Business managed by Shri Chandra Kumar Somany (Chairman), Shri Sanjay Somany (Managing Director) and Shri Mukul Somany (Joint Managing Director)

Presence

- Headquartered in Kolkata (West Bengal)
- Container glass manufacturing units in Rishra, Nashik, Neemrana, Rishikesh, Bahadurgarh and Puducherry
- Six marketing offices across six states
- Equity shares listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE)

Part of Page 7 will be seen from here

Products

Container glass bottles from 5 ml to 3,200 ml in various colours (amber, flint and green)

Partners

- Batch-houses from Zippe (Germany)
- Furnaces from Sorg and Horn (Germany)
- Forehearths from Emhart (USA) and PSR (the UK)
- IS machine control system from Botterro (Italy) and Futronics (Germany)
- Bottle handling equipment from Sheppee (the UK) and Heye International (Germany)
- Annealing lehrs and stackers from Pennekamp (Germany) and Carmet (Italy)
- Laboratory inspection machinery from AGR (USA)
- Bottle printing equipment from Strutz (USA) and Rosario (The Netherlands),
- Bottle inspection machines from SGCC–MSE (France), Heye International (Germany) and IRIS (France)
- Palletizing system (MSK Germany).

our container glass clientele*

Liquor

United Spirits
Pernod Ricard
DIAGEO
BACARDI
Allied Blenders & Distillers
Radico Khaitan Ltd.

Pharmaceuticals

Pfizer
GlaxoSmithKline
Cipla
Ranbaxy
Himalaya
Reckitt Benckiser

Food

Unilever
Nestlé
Koeleman
The Global Green Company
Dabur

Soft drinks

Coca-Cola
Pepsi

Beer

UB Group
SAB Miller India
Carlsberg India
Asia Pacific

* This is only an indicative list

Capacity allocation

Plant location	Installed capacity (MT per day)
Container glass	
Rishra, West Bengal	805
Bahadurgarh, Haryana	655
Nashik, Maharashtra	390
Rishikesh, Uttarakhand	425
Puducherry	370
Neemrana, Rajasthan	180

Accolades

- Accredited with ISO 9001:2000 certification ensuring stringent quality protocol; accredited with ISO 22000 for food and safety (Rishra unit)
- Pursuing ISO 14000/18000 certifications to attain global benchmarks

Appreciations

- Rated 'AA' for long-term credit and 'PR1 (+)' for short-term credit by CARE
- Received superior CRISIL rating (4/5 on fundamental grade and 5/5 on valuation grade)
- Ranked by *Business Standard* at 299th (among 1,000 top-listed corporate) in terms of revenue, 265th by operating profit quantum and 253rd by net profit quantum in 2009-10

over the years

1952
Hindusthan National Glass Manufacturing Co. Ltd incorporated

2001
Expanded capacity to 1100 tonnes per day

2002
Acquired plants at Rishikesh and Puducherry from Owens

2005
Acquired the glass division of L&T at Nashik

2006
Incorporated HNG Float Glass Ltd. to set up a float glass plant in Halol

2006
Merger with Ace Glass Containers Limited

2007
Acquired the Neemrana unit of Haryana Sheet Glass (capacity 125 tonnes per day)

2009
Ranked 307th among the top 1000 Indian companies on the basis of net sales by *Business Standard*

2009
Rated as the best Indian company in the Glass & Ceramics category by Dun & Bradstreet

operating framework

The big picture
Emerge as one of the world's major container glass packaging solutions providers

Blueprint
- **Strategic priority 1:** Grow value of the HNG brand and widen product portfolio
- **Strategic priority 2:** Transform our go-to-market model to improve efficiency and effectiveness
- **Strategic priority 3:** Attract, develop and retain a talented and diverse workforce

Values
- Accountability
- Customer-focused
- Team-driven

World-class capabilities
- Revenue growth management
- Supply chain
- Sales and customer service

Drive long-term consistent profitable growth

what we achieved in 2009-10

In our plants
- Production of container glass increased from 767,971 tonnes in 2008-09 to 785,300 tonnes in 2009-10

Despatches

	Dispatch volume (MT)			
	2007-08	2008-09	2009-10	% growth over 2008-09
Rishra	218783	212592	206336	(2.94)
Bahadurgarh	198801	170914	179426	4.98
Rishikesh	104777	116515	116644	0.11
Nashik	69188	107015	110519	3.27
Neemrana	13393	50343	56297	11.83
Puducherry	90888	108099	113362	4.86
Total	695830	765478	782584	2.23

In the marketplace
- Enlisted customers like Diageo, Con Agra and Hero Foods, among others.
- Strengthened net realisations by 1.45% through re-engineering and superior service

Realisations

	Net realisations (Rs./MT)			
Segment	2007-08	2008-09	2009-10	% growth over 2008-09
Food	14655	17730	18378	3.65
Soft drinks	15873	18107	20132	11.18
Beer	12242	15433	16066	4.10
Liquor	13852	16658	16503	(0.93)
Pharmaceutical	16505	19117	19726	3.18
Toiletries	15593	18788	18560	(1.21)
Vials	25643	29404	29246	(0.53)
Household	20077	21445	22364	4.29
Total	14677	17127	17377	1.45

In our numbers
- Gross turnover increased 0.78% from Rs. 1,439 cr in 2008-09 to Rs. 1,450 cr in 2009-10.
- Net sales escalated 3.73% from Rs. 1,311 cr in 2008-09 to Rs. 1,360 cr in 2009-10.
- EBITDA mounted 34% from Rs. 236 cr in 2008-09 to Rs. 316 cr in 2009-10.
- Pre-tax profit improved 55% from Rs. 118 cr in 2008-09 to Rs. 183 cr in 2009-10.
- Net profit grew 44% from Rs. 108 cr in 2008-09 to Rs. 155 cr in 2009-10.
- Cash profit strengthened 32.41% from Rs. 182 cr in 2008-09 to Rs. 241 cr in 2009-10.

Dear Stakeholders,

At HNGIL, our differentiated edge hinges on two critical areas: our ability to generate an attractively profitable return; our capability to meet downstream demand at the right time, at the right place and at the right price.

But these virtues were tested in 2009-10, when the Indian economy gradually picked momentum and the world economy started awakening from its worst slumber in living memory.

Against this backdrop, we sustained our growth momentum through the acquisition of large-ticket and varied orders, which reinforced our leadership in the container glass industry.

Leader by a long shot

Turnaround expertise: Over the last eight years, we turned around sick units acquired from Owens Brockway at Puducherry and Rishikesh, the Nashik unit (acquired from Larsen & Toubro) and the Neemrana unit (acquired from Haryana Sheet Glass). At HNGIL, we will continue to focus on the same approach – acquisition, de-bottlenecking and rehabilitation – leading to value unleashing in the shortest possible time.

Growing verticals: Our widening presence in a growing business should increase our order book, widen the room for value creation and strengthen our margins.

More investments: We increased our gross block from Rs. 534 cr in 2005-06 to Rs. 1,661 cr in 2009-10, enhancing our capacity to address demand growth and strengthen product manufacture.

Enriched client mix: Our diversified, growing and loyal clientele – United Spirits, Pernod Ricard, Diageo, Radico, SAB Miller, Pfizer, Cipla, GlaxoSmithKline, Hindustan Unilever, Dabur, Heinz, Nestle and Coca-Cola, among others – generate substantial repeat business.

Consistent R&D focus: Our ongoing research and development improved efficiency from 84% in 2004-05 to 87% in 2009, strengthening our margins.

Downstream optimism

We are driven by a growth in our end users like FMCG, food processing, beverages, beer, liquor, pharmaceutical, retail and cosmetics. In a growing domestic economy, our growth is expected to be derived from the growth of the liquor and beer segments, and, in turn, by favourable demographics and rising disposable incomes. The pharmaceuticals and processed food industries are likely to register healthy growth rates on the back of a sizeable domestic population, rising income levels and higher propensity to consume; besides, there is a higher healthcare consciousness today than ever before.

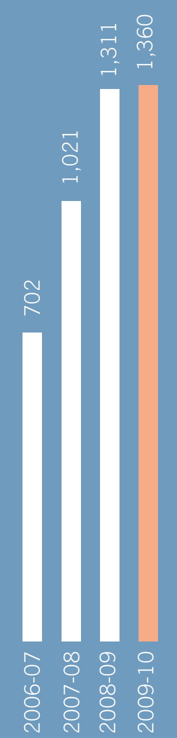
- **Liquor:** Indians consume 200 million cases of IMFL and 220 million cases of country liquor annually. The result is 13% sectoral growth.
- **Beer:** Beer shipments touched 174 million cases in 2009 against 137 million cases in 2007, on the back of rising consumption (15% to 20%) annually.
- **Food processing:** India's retail food sector is likely to grow from around USD 70 billion in 2008 to approximately USD 150 billion in 2025.
- **Pharmaceuticals:** India is one of the fastest growing pharmaceutical markets; the market is expected to see a 12-15% CAGR over the next three years (*Source: IMS Research*).
- **Carbonated drinks:** This Rs. 60-billion industry is expected to grow at 6-8% annually.
- **Cosmetics:** This segment is growing at 15-20%; the industry size of USD 950 million is expected to grow to USD 1.4 billion in three years.

I take this opportunity to acknowledge the efforts of our shareholders, employees, bankers, customers, suppliers, advisors and other partners in the business, who, directly or indirectly, strengthened performance in 2009-10. I must assure our stakeholders that the Company will endeavor to deliver superior value for all those who depend on us, work with us and invest in us.

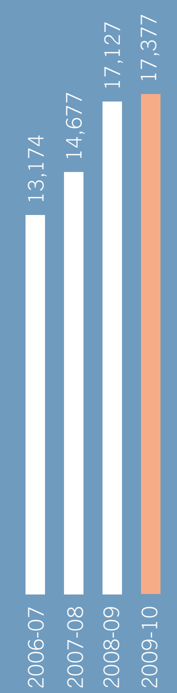
Sincerely,
Chandra Kumar Somany
Chairman

Shri Chandra Kumar Somany, Chairman, HNGIL, reviews the Company's performance and explains the future course of action.

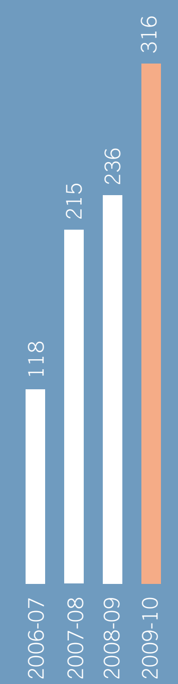
Net Turnover (Rs. in cr)



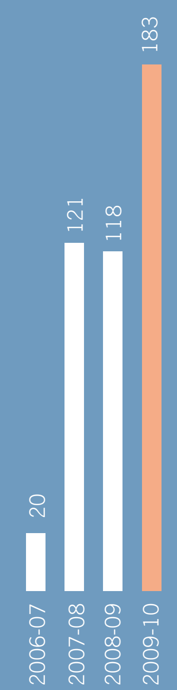
Net Realisations (Rs. per tonne)



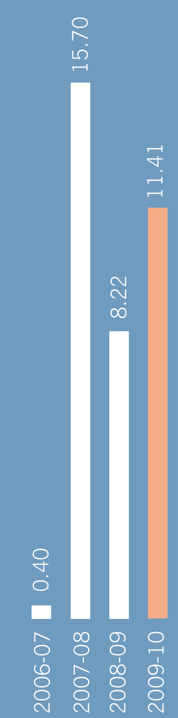
EBITDA (Rs. in cr)



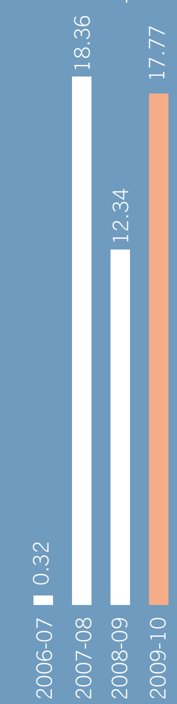
Pre-tax profit (Rs. in cr)



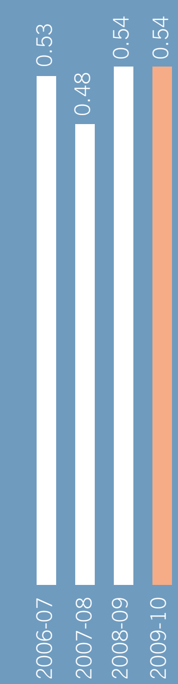
Net profit margin (Percent)



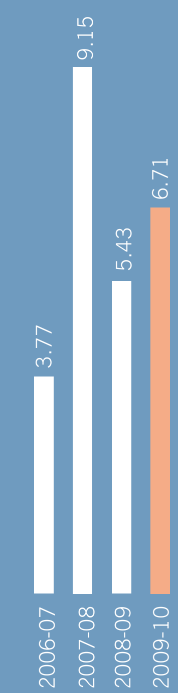
Earnings per share (basic) (Rs.) – On a face value of Rs. 2 per share.



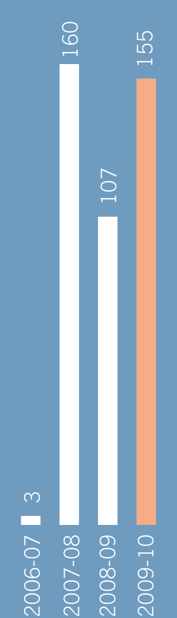
Debt-equity ratio



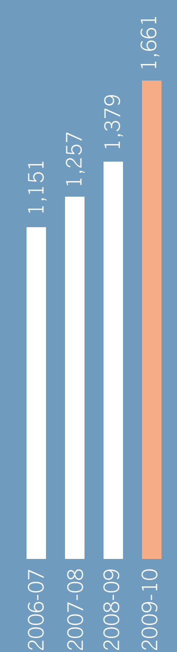
Interest cover



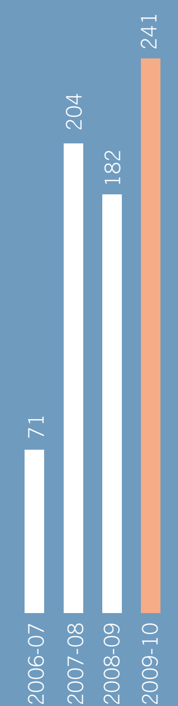
Post-tax profit (Rs. in cr)



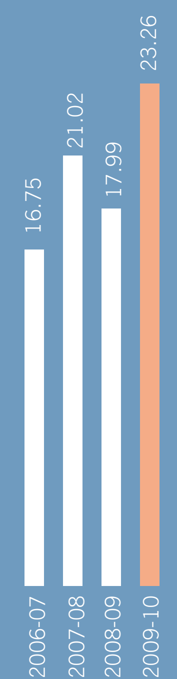
Gross block (Rs. in cr)



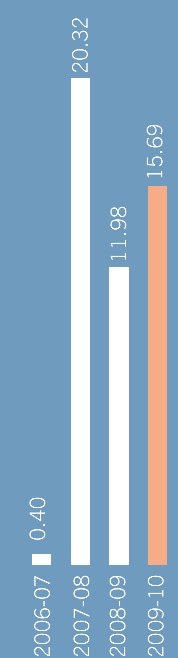
Cash profit (Rs. in cr)



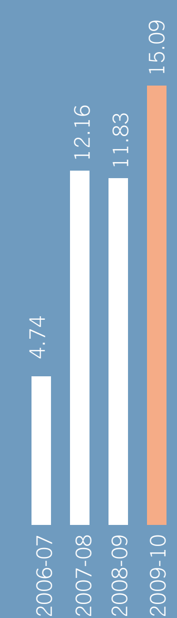
EBITDA margin (Percent)



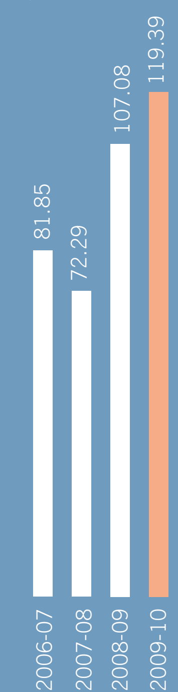
RONW (average) (Percent)



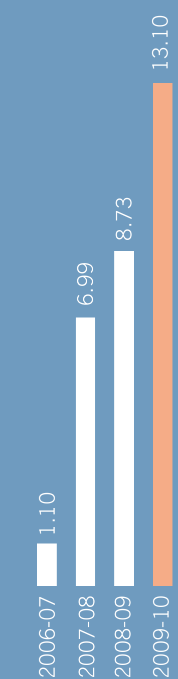
ROCE (average) (Percent)



Book value per share (Rs.) on a face value of Rs. 2 per share.



Dividend payout (Rs. in cr)



asset utilisation

THE AVERAGE AGE OF OUR MANUFACTURING ASSETS IS BETTER THAN THE BENCHMARKS BECAUSE OF OUR OWN ENGINEERING SKILLS, ENHANCING THE LIFE OF THE ASSETS. BESIDES, WE HAVE SUCCEEDED IN SWEATING THE ASSETS TO THE MAXIMUM EXTENT, A MAJOR FACTOR IN BETTER OPERATIONAL RESULTS.

We have consistently done so through our proactive commitment to reinvest these plants with contemporary technologies and operational streamlining. The result is an aggregate asset efficiency that matches the best industry standards.

- We maintained our efficiency yield from 84% in 2004-05 to 87% in 2009-10

Result: our manufacturing cost as a proportion of net sales declined from 79.91% in 2008-09 to 77.88% in 2009-10.

fuel mix

IN A BUSINESS THAT REQUIRES HIGH FURNACE TEMPERATURES TO BE SUSTAINED FOR YEARS ON THE ONE HAND AND THE NEED TO CONTROL RISING FUEL COSTS ON THE OTHER, WE SURPRISED INDUSTRY OBSERVERS BY ENHANCING OUR FUEL EFFICIENCY.

We did so by scrutinising every leg of the core glass production process, investing in cutting-edge technologies, exploring alternative resource use, fighting for small wins and aggregating them towards attractive cost-efficiency.

- We shall soon replace the long standing use of furnace oil with natural gas at our Nashik and Neemrana plants, saving energy costs
- Electricity consumption in 2009-10 was 361 units per tonne of Pack.

Result: power and fuel cost as a proportion of total income declined from 27.41% in 2008-09 to 26.88% in 2009-10

water use

IN A BUSINESS THAT REQUIRES WATER TO BE USED IN MANUFACTURING OPERATIONS, WE RESPONDED RESPONSIBLY TO THE GROWING GLOBAL CONCERNS ABOUT THE DECLINED AVAILABILITY OF THIS PRECIOUS NATURAL RESOURCE.

- We comprehensively mapped our production process to identify all points of water use
- We compared our water use with the best national and international standards
- We optimised the size of water pipes
- We recycled water for cullet washing.

Result: We are continuously cutting down on use of fresh water.

financing

IN A CAPITAL-INTENSIVE BUSINESS AND A HIGH-COST ECONOMY, WE REDUCED OUR OVERALL COST OF STAYING IN BUSINESS.

- We borrowed long-term debt of Rs. 97.47 cr in 2009-10 and repaid Rs. 51 cr of long-term debt in 2009-10, retaining our debt-equity ratio at 0.54
- We reduced our average debt cost from 9.38% in 2008-09 to 8.79% in 2009-10
- We strengthened our interest cover from 5.43 in 2008-09 to 6.71 in 2009-10
- We liquidated Rs. 10.29 crore from the sale of old assets

Result: Return on capital employed increased from 11.83% in 2008-09 to 15.09% in 2009-10.

project commissioning

IN A BUSINESS WHERE ADDITIONAL CAPACITY COMMISSIONING IS EXTENDED AND OFTEN EXPENSIVE, ANY REDUCTION IN TENURE OR COST CAN PREPONE REVENUES ON THE ONE HAND AND ENHANCE PROJECT PAYBACK ON THE OTHER.

- The Company's proposed greenfield Naidupeta capacity of 650 TPD for (approx) Rs. 500 cr compares favourably with the industry benchmarks
- The project is being funded at attractively priced debt
- The Company is funding a third of the project through zero-cost accruals

Result: The Company's post-expansion capital cost per installed tonne will continue to be the lowest against an installed capacity that will continue to be the largest in India – a twin advantage.

"By the virtue of strong technology leadership, we can deliver a wider variety of products to a broader range of customers with a lower material quantity for a higher value in quicker time."

Sanjay Somany, Managing Director, explains the growing technology emphasis and how the Company is strengthening its competitive edge

I have been involved on the technology side of container glass manufacture for nearly three decades and I would say that most technology changes were fairly incremental during the first two. It is only in the last decade that the concept of technology in container glass manufacture has become more challenging, demanding and exacting.

I explain this phenomenon as a tipping point for some good reasons:

- People costs have increased so there is a greater need to accelerate the speed of the filling line; what could be done in three shifts, may now be done in two.
- Equipment costs have increased so there is a greater need to maximise asset efficiency and report a higher return on gross block
- Branding costs have increased so it is increasingly critical to get product launches – representing a complement of content and packaging integrity – absolutely spot on
- Material and fuel costs have increased, so it is imperative to make bottles thinner and lighter without compromising strength
- Real estate costs have increased, so it is becoming increasingly important to design bottles that can take increased stacking load on top of each other
- Distribution footprints have widened and shelf-lives have increased, making it imperative for the bottle-cum-cap to provide comprehensive content preservation solutions

The result is that a number of parameters like 'vertical load' were not even specified as a requirement some years ago; today, they are standards. Let me concise the point by saying that what used to be a manufactured item is now an engineered product.

Over the last decade, we reinforced the 'engineering' side of our business resulting in a stronger understanding of the interplay of raw materials, product design and equipment capability. The result is that we can deliver a wider variety of products to a broader range of customers with a lower material quantity for a higher value in quicker time.

The core of our ability lies in our intent to graduate from being converters to value-enhancers. The result is that HNG has always pushed the envelope in whatever it has done; we were container glass manufacturers who embraced equipment fabrication capabilities; we were container glass manufacturers who extended from mere product manufacture to how well they would perform on the customer's filling lines; we were container glass manufacturers who extended from how much more we could produce to how well they would look on retail shelves.

We integrated backwards to a computerised design environment. Today our design centre is a CAD-driven environment where a product can be seen, analyzed, modified, flipped, reversed and then extended into acrylic prototyping for the customer's benefit. The result is that a customer can walk in at nine into any of the design centres attached to our plants with an order and leave by six with relevant bottle designs. In doing so, we have shrunk the design-to-market cycle from six months to a

mere three, which is absolutely comparable with the best product development standards of the world.

There are a number of critical areas that reflect unmistakable improvement:

Better glass distribution: In a bottle, areas are either thicker or thinner at certain point due to process constraints. The higher the glass distribution (stability ratio) the better. Over the years, we have successfully raised the stability factor of our bottles 50% higher than the prevailing industry standard.

Better loadability: With rising fuel costs, it has become imperative for more bottles to be packed in less space. Following light-weighting, whereby we have reduced the weight of each bottle, we have made it possible for 10-15% more bottles to be loaded on vehicles, resulting in a better return per rupee of logistic spending.

Filling line speed: At one time, filling line speed used to be 40 bottles a minute. However, over the last decade with an increasing premium on wage rates and machine productivity, filling speed has increased to 200 bottles a minute. This has made it imperative for a neat match between bottle design and the filling line.

Impact strength: Earlier, whenever the relatively heavy bottles collided on the filling line, there would be breakage and considerable loss of material and time. We strengthened our technology to manufacture lighter but stronger bottles; our bottle may have declined in weight from 285 gms to 220 gms but is still as strong as the former. For instance, the injectible infusion bottle that we manufacture is 20% lighter but 50% stronger with low breakages on the filling line. As a result, our market share for this product increased from 35% a few ears ago to 100% in India today!

What is creditable is that we grew all these capabilities through home-grown technologies. We did all this and pleasantly surprised our customers. We did all this better and faster than the rest of the industry. We did all this and held our own in our global peer community. We did all this and didn't just focus on technology for technology's sake but for the sake of creating more aesthetic products to help our customers carve out larger market shares.

As a result of this investment, we expect to report a 10-12% tonnage increase starting from the end of 2010-11 followed by the commissioning of our 650 TPD Naidupeta plant in 2012-13, leading the way for three straight years of tonnage growth.

The result is that HNG is recognised among a handful global technologically competent container glass manufacturers, as a partner of some of the best equipment manufacturers who would rather test their products on our shopfloor because of our internal demanding standards, and as a responsible supplier of products to an exacting Western Europe.

This technology positioning was reinforced during a challenging 2009-10. At a time when it would have been convenient for a number of companies to have cut back on capital expenditure, we invested Rs. 30,828.20 lac in our gross block. We did so with a singular objective: to discontinue legacy capacities in certain plant pockets and replace them with superior technology that would help us reduce production cost and increase our capacities to cater to the growing needs of customers.

The investments made this year in our Rishra and Bahadurgarh plants was not just re-engineering; the plants had to be taken down and new ones put in their place, consuming more than two times the normal time and complexity.

However, the Company possessed the courage to go through with this investment and asset churn because it was convinced that these plants would inevitably lead to enhanced capacity, productivity, output and power efficiency. They would enable us to do in a bigger way what we always been proud of: the ability to make more from the same.

As a result of this investment, we expect to report a 10-12% tonnage increase starting from the end of 2010-11 followed by the commissioning of our 650 TPD Naidupeta plant in 2012-13, leading the way for three straight years of tonnage growth.

Going ahead, we expect to strengthen our industry leadership through capacities (leading to market share) and efficiencies (leading to higher profitability), and the interplay of the two enhancing shareholder value.

Regards,
Sanjay Somany
Managing Director

strengths: corporate

Presence: The Company's six plants possess the capability to deliver quickest to urgent customer needs from any of its dispersed locations at the lowest freight cost.

Receivables: Stringent receivables management enabled the Company to reduce its debtors' cycle from 57.64 days of turnover equivalent in 2008-09 to 55.41 days in 2009-10.

Promoter experience: The Chairman has more than five decades of container glass industry experience while the MD and Joint MD possess about three decades of rich industry experience.

Technical capabilities: The Company leverages in-house capability to manufacture forming machines, spares and consumables; a captive foundry provides moulds and castings for forming machines, an effective backward integration.

Sustainability: The container glass sector is a growing one with no cyclicality in any year during the last decade. Even during a challenging 2008-09, the industry volume continued to grow.

Customers: The Company's customers comprise prominent and growing brands like United Spirits, Pernod Ricard, Diageo, Radico, Bacardi, United Breweries, SAB Miller, Asia Pacific Breweries, South Asia Breweries, Pfizer, Cipla, Glaxo SmithKline, Reckitt Benckiser, Ranbaxy, Himalaya, Hindustan Unilever, Glaxo Smithkline, Nestle, Koeleman, Global Green, Heinz, Dabur, Coca Cola and Pepsi, among others.

Relationships: A large part of the Company's income in 2009-10 was derived from customers who have been with the Company for more than five years

Turnaround capability: The Company is respected for its turnaround capability, having returned acquired units like Nashik and Neemrana to the black with minimal investment in a short tenure

Logistical edge: The Company possesses fleet of about 80 trucks to accelerate distribution, reducing its dependence on other transportation modes.

Human resource: A well experienced team of competent human resources drives organisational growth of the Company.

strengths: financial

Momentum: The Company reported a record post-tax profit of Rs. 155 cr in 2009-10 (45% higher than in the previous year) and a record cash profit of Rs. 241 cr in 2009-10 (32.41% higher than in the previous year).

Value-creation: The Company provided seed investment for float glass manufacture in Halol (commercialised in 2009-10), which will be valued attractively when business grows further.

Cost structure: The Company possesses the lowest cost structure for container glass manufacture in India (total costs including interest but excluding depreciation and tax) and is the lowest cost producer in India.

High retained profit: The Company's obligations of dividend, capex commitment and loan repayment accounted for no more than 82% of its total cash profit for 2009-10, making an adequate surplus available for prospective use.

Low gearing: A gearing of only 0.38 (without working capital) and 0.54 (considering all debt). Comfortable interest cover of 6.71 and a low average funds cost of 8.79% in 2009-10 was at least 50 bps below the prime lending rate.

Cash rich: A cash and balance of Rs. 4.70 cr as on March 31, 2010. The value of stock in treasury was estimated at Rs. 350 cr in mid-June 2010 based on CMP. The seed investment of Rs. 105 cr in the float glass business was funded out of accruals.

Capital cost per tonne: A strong experience in the glass industry translates into superior project management. The capital cost of the new Greenfield unit compares favourably with the industry average.

Our focus

- Achieve year-on-year profitability higher than the industry average
- Maintain a leadership position through inorganic and organic options
- Provide customised solutions to customers; add value to their processes; maintain long-term relationships
- Extend beyond vendorship to partnership; create processes that enhance the ease of customer interaction
- Provide an optimum return on investment, ensuring continuous stakeholder support
- Invest time, effort and resources to enrich the environment for succeeding generations
- Optimise the use of equipment, materials, people and funds
- Nurture competence in an intellectually stimulated environment
- Strengthen the brand locally and globally

Our competitive strategy

Ensure cost sensitivity	■ Improve labour productivity ■ Enhance automation ■ Streamline raw material costs
Professionalise store management	Simplify store processes, manage staff effectively and improve store layout
Evaluate store viability	Cost wise and usage wise
Decode consumer behavior	Understand consumer behaviour, based on geographic and cultural variables
Forge alliances	Collaborations can enhance financial strength, managerial expertise and technological bandwidth
Strenghten the supply chain	Professionalise the distribution mechanism with multiple vendors
Enhance footprint	Explore under-penetrated segments and geographies
Encourage innovation	Cut market clutter and stay ahead of completion with new, untested ideas
SAP function	Strengthen a culture of informed decision making

"We have enunciated a goal to replicate our domestic revenues from the international market through prudent asset acquisitions a few years from now."

Mukul Somany, Joint Managing Director

At Hindusthan National Glass & Industries Limited, we possess a clear perspective of where we are and where we want to go.

We are the largest container glass company in India today with a market share of 65% and revenues of Rs. 1359 cr (2009-10). We have enunciated a goal to enhance our market share, replicate our domestic revenues from the international market through prudent asset acquisitions a few years from now.

We have embarked on a number of initiatives to make this vision a reality.

One, even as HNGIL is present in a volume-driven business, we embarked on a business plan to emerge as a value-driven manufacturer through an increasing production of light-weighted bottles. Today, lightweighted bottles as a proportion of our overall product mix, is around 16%. Each year, we add 3-4% of lightweighted bottles to our product mix,but once our Naidupeta facility is commissioned, the annual lightweighting increment is expected to accelerate to about six%, widening our margins.

Two, for a business that is spread across six locations and must manage dozens of cost variables in real time, the key lies in informed decision making. In other words, the key lies in access to information breadth and depth that is available to all our key decision makers. With this priority in mind, the Company wired the organisation through SAP in the last two years. Besides, the Company implemented BI modules and Performance Management Systems that made it possible for corporate goals to be driven from an overarching vision down to annual numbers and from annual numbers to respective units from respective units to managers and individuals. To make such a programme effective, we benchmarked our cost per unit with the best standards in the world, squeezing the last drop in cost reduction and manufacturing efficiencies.

Three, at HNGIL we recognise that the last few decades have provided us with a world-class engineering insight into glass technologies. This has reflected in an ability to prospect losing units at low cost, identify technology gaps, invest prudently, turn these assets around in the shortest time and sweat them consistently for maximised return. The time has come for us to extend from India to international domain; the time has come for us to prospect under-performing international assets with the objective to turn them around and create hubs from where we can feed growing international demand. We created a team of four senior managers to prospect such opportunities and expect to have something positive to communicate to our shareholders in the near term.

Four, we will need to keep growing our container glass capacity to feed rising national demand. In view of this, we reinvested in fresh capacity in certain production lines at our Rishra and Bahadurgarh units in 2009-10, which will generate incremental production this year, some more production in 2011-12 and finally lead to the commissioning of our greenfield Naidupeta capacity in FY 2012-13. In view of this, we expect to reporting growing production tonnage across the coming three years, the highest in the last year. Thereafter, we will invest in our Naidupeta container glass capacity as per prevailing demand, providing us with the foundation to enhance our output and market share across the foreseeable future. We arrived at this location following studied analysis; the site secures our access to low cost feedstock on the one hand and access to a large growing South Indian market on the other.

Five, we invested seed capital in HNG Float Glass in FY 2007 and I am pleased to report that the prospects of our investment appear attractive for a number of reasons. The greenfield float glass plant was commissioned in a record 21 months, is being sweated at full capacity within only the first four months of commercial production, has carved out an impressive 15% of market share and is presently unable to service demand. We expect to enhance the value of our shareholding in this Company through competitively priced capacity addition that enables HNGFL to grow to a float glass market share of 40% in a few years from now.

We emerged from the slowdown with a rebound in our profits and I am optimistic that the future ahead of us is going to be as exciting as it will be profitable.

Mukul Somany
Joint Managing Director

Segment review

container glass division

Revenue: Rs. 1397 crore

EBITDA: Rs. 316 crore

Capacity: 2825 TPD

Market share: 65%

Our six manufacturing facilities

Rishra (West Bengal)	Bahadurgarh (Haryana)	Rishikesh (Uttarakhand)	Puducherry	Nashik (Maharashtra)	Neemrana (Rajasthan)
Installed capacity: 805 TPD	Installed capacity: 655 TPD	Installed capacity: 425 TPD	Installed capacity: 370 TPD	Installed capacity: 390 TPD	Installed capacity: 180 TPD
Three furnaces	Three furnaces	Two furnaces	One furnace	One furnace	One furnace
* Automated batch-mixing facility	14 manufacturing lines	Furnace II used for Green glass manufacture	Fully automated batch-mixing facility *IS / AIS manufacturing lines	4 manufacturing lines	3 manufacturing lines
On-site bottle printing facility with four decorating lines	On-site bottle printing facility with three decorating lines	Off-site printing facility three decoration lines	On-site printing facility with with three decorating lines	On-site bottle printing facility with three decorating lines	
Amber, flint and green glass manufacturer	Amber and flint glass manufacturer	Green, flint and Georgia green	Sand beneficiation plant, foundry and mould workshop	Flint glass	Manufactures flint and amber glass
On-site mould repair shop and design facility	Foundry and mould workshop energy feed through captive power generating		On-line automatic OI / SGCC/ B & S inspection machines	Mould workshop for product design and manufacture	
	facilities		On-site modern finished goods warehouse		
			Automatic palletisers for packing		

Highlights, 2009-10

- Increased production from 7,67,971 tonnes in 2008-09 to 7,85,300 tonnes
- Created a new beer bottle design for SAB Miller and UB
- Acquired land at Naidupeta (Andhra Pradesh) for a greenfield project
- Introduced the cutting-edge NNPB technology in the Bahadurgarh plant; received product and quality approvals from Diageo with attractive prospective sales implications
- Installed natural gas-operated power generators in the Bahadurgarh plant
- Reviewed power consumption at the level of individual equipment and made relevant reduction
- Reviewed and reduced water consumption through optimised pipe size and growing use of recycled water for cullet washing
- Progressively replace the use of oil and LPG with natural gas.
- Entered into a joint venture with OMCO (Belgium) for mould manufacture

Overview

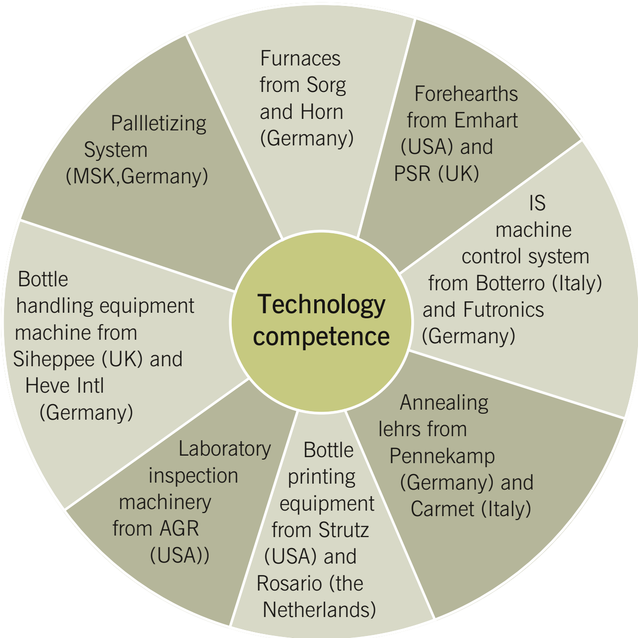
The business of container glass manufacture is marked by the following characteristics:

- **Freight sensitive:** Since the commercial pricing in this business is generally ex-factory, companies try and position themselves closest to users.
- **Relationship-driven:** The business is generally marked by enduring relationships between manufacturers and customers.
- **Customisation:** Each customer's requirement varies, so products have to be customised around specific requirements.
- **Hygienic:** The product is used in downstream applications with a high requirement of hygiene and purity
- **Continuous:** The manufacture of container glass is continuous; the furnace is seldom shut across its campaign life of a decade
- **Challenging:** The business is challenging, marked by high capital costs, need for high sustained asset utilisation and the customised nature of products, warranting competencies in finance, manufacture, research and marketing

HNGIL is engaged in the manufacture of container glass bottles (5 ml to 3,200 ml) that find applications in industries as diverse as liquor, beer, pharmaceuticals, food, dairy and carbonated drinks, among others. The Company's manufacturing units possess state-of-the-art technologies.

"We have been supplying soda-ash to HNG since our inception in 1959, and have developed a long lasting relationship with them. They are among the largest damp soda ash procurer in India from us. Keeping in mind their growing requirement we have dedicated our depot at Bahadurgarh largely for their requirement. HNG are very good customers to us. They maintain good quality, prompt payments and are a prosperous company. In fact, they are our preferential buyer. An interesting case occurred about three years ago when they required soda ash urgently as they could not import soda ash for one their plants, owing to some political unrest. We immediately addressed their requirement, by providing the requisite amount."

Shri Akhil Maheshwari, Nirma Limited



The Company is uniquely placed to address the country's growing demand: six manufacturing units dispersed across India, proximate to customers, possessing adequate cumulative capacity of 2825 TPD (India's largest) and the ability to produce bottles in three colours (amber, flint and Georgia green). The Company's manufacturing plants are certified for ISO 9001:2000 and ISO 22000.

Strengths

Management team: The Company possesses an experience of more than five decades in the business of glass products.

Scale: The Company possesses the largest capacity for container glass in India (2825 TPD) which translates into scale economies and bargaining power with raw material suppliers.

Turnaround specialist: Similarly, the Company turned around three losing units following acquisition.

Clientele: The Company markets container products to several institutional clients; brand-enhancing clients comprise United Spirits, SAB Miller, HUL, Nestle, Glaxo Smithkline, Heinz, Coca Cola and Pepsi, among others.

Market share: The Company accounts for 65% of India's container glass industry.

Presence: The Company's six dispersed manufacturing units make it possible to service customers with shorter delivery tenures and lower transportation costs.

Pioneering technology: HNGIL was the first Company in India to introduce the Narrow Neck Press and Blow technology, reducing bottle weight by 15-35% and corresponding costs.

Raw material management

In the business of glass manufacture, it is imperative to secure raw material supplies from points closest to the Company's consumption points at the lowest cost

HNG's key raw materials comprised silica, limestone, dolomite, feldspar, soda ash and cullet. Silica and soda ash accounted for 60-65% of the total raw material cost. All raw materials – except a large portion of Company's soda ash requirement - were procured domestically and within close distance of the Company's various plants. The Company imported a large part of its soda ash needs from overseas. The Company also tied up with distilleries and bottlers for cullet procurement, entering into long-term contracts for seamless supply. The Company maintained adequate stock. The Company's achievement during the year under review comprised the following:

- Commenced sand beneficiation in Bankura (West Bengal) that resulted in lower iron silica and better glass quality
- Applied for sand mine leases for the proposed plant in Naidupeta (Andhra Pradesh)
- Received prospective lease licenses for sand mines
- Leveraged longstanding relationships with cullet suppliers

Going ahead, the Company intends to develop new raw material vendors and expects to replace furnace oil with natural gas in the Rishikesh, Puducherry and Nashik plants.

Operations

Operations represent the critical arm in the success of a container glass company for some good reasons: the product needs to be customised, so a high manufacturing quality is critical; the business is capital-intensive so a high production efficiency is important: the business comprises the management of select raw materials so a robust supply chain is necessary.

The Company achieved the following during the year under review:

- Increased production from 7,67,971 tonnes in 2008-09 to 7,85,300 tonnes
- Introduced the cutting-edge NNPB technology and installed natural gas-operated power generators in the Bahadurgarh plant
- Reviewed power consumption at the level of individual equipment; reviewed and reduced water consumption through optimised pipe size and growing use of recycled water for cullet washing.
- Replacing the use of furnace oil with natural gas at more manufacturing locations
- Entered into a joint venture with OMCO (Belgium) for mould manufacture

Quality

In the business of container glass manufacture, quality comprises the responsible manufacture of products so that they represent the highest hygiene, strength, colour, clarity and consistency. The Company responded with corresponding seriousness: its quality assurance team ensured strict conformance with all quality parameters. The Company's manufacturing units were certified for ISO 9001:2000 and ISO 22000, ensuring process discipline and consistency. The Company undertook preventive maintenance and conducted comprehensive quality checks extending from incoming raw materials to finished products.

The result:

- Successful implementation of Six Sigma projects
- Installation of auto inspection machines across several lines
- Implemented suggestions related to quality indicated by customers leading to their plant, process and product approvals
- Received product and quality approvals from Diageo with attractive prospective sales implications

Going ahead, the Company intends to introduce more Six Sigma projects, automate existing manual processes (including packaging) and enhance product quality.

Marketing

In the business of container glass manufacture, success is derived from an ability to delight customers through customised productisation and timely delivery (from various plants to dispersed locations). In 2009-10, sales by value increased by 1% while sales by volume increased by 2.23%.

Wines: In 2009-10, the wines market declined but is expected to recover in 2010-11. The 15% growth of the alcobev industry is expected to sustain, riding an upward correction in the country's per capita consumption of beer, liquor and soft drinks.

Soft drinks: Until five years ago, glass was the only packaging material used in soft drinks, marginally replaced by PET. However, the industry continues to bank on a growing consumption of glass bottles in rural India. Besides, optimism is derived from a 20-30% growth in soft drinks consumption in the country.

HNG's serviced a pride-enhancing clientele comprising UB, SAB Miller, Pfizer, Nestle, Coca Cola and Pepsi, among others. The Company achieved the following during the year under review:

- Sales increased 2.23% from 7,65,478 MT in 2008-09 to 7,82,584 MT in 2009-10
- Net realisations increased from Rs. 17,127 per tonne in 2008-09 to Rs. 17,377 per tonne
- Received approval for international supplies to Heinz, Hero and ConAgra Foods
- Extended the global footprint from 22 countries to 23
- Supplied 30 mn bottles to Indonesia's pharmaceutical segment

During the year under review, Hindustan Sanitaryware almost doubled its container glass manufacturing capacity to 950 TPD while other smaller players aggregatively increased their production capacities by 800-900 TPD, both cumulatively accounting for a over 20% increase in the country's installed container glass capacity. The result was a relative oversupply and marginal decline in realisations.

The Company responded to the challenge through the following initiatives: strengthened its price-value relationship by offering material to customers closest to their consumption points by drawing on the Company's dispersed pan-India manufacturing locations; the Company worked closely with customers (especially SAB Miller and UB) to develop new product variants; the Company proposed to commission a new 650 TPD container glass unit in Naidupeta (Andhra Pradesh); the Company evolved from mere product supply to a complete logistic solution provider resulting in lower supply chain costs.

The Company introduced its NNPB variant across a larger number of customers impressing upon them the advantages of material and cost saving. The Company replaced plastic bottles used in saline drips with glass equivalents through this cutting-edge technology, catalysing offtake.

"HNG is our preferred supplier for glass packaging as they have the best geographical spread of manufacturing facilities in the sub continent "

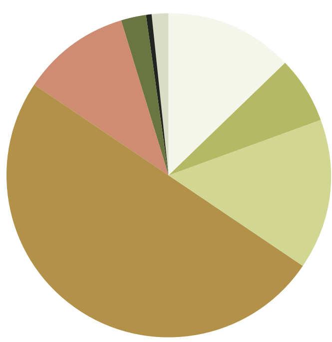
Shri Vijay K Rekhi, President and MD, United Spirits Limited

Increasing despatch volumes for container glass

Segment	Despatch volume (MT)			Growth over
	2007-08	2008-09	2009-10	2008-09 (%)
Food	89056	106711	100737	(5.60)
Soft drinks	24435	27312	51675	89.20
Beer	98017	94478	117293	24.15
Liquor	356143	413053	394595	(4.46)
Pharmaceutical	97207	91780	82862	(9.72)
Toiletries	15654	17814	18339	2.95
Vials	6684	4811	4855	0.91
Household	8634	9519	12228	28.46
Total	695830	765478	782584	2.23

Going ahead, the Company intends to extend NNPB technology from one plant (Bahadurgarh) to two others (Rishra and Nashik) and thereafter, one line in all plants, increasing the proportion of NNPB in the Company's overall portfolio. The NNPB market is expected to grow following the preference for single-use (as opposed to recycled) bottles in the country.

Segmental break-up of supply



- Vials 0.63%
- households 1.55%
- Food 12.94%
- Soft drinks 6.67%
- Beer 15.08%
- Liquor 50.03%
- Pharmaceutical 10.73%
- Toiletries 2.37%

Exports

In the business of container glass, it is imperative to widen exposure across industry segments and geographies. In this respect, glass export provides the twin advantage of growth, profitability and business de-risking. The cost of freight and breakage possibility is an export challenge; on the other hand, it is possible to enter export markets by supplying on a marginal costing basis (following conversion cost coverage).

The Company's export performance was modest in 2009-10, with the international markets passing through a difficult phase and not having adequate incremental volume to offer. Revenues from international markets were 5.64% in 2009-10 as against 9.71% in 2008-09. The Company marketed products in Asia, Europe, North America and Africa. Going ahead, the Company intends to increase its exposure in the non-SAARC nations including opening a depot in some locations.

Outlook

The Company is optimistic of prospects for the following reasons: creation of a greenfield unit in Naidupeta (650 TPD) by March 2012 and enhanced capacity in Nashik (100 TPD) that are expected to grow volumes by 30% in 2012-13; a growing focus on NNPB technology delivering higher margins; lower resource consumption (energy and water) through Servoshear and Graphoidalshear spray system technologies; higher productivity through sophisticated furnace control mechanisms; replaced use of furnace oil with natural gas in the Bahadurgarh and Rishra units; the installation of a captive 1.2 MW power plant based on waste heat recovery in Rishra.

"Our quest for progressive excellence in customer service have been ably supported by our partner HNG's innovative ideas in glass packaging"

Shri R.M Nikam, Head, Procurement, Cipla

What makes the Narrow Neck Press and Blow technology unique

HNG pioneered the Narrow Neck Press and Blow technology (as opposed to the conventional press and blow process) in India in FY08.

The Company introduced this technology in its Bahadurgarh plant and expects to extend this to Rishra in 2010-11, and in two other plants by 2012-13. As a result, NNPB output as a proportion of the total production is expected to increase significantly.

The technology represents a win-win for the Company and consumers:

- Reduces bottle weight by 15-35%, translating into lower raw material and energy costs
- Delivers superior glass strength and quality due to uniform glass distribution
- Is environment friendly because of lower weight advantages
- Results in lower transportation costs
- Saves raw material costs through a lower use of molten glass

The Company reduced bottle weight by an average 15% through innovative re-design; the weight of 180 ml mcd-1 bottles declined 13% from 217 grams to 189 grams, 375 mcd-1 bottles declined 15% from 352 grams to 300 grams, 750 mcd bottles declined 16% from 628 grams to 527 grams, pickle bottles declined 7.5% from 200 grams to 185 grams and glucose bottles declined 10%.

Some of the successful instances of NNPB technology use comprised Rooh Afza where the bottles were light-weighted by almost 25%. The smoother design catalysed offtake and delighted the customer.

The benefits of light weighting

Consumer benefit	Company benefit
Enhanced availability	Faster production rate (productivity increased by 8–10%)
Reduced transportation cost	Optimum raw material use
Accelerated bottling process	
Higher number of bottles per ton	
Reduced price per bottle	
Improved bottle quality	
Enhanced bottle transparency	
Increased strength following uniform and optimum wall thickness	

the science of light weighting

Existing bottle glass is analysed	Analysis result leads to conclusion of how much weight reduction is possible	Bottle design is drawn such that during forming, no glass distribution related issues should arise; should have a smoothened profile making blowing easier and increasing forming efficiency	Once the design is approved engineering commences and sample mould casting is sent for approval
	After approval of receipt, commercial production commences	Customer approval is sought for their highest adaptability and suitability	Internal trial is conducted (bottle performance check in the lines)

Glass manufacturing process

Mixing of raw materials	Pass through furnace	Passing through individual section machines	Pass through annealing lehr for heat treatment	Quality inspection and packaging

Optimism and the India story

- India's container glass industry is driven by growing offtake from its alcohol, beverage and processed foods industries (jams, pickles and ketchups etc). These segments are expected to post an annual 15%-plus growth over the next few years, catalysing the offtake of container glass.
- While beer is a lifestyle drink in most countries, it is perceived as an alcoholic drink in India. As mindsets change, the offtake of beer is expected to increase, growing the market for glass bottles. The per capita consumption of beer in India is 1.3 litres (global average 25 litres)
- The per capita glass consumption in India is a mere 1.4 kgs and India does not even feature in the top 50 global list.

float glass business

(Associate company: HNG Float Glass Limited)

Unit:	Halol, Gujarat
Lines:	One line with 600 TPD capacity
Technology:	TECO
Products:	Float glass (architectural and automobile)

HNGFL COMMISSIONED A SINGLE LINE OF 600 TPD CAPACITY USING STATE-OF-THE ART TECO TECHNOLOGY (USED IN 55 SUCCESSFUL INSTALLATIONS WORLDWIDE). The Company strengthened its viability through timely cost-effective installation: commissioning the plant in only 21 months against the industry benchmark of 36 months. Besides, the Company commissioned a 600 TPD capacity for a capital cost of Rs. 550 cr, way below the industry benchmark of Rs. 800 cr for equivalent capacity due to efficient procurement and superior technology mix. This competitiveness will be emphasised when the Company commissions the next 1,050 TPD for an estimated Rs. 600 cr, reducing its capital cost per tonne The per unit fuel consumption is favourably comparable with the prevailing industry benchmark. The result was that the Company reported revenues of Rs. 30 cr from only 59 days of production in 2009-10; the Company expects to more than break even at the net level in a full year's working in 2010-11.

2009-10 highlights

- The Halol float glass facility was commissioned in February, 2010
- The Company marketed 16,147 tonnes in only 59 days of working in 2009-10
- The Company's brand was respected for clarity, strength, range (3 mm to 12 mm thickness) and service.
- The plant achieved the best industry productivity norms in a short span.

Marketing

The product enjoyed a high recall on account of a range of thicknesses and superior glass quality (strength and clarity). A market growth in India of 10-12% is expected to widen the demand-supply gap for the product in the country. The Company's presence in west India (accounts for 37% the country's demand) will make it possible to market a significant part of the production close to the plant. HNGFL also markets its product to architects.

Raw material management

The major raw materials used in the manufacture of float glass are silica sand (55%) and soda ash (15%). The Company sources both materials from within 150 km. The Company also enjoys a direct gas connection from GSPL, enabling it to run its operations with relatively clean fuel. Raw materials accounted for 35% of the Company's revenues in 2009-10. The Company initially procured all its requirement from a third party but now sources all its collect requirement from within.

HNG is also the only Company in India to combine quartz sand silica sand as raw material to produce clear glass with low iron oxide content (0.02% lower than competitors)

Quality management

The Company possesses credible certifications like European standards and ASPM (U.S. standards) reinforced by quality testing equipment (glass testing XRS machine, microscope for defect examination, online and offline stress measurement machine, as well as a striagram for a detailed examination of optical clarity).

Strengths

Synergy: There is a synergy between the two businesses (flat and container glass). Nearly 60% of the manufacturing process is common.

Business extension: The Company's float glass business addresses an annual demand growth of 12%.

Quality: The Company possesses ISO 9001:2000 quality certifications ensuring product and process consistency. The Company deployed ERP to facilitate informed decision-making.

Capital cost per tonne: The Company's superior project management enabled the Company to reduce its capital cost below the industry benchmark.

Commissioning tenure: The Company possesses superior project management capabilities, reflected in the commissioning of its Halol unit in a mere 21 months against the industry benchmark of 36 months; the plant was commissioned at a capital cost of Rs. 550 cr against the industry benchmark of Rs. 800 crores for similar a capacity.

Location: The Company's manufacturing unit is located in Halol, Gujarat, where 18% of the Company's raw materials are sourced within 100-150 km and 20% of the production is sold within 500 km.

Technology: The Company entered into a technology joint venture with Toledo Engineering Co. Inc. (TECO). TECO possesses more than 80 years of experience in serving global primary glass manufacturers. It provides glass-melting furnaces, batch plants and complete plants for the production of all types of glass (container, float glass, fiberglass, TV glass and specialty).

Way ahead

The Company expects to achieve the following in 2010-11:

- Achieve 100% capacity utilisation
- Achieve revenues of Rs. 350 to Rs. 400 cr
- Widen the product range through automotive glass
- Achieve peak production, superior yield and optimal fuel consumption
- Accelerate the commissioning of a second float glass line

Industry optimism

The float glass industry is nascent in India with a per capita consumption of 0.78 kg as against China where it is 10.12 kg, ASEAN 8.4–11 kg, Europe 12.5 kg and U.S 12 kg. Nearly 85% of float glass demand is derived from high rises and green buildings; the growing number of such buildings and the growing use of float glass in each (in addition to the accepted use of float glass in building exteriors) is driving offtake, replacing the use of cement. The segment is expected to witness a five-year CAGR of 20% as against the international growth of 4%.

India's total installed capacity for float glass has been estimated at 4,700 TPD. The country has eight float glass lines compared with 196 in China. In 2009-10, imports were estimated at 104000 MT, largely from China and Indonesia. Given the high capital cost of commissioning fresh capacity, capacity introductions are generally only at specific junctures when entire plants go on stream. Imports generally happen in the interim when demand occasionally exceeds supply; thereafter, the local material proves to be more competitive than imports, capturing market share. To support indigenous manufacture, the government imposed an anti-dumping duty of USD 130 per tonne.

Industry growth drivers

Quicker construction: A glass building can be constructed in around 9-12 months compared to a steel building (24-30 months)

Green buildings: Glass buildings are considered ideal for green buildings and green buildings are now considered relevant in view of an environmentally conscious world.

Growth in real estate: Huge government support for the sector through funds allocation for urban development (USD 1.17 bn in 2010-11 compared USD 660.3 mn in 2009-10 and the allocation of USD 274 mn in 2010-11 compared to USD 32.4 mn in 2009-10 towards Rajiv Awas Yojna) will catalyse the real estate sector and in turn the float glass industry through applications in windows, mirrors and commercial glazing (*Source: IBEF*).

Growth in automobile industry: Credit rating agency Fitch expects the Indian automobile sector to log around 10-12% growth rate during 2010, marked by passenger car segment growth of 12-14% in 2010-11, which will catalyse the offtake of laminated and toughened glass.

What is float glass?

Float glass is described as a sheet of glass made by floating molten glass on a bed of molten metal. This method gives the sheet uniform thickness and flat surface. The material enjoys applications in the construction and automobile sector, among others.

Advantages of float glass

- Traditional building materials are 9 to 12 inch wide; float glass is just 0.5 to 1 inch wide, saving room space
- The construction time of glass buildings is almost a third of that used in traditional buildings
- The maintenance cost of float glass is lower than for alternative materials
- Float glass provides insulation from sound and heat, saving nearly a third in energy costs.
- Glass provides superior aesthetics.
- Glass comes in a range of colors from tinted to reflective coating.
- Laminated glass is five times stronger than normal glass and shatter-proof.

support functions

Information technology

Highlights, 2009-10

- Developed disaster recovery site in the Rishra plant
- Implemented the SAP HR module

In a business where it is important to deliver material to different customers from different plants and also manage incoming raw material for onwards production, it is imperative to invest in information technology for informed decision making.

The Company implemented SAP with material management, finance and cost control modules. The Company's central site was located in Bahadurgarh with a disaster recovery back-up in Rishra. This ensured a dependable 24x7 uptime.

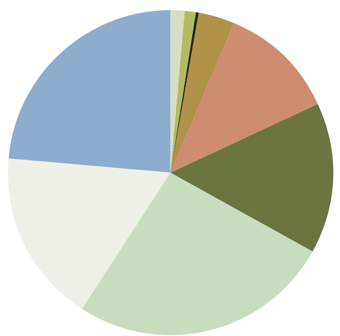
Human resource

Highlights, 2009-10

- Strengthened the performance appraisal system through the introduction of a performance management system (PMS).
- Recruited a consultant to structure the system.
- Conducted 3,125 person-days of training in 2009-10 (1,735 person-days in 2008-09)

The Company invested in its people practices in 2009-10. It recruited 40 management trainees. The Company conducted a management development program with XLRI, Symbiosis and MDI (Gurgaon); it conducted marketing training with IIM-Ahmedabad. New recruits went through extensive year-long training covering batch house operations, furnace operations and dispatches. The Company conducted regular performance appraisal covering job description, KRA identification, key performance indicators and Balance Score Card. The Company's remuneration continued to be structured around the best industry standard.

Break-up of employees as per academic qualifications



Growing person training Man days

Year	2007-08	2008-09	2009-10
Training Man days/year	574	1,735	3,125

Person productivity

Year	2007-08	2008-09	2009-10
Productivity (MT/person)	213	235	240

Labour cost

Year	2007-08	2008-09	2009-10
Labour cost /tonne (Rs.)	832	857	990

corporate social responsibility

Conservation

In the water and power-intensive business, responsibility is not reflected in growing production but a declining consumption per tonne of production. The Company focused on five resource conservation areas - critical to the business and key for its stakeholders - comprising the following: water stewardship, sustainable packaging, recycling, energy conservation and climate change. The Company attained zero water discharge in its Puducherry unit

Packing Efficiency (percent of total production)

2006-07	2007-08	2008-09	2009-10
86.58	87.81	88.55	87.28

The Company also embarked on the following initiatives:

- Provided street lighting and maintained a children's park in the colony (Tulsi Vihar) adjacent to the plant at Rishikesh
- Planted trees in the Neemrana and Bahadurgarh units
- Undertook a bird flu awareness campaign
- Conducted a training program for underprivileged girls
- Conducted a free medical camp (eye and oral check-up) in villages near Neemrana

The Company started an eye check-up centre for underprivileged citizens in collaboration with Calcutta Eye Research Foundation. Around 40% of the consultation and 20% of the surgery was provided free. During 2009-10, 2,038 patients were treated free of cost.

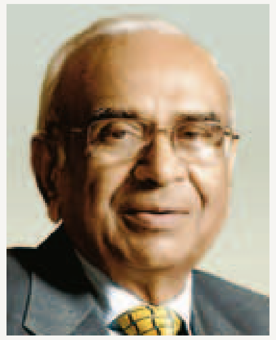
The Company continues to associate itself with various social programmes of public welfare. It also maintains a large park in Kolkata for public use.

Safety

In a business marked by the management of materials at high temperatures, the Company ensured employee safety across all manufacturing units through proactive investments, training, regular safety and fire drills, and the maintenance of working conditions complying with local regulations. Going ahead, the Company intends to further strengthen it safety related initiatives. The Company plans to implement modern equipment for controlling air pollution.

Directors' profile

Name of Director | **Brief profile**



Shri Chandra Kumar Somany

Shri Chandra Kumar Somany, 77, is the Non-Executive Chairman of the Company. An acknowledged expert in glass technology, he provides policy guidelines for the management and administration. Holds a F.B.I.M (London) degree and a degree in Glass Plant Instrumentation from Honeywell Brown, Minneapolis, U.S.A. He has Served as the President of the All India Glass Manufacturers' Association (AIGMF), Eastern India Glass Manufacturers' Association and several other commercial and non-commercial organisations. He is presently Senior Vice Chairman of Capexil (formerly known as Chemicals & Allied Products Export Promotion Council). He has served as the Chairman of the Development Panel for Glass Industry formed by the Government of India, Ministry of Industry during 1995-1997. Associated with various charitable and philanthropic organisations, following in the footsteps of his illustrious ancestors. He was inducted into the Board in 1970 and subsequently took over as Executive Director of the Company and thereafter as Managing Director, a post held by him up to September 2000. He is also on the Board of The West Coast Paper Mills Ltd.

Directorships held in other companies

Glass Equipment (India) Ltd. ■ The West Coast Paper Mills Ltd. HNG Float Glass Ltd. ■ Topaz Commerce Ltd. ■ Spotlight Vanijya Ltd. ■ HNG Cement Ltd. ■ HNG Power Ltd. ■ Niket Advisory & Trading Company Ltd. ■ Noble Enclave & Towers Pvt. Ltd. ■ Microwave Merchants Pvt. Ltd. ■ Dhananjay Tradelink Pvt. Ltd. ■ Exim Scrips Services Pvt. Ltd. ■ Brabourne Commerce Pvt. Ltd. ■ Abhashree Merchants Pvt. Ltd. ■ Galaxy Vinimay Pvt. Ltd.

Name of Director | **Brief profile**

Shri Sanjay Somany

Shri Sanjay Somany, 52, is the Managing Director of the Company and ex-Managing Director of Glass Equipment (India) Limited, a subsidiary of HNGIL. A Commerce Graduate, Shri Somany, has obtained a diploma in diesel engineering. Possesses 29-year-plus glass industry experience and is closely involved in management and administration. He was the President of All India Glass Manufacturers' Federation (AIGMF). Shri Somany is an acclaimed expert in the technology related to Glass and other allied sectors.

Directorships held in other companies

Glass Equipment (India) Ltd. Somany Foam Ltd. ■ HNG Float Glass Ltd. ■ AMCL Machinery Ltd. ■ HNG Cement Ltd. ■ HNG Power Ltd. ■ Somany Foam Ltd. ■ Spotlight Vanijya Ltd. ■ Topaz Commerce Ltd. ■ Niket Advisory & Trading Company Ltd. ■ Spotme Tracon Pvt.Ltd. ■ Noble Enclave & Towers Pvt. Ltd. ■ Khazana Marketing Pvt. Ltd. ■ Microwave Merchants Pvt. Ltd. ■ Dhananjay Tradelink Pvt.Ltd. ■ Brabourne Commerce Pvt. Ltd. ■ Exim Scrips Services Pvt. Ltd. ■ Abhashree Merchants Pvt. Ltd. ■ Galaxy Vinimay Pvt. Ltd.

Name of Director | **Brief profile**

Shri Mukul Somany

Shri Mukul Somany, 45 years, is the Joint Managing Director of the Company. He is an accomplished Entrepreneur with 25 years of enriched experience as JMD of the Company. Shri Somany is expert in Finance, Marketing and Administration and has been the large contributor to all inorganic growth of the Company. He has successfully re-engineered business processes across six Units of the Company. He is the former Chairman, Eastern Region of Confederation of Indian Industry (CII). He is on the Board of Directors of The Calcutta Stock Exchange Limited.

Directorships held in other companies

Glass Equipment (India) Ltd. ■ HNG Float Glass Ltd. ■ AMCL Machinery Ltd. ■ Niket Advisory & Trading Company Ltd. ■ Somany Foam Ltd. ■ HNG Cement Ltd. ■ HNG Power Ltd. ■ Spotlight Vanijya Ltd. ■ Topaz Commerce Ltd. ■ The Calcutta Stock Exchange Ltd. ■ Rungamattee Trexim Pvt. Ltd. ■ Noble Enclave & Towers Pvt. Ltd. ■ Microwave Merchants Pvt. Ltd. ■ Saurav Contractors Pvt. Ltd. ■ Dhananjay Tradelink Pvt. Ltd. ■ Brabourne Commerce Ltd. ■ Exim Scrips Services Pvt. Ltd. ■ Galaxy Vinimay Pvt. Ltd. ■ Abhashree Merchants Pvt. Ltd.

Name of Director | **Brief profile**

Shri Kishore Bhimani

Shri Kishore Bhimani, 71, noted journalist, is an Independent Director of the Company. Graduated from the St. Xavier's College, Kolkata and possesses a B. Sc. (Econ) degree from the London School of Economics. Associated with The Statesman as Senior Assistant Editor, wrote columns on sports, finance and the stock market. Anchored various programmes on TV channels in India and abroad on cricket, foreign affairs and economics. Connected with a number of NGOs dealing with environment and social causes. Writes columns on diverse subjects (lifestyle, business affairs and cricket, among others) and authored several books including the one on the swedish collaboration of industries in India. Also, the Chairman of the Company's Remuneration Committee.

Directorships held in other companies

SKP Securities Ltd.

Name of Director	Brief profile

Shri Sujit Bhattacharya

Shri Sujit Bhattacharya, 67, Fellow Member of the Institute of Chartered Accountants in England and Wales and of the Institute of Chartered Accountants of India is an independent director of the Company and a member of the Company's Audit Committee. Prior to joining the Company's Board, he was Senior Partner of Lovelock & Lewes, Chartered Accountants. He has served as an independent director on the board of several companies including as Special Director nominated by the Board for Industrial and Financial Reconstruction, Government of India. Presently he is also a Director of Arora Matthey Ltd. and is the Chairman of that company's Remuneration Committee. His professional experience includes association in an advisory capacity, in the fields of accounting and auditing standards, corporate governance, investigation, business valuation and taxation, with several leading national and multinational corporations engaged in diversified manufacturing and service activities.

Directorships held in other companies

Arora Matthey Ltd.

Name of Director	Brief profile

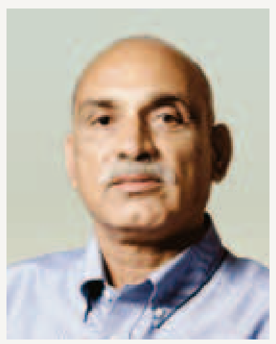
Shri Ratna Kumar Daga

Shri Ratna Kumar Daga, 70, is an Independent Director of the Company. He is a Post Graduate in Business Management from the UK. He is the Chairman of the Audit Committee of the Company and has considerable experience in the field of Engineering & Finance. He is the past president of the Indian Institute of Materials Management,Kolkata as also that of Calcutta Junior Chamber. During his presidentship of the chamber, he led a team of trainers to conduct Leadership Development courses to Sri Lanka. As Past President of Federation of Small & Medium Industries (FOSMI), he also had the privilege to lead a fifteen member business delegation to Singapore, Malaysia & Hong Kong.
ShriDaga is a Director in a number of Public & Private limited Companies and also a Trustee of a few Charitable Trusts.

Directorships held in other companies

Somany Ceramics Ltd. ▪ Kanu Holdings Ltd. ▪ S. R. Continental Ltd. ▪ Trutools (India) Pvt. Ltd. ▪ Mercury Tie-up Pvt. Ltd. ▪ Daga Properties Pvt. Ltd. ▪ LSI Financial Services Pvt. Ltd. ▪ Unichem Finance & Unichem Enterprises Pvt. Ltd. ▪ Shankar Estates Pvt. Ltd. ▪ Goenka Leasing & Finance Pvt. Ltd.

Name of Director	Brief profile



Shri Shree Kumar Bangur

Shri Shree Kumar Bangur 61, is an Independent Director of the Company. He is a former President of Indian Paper Manufacturers' Association and of Indian Chamber of Commerce, Calcutta.He is also, the member of the Remuneration Committee of the Directors of Jayshree Chemicals Ltd.

Directorships held in other companies

The West Coast Paper Mills Ltd. ▪ Rama Newsprint and Papers Ltd. ▪ Jayshree Chemicals Ltd. ▪ Kil Kotagiri Tea & Coffee Estates Co. Ltd. ▪ The Diamond Company Ltd ▪ Mathola Company Ltd. ▪ Gloster Telecom Ltd. ▪ Laxmi Asbestos Products Ltd. ▪ The Marwar Textiles (Agency) Pvt. Ltd. ▪ Shree Satyanarayan Properties Pvt. Ltd. ▪ Union Company ltd

Name of Director	Brief profile

Shri Dipankar Chatterji

Shri Dipankar Chatterji, 62, is an Independent Director of the Company. He is a Chartered Accountant and a senior partner of the firm L. B. Jha & Co. Chartered Accountants. Member of Audit Committee of the Company. Former Chairman of the Confederation of Indian Industry (CII-eastern region) and is currently a member of the National Council of CII. He was member of the Central Council of the Institute of Chartered Accountants of India and the Chairman of the Audit Practices Committee of the institute. He was appointed as member of the Padmanabhan Committee (set up to review Reserve Bank of India's supervision over banks) and the committee set up to advice on NABARD's supervisory role over RRBs and co-operative banks, and other committees and task forces. Former President of Indo American Chamber of Commerce (eastern region). He is also the Chairman of The Calcutta Stock Exchange Limited.

Directorships held in other companies

West Bengal Industrial Development Corpn. Ltd. ▪ Wireless TT info services ltd. ▪ United Credit Ltd. ▪ Obeetee Textiles Pvt Ltd. ▪ Span Motels Private Ltd. ▪ The Calcutta Stock Exchange Ltd. ▪ TRF Ltd. ▪ Nicco Ventures Ltd. ▪ Pantheon Data Services Pvt. Ltd. ▪ Delphi Management Services Pvt. Ltd. ▪ CSE Capital Markets Pvt Ltd

Name of Director	Brief profile

Dr. Indrajit Kumar Saha

Dr. Indrajit Kumar Saha, 75, is an Independent Director of the Company. Expert on human resource management and industrial relations consultant, Shri Saha, holds a graduate degree in economics and Law along with a Post Graduate Diploma in Social Science. Associated with the National Institute of Personal Management (NIPM) possesses over four decades experience in manpower planning and management in various multinational companies. Former Chairman of NIPM, Kolkata and President of Calcutta Management Association (CMA) and a member of the Governing Board and Academic Council of International Institute of Management Science, Kolkata, National Institute of Human Values, Kolkata.

Directorships held in other companies

Riga Sugar Ltd. ▪ HNG Cements Ltd

Name of Director	Brief profile

Shri Ram Raj Soni

Shri Ram Raj Soni, 52, is an Executive Director of the Company. Member of the Institute of Chartered Accountants of India (ICAI) with a rich 28-year industry experience. Prior to joining HNGIL, he held a senior position in Aditya Birla Group of Companies.

Directorships held in other companies

AMCL Machinery Ltd. ▪ Glass Equipment (India) Ltd.

Key management profile

Shri Jagdish Prasad Kasera, (Senior President), 62, worked with several prominent groups, such as Williamson Magor, Usha Martin, Aditya Birla and Ispat. . Fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India and a qualified Cost Accountant from the Institute of Cost and Works Accountants of India. Possesses over 40 years of experience, of which 22 years as senior level management. Joined Hindusthan National Glass on January 1, 1998, and has contributed to the Company's growth by playing a pivotal role in its mergers and acquisitions.

Shri Vinay Saran, (Senior Vice President - Marketing), 44, has over 22 years of experience in the field of consumer products and consumer durable marketing. He is a management graduate and has worked with reputed companies like Indo Rama Synthetics, Birla Corporation, Vardhman Textiles and Garware Paints. Currently, he is the Senior Vice President (Marketing) of Hindusthan National Glass & Industries Ltd., Kolkata. He is also the key member of the governing body of the Indian Institute of Packaging, Mumbai, All India Management Association, Kolkata, Management Association, National HRD Network and the Indian Institute of Packaging, Kolkata. He is associated with the Group for the last three years.

Shri Ratan Lal Khandelia, (President), 57, is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. Possesses over 34 years of industry experience and has worked with various companies, including MP Birla Group and Ferro Alloys Group. He joined HNGIL on March 19, 1999 to handle responsibilities of finance, secretarial, commercial, HR and administration; also implementation and execution of new projects including running and stabilisation of sick units, technical equipments (along with process and systems), and formulation and negotiation of contracts. Previously, he was associated with Ferro Alloys as the Company's General Manager, head of their Charge Chrome Plant. Currently he is looking after Bahadurgarh, Rishikesh and Neemrana Plant.

Shri Laxmi Narayan Mandhana, (CFO), 45, a qualified Chartered Accountant and a Company Secretary, with over 20 years of experience in finance -- comprising capital issues, mergers, acquisitions, banking, project activities, business evaluations and monitoring. He is the Senior Vice President and CFO of the Group handling the financial and corporate functions. In addition to his rich experience in asset financing, he is an expert in corporate finance, taxation and accounts. He is a member of the Finance Committee of the Confederation of Indian Industry, eastern region and is associated with the Group for about seven years.

Shri Animesh Banerjee, (Senior Vice President) 45, has 23 years of experience in polymers, pharmaceuticals, chemicals, fine chemicals, petrochemicals, dyes and intermediates, paints and varnishes, food processing and FMCG. Worked in areas like R&D, production, strategic planning, operations, sales, and region head and with companies like Shaw Wallace, IPCCL, Mafatlal Industries Ltd., TATA Kansai, Berger Paints. His last assignment was as a Vice President in Frito-Lay (PepsiCo). Post graduate from IIT Kharagpur and MBA from IIM, Kolkata.

Shri Ram Surat Prasad Gupta (Vice President), BE (Mech) and PGDBM, has 35-years experience in various industries-- electrical (lighting division Philips), mechanical (HNG & Ind.), electronics (Binatone Electronics), process industries (Sheela Foam).He started as a Management Trainee and reached the level of Vice President. Throughout his academics career he achieved first class and distinction in science and engineering.

Shri Amar Chand Jain (VP – Tech Centre) A Science Graduate of 1961,he was selected by HNG to be trained and groomed as Glass Technologist. He started his carrier with the Company as Shift Glass Technologist in 1963 and traversed his way through the tougher route to the present position of Senior Vice President(Ceramics).With a rich and versatile experience of 47 years in all areas of Container Glass Production, his core strengths are: Furnace Designing, Optimisation in Glass Formulations, Energy Conservation , Operational Economisation and Critical Repairs of threateningly damaged furnaces .Has been travelling widely and profusely over last 25 years in search of best in the Industry the world over. He is presently a leading member of the Group Technical Centre , responsible for Research, Development, Technological Absorption, Innovations, Acquisitions and New Projects.

Shri Chandra Singh. K Mehta, (Plant Head – Nashik), 55, is the Vice President. He started his career with M/s Hindustan Development Corporation Limited as a Production Manager, then moved to M/s Shakti Insulated Limited as a Plant Manager. He then joined Hindustan Development Corporation Limited, (subsequently, name changed to M/s Hindustan Engineering Industries Limited) as a Unit Head and served the Company for 21 years. He held the Assistant Vice President position before leaving the Company. From May 14, 2003, joined M/s ACE Glass Containers Ltd., at Rishikesh as Vice President (continued there till May 2006), from June 2006 he was transferred to Nashik .

Key management profile

Shri Jalaj Kumar Malpani (Vice President - Commercial), 44, is an FCA, AICWA, posted at Rishra plant. He joined HNG on October 5, 2005 as GM (Commercial),head of accounts, MIS, warehouse, stores, excise, packing, and security. He handles corporate MIS, annual business plan and quarterly performance reviews and was also associated with SAP implementation throughout HNG. He worked with SAIL for 15 years at Bokaro Steel Plant and CMO, Kolkata, and ICI India Ltd for one year. In SAIL, Bokaro, he worked in cost, budget, central accounts department, and MDs Secreteriat. Recipient of Jawahar Award for meritorious performance in the area cost reduction and cost control. Worked closely with M/S Mckinsey & Co in the area of inventory management and debt restructuring. He has good techno commercial exposure in an integrated steel plant and worked in closeco-ordination with present SAIL chairman, Shri S.K. Roongta, at marketing HQ.

Shri Devdutta Hoare, (Exports Head), 43, is the Vice President of International Business, joined HNGIL in January 2007. A chemical engineering graduate from Jadavpur University, Kolkata, has over 19 years of experience in marketing of industrial products in India and abroad. He was associated with Dr. Beck & Co in Kolkata, for five years, for their electrical insulation and civil engineering products, Atul Limited, for seven years, for their polymer and specialty chemicals products and Gwalior Chemicals in Mumbai, for four years, for their chloro toluenes product range.

Shri Kulur Satish Shetty, (Plant Head, Puducherry), 51, is the Vice President. Holds a bachelor degree in mechanical engineering from a regional engineering college, Surathkal, Karnataka. Possesses over 28 years of experience, with over 25 years in the field of glass manufacture and joined HNGIL from May 12, 2006. Prior to joining HNGIL, he has worked with Bharat Electronics Ltd ,Taloja ,Maharashtra (a public sector company), Videocon Narmada Glass, Bharuch ,Gujarat, and Hotline Glass Ltd, Gwalior, Madhya Pradesh.

Shri Ravindra Kr Sitani (Vice President - Works), a B.E. (Hons) Mechanical (in 1984) and ME (Industrial Production)(in 1989) from BITS, Pilani. He did a certificate course in Maintenance Management and started his career from M/s Grasim Industries Ltd (chemical division) as Maintenance Engineer in 1984. He joined M/S Kanoria Chemicals & Ind Ltd as General Manager (Engineer) in 1999 and was given charge for production and for the total Chemical plant in 2004. In 2005 he joined M/S Hindusthan Vidyut Prod Ltd in 2005 for Green Field Caustic Soda Project and in 2007 he joined HNGII as VP (works) for Bahadurgarh plant.

Shri Bimal Kumar Garodia, (Vice President - Finance), 42, is a qualified Chartered Accountant, Cost Accountant and a Company Secretary, with over 20 years of industry experience. He joined the Company in April 2008 to manage finance, taxation, accounts and other allied matters. Prior to joining he was working for M/s Bajaj Eco-tech Limited, a wholly owned subsidiary of M/s Bajaj Hindusthan Ltd.

Shri Kuldeep Kumar Sharma (Plant Head – Neemrana) B.Sc., M.A. (Eng), M.Ed.. Took training at O.I. (USA) for glass operations and quality management systems, HACCP (hazard analysis & critical control points) Course from DNV, IMS (Integrated Management System). Undertook training course and lead auditor course from BVQI. Possesses glass industry experience of over 31 years, comprising glass manufacturing process (projects, commissioning and operations), plant operations in totality, furnace construction and maintenance, raw material & finished product analysis, composition setting, QA, management systems (quality, environment, health and safety) formation, implementation, maintenance & control, personnel and administration. Regularly visits foreign countries for product launch, service, troubleshooting and vendor development.

Shri Chandra Kumar Tharad (Vice President - Commercial) is a Commerce Graduate with Calcutta University. He completed Chartered Accountancy in 1984 and has an experience of around 25 years in various industries. He started career with Usha Martin Group, a leading name in Wire rope manufacturing. and worked for almost 10 years there. He reached the managerial level by starting as a management trainee, handling accounting and commercial functions in one of the plant. After couple of short stints with other industrial units, he spent around 12 years with LNJ Bhilwara Group, in one of their textile units in Rajasthan, handling all the commercial functions along with other activities – liaison, administration, project management.

Shri Shammo Roy Choudhury (AVP – HR), is heading the Corporate HR of Hindusthan National Glass & Industries Limited as Asst Vice President-HR . Commerce Graduate from St Xavier's with Post Graduate in Industrial Relations & Personnel Management from Xavier Institute of Social Service, Ranchi. He has 25 years of rich experience having worked in renowned multinationals Pfizer, Otis Elevator Co (I) Ltd & Flakt India Ltd and engineering company Shriram Bearings Ltd & Stone India Limited. He works towards building employee capabilities, increasing employee engagement, talent management and maintaining healthy work life balance.

Shri Bishnu Kumar Kedia, (AVP - Materials), 45, B. Com. (Hons.) from St. Xavier's College (Calcutta University) and scored 49th rank in the University and received national scholarship. A qualified Chartered Accountant worked in prominent companies like Khaitan (India) Limited, Agarwal Hardwares Limited and Magma Leasing Limited. He has been associated with the Hindusthan National Glass since 2003.

Directors' report

Dear members

We are delighted to present the Annual Report together with the Audited Accounts of our business and operations for the year ended March 31, 2010.

Financial Highlights

Rs. (in lacs)

	Year ended March 31, 2010		Year ended March 31, 2009	
Gross sales (including excise duty)		1,44,988		1,43,860
Profit before interest, depreciation and tax		31,633		23,591
Interest and finance charges		4,717		4,345
Profit before depreciation and tax		26,916		19,246
Depreciation		8,612		7,474
Profit before tax		18,304		11,772
Provision for tax		2,785		997
Profit after tax		15,519		10,775
Balance brought forward from previous year		2,575		1,072
Amount available for appropriation		18,094		11,847
Appropriation				
General reserve	11,115		7,000	
Debenture Redemption Reserve	1,875		1,250	
Proposed dividend	1,310		873	
Tax on dividend	204	14,504	149	9,272
Balance carried forward to the next year		3,590		2,575

Review

There was a sense of business pessimism in the global business environment in the financial year 2009-10 on account of recession, and your Company successfully fought it out and achieved higher numbers of sales and profits through vigorous efforts. During the year under review, your Company has achieved a profit of Rs. 31,633 lacs before interest, depreciation and tax as compared to profit of Rs. 23,591 lacs achieved during the previous year representing a robust increase of 34.09%.

The Company's profit before tax stood at Rs. 18,304 lacs as against Rs. 11,772 lacs attained during the previous year. The increase in profit before tax by 55.49% could be achieved primarily because of efficient inventory management and reduction in manufacturing and operational cost.

Dividend

Your Directors recommend a dividend of 75% i.e. Rs. 1.50 per share for the year ended 2009-10 as against Re. 1 per share last year. The outgo as dividend, including applicable tax, this year is Rs. 1514.41 lacs.

Outlook

The Indian economy is expected to grow @ 8.5% in the next fiscal year. With the growing demand in Indian packaging and food industry, your Directors are confident that the Company will continue to grow and prosper with the opportunities associated with the expanding market. The increasing per capita income of average Indians and low per capita glass consumption is expected to drive the off-take of the container glass industry. Besides, the per capita beer and alcohol consumption is also very low compared to the global average, providing optimism for the container glass industry. With the increasing environment consciousness and health consciousness, container glasses positioned at an advantageous position compared to other forms of packaging like PET bottles. Your Company is well equipped to address the growing demand anticipated in the coming years.

Directors & CFO

Dr. Indrajit Kumar Saha, Shri Dipankar Chatterji and Shri Ratna Kumar Daga are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Your Directors recommend the re-appointment of aforesaid Directors.

Shri Sanjay Somany, Managing Director and Shri Mukul Somany, Joint Managing Director of the Company whose tenure of appointment expires on September 30, 2010, have offered to render their services, if re-appointed. The Board of Directors in its meeting held on August 13, 2010 resolved to recommend their appointment as Vice Chairman and Managing Director to the shareholders, in view of the valuable contribution made by them in the growth of the Company.

Subject to the approval of Shareholders in the ensuing Annual General Meeting and Central Government, your Directors recommend appointment of Dr. Indrajit Kumar Saha a noted Management, Human Resource & Industrial Relation Consultant on retainership basis.

During 2009-10, Shri Laxmi Narayan Mandhana was appointed as Sr. Vice President and Chief Financial Officer of the Company with effect from December 5, 2009.

Trust Shares

Pursuant to amalgamation of Ace Glass Containers Limited with the Company, 21,41,448* shares and 13,68,872* shares were issued to HNG Trust and Ace Trust respectively. In terms of an undertaking given to the Bombay Stock Exchange, the Company is required to make disclosures pertaining to utilisation of proceeds of shares allotted to the said Trusts until they are extinguished. During the financial year ended on March 31, 2010, no shares lying in the account of the Trusts were disposed off.

**The Company's shares were sub-divided from Rs.10 per share to Rs. 2 per share w.e.f. November 13, 2009. Post sub-division, shares held by HNG Trust is 1,07,07,240 and ACE Trust is 68,44,360.*

Splitting of Equity Shares

During 2009-10, the equity share of the Company having face value of Rs. 10 were subdivided into five equity shares of Rs. 2 each.

Fixed Deposits

Your Company did not accept any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 during the financial year 2009-2010.

Consolidated Financial Statements

Consolidated financial statements have been prepared in accordance with Accounting Standard 21 read with Accounting

Standard 23 issued by the Institute of Chartered Accountants of India and form part of this Annual Report and accounts in accordance with disclosure made in respect thereto in the Notes on Accounts (Schedule "S").

Auditors' Report

The observations of the Auditors in para 4 of the Auditors' Report has been explained in Note 1(e) of Schedule 'S' to the Notes on Accounts.

Annual Listing Fees

The Company's shares continue to be listed at the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and the Calcutta Stock Exchange Limited.

The annual listing fee for the year 2010-11 has been paid to all these exchanges.

Auditors

M/s Lodha & Company, Chartered Accountants, Statutory Auditors of the Company are retiring at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Statutory Auditors, if re-appointed. It has been confirmed by M/s Lodha & Company that they have subjected themselves to peer review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the Peer Review Board of the ICAI.

M/s Singhi & Co., Chartered Accountants, Branch Auditors of the Company's three units namely Nashik, Puduchery and Rishikesh will also retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Branch Auditors, if re-appointed.

The Board of Directors recommend re-appointment of the aforesaid Auditors.

Directors' Responsibility Statement pursuant to Section 217(2AA) of the Companies Act, 1956

The Directors hereby confirm that:-

i) In preparation of the annual accounts for the financial year 2009-10, applicable accounting standards have been followed along with proper explanations relating to material departures.

ii) They selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year 2009-10 and of the profits of the Company for the said financial year.

iii) They took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) They prepared the annual accounts on a 'going concern' basis.

Corporate Governance

The Company has been practising the principles of good governance with a view to achieve transparent, accountable and fair management. The report on Corporate Governance along with the Certificate of the Auditors M/s Lodha & Co., Chartered Accountants, confirming the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms a part of this Annual Report.

Subsidiary companies

As on 31.03.2010, your Company has two subsidiaries namely: Quality Minerals Limited and Glass Equipment (India) Ltd.

Pursuant to an exemption received from the Ministry of Corporate Affairs, Government of India, the Directors' Reports and Report of the Auditors of the aforesaid two subsidiaries along with their financial statements have not been attached to the accounts of the Company for 2009-10.

Any shareholder who is interested in obtaining a copy of these details may write to the Company Secretary at the Registered Office of the Company. These documents will also be available during business hours for examination by the shareholders of the Company at its Registered Office and also at the Registered Offices of the two subsidiaries.

However, a statement containing brief financial details of the Company's subsidiaries for the financial year ended 31st March, 2010 is included in the Annual Report, as per the terms of the aforesaid exemption order.

Exports

During the year, direct export turnover was Rs. 5,030 lacs, compared to Rs. 5,773 lacs achieved during the preceding year. Your Company is making vigorous efforts to tap export market and believes that there is a large potential demand overseas.

Personnel and Industrial relations

Your Company is strengthening and developing human resources and systems to improve overall efficiency and motivation. The principal initiatives undertaken by the Company comprised skill development, acquisition programmes and also yoga classes to name a few. Industrial relations at all plants continued to remain cordial during the year.

Statement of employees

Statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and rules framed thereunder, forms a part of this Annual Report.

Conservation of energy, technology absorption and foreign exchange earning and outgo

The statements containing the required particulars under section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and forms a part of this report.

Corporate Social Responsibility

HNG endeavors blending optimally its business conduct with corporate care and instill within an utmost commitment to social responsibilities either directly or through its affiliates.

HNG has established Bal Bharti School at Bahadurgarh, which not only caters to the requirement of the children of the Company's employees but also ensures that those in the peripheral areas are also benefitted. It has also promoted healthcare benefits by contributing to corpus funds of hospitals and setting up special programs viz. eye checking campaigns and heart treatment amongst others. Parks and gardens such as the McPherson Square, now called Maharana Pratap Udyan in South Kolkata maintained by the Company has given a fillip to the residents of the area who can relax and take in fresh breath amidst the city's chaos.

Acknowledgments

Your Directors wish to express their gratitude and appreciation for assistance, co-operation and encouragement extended by all financial institutions, banks, government authorities, customers, vendors and members during the year and place on record their deep sense of appreciation for the committed services of their executives, staff and workers for an overall performance of the Company.

For and on behalf of the Board

Kolkata
August 13, 2010

Chandra Kumar Somany
Chairman

Annexure
to the Directors' Report

Information pursuant to section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming a part of the Directors' Report for the year ended March 31, 2010.

I. Conservation of energy

1) With a view to contribute towards conserving energy in a substantially effective way, the Company is switching over to Natural Gas in all its plants as the availability comes up. The present position is as under:

   - **Bahadurgarh Plant:** It is already connected to HBJ pipeline and has been getting consistent supply of RLNG from IOC. However, installing two more gas engines of 4 MW each by Dec – 2012 would totally eliminate dependence on generation of power on furnace oil and thus reduce substantially cost of own generated power.
   - **Neemrana Plant:** RLNG supply likely to start by GAIL by July, 2010.

     Two gas engines being shifted from Bahadurgarh to Neemrana would help in generation of power on natural gas, thus resulting in substantial savings in case of power outages.
   - **Nashik Plant:** Agreement signed with IOC for supply of liquefied natural gas in cryogenic tankers. Supplies likely to commence by March, 2011.
   - **Puducherry Plant:** Expression of interest filed with IOC for supply of RLNG from Kochi LNG Terminal. Supplies likely to commence by July, 2012.
   - **Rishikesh Plant:** GAIL extending pipeline upto Rishikesh. Application filed and supplies likely to commence by mid July, 2012.
   - **Rishra Plant:** Essar Oil is laying pipeline for CBM Gas from Raniganj to Kolkata by 2012. Supplies to Rishra Plant to be obtained from this Pipeline.

2) Existing old Eclipse Burners in the Furnace are being gradually replaced by STG-Oil Burners and Flammatec Gas Burners in all the plants resulting in stable combustion and 1%-1.5% in fuel saving.

3) Old electrical Annealing Lehrs in Neemrana (on all three lines) and Rishikesh (on two lines) replaced with gas fired lehrs.

4) Control System up-gradation being done in Bahadurgarh on Furnace # 3, # 4 and # 5. Order in this regard already placed with STG.

5) All jobs are being light weighted gradually, which would bring in substantial energy saving in terms of consumption per unit of ware produced.

The details of total total energy consumption and energy consumption per unit of production are as per the following Form A.

FORM - A
Disclosure of particulars with respect to Conservation of Energy

Particulars	Unit	Year ended 2009-10	Year ended 2008-09
A. Power and fuel consumption			
1. Electricity			
a) Purchased unit	000 KWH	1,99,120	1,75,513
Total amount	Rs. in lacs	8,181.06	6,638.21
Average rate/unit	Rs	4.11	3.78
b) Own generation			
i) Through diesel/H.P.S furnace oil			
By generator unit	000 KWH	37,815	27,059
Units per litre of oil		3.98	3.91
Average rate/unit	Rs	5.88	6.58
ii) Through LNG			
By generator unit	000 KWH	46,684	50,665
Units per litre of LNG	MMBTU	103.36	103.72
Average rate/unit	Rs	3.23	2.88
2. F-oil /RFO			
Quantity	KL	77,296	76409
Total amount	Rs. in lacs	18,212.27	19,199.43
Average rate/unit	Rs	23,561.86	25,127.06
3. L.N.G.			
Quantity	MMBTU	12,74,753	12,03,650
Total amount	Rs. in lacs	4,249.13	3,591.89
Average rate/unit	Rs	333.33	298.42
4. i) L.P.G.			
Quantity	MT	9,004	9,473
Total amount	Rs. in lacs	3,177.33	3,906.90
Average rate/unit	Rs	35,287.45	41,241.91
ii) H.S.D.			
Quantity	KL	96	127
Total amount	Rs. in lacs	29.22	41.79
Average rate/unit	Rs	30,594.17	32,964
iii) H.P.S. oil			
Quantity	KL	–	116
Total amount	Rs. in lacs	–	33.83
Average rate/unit	Rs	–	29,108
B. Consumption per unit of production			
Glass Container and tumblers	MT	7,85,710	7,67,971
Electricity	KWH	360.97	330
L.P.G.	KG	11.46	12.34
F-Oil/ RFO / Equv.Oil	LTR	98.38	99.50
LNG	MMBTU	1.62	1.57
H.S.D	LTR	0.12	0.17
H.P.S.	LTR	0.00	0.15

Notes: Variation in Consumption of Power & Fuel is attributable to enhanced production.

II. FORM B
Disclosure of particulars with respect to absorption

1. Research and Development (R & D)

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

- Development activities are core to our continuous efforts aimed at keeping the Company at the forefront of the Industry. These activities this year were mainly focused towards improving and rationalization of machines to render them more and more flexible to meet ever-changing customer needs and expectations. Efforts to go beyond 12 sections on a single-bed IS Machine were initiated and project was accomplished in record time.
- Comprehensive work was done to develop new jobs, light weighting of existing jobs and developing NNPB process.

ii. Benefits Derived as a result of above R & D:

- Development and installation of world's first 14-section IS Machine on single-bed in Bahadurgarh.
- Many new jobs launched this year for customers which includes UB, SAB Miller, Bajaj, Radico etc.

- Six NNPB produced jobs commercialised.

iii Future Plans of action

- In keeping pace with the fast and accelerating growth of the Company, the Group Technical Centre is being expanded in a big way by recruiting Industry experts from all related areas from domestic and international markets, and by creating world-class R&D Facilities in the Centre.

iv Expenditure on R&D

During the year, expenditure incurred on Research and Development are as enumerated below

		Rs. (in lacs)
	2009-10	2008-09
a. Capital	–	–
b. Recurring	11.98	38.26
c. Total	11.98	38.26
d. Total R&D expenditure as a percentage of the total turnover	Insignificant	Insignificant

2. Technology Absorption, Adaptation and Innovation

i) One Year Technical Assistance Agreement with Japan's highly reputed Glass House, Nihon Yamamura Glass Company (NYG) for Best Practices in Job Change and Mould Repair was successfully completed.

ii) A more comprehensive 5-Year "General Technical Assistance" is under advance stage of finalization with NYG for technological up-gradation of all the processes.

iii) The first 12-Section 6 ¼" Centre DG forming machine with latest technical features installed at Nashik Plant, widening our Product portfolio substantially.

iv) Twin-axis pushers from Bottero were installed on three lines in Group Plants to improve high-speed ware-handling.

v) To meet the demanding quality norms of two of our MNC Customers UB and SAB Miller for their recently launched new products, some Beer Bottle lines were upgraded by adding automatic inspection machines, on-line surface treatment facility (both Hot-End and Cold-End) and the lab-testing facilities enhanced to monitor quality more effectively. More lines are in process of up-gradation.

vi) An Automatic Bulk Palletizing System from MSK, Germany was installed in Bahadurgarh to meet requirements of overseas customers. Similar Palletisers are under discussion for some more lines.

vii) Gob-Accelerators i. were introduced in four lines at Bahadurgarh to improve ware-finish and reduce delivery related defects by perfect Gob-loading.

ii) Multi-Shear Spray System successfully commissioned at Bahadurgarh and Neemrana. This has helped in reduction of water and oil consumption and reduction of shear related defects. All the units are being equipped with these systems shortly.

ix) CNC Gun-Drilling Machines for making Vertiflow Holes in Moulds were installed in all the plants, which has helped in improving the mould cooling and thereby enhancing the productivity and product quality.

III. Foreign Exchange Earnings and Outgo

The Company has taken initiatives to strengthen its strategic presence globally by constantly accessing new sale avenues in overseas markets of Bangladesh, the USA, South Africa, Kenya, Australia, Hong Kong, to name a few. The foreign exchange earnings and outgo of the Company is detailed below

		Rs. (in lacs)
	Current year	Previous year
(i) Earnings in foreign exchange	5,030.26	5,772.77
(ii) Expenditure incurred in foreign exchange		
1. Raw materials	4,973.39	6,489.33
2. Capital goods	6,660.03	5,131.73
3. Components, spare parts and repairs	3,793.88	4,894.01
4. Other expenses	291.77	384.84

For and on behalf of the Board

Kolkata
August 13, 2010

Chandra Kumar Somany
Chairman

The Board of Directors, at its meeting held on October 31, 2005 had appointed Shri Sanjay Somany (Managing Director), Shri Mukul Somany (Joint Managing Director) as Chief Executive Officers (CEO) of the Company. Further, w.e.f. 5th December, 2009, Shri Laxmi Narayan Mandhana was appointed as Chief Financial Officer of the Company.

CEO & CFO certification

We, Sanjay Somany, Managing Director, Mukul Somany, Joint Managing Director and Laxmi Narayan Mandhana, Sr. Vice President (Finance) and Chief Financial Officer,responsible for the finance function certify that -

(a) We have reviewed the financial statements and the cash flow statement for the year 2009-2010 and that to the best of our knowledge and belief

(i) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations, with proper explanation as to material departures.

(b) To the best of our knowledge and belief, no transactions entered into, by the Company during the year 2009-10, which were fraudulent, illegal or violating the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee

(i) That no significant changes in internal control over financial reporting during the year 2009-10 have taken place.

(ii) That no significant changes in accounting policies during the year 2009-10 have taken place and that the same have been disclosed in the notes to the financial statements and

(iii) That there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Mukul Somany
Joint Managing Director
(Chief Executive Officer)

Sanjay Somany
Managing Director
(Chief Executive Officer)

Laxmi Narayan Mandhana
Chief Financial Officer

Particulars of employees in terms of section 217(2a) of the companies act, 1956

Sl. No.	Name	Age (Years)	Qualification & Experience in years	Date of Appointment	Designation (Nature of Duties)	Gross Remuneration (Rs.)	Last Employment held (Designation)
1	Shri Sanjay Somany	51	B. Com. Dip. In Diesel Engg. 30 years	01.10.2005	Managing Director (To Manage the affairs of the Company on day to day basis)	1,76,56,320	Glass Equipment (India) Ltd. (Managing Director)
2	Shri Mukul Somany	44	B. Com (Hons.) 23 years	01.10.2005	Joint Managing Director (To manage the affairs of the Company on day to day basis)	2,01,54,357	None
3	Shri Ram Raj Soni	51	B.Com (Hons) F.C.A. 28 years	27.10.2008	Executive Director	44,73,099	Grasim Industries Ltd. (Sr. Vice President)
4.	Shri Jagdish Prasad Kasera	62	FCA, FCS, ICWA 40 Years	01.01.1998	Senior President	24,93,477	Ispat Industries Ltd. (President)
5.	Shri Animesh Banerjee *	45	M.Sc. (Organic Chemistry), PGDBM 23 years	21.12.2009	Sr. Vice President	5,59,721	PepsiCo India Holdngs Pvt. Ltd. Vice President, Operation

* Employed for part of the year and was in receipt of remuneration at the rate of not less than Rs. 2,00,000/- per month.

Notes:

1. Remuneration includes Salary, Commission, and contribution to P.F, Gratuity and other facilities.
2. Shri Chandra Kumar Somany is related to both Shri Sanjay Somany and Shri Mukul Somany and both of them are also related to each other.
3. All appointments of the above employees are contractual.

For and on behalf of the Board

Kolkata
August 13, 2010

Chandra Kumar Somany
Chairman

Management discussion and analysis

Global economy

The global economy expected a growth of 1.7% in 2008 followed by growth deceleration by 2.2% in 2009. The developing countries showcased a notable growth of 5.6% in 2008 followed by a slow growth of 1.2% in 2009 while the high-income countries demonstrated 0.4% growth in 2008 followed by negative growth of 3.3% in 2009. The global economy started reviving from the fourth quarter of 2009 and is expected to record a positive growth of 2.7% in 2010 and 3.2% in 2011. *[Source: Global Economic Prospects, 2010]*

Global output (real GDP growth, percentage change from previous year)

	2007	2008	2009e	2010f	2011f
High-income countries	2.6	0.4	(3.3)	1.8	2.3
Developing countries	8.1	5.6	1.2	5.2	5.8
World	3.9	1.7	(2.2)	2.7	3.2

Note: e = estimate, f = forecast; growth rates aggregated using real GDP in 2005 constant dollars *[Source: World Bank]*

Indian economy

Buoyed by a robust 8.6% expansion in the fourth quarter, the Indian economy witnessed a healthier growth of 7.4% in 2009-10. This was primarily owing to a stimulus-aided rebound in manufacturing, which grew by 10.8% in 2009-10 as compared to mere 3.2% in 2008-09,and a better-than-anticipated performance by the farm sector which grew by 0.2%. IMF projected real GDP growth of 8.8% in 2010-11 and 8.4% in 2011-12.

	2008-09 (QE)	2009-10 (RE)
GDP at factor cost	6.7	7.4
Agriculture, forestry and fishing	1.6	0.2
Mining and quarrying	1.6	10.6
Manufacturing	3.2	10.8
Electricity, gas and water supply	3.9	6.5
Construction	5.9	6.5
Trade, hotel, transport and communication	7.6	9.3
Financing, insurance, real estate and business services	10.1	9.7
Community, social and personal services	13.9	5.6

QE – Quick estimates, RE – Revised estimates *[Source: CSO]*

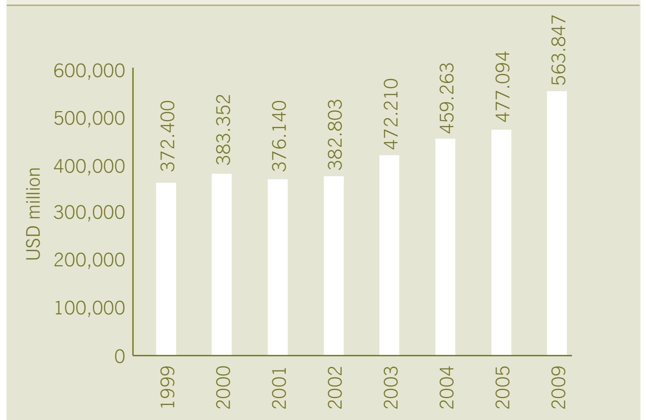
Global packaging industry

Glass packaging constitutes about a third of the glass industry, dominated by countries like Germany, USA, UK, China and Japan.

The glass industry comprises four key segments: hollow glass (mostly containers), flat glass, fibres and special glass. Container glass is the largest, dedicated to the growing demand coming out of the food, drinks, perfume and pharmaceutical sectors.

The industry is estimated to grow from USD 465 billion in 2007 to USD 597 billion in 2014, taking into consideration the average annual growth rate of nearly 3.5% (*Source: SPG Media*). Among the various segments, the largest are the food and beer segments.

Global packaging industry



Note: Constant prices from 2005 onwards
Source: Pira International Ltd

Indian packaging industry

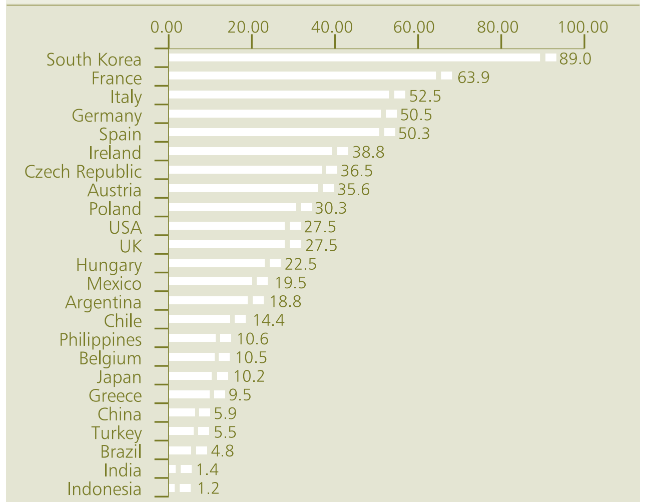
The Indian packaging industry size is estimated at USD 16.7 billion. India constitutes 3% of the global packaging industry, out of which the share of glass packaging is just 7%. The Indian glass packaging industry is growing at around 7% and is expected to grow at 12-15% over the next 10 years following increased consumption, the corresponding need to package it and the preference for glass for various reasons.

India's large growing middle-class and organised retail sector are the primary catalysts of packaging industry growth. The demand for glass containers is driven by a growth in end-user segments like liquor, beer, pharmaceuticals, food processing and carbonated drinks. The liquor and beer industries are the biggest users of glass containers (65% share), followed by pharmaceuticals (11%), food (13%), carbonated drinks (7%), cosmetics and others (4%).

Indian container glass industry

India's glass container industry reported a consolidation over the last decade. As a result, glass container production almost doubled from approximately 0.08 MT in 1997-98 to 1.4 MT in 2008-09, despite growing competition from alternative packaging materials (*Source: IBEF*). Glass manufacturers are widening their product range (colour, size and design) and investing in technology to improve weight and strength. This has resulted in the increased use of glass to pack premium products.

World glass container per capita consumption (kg)



Source: IBEF, CRISIL equities

Advantage of glass as a packaging material over aluminium

Taste	The lining of aluminium cans can cause a change in the taste of the stored product whereas in the case of glass nothing like this happens.
Shape	Glass bottles come in different shapes; the can shape is generally the same.
Clarity	One can easily see the product inside a glass bottle as it is transparent; this is not so in Aluminium
Environment friendly	Glass is made from silica, which is easily accessible whereas aluminium requires bauxite mining at a high environment cost

Advantages of glass over plastic

Glass	Plastics
100% recyclable and can be recycled endlessly with no loss in quality or purity. Possesses an excellent shelf life.	Modern-day plastics like PET are recyclable but with a low shelf-life. As usage expands when one climbs the plastic ladder, the ability to recycle reduces.
Chemically inert leading to acceptability. Does not pose any oxidation threat.	Plastic can leach dangerous chemicals into the product (like Bisphenol-A, which is suspected to cause certain brain and cardiac diseases) and can also lead to content oxidation due to the porous nature of plastic
Requires low energy when using raw materials. Can be recycled.	Requires about four times as much energy as glass when using raw materials (*Source: UBS U.S. Packaging Global Equity Research. September 2008*)

Industry growth drivers

Alcohol and beverage industry: The alcohol and beverage industry, especially IMFL, is expected to sustain 12% CAGR on account of changing lifestyles and rise in disposable incomes. However per capita alcohol consumption (in India) is a mere 1.8 litres per adult while in Russia it is around 10 litres per adult.

Alcobev drivers

- Rising consumption among urban women. Expected to increase from 10% of all consumers in the 2005-2015 period to 25%.
- Rising disposable incomes and changing lifestyles
- Higher penetration of international brands like SAB Miller and Diageo, resulting in the introduction of premium brands.

Alcohol per capita consumption

Country	Per capita consumption (in litres per annum)
India	1.8
USA	8.5
Europe	8.7
China	4.5

(Source: CRISIL reseach, 2010)

Pharmaceuticals industry: Glass bottles, moulded vials and ampoules have been a preferred packaging medium for various medicines, tonics, paediatric suspensions, dry powder and liquid injectables. The pharmaceutical sector is expected to double to USD 37 bn by 2013 mainly driven by exports (*Source: CRISIL*).

Food processing industry: The retail food sector of India is expected to double from USD 70 bn in 2008 to USD 150 bn by 2025 (*Source: McKinsey*) on account of a growing health consciousness resulting in the increased use of glass packaging.

In India, 10-12% of all food and beverages are packed in glass containers as against 40-50% in developed economies (Source: CRISIL).

Food processing drivers

Only 10-12% of all food and beverages are packed in glass containers in India as against 40-50% in developed economies.

Soft drinks per capita consumption

Country	Per capita consumption (bottles per adult per annum)
India	9
U.S.A	760
Mexico	674
Brazil	315
Russia	149
China	39

(Source: Beverage Digest, 2008)

toiletries is about USD 950 mn, growing at 15-20% and expected to become USD 1.4 bn in three years. This is positive for the container glass industry.

Cosmetic industry drivers

- Industry growth will be driven by vanity.
- Indian fashion/film industry driving industry growth
- Burgeoning youth population of India instrumental in driving the fashion and cosmetic industry
- Of the total Indian population of 1.2 bn around 32% are below 15 years of age while the proportion of 65 years or above people is just 5%.

Finance review

Accounting policy

The accounts (except in respect of certain Fixed Assets stated at fair value or revalued amounts) have been prepared on the basis of historical cost and on the accounting principles of a going concern. The accounts have been prepared in accordance with the provisions of the Companies Act, 1956 and Accounting Standards as notified vide Companies (Accounting Standards) Rules, 2006.

2009-10 vs. 2008-09 *Rs. in lac*

Years	2008-09	2009-10	Growth%
Net revenue	131,103.59	135,990.35	3.73
EBITDA	23,591.15	31,633.40	34.09
Profit before tax	11,771.75	18,304.53	55.50
Profit after tax	10,774.62	15,519.53	44.04
Cash profit	18,249.14	24,131.16	32.23
EPS (Rs)	12.34	17.77	44
Net worth	93,518.03	104,277.00	11.52
Fixed assets (Gross, excluding capital Work in progress)	137899.43	166149.15	20.49

Revenue analysis

Revenue (net sales) of the Company increased only 3.73% from Rs. 131,103.59 lac in 2008-09 to Rs. 135,990.35 lac in 2009-10 due to sluggish user industry demand and delay in passing on cost increases to customers.

Revenue by geography: Domestic revenue comprised 94.36 % of the Company's total revenue in 2009-10 (90.29% in 2008-09). Domestic Revenue grew 8.41% from Rs.118369 lacs in 2008-09 to Rs.128323 lacs in 2009-10.Exports, comprising 5.64% of total revenue in 2009-10 (9.71% in 2008-09. The Company sustained its export presence across 23 countries in Asia, Europe, North America and Africa.

Revenue by source: Income from other sources increased 59.21% from Rs. 2,170.07 lac in 2008-09 to Rs. 3,454.99 lac in 2009-10 largely on account of increased dividend income, interest inflow and income from the sale of assets. Other income as a proportion of total income stood at 2.47%.

Cost analysis

Total operating cost declined 2.48% from Rs. 110,828.25 lac in 2008-09 to Rs. 108,075.16 lac in 2009-10 even as revenues increased 3.93%. This was a result of efficient cost management derived from the use of low-cost energy sources like Natural Gas and a reduction in provisions. As a result, total cost as a proportion of total income was 77.36% in 2009-10 (82.45% in 2008-09).

Break-up of costs *Rs. in lac*

	2009-10	% of total	2008-09	% of total
Raw material consumed	38,467.36	35.59	39,309.11	35.47
Power and fuel	37,558.50	34.75	36,840.99	33.24
Employee costs	8690.86	8.04	6889.16	6.22
Direct Manufacturing costs	21195	19.62	21723	19.60
Other expenses	2163.44	2.00	6065.99	5.47
TOTAL	108,075.16	100.00	110,828.25	100.00

Raw material cost: Raw material cost declined 2.14% from Rs. 39,309.11 lac in 2008-09 to Rs. 38,467.36 lac in 2009-10 due to efficient raw material management. Raw material cost as a proportion of net sales was 28.29% in 2009-10 as against 29.98% in 2008-09.

Manufacturing cost: This cost (excluding power, fuel and employee) declined 2.43% from Rs. 21723 lac in 2008-09 to Rs. 21195 lac in 2009-10.Manufacturing cost as a proportion of net sales stood at 15.59% in 2009-10 against 16.57% in 2008-09.

Power and fuel cost: Power and fuel cost for the Company increased marginally by 1.95% from Rs. 36,840.99 lac in 2008-09 to Rs. 37,558.50 lac in 2009-10. The Company consumed 283619 kwh of power in 2009-10 against 253237 kwh in 2008-09; while per unit power cost was Rs.4.20 in 2009-10 against Rs. 3.90 in 2008-09. Power and fuel cost as a proportion of net sales was 27.62% in 2009-10 as against 28.10% in 2008-09.

Employee cost: Cost under this head increased 26.15% from Rs. 6889.16 lac in 2008-09 to Rs. 8690.86 lac in 2009-10, driven by increased employees and compensation packages. Correspondingly, employee cost as a proportion of net sales was 6.39% in 2009-10 as against 5.25 % in 2008-09.

Other Expenses: This has reduced in the year 2009-10 as compared to year 2008-09, primarily because of decline in a provision for derivative transaction losses and foreign exchange fluctuations.

Sources of funds

Capital employed

Capital employed increased 11.50% from Rs. 1,44,252 lac as on March 31, 2009 to Rs. 1,60,849 lac as on March 31, 2010 following an increase in debt, reserves and surplus. Return on capital employed, an effective tool for measuring business efficiency, increased 326 basis points from 11.83% in 2008-09 to 15.09% in 2009-10.

Net worth: Net worth, comprising equity capital, reserves and surpluses, increased 11.50% from Rs. 93,518 lac as on March 31, 2009 to Rs. 1,04,277 lac as on March 31, 2010 due to an increase in reserves and surplus. Return on net worth increased 371 basis points from 11.98% in 2008-09 to 15.69% in 2009-10.

Equity: The equity capital comprised 8,73,38,565 equity shares of Rs. 2 each, the same as in the previous year. As on March 31, 2010, promoters' holding in the Company stood at 74.16%.

Reserves and surplus: Reserves and surplus increased 11.72% from Rs. 91,771 lac as on March 31, 2009 to Rs. 102,530.37 lac as on March 31, 2010 due to an increase in general reserves and profit plough back. Around 90.32% of the reserves was free in nature.

Loans: Total debt (comprising secured and unsecured loans) increased 11.51% from Rs. 50,734.46 lac as on March 31, 2009 to Rs. 56,572.33 lac as on March 31, 2010 on account of fresh borrowings for working capital and long-term loans. During the year under review, the Company repaid Rs. 51 crore of long term loans and intends to repay around Rs. 50 crore in

2010-11. The Company maintained it's debt-equity ratio at 0.54 in 2009-10. Secured loans (comprising 96.98% of the total debt as on March 31, 2010) increased 32.12% from Rs. 41,523.81 lac as on March 31, 2009 to Rs. 54,861.68 lac as on March 31, 2010 as the Company took both working capital and term loans. Unsecured loans (comprising 3.02% of the total debt) declined 81.43% from Rs. 9,210.65 lac as on March 31, 2009 to Rs. 1,710.65 lac as on March 31, 2010, following repayment.

Interest: Interest outflow increased 8.57% from Rs. 4,344.88 lac in 2008-09 to Rs. 4,717.24 lac in 2009-10 on account of increased debt. Interest cover strengthened from 5.43 in 2008-09 to 6.71 in 2009-10 reflecting the Company's growing ability in servicing its debt.

Gross block

Gross block increased 20.49% from Rs. 137,899.43 lac as on March 31, 2009 to Rs. 166,149.15 lac as on March 31, 2010, largely on account of an increase in plant and machinery.

Depreciation increased 15.21% from Rs. 7,474.52 lac in 2008-09 to Rs. 8,611.63 lac in 2009-10 on account of the increased gross block. Accumulated depreciation as a proportion of gross block was 32.81%, reflecting asset newness.

Investments

Investments increased 40.62% from Rs. 10,458.46 lac as on March 31, 2009 to Rs. 14,706.94 lac as on March 31, 2010 on account of investments in associate HNG Float Glass Limited.

Working capital

Working capital declined from Rs. 39,119.01 lac as on March 31, 2009 to Rs. 38,736.97 lac as on March 31, 2010 on account of effective working capital management. Working capital as a proportion of total capital employed was 26.51% in 2009-10 as against 29.24% in 2008-09.

Liquidity matrix

	2009-10	2008-09
Current ratio	2.42	2.52
Quick ratio	1.65	1.68

Inventories: Inventories declined 2.71% from Rs. 21,578.47 lac as on March 31, 2009 to Rs. 20,994.56 lac as on March 31, 2010, reflecting efficient inventory management. Inventory cycle decreased from 55 days of turnover equivalent in 2008-09 to 53 days in 2009-10.

Sundry debtors: Sundry debtors declined 3.12% from Rs. 22,718.99 lac as on March 31, 2009 to Rs. 22,009.71 lac as on March 31, 2010. Around 4.21% of the debtors were more than six months old. Debtor days decreased from 58 days of turnover equivalent in 2008-09 to 55 days in 2009-10.

Cash and bank balances: Cash and bank balances declined 58.78% from Rs. 1139.97 lac as on March 31, 2009 to Rs. 469.89 lac as on March 31, 2010.

Loans and advances: Loans and advances increased 16.57% from Rs. 19,353.09 lac as on March 31, 2009 to Rs. 22,560.60 lac as on March 31, 2010 following an increase in Advance Income Tax and MAT credit entitlement.

Current liabilities and provisions: Current liabilities and provisions increased 6.33% from Rs. 25,671.51 lac as on March 31, 2009 to Rs. 27,297.79 lac as on March 31, 2010 largely on account of an increase in the provision for taxation.

Taxation

Total tax comprising minimum alternate tax (MAT) increased 179.30% on account of increased profits. Average tax rate for the Company was 15.21% in 2009-10.

Forex management

The Company incurred forex expenses worth Rs. 15719.07 lac and forex income of Rs. 5,030.26 lac in 2009-10. The Company reported a net foreign exchange outgo of Rs.10688.81lac in 2009-10.

Risk management

THE BUSINESS OF CONTAINER GLASS IS INFLUENCED BY DIVERSE VARIABLES. THE COMPANY IS COMMITTED TO MANAGE THEM THROUGH PROACTIVE AWARENESS, APPRAISAL AND COUNTER-ACTION. AT THE HEART OF THIS RISK MANAGEMENT IS A COMPREHENSIVE AND INTEGRATED FRAMEWORK COMPRISING PRUDENTIAL NORMS, STRUCTURED REPORTING AND CONTROL. THOUGH THE RISK MANAGEMENT APPROACH IS CENTRALLY INITIATED, THE RISK MANAGEMENT DISCIPLINE IS DECENTRALISED FOR EFFECTIVE MITIGATION AT THE TRANSACTIONAL LEVEL.

Economy risk

A downturn in the economy could affect the Company's growth

Risk mitigation

- The Indian economy grew 7.4% in 2009-10 including 8.6% in the last quarter The risk of an economy slowdown affecting glass off take is real, though in a country like India the impact of the slowdown could well be limited due to the under-penetrated nature of product ownership resulting in consumption rebound. This was clearly visible in 2009-10 when the Indian economy rebounded faster than peer economies. The economy was the second fastest growing in the world in 2009-10.

Industry risk

Any downturn in user industries could affect the Company's prospects.

Risk mitigation

- India has low per capita glass consumption of 1.4 kg compared to 5.9 kg in China and 27.5 kg in US. This holds out attractive prospects for the business
- India has low per capita beer consumption at 1.3 ltrs compared to 22 ltrs in China, indicating a huge potential for improvement. The consumption of beer is increasing at 15-20% annually in India and this is expected to sustain
- Only 6% of all processed food in India is packed in glass, providing a huge sectoral scope for growth; the Rs. 6,000 crore Indian carbonated drinks industry is expected to grow at 6-8% annually; the domestic cosmetic industry is expected to become USD 1.4 bn in the coming three years from the present USD 950 mn. These indicate robust prospects for glass offtake

Competition risk

Increasing competition could affect profitability.

Risk mitigation

- The Company possesses the largest container glass capacity in India (65% market share). In this business, the Company strengthened its competitiveness through the pioneering introduction of the NNPB technology in India, which helped reduce bottle weight by 15-35%, generating a cost advantage for the Company and the customer.
- The Company possesses a capital cost per tonne that is the lowest in the industry – Rs. 21,000 as on March 31, 2010 for container glass compared to a prevailing replacement cost of – Rs. 27,000.

Geographic concentration risk

Dependence on a particular geography could affect growth in the event of a localised economic downturn.

Risk mitigation

- The Company's six manufacturing units are spread across India to service customers from different locations

■ Around 94.36% of the Company's revenues are derived from India and the rest from abroad (5.64%)

Raw material risk

Inability to procure adequate raw material of the right quality in the right quantity could affect operations.

Risk mitigation

■ The Company entered into secure raw material supply contracts with suppliers leading to uninterrupted delivery. The Company leveraged its scale to emerge as a preferred buyer

■ The Company maintained an average critical raw material inventory of 20-25 days to ensure operational seamlessness

■ The Company commissioned a sand beneficiation plant to wash silica to create the right sand quality

■ The Company tied up with distilleries and bottlers for supplying cullets

■ Raw material cost as a percentage of net sales was 28.29% in 2009-10 compared with 29.98% in 2008-09

Quality risk

Improper quality could lead to client attrition.

Risk mitigation

■ The Company's manufacturing units are ISO 9001:2000 and ISO 22000 certified

■ The Company invested in state-of-the-art quality control equipment like spectrophotometer, flame photometer, vertical load tester and ramp pressure tester among others.

Funding and viability risk

The Company may not be able to source funds to run both its businesses.

Risk mitigation

■ The Company's business was funded by a consortium of five banks. The Company enjoyed a cash and bank balance of Rs. 4.70 cr at the end of 2009-10.The total fund-based limit of the Company was Rs. 250 cr and non-fund-based limit was Rs. 125 cr.

■ The Company enjoyed a gearing of 0.54 at the close of 2009-10 and an interest cover of 6.71.

■ The current ratio and quick ratio for the Company stood at 2.42 and 1.65 in 2009-10, which were fairly comfortable

■ The Company reduced its receivables cycle from 58 days of turnover equivalent in 2008-09 to 55 days in 2009-10

■ The Company's financial closure for its Rs. 500 crore (approx) expansion in Andhra Pradesh was achieved with a debt-equity of 2:1

■ The Company strengthened its container glass realisations from Rs. 17,127 per tonne in 2008-09 to Rs. 17,377 per tonne in 2009-10

The Directors present the Company's Report on Corporate Governance

1. Company's philosophy on Code of Governance

We, at HNGIL, believe good Corporate Governance must lay strong emphasis on transparency, accountability, control, ethical corporate citizenship and integrity. The Company's business objective and that of its management and employees is to manufacture and market the Company's products in such a way as to create value that can be sustained over long term for all its stakeholders including shareholders, employees, customers, government and the lenders. In addition to compliance with the regulatory requirements, the Company endeavours to ensure that the highest standards of ethical conduct are maintained throughout the organisation.

During 2009-10, the Company kept its commitment towards the required norms and disclosures on Corporate Governance under the Listing Agreement executed with the stock exchanges, in which the shares of the Company are listed.

2. Board of Directors

The Company formed an active, well-informed Board with the majority comprising Independent Directors to uphold the Company's commitment to high standards of ethical values and business integrity.

Present composition and size of the Board

The composition of the Board of Directors as on March 31, 2010 is given below. Out of the total 10 Directors on the Board:

■ Three are Executive Directors

■ One is a Non-Executive Director

■ Six are Non-Executive Independent Directors

The Chairman of the Company is a Non-Executive, Non-Independent Director. The number of Independent Directors exceeds one-half of the total number of Directors.

Attendance of Directors at the previous Annual General Meeting (AGM)

The last Annual General Meeting was held on August 14, 2009 at Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020 and the same was attended by all the Directors except Shri Chandra Kumar Somany, Shri Mukul Somany and Shri Kishore Bhimani.

Attendance of Directors at the Board meeting and number of other directorships and other Board Committee memberships, among others, during the year under review.

Name of the Director	Category of directorship	No of Board meeting(s) attended	Directorship in other companies incorporated in India^	#No. of committees (Other than that of the Company) in which he is		
				Chairman	Member	Total
Shri Chandra Kumar Somany	(Chairman) Non-Executive	5	9	–	1	1
Shri Sanjay Somany	(Managing Director) Executive	5	9	–	–	–
Shri Mukul Somany	(Joint Managing Director) Executive	3	10	–	1	1

Name of the Director	Category of directorship	No of Board meeting(s) attended	Directorship in other companies incorporated in India ^	#No. of committees (Other than that of the Company) in which he is		
				Chairman	Member	Total
Shri Kishore Bhimani	Independent	5	1	–	2	2
Shri Sujit Bhattacharya	Independent	5	1	–	–	–
Shri Ratna Kumar Daga	Independent	6	2	2	–	2
Shri Dipankar Chatterji	Independent	6	8	2	4	6
Shri Shree Kumar Bangur	Independent	1	10	–	–	–
Dr. Indrajit Kumar Saha	Independent	6	1	–	–	–
Shri Ram Raj Soni	Executive Director	4	1	–	–	–

^ excludes directorship of companies u/s 25 of the Companies Act, 1956, private limited companies and foreign companies.
# Membership/Chairmanship of Audit Committees and Shareholders'/Investors' Grievance Committees have been considered.

Board meetings held during the year

During 2009-10, six Board meetings were held. The maximum time gap between two Board meetings does not exceed 120 days. The details of the meetings are as follows:–

Serial number	Date of meeting	During the quarter	Number of Directors present
1	May 26, 2009	April'09 – June'09	7
2	June 20, 2009	April'09 - June'09	8
3	July 27, 2009	July'09 - September'09	9
4	October 29, 2009	October'09 - December'09	7
5	January 19, 2010	January'10 - March'10	7
6	March 19, 2010	January'10 - March'10	8

The Board meetings are normally convened on the directions received from the Chairman/Managing Director of the Company. A detailed agenda is circulated to the members of the Board, at least three days prior to the date of the meeting. Agenda items are circulated along with relevant information to enable the Board members to take appropriate decisions. The minutes of the Committees of the Board are regularly placed before the Board.

3. Audit Committee

Terms of reference

The Company constituted an Audit Committee in the year 2000. The terms of reference of the Audit Committee are as follows

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors, tax auditors and internal auditors of the Company and the fixation of their audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement forming a part of the Board's Report in terms of Section 217(2AA) of the Companies Act, 1956.
   b. Changes, if any, in accounting policies and practices and reasons for the same.
   c. Major accounting entries involving estimates based on the exercise of judgment by the management.
   d. Significant adjustments made in the financial statements arising out of audit findings.
   e. Compliance with listing and other legal requirements relating to financial statements.
   f. Disclosure of any related party transactions.
   g. Qualifications in the Auditors' Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Reviewing with internal auditors any significant findings and follow-up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

Composition, meetings and attendance during the year

During 2009-10, 10 meetings of the Audit Committee were held and the attendance of each member of the Committee is given below

Dates of meetings

April 2, 2009; May 4, 2009; June 20, 2009; July 27, 2009; August 26, 2009; October 7, 2009; October 29, 2009; November 20, 2009; January 19, 2010; March 4, 2010

Members of the Audit Committee have the requisite financial and management expertise. The Chairman of the Audit Committee attended the 63rd Annual General Meeting of the Company.

Total strength of the Audit Committee: Three

Designation	Members	Category	No. of meetings held	No. of meetings attended
Chairman	Shri Ratna Kumar Daga	Non-Executive, Independent Director	10	10
Member	Shri Sujit Bhattacharya	Non-Executive, Independent Director	10	8
Member	Shri Dipankar Chatterji	Non-Executive, Independent Director	10	10

4. Remuneration Committee

Terms of reference

To formulate and determine the Company's policy regarding remuneration packages for Executive Directors including any compensation payments.

Composition, meetings and attendance during the year

Total strength of the Remuneration Committee: Three

Designation	Members	Category	No. of meetings held	No. of meetings attended
Chairman	Shri Ratna Kumar Daga	Non-Executive, Independent Director	1	1
Member	Shri Kishore Bhimani	Non-Executive, Independent Director	1	1
Member	Shri Dipankar Chatterji	Non-Executive, Independent Director	1	1

The Remuneration Committee approved the increase in remuneration of the Managing Director and Joint Managing Director in terms of the agreement entered by the Company with them and approved by the shareholders of the Company.

Remuneration policy of the Company

The remuneration of the Executive Directors are recommended by the Remuneration Committee, based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, macro-economic review, remuneration packages of heads of other organisations. The Company pays remuneration by way of salary, perquisites and allowances, incentive remuneration and /or commission to its Executive Directors.

The remuneration by way of commission to the Non-executive Directors is decided by the Board of Directors and distributed on an equal basis. The members had, at the Annual General Meeting held on September 14, 2007, approved the payment of remuneration by way of commission every year to the Non-Executive Directors of the Company Rs. 1,00,000 or 1% of the net profit for that year (calculated in accordance with the provisions of section 309(5) of the Companies Act, 1956), whichever is less, subject to the approval of Central Government as may be required, for the period of five years commencing from April 1, 2007 and ending on March 31, 2012. The Commission for the financial year 2009-10 will be distributed among the said Directors accordingly.

Details of the remuneration paid to the Directors during 2009-10

To Non-Executive Directors

In addition to the commission as aforesaid, the Independent and Non-Executive Directors are entitled to a sitting fee of Rs. 5,000 for attending each meeting of the Board and the Audit Committee. The members of Remuneration Committee are paid a sitting fee of Rs. 2,500 for attending each Committee meeting. Further, no remuneration is paid for attending the meetings of the Share Transfer and Shareholders' Grievance Committee and Treasury Management Committee.

The Company obtained shareholders' approval for the payment of commission to Non-Executive Directors, on September 14, 2007, for a period of five years. The amount of commission will be apportioned and paid among the Non-Executive Directors on the basis of duration of membership on the Board.

The details of sitting fees paid and commission payable during 2009-10 are as follows

(In Rs.)

Directors	Business relationship with HNGIL	Sitting fees	Commission	Total
Shri Chandra Kumar Somany*	Promoter	25,000	1,00,000	1,25,000
Shri Kishore Bhimani	None	27,500	1,00,000	1,27,500
Shri Sujit Bhattacharya	None	65,000	1,00,000	1,65,000
Shri Ratna Kumar Daga	None	82,500	1,00,000	1,82,500
Shri Dipankar Chatterji	None	82,500	1,00,000	1,82,500
Shri Shree Kumar Bangur	None	5,000	1,00,000	1,05,000
Dr. Indrajit Kumar Saha	None	30,000	1,00,000	1,30,000

* Shri Chandra Kumar Somany is the father of Shri Sanjay Somany, Managing Director and Shri Mukul Somany, Joint Managing Director. Other Directors are not related to one another.

To Executive Directors

The details of remuneration paid to Executive Directors as per agreement during 2009-10 is as follows

Break-up remuneration (In Rs.)

	Executive Directors		
	Shri Sanjay Somany * Managing Director, Promoter's family	Shri Mukul Somany* Joint Managing Director, Promoters' family	Shri Ram Raj Soni Executive Director
Salary	94,84,800	1,16,73,600	28,80,000
Provident fund	8,75,520	8,75,520	2,30,400
Perquisites	2,42,699	3,09,237	1,60,000
Commission	72,96,000	72,96,000	9,60,000
Total	1,78,99,019	2,01,54,357	42,30,400

* Shri Sanjay Somany, Managing Director and Shri Mukul Somany, Joint Managing Director, who are brothers, are related to Shri Chandra Kumar Somany, Chairman of the Company.

Notes

a. The agreements with the Executive Directors is for a period of five years for Shri Sanjay Somany and Shri Mukul Somany w.e.f. October 1, 2005 up to September 30, 2010 and for a period of three years for Shri Ram Raj Soni w.e.f. October 27, 2008 up to October 26, 2011 or the normal retirement date, whichever is earlier. Either party to the agreement is entitled to terminate it by giving not less than three months' notice in writing to the other party.

b. Shri Sanjay Somany and Shri Mukul Somany are entitled to a commission of 1% of the net profits subject to a ceiling of their annual salary. Shri Ram Raj Soni is entitled to a commission of 0.5% of the net profits subject to a ceiling of 50% of his annual salary.

c. No stock option is available with the Executive Directors or the employees of the Company.

5. Share Transfer and Shareholders' Grievance Committee

Composition, meetings and attendance during the year

Total strength of the Share Transfer and Shareholders' Grievance Committee: Four

Designation	Members	Category	No. of meetings held	No. of meetings attended
Chairman	Shri Kishore Bhimani	Non-Executive Independent Director	6	4
Member	Shri Ratna Kumar Daga	Non-Executive Independent Director	6	6
Member	Shri Sanjay Somany	Executive Director	6	5
Member	Shri Mukul Somany	Executive Director	6	4

The dates on which the meetings of the Share Transfer and Shareholders' Grievance Committee were held during the year

June 20, 2009; July 27, 2009; August 14, 2009; September 15, 2009; October 29, 2009; January 19, 2010

The Compliance Officer of the Company is Shri Priya Ranjan who is also the Company Secretary of the Company.

Shareholders' complaints and pending share transfer

There were six investor grievance complaints received during 2009-10. All complaints were resolved and there were no complaints pending at year ended March 31, 2010.

6. General Body Meetings

The details of day, date, venue and time of the last three Annual General Meetings held are as follows

General Meeting	Venue	Day and date	Time
63rd Annual General Meeting	Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020	Friday, August 14, 2009	11.00 am
62nd Annual General Meeting	Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020	Monday, September 8, 2008	10.00 am
61st Annual General Meeting	Registered Office: 2, Red Cross Place , Kolkata- 700 001	Friday, September 14, 2007	11.30 am

Details regarding special resolutions passed during the previous three years are given below

Shareholders' meeting	Special business requiring special resolution
63rd Annual General Meeting	1. Resolution requiring approval for inserting the Article 151A of the Company in respect to the forfeiture of unclaimed dividends.
62nd Annual General Meeting	1. Resolution requiring approval u/s 31 of the Companies Act, 1956 for altering the Article 85 of the Company in respect to the number of Directors of the Company. 2. Resolution requiring approval u/s 314 of the Companies Act, 1956 for holding an office of profit by the Chairman of the Company in Glass Equipment (India) Limited, a 100% Subsidiary of the Company. 3. Resolution requiring approval u/s 293(1)(d) of the Companies Act, 1956 and all other enabling provisions, to grant consent to the Board of Directors of the Company to borrow sums of money, which may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves. 4. Resolution requiring approval u/s 293(1)(a) of the Companies Act, 1956 and other applicable provisions to grant consent to the Board of Directors to mortgage, create charge(s) and/or hypothecate in addition to the existing mortgage(s), charge(s) and hypothecation(s).
61st Annual General Meeting	1. Resolution requiring approval for payment of commission to the Non-Executive Directors. 2. Resolution requiring approval u/s 314 of the Companies Act, 1956 for Shri Bharat Somany, to hold an office or place of profit in the Company.

Postal ballot

During the year, ordinary resolution under section 192A of the Companies Act, 1956 and other relevant provisions approving sub-division of Equity Shares from Face Value Rs.10/- each to Face Value Rs. 2/- each was passed by shareholders through Postal Ballot. Smt. Sweety Kapoor, Practicing Company Secretary, appointed as Scrutinizer by the Company, received a total of 59 ballots which were all valid. Out of 59 ballot papers, 57 ballot papers representing 94.28% of total paid-up capital of the Company had assented for the aforesaid resolution.

No resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting. The Company will seek shareholders' approval through Postal Ballot in respect of resolutions relating to such business as prescribed in the Companies (Passing of the Resolutions by Postal Ballots) Rules, 2001, as and when the occasion arises.

7. Disclosures

- There were no materially significant related party transactions made by the Company with its Promoters, Directors or the management and its subsidiaries or relatives, among others, that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which the Directors are interested is placed before the Board regularly for its approval.
- Related party transactions in the ordinary course of business are reported to the Audit Committee. Such transactions are disclosed in Note No. 29 of Schedule 'S' to the accounts in the Annual Report.
- During the last three years, there were no strictures or penalties imposed on the Company by either the Securities and Exchange Board of India (SEBI) or the stock exchanges, or any other statutory authority for non-compliance of any matter related to the capital market.
- Though there is no formal whistle blower policy, the Company takes cognisance of the complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company was denied access to the Audit Committee of the Board of Directors of the Company.
- The Company conducts periodic reviews and reporting to the Board of Directors regarding risk assessment by senior executives with a view to minimise risk.
- None of the Non-Executive Directors hold any share in the Company except Shri Chandra Kumar Somany (holding 26,77,370 shares in his personal capacity).
- During 2009-10, the Company didn't make any public or rights issue.
- The financial statements for 2009-10 were prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and as required under the Companies (Accounting Standards) Rules, 2006.
- The Managing Director, the Joint Managing Director and the Chief Financial Officer of the Company have certified to the Board in accordance with Clause 49(v) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2010.
- The Management Discussion and Analysis forms a part of this Annual Report.
- According to Articles of Association of the Company, one-third of the Directors retire by rotation and, if eligible, seek re-appointment at the Annual General Meeting of the shareholders. As per Article 90 of the Articles of Association of the Company, Shri Ratna Kumar Daga, Shri Dipankar Chatterji and Dr. Indrajit Kumar Saha will retire in the ensuing Annual General Meeting. The Board recommended the reappointment of all the retiring Directors. The detailed profiles of all these Directors are provided in the Annual General Meeting Notice section of the Annual Report.
- The Central Government granted exemption to your Company under Section 212 of the Companies Act, 1956. Accordingly, accounts of the subsidiary companies are not annexed hereto.

8. Means of communication

- The quarterly, half-yearly and annual financial results are published in the proforma prescribed under the Listing Agreement in one English Newspaper (normally in The Financial Express) having wide circulation and another in vernacular language in Bengali (normally in Aarthik Lipi). However, only the annual results are sent to the shareholders of the Company.
- The Company's annual results along with various other information are displayed on the Company's web-site www.hngindia.com.

9. General shareholder information

Incorporation	The Company was incorporated in Calcutta, in the Province of Bengal, on February 23, 1946.
Corporate Identification Number (CIN):	L26109WB1946PLC013294
AGM: Date, time and venue	September 24, 2010, at 3.00 pm at CII- Suresh Neotia Centre of Excellence for leadership, DC-36, Sector 1, Salt Lake City, behind City Centre

Financial calendar	April to March
■ 1st quarter results by	2nd week of August
■ 2nd quarter results by	2nd week of November
■ 3rd quarter results by	2nd week of February
■ 4th quarter results by	3rd Week of May of next year
Date of book closure	September 17, 2010 to September 24, 2010 (both days inclusive)
Dividend payment date	September 28, 2010
Listing on stock exchanges	

Your Company's shares are listed on the following stock exchanges

1] The Calcutta Stock Exchange Ltd	2] Bombay Stock Exchange Limited	3] National Stock Exchange of India Limited
7, Lyons Range,	25, Phiroze Jeejeebhoy Towers,	Exchange Plaza, Bandra Kurla Complex, Bandra (E),
Kolkata-700 001	Dalal Street, Mumbai 400 001	Mumbai- 400 051
Email: mop@cse-india.com	Email : is@bseindia.com	Email: ignse@nse.co.in
Website: www.cse-india.com	Website: www.bseindia.com	Website: www.nseindia.com

Listing fees	Paid for the year 2010--11 for all the above Stock Exchanges.
Scrip code/Scrip Symbol –	i. 10018003 on The Calcutta Stock Exchange Ltd., Kolkata
	ii. 515145 on Bombay Stock Exchange Limited, Mumbai
	iii. HINDNATGLS on National Stock Exchange of India Limited, Mumbai

High / Low share price data

1] According to the data provided by The Calcutta Stock Exchange Ltd, Kolkata, there was no transaction in the Company's equity shares during the year under review at the said Stock Exchange.

2] The details of transactions in the Company's equity shares at the Bombay Stock Exchange Limited and National Stock Exchange of India Limited during the year and the respective high / low price data are as given below

At Bombay Stock Exchange Limited

Month	High (Rs.)	Low (Rs.)	Volume (shares)
April, 2009	115.60	80.00	15,311
May, 2009	148.76	99.25	29,864
June, 2009	139.80	97.00	48,859
July, 2009	133.58	90.00	24,626
August, 2009	130.60	116.00	28,066
September, 2009	145.00	118.40	95,417
October, 2009	154.00	133.20	79,090
November, 2009	149.40	122.20	1,57,429
December, 2009	154.90	129.60	3,92,384
January, 2010	242.95	144.55	29,38,213
February, 2010	249.00	205.10	8,10,939
March, 2010	275.00	234.30	5,32,330

Source: *www.bseindia.com*

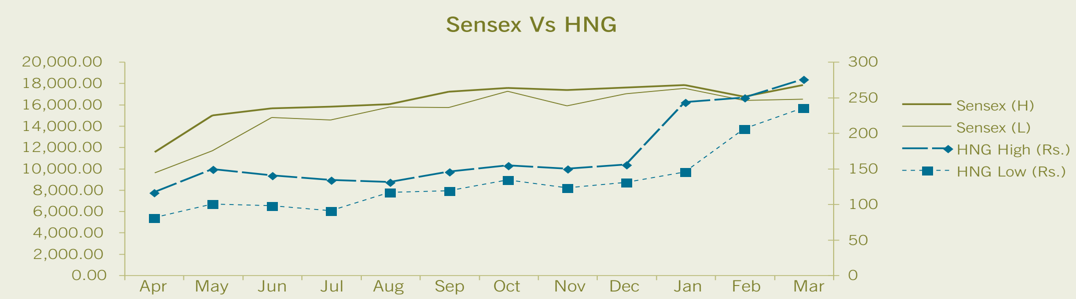
At National Stock Exchange of India Limited

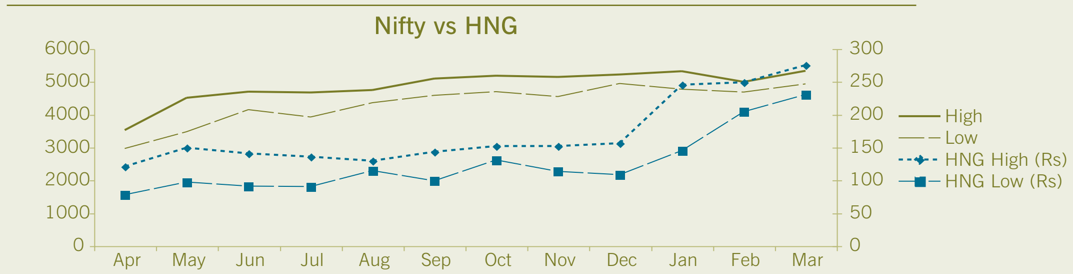
Month	High (Rs.)	Low (Rs.)	Volume (shares)
April, 2009	121.00	78.03	1,001
May, 2009	149.60	97.02	3,711
June, 2009	140.40	91.01	9,920
July, 2009	135.80	90.00	7,848
August, 2009	129.20	114.80	8,714
September, 2009	143.00	99.00	43,820
October, 2009	151.98	131.00	24,962
November, 2009	151.96	113.00	1,12,538
December, 2009	156.25	108.00	3,11,720
January, 2010	244.95	145.30	37,99,028
February, 2010	249.10	204.00	10,16,606
March, 2010	274.85	230.50	5,76,902

Source: *www.nseindia.com*

Note- The Company's equity shares of the Face Value of Rs. 10/- each were subdivided into equity shares of Face Value of Rs. 2/- each w.e.f. November 13, 2009. The prices of these shares are quoted on NSE and BSE based on the Face Value of Rs. 2/- per share. For the purpose of above figures, the prices quoted in period prior to November 13, 2009 have been considered as 1/5th of the actual quoted price.

Performance in comparison to broad-based indices such as BSE Sensex and NSE





Registrar and Share Transfer Agent	In compliance with the SEBI directive, the Company appointed M/s. Maheshwari Datamatics Pvt. Ltd., as its Registrar and Share Transfer Agent for all matters relating to shares both in physical as well in dematerialised mode. However, documents relating to shares are also received at the Company's registered office at 2, Red Cross Place, Kolkata 700 001, Tel. No: (033) 2254 3100, Fax No: (033) 2254 3130, e-mail address: cosec@hngil.com
Share transfer system	The transfer of shares in physical form is processed and completed by M/s Maheshwari Datamatics Pvt. Ltd. within a period of 15 days from the date of receipt thereof, provided all the documents are in order. In case of shares in electronic form, the transfers are processed by the NSDL/CDSL through respective depository participants.

Distribution of shareholding as on March 31, 2010				
Number of equity shares held	Folios	%	Shares	%
1 to 5,000	6,262	99.2238	11,36,855	1.3016
5001 to 10000	15	0.2376	1,12,375	0.1287
10001 to 20000	4	0.0634	62,063	0.0711
20001 to 30000	1	0.0158	30,000	0.0343
30001 to 40000	1	0.0158	36,910	0.0423
40001 to 50000	1	0.0158	47,760	0.0547
50001 to 100000	–	–	–	–
100001 and above	27	0.4278	8,59,12,602	98.3673
Grand total	6,311	100	8,73,38,565	100
Number of shareholders in:				
Physical mode	22	0.3486	19,395	0.0222
Electronic mode				
NSDL	3,952	62.6208	8,16,95,558	93.5389
CDSL	2,337	37.0306	56,23,612	6.4389
Total	6,311	100	87338565	100

Shareholding pattern as on March 31, 2010		
Category	Number of shares	%
Promoters and associates	6,47,70,340	74.1601
Institutions	3,24,342	.3714
Domestic companies	36,18,841	4.1435
Resident individuals	1,86,14,211	21.3126
Foreign residents and NRIs	10,826	.0124
Trust	5	
Total	8,73,38,565	100

Dividend	The Board recommended dividend at 75% or Rs. 1.50 per equity share
Dematerialisation of shares and liquidity	As on March 31, 2010, 8,73,19,170 shares comprising 99.98% of the paid-up capital of the Company are in dematerialised mode, as compared with 1,04,70,243 shares as on March 31, 2009. Chandra Kumar Somany Group, i.e. the promoter of the Company, holds around 74.16% of the paid-up capital of the Company as on March 31, 2010 and March 31, 2009, of which all the shares are held in dematerialised mode as on March 31, 2010, as compared with 59,61,426 shares being 34.13% of paid-up capital were held in dematerialised mode as on March 31, 2009.
Demat ISIN Number for NSDL and CDSL	INE952A01022
Outstanding GDRSs/ADRs/ Warrants or any convertible instruments, conversion date and the likely impact on equity.	None

Plant locations	The Company has six plants, located at:	
2, Panchu Gopal Bhaduri Sarani, Rishra-712 248, Dist. Hooghly, West Bengal Phone: (033) 2600 0200, Fax (033) 2600 0333	Bahadurgarh–124507, Dist: Jhajjar, Haryana. Phone: (01276) 221400, Fax (01276) 221666	14, RIICO Industrial Area Neemrana, Distt. Alwar Pin - 301705 (Rajasthan) Tel - 01494 - 246712, 513935 Fax - 01494 - 246713
P.O. Virbhadra, Rishikesh - 249201, Dist. Dehradun, Uttarakhand Phone: (0135) 2470700, Fax (0135) 2470777	Thondamanatham Village, Vezhudavoor S.O. Puducherry –605 502 Phone: (0413) 2677319, Fax (0413) 2677366/2677666	Nashik Glass Work, F1, MIDC Malegaon, Dist. Sinnar, Nashik - 422113 Phone: (025511) 228900, Fax (025511) 228999

Address for correspondence	Company Secretary Hindusthan National Glass & Industries Ltd 2 Red Cross Place, Kolkata 700 001. Telephone No. (033) 2254 3100 Fax No. 033 2254 3130 Email cosec@hngil.com
E-mail ID for investors' grievance	cosec@hngil.com

B. Non-mandatory requirements under Clause 49 of the Listing Agreement

The Board	At present, the Chairman of the Company Shri Chandra Kumar Somany, does not have a separate office in the Company. The corporate office supports the Chairman in discharging his responsibilities. Independent Directors are appointed on the Board based on their requisite qualifications and experiences which enables them to contribute effectively to the Company.
Treasury Management Committee	The Board of Directors at its meeting held on May 9, 2005, constituted a Committee of its member known as the Treasury Management Committee to approve and authorise transactions involving the day-to-day management of the funds with more efficiency. The Committee comprising of Shri Sanjay Somany, Shri Mukul Somany, Shri Ratan Kumar Daga and Shri Dipankar Chatterji as its members. During 2009-10, 13 meetings of the Treasury Management Committee were held.
Remuneration Committee	The details of the Committee have already been stated at point no 4 of this Report.
Information to shareholders	Half-yearly results including summary of the significant events are currently not being sent to the shareholders of the Company. However, quarterly results are posted at the Company's website, in addition to being published into two newspapers, one in English and another in vernacular language.
Code of Conduct for Prevention of Insider Trading.	Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company adopted a 'Code of Conduct for Prevention of Insider Trading' at the meeting of the Board of Directors held on August 13, 2010. The Company, its Directors and designated employees, have complied with the provisions of the said Code.

Code of Conduct for Directors and Senior Management	Pursuant to the requirements of Clause 49 of the Listing Agreement as amended, the Company adopted a 'Code of Conduct for Directors and Senior Management' at the meeting of the Board of Directors held on August 13, 2010. The said Code is also placed on the website of the Company viz. www.hngindia.com. The Directors and designated employees of the Company have complied with the provisions of the said Code of Conduct.

For and on behalf of the Board

Kolkata
August 13, 2010

Chandra Kumar Somany
Chairman

Declaration

All the Board Members and the Senior Management personnel have affirmed their compliance with the 'Code of Conduct for Directors and Senior Management' for the financial year 2009-10 in terms of Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges.

Sanjay Somany
Managing Director

Mukul Somany
Joint Managing Director

Kolkata
August 13, 2010

Certificate

The members of Hindusthan National Glass & Industries Limited

We have examined the compliance of the conditions of Corporate Governance by Hindusthan National Glass & Industries Ltd. for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the guidance note on certification of Corporate Governance as stipulated in Clause 49 of the Listing Agreement issued by Institute of Chartered Accountants of India and limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of information and explanations given to us, as well as according to the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement in all material aspects excepting the framework for risk management and its control are in the process of being formalised /updated.

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

For Lodha and Co.
(Chartered Accountants)
Firm's ICAI Registration No. 301051E

Kolkata
August 13, 2010

(H. K. Verma)
Partner
Membership No. 055104

Auditors' Report

To the Members

We have audited the attached Balance Sheet of **HINDUSTHAN NATIONAL GLASS & INDUSTRIES LIMITED** as at 31st March 2010 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

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

b) All the assets have not been physically verified by the management during the year but there is regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. There were no material discrepancies with regard to book records in respect of the assets verified during the year.

c) During the year, the Company has not disposed off a substantial part of its fixed assets. In our opinion, the disposal of such assets has not affected the going concern status of the Company.

ii) a) The inventory except stock lying with third parties and in transit has been physically verified by the management at regular intervals during the year. In our opinion and according to the information and explanations given to us, the frequency of verification is reasonable.

b) In our opinion, the procedure for the physical verification of the inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory. As explained to us, discrepancies noticed on physical verification of inventory were not material.

iii) a) The Company has not granted any loans, secured or unsecured, to companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii) (a) to (d) are not applicable to the company.

b) The Company had not taken any loans, secured or unsecured from companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) are not applicable to the company.

iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items are of special nature for which alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.

v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion, having regard to the remarks as given in para (iv) above, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to five lacs or more in respect of each party have been at prices which are considered reasonable having regard to prevailing market price for such goods and materials.

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

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

viii) The Central Government has not prescribed for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of any of the Company's product.

ix) a) The company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Wealth Tax, Service Tax, Income Tax, Sales Tax, Custom duty, Excise duty, cess and other material statutory dues with the appropriate authorities. There are no undisputed statutory dues payable for a period of more than six months from the date these dues became payable as at 31st March 2010.

There are no undisputed statutory dues payable for a period of more than six months from the date these dues became payable as at March 31, 2009.

b) According to the information and explanations given to us, the statutory dues which have not been deposited as on 31st March 2010 on account of disputes are as under:

Name of the Statute	Nature of Dues	Amount (Rs in lacs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	656.34	1995-96,1996-97,1997-98, 2000 – 01	Supreme Court
		4.38	2001-02 and 2007-08	High Court
		235.06	1995-96,1996-97,1997-98, 1998-99,1999-2000,2002-03, 2003-04,2004-05,2005-06, 2006-07 and 2008-09	CESTAT
		0.30	2000-01and 2001-02,	Commissioner (Appeals)
		19.40	1993-96,2005-06 and 2008-09	Assistant Commissioner
The Sales tax Act, 1932	Sales Tax	40.15	1996-97, 1997-98, 1998-99, 1999-00	T.T. Tribunal, Dehradun
		6.89	2003-04	J.C. (Appeal), Dehradun
		455.04	2005-06	JCST
		213.65	2001-02	ACCT
Maharshtra Value Added Tax Act, 2002	Sales Tax	114.00	2005-06, 2006-07	Maharshtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	Sales Tax	51.31	1997-98	Commissioner sales Tax, Pune
Haryana General Sales Tax Act	Sales Tax	77.52	2002-03	Assessing Authority (Jhajjar)
The Central Excise Act, 1944	Service Tax	3.16	2007-08, 2008-09 and 2009-10	Commissioner (Appeals)

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

xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

xiv) 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, are not applicable to the Company.

xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by a body corporate from bank are not prima facie prejudicial to the interest of the Company.

xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that short term fund have not been used for long-term investment.

xviii) During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

xix) According to the information and explanation given to us, the Company has created security in respect of debentures issued during the year.

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

xxi) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

2. Further 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) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

iii) 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 these books.

iv) The report on accounts of units audited by Branch Auditors has been considered by us in preparing our report.

v) 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 Section 211 (3C) of the Companies Act, 1956 to the extent applicable.

vi) On the basis of the written representations from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes on Accounts of Schedule "S" give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

b) In the case of Profit and Loss Account of the Company, of the profit for the year ended on that date and

c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Lodha & Co.**
Chartered Accountants
Firm's ICAI Registration No. 301051E

H. K. Verma
Partner
Membership No: 55104

Place: Kolkata - 700 069
Date: May 19, 2010

Balance Sheet As at March 31, 2010

(Rs. in lacs)

	Schedules	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' funds			
Share Capital	A	1,746.77	1,746.77
Reserves and Surplus	B	102,530.37	91,771.26
		104,277.14	93,518.03
Loan Funds			
Secured Loans	C	54,861.68	41,523.81
Unsecured Loans	D	1,710.65	9,210.65
		56,572.33	50,734.46
Deferred Tax Liabilities (Net)		6,969.55	4,176.71
Total		**167,819.02**	**148,429.20**
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		166,149.15	137,899.43
Less : Accumulated Depreciation		54,520.81	47,251.09
Net Block		111,628.34	90,648.34
Capital Work in Progress		2,746.77	8,203.39
Investments	F	14,706.94	10,458.46
Current Assets, Loans and Advances			
Inventories	G	20,994.56	21,578.47
Sundry Debtors	H	22,009.71	22,718.99
Cash and Bank Balances	I	469.89	1,139.97
Loans and Advances and Other Current Assets	J	22,560.60	19,353.09
		66,034.76	64,790.52
Less: Current Liabilities and Provisions			
Current Liabilities	K	17,561.46	19,879.13
Provisions	L	9,736.33	5,792.38
		27,297.79	25,671.51
Net Current Assets		38,736.97	39,119.01
Total		**167,819.02**	**148,429.20**
Significant Accounting Policies and Notes on Accounts	S		

The Schedules refered to above form an integral part of Balance Sheet.

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
May 19, 2010

Mukul Somany
Jt. Managing Director

Priya Ranjan
Company Secretary

Sanjay Somany
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President and Chief Financial Officer

Profit and Loss Account For the year ended March 31, 2010

(Rs. in lacs)

	Schedules		Year ended 31.03.2010		Year ended 31.03.2009
INCOME					
Sales (Gross)	M		144,988.35		143,859.63
Less: Excise Duty			8,998.00		12,756.04
			135,990.35		131,103.59
Other Income	N		3,454.99		2,170.07
Increase / (Decrease) in Stock	O		263.22		1,145.74
			139,708.56		**134,419.40**
EXPENDITURE					
Materials	P		38,467.36		39,309.11
Manufacturing and Other Expenses	Q		69,607.80		71,519.14
			108,075.16		**110,828.25**
Profit Before Depreciation, Interest and Tax			31,633.40		23,591.15
Depreciation			8,901.13		7,698.07
Transferred from Revaluation Reserves			(289.50)		(223.55)
			8,611.63		7,474.52
Interest and Finance Expenses	R		4,717.24		4,344.88
			13,328.87		11,819.40
Profit Before Tax			**18,304.53**		**11,771.75**
Less: Provision for Income Tax					
Minimum Alternate Tax		3,150.00		1,310.00	
Less: MAT Credit Entitlement		(365.00)	2,785.00	(355.00)	955.00
Fringe Benefit Tax			–		50.00
Income Tax for Earlier Years			–		(7.87)
Profit After Tax			**15,519.53**		**10,774.62**
Add: Balance Brought forward from last year			**2,574.80**		**1,072.00**
Amount available for Appropriation			**18,094.33**		**11,846.62**
Appropriations					
General Reserve			11,114.75		7,000.00
Debenture Redemption Reserve			1,875.00		1,250.00
Proposed Dividend on Equity Shares			1,310.08		873.39
Tax (Including Cess) on Proposed Dividend			204.33		148.43
Balance Carried to the Balance Sheet			3,590.17		2,574.80
			18,094.33		**11,846.62**
Basis and Diluted Earning per Share (In Rs.)			17.77		12.34
(Refer Note No. 10 of Schedule 'S')					
Significant Accounting Policies and Notes on Accounts	S				

The Schedules refered to above form an integral part of Profit and Loss Accounts.

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
May 19, 2010

Mukul Somany
Jt. Managing Director

Priya Ranjan
Company Secretary

Sanjay Somany
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President and
Chief Financial Officer

Cash Flow Statement For the year ended March 31, 2010

(Rs. in lacs)

	2009-10		2008-09	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		18,304.53		11,771.75
Adjustments to reconcile profit before tax to cash provided by operating activities.				
Depreciation	8,611.62		7,474.52	
Provision for loss in value of Current Investment	–		0.04	
Provision for Loss on Derivative Transactions	305.20		2,326.33	
Interest Expenses	4,717.24		4,344.88	
Realised Foreign Exchange (Gain)/Loss on Term Loans (Net)	5.73		1,330.06	
Bad Debts and Provision for Doubtful Debts	(38.84)		205.54	
Dividend Income	(202.51)		(166.71)	
Interest Received	(612.45)		(497.22)	
(Profit)/Loss on sale of Fixed Assets (Net)	(245.68)		133.70	
(Profit)/Loss on sale of Current Investments (Net)	(16.66)		(119.10)	
Liability no longer required written back	(224.73)		(514.97)	
Unrealised Foreign Exchange (Gain)/Loss (Net)	(481.78)	11,817.14	636.51	15153.58
Operating Profit before working capital changes		**30,121.67**		**26,925.33**
Changes in current assets and liabilities				
Loans and advances		2,173.52		788.27
Trade and other receivables		728.96		(6,459.88)
Inventories		583.91		(5,163.50)
Trade and other payables		(2,619.07)		1,572.87
NET CASH GENERATED BY OPERATING ACTIVITIES		**30,988.99**		**17,663.09**
Adjustments for :				
Direct Taxes paid		(1,627.13)		(1,349.04)
Fringe Benefit Tax paid		(2.64)		(41.33)
NET CASH FROM OPERATING ACTIVITIES		**29,359.22**		**16,272.72**
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets and changes in capital work in progress		(25,304.51)		(17,801.57)
Proceeds on Disposal of Fixed Assets		1,029.11		679.21
Purchase of Long Term Investments		(3,500.00)		–
Purchase of Current Investments		(14,855.66)		–
Sale of Current Investments		14,123.84		1,119.10
Advances for acquiring equity shares		(2,799.00)		(3,500.00)
Dividend received		202.51		166.71
Interest received		642.03		227.89
NET CASH FROM INVESTING ACTIVITIES		**(30,461.68)**		**(19,108.66)**

Cash Flow Statement *(Contd.)* For the year ended 31 March, 2010

(Rs. in lacs)

	2009-10	2008-09
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds / (Repayment) from long term borrowings (Net)	5,145.55	15,286.64
Proceeds / (Repayment) from short term borrowings (Net)	890.66	(8,178.06)
Interest paid	(4,586.96)	(3,994.49)
Dividend Paid during the year including Corporate Dividend Tax	(1,016.87)	(817.16)
NET CASH FROM FINANCING ACTIVITIES	**432.38**	**2,296.93**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**(670.08)**	**(539.01)**
OPENING CASH AND CASH EQUIVALENTS	1,139.97	1,678.98
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (represents cash in hand and bank balances)	469.89	1,139.97

Note: 1. The above Cash Flow Statement has been prepared under the " Indirect Method" as set out in the Accounting Standard 3 (AS–3) - Cash Flow Statements issued by "The Institute of Chartered Accountants of India".

2. Figures in brackets represent outflows.

3. Previous Year's figures have been regrouped wherever necessary to conform to the Current Year.

As per our report of even date
For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner
May 19, 2010

Mukul Somany
Jt. Managing Director

Priya Ranjan
Company Secretary

Sanjay Somany
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President and Chief Financial Officer

Schedule forming part of the Accounts

(Rs. in lacs)

		As at 31.03.2010	As at 31.03.2009
Schedule A SHARE CAPITAL			
Authorised			
2,55,75,00,000	Equity Shares of Rs. 2/- each (Previous Year 51,15,00,000 Shares of Rs 10/- each)	51,150.00	51,150.00
		51,150.00	**51,150.00**
Issued, Subscribed and Paid - up			
8,73,38,565 Equity Shares of Rs. 2/- each fully paid up (Previous Year 1,74,67,713 Equity Shares of Rs.10/- each fully paid up) of which 2,90,51,800 Equity Shares of Rs.2/- each (Previous Year 58,10,360 Equity Shares of Rs.10/- each) were allotted as fully paid up Bonus Shares by capitalisation of General Reserve and 3,21,21,725 Equity Shares of Rs. 2/- each (Previous Year 64,24,345 Equity Shares of Rs. 10/- each) issued as fully paid up pursuant to a scheme of amalgamation and arrangement for consideration other than cash.		1,746.77	1,746.77
		1,746.77	**1,746.77**

(Rs. in lacs)

Schedule B RESERVES AND SURPLUS

	As at 31.03.2010		As at 31.03.2009	
General Reserve				
As per last Balance Sheet	66,385.25		59,385.25	
Add: Transfer from Profit and Loss Account	11,114.75	77,500.00	7,000.00	66,385.25
Revaluation Reserve				
As per last Balance Sheet	10,376.55		10,601.57	
Less: Transfer to Profit and Loss Account	(289.50)		(223.55)	
Less: Adjustments on discard / Sale of Assets	(163.67)	9,923.38	(1.47)	10,376.55
Debenture Redemption Reserve				
As per last Balance Sheet	1,250.00		–	
Add: Transfer from Profit and Loss Account	1,875.00	3,125.00	1,250.00	1,250.00
Share Premium				
As per last Balance Sheet	11,184.66		13,553.84	
Less: Deferred Tax Liability	(2,792.84)	8,391.82	(2,369.18)	11,184.66
Profit and Loss Account				
Surplus as per Profit and Loss Account		3,590.17		2,574.80
		102,530.37		**91,771.26**

Schedule forming part of the Accounts

(Rs. in lacs)

	Notes	As at 31.03.2010	As at 31.03.2009
Schedule C SECURED LOANS			
I) Non Convertible Debentures			
a) 12.75% Redeemble Non Convertible Debentures privately placed with Life Insurance Corporation of India	1	10,000.00	10,000.00
b) 10.75% Redeemble Non Convertible Debentures privately placed with General Insurance Corporation of India	1	2,500.00	–
II) Rupee Term Loans			
From Financial Institution			
Export Import Bank of India	2	3,643.05	5,304.17
From Banks			
State Bank of India	2	5,000.00	5,996.00
The Hongkong and Shanghai Banking Corporation Limited	2	15,023.00	9,437.50
III) Foreign currency Loans			
From Bank			
ICICI Bank - External Commercial Borrowing	2	1,128.87	1,929.38
IV) Working Capital Loans from Banks	3	16,624.36	8,233.70
V) Loans under Vehicle Finance Scheme			
From Banks	4	740.75	449.07
From Others	4	102.37	136.43
VI) Interest Accrued and Due		99.28	37.56
		54,861.68	**41,523.81**

1) 12.75% Secured Non Convertible Debentures amounting to Rs. 100 crores, privately placed (alloted on 22.12.2008) and 10.75% Secured Non Convertible Debentures amounting to Rs. 25 crores, privately placed (alloted on 18.06.2009) are due for redemption at par in three equal installments at the end of 5th, 6th and 7th year from the date of allotment at par at the end of 3rd year from the date of allotment i.e., from 21.12.2011 and 17.06.2012 respectively. However, there is a put and call option available to the issuer / investor which can be exercised at the end of three year from the date of allotment. These debentures are secured by first charge ranking pari-passu with other first charges created on all immovable properties by way of equitable mortgage and hypothecation of all moveable properties both present and future of the Company, save and except specific assets exclusively hypothecated in favour of respective lenders.

2) The loans are secured by first charge ranking pari-passu with other first charges created on all immovable properties by way of equitable mortgage and hypothecation of all moveable properties both present and future of the Company, save and except specific assets exclusively hypothecated in favour of respective lenders.

3) These are secured by hypothecation of inventories (both present and future) and book debts and second charge on all immoveables, moveable properties including land and building in favour of consortium bankers led by State Bank of India.

4) These are secured by hypothecation of the vehicles financed in favour of respective lenders.

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule D UNSECURED LOANS		
I) Short Term Loans		
From Banks	–	5,000.00
Non Convertible Debentures	–	2,500.00
II) Trade Deposits	100.10	100.10
III) Sales Tax Deferrment Loan	1,610.55	1,610.55
	1,710.65	**9,210.65**

* Represents Mibor linked Non Convertible Debentures privately placed with LIC Mutual Fund

Schedule forming part of the Accounts

(Rs. in lacs)

Schedule E FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Book Value at 01.04.2009	Additions	Deductions/ Adjustments	Book Value at 31.03.2010	Upto 31.03.2009	For the Year	Deductions/ Adjustments	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
TANGIBLE										
Land	12,250.75	1,416.12	123.05	13,543.82	–	–	–	–	13,543.82	12,250.75
Leasehold Land	2,048.36	–	–	2,048.36	18.63	23.81	–	42.44	2,005.92	2,029.73
Leasehold Building	9.18	–	–	9.18	0.34	0.14	–	0.48	8.70	8.84
Buildings	13,757.22	1,354.27	171.05	14,940.44	2,880.73	531.87	65.66	3,346.94	11,593.50	10,876.49
Plant and Machinery	107,163.85	26,840.88	2,169.61	131,835.12	43,475.52	7,944.56	1,508.80	49,911.28	81,923.84	63,688.33
Furniture and Fixtures	300.37	29.51	3.39	326.49	162.65	17.03	2.98	176.70	149.79	137.72
Office and Other Equipments	357.80	48.77	58.65	347.92	166.88	15.16	38.15	143.89	204.03	190.92
Vehicles	1,718.50	828.17	52.73	2,493.94	487.12	202.90	15.80	674.22	1,819.72	1,231.38
INTANGIBLE										
Computer Software	293.40	310.48	–	603.88	59.21	165.65	–	224.86	379.02	234.19
Total	**137,899.43**	**30,828.20**	**2,578.48**	**166,149.15**	**47,251.09**	**8,901.12**	**1,631.39**	**54,520.81**	**111,628.34**	**90,648.34**
Previous Year	125,746.20	14,446.01	2,292.78	137,899.43	41,031.42	7,698.07	1,478.40	47,251.09	90,648.34	

(Rs. in lacs)

Schedule F INVESTMENTS

	Face Value (Rs.)	Nos.	As at 31.03.2010	As at 31.03.2009
I) **Long Term**				
UNQUOTED				
TRADE				
Fully Paid-up Equity Shares				
Capexil Agencies Limted	1000	5	0.05	0.05
Ceramic Decorators Limited	10	7	0.00 #	0.00
ASSOCIATE COMPANY				
Fully Paid-up Equity Shares				
HNG Float Glass Limited	10	77010000	7,701.00	4,201.00
(3,50,00,000 equity shares acquired during the year)				
Other Than Trade				
Fully Paid-up Equity Shares				
The Calcutta Stock Exchange Association Limited	1	8364	167.28	167.28
Beneficial Interest In Shares Held In ACE Trust		6,009.35		6,009.35
Beneficial Interest In Shares Held In HNG Trust		7.55		7.55
In Subsidiary Companies				
Fully Paid-up Equity Shares				
Glass Equipment (India) Limited	100	26400	55.82	55.82
Quality Minerals Limited	100	9384	9.38	9.38
Government Securities				
Deposited with Government Authorities*				
a) 12 Years National Savings Certificate		0.01		0.01
b) 7 Years National Savings Certificate		0.01		0.01
c) 6 Years National Savings Certificate		6.49		6.49

Schedule forming part of the Accounts

(Rs. in lacs)

Schedule **F** **INVESTMENTS** *(CONTD.)*

	Face Value (Rs.)	Nos.	As at 31.03.2010	As at 31.03.2009
II) Current				
Other Than Trade				
Quoted				
Fully Paid-up Equity Shares				
Kajaria Ceramics Ltd. (sold during the year)	2	5470	–	1.52
Unquoted				
In Units of Mutual Funds (acquired during the year)				
Baroda Pioneer Treasury Advantage Fund	10	4745454	500.00	–
Reliance Floating Rate Fund	10	1725304	250.00	–
		14,706.94		**10,458.46**
* Rs 0.42 lacs since matured but not encashed				
Aggregate Book Value of Unquoted Investments		**14,706.94**		**10,456.94**
Aggregate Book Value of Quoted Investments		–		**1.52**
Aggregate Market Value of Quoted Investments		–		**1.52**

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule **G** **INVENTORIES**		
(As valued and certified by the Management)		
Raw Materials	3,655.63	4,388.25
Stores and Spare Parts (Including in transit Rs. 167.67 lacs, previous year Rs. 238.94 lacs)	8,969.28	9,257.55
Packing Materials	860.47	640.44
Stock in Process	384.26	302.15
Finished Goods	7,124.92	6,990.08
	20,994.56	**21,578.47**

(Rs. in lacs)

Schedule **H** **SUNDRY DEBTORS**

(Unsecured, Considered Good unless otherwise stated)		
Debts due for a period exceeding six months		
Considered Good	926.24	2,733.33
Considered Doubtful	695.06	863.04
	1,621.30	3,596.37
Less: Provision for Doubtful Debts	695.06	863.04
	926.24	2,733.33
Other Debts	21,083.47	19,985.66
	22,009.71	**22,718.99**

Schedule forming part of the Accounts

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule I CASH AND BANK BALANCES		
Cash Balance on Hand	16.34	29.51
Cheques in Hand	1.01	253.89
Balances with Scheduled Banks		
in Current Accounts	437.51	834.64
in Fixed Deposit Accounts *	14.25	21.61
in Dividend Accounts	0.78	0.32
* (Receipts pledged with the banks and government authorities)		
	469.89	**1,139.97**

(Rs. in lacs)

Schedule J LOANS AND ADVANCES AND OTHER CURRENT ASSETS		
Loans and Advances (Unsecured Considered Good)		
Loans to Bodies Corporate	4,796.50	3,049.50
Advances recoverable in cash or in kind or for value to be received (Net of Advances considered doubtful and provided for Rs. 231.52 lacs, previous year Rs. 238.02 lacs)	5,383.89	5,866.80
VAT Credit (Inputs) Account	622.33	593.85
Advance Income Tax	6,287.41	4,390.01
Tax Deducted at Source	402.66	364.10
Income Tax Refundable	60.00	–
Advance Fringe Benefit Tax	82.05	79.41
MAT Credit Entitlement	2,087.57	1,722.57
Deposits and balances with Government Authorities and Other Departments	2,505.55	2,909.63
Other Current Assets		
Interest Recievable	325.47	355.05
Fixed Assets held for disposal (at lower of net book value or estimated net realisable value)	7.17	22.17
	22,560.60	**19,353.09**

(Rs. in lacs)

Schedule K CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro, Small and Medium Enterprises	39.07	68.34
Others	15,210.28	15,543.65
Subsidiary Companies	980.63	842.63
Interest accrued but not due on loans	584.92	454.64
Other Liabilities	583.26	2,830.46
Commission to Directors	162.52	139.09
Unpaid Dividend *	0.78	0.32
* This is not due for payment to Investor Education and Protection Fund.	**17,561.46**	**19,879.13**

Schedule forming part of the Accounts

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule L PROVISIONS		
For Taxation	6,571.27	3,421.27
For Wealth Tax	3.83	3.03
For Fringe Benefit Tax	88.50	88.50
For Gratuity and Unavailed Leave	1,553.83	1,257.76
For Proposed Dividend	1,310.08	873.39
For Tax on Proposed Dividend	208.82	148.43
	9,736.33	**5,792.38**

(Rs. in lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Schedule M SALES		
Finished Goods	144,976.67	143,727.31
Trading Materials	11.68	76.95
Others	–	55.37
	144,988.35	143,859.63
Less: Excise Duty	8,998.00	12,756.04
	135,990.35	**131,103.59**

(Rs. in lacs)

Schedule N OTHER INCOME		
Dividend Income on Long term Investments (other than trade)	202.51	166.71
Interest Income		
Loan	533.38	428.47
Deposits	20.97	48.60
Investments	–	0.62
Others	6.82	2.21
Tax Refunds	51.28	17.32
Rent	53.47	39.93
Hire charges	21.20	17.20
Insurance Claims	164.46	9.62
Profit on Sale of Current Investments - other than trade	16.66	119.10
Profit/(Loss) on Assets sold / discarded	245.68	15.68
Liabilities/Provisions no longer required written back	224.73	514.97
Foreign Exchange Fluctuation (net)	518.37	–
Provision for Bad and Doubtful debt written Back	137.60	–
Miscellaneous Reciepts	1,257.86	789.64
	3,454.99	**2,170.07**

Schedule forming part of the Accounts

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule O INCREASE / (DECREASE) IN STOCK		
Closing Stock		
Finished Goods	7,171.19	6,990.08
Work-in-Progress	384.26	302.15
	7,555.45	7,292.23
Less:		
Opening Stock		
Finished Goods	6,990.08	5,736.73
Work-in-Progress	302.15	409.76
	7,292.23	6,146.49
Increase / (Decrease)	**263.22**	**1,145.74**

(Rs. in lacs)

Schedule P MATERIALS		
Raw Materials Consumed	38,459.70	39,252.14
Purchase of Trading Material	7.66	56.97
	38,467.36	**39,309.11**

Schedule forming part of the Accounts

(Rs. in lacs)

Schedule Q MANUFACTURING AND OTHER EXPENSES

		Year ended 31.03.2010		Year ended 31.03.2009
Stores and Spare Parts Consumed		7,122.08		7,802.50
Power and Fuel		37,558.50		36,840.99
Packing Material Consumed and Packing Charges		9,513.63		9,123.08
Salaries,Wages and Bonus etc		7,147.77		5,478.70
Contribution to Provident and Others Funds		851.04		740.82
Workmen and Staff Welfare Expenses		262.22		370.79
Rent		233.72		93.43
Rates and Taxes		49.95		43.21
Repair and Maintenance:				
Buildings		203.96		186.95
Plant and Machinery		922.56		927.70
Others		302.03		238.18
Freight outwards, Transport and Other Selling Expenses		1,273.26		1,232.83
(Net of Realisation Rs. 3676.38 Lacs,				
Previous Year Rs. 1214.21 Lacs)				
Commission on Sales		202.12		140.78
Insurance		166.01		151.95
Excise Duty on Stock		261.05		(179.91)
Bad Debts/Advances Written Off	98.35		265.23	
Less: Provision for Doubtful Debts / advances written back	(85.74)	12.61	(265.16)	0.07
Provision for Doubtful Debtors/Advances		86.15		205.47
Charity and Donation		0.88		40.93
Director's Remuneration		429.84		298.85
Profit/(Loss) on Assets sold / discarded		–		149.38
Provision For Loss on Derivative Transaction		305.20		1,833.05
Provision for Diminution in Current Investment		–		0.04
Foreign Exchange Fluctuation (net)		–		2,326.33
Other Miscellaneous Expenses		2,703.22		3,473.02
		69,607.80		**71,519.14**

(Rs. in lacs)

Schedule R INTETEST AND FINANCE EXPENSES

On Debentures		1,505.97		429.13
On Term Loans		1,865.02		2,570.41
Bank and Others		1,076.09		949.60
Finance Expenses		270.16		395.74
		4,717.24		**4,344.88**

Schedule forming part of the Accounts

Schedule **S** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. **Significant Accounting Policies**

   a. **Accounting Convention**

   The accounts, except in respect of certain Fixed Assets, which are stated at fair value or revalued amounts, have been prepared on the basis of the historical cost and on the accounting principles of a going concern. The accounts have been prepared in accordance with the provisions of the Companies Act, 1956 and Accounting Standards as notified vide Companies (Accounting Standards) Rules, 2006.

   b. **Use of Estimates**

   The preparation of financial statements require management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the results are known /materialised.

   c. **Fixed Assets**

   Fixed Assets are stated at cost of acquisition or cost of construction or at revalued amounts wherever such assets have been revalued or at fair value as the case may be.

   d. **Depreciation and Amortisation**

   Tangible Assets

   i. Depreciation except otherwise stated has been provided at the rates specified under Schedule XIV to the Companies Act, 1956 on assets installed/acquired up to 31st March, 1990 on written down value method and in respect of additions thereafter on straight line method.

   ii. Certain Plant and Machinery have been considered as continuous process plant as defined under Schedule XIV to the Companies Act, 1956 on the basis of technical evaluation.

   iii. Depreciation on increase in value of Fixed Assets due to revaluation is provided on the basis of remaining useful life as estimated by the valuer on the straight line method and is transferred from Revaluation Reserve to Profit and Loss Account.

   iv. Depreciation on incremental cost arising on account of exchange difference is amortised on straight line method over the remaining life of the assets.

   v. Second hand machines are depreciated on straight line method based on their useful lives as estimated by independent technical experts.

   Intangible Assets

   vi. Computer Softwares are amortised on straight line method @ 33.33% over a period of three years.

   e. **Impairment**

   Fixed Assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognised, whenever the carrying amounts of assets belonging to Cash Generating Unit (CGU) exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

   f. **Investments**

   Long Term Investments are stated at cost, less provision for diminution in value other than temporary, if any. Current Investments are valued at cost or fair value whichever is lower.

g. Inventories

Inventories are valued at the lower of cost or estimated net realisable value. In respect of Raw Materials, Stores, Spare Parts, Fuel, Building and Packing Materials the cost includes the taxes and duties other than those recoverable from taxing authorities and other expenses incurred for procuring the same. In respect of Finished Goods and Work-in-Process the cost includes manufacturing expenses and appropriate portion of overheads. The cost of inventories is determined on the weighted average basis.

Own manufactured moulds used for the manufacture of glass items are recorded at weighted average cost, which includes prime cost, factory and general overheads and the same are classified as stores and spare parts under inventories.

h. Foreign Exchange Transactions and Derivatives

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year-end are translated using closing exchange rates. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transaction during the year are recognised as income or expenses in the profit and loss account.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognised in the period in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognised as income/expense over the life of the contract.

Keeping in view the announcement of “The Institute of Chartered Accountants of India” dated March 29, 2008 regarding accounting for derivatives, mark to market losses on all other derivatives contracts (other than forward contracts dealt as above) outstanding as at the year end, are recognised in the accounts.

i. Revenue Recognition

i) All Expenses and Income are accounted for on mercantile basis except otherwise stated.

ii) Income from Export Incentives, Insurance and other claims etc. is recognised on the basis of certainties as to its utilisation and related realisation.

iii) Sales are inclusive of Packing Charges and Excise Duty but exclusive of Value Added Tax, Rebates, Discounts and Claims etc.

j. CENVAT / Value Added Tax (VAT) Credit

CENVAT / VAT credit whenever availed on Fixed Assets is set off with the cost of the assets. Other CENVAT / VAT credit wherever availed is adjusted with the cost of purchases of Raw Material or Stores as the case may be.

k. Employee Benefits

Employee Benefits are accrued in the year services are rendered by the employees. The Company has Defined Contribution Plan for its employees comprising of Provident Fund and Pension Fund. The Company makes regular contribution to Provident Fund which are fully funded and administered by the Trustees / Government. The Company contributes to the Employees’ Pension Scheme, 1995 for certain categories of employees. Contributions are recognised in the Profit and Loss account on accrual basis.

Long-term employee benefits under defined benefit plans and other long term employee benefits are determined at the close of each year at the present value of the amount payable using actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

l. Research and Development

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account in the year in which it is incurred.

Schedule forming part of the Accounts

m. Subsidies and Grants

Cash Subsidy related to Fixed Assets to the extent received is adjusted to the cost of respective fixed assets. Subsidy related to the total investment in the project is treated as Capital Reserve. Other Government grants including incentives etc. are credited to Profit and Loss Account or deducted from the related expenses.

n. Borrowing Cost

Borrowing costs that are attributable to the acquisition/construction of Fixed Assets are capitalised as part of the cost of respective assets. Other borrowing costs are recognised as an expense in the year in which they are incurred.

o. Income Tax

Provision for Tax is made for current tax and deferred tax. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference, which are capable of reversal in subsequent periods are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is “virtual certainty” that such deferred tax assets can be realised against future taxable profits.

p. Lease

Where the Company is the lessee, finance leases which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

Leases rentals in respect of assets taken under finance lease up to March 31, 2081 are amortised over the total term of the lease (including extended secondary lease term).

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

q. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognised nor disclosed in the financial statements. Contingent Liabilities, if material are disclosed by way of notes.

Schedule forming part of the Accounts

Schedule **S** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

NOTES ON ACCOUNTS (Rs. in lacs)

	2009-2010	2008-2009
2) Contingent liabilities not provided for		
a) Outstanding Bank Guarantees / Letter of Credit	4336.91	6410.93
b) Guarantee furnished to a bank on behalf of an entity over which directors of the Company has significant influence.	3600.00	3600.00
c) Sales Tax matter under appeals	1345.17	216.88
d) Excise Duty and Octroi demand issued against which the Company has preferred appeals and which in the opinion of the management are not tenable.	958.37	1639.10
e) Cases pending with labour courts (to the extent ascertainable)	530.92	544.44
f) Claim for increased price of land acquired at Bahadurgarh by the then Punjab Government and given to the Company against which the claimants have preferred an appeal in the Supreme Court against the order of the High Court.	0.30	0.30
g) Amount of duty against Export Obligation in respect of exemption availed against Advance License Scheme.	–	19.19
h) Other Claims against the Company not acknowledged as debt.	304.63	105.91
i) Disputed entry Tax for the Financial Year 2007-08, 2008-09 and 2009-10	167.37	–
Notes : On the basis of current status of individual cases and as per the legal advice obtained, wherever applicable the management is of the view that no provision is required in respect of these cases. Further Cash outflow in respect of item no. c) to i) as mentioned above is dependent upon outcome of final judgment/decision.		
3) In respect of Neemrana Plant a notice has been received from Civil Court filed by the creditors of Haryana Sheet Glass Limited demanding their outstanding payments and stating that plant can not be transferred unless their dues are paid. However the matter is under dispute/litigation.	–	–
4) Capital commitments (Net of advance of Rs. 563.55 lacs previous year Rs. 1319.85 lacs)	4012.62	10431.39
5) Capital work in progress includes pre-operative expenses pending allocation.		
a) Power and Fuel	82.96	11.24
b) Miscellaneous expenses	–	150.80
c) Interest on Term Loan	263.17	180.16
Add: Brought Forward from previous year	–	413.16
Less: Capitalised	346.13	756.17
Total Carried Forward	Nil	Nil
Capital work in progress includes Rs.563.55 lacs (Previous year Rs. 1319.85 lacs) on account of advances and Rs. 490.77 lacs (Previous year Rs. 5804.27 lacs) on account of equipments/materials procured		

Schedule forming part of the Accounts

Schedule **S** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

6. **Fixed Assets at Nashik Plant are estimated to have lower residual lives than that envisaged as per the rates provided in Schedule XIV of the Companies Act, 1956. Depreciation has been provided based on the estimated shorter residual lives as follows:**

(Rs. in lacs)

Particulars of Fixed Assets	Rates as prescribed by Schedule XIV to the Companies Act, 1956	Rates of Depreciation on assets applied
Buildings (other than factory buildings)	1.63	2.04
Factory Buildings	3.34	5.21
Plant and Machinery		
Used for single shift operations	4.75	11.44
Continuous Process Plant	5.28	11.44
Used for Triple Shift operations	10.34	11.44
Furniture and Fixtures	6.33	17.37
Computers	16.21	17.95

(Rs. in lacs)

	2009-2010	2008-2009
7) i) Land and Buildings of Rishra and Bahadurgarh units were revalued by an approved valuer on 01.04.1992 and on 31.03.2006 on current replacement cost basis. Accordingly net amount transferred to Revaluation Reserve Account.	10891.99	10891.99
ii) Plant and Machinery of Rishra and Bahadurgarh units were revalued by an approved valuer on 01.04.1995 on current replacement cost basis. Accordingly, net amount transferred to Revaluation Reserve Account.	4831.31	4831.31
iii) Depreciation transferred from Revaluation Reserve Account to Profit and Loss Account.	289.50	223.55

(Rs. in lacs)

	2009-2010	2008-2009
8) Miscellaneous Expenses include		
a) Payment to Statutory Auditors:*		
i) Audit Fees	6.50	5.00
ii) Tax Audit Fees	1.50	1.50
iii) Management Services and Certification work	2.68	5.04
iv) Reimbursement of Expenses	0.21	0.40
b) Payment to Branch Auditors*		
i) Audit Fees	5.00	4.00
ii) Management Services and Certification work	3.21	2.31
iii) Reimbursement of Expenses	0.29	2.99
* excluding Service Tax		
c) Directors Travelling Expenses	31.25	30.15

(Rs. in lacs)

	2009-2010	2008-2009
9) Sundry Creditor include acceptances	228.80	4388.48
10) Earning per share		
Profit after Tax (Rs. In lacs)	15519.53	10774.62
Number of shares outstanding (face value per share Rs.2/-)	87338565	87338565
Earning per share (Basic) (Rs.)	17.77	12.34

11) The face value of equity shares of Rs. 10/- each has been subdivided into the face value of Rs. 2/- per equity share with effect from 13.11.2009, being the record date. Accordingly the number of shares has increased. The EPS for the current year as well as for the previous year has been stated / restated taking into account the sub-division of shares.

(Rs. in lacs)

	2009-2010	2008-2009
12) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956		
and Commission payable to Directors		
Profit before tax as per Profit and Loss Account	18304.53	11771.75
Less: Profit on sale of fixed assets	245.68	15.68
Provision for bad debts written back	137.60	-
Add: Provision for bad and doubtful debts	86.15	205.47
Directors' Remuneration	413.24	159.77
Executive Directors' Commission	9.60	131.08
Non Executive Directors' Commission	7.00	8.00
Total	**18437.24**	**12260.39**
Profit under Section 198 of the Companies Act, 1956.	18437.24	12260.39
Commission Payable		
a) To the Managing Director @ 1.00% of Net Profit restricted to Annual Salary	72.96	63.48
b) To the Joint Managing Director @ 1.00% of Net Profit restricted to Annual salary	72.96	63.48
c) To the Executive Director @ 0.50% of Net Profit restricted to Annual salary	9.60	4.13
d) To the Non Executive Directors @1.00 % of Net Profit restricted to Rs. 1.00 lac per Director (Previous Year Rs 1.00 lac per Director)	7.00	8.00
13) Directors' Remuneration include:		
i) Salaries	240.38	139.23
ii) Contribution to Provident and Other Funds	19.82	16.23
iii) Other Perquisites	7.12	4.31
iv) Commission	162.52	139.09

14) Financial and Derivative Instruments:

a) The Company had entered into certain derivative transactions in earlier years which are being disputed by the Company. However, in pursuance of announcement dated March 29, 2008 of "The Institute of Chartered Accountants of India" on "Accounting for derivatives" and as a matter of prudence the claims as crystallised as on the date of knock out intimation on such transaction and interest thereon amounting to Rs. 2452.19 lacs (including Rs. 2146.99 provided in the previous year) remains provided in these accounts.

The matters are subjudice and the Company has been legally advised that these contracts are void ab- initio.

(Rs. in lacs)

		2009-2010	2008-2009
b)	Foreign currency exposure outstanding as on March 31, 2010 which has not been hedged by the derivative instruments:		
	Loans	1128.88	–
	Creditors	1980.52	3203.02
	Debtors	144.79	208.72
c)	The amount of Exchange Gain/(Loss) of Foreign Currency Transaction adjusted to respective heads of accounts of the Profit and Loss Account	518.37	(2326.33)
15) a)	Electricity duty waiver benefit under State Incentive Schemes and subsidy received under State Incentive has been credited to Power and Fuel Account.	72.14	108.76
b)	Interest subsidy towards Interest on Term Loan receivable under State Investment Promotion Policy has been adjusted with Interest on Term Loan paid.	76.18	75.21
c)	Amount included in VAT Credit Inputs Account shown under Loans and Advances can be utilised only after repayment of corresponding amount of Sales Tax Deferred Loan. The balance amount of Rs. 107.10 lacs (previous year Rs. 78.62 lacs) is available for utilisation.	515.23	515.23

(Rs. in lacs)

	2009-2010	2008-2009
16) The following expenses, incurred on manufactured Moulds have been netted from the respective heads of account in the Profit and Loss Account :		
Stores and spares parts consumed	754.48	429.76
Power and Fuel	38.01	29.27
Salaries, Wages, Bonus and others	116.77	105.17
Repair and Maintenance – Machinery	4.99	2.40
Repair and Maintenance – Others	34.99	115.64
Miscellaneous expenses	12.90	11.47
Total	**962.14**	**693.71**

(Rs. in lacs)

	Opening as on 01.04.2009	(Charge)/ Credit during the year	Closing as at 31.03.2010
17) a. The break up of Deferred Tax Assets and Deferred Tax Liabilities is as given below:			
Deferred Tax Assets			
Expenses Allowable on Payment Basis	670.72	74.09	744.81
Provision for Loss on Derivative Transactions	729.77	103.74	833.51
Provision for doubtful debts	293.24	(263.96)	29.28
Total Deferred Tax Assets	1693.73	(86.13)	1607.60
Deferred Tax Liabilities			
Depreciation	5870.44	2706.71	8577.15
Total Deferred Tax Liabilities	5870.44	2706.71	8577.15
Net Deferred Tax Liabilities	(4176.71)	(2792.84)	(6969.55)

b. In terms of Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956 as sanctioned by the Hon'ble High Court of Calcutta vide its Order dated April 7, 2008 and by Hon'ble High Court at Delhi vide its Order dated March 19, 2008, deferred tax liability of Rs. 2792.84 lacs (previous year Rs.2369.18 lacs) for the year has been adjusted to Share Premium Account.

c The Company has provided for Minimum Alternate Tax (MAT). The Company is entitled to MAT Credit and accordingly based on evidences MAT Credit of Rs. 365.00 lacs (previous year Rs. 355.00 lacs) has been recognised in these accounts.

d. Provision for Income Tax has been made after considering the set off of unabsorbed depreciation and bought forward business loss of erstwhile Ace Glass Containers Limited merged with the Company with effect from 1st April, 2006.

18. Disclosure pursuant to clause 32 of Listing Agreement

(Rs. in lacs)

	Outstanding as on 31.03.2010	Maximum balance outstanding during the year
1) No interest or interest below the rates specified in section 372 A of Companies Act 1956*	10.10	18.53
2) Repayment beyond seven years or no repayment schedule	Nil	Nil
3) Repayment on Demand	Nil	Nil
4) Loan to Associates	Nil	Nil
5) Investment by Associates	Nil	Nil

* Advance to employees pursuant to general business practice and employees welfare.

19) The Company has incurred Rs 11.98 Lacs (Previous year Rs 38.26 lacs) on account of Research and Development expenses, which has been charged to Profit and Loss Account.

20) As per Accounting Standard 15 "Employee Benefits" (AS – 15), the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Scheme

Contribution to Defined Contribution Plan, recognised for the year are as under:

(Rs. in lacs)

	2009-2010	2008-2009
Employer's Contribution to Provident Fund	228.16	205.68
Employer's Contribution to Pension Fund	176.48	235.76
Employer's Contribution to Superannuation Fund	17.83	16.29

The guidance on implementing Accounting Standard - 15 (Revised 2005) on Employees Benefits issued by Accounting Standard Board (ASB) states that provident fund trustees set up by the employers which require the interest shortfall to be made by the employers needs to be treated as "Defined Benefit Plan". According to the management, in consultation to the actuary, it is not practical or feasible to actuarially value the Provident liability in the absence of any guidance from Actuarial Society of India and also due to the fact that the rate of interest as notified by the Government can vary annually. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the AS – 15 read with ASB guidance. However, with regard to the position of the fund and confirmation to the Trustees of such fund there is no shortfall as at year-end.

Defined Benefit Plan

The employees' gratuity fund scheme managed by Insurer is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

I. Change in the present value of the Defined Benefit obligation representing reconciliation of opening and closing balances thereof are as follows: (Rs. in lacs)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Liability at beginning of the year	726.27	619.29	527.51
Current Service Cost	57.90	53.44	46.77
Interest Cost	53.65	44.23	42.83
Actuarial (Gain) / Loss	39.05	68.53	49.51
Benefits paid	(111.38)	(59.21)	(47.33)
Liability at the end of the year	765.49	726.27	619.29

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Liability at beginning of the year	717.61	726.88	588.57
Current Service Cost	77.99	66.83	52.57
Interest Cost	62.08	57.78	52.62
Actuarial (Gain) / Loss	1.81	(98.01)	59.43
Benefits paid	(24.99)	(35.86)	(26.31)
Liability at the end of the year	834.50	717.61	726.88

	Total Defined Benefit Obligations		
	2009-10	2008-09	2007-08
Defined benefit obligation (funded) at the end of the year	765.49	726.27	619.29
Defined benefit obligation (unfunded) at the end of the year	834.50	717.61	726.88
Total Defined benefit obligation at the end of the year	1599.99	1443.88	1346.17

II. Changes in the Fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

	Gratuity Funded		
	2009-10	2008-09	2007-08
Fair value of plan assets at the beginning of the year	592.24	597.37	537.70
Expected return on plan assets	47.38	47.79	43.02
Actuarial Gain / (Loss)	156.29	(34.53)	20.94
Employer contribution	0.00	40.82	43.05
Benefits paid	(111.38)	(59.21)	(47.33)
Fair value of plan assets at the end of the year	684.53	592.24	597.37
Actual return on plan assets	170.12	39.57	75.90

III. Expense recognised in the Income statement (Under the head "Contribution to provident and other funds" – Refer Schedule Q)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Current Service Cost	57.90	53.44	46.77
Interest Cost	53.65	44.23	42.83
Expected Return on plan assets	(47.38)	(47.79)	(43.02)
Net Actuarial (Gain) / Loss to be recognized	(117.24)	103.05	28.57
Expenses recognised in Profit and Loss account	(53.07)	152.93	75.15

Schedule forming part of the Accounts

Schedule **S** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

III. Expense recognised in the Income statement (Under the head "Contribution to provident and other funds" – Refer Schedule Q) *(Contd.)*

(Rs. in lacs)

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Current Service Cost	77.99	66.83	52.57
Interest Cost	62.08	57.78	52.62
Expected Return on plan assets	0.00	Nil	Nil
Net Actuarial (Gain) / Loss to be recognized	1.81	(98.01)	59.43
Expenses recognised in Profit and Loss account	141.88	26.59	164.62

IV. Balance Sheet Reconciliation

(Rs. in lacs)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Present value of the defined benefit obligations at the end of the year	765.49	726.27	619.29
Fair value of the plan assets at the end of the year	(684.53)	(592.24)	(597.37)
Amount Recognised in Balance Sheet	80.96	134.03	21.92

(Rs. in lacs)

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Present value of the defined benefit obligations at the end of the year	834.50	717.61	726.88
Fair value of the plan assets at the end of the year	–	–	–
Amount Recognised in Balance Sheet	834.50	717.61	726.88

(Rs. in lacs)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Opening Net Liability	134.03	21.92	(10.18)
Expenses as above	(53.07)	152.93	75.15
Employers Contribution	0.00	(40.82)	(43.05)
Amount Recognised in Balance Sheet	80.96	134.03	21.92

(Rs. in lacs)

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Opening Net Liability	717.61	726.88	588.57
Expenses as above	141.88	26.59	164.62
Employers Contribution	(24.99)	(35.86)	(26.31)
Amount Recognised in Balance Sheet	834.50	717.61	726.88

V. Compensated Absences

The actuarial liability of Compensated Absences (Unfunded) of accumulated privileged leave of the employees of the company as at 31.03.2010 is Rs. 233.92 lacs (31.03.2009 – Rs. 246.17 lacs).

VI. In respect of Gratuity (funded), the funds are managed by the insurers. Accordingly, the percentage or amount that each major category constitutes the Fair value of total plan assets and effect thereof on overall expected rate of return on asset have not been disclosed.

Schedule **S** **ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

VII. Principal Actuarial assumptions at the Balance Sheet Date

(Rs. in lacs)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Mortality Table	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
Discount rate (per annum)	8.00 %	7.50 %	8.50 %
Expected rate of return on plan assets (per annum)	8.00 %	8.00 %	8.00 %
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%

VII. Principal Actuarial assumptions at the Balance Sheet Date

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Mortality Table	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
Discount rate (per annum)	8.00 %	8.00 %	7.50 %
Expected rate of return on plan assets (per annum)	–	–	–
Rate of escalation in salary (per annum)	5.00 %	5.00 %	5.00 %

The estimates of rate of escalation in salary considered in actuarial valuation taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

The contributions expected to be made by the Company for the year 2010-11 is yet to be determined.

21) The Company's exclusive business is manufacturing and selling of Container Glass and as such in the opinion of the management this is the only reportable segment, as per the Accounting Standard 17 on Segment Reporting, issued under Companies (Accounting Standards) Rules, 2006.

Geographical Segment

The following table shows the distribution of the Company's Sales by Geographical market.

Sales Revenue by Geographical Market

(Rs. in lacs)

Particulars	2009-2010	2008-2009
Domestic Market	137320.72	130992.67
Overseas Market	7667.63	12734.64
Total	**144988.35**	**143727.31**

The following table shows the distribution of the Company's Debtors by Geographical market.

(Rs. in lacs)

Particulars	2009-2010	2008-2009
Domestic Market	21529.13	21797.47
Overseas Market	480.58	921.52
Total	**22009.71**	**22718.99**

22) The accounts of some of the customers are pending reconciliation / confirmation and Sales Tax deferment loan of Rs.1610.55 lacs is subject to confirmation and the same have been taken as per the balances appearing in the books.

A provision of Rs. 695.06 lacs (Previous year Rs. 863.04 lacs) is carried in the books against doubtful debts and the management is of the opinion that the same is adequate and no further provision is required there against.

23) Advances recoverable includes Rs.2299.00 lacs (Previous Year Rs.3500 lacs) paid towards share application money for acquiring 2,29,90,000 equity shares of Rs.10/- each of HNG Float Glass Limited, an associate. Equity shares against the application has since been allotted.

24) In the opinion of the Management/Board of Directors, the "Current Assets Loans and Advances" have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

25) Disclosure of sundry creditors under current liabilities is based on the information available with the company regarding the status of the suppliers as defined under the " Micro, Small and Medium Enterprise Development Act, 2006" (the Act). There are no delays in payment made to such suppliers. There is no overdue amount outstanding as at the balance sheet date. Based on above the relevant disclosures u/s 22 of the Act are as follows:

		(Rs. In lacs)
1.	Principal amount outstanding at the end of the year	39.07
2.	Interest amount due at the end of the year	–
3	Interest paid to suppliers	–

26) Profit or loss on sale of Raw Materials and Stores has been adjusted in consumption.

27) Stores and Spare Parts consumption includes materials consumed for Repairs and Replacement.

28) Inventories of Stores and Spare Parts include items, which are lying with the company. A provision of Rs 706.27 lacs (including Rs. 26.76 lacs for the year) towards obsolescence is carried in the books and the management is of the opinion that the same is adequate and no further provision is required there against.

29) Related Party Disclosures as identified by the management in accordance with the Accounting Standard – 18.

A) Subsidiary Companies

i) Glass Equipment (India) Limited

ii) Quality Minerals Limited

B) Associate

i) HNG Float Glass Limited

C) Directors and Relatives

i) Mr. C. K. Somany – Chairman and Non Executive Director (Relative of Key Management Personnel)

ii) Mr. Sanjay Somany - Managing Director and Key Management Personnel

iii) Mr. Mukul Somany - Jt. Managing Director and Key Management Personnel

iv) Mr. Bharat Somany – Management Trainee upto 31st May, 2009 (Relative of Key Management Personnel)

v) Mr. R. R. Soni – Executive Director and Key Management Personnel

D) Enterprises over which any person described in [C (i) to (iv)] above is able to exercise significant influence and with whom the Company has transactions during the year.

i) AMCL Machinery Limited

ii) Ceramic Decorators Limited

iii) Microwave Merchants Private Limited

iv) Mould Equipment

v) Noble Enclave and Towers Private Limited

vi) Somany Foam Limited

vii) Topaz Commerce Limited

Schedule forming part of the Accounts

Schedule **S** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

The aggregate amount of transactions with the related parties as mentioned in (A) above is as given hereunder:

(Rs. in lacs)

	2009-2010	2008-2009
Sale of Goods		
Glass Equipment (I) Limited	13.99	35.21
Purchase of Goods		
Glass Equipment (I) Limited	604.19	1189.36
Quality Minerals Limited	297.99	269.10
Sale of Fixed Assets		
Glass Equipment (I) Limited	52.06	6.12
Purchase of Fixed Assets		
Glass Equipment (I) Limited	3477.95	1499.43
Receiving of Services		
Glass Equipment (I) Limited	12.00	343.79
Provision of Facilities		
Glass Equipment (I) Limited	20.00	16.00
Dividend Received		
Glass Equipment (I) Limited	26.40	26.40
Surety Taken		
Glass Equipment (I) Limited	50.00	50.00
Payables		
Glass Equipment (I) Limited	920.86	661.04
Quality Minerals Limited	59.77	7.58

The aggregate amount of transactions with the related party as mentioned in (B) above is as given hereunder:

(Rs. in lacs)

	2009-2010	2008-2009
Sale of Goods	–	46.06
Purchase of Goods	5.80	2.51
Receiving of Services	–	0.47
Payables	–	28.65

The aggregate amount of transactions with the related parties as mentioned in (C) above is as given hereunder:

(Rs. in lacs)

Remuneration	2009-2010	2008-2009
1. Mr. Sanjay Somany	176.56	135.01
2. Mr. Mukul Somany	201.54	137.73
3. Mr Bharat Somany	0.21	2.34
4. Mr. R. R. Soni	44.74	18.11
Sale of Fixed Assets		
1. Mr. Sanjay Somany	855.30	–

Schedule forming part of the Accounts

Schedule **S** **ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

The aggregate amount of transactions with the related parties as mentioned in (D) above is as given hereunder: (Rs. in lacs)

	2009-2010	2008-2009
Sale of Goods		
Somany Foam Limited	5.72	3.21
Purchase of Goods		
Mould Equipment	17.80	11.70
Somany Foam Limited	8.47	2.86
Sale of Fixed Assets		
Somany Foam Limited	-	0.42
Receiving of Services		
Ceramic Decorators Limited	284.58	112.21
Mould Equipment	106.98	152.93
Rent Received		
Mould Equipment	16.32	27.97
Interest Received		
Microwave Merchants Private Limited	12.01	36.48
Noble Enclave & Towers Limited	94.57	154.81
Topaz Commerce Limited	165.30	209.17
Recovery of Expenses		
AMCL Machinery Limited	1.36	4.04
Interest Paid		
Ceramic Decorators Limited	–	10.67
AMCL Machinery Limited	–	28.19
Loan Taken		
Ceramic Decorators Limited	–	1.70
AMCL Machinery Limited	–	1500.00
Loan Repaid		
Ceramic Decorators Limited	–	18.90
AMCL Machinery Limited	–	1500.00
Receivables		
Noble Enclave & Towers Private Limited (for acquiring investments)	500.00	–
Somany Foam Limited	–	0.56
Share Application Money		
HNG Float Glass Limited	2299.00	3500.00
Loans (including interest accrued net of recovery)		
Microwave Merchants Private Limited *	–	266.22
Noble Enclave & Towers Private Limited *	614.16	1140.73
Topaz Commerce Limited *	1166.24	1728.27
Payables		
Ceramic Decorators Limited	224.78	2.97
Mould Equipment	5.40	6.50
Corporate Guarantee given to bank		
AMCL Machinery Limited	3600.00	3600.00

* Companies in which directors are interested as member / director(s). Further these loans were given by the erstwhile Ace Glass Containers Limited (AGCL) and none of the directors was director in AGCL and accordingly, as advised legally, the provisions of Section 295 of the Companies Act, 1956 are not applicable with regard to these loans.

Schedule forming part of the Accounts

30) Units of Bonds and Mutual Funds purchased and redeemed / sold during the year (Face value of Rs. 10 each, except otherwise stated), as current investments – other

(Rs. in lacs)

Sl. No.	Name of Und	2009-2010		2008-2009	
		No. of Units	Cost	No. of Units	Cost
a)	HDFC Cash Management Fund	7029848	1300.00	Nil	Nil
b)	SBI Magnum Insta Cash	31809348	5800.00	Nil	Nil
c)	SBI Premier Liquid Fund	39884539	5705.47	Nil	Nil
d)	HDFC Floating Rate Income Fund	8656194	1300.19	Nil	Nil
	Total	**87379929**	**14105.66**	**Nil**	**Nil**

31) a) The Company has acquired certain assets under financial lease, the cost of which is included in the Gross Blocks of Buildings and Vehicles. The lease term is 75 years for Building. The lease term is 3 years for Vehicles, after which the legal title will pass on the Company. The lease has been recognised as an asset at the present value of the minimum lease payments. Minimum lease payments payable in future at the balance sheet date and their present value are as under. There is no escalation clause in the lease agreement for vehicles:

(Rs. in lacs)

Particulars	Lease payments	Present value
Not later than one year	22.29	15.43
Later than one year and not later than five year	54.68	45.97

b) Assets taken under operating leases:

Office premises and office equipments are obtained on operating lease. There is no contingent rent in the lease agreements. The lease term is for 1-3 years and is renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease agreements. There are no sublease and all the leases are cancelable in nature. The aggregate lease rentals are charged as “Rent” in Schedule ‘Q’ of the financial statement.

32) Details of Products Manufactured, Turnover, Stock, Raw Material Consumed etc.

a. Capacities and Actual Production (in MT):

	2009-2010		2008-2009	
	Installed Capacity	Actual Production	Installed Capacity	Actual Production
I. Glass Plants				
a) Glass Bottles and Vials	1030925	785300	927669	767971
b) Pressed Tumblers	5000		5000	–

Notes:

1. Installed Capacity and Actual Production has been given in M.T.
2. Licensed Capacity is not given as licensing has been abolished vide Press Note No.9 dated 2nd August, 1991 and Notification No. S.O.477 (E) dated 25th July, 1991 issued by Government of India, Ministry of Industry and Department of Industrial Development. The installed capacity is as certified by the management.

Schedule forming part of the Accounts

Schedule **S** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

b) Finished Goods Stocks and Sales:

(Rs in lacs)

		SALES*				STOCKS			
		2009-2010		2008-2009		2009-2010		2008-2009	
	Unit	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Bottles	MT	782584	144976.67	765459	143725.62	49513	7124.92	46797	6990.08
Tumblers	MT			19	1.69			–	–
Others #									
(Job Works)			11.68		132.32				–
Total		**782584**	**144988.35**		**143859.63**	**49513**	**7124.92**		**6990.08**

* Sales include breakages of bottles.

\# Others include General Merchandise Sale amounting to Rs. 11.68 lacs (Previous Year Rs. 76.95 lacs) and sale of services Rs. Nil lacs (Previous year Rs 55.37 lacs)

c. Details of Purchases and Sales of General Merchandise:

(Rs in lacs)

Description		2009-2010							
		Opening		Purchase		Sales		Closing Stock	
	Unit	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
LUG Cap	'000 Pcs	–	–	489	7.66	489	11.68	–	–
				489	7.66	489	11.68		

(Rs in lacs)

Description		2008-2009							
		Opening		Purchase		Sales		Closing Stock	
	Unit	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
LUG Cap	'000 Pcs	–	–	179	–	179	1.16	–	–
Glass Bottle	MT	–	–	969	56.97	969	75.79	–	–
Float Glass	Sq. Mt.	12020.50	44.16	–	–	12020.50	55.37	–	–
Total			**44.16**		**56.97**		**132.32**	**–**	**–**

d. i) Raw materials consumed *

(Rs in lacs)

		2009-2010		2008-2009	
Item	Unit	Qty.	Value	Qty.	Value
Silica Sand	MT	374526	5503.00	348388	4998.83
Soda Ash	MT	132740	18117.42	155257	18315.31
Cullet	MT	340930	10840.62	281086	11182.35
Others	MT		3877.28		4637.33
Total			**38338.32**		**39133.82**

*Excluding Rs 121.38 lacs (Previous Year Rs 118.32 lacs) being raw material processing charges and General Merchandise Purchase amounting to Rs. 7.66 lacs (Previous Year Rs. 56.97 lacs)

Schedule forming part of the Accounts

d. i) **Value of Raw Materials, Spare Parts and Components consumed (As certified):**

(Rs in lacs)

	2009-2010				2008-2009			
	Raw Materials		Spare Parts*		Raw Materials		Spare Parts*	
	Value	%	Value	%	Value	%	Value	%
Imported	8617.24	22.49	845.10	13.95	8181.10	20.91	1573.41	25.68
Indigenous	29721.08	77.51	5215.11	86.05	30952.72	79.09	4552.60	74.32
Total	**38338.32**	**100.00**	**6060.21**	**100.00**	**39133.82**	**100.00**	**6126.015**	**100.00**

* Excluding Rs 1061.87 lacs (Previous Year Rs 1676.49 lacs) being Stores consumption.

(Rs in lacs)

		2009-2010	2008-2009
e.	**C.I.F. Value of Imports**		
	Raw Materials	4973.39	6489.33
	Components, Spare Parts and Stores etc.	3793.88	4894.01
	Capital Goods (including CWIP)	6660.03	5131.73
f.	**Expenditure in Foreign Currency**		
	Travelling Expenses	42.65	27.41
	Selling Commission	98.30	62.22
	Finance Charges	20.11	153.54
	Repairs	92.90	47.36
	Professional / Technical Fees	36.76	94.27
	Others	1.05	0.04
g.	**Earnings in Foreign Currency**		
	F.O.B. Value of Exports	5030.26	5772.77

33) Figures for previous year have been regrouped and/or rearranged wherever considered necessary.

34) Schedule "A" to "L" and "S" form part of Balance Sheet and Schedule "M" to "S" form part of Profit and Loss Account.

The Schedules refered to above form an integral part of Balance Sheet.

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

Mukul Somany
Jt. Managing Director

Sanjay Somany
Managing Director

H. K. Verma
Partner
Kolkata
May 19, 2010

Priya Ranjan
Company Secretary

Laxmi Narayan Mandhana
Sr. Vice President and Chief Financial Officer

Ram Raj Soni
Executive Director

Balance Sheet Abstract

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and the Company's General Business Profile

I. Registration Details

Registration No.	21–13294
State Code	21
CIN No.	L26109WB1946PLC013294
Balance Sheet Date	31 03 2010

II. Capital Raised during the year *(amount in Rs '000)*

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

III. Position of Mobilisation and Deployment of Funds *(amount in Rs '000)*

Total Liabilities	1951168 1	Total Assets	19511681

Sources of Funds

Paid–up Capital	174677	Reserves and Surplus	10253037
Secured Loans	5486168	Unsecured Loans	171065
Deferred Tax Liabilities	696955		

Application of Funds

Net Fixed Assets	11437511	Investments	1470694
Net Current Assets	3873694	Miscellaneous Expenditure	NIL
Accumulated Loss	NIL		

IV. Performance of the Company *(amount in Rs '000)*

Net Income	13599035	Total Expenditure	12140402
Profit / Loss Before Tax	1830453	Profit / Loss After Tax	1551953
Earnings per Share in Rs	17.77	Dividend %	75.00

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC code)	Product descriptions
701090-01	GLASS BOTTLES
701300-00	GLASS WARE

Mukul Somany
Jt. Managing Director

Sanjay Somany
Managing Director

H. K. Verma
Partner
May 19, 2010

Priya Ranjan
Company Secretary

Laxmi Narayan Mandhana
Sr. Vice President and
Chief Financial Officer

Section 212

Statement Regarding Subsidiary Companies Pursuant to Section 212 of Companies Act, 1956

1.	Name of the Subsidiary Company	Glass Equipment (India) Ltd.	Quality Minerals Ltd.
2.	The Financial Year of the Subsidiary Company.	Year ended on March 31, 2010	Year ended on March 31, 2010
3.	Holding Company's interest	Entire Subscribed Capital comprising of 26,400 Equity Shares of Rs 100/- each.	9,384 Equity Shares of Rs 100/- each out of the Subscribed and Paid Up Capital of 9,410 Equity Shares of Rs 100/-each.
4	Extent of holding	100.00%	99.72%
5	Net Profit of the Subsidiary	Rs. 49426229/-	Rs. 2954677/-
6	For the financial year of the Subsidiary		
	A] Profits/(Losses) so far as it concerns the members of the Holding Company and not dealt with in the Holding Company's accounts.	Rs. 49426229/-	Rs. 2946404/-
	B] Profits/(Losses) so far as it concerns the members of the Holding Company and dealt with in the Holding Company's accounts.	Rs 52,80,000/-	Nil
7	For previous financial years since it become a **Subsidiary.**		
	A] Profits/(Losses) so far as it concerns the members of the Holding Company and not dealt with in the Holding Company's accounts.	Rs. 156739582/-	Rs. 14468102/-
	B] Profits/(Losses) so far as it concerns the members of the Holding Company and dealt with in the Holding Company's accounts.	Rs. 10254263/-	Nil

Mukul Somany
Jt. Managing Director

Sanjay Somany
Managing Director

H. K. Verma
Partner
May 19, 2010

Priya Ranjan
Company Secretary

Laxmi Narayan Mandhana
Sr. Vice President and
Chief Financial Officer

Statement Pursuant to Exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies for the financial year ended on 31.03.2010

(Rs. in lacs)

Sl. No.	Name of Und	Name of the Subsidiary			
		Glass Equipment (India) Limited		Quality Minerals Limited	
		2009-10	2008-09	2009-10	2008-09
a.	Issued and Subscribed Capital	26.40	26.40	9.41	9.41
b.	Reserves	2,540.51	2,089.55	174.28	144.74
c.	Total Assets	3,565.38	3,364.02	220.66	180.20
d.	Total Liabilities	3,565.38	3,364.02	220.66	180.20
e.	Investment (other than investment in subsidiary)	0.27	0.27	1.20	1.20
f.	Turnover (gross of excise duty)	3,958.89	2,892.70	288.54	262.66
g.	Profit before Tax	850.89	425.86	43.21	30.73
h.	Provision for Taxation	295.06	146.32	13.66	9.69
i.	Profit after Taxation	555.83	279.54	29.55	21.04
j.	Proposed dividend (including dividend distrubution tax)	52.80	26.40	–	–

CONSOLIDATED ACCOUNTS

Consolidated Auditors' Report

To the Members

1. We have examined the attached Consolidated Balance Sheet of Hindusthan National Glass & Industries Limited ("the Company") and its subsidiaries and associate as at 31st March 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended on that date, annexed hereto. These consolidated 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 generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material mis-statements. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary companies Glass Equipment (India) Limited. and Quality Minerals Limited for the year ended 31st March, 2010 whose financial statements reflect total assets of Rs. 3786.04 lacs as at 31st March, 2010 and total revenues of Rs. 3865.16 lacs and cash flows amounting to Rs 67.80 lacs for the year ended as on 31st March, 2010. These financial statements have been audited by other auditors whose report(s) has (have) been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
4. As given in Note 1 e of Schedule S in absence of the financial statements of associate company HNG Float Glass Limited for the year ended 31 March, 2010 the results of the same has not been accounted as per the requirement Accounting Standard 23 on Accounting for Investments in Associates in Consolidated Financial Statements. Consequently the impact of the same on consolidated results and the value of investments in such associates is not ascertainable presently.
5. Subject to Para 3 and 4 above, we report that:
   i) the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 23 "Accounting for Investment in Associates in Consolidated Financial Statements", issued by "The Institute of Chartered Accountants of India" and on the basis of the individual financial statements of the Company and its subsidiary companies and associate included in the consolidated financial statements.
   ii) In our opinion, based on our audit and the report of other auditors, the Consolidated Financial Statements referred to above give a true and fair view of the financial position of the Company and its subsidiary companies and associate as at 31st March, 2010 and of the results of their operations for the year then ended 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 Company and its subsidiary companies and associate as at 31st March,2010; and
      b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary companies and associate for the year then ended on that date ; and
      c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary companies and associate for the year then ended on that date.

For **Lodha & Co.**
Chartered Accountants
Firm's ICAI Registration No. 301051E

H. K. Verma
Partner
Membership No: 55104

Place: Kolkata
Date: May 19, 2010

Consolidated Balance Sheet As at March 31, 2010

(Rs. in lacs)

	Schedules	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' funds			
Share Capital	A	1746.77	1746.77
Reserves and Surplus	B	103704.56	93153.70
		105451.33	**94900.47**
Loan Funds			
Secured Loans	C	54953.80	41804.23
Unsecured Loans	D	1710.65	9210.65
		56664.45	51014.88
Deferred Tax Liabilities (Net)		6998.67	4207.24
Total		**169114.45**	**150122.59**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		166998.64	139393.60
Less : Accumulated Depreciation		55943.22	48553.01
Net Block	E	111055.42	90840.59
Capital Work-In-Progress		2746.82	8203.39
Investments	F	14461.55	10213.07
Current Assets, Loans and Advances			
Inventories	G	22233.31	22784.41
Sundry Debtors	H	22009.71	22723.03
Cash and Bank Balances	I	573.47	1175.74
Loans and Advances and Other Current Assets	J	23210.59	19909.53
		68027.08	66592.71
Less: Current Liabilities and Provisions			
Current Liabilities	K	16791.37	19396.69
Provisions	L	10385.05	6330.48
		27176.42	25727.17
Net Current Assets		**40850.66**	**40865.54**
Total		**169114.45**	**150122.59**
Significant Accounting Policies and Notes on Accounts	S		

The Schedules refered to above form an integral part of Consolidated Balance Sheet.

As per our report of even date
For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner

Place: Kolkata
May 19, 2010

Mukul Somany
Jt. Managing Director

Priya Ranjan
Company Secretary

Sanjay Somany
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President and Chief Financial Officer

Consolidated Profit and Loss Account For the year ended March 31, 2010

(Rs. in lacs)

	Schedules		Year ended 31.03.2010		Year ended 31.03.2009
INCOME					
Sales	M		147642.68		146105.65
Less : Excise Duty			9298.18		13049.49
			138344.50		133056.16
Other Income	N		3465.70		2174.44
Increase / (Decrease) in Stock	O		144.07		1403.94
			141954.27		136634.31
EXPENDITURE					
Materials	P		40085.74		40844.61
Manufacturing and Other Expenses	Q		69941.90		71904.78
			110027.64		112749.16
Profit before Depreciation, Interest and Tax			31926.63		23885.15
Depreciation			9026.54		7850.97
Transferred from Revaluation Reserve			(332.80)		(306.68)
			8693.74		7544.29
Interest and Finance Expenses	R		4723.39		4369.55
			13417.13		11913.84
Profit before Tax			**18509.50**		**11971.31**
Less : Provision for Income Tax					
– Current Tax			309.97		161.35
– Minimum Alternate Tax		3150.00		1310.00	
– Less: MAT Credit Entitlement		365.00	2785.00	355.00	955.00
– Fringe Benefit Tax			–		51.64
– Deferred Tax			(1.39)		(6.99)
– Income Tax for Earlier years			–		(7.87)
Profit after Tax			**15415.92**		**10818.18**
Less: Share in Associate					181.66
Net Profit before Minority Interest			15415.92		10636.52
– Concern Share			15416.65		10637.21
– Minority			(0.73)		(0.69)
Add: Balance brought forward from last year			1945.12		810.62
Amount Available for Appropriation			17361.77		11447.83
APPROPRIATIONS					
General Reserve			11174.77		7200.00
Debenture Redemption Reserve			1875.00		1,250.00
Proposed Dividend on Equity Shares			1362.88		899.79
Tax(including Cess) on Proposed Dividend			213.09		152.92
Balance carried to the Balance Sheet			2736.03		1945.12
			17361.77		11447.83
Basic and Diluted Earning per Share of Rs. 10/- each			17.65		12.18
Significant Accounting Policies and Notes on Accounts	S				

The Schedules refered to above form an integral part of Consolidated Profit and Loss Accounts.

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

Mukul Somany
Jt. Managing Director

Sanjay Somany
Managing Director

H. K. Verma
Partner

Priya Ranjan
Company Secretary

Laxmi Narayan Mandhana
Sr. Vice President and Chief Financial Officer

Place: Kolkata
May 19, 2010

Cash Flow Statement For the year ended March 31, 2010

(Rs. in lacs)

	2009-10		2008-09	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax and extraordinary items		18509.51		11971.31
Adjustments to reconcile profit before tax to cash provided by operating activities.				
Depreciation	8693.74		7544.29	
Interest Expenses	4723.38		4369.55	
Realised Foreign Exchange Loss/(Gain) on Term Loans (Net)	5.73		1330.06	
Provision for Diminution in value of Investments	0.00		(0.23)	
Provision for Loss on Derivative Transactions	305.20		2326.33	
Bad Debts and Provision for Doubtful Debts	(38.84)		205.54	
Dividend Income	(202.51)		(166.71)	
Interest income	(615.84)		(498.39)	
Liability/Provision no longer required written back	(225.86)		(515.16)	
(Profit) / Loss on sale of Fixed Assets (Net)	(250.59)		134.04	
(Profit) / Loss on sale of Current Investments (Net)	(16.66)		(119.10)	
Unrealised Foreign Exchange Loss/(Gain) (Net)	(481.78)	11895.97	636.51	15246.73
Operating Profit before working capital changes		**30405.48**		**27218.04**
Changes in current assets and liabilities				
Loans and Advances		2154.45		815.60
Trade and other Receivables		733.00		(6457.04)
Inventories		551.10		(5442.20)
Trade and other Payables		(2910.57)		1506.04
Net Cash Generated by Operating Activities		**30933.46**		**17640.44**
Adjustments for :				
Direct Taxes Paid		(1926.82)		(1550.88)
Fringe Benefit Tax Paid		(2.57)		(42.84)
Net Cash from Operating Activities		**29004.07**		**16046.72**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets and Changes in Capital Work in Progress		(24666.43)		(17574.84)
Proceeds on Disposal of Fixed Assets		1035.87		680.78
Purchase of Long Term Investments		(3500.00)		(0.27)
Purchase of Current Investments		(14855.66)		0.00
Sale of Current Investments		14123.84		1119.10
Advances for acquiring equity shares		(2799.00)		(3500.00)
Dividend received		202.51		166.71
Interest received		645.48		229.01
Net Cash Used in Investing Activities		**(29813.39)**		**(18879.51)**

Cash Flow Statement *(Contd.)* For the year ended 31 March, 2010

(Rs. in lacs)

		2009-10		2008-09
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds/(Repayment) from long term borrowing (Net)		5145.57		15286.64
Proceeds/(Repayment) from short term borrowing (Net)		702.34		(8112.38)
Dividend paid including Corporate Dividend Tax		(1047.76)		(848.05)
Interest paid		(4593.10)		(4019.16)
Net Cash from Financing Activities		**207.05**		**2307.05**
Net Changes in Cash and Cash Equivalents		**(602.27)**		**(525.74)**
Opening Cash and Cash Equivalents		**1175.74**		**1701.48**
Cash and Cash Equivalents at the end of the year (represents Cash in Hand and Bank balances)		**573.47**		**1175.74**

Note: 1. The above Cash Flow Statement has been prepared under the " Indirect Method" as set out in the Accounting Standard 3 (AS–3) - Cash Flow Statements issued by "The Institute of Chartered Accountants of India".

2. Figures in brackets represent outflows.

3. Previous Year's figures have been regrouped wherever necessary to conform to the Current Year.

As per our report of even date
For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Membership No. - 55104
May 19, 2010

Mukul Somany
Jt. Managing Director

Priya Ranjan
Company Secretary

Sanjay Somany
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President and Chief Financial Officer

Schedule forming part of the Consolidated Accounts

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule A SHARE CAPITAL		
Authorised		
2,55,75,00,000 Equity Shares of Rs. 2/- each (Previous Year 51,15,00,000 Shares of Rs 10/- each)	51,150.00	51,150.00
	51,150.00	**51,150.00**
Issued, Subscribed and Paid - up		
8,73,38,565 Equity Shares of Rs.2/- each fully paid up (Previous Year 1,74,67,713 Equity Shares of Rs.10/- each fully paid up) of which 2,90,51,800 Equity Shares of Rs.2/- each (Previous Year 58,10,360 Equity Shares of Rs.10/- each) were allotted as fully paid up Bonus Shares by capitalisation of General Reserve and 3,21,21,725 Equity Shares of Rs. 2/- each (Previous Year 64,24,345 Equity Shares of Rs. 10/- each) issued as fully paid up pursuant to a scheme of amalgamation and arrangement for consideration other than cash.	1,746.77	1,746.77
	1,746.77	**1,746.77**

(Rs. in lacs)

Schedule B RESERVES AND SURPLUS

	As at 31.03.2010		As at 31.03.2009	
Capital Reserve on Consolidation		2.90		2.90
Investment Allowance Reserve		0.57		0.57
General Reserve				
As per last Balance Sheet	67974.29		60774.76	
Add: Transfer from Profit and Loss Account	11174.77		7200.00	
Less: Minority Interest	0.51	79148.55	0.47	67974.29
Revaluation Reserve				
As per last Balance Sheet	10796.16		11101.53	
Less: Transfer from Profit and Loss Account	332.80		306.68	
Add: Adjustment during the year	–		2.78	
Less: Adjustment on discard / sale of assets	163.67	10299.69	1.47	10796.16
Debenture Redemption Reserve				
As per last Balance Sheet	1250.00		–	
Add: Transfer from Profit and Loss Account	1875.00	3125.00	1,250.00	1,250.00
Share Premium				
As per last Balance Sheet	11184.66		13553.84	
Less: Deferred Tax Liability	2792.84	8391.82	2369.18	11184.66
Profit and Loss Account				
Surplus as per Profit and Loss Account		2736.03		1945.12
		103704.56		**93153.70**

Schedule forming part of the Consolidated Accounts

(Rs. in lacs)

	Notes	As at 31.03.2010	As at 31.03.2009
Schedule C SECURED LOANS			
I) Non Convertible Debentures			
a) 12.75% Redeemble Non Convertible Debentures privately placed with Life Insurance Corporation of India	1	10,000.00	10,000.00
b) 10.75% Redeemble Non Convertible Debentures privately placed with General Insurance Corporation of India	1	2,500.00	–
II) Rupee Term Loans			
From Financial Institution			
Export Import Bank of India	2	3,643.06	5,304.17
From Banks			
State Bank of India	2	5,000.00	5,996.00
The Hongkong and Shanghai Banking Corporation Limited	2	15,023.00	9,437.50
III) Foreign currency Loans			
From Bank			
ICICI Bank - External Commercial Borrowing	2	1,128.88	1,929.38
IV. Working Capital Borrowing from Banks	3	16716.46	8514.12
V. Loans under Vehicle Finance Scheme			
From Banks	4	740.75	449.07
From Others	4	102.37	136.43
VI. Interest accrued and due thereon		99.28	37.56
		54953.80	**41804.23**

1) 12.75% Secured Non Convertible Debentures amounting to Rs. 100 crores, privately placed (alloted on 22.12.2008) and 10.75% Secured Non Convertible Debentures amounting to Rs. 25 crores, privately placed (alloted on 18.06.2009) are due for redemption at par in three equal installments at the end of 5th, 6th and 7th year from the date of allotment at par at the end of 3rd year from the date of allotment i.e., from 21.12.2011 and 17.06.2012 respectively. However, there is a put and call option available to the issuer / investor which can be exercised at the end of three year from the date of allotment. These debentures are secured by first charge ranking pari-passu with other first charges created on all immovable properties by way of equitable mortgage and hypothecation of all moveable properties both present and future of the Company, save and except specific assets exclusively hypothecated in favour of respective lenders.

2) The loans are secured by first charge ranking pari-passu with other first charges created on all immovable properties by way of equitable mortgage and hypothecation of all moveable properties both present and future of the Company, save and except specific assets exclusively hypothecated in favour of respective lenders.

3) These are secured by hypothecation of inventories (both present and future) and book debts and second charge on all immoveables, moveable properties including land and building in favour of consortium bankers led by State Bank of India and other lenders as applicable.

4) These are secured by hypothecation of the vehicles financed in favour of respective lenders.

(Rs. in lacs)

Schedule D UNSECURED LOANS		
I) Short Term Loans		
From Banks	–	5,000.00
Non Convertible Debentures	–	2,500.00
II) Trade Deposits	100.10	100.10
III) Sales Tax Deferrment Loan	1,610.55	1,610.55
	1,710.65	**9,210.65**

Note:

* Represents Mibor linked Non Convertible Debentures privately placed with LIC Mutual Fund

Schedule forming part of the Consolidated Accounts

(Rs. in lacs)

Schedule E FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	Book Value at 01.04.2009	Additions	Deductions	Cost at 31.03.2010	Upto 31.03.2009	For the Year	Less on Sale/ Deductions	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land	12250.75	1416.12	123.05	13543.82	5.60			5.60	13538.22	12245.15
Leasehold Land	2048.36			2048.36	13.03	23.81		36.84	2011.52	2035.33
Buildings	13760.76	1354.27	174.60	14940.43	2887.09	531.95	67.68	3351.36	11589.07	10873.67
Leasehold Buildings	9.18			9.18	0.34	0.14		0.48	8.70	8.84
Plant and Machinery	108519.78	26107.02	2136.40	132490.40	44664.18	8034.02	1477.39	51220.81	81269.59	63855.6
Furniture and Fixtures	319.78	30.67	4.77	345.68	168.19	17.69	4.29	181.59	164.09	151.59
Office and Other Equipments	413.62	102.04	93.50	422.16	225.18	36.61	71.12	190.67	231.49	188.44
Vehicles	1733.87	868.64	52.79	2549.72	507.10	205.06	15.84	696.32	1853.40	1226.77
Computer Software	337.50	311.39		648.89	82.30	177.25		259.55	389.34	255.20
Total	**139393.60**	**30190.15**	**2585.11**	**166998.64**	**48553.01**	**9026.53**	**1636.32**	**55943.22**	**111055.42**	**90840.59**
Previous Year	127459.54	14227.99	2293.93	139393.60	42181.15	7850.97	1479.11	48553.01	90840.59	

(Rs. in lacs)

Schedule F INVESTMENTS

	Face Value (Rs.)	Nos.	As at 31.03.2010	Nos.	As at 31.03.2009
A) **Long Term**					
UNQUOTED					
Trade					
Fully Paid up Equity Shares					
Capexil Agencies Ltd.	1000	5	0.05	5	0.05
Ceramic Decorators Ltd. (Rs. 70#)	10	7	0.00#	7	0.00#
Brabourne Commerece Pvt. Ltd.*	10	402	0.27	134	0.27
*(Received 402 shares of Brabourne Commerce Private Limited in lieu of 134 shares of HNG International Limited pursuant to scheme of amalgamation.)					
Associate Company					
Fully Paid up Equity Shares					
HNG Float Glass Ltd. (35000000 equity shares aquired during the year)	10	77010000	7519.34	42010000	4201.00
Less: Share of Loss for the year			–		181.66
			7519.34		4019.34
Other than Trade					
Fully Paid up Equity Shares					
The Calcutta Stock Exchange Association Ltd.	1	8364	167.28	8364	67.28
Beneficial interest in Shares held in HNG Trust			7.55		7.55
Beneficial interest in Shares held in ACE Trust			6009.35		6009.35
Surendra Khanij Pvt Ltd.	10	12000	1.20	12000	1.20

Schedule forming part of the Consolidated Accounts

(Rs. in lacs)

Schedule F INVESTMENTS

	Face Value (Rs.)	Nos.	As at 31.03.2010	Nos.	As at 31.03.2009
GOVERNMENT SECURITIES					
Deposited with Government Authorities*					
a) 12 Years National Savings Certificate			0.01		0.01
b) 7 Years National Savings Certificate			0.01		0.01
c) 6 Years National Savings Certificate			6.49		6.49
B) Current					
Other than Trade					
Quoted					
Fully Paid up Equity Shares					
Kajaria Ceramics Ltd. (sold during the year)	2	5470		5470	1.52
Unquoted					
In Units of Mutual Funds					
(acquired during the year)					
Baroda Pioneer Treasury Advantage Fund	10	4745454	500.00		
Reliance Mutual Fund	10	1725304	250.00		
* Rs 0.42 lacs since matured but not encashed			14461.55		10213.07
Aggregate Book Value of Unquoted Investments			14461.55		10211.55
Aggregate Book Value of Quoted Investments			–		1.52
Aggregate Market Value of Quoted Investments			–		1.52
			14461.55		**10213.07**

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule G **INVENTORIES**		
(As valued and certified by the Management)		
Raw Materials	4521.96	5104.22
Stores and Spare Parts		
(Including in Transit Rs. 167.67 lacs, Previous Year Rs. 238.94 Lacs)	8918.52	9205.19
Packing Materials	860.47	640.44
Stock in Process	559.37	625.10
Finished Goods	7372.99	7209.46
	22233.31	**22784.41**

(Rs. in lacs)

Schedule H **SUNDRY DEBTORS**

(Unsecured, considered good unless otherwise stated)		
Debts due for a period exceeding six months		
Considered good	918.60	2733.33
Considered doubtful	695.06	863.04
	1613.66	3596.37
Less: Provision for doubtful debts	695.06	863.04
	918.60	2733.33
Other Debts	21091.11	19989.70
	22009.71	**22723.03**

Schedule forming part of the Consolidated Accounts

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule I CASH AND BANK BALANCES		
Cash balance on hand	18.28	30.63
Cheques in hand	1.01	255.27
Balances With Scheduled Banks		
in Current Accounts	518.14	851.37
in Fixed Deposit Accounts *	35.25	38.46
in Dividend Accounts	0.78	–
Balances With Post Office in Saving Bank Account	0.01	0.01
* (Receipts pledged with the banks and government authorities)		
	573.47	**1175.74**

(Rs. in lacs)

Schedule J LOANS AND ADVANCES AND OTHER CURRENT ASSETS		
Loans and Advances (Unsecured Considered Good)		
Loans to Bodies Corporate	4816.50	3049.50
Advances recoverable in cash or in kind or for value to be received	5398.52	5892.02
(Net of advances considered doubtful and provided for Rs.231.52 lacs, Previous Year Rs. 238.02 lacs)		
VAT Credit (Inputs) Account	622.33	593.85
Advance Income Tax	6871.78	4896.86
Tax Deducted at Source	402.92	364.70
Income Tax Refundable	60.00	
Advance Fringe Benefit Tax	85.01	85.00
MAT Credit Entitlement	2087.57	1722.57
Deposits and balances with Government Authorities and Others Department	2513.22	2902.21
Other Deposits	20.10	25.55
	22877.95	19532.26
Other Current Assets		
Interest Receivable	325.47	355.10
Fixed Assets Held for disposal (at lower of net book value or estimated net realisable value)	7.17	22.17
	23210.59	**19909.53**

(Rs. in lacs)

Schedule K CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro, Small and Medium Eneterprises	39.07	68.34
Others	15312.55	15809.93
Interest accured but not due on Loans	584.92	454.64
Commission to Directors	162.52	139.09
Other Liabilities	691.53	2,924.37
Unclaimed dividend *	0.78	0.32
* This is not due for payment to Investor Education and Protection Fund.	**16791.37**	**19396.69**

Schedule forming part of the Consolidated Accounts

(Rs. in lacs)

Schedule L PROVISIONS	As at 31.03.2010	As at 31.03.2009
For Taxation	7135.69	3898.23
For Wealth Tax	3.83	3.03
For Fringe Benefit Tax	91.44	94.00
For Gratuity and Unavailed Leave	1573.63	1282.51
For Proposed Dividend	1362.88	899.79
For Tax on Proposed Dividend	217.58	152.92
	10385.05	**6330.48**

(Rs. in lacs)

Schedule M SALES	Year ended 31.03.2010	Year ended 31.03.2009
Finished Goods	147465.96	145845.14
Trading Materials	165.04	76.95
Others	11.68	183.56
	147642.68	146105.65
Less: Excise Duty	9298.18	13049.49
	138344.50	**133056.16**

(Rs. in lacs)

Schedule N OTHER INCOME		
Dividends on Trade and Long Term Investments	202.51	166.71
Interest Income		
– Loan	536.77	428.47
– Deposits	20.97	49.87
– Investments	–	0.62
– Others	6.82	2.21
– Tax Refunds	51.28	17.32
Rent	53.47	39.93
Hire charges and Lease Rental	1.20	1.20
Insurance Claims	164.46	9.62
Profit on Sale of Current Investment - Other than Trade	16.66	119.10
Profit on Assets Sold/Discarded	250.75	15.68
Liabilities / Provisions no longer required written back	225.86	515.16
Provision for diminution in value of investments no longer required written back	–	0.23
Foreign Exchange Fluctuations (Net)	518.37	–
Provision for Bad and Doubtful debt written Back	137.60	–
Miscellaneous Receipts	1278.98	808.32
	3465.70	**2174.44**

Schedule forming part of the Consolidated Accounts

(Rs. in lacs)

	As at 31.03.2010	As at 31.03.2009
Schedule O INCREASE / (DECREASE) IN STOCK		
Closing Stock		
Finished Goods	7419.26	7209.46
Work-in-Process	559.37	625.10
	7978.63	**7834.56**
Less :		
Opening Stock		
Finished Goods	7209.46	5884.25
Work-in-Process	625.10	546.37
	7834.56	6430.62
Increase / (Decrease)	144.07	1403.94

(Rs. in lacs)

Schedule P MATERIALS		
Raw Materials Consumed	39958.16	40553.79
Purchase of Trading Material	127.58	290.82
	40085.74	**40844.61**

Schedule forming part of the Consolidated Accounts

(Rs. in lacs)

Schedule Q MANUFACTURING AND OTHER EXPENSES

	Year ended 31.03.2010		Year ended 31.03.2009	
Stores and Spare Parts Consumed		6829.23		7621.57
Power and Fuel		37571.96		36853.90
Packing Material Consumed and Packing Charges		9513.63		9123.08
Salaries, Wages & Bonus etc		7517.33		5791.90
Contribution to Provident and Others Funds		875.99		763.03
Workmen and Staff Welfare Expenses		290.00		397.39
Rent (Including Lease Rent)		233.72		93.43
Rates and Taxes		50.81		44.04
Repair and Maintenance:				
Buildings		203.96		186.95
Plant and Machinery		914.99		932.17
Others		308.93		239.29
Freight outwards, Transport and other selling expenses (Net of realisation of Rs.3676.38 lacs, Previous Year Rs. 1214.21 lacs)		1273.26		1232.83
Washing and Grinding Charges		84.49		78.84
Commission on Sales		202.12		140.78
Insurance		167.41		153.23
Excise Duty on Stock		267.41		(177.05)
Bad Debts/Advances Written Off	98.35		265.23	
Less: Provision for Doubtful Debts / Advances	85.74	12.61	265.16	0.07
Provision for Doubtful Debtors/Advances		86.15		205.47
Charity and Donation		0.88		40.93
Director's Remuneration		465.22		332.62
Loss on sale and discard of fixed assets		0.16		149.72
Provision For Loss on Derivative Transactions		305.20		1833.05
Foreign Exchange Fluctuation (Net)		–		2,326.33
Other Miscellaneous Expenses		2766.44		3541.21
		69941.90		**71904.78**

(Rs. in lacs)

Schedule R INTETEST AND FINANCE EXPENSES

On Debentures		1,505.98		429.13
On Term Loans		1,865.02		2,570.41
Bank and Others		1,082.23		974.27
Finance Expenses		270.16		395.74
		4,723.39		**4369.55**

Schedule forming part of the Consolidated Accounts

Schedule S NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATES

1. PRINCIPLE OF CONSOLIDATION

a. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 (AS 21) on "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) on "Accounting for Investments in Associates in Consolidated Financial Statements" as notified vide Companies (Accounting Standards) Rules, 2006.

b. The Subsidiaries (which along with Hindusthan National Glass & Industries Limited, the holding company, constitute the group) have been considered in the preparation of these consolidated financial statements are:

Name of Subsidiary	Percentage of voting power either directly or through subsidiaries as at	
	31.03.2010	31.03.2009
Glass Equipment (India) Limited	100.00	100.00
Quality Minerals Limited	99.72	99.72

c. Investment in Associate

Name of Associate	percentage of voting power held as at	
	31.03.2010	31.03.2009
HNG Float Glass Limited	43.75	41.33

d) Consolidation Procedures

i) For preparation of consolidated financial statements, the financial statements of the Company and its subsidiaries have been combined on a line - by - line basis by adding together like items of assets, liabilities, income and expenditures after eliminating Intra group balances and transactions and the resulting unrealised profit and losses.

ii) Investment in Associate is accounted in accordance with AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statements", under "Equity Method".

iii) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

e) The Financial Statements of HNG Float Glass Limited, an associate of the company for the year ended 31st March, 2010 was not available. Accordingly the proportionate share of results of the operations would not be accounted for as required in terms of AS 23. Further in absence of the above financial statements the difference between cost of investment in associates and share of net assets at the time of acquisition of shares in the said Associate could not be identified for goodwill / capital reserve as the case may be.

f) Other Significant Accounting Policies

I. Accounting Convention

The accounts, except in respect of certain Fixed Assets, which are stated at fair value or revalued amounts, have been prepared on the basis of the historical cost and on the accounting principles of a going concern. The accounts have been prepared in accordance with the provisions of the Companies Act, 1956 and Accounting Standards as notified vide Companies (Accounting Standards) Rules, 2006.

II. Use of Estimates

The preparation of financial statements require management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the results are known /materialised.

III. Fixed Assets

Fixed Assets are stated at cost of acquisition or cost of construction or at revalued amounts wherever such assets have been revalued or at fair value as the case may be.

IV. Depreciation and Amortisation

Tangible Assets

i. Depreciation except otherwise stated has been provided at the rates specified under Schedule XIV to the Companies Act, 1956 on assets installed/acquired up to 31st March, 1990 on written down value method and in respect of additions thereafter on straight line method.

ii. Certain Plant and Machinery have been considered as continuous process plant as defined under Schedule XIV to the Companies Act, 1956 on the basis of technical evaluation.

iii. Depreciation on increase in value of Fixed Assets due to revaluation is provided on the basis of remaining useful life as estimated by the valuer on the straight line method and is transferred from Revaluation Reserve to Profit and Loss Account.

iv. Depreciation on incremental cost arising on account of exchange difference is amortised on straight line method over the remaining life of the assets.

v. Second hand machines are depreciated on straight line method based on their useful lives as estimated by independent technical experts.

Intangible Assets

vi. Computer Softwares are amortised on straight line method @ 33.33% over a period of three years.

V. Impairment

Fixed Assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognised, whenever the carrying amounts of assets belonging to Cash Generating Unit (CGU) exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

VI. Investments

Long Term Investments are stated at cost, less provision for diminution in value other than temporary, if any. Current Investments are valued at cost or fair value whichever is lower.

VII. Inventories

Inventories are valued at the lower of cost or estimated net realisable value. In respect of Raw Materials, Stores, Spare Parts, Fuel, Building and Packing Materials the cost includes the taxes and duties other than those recoverable from taxing authorities and other expenses incurred for procuring the same. In respect of Finished Goods and Work-in-Process the cost includes manufacturing expenses and appropriate portion of overheads. The cost of inventories is determined on the weighted average basis.

Own manufactured moulds used for the manufacture of glass items are recorded at weighted average cost, which includes prime cost, factory and general overheads and the same are classified as stores and spare parts under inventories.

VIII. Foreign Exchange Transactions and Derivatives

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year-end are translated using closing exchange rates. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transaction during the year are recognised as income or expenses in the profit and loss account.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognised in the period in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognised as income/expense over the life of the contract.

Keeping in view the announcement of "The Institute of Chartered Accountants of India" dated March 29, 2008 regarding accounting for derivatives, mark to market losses on all other derivatives contracts (other than forward contracts dealt as above) outstanding as at the year end, are recognised in the accounts.

IX. Revenue Recognition

i) All Expenses and Incomes are accounted for on mercantile basis except otherwise stated.

ii) Income from Export Incentives, Insurance and other claims etc. is recognised on the basis of certainties as to its utilization and related realization.

iii) Sales are inclusive of Packing Charges and Excise Duty but exclusive of Value Added Tax, Rebates, Discounts and Claims etc.

X. CENVAT / Value Added Tax (VAT) Credit

CENVAT / VAT credit whenever availed on Fixed Assets is set off with the cost of the assets. Other CENVAT / VAT credit wherever availed is adjusted with the cost of purchases of Raw Material or Stores as the case may be.

XI. Employee Benefits

Employee Benefits are accrued in the year services are rendered by the employees. The Company has Defined Contribution Plan for its employees comprising of Provident Fund and Pension Fund. The Company makes regular contribution to Provident Fund which are fully funded and administered by the Trustees / Government. The Company contributes to the Employees' Pension Scheme, 1995 for certain categories of employees. Contributions are recognised in the Profit and Loss account on accrual basis.

Long-term employee benefits under defined benefit plans and other long term employee benefits are determined at the close of each year at the present value of the amount payable using actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

XII. Research and Development

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account in the year in which it is incurred.

XIII. Subsidies and Grants

Cash Subsidy related to Fixed Assets to the extent received is adjusted to the cost of respective fixed assets. Subsidy related to the total investment in the project is treated as Capital Reserve. Other Government grants including incentives etc. are credited to Profit and Loss Account or deducted from the related expenses.

XIV. Borrowing Cost

Borrowing costs that are attributable to the acquisition/construction of Fixed Assets are capitalised as part of the cost of respective assets. Other borrowing costs are recognised as an expense in the year in which they are incurred.

XV. Income Tax

Provision for Tax is made for current tax and deferred tax. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference, which are capable of reversal in subsequent periods are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is "virtual certainty" that such deferred tax assets can be realised against future taxable profits.

XVI. Lease

Where the Company is the lessee, finance leases which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

Lease rentals in respect of assets taken under finance lease up to March 31, 2081 are amortised over the total term of the lease (including extended secondary lease term).

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

XVII. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognised nor disclosed in the financial statements. Contingent Liabilities, if material are disclosed by way of notes.

NOTES ON ACCOUNTS

(Rs. in lacs)

	2009-2010	2008-2009
2) Contingent liabilities not provided for		
a) Outstanding Bank Guarantees/Letter of Credit	4336.91	6410.93
b) Guarantee furnished to a bank on behalf of an entity over which directors of the company has significant influence.	3600.00	3600.00
c) Income Tax matter in respect of erstwhile AGCL under dispute	36.88	5.87
d) Sales Tax matter under appeals	1345.17	216.88
e) Excise Duty and Octroi demand issued against which the Company has preferred appeals and which in the opinion of the management are not tenable.	958.37	1639.10
f) Cases pending with labour courts (to the extent ascertainable)	530.92	544.44
g) Claim for increased price of land acquired at Bahadurgarh by the then Punjab Government and given to the Company against which the claimants have preferred an appeal in the Supreme Court against the order of the High Court.	0.30	0.30
h) Amount of duty against Export Obligation in respect of exemption availed against Advance License Scheme.	-	19.19
i) Other Claims against the Company not acknowledged as debt.	304.63	110.54
j) Corporate Guarantee to bank/ Government authorities given on behalf of Somany Foam Limited.	3235.00	3235.00
k) Disputed entry tax for the Financial Year 2007-2008, 2008-2009 and 2009-2010	167.37	-
l) Surety given to Sales Tax department.	50.00	50.00
Notes : On the basis of current status of individual cases and as per the legal advice obtained, wherever applicable the management is of the view that no provision is required in respect of these cases. Further Cash outflow in respect of item no. c) to l) as mentioned above is dependent upon outcome of final judgment/decision.		
3) In respect of Neemrana Plant a notice has been received from Civil Court filed by the creditors of Haryana Sheet Glass Limited demanding their outstanding payments and stating that plant can not be transferred unless their dues are paid. However the matter is under dispute/litigation.	–	–
4) Capital commitments (Net of advance of Rs.564.05 lacs previous year Rs. 1319.85 lacs)	4018.32	10432.75
5) Capital work in progress includes pre-operative expenses pending allocation.		
a) Power and Fuel	82.96	11.24
b) Miscellaneous expenses	–	150.80
c) Interest on Term Loan	263.17	180.16
Add: Brought Forward from previous year	–	413.97
Less: Capitalised	346.13	756.17
Total Carried Forward	Nil	Nil

6. Fixed Assets at Nashik Plant are estimated to have lower residual lives than that envisaged as per the rates provided in Schedule XIV of the Companies Act, 1956. Depreciation has been provided based on the estimated shorter residual lives as follows:

(Rs. in lacs)

Particulars of Fixed Assets	Rates as prescribed by Schedule XIV to the Companies Act, 1956	Rates of Depreciation on assets applied
Buildings (other than factory buildings)	1.63	2.04
Factory Buildings	3.34	5.21
Plant and Machinery		
Used for single shift operations	4.75	11.44
Continuous Process Plant	5.28	11.44
Used for Triple Shift operations	10.34	11.44
Furniture and Fixtures	6.33	17.37
Computers	16.21	17.95

(Rs. in lacs)

	2009-2010	2008-2009
7) i) Land and Buildings of Rishra and Bahadurgarh units were revalued by an approved valuer on 01.04.1992 and on 31.03.2006 on current replacement cost basis. Accordingly net amount transferred to Revaluation Reserve Account.	10891.99	10891.99
ii) a) Plant and Machinery of Rishra and Bahadurgarh units were revalued by an approved valuer on 01.04.1995 on current replacement cost basis.	4831.31	4831.31
b) Plant and Machinery of GEIL unit were revalued by an approved valuer on 31.03.2008 by using residual replacement value method. Accordingly net amount transferred to Revaluation Reserve Account.	376.31	419.61
iii) Depreciation transferred from Revaluation Reserve Account to Profit and Loss Account.	332.80	306.68

(Rs. in lacs)

	2009-2010	2008-2009
8) Miscellaneous Expenses include		
a) Payment to Statutory Auditors:*		
i) Audit Fees	6.88	5.38
ii) Tax Audit Fees	1.63	1.68
iii) Management Services and Certification work	2.92	5.30
iv) Reimbursement of Expenses	0.36	0.56
b) Payment to Branch Auditors*		
i) Audit Fees	5.00	4.00
ii) Management Services and Certification work	3.21	2.31
iii) Reimbursement of Expenses	0.29	2.99

* excluding Service Tax

Schedule **S** NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATES *(Contd.)*

(Rs. in lacs)

	2009-2010	2008-2009
9) Sundry Creditor include acceptances	228.80	4388.48
10) Earning per share		
Profit after Tax (Rs. In lacs)	15415.92	10818.18
Number of shares outstanding (face value per share Rs.2/-)	87338565	87338565
Earning per share (Basic) (Rs.)	17.65	12.18

11) The face value of equity shares of Rs. 10/- each has been subdivided into the face value of Rs. 2/- per equity share with effect from 13.11.2009, being the record date. Accordingly the number of shares has increased. The EPS for the current year as well as for the previous year has been stated / restated taking into account the sub-division of shares

12) Financial and Derivative Instruments:

a) The Company had entered into certain derivative transactions in earlier years which are being disputed by the Company. However, in pursuance of announcement dated March 29, 2008 of "The Institute of Chartered Accountants of India" on "Accounting for derivatives" and as a matter of prudence the claims as crystallised as on date of knock out intimation on such transaction and interest thereon amounting to Rs. 2452.19 lacs (including Rs. 2146.99 lacs provided in previous year) remains provided in these accounts.

The matters are subjudice and the Company has been legally advised that these contracts are void ab- initio.

(Rs. in lacs)

	2009-2010	2008-2009
b) Foreign currency exposure outstanding as on March 31, 2010 which has not been hedged by the derivative instruments:		
Loans	1128.88	-
Creditors	1980.52	3203.02
Debtors	133.79	208.72
c) The amount of Exchange Gain/(Loss) of Foreign Currency Transaction adjusted to respective heads of accounts of the Profit and Loss Account	518.37	(2326.33)

(Rs. in lacs)

	2009-2010	2008-2009
13) a) Electricity duty waiver benefit under State Incentive Schemes and subsidy received under State Incentive has been credited to Power and Fuel Account.	72.14	108.76
b) Interest subsidy towards Interest on Term Loan receivable under State Investment Promotion Policy has been adjusted with Interest on Term Loan paid.	76.18	75.21
c) Amount included in VAT Credit Inputs Account shown under Loans and Advances can be utilised only after repayment of corresponding amount of Sales Tax Deferred Loan. The balance amount of Rs. 107.10 lacs (previous year Rs. 78.62 lacs) is available for utilisation.	515.23	515.23

Schedule S NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATES *(Contd.)*

14) a. The break up of Deferred Tax Assets and Deferred Tax Liabilities is as given below:

(Rs. in lacs)

	Opening as on 01.04.2009	(Charge)/ Credit during the year	Closing as at 31.03.2010
Deferred Tax Assets			
Brought Forward Losses and unabsorbed depreciation	(3.95)		(3.95)
Expenses Allowable on Payment Basis	706.53	48.94	755.47
Provision for Loss on Derivative Transactions	729.77	103.74	833.51
Provision for doubtful debts	293.24	(263.83)	29.41
Total Deferred Tax Assets	1725.59	(111.15)	1614.44
Deferred Tax Liabilities			
Depreciation	5932.83	2680.28	8613.211
Total Deferred Tax Liabilities	5932.83	2680.28	8613.11
Net Deferred Tax Liabilities	(4207.24)	(2791.43)	(6998.675)

b. In terms of Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956 as sanctioned by the Hon'ble High Court of Calcutta vide its Order dated April 7, 2008 and by Hon'ble High Court at Delhi vide its Order dated March 19, 2008, deferred tax liability of Rs. 2792.84 lacs (previous year Rs.2369.18 lacs) for the holding company for the year has been adjusted to Share Premium Account.

c The Company has provided for Minimum Alternate Tax (MAT). The Company is entitled to MAT Credit and accordingly based on evidences MAT Credit of Rs 365 lacs (previous year Rs. 355.00 lacs) has been recognised in these accounts.

d. Provision for Income Tax has been made after considering the set off of unabsorbed depreciation and brought forward business loss of erstwhile Ace Glass Containers Limited merged with the company with effect from 01.04.2006.

15) The Company has incurred Rs.11.98 Lacs (previous year Rs. 38.26 lacs) on account of Research and Development expenses which has been charged to Profit and Loss Account.

16) As per Accounting Standard 15 "Employee Benefits" (AS – 15), the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Scheme

Contribution to Defined Contribution Plan, recognised for the year are as under:

(Rs. in lacs)

	2009-2010	2008-2009
Employer's Contribution to Provident Fund	242.51	217.26
Employer's Contribution to Pension Fund	188.35	245.41
Employer's Contribution to Superannuation Fund	17.83	16.29

The guidance note on implementing Accounting Standard - 15 (Revised 2005) on Employees Benefits issued by Accounting Standard Board (ASB) states that provident fund trustees set up by the employers which require the interest shortfall to be made by the employers needs to be treated as "Defined Benefit Plan". According to the management, in consultation to the actuary, it is not practical or feasible to actuarially value the Provident liability in the absence of any guidance from Actuarial Society of India and also due to the fact that the rate of interest as notified by the Government can vary annually. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the AS – 15 read with ASB guidance. However, with regard to the position of the fund and confirmation of the Trustees of such fund there is no shortfall as at year-end.

Defined Benefit Plan

The employees' gratuity fund scheme managed by Insurer is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

I. Change in the present value of the Defined Benefit obligation representing reconciliation of opening and closing balances thereof are as follows: (Rs. in lacs)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Liability at beginning of the year	816.15	710.07	613.63
Current Service Cost	64.93	60.05	52.45
Interest Cost	60.19	50.76	49.86
Actuarial (Gain) / Loss	44.75	61.81	48.40
Benefits paid	(127.59)	(66.54)	(54.27)
Liability at the end of the year	858.43	816.15	710.07

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Liability at beginning of the year	717.61	726.88	588.57
Current Service Cost	78.35	66.83	52.57
Interest Cost	62.39	57.78	52.62
Actuarial (Gain) / Loss	8.97	(98.01)	59.43
Benefits paid	(24.99)	(35.86)	(26.31)
Liability at the end of the year	842.33	717.61	726.88

	Total Defined Benefit Obligations		
	2009-10	2008-09	2007-08
Defined benefit obligation (funded) at the end of the year	858.43	816.15	710.07
Defined benefit obligation (unfunded) at the end of the year	842.33	717.61	726.88
Total Defined benefit obligation at the end of the year	1700.76	1533.76	1436.95

II. Changes in the Fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

	Gratuity Funded		
	2009-10	2008-09	2007-08
Fair value of plan assets at the beginning of the year	665.53	684.93	625.48
Expected return on plan assets	53.24	54.80	50.04
Actuarial Gain / (Loss)	164.38	(53.53)	14.33
Employer contribution	12.08	45.87	49.36
Benefits paid	(127.59)	(66.54)	(54.27)
Fair value of plan assets at the end of the year	767.64	665.53	684.94
Actual return on plan assets	198.27	45.08	81.12

III. Expense recognised in the Income statement (Under the head "Contribution to provident and other funds" – Refer Schedule Q)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Current Service Cost	64.93	60.05	52.45
Interest Cost	60.19	50.76	49.86
Expected Return on plan assets	(53.24)	(54.80)	(50.04)
Net Actuarial (Gain) / Loss to be recognized	(119.63)	115.33	34.07
Expenses recognised in Profit and Loss account	(47.75)	171.34	86.34

(Rs. in lacs)

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Current Service Cost	78.35	66.83	52.57
Interest Cost	62.39	57.78	52.62
Expected Return on plan assets	-	Nil	Nil
Net Actuarial (Gain) / Loss to be recognized	8.97	(98.01)	59.43
Expenses recognised in Profit and Loss account	149.71	26.59	164.62

IV. Balance Sheet Reconciliation

(Rs. in lacs)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Present value of the defined benefit obligations at the end of the year	858.43	816.15	710.07
Fair value of the plan assets at the end of the year	767.64	665.53	684.94
Amount Recognised in Balance Sheet	90.79	150.62	25.13

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Present value of the defined benefit obligations at the end of the year	842.33	717.61	726.88
Fair value of the plan assets at the end of the year	-	-	-
Amount Recognised in Balance Sheet	842.33	717.61	726.88

	Gratuity Funded		
	2009-10	2008-09	2007-08
Opening Net Liability	150.62	25.13	(11.84)
Expenses as above	(47.75)	171.35	86.34
Employers Contribution	(12.08)	45.87	(49.36)
Amount Recognised in Balance Sheet	90.79	150.62	25.13

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Opening Net Liability	717.61	726.88	588.57
Expenses as above	149.71	26.59	164.62
Employers Contribution	(24.99)	(35.86)	(26.31)
Amount Recognised in Balance Sheet	842.33	717.61	726.88

V. **Compensated Absences**

The actuarial liability of Compensated Absences (Unfunded) of accumulated privileged leave of the employees of the company as at 31.03.2010 is Rs. 240.20 lacs (31.03.2009 – Rs. 252.19 lacs).

VI. In respect of Gratuity (funded), the funds are managed by the insurers. Accordingly, the percentage or amount that each major category constitutes the Fair value of total plan assets and effect thereof on overall expected rate of return on asset have not been disclosed.

VII. Principal Actuarial assumptions at the Balance Sheet Date

(Rs. in lacs)

	Gratuity Funded		
	2009-10	2008-09	2007-08
Mortality Table	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
Discount rate (per annum)	8.00 %	7.50 %	8.50 %
Expected rate of return on plan assets (per annum)	8.00 %	8.00 %	8.00 %
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%

Principal Actuarial assumptions at the Balance Sheet Date

(Rs. in lacs)

	Gratuity Unfunded		
	2009-10	2008-09	2007-08
Mortality Table	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
Discount rate (per annum)	8.00 %	8.00 %	7.50 %
Expected rate of return on plan assets (per annum)	–	–	–
Rate of escalation in salary (per annum)	5.00 %	5.00 %	5.00 %

The estimates of rate of escalation in salary considered in actuarial valuation taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

The contributions expected to be made by the Company for the year 2010-11 is yet to be determined.

17) The accounts of some of the customers are pending reconciliation / confirmation and Sales Tax deferment loan of Rs.1610.55 lacs is subject to confirmation and the same have been taken as per the balances appearing in the books.

A provision of Rs. 695.06 lacs (Previous year Rs. 863.04 lacs) is carried in the books against doubtful debts and the management is of the opinion that the same is adequate and no further provision is required there against.

18) Advances recoverable includes Rs.2299.00 lacs (Previous Year Rs.3500 lacs) paid towards share application money for acquiring 2,29,90,000 equity shares of Rs.10/- each of HNG Float Glass Limited, an associate. Equity shares against the application has since been allotted.

19) In the opinion of the Management/Board of Directors, the "Current Assets and Loans and Advances" have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

20) Disclosure of sundry creditors under current liabilities is based on the information available with the company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act). There are no

delays in payment made to such suppliers. There is no overdue amount outstanding as at the balance sheet date. Based on above the relevant disclosures u/s 22 of the Act are as follows:

		(Rs. In lacs)
1.	Principal amount outstanding at the end of the year	39.07
2.	Interest amount due at the end of the year	–
3	Interest paid to suppliers	–

21) Profit or loss on sale of Raw Materials and Stores has been adjusted in consumption.

22) Stores and Spare Parts consumption includes materials consumed for Repairs and Replacement.

23) Inventories of Stores and Spare Parts include items, which are lying with the Company. A provision of Rs 706.27 lacs (including Rs. 26.76 lacs for the year) towards obsolescence is carried in the books and the management is of the opinion that the same is adequate and no further provision is required there against.

24) Related Party Disclosures as identified by the management in accordance with the Accounting Standard – 18.

A) Associate

i) HNG Float Glass Limited

B) Directors and Relatives

i) Mr. C. K. Somany - Key Management Personnel
ii) Mr. Sanjay Somany - Key Management Personnel
iii) Mr. Mukul Somany - Key Management Personnel
iv) Mrs. Amita Somany – Key Management Personnel
v) Mr. Bharat Somany – Key Management Personnel
vi) Mr. R. R. Soni – Key Management Personnel

C) Enterprises over which any person described in [B (i) to (v)] above is able to exercise significant influence and with whom the Company has transactions during the year.

i) AMCL Machinery Limited
ii) Ceramic Decorators Limited
iii) Microwave Merchants Private Limited
iv) Mould Equipment
v) Noble Enclave and Towers Private Limited
vi) Somany Foam Limited
vii) Topaz Commerce Limited

Schedule forming part of the Consolidated Accounts

Schedule **S** NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATES *(Contd.)*

Disclosure of transactions between the Group and Related parties and status of outstanding balances as on 31.03.2010

25) Units of Bonds and Mutual Funds purchased and redeemed / sold during the year (Face value of Rs. 10 each, except otherwise stated), as current investments – other

	Current Year			Previous Year		
	Associate 24(i)	Directors and their relatives 24(ii)	Entities over which Directors and their relatives have influence 24(iii)	Associate 24(i)	Directors and their relatives 24(ii)	Entities over which Directors and their relatives have influence 24(iii)
Income						
Sales of Goods			6.51	46.06		3.21
Sales of Fixed Assets		855.30				0.42
Rent Received			16.32			27.97
Interest Received			271.88			400.46
Services Given				0.47		265.14
Expenses						
Purchases	5.80		26.27	2.51		14.56
Services Taken			391.56			
Remuneration Paid		457.82			326.80	
Sitting Fees Paid		0.60			0.16	
Interest Paid						38.86
Purchase of Investments						0.27
Borrowings and Lendings						
Borrowings						1501.70
Guarantee / Corporate Guarantee Given			3235.00			3235.00
Share Application Money	2299.00			3500.00		
Outstandings						
Receivables *			2280.40			3135.78
Payables			230.18	28.65		9.47

* Companies in which directors are interested as member / director(s). Further these loans were given by the erstwhile Ace Glass Containers Limited (AGCL) and none of the directors was director in AGCL and accordingly, as advised legally, the provisions of Section 295 of the Companies Act, 1956 are not applicable with regard to these loans.

25) Segment Information

a) Segments have been identified by the Company in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisational structure as well as the different risk and returns of these segments. Details of these segments are as

Glass Container - Manufacturing and selling of Glass Bottles and Tumblers

Glass Machines - Manufacturing and selling of Glass Forming Machines, Spares and providing related services.

Minerals - Purchase, Processing and sale of Silica Sand and Feldspar.

Schedule forming part of the Consolidated Accounts

Schedule **S** NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATES *(Contd.)*

Business Segment

(Rs. in lacs)

Reportable Segments	Glass Containers		Glass Machines		Minerals		Eliminations		Total	
	2009 - 10	2008 - 09	2009 - 10	2008 - 09	2009 – 10	2008 - 09	2009 - 10	2008 - 09	2009 - 10	2008 - 09
I REVENUE										
External Sales/services	135990.35	131103.59	2354.15	1952.57					138344.50	133056.16
Inter-segment Sales/services			1304.56	646.68	288.54	262.66	(1593.10)	(909.34)		
Total Revenue	**135990.35**	**131103.59**	**3658.71**	**2599.25**	**288.54**	**262.66**			**138344.50**	**133056.16**
II RESULT										
Segment result	19971.62	16026.14	839.47	437.97	29.91	22.87	(688.98)	(257.02)	20152.02	16229.96
Other expenses net of unallocable income									(2465.03)	387.56
Operating profit									22617.05	15842.40
Interest expenses									(4729.74)	(4376.39)
Interest income									622.19	505.32
Profit from ordinary activities									18509.50	11971.33
Net profit									18512.12	11971.33
Income Tax-Current									(3459.97)	(153.48)
Income Tax-Deferred									1.39	6.99
Income Tax-FBT									-	(51.64)
MAT Credit									365.00	(955.00)
Profit after tax									15415.92	10818.20
III OTHER INFORMATION										
Segment assets	168590.72	154783.55	2877.60	2782.39	190.56	95.05	(2310.13)	(1,483.35)	169348.75	156177.64
Unallocated corporate assets							(1243.91)	(130.20)	26000.07	19672.14
Total assets									**195348.82**	**175849.78**
Segment liabilities	70831.86	67726.54	349.29	654.59	13.16	16.43	(980.62)	(842.63)	70213.69	67554.93
Unallocated corporate liabilities							(55.00)	(65.00)	19076.27	12372.54
Total liabilities									**89289.96**	**79927.47**
Capital expenditure	30828.17	14446.01	88.52	44.52			(726.54)	(262.54)	30190.15	14227.99
Depreciation	8901.13	7698.06	162.80	158.24	0.16	0.18	(37.56)	(5.52)	9026.53	7850.96

Schedule forming part of the Consolidated Accounts

Schedule **S** NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATES *(Contd.)*

Geographical Segment

The following table shows the distribution of the Company's Sales by Geographical market.

Sales Revenue by Geographical Market

(Rs. in lacs)

Particulars	2009-2010	2008-2009
Domestic Market	139975.05	133371.01
Overseas Market	7667.63	12734.64
Total	**147642.68**	**146105.65**

The following table shows the distribution of the Company's Debtors by Geographical market.

(Rs. in lacs)

Particulars	2009-2010	2008-2009
Domestic Market	21529.13	21801.51
Overseas Market	480.58	921.52
Total	**22009.71**	**22723.03**

26) Figures for previous year have been regrouped and/or rearranged wherever considered necessary.

27) Schedule "A" to "L" and "S" form part of Consolidated Balance Sheet and Schedule "M" to "S" form part of Consolidated Profit and Loss Account.

As per our report of even date
For **Lodha & Co.**
Chartered Accountants

Mukul Somany
Jt. Managing Director

Sanjay Somany
Managing Director

H. K. Verma
Partner

Kolkata
Dated: May 19, 2010

Priya Ranjan
Company Secretary

Laxmi Narayan Mandhana
Sr. Vice President and Chief Financial Officer

“Without continual growth and progress, such words as improvement, achievement, and success have no meaning.”

– Benjamin Franklin