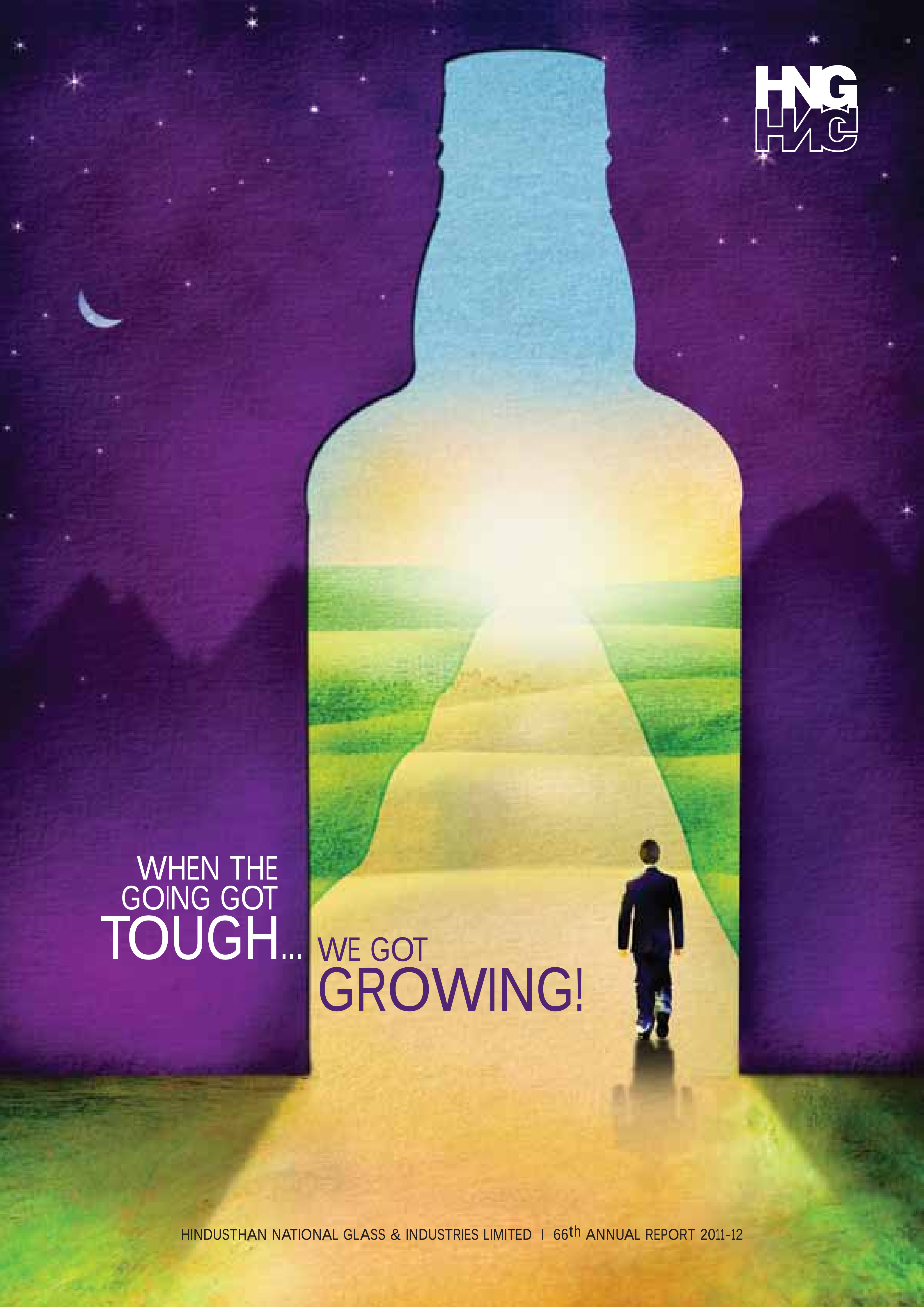


HINDUSTHAN NATIONAL GLASS & INDUSTRIES LIMITED | 66th ANNUAL REPORT 2011-12

Forward looking statements

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

We cannot guarantee that these forward looking statements will be realised, although we believe that we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

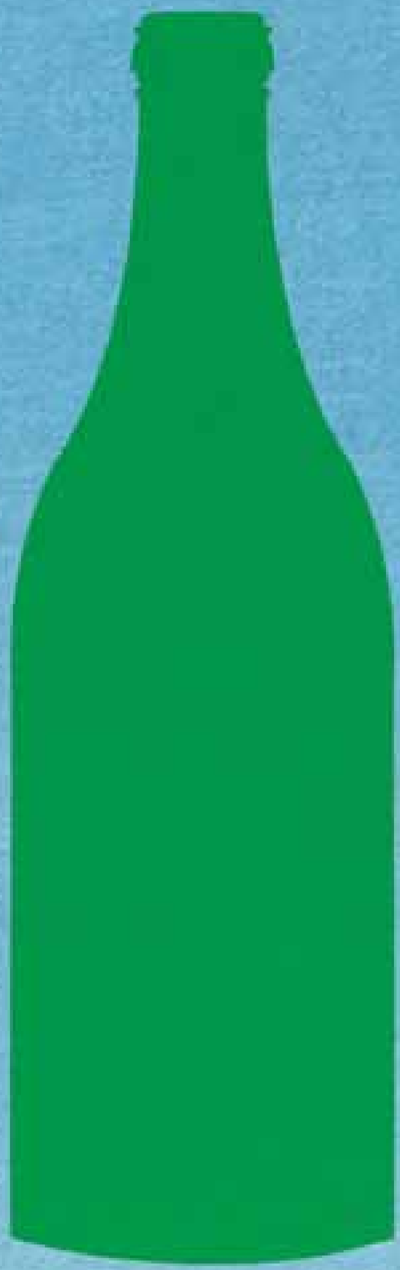
We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

From 1952 to 2012

CONTENTS

Glossary

TPD - Tonnes Per Day



Excellence is not a skill. It is an attitude.

~ Ralph Marston

IN 2011-12, THE GOING GOT TOUGH...

The global economic uncertainty continued to translate into slowdown in Indian markets. The interest rates continued to climb northwards, thereby restricting capital build-up in the key sectors. Tighter fiscal norms to contain inflation spilled over to contain discretionary consumer spends, leading to capped growth for the end-user industries. The cost of key raw materials for our industry and energy prices too continued to climb high. The realizations remained at previous year's level for most of the fiscal year; leading to slackening of margins. The going got tough and we continued to feel the heat in 2012…

Being the leading glass container packaging solutions provider in India, shaping ourselves in face of adverse conditions comes naturally to us. 2011-12 was too, not any different. Despite the challenges, we continued to look inwards and utilized the adversities to further strengthen and expand our operations, crystallized our growth plans and pursued excellence in terms of product development, quality, delivery and customer satisfaction. In other words, even though the going got tough, we at Hindusthan National Glass (HNG) got growing!

Turn the pages to know more…

vision

To create a world-class glass manufacturing plant that pursues Quality, Cost Reduction and Productivity Improvement 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 systems, processes and results.

KEY FACTS

- Incorporated in 1946
- Largest container glass manufacturer in India with dominant market share
- Offers widest product portfolio in glass containers – from 5 ml to 3200 ml (amber, flint and green)
- Sales of Rs. 1,878 crore
- 7000+ workforce
- 8 manufacturing units in 2 countries (Naidupeta unit soon to become operational)
- Listed on Bombay Stock Exchange (stock code: 515145), National Stock Exchange (stock code: HINGNATGLS) and Calcutta Stock Exchange (stock code: 10018003)

MANAGEMENT

Founded by Kolkata-based Somany family, HNG has transformed steadily from a family-owned business to a professional organization in the last six decades. The Company's leadership team comprises of highly motivated and experienced professionals, led by Shri Chandra Kumar Somany, Chairman and ably backed by Shri Sanjay Somany and Shri Mukul Somany, the Vice Chairmen and Managing Directors of the Company.

WE ARE HNG

GROUP STRUCTURE

Hindusthan National Glass & Industries Ltd.

01
Glass Equipment (India) Ltd. (100%)
Capital Goods & Spares Supplier to Glass Industry

02
Quality Minerals Ltd. (99.7%)
Mineral Supplier to Glass Industry

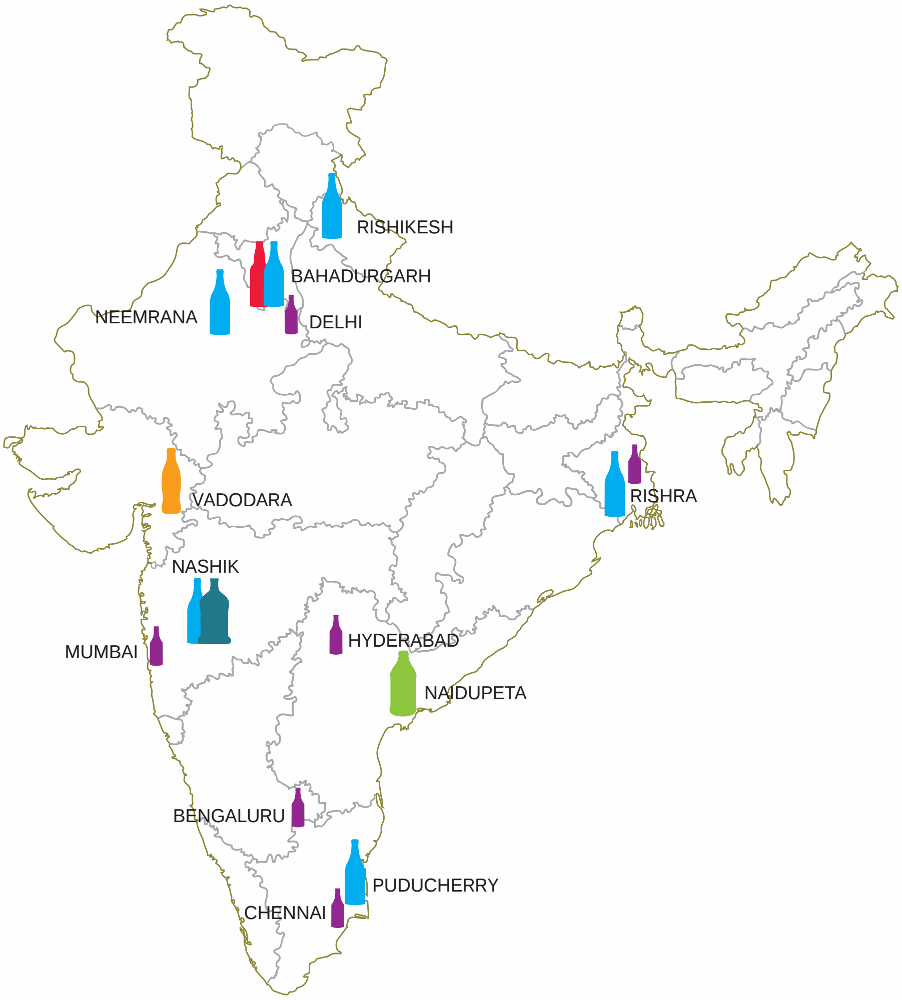
03
HNG Global GmbH (100%)
Container Glass Plant in Germany

04
HNG Float Glass Ltd. (47.4%)
Manufacturer of Float & Processed Glass

PRESENCE

- GEIL
- Float Glass Unit
- Container Glass Plant Locations
- Marketing Offices
- Upcoming Greenfield Mega Project
- Completed Brownfield Mega Project

Plant	Capacity (TPD)
Rishra	860
Bahadurgarh	840
Virbhadra	460
Puducherry	330
Nashik	980
Neemrana	180
Total	**3650**



KEY CLIENTS

LIQUOR

BEER

FOOD

SOFT DRINKS

PHARMACEUTICALS

QUALITY CERTIFICATIONS

ISO 22000 – certified for food and safety

ISO 14000/18000 – certified for delivering as per global benchmarks

ISO 9001:2008 – certified for ensuring quality management standard system

A HISTORY OF SUSTAINED CAPACITY BUILD-UP

In the last decade, the Company has increased its capacities by more than three times on account of organic and inorganic expansion.

1952
Commissioned its first glass container plant of 30 TPD

1964
Commissioned second plant of 45 TPD

2001
Installed capacity stood at 1100 TPD

2002
- Acquired two plants (Rishikesh & Puducherry with total capacity 700 TPD) from Owens Brockway India Ltd, a subsidiary of Owens Illinois, USA
- Company renamed to Ace Glass Containers Ltd.

2005
Acquired 320 TPD loss making glass division from Larsen & Toubro at Nashik

2006
Merged Ace Glass Containers with HNG

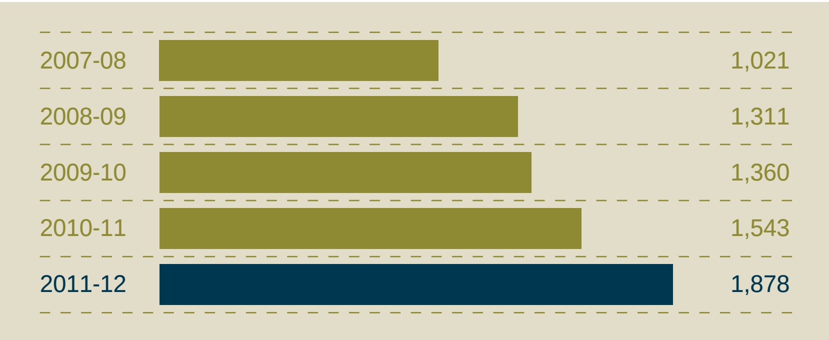
2007
- Forayed into Float glass with commissioning of float glass plant in Halol under HNG Float Glass Ltd.
- Acquired 180 TPD Neemrana unit of Haryana Sheet Glass

2011
- Expanded manufacturing presence to overseas markets, through its first acquisition in Germany
- Acquired assets of Agenda Glas AG having a 320 TPD facility at Gardelegen, Germany

2012
- Commissioned 650 TPD furnace at Nashik on 28^{th} February 2012
- 7th Plant at Naidupeta (650 TPD) nearing completion

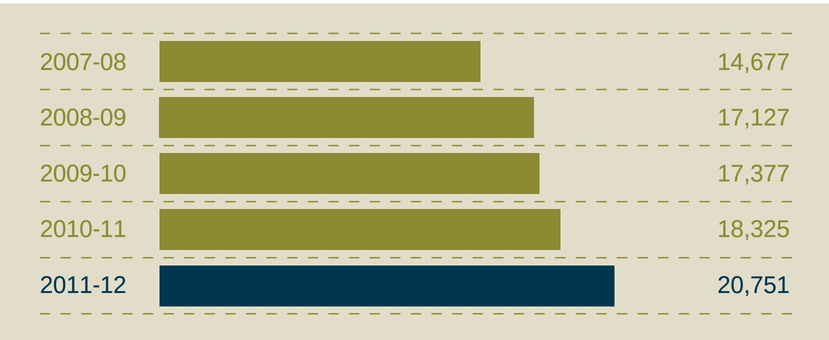
2011-12 IN PERSPECTIVE

NUMBERS THAT MATTER



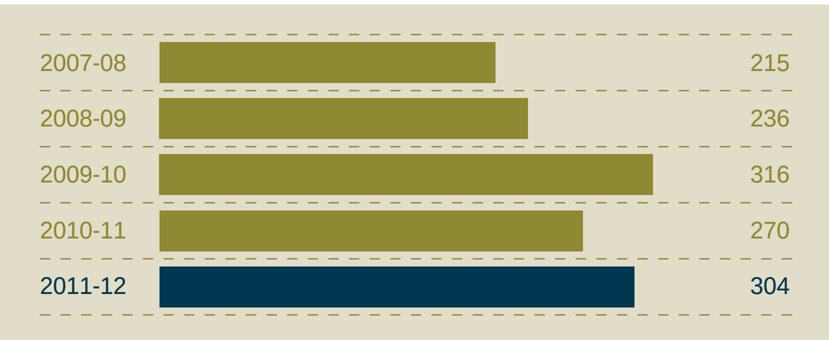
Net Turnover
(Rs. in crore)

21.7%↑
(YoY) due to improved capacities, proven product quality and established customer relationships



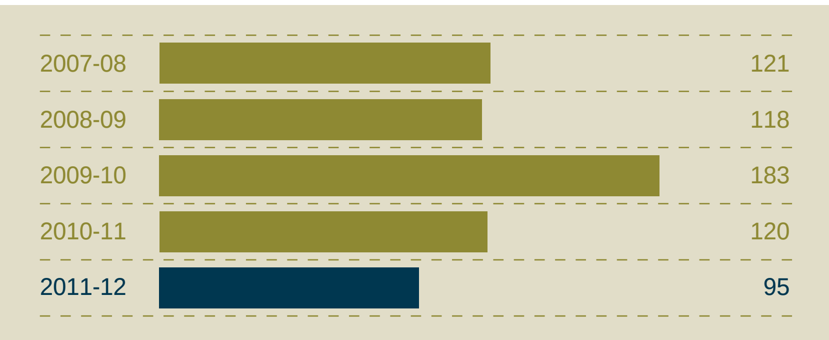
Net Realizations
(Rs. in crore)

13.2%↑
(YoY) Realizations hiked in last quarter of 2011-12; impact to be visible in 2012-13 onwards



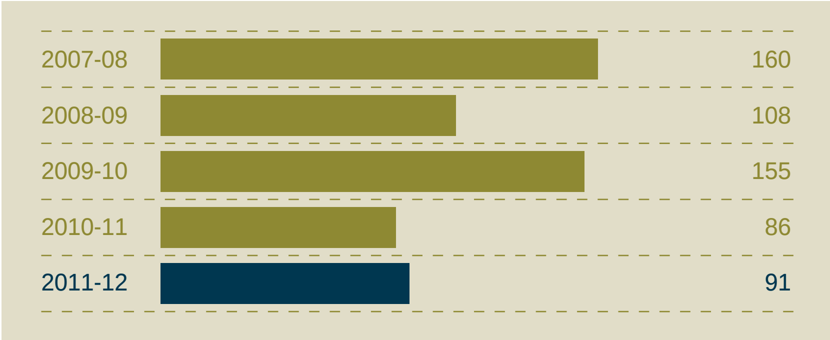
EBIDTA
(Rs. in crore)

12.6%↑
(YoY) Profit growth was restricted due to increase in input costs



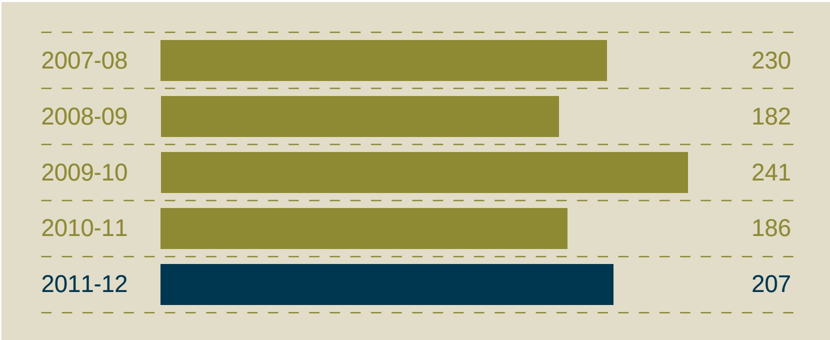
Pre-tax profit
(Rs. in crore)

20.8%↓
(YoY) Higher depreciation and interest cost led to lower profits



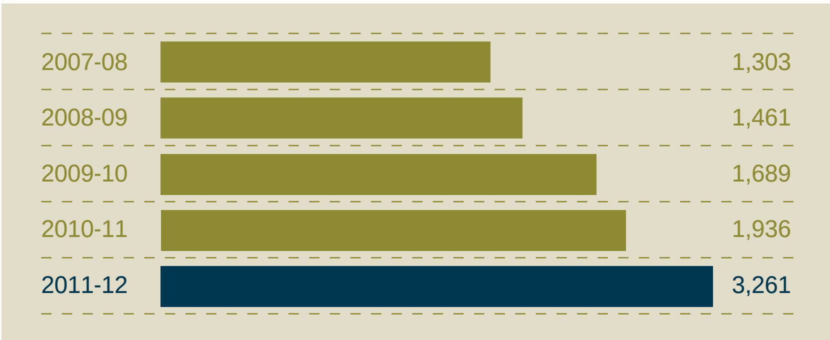
Net profit
(Rs. in crore)

5.8%↑
(YoY) Lower effective tax rate resulted in growth in post tax profits



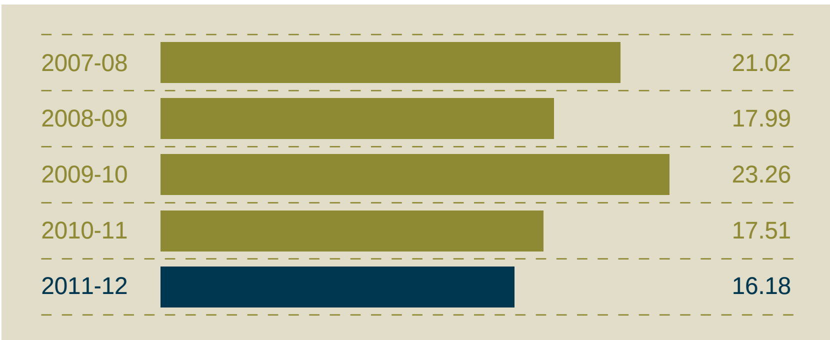
Cash profit
(Rs. in crore)

11.3%↑
(YoY) Higher depreciation, resulted in growth in cash profit



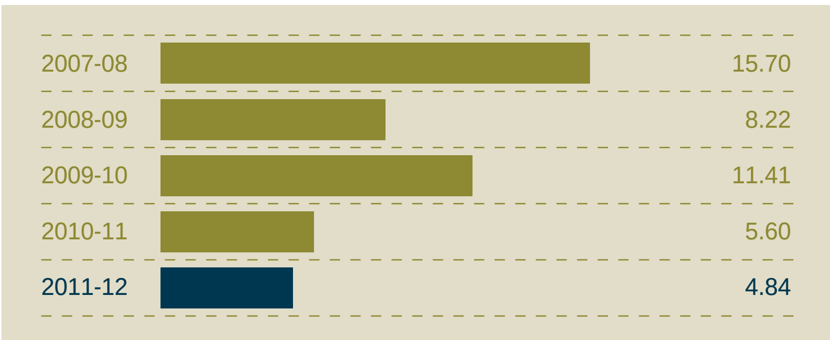
Gross Block & CWIP
(Rs. in crore)

68.4%↑
(YoY) Commencement of expansion in Nashik contributed to growth



EBITDA margin
(%)

133 bps↓
(YoY) Marginally under pressure due to increase in raw material and power costs



Net profit margin
(%)

76 bps↓
(YoY) Marginally under pressure due to increase in depreciation and interest

Return on Networth (%)

2007-08	29.38
2008-09	11.98
2009-10	15.69
2010-11	7.82
2011-12	7.82

Despite challenging times, Company could maintain the previous year's ratio

Debt-equity ratio (%)

2007-08	0.21
2008-09	0.37
2009-10	0.38
2010-11	0.32
2011-12	1.38

The increased borrowings were largely required for Nashik and Naidupeta projects

Interest cover (%)

2007-08	6.53
2008-09	4.08
2009-10	5.18
2010-11	3.41
2011-12	2.43

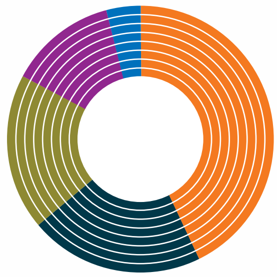
The decrease was on account of increase in interest rates and is strongly expected to improve in short to medium term

KEY OPERATIONAL HIGHLIGHTS

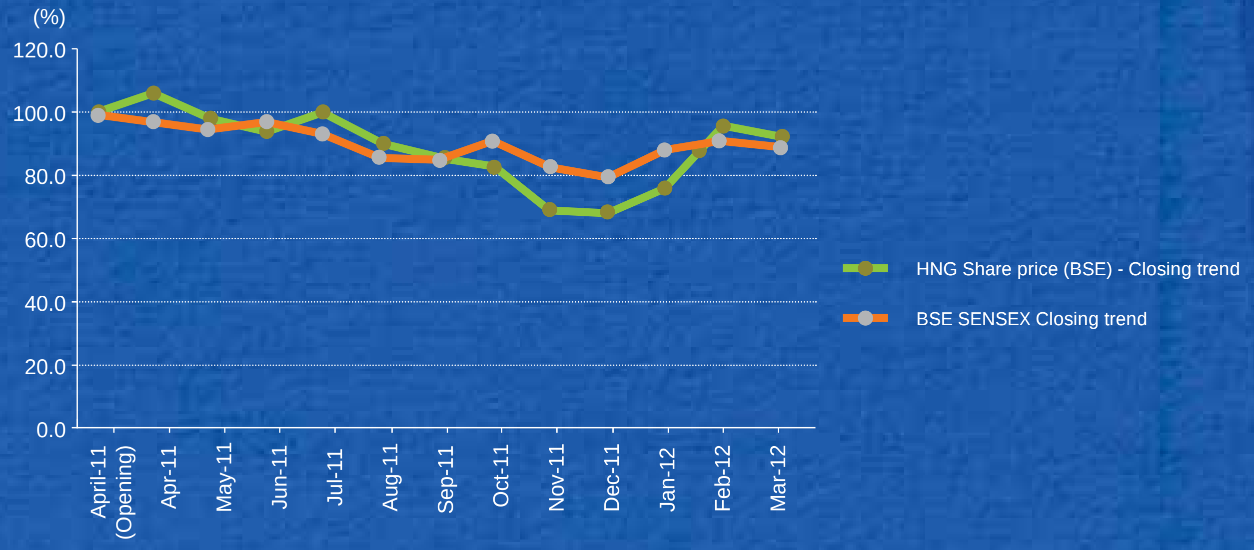
- Pack to Draw ratio successfully maintained at **88%** on increased capacity
- Average Draw per day increased by **13.1%** from 2,569 in 2010-11 to 2,905 in 2011-12
- Total production increased by **12.9%** from 829,374 MT in 2010-11 to 936,546 in 2011-12
- Total sales increased by **7.5%** from 842,246 MT in 2010-11 to 905,234 MT in 2011-12
- Expanded manufacturing base overseas, with acquisition of 320 TPD glass container unit of Agenda Glas AG in Germany
- Successfully completed brownfield project at Nashik and commissioned the world's largest capacity furnace at 650 TPD
- Modernized capacities, leading to unlocking of additional capacity from existing units
- Augmented employee base
- Awarded 5-star export house status

Segmental break-up of revenues

Geographical break-up of revenues



INVESTOR HIGHLIGHTS

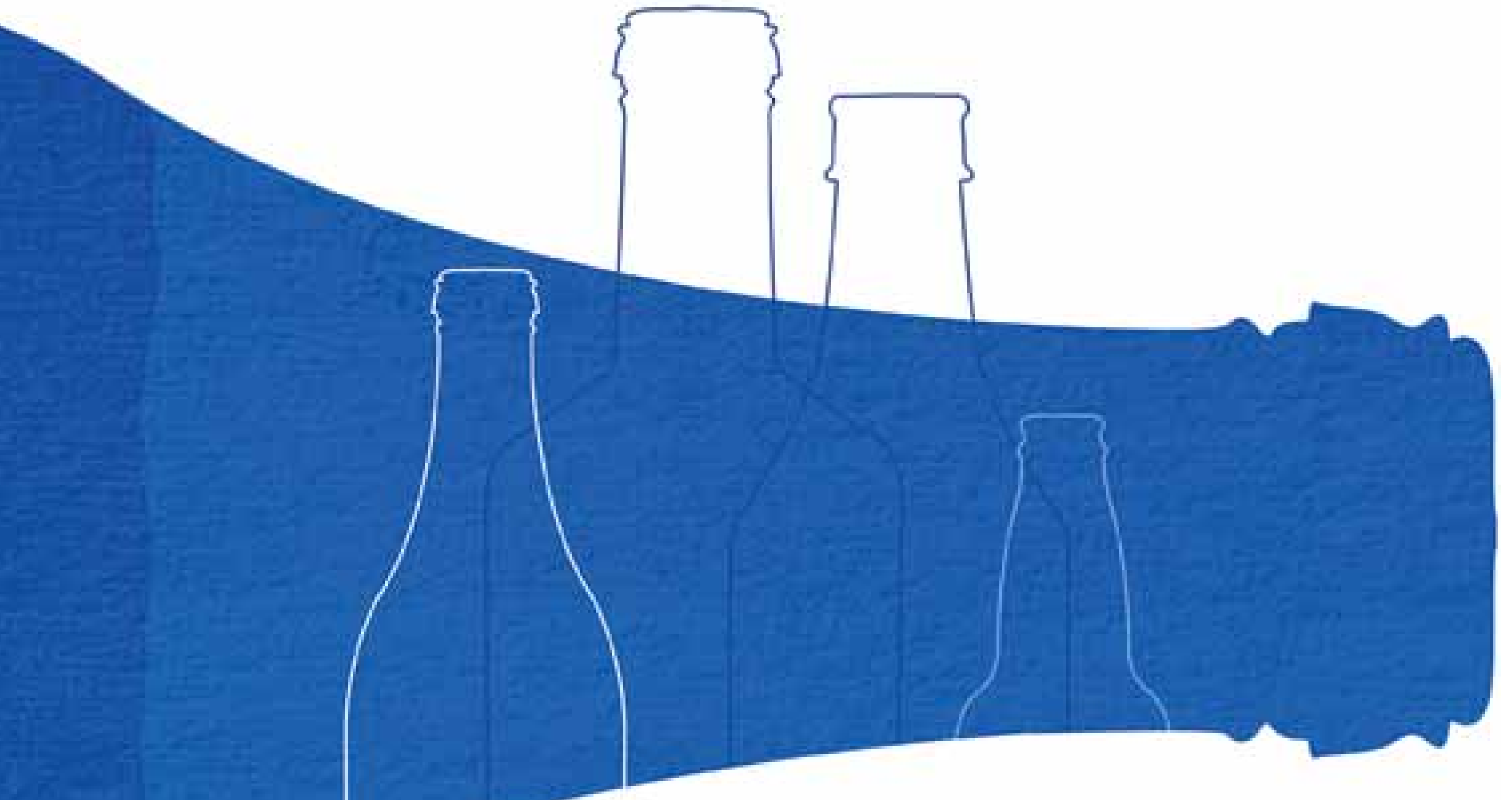


The share price of HNG closed at Rs. 194.00 as on March 31, 2012 down by 6.4% against the closing price of Rs. 207.30 as on March 31, 2011. The BSE Sensex, in comparison fell 10.5% during the same period – to 17,404 as on March 31, 2012 from 19,445 as on March 31, 2011.

The HNG share price, for most of the year (except for a period of five months – June 2011 and October 2011 to January 2012) performed above Sensex. From January 2012, HNG share price improved by ~24% as against 10% in case of Sensex for the same period.

KEY NUMBERS

- Dividend per share paid during 2011-12 = **Rs. 1.50** (for FY11)
- Proposed dividend per share for 2011-12 = **Rs. 1.50**
- Earnings per share improved to **Rs. 10.40** during 2011-12
- Total number of shareholders as on March 31, 2012 = **5,388**
- Average volume of HNG's shares traded per month on **BSE = 83,266** and **NSE = 763**



Earnings per share (Rs.)

2007-08	18.36
2008-09	12.34
2009-10	17.77
2010-11	9.90
2011-12	10.40

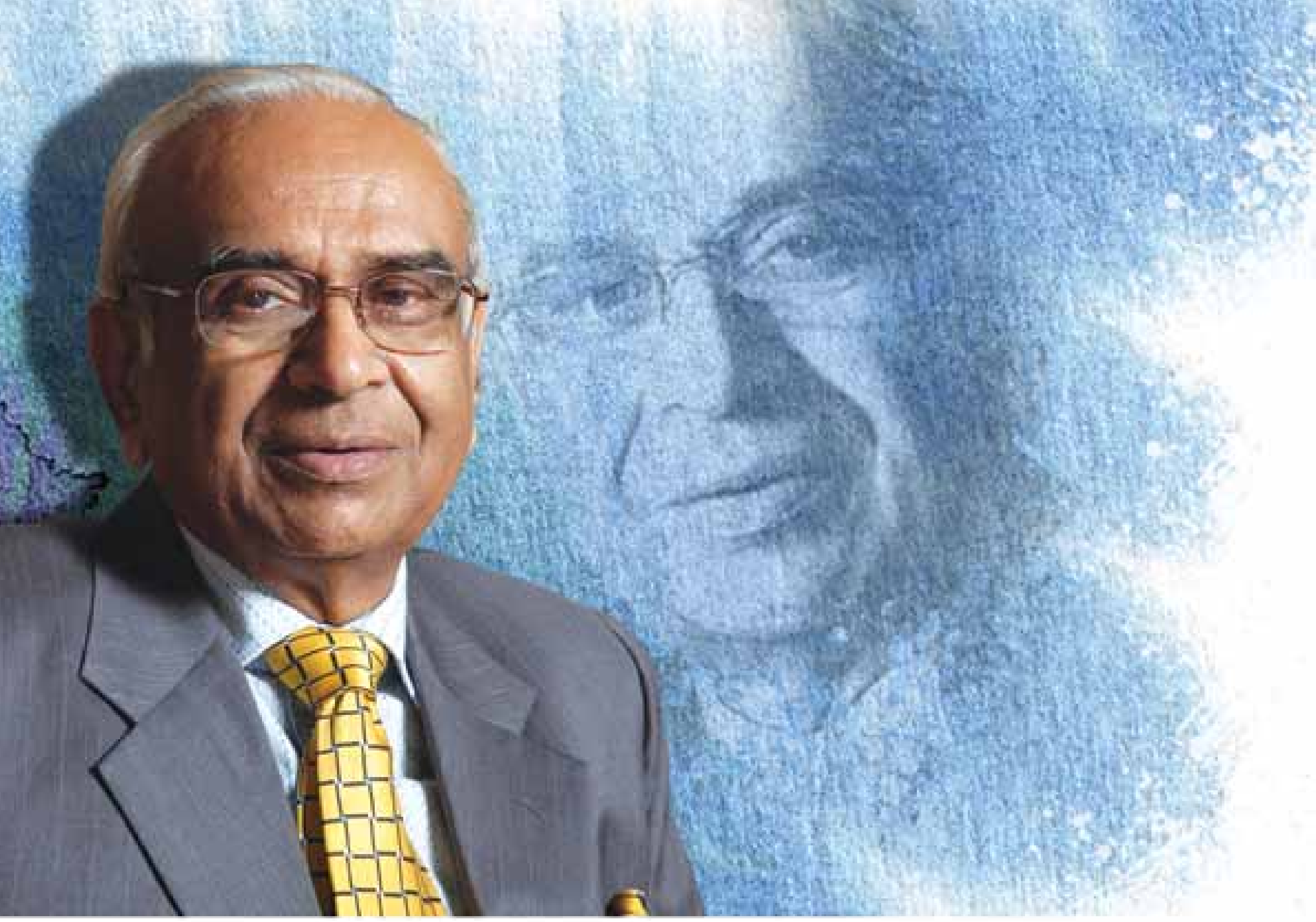
Book value per share (Rs.)

2007-08	98.88
2008-09	107.08
2009-10	119.39
2010-11*	126.63
2011-12	132.56

*Reworked for Current Years accounting treatment

Dividend payout (%)

2007-08	4.40
2008-09	8.10
2009-10	8.40
2010-11	15.20
2011-12	14.40



TOUGH TIMES NEVER LAST, ABLE ORGANIZATIONS DO...

SIX DECADES IS A LONG TIME. FOR SOME, EVEN A LIFETIME. FOR US, IT STILL REMAINS A STARTING POINT. SIX DECADES AGO, HNG'S STORY STARTED AROUND THE SAME TIME, AS OUR OWN COUNTRY.

1946, a year before India gained independence; HNG was incorporated here in Kolkata. Six years later, in 1952, we commenced our manufacturing operations in Rishra plant, perhaps, one of the oldest automated glass container plants in the country that remains functional today. In the last six decades, India has truly evolved, or in-fact transformed itself from a laggard to being one of the most attractive destinations in the world, largely on account of its demographic advantage, improving infrastructure and rapid urbanization.

The impending growth took more than five decades to crystallize into visible results. Post liberalization, the India story started holding fort from 2000 onwards, with host of large global corporates and investors investing in the country. At the same time, Indian companies started proving their mettle overseas and further strengthened the Indian potential on the global map. Then 2008 happened. A single year, that resulted in a global turmoil; the impact of which has remained visible since. Six decades has taught us important lessons – one, that each downturn results in an upturn and second, preparedness during downturn makes upturn more rewarding. Therefore, we at HNG have always strived to create an ABLE organization – **capable, scalable, profitable** and **sustainable.**

CAPABLE – QUALITY IS PARAMOUNT

At HNG, we have always believed that nothing rewards more than great quality. In an industry that was largely dominated by unorganized segments, our stress and investments into enhancing our quality over the years has been a key factor to our growth. Even though we have sustained our investments in scaling up our capacities, we take pride in our ability to deliver highest standards of quality products to our clients – each and every time. Our capability emanates from our consistent investments in world-class equipment; our thorough process resulting in robust in-house product development capabilities; and consistent initiatives to increase quality awareness amongst our employees across units and hierarchies. Today, we command dominant market share in organized container glass segment in India and cater to globally reputed clientele across key segments – from Alco-bev to FMCG to soft drinks.

SCALABLE – GROWTH MULTIPLIES WITH CAPACITIES

The journey from being good to great is one's ability to replicate best practices on a larger scale. Having gained the in-depth understanding of the glass container industry over the years, we have, in the last decade focused on building our capacities though a mix of organic and inorganic initiatives. Since 2000, we have nearly tripled our capacities to presently 3600+ TPD, of which 50% was through inorganic initiatives. We have used the downturns in the past as a stepping-stone towards greater success, by first acquiring loss-making companies at competitive prices and then utilizing our knowledge and skills to turn them around into profitable units. This has not only enabled us to grow at a faster pace than the industry, but also resulted in improved margins in our operations.

PROFITABLE – EACH PENNY COUNTS

Value creation and value-optimization are two sides of the same coin. Only when one understands and appreciates the value of a resource, is the only way one can ensure maximum utilization from the same. Downturns have enabled us to develop a sense of respect for each resource, despite its financial weightage. Our ability to offer products at competitive prices has not only enabled us to win customer confidence but more importantly, have enabled us to protect our margins in wake of adversities. Our cost structures have been shaped by our constant urge to think beyond the established norms and ensure maximum utilization on all factors, thereby resulting in an agile company.

SUSTAINABLE – GROW BY PARTNERING GROWTH

Amidst the business considerations, it was important for us not to lose sight of the larger issues – pertaining to the society at large. At HNG, we pride ourselves in playing an active and sustained role, not only towards the betterment of the lives of our employees, but also the communities situated in vicinity to our manufacturing units. From ensuring healthcare and education to investing in state-of-the-art equipment to ensure cleaner and greener operations, we have pro-actively partnered growth across all our locations. The results of our sustained initiatives are visible in terms of prosperous and healthy communities around our manufacturing locations.

THE INDIAN STORY REMAINS ATTRACTIVE

Despite the revised growth figures for the country, the long-term potential of India remains intact. With the easing of monetary policies in the coming years, coupled with increasing spends among the world's largest middle-class population, various companies from Alco-bev, FMCG and soft drinks majors are increasing their presence in India. With the Indian per capita consumption in glass being 1.5 kgs as compared to 9 kgs in developed countries and ~35 kgs in USA, to say the "opportunity is great" seems like a bit of understatement. Having said that, the growth will only be achieved through **PATIENCE, PERSISTENCE** and above all **PREPARATION**.

As we look at 2012-13, the economic environment is not expected to improve dramatically. However, as always, for us at HNG this remains an attractive period – for stretching more, achieving more and envisioning more. I am confident, we would continue to reach newer heights and further consolidate our leadership in the sector as an ABLE organization.

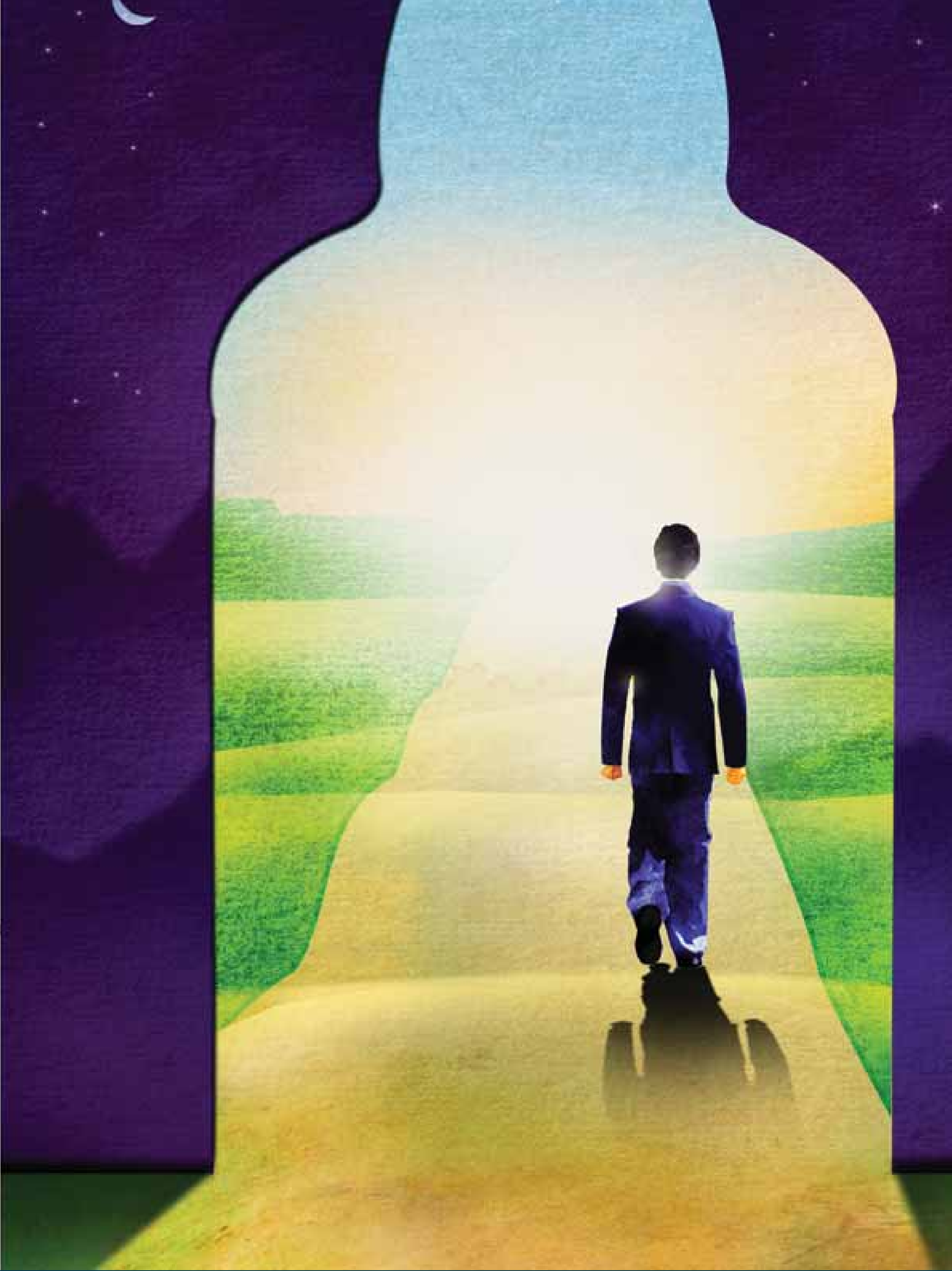
Chandra Kumar Somany,
Chairman

WE GOT GROWING...

"The tough gets going" OR "The tough gets growing"? Two similar-sounding phrases; yet offer remarkably dissimilar interpretations. While the former indicates reaction, the latter resembles preparedness. The distance between both is sometimes of that between "what is" and "what may have been".

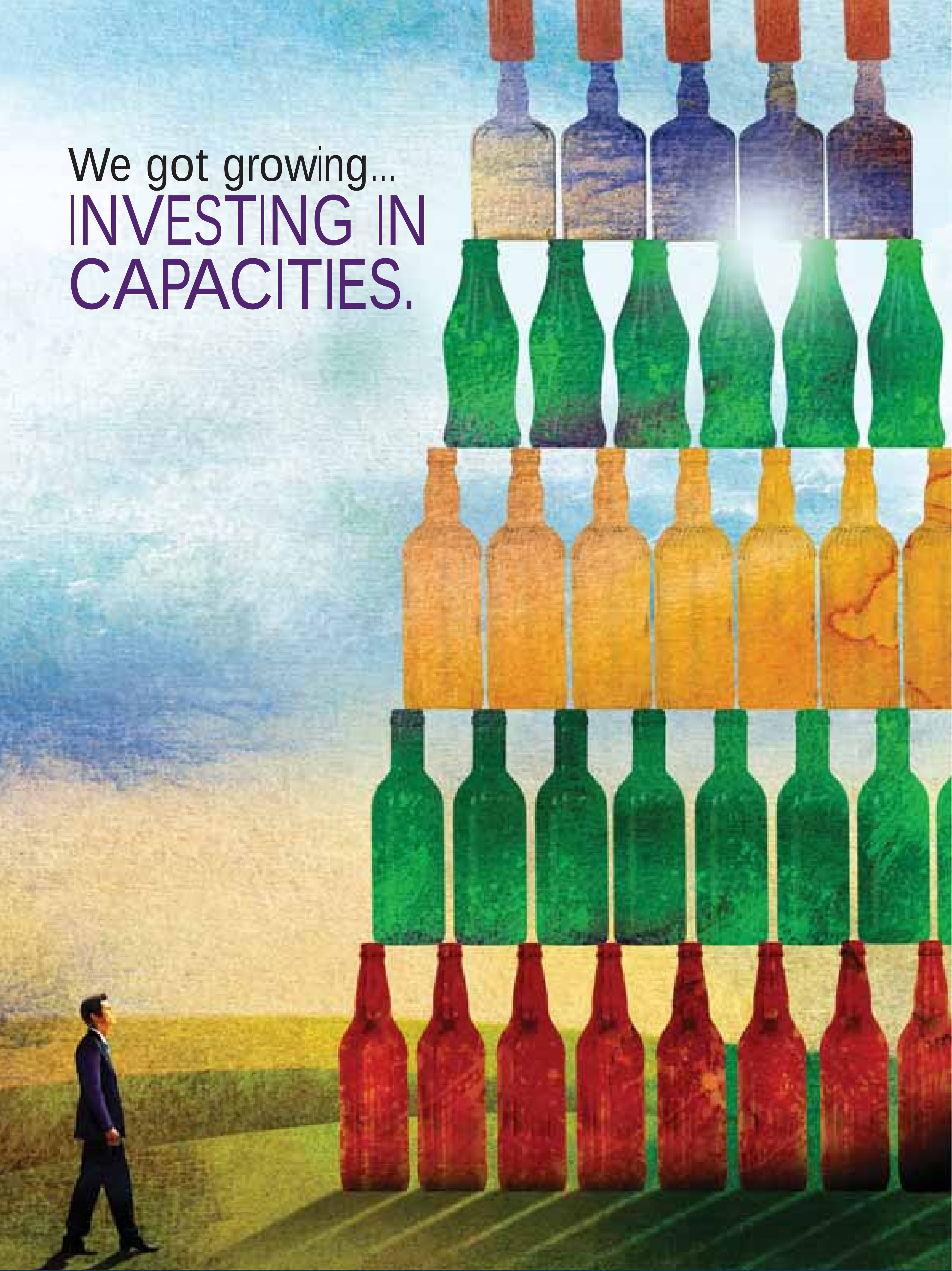
At HNG, we understand the value of being prepared. Preparedness demands thorough knowledge. Our first five decades since commissioning our operations, were dedicated therefore to acquire expertise across the glass container value chain. From understanding the global usage and potential of glass containers to in-depth quality parameters of inputs to detailed analysis of each process involved in the glass container manufacturing to honing our product development skills. Each small step contributed to our journey towards not only developing an organized market for glass containers in India, but also in consolidating our leadership in key regions.

2011-12 was a crucial year. It was tough; but albeit a stepping-stone, upon which we continued our journey. A journey to create value. A journey to challenge our limitations. A journey to grow.



We got growing...

INVESTING IN CAPACITIES.



Being the oldest packaging material known to man, glass not only maintains purity of food and beverages but also preserves taste or flavor of the product. Being chemically inert, glass containers are used across the globe as a preferred and green packaging solution. Moreover, given its ability to be molded in diverse shapes and sizes, makes it an attractive premium-packaging product. The Indian glass container segment is expected to grow around 12% in the coming years on account of positive growth outlook for end user industries such as Alco-bev and Fast Moving Consumer Goods.

Having anticipated the "great Indian consumption story", we were amongst the first in the industry to ensure sustained investments in building capacities since 2000. To mitigate any adverse impact on the Company's finances; we followed 'inorganic expansion' strategy – by acquiring loss-making units at competitive prices and turning them back to black, based on our knowledge and expertise. The ready capacities provided us an edge to capitalize on the market demand faster. The strategy started to pay dividends and further established us as a preferred packaging solutions partner in glass to globally respected companies.

In 2010-11 we realized that to ensure better margins in a growing industry, it is important to build-up greater capacities at single locations, further resulting in better economies of scale. We embarked on our most ambitious organic expansion Programme at two major locations – Nashik, Maharashtra and Naidupeta, Tamil Nadu. In Nashik, we opted for a brownfield capacity expansion, while in Naidupeta, we embarked on a greenfield expansion. In both these locations, we have invested in state-of-the-art plants, comprising of the largest furnaces in world, 650 TPD each, at both locations. During 2011-12, we successfully completed our expansion programme at Nashik, resulting in a total capacity of the company at 3,650 TPD of container glass. Our first greenfield expansion in more than four decades, Naidupeta plant will be commissioned during Q2FY13, further adding 650 TPD to our total capacities. The impact of the capacity expansion is expected to translate into numbers from 2012-13 onwards and will empower us partner the India growth plans of globally reputed Alco-bev and FMCG companies.

NAIDUPETA

- Greenfield expansion
- Targeted completion by Q2FY13
- The largest glass manufacturing complex in South-east Asia

Location:
Naidupeta, Nellore District, Andhra Pradesh

Total capex:
Around Rs. 800 crore

Total area:
Spread across 210 acres

Key features:
- The world's largest batch house
- The world's largest container glass end port fired furnace of 175 sq. mt. with a capacity of 650 TPD
- Latest technology
- Huge area to support future expansion

NASHIK

- Brownfield expansion
- Commissioned in Q4FY12

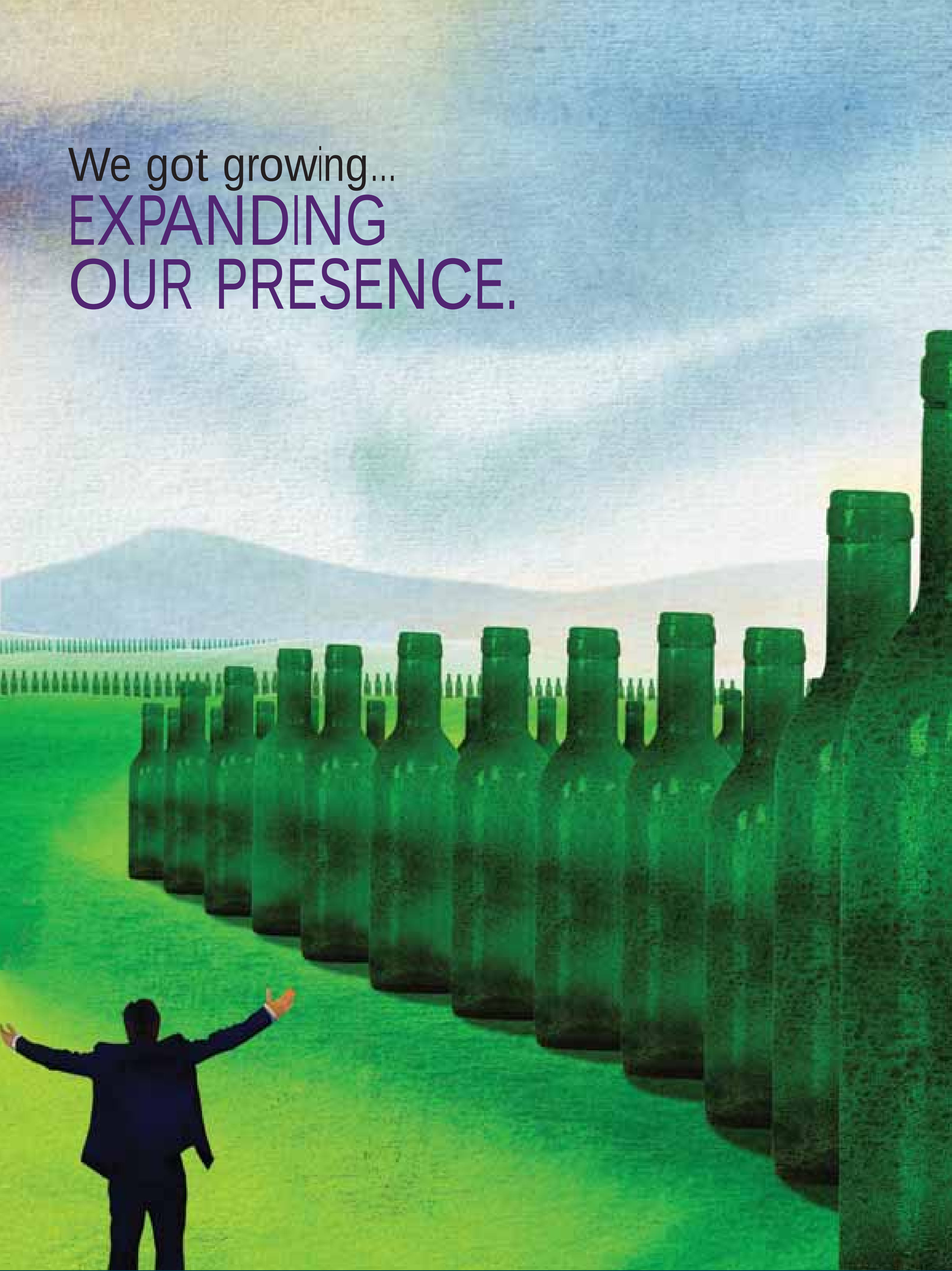
Location:
Nashik, Maharashtra

Total capex:
Around Rs. 725 crore

Total area:
Spread across 71 acres (inclusive of existing unit)

Key features:
- The single largest furnace in India having a capacity of 650 TPD
- 6 manufacturing lines
- Latest technology

We got growing...
EXPANDING OUR PRESENCE.



Change is inevitable and is constant. To partner change is nonetheless demanding, but far more rewarding in the long-run. In six decades, the manufacturing centers have dispersed from erstwhile limited pockets to diverse geographies across India. The cost of raw materials and logistics has continued to surge. The delivery schedule for the end products at clients' sites has shortened considerably. Moreover, the capacity build-up in the sector has resulted in higher competition. The need to change with the times was evident for us and we prepared well. In the past five years, we have consciously focused on expanding our presence – both in terms of domestic as well as international geographies.

STRENGTHENING OUR PAN-INDIA REACH

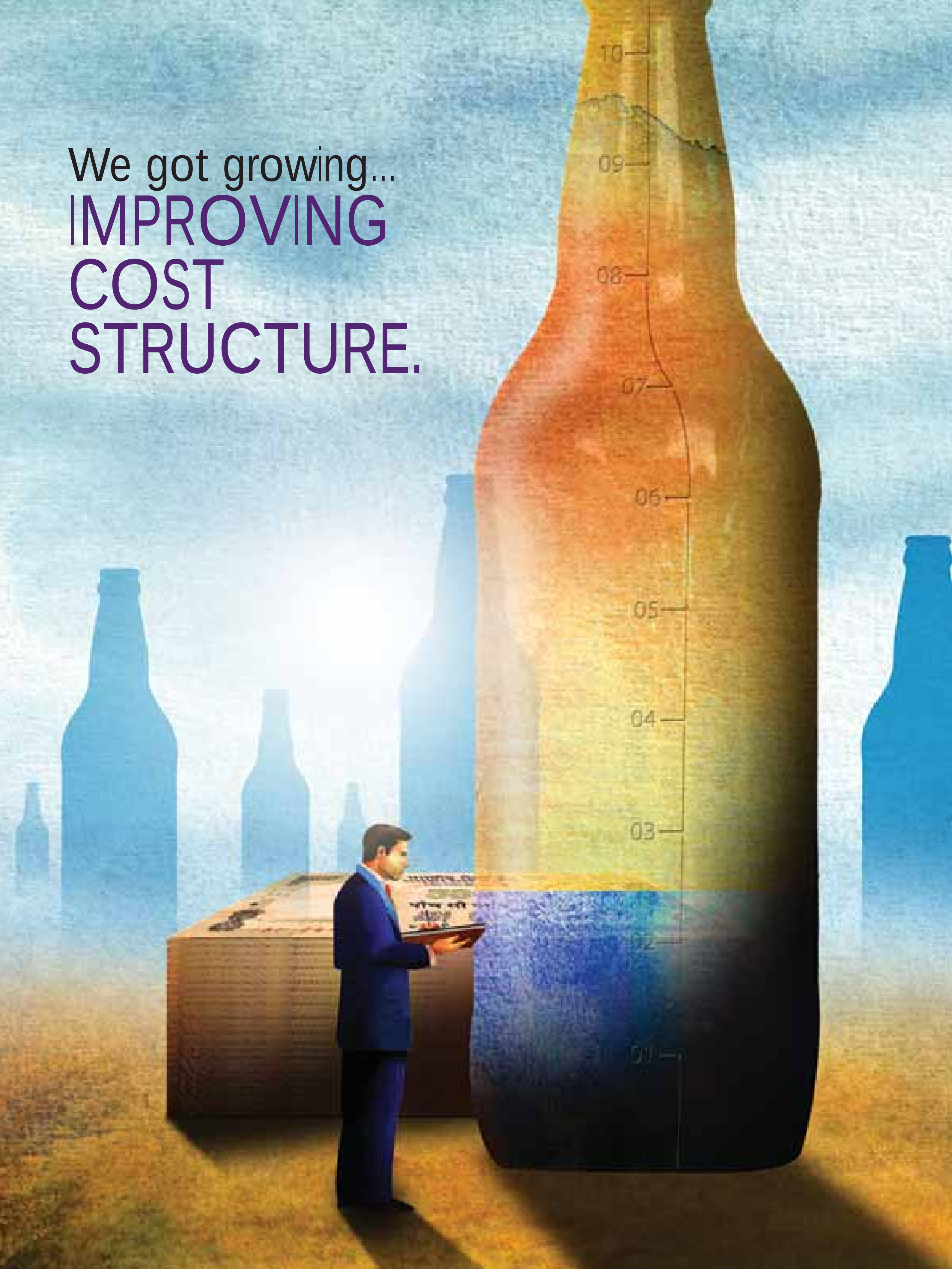
At HNG, our manufacturing facilities have been largely concentrated in the eastern and northern India, with the production from these units accounting for nearly 75% of our total production. It was largely on account of the fact that since the time we commenced our operations, the concentration of our customers, comprising of major FMCG and Alco-bev players, were largely limited to these geographies. Glass containers, being a fragile product is prone to damages and therefore needs to be in proximity to the end-user facilities. At the same time, being heavier, logistics cost play an important role. With the improved economic conditions in the past two decades, newer and older players have broadened their manufacturing base, to cater to pan-India demand. Being a preferred glass packaging solutions partner, we have also expanded our reach to southern and western markets. While our Nashik plant, post completion of expansion programme, now offers better economies and reach to address potential demand in western and central Indian states; post commissioning of our Naidupeta plant will further enable us exploit newer opportunities in southern Indian markets. The scale would help crystallize the market development efforts undertaken by our dedicated marketing team and further strengthen our client relationships.

CREATING GLOBAL FOOTPRINTS

Currently, exports account for 4% of our total sales volume. India, being highly under-penetrated in terms of glass container usage, remains our preferred market of choice, owing to huge potential still waiting to be unlocked. However, sustained growth can only be achieved by expanding presence to high-growth markets. In line with our vision to expand into the European market, which is one of the largest markets for the food and alco-bev industry, we acquired the assets of Agenda Glas located in Gardelegen, Germany in May 2011. The 320 TPD state-of-the-art glass container plant commenced operations in February 2009 and soon turned loss-making due to process inefficiencies. Our concerted efforts to turnaround the unit started showing promising results during 2011-12, with the pack to melt ratio improving to 81% within first 7 months of acquisition. Going forward, we are confident in expanding our customer base to adjoining countries and will look at newer expansion opportunities in similar regions. On the other hand, our presence in Germany and adjoining markets would enable us further aid our technology absorption and would ensure faster adoption of international best practices in our Indian units. Incidentally, Germany is always at the forefront of any technical breakthrough in the container glass industry.

We got growing...

IMPROVING COST STRUCTURE.



The right time to build the roof is while the sun shines. At HNG, we have always believed that cost optimization initiatives have to be continuous and persistent, not momentary or occasional. Our zeal to improve and lead the change has not only enabled us to become a cost efficient player in the Indian industry but also offer improved quality of products, in line with the best in class international standards.

2011-12 was a challenging year. The cost of key inputs like silica sand and soda ash continued to remain northbound. Soda ash, being an imported raw material witnessed impact of depreciating rupee. At the same time, the increase in cost of furnace oil and revision in electricity tariffs led to considerable margin erosion across the industry. Being unprecedented rise in the cost of key inputs, we also couldn't remain unscathed from depleting margins. However, the organization-wide culture of cost optimization definitely helped us to stem the tide.

Each manufacturing unit continued to initiate measures to optimize usage of key resources, without impairing the quality of the end product. We invested in debottlenecking of capacities at incremental cost in various processes, thereby enhancing process cost efficiencies. We focused on automation, thereby reducing manual labour, shortening turnaround time across our units and at the same time reducing long-term process cost. In doing so, our dedicated state-of-the-art Tech-Centre at Bahadurgarh played a key role in streamlining the glass making processes and guiding each unit on modernizing their equipment to improve capacity utilization and cost efficiencies.

Power cost continued to be a notable challenge during 2011-12. Glass container manufacturing is an energy intensive process, with power cost accounting for ~35% of the total cost of production. The company has, in a phased manner, switched the power source from furnace oil based generation to gas-based and grid power. Currently, our 3 plants (Neemrana, Bahadurgarh and Nashik) use gas as the main source of melting energy. Going forward, the company shall endeavor to switch to gas in other units as and when availability of gas is there at these locations.

We got growing...

FORTIFYING PRODUCT PORTFOLIO.

It is harder to stay at the top than to reach at the top. For the process demands continuous excellence, which in turn involves learning, unlearning and relearning. At HNG, we believe that the secret to sustained leadership is to consistently achieve new standards – be it in offering new products, improving quality or aligning in-house technology to global best practices.

At HNG, we were among the early movers in the industry. Our ability to innovate and customize the products resulted in repeated orders from our esteemed clients. To ensure a sustained recall of our products in the customer's mind-set, we initiated creation of own branded containers. For the brand to stay relevant and penetrate to new customers as well, we invested in capacities and acquired technology through partnering with the global leaders. Today, at HNG, we offer the widest product portfolio in the industry, from 5 ml to 3200 ml (flint, amber and green) and cater to a diverse set of end-user industries – from alco-bev to FMCG to pharmaceuticals.

Our focus on diversifying our customers have also enabled us to de-risk the business from over-dependence on particular set of clients; and at the same time, has extended our presence from the commodity to value-added segments too. While premium segment in India is still evolving, our established capability in delivering complex designs and user specifications will enable us extend our relationship with global companies in India to newer geographies. Our marketing team works closely with product development team to offer new products to our clients. During 2011-12, we became the first company in India to develop patented bottles for beer companies, thereby opening yet another avenue for future growth, given our technology skills and specialized intellectual capital.

Over the years, the glass container industry has faced the stiffer competition from alternate packaging like PET and tetra-packs. While glass continues to be the most cost-effective, inert and hygienic packaging medium, the need to reduce the weight has continued to be a major driver for sustaining long-term growth. Being a market leader, it is therefore a major action point for us. Through sustained research and development initiatives, we have been achieving reduction average weight of glass containers without affecting its quality and strength. In the past few years, we have also absorbed latest Narrow Neck Press and Blow (NNPB), which reduces ~25% weight as compared to a traditional Blow and Blow technology. We have introduced this technology across all the units, with proper training from our technology partners. Being an expensive technology, the use of lightweight bottles is still at an evolutionary stage, but we expect the demand to increase in few years.

We got growing...
FOCUSING ON INTEGRATION.

In the last decade, we have focused on creating a strong foundation, upon which a better scale and pace of growth can be sustained. Today, we are evolving from being a glass container company into an integrated glass packaging solutions provider, having in-depth knowledge, established business model, reputed team and diversified geographical presence. For a Company whose input costs accounts for ~30%, backward integration is always a rewarding strategy. At HNG, we have paced our growth story, from being a sole manufacturer of container glass to an integrated Group – with presence across the value chain – from moulds to market.

Being a technology-driven business, product profitability is highly dependent on the process efficiency. Our technology competence has enabled us design and install indigenous high-efficiency machines across our divisions. Our subsidiary, Glass Equipment (India) Ltd provides machines and spares, thereby resulting in dedicated access to repairs, resulting in lower downtimes.

We have invested in businesses offering a mix of cash-generating commodity and value-added premium product. Our acquisition in Germany has also led to higher technology integration, enabling us to utilize the platform for smoother technology transfer and a fertile training ground for our key employees across Indian units.

Our passion for offering superior quality to our clients is also driving our integration model further down – right to the availability of key inputs. Our expanded capacities will demand higher volumes and assured supply of key inputs like silica sand, soda ash, cullet and power. We are seeking mining rights for silica sand and are at an advanced stage. Cullet collection is highly critical to the quality of glass. At an industry platform, we have been trying to implement a cullet collection mechanism, which upon initiation will further mitigate impending risks to our business model.

PROUD OF OUR PAST. CONFIDENT OF OUR FUTURE.

Shri Sanjay Somany and Shri Mukul Somany (L & R)
(Vice Chairmen and Managing Directors)

The Indian growth story is no longer dependent on metros and tier 1 cities; now the tier 2 and 3 towns and rural centres are emerging. The states that have traditionally underperformed (Uttar Pradesh, Bihar, Jharkhand, Chhattisgarh and Odisha) will be the new engines in the coming decade if India has to grow at 8% consistently. Our strategy to built capacities and expand reach is closely aligned to this reality.

Caution is good, so long as it does not lead to complacency. Respected companies are built on belief, vision and capability to swim against the tide and not by simply waiting at the shore. But the effort should not be at the cost of eroding stakeholder confidence. In 2009, in middle of a global recession, we were faced with a choice – either to wait for situation to improve and continue with our existing set-up; or alternatively, 'sharpen our axe' to further strengthen our leadership. We had a fine line to tread. However, our robust business model and our fiduciary stability provided us the required confidence to pursue our goals.

We utilized the downturn to add more than 50% of the then existing capacity. Today, the ghost of 2008 still hovers around the global economy, with the largest economies continuing to face financial stress. However, we continue to be placed comfortably, with a debt-equity of 1.38 and a total capacity of 3500+ TPD. Moreover, our ambitious project at Naidupeta is nearing completion and is expected to add another 650 TPD to our capacities during Q2FY13. The downturn enabled us to critically analyze each and every aspect of our expansion cost and control or limit most of the inefficiencies that could potentially have inflated the costs or extended the execution timelines. In doing so, we retained the production flexibility and further augmented our quality proposition.

Our timely investments have also helped us evolve into a truly pan-India player with manufacturing units located across four regions. Going forward, we feel this will propel our earnings and cement our existing and new client relationships. With

the capacity expansion in the Nashik plant, we have already extended our capability to service the growing western Indian region. This is especially critical in light of the fact that western and southern India regions account for 60%+ share in production of alco-bev in India. Post completion of the Naidupeta greenfield project, our capacities will enable us to offer bigger volumes, thereby ensuring better economies of scale. Furthermore, our enhanced reach will result in more business opportunities. Given our improved proximity to major manufacturing centres, the reduction in logistics cost is also expected to add to our bottom-line and further boost our cost competitiveness in the industry. We also continued to invest into debottlenecking and modernizing existing capacities in our existing plants at lower incremental cost.

The Indian growth story is no longer dependent on metros and tier 1 cities; now the tier 2 and 3 towns and rural centres are emerging. The states that have traditionally underperformed (Uttar Pradesh, Bihar, Jharkhand, Chhattisgarh and Odisha) will be the new engines in the coming decade if India has to grow at 8% consistently. Our strategy to built capacities and expand reach is closely aligned to this reality. However, we also believe that to grow at a faster pace, we have to extend into global markets, that offer better realization and sustained demand for value-added glass containers. Having built our capacities to address the export opportunity, we expanded our realm internationally – from being a mere exporter to having a dedicated manufacturing presence overseas. Our strategy finally became a reality with our first overseas acquisition in May 2011. The 320 TPD state-of-the-art glass container plant located in Gardelegen, Germany was acquired from Agenda Glas AG through a bidding process. The plant was commissioned in February 2009 and soon ran into losses on account of process inefficiencies and the economic downturn. Because of our established capability of acquiring underperforming units and transforming them into efficient and profitable growth engines proved to be the key factor that helped in tilting the scales in our favour, over the competing bidders. We are elated to report that within the first nine months since taking over the unit, we have seen very promising results and are absolutely confident that it will achieve break-even within the second quarter of FY13. The very fact that we have been able to correct and transform operations of a unit situated in Germany, one of the most technologically advanced countries, reflects the quality and confidence of our experienced and knowledgeable team. This acquisition is also playing a key role in faster technology adoption in our Indian units.

We feel proud to mention that during 2011-12, despite being a busy and challenging year, the numbers panned out better than expected, especially in light of unprecedented and sustained rise in key input costs and interest charges. While our topline improved by 21.7% to Rs. 1,878 crore, our EBIDTA posted a growth of 12.4% to Rs. 304 crore. Our net profits increased by 5.1% to Rs. 91 crore, clearly reflecting the decreased margins – both at operating and net levels. However, we feel confident that the coming financial year remains promising. We believe that the prices of key inputs have peaked out and are expected to return to normal levels.

With leadership, come greater responsibilities. For an industry, where energy costs accounts for more than 40% of the total cost, it is very important not only to conserve energy across the process but also ensure greener operations. We have been dedicated to improving energy efficiency across our units. Our consistent investment in replacing fossil fuel with natural gas or captive generation is a small but important step in this direction. We are also institutionalizing cullet collection, to ensure a greener production process.

Having built our capacities and reach, 2012-13 will be a crucial year for us. The foundation that we strived to build over the last decade is now almost ready. Our deep-rooted customer relationships, coupled with our timely marketing initiatives and best-in-class product quality makes us confident of absorption of increased output at improved realization. We will continue to focus on improving the quality, developing newer products and enhancing the competitiveness of glass containers in India through continuous reduction of weight. Our confidence is based on the ability of our employees and is further fortified by the trust of our stakeholders – investors, clients, employees, vendors and communities in and around our locations of presence. The future is in the bottle and we are uncorking it to create sustained value though our businesses.

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Global operating framework

Vision

Emerge as one of the largest container glass packaging solution providers globally

Blueprint

STRATEGIC PRIORITY 1:
Grow value of the HNG brand and widen the product portfolio

STRATEGIC PRIORITY 2:
Transform our go-to market model to improve efficiency and effectiveness

STRATEGIC PRIORITY 3:
Attract, develop and retain a highly talented and diverse workforce

Consistent profitable growth

Values

- Accountability
- Customer-focused
- Team-driven

World-class capabilities

- Revenue growth management
- Supply chain
- Sales and customer service

We continued to build a PEOPLES' COMPANY

An organization is as capable as the people who drive it. At HNG, we believe that our human resources have been the single largest factor that has propelled our growth since inception.

Amidst large machines, complex processes, strict delivery schedules and a constant need to innovate and excel, we are steadily creating a fertile environment that is pro-growth and achievement. To this end, we offer the right ingredients to encourage individual as well as team level achievement. We have successfully instilled a culture of transparency in the organization to ensure better co-ordination and performance across the units and also departments within the units.

We have always been a value and ethics based organization, and this has helped us preserve the soul of a small organization even though we have achieved the corpus and dimensions of a large corporate. Having multi-locational presence, we have taken proactive measures to employ, nurture and train local talent, thereby contributing to the regional economy. The Company also encourages the personal development of its employees by providing an adequate platform for creativity, expression and social initiatives.

We held various sporting events for the employees and their families, to facilitate greater bonding and team spirit.

A culture of 'open door' and transparency across organization has enabled us not only retain talent but also plan and provide a rewarding career path within the organization for promising talent. Training and development are an intrinsic reason for Company's growth. The Company has actively initiated various programs for every employee in order to hone each one's skill, expertise and efficiency. During the year under review, the Company spent considerable man-hours in training initiatives across the organization. The company continues to witness the lowest attrition rate in the industry. Also the relationship with the workers' unions remains amicable.

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We continued to endeavor towards SUSTAINABLE GROWTH

At HNG, we believe that an organization is a grand stage that enables people to come together and work towards a common good. The real worth of an organization is not in the number of zeroes it adds to the right, but the number of right causes and achievements it strives for. While the business demands sustained profitability and cash flows, we at HNG have endeavored over the years, to align our business goals towards achieving social and environmental objectives, thereby making our efforts each day, count more than just a number. 2011-12 witnessed several initiatives in this direction.

Cleaner + Clear + Safer + Happier

Cleaner

- Investing in energy efficient technology and equipment
- Initiating dedicated cullet collection
- Substituting furnace oil with natural gas
- Controlling emissions and limiting energy usage
- Streamlining processes and monitoring energy savings

Clear

- Proactive initiatives across units to conserve water
- Installation of water harvesting and conservation system
- Real time monitoring on water consumption across units
- Ensuring widespread awareness for responsible usage of water across the units

Safer

- Advocating work-floor safety procedures across the units
- Imparting proactive and exhaustive training to employees across functions and units on importance of safety
- Safety audits conducted across the units and report submitted to key management
- Regular surveillance checks for major processes involving equipment, processes and safety gear

Happier

- Setting highest standards of transparency and ethics in the workplace
- Regular training and development initiatives to enhance employee skills
- Mentor-mentee programs ensure succession planning across roles
- Regular feedback and guidance for boosting employee performance
- Amenities like schools, hospitals, parks maintained by the company to ensure better quality of lives for employees, in the vicinity of units

Model units

- All units have requisite environmental clearances, quality certifications and established safety protocols
- HNG Neemrana has received two awards - First Runner-up in the category of Corporate Social Responsibility and Commendable Performance in the category of Efficient Water Use, "Green" Unit & Innovative Practices by RIICO (Rajasthan State Industrial Development & Investment Corporation)
- HNG Nashik plant got State Level Award for Excellence in Energy Conservation and Management for the year 2008-2009 and 2009-2010 which was delivered by Minister (Non-Conventional Energy) & Chairman MEDA on 13th March 2012.

Model company

- Most cost efficient player in the industry
- Six decades of presence
- Market leader in India in container glass

Empowering through education

- Running and managing a CBSE Delhi affiliated +2 level school named Bal Bharti Public School' in Bahadurgarh Plant, catering to more than 1500+ students
- Educational initiatives at various units

Supporting healthy living

- Regular health check-up camps
- Supports medical facilities in the vicinity of the units

Towards greener planet

- Organizing and participating in tree plantation activities
- Driving environmental responsibility through educational meets
- Institutionalizing glass cullet collection and supply

Enriching communities

CELEBRATING 60 YEARS OF MANUFACTURING EXCELLENCE AT HNGIL.

Inauguration of 650 TPD (Largest in the World) Furnace in Nashik Unit.

Seen from Left

Mr. Dipankar Chatterji | Mr. C. K. Somany | Mr. Max Sollfrank, *Managing Director & CEO, HORN Glass Industries AG*
Mr. Pratip Chaudhuri, *Chairman, State Bank of India* | Mr. Mukul Somany | Mr. Sanjay Somany
Mr. S. B. Nayar, *Deputy Managing Director & Group Executive, State Bank of India*
Mr. Lio Diehm, *Product Director, Emhart Glass AG* | Mr. T. C. A. Ranganathan, *Chairman & Managing Director, Export Import Bank of India*
Mr. Wolfram Seidensticker, *Managing Director, HNG Global GmbH* | Mr. Stuart Milne, *CEO, HSBC (India)*
Mr. Surojit Shome, *CEO & Country Head, Rabobank International*
Mr. Amit Dahanukar, *Chairman & MD, Tilaknagar Industries Ltd.*

Seen from Left

Mr. Dipankar Chatterji
Mr. Mukul Somany
Mr. Pratip Chaudhuri
Chairman, State Bank of India
Mr. C. K. Somany
Mr. Max Sollfrank,
Managing Director & CEO
HORN Glass Industries AG
Mr. Sanjay Somany
Mr. Lio Diehm, *Product Director, Emhart Glass AG*

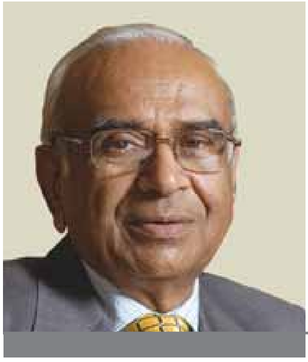
Seen from Left

Mr. S. B. Nayar, *Deputy Managing Director & Group Executive, State Bank of India*
Mr. T. C. A Rangnathan,
Chairman & M. D., Export Import Bank of India
Mr. Surojit Shome,
CEO & Country Head, Rabobank International
Mr. Stuart Milne, *CEO, HSBC (India)*
Mr. D. R. Dogra, *M. D. & CEO, CARE*

Seen from Left

Mr. Marcello Ferretti
Senior Engineer (Project), SIPAC S.P.A.
Mr. Max Hodean, *CEO, MSC & SGCC*
Mr. Alexander Sorg
Managing Partner, Nikolus SORG GmbH & Co KG
Mr. Philippe Michel, *Project Manager, MSC & SGCC*
Mr. Michel Ollivier, *VP (R&D), MSC & SGCC*

PROFILE OF BOARD OF DIRECTORS



Shri Chandra Kumar Somany, *Chairman*

Shri Chandra Kumar Somany, 79, is the Chairman of the Company. A renowned technocrat having in-depth experience in glass technology, Shri Somany has been the driving force behind the Company's performance over the years. At HNG, he plays a key role in forming and proving policy guidelines for the management and administration of the Company. He holds F.B.I.M (London) degree and a degree in Glass Plant Instrumentation from Honeywell Brown, Minneapolis, U.S.A. He had held reputed positions in his long and illustrious association with the Indian glass industry, such as the President of the All India Glass Manufacturers' Association, Bengal Glass Manufacturers' Association and several other commercial and non-commercial organizations. He has also served as the Chairman of the Development Panel for Glass Industry formed by the Government of India, Ministry of Industry during 1995-1997. Shri Somany is associated with various charitable and philanthropic organizations and also oversees the human initiatives at HNG. 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. At present he is also the Member of Special Committee in HNG.

Directorships held in other companies

Glass Equipment (India) Limited • Niket Advisory & Trading Company Ltd. • Spotlight Vanijya Limited • Microwave Merchants Pvt. Limited • HNG Cement Limited • HNG Power Limited • Brabourne Commerce Pvt. Limited • Mould Equipment Limited • HNG Float Glass Limited • Somany Foam Limited • The West Coast Paper Mills Ltd. • All India Glass Manufacturer's Federation

Shri Sanjay Somany

Shri Sanjay Somany, 54, is the Vice Chairman & Managing Director of the Company and Ex-Managing Director of Glass Equipment (India) Limited, a subsidiary of HNG. Having gained more than three decades' of experience in Glass industry, Shri Somany has led the evolution of HNG to the forefronts of technological excellence. He presently oversees the operations and management of the Company. A Commerce Graduate, Shri Somany, also holds a diploma in diesel engineering. Previously, he has also held a host of notable positions in Industry bodies, such as the President of All India Glass Manufacturers' Federation. At HNG, Shri Somany is member in Treasury Management Committee, Shareholders/ Investors' Grievance Committee and Special Committee.

Directorships held in other companies

Glass Equipment (India) Ltd. • Niket Advisory & Trading Company Ltd. • Spotme Tracon Pvt. Ltd. • Spotlight Vanijya Ltd. • Somany Foam Ltd. • Khazana Marketing Pvt. Ltd. • Microwave Merchants Pvt. Ltd. • AMCL Machinery Ltd. • HNG Cement Ltd. • HNG Power Ltd. • HNG Float Glass Ltd. • Brabourne Commerce Pvt. Ltd. • Mould Equipment Ltd. • All India Glass Manufacturer's Federation • HNG Global GmbH

Shri Mukul Somany

Shri Mukul Somany, 47 years, is the Vice Chairman & Managing Director of the Company. A second-generation entrepreneur, he holds more than 25 years of experience in the glass industry. At HNG, he has been the driving force behind Company's acquisitions, marketing and branding strategies over the years. He also oversees the administration function in the Company. He holds a Bachelors of Commerce (Hons.) degree. In the past he had held reputed posts in the Industry federations, notably being the President of All India Glass Manufacturer's Federation (AIGMF), Executive Committee Member of Eastern Region Confederation of Indian Industry (CII) & Member of CII National Council. He was the Ex-Chairman, Eastern Region of CII and also a Member of the Bengal Rowing Club. At HNG, Shri Somany is member in Treasury Management Committee, Shareholders/Investors' Grievance Committee and Special Committee.

Directorships held in other companies

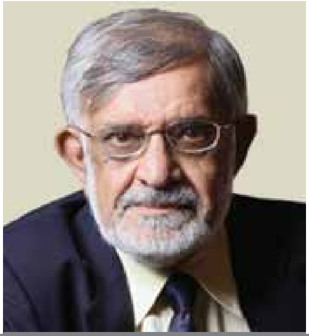
Glass Equipment (India) Ltd. • Niket Advisory & Trading Company Ltd. • AMCL Machinery Ltd. • Rungamattee Trexim Pvt. Ltd.. • Spotlight Vanijya Ltd. • Somany Foam Ltd. • Microwave Merchants Pvt. Ltd. • Saurav Contractors Pvt. Ltd. • Brabourne Commerce Pvt. Ltd. • HNG Cement Ltd. • HNG Power Ltd. • HNG Float Glass Ltd. • The Calcutta Stock Exchange Ltd. • Mould Equipment Ltd. • The All India Glass Manufacturers' Federation • HNG Global GmbH

Shri Dipankar Chatterji

Shri Dipankar Chatterji, 64, is an Independent Director of the Company. He is a Chartered Accountant and the senior partner of the firm L. B. Jha & Co. Chartered Accountants. He is also 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 cooperative banks, and other committees and task forces. Former President of Indo American Chamber of Commerce (Eastern region). . At HNG, Shri Chatterji is member in Audit Committee, Shareholders/Investors' Grievance Committee, Treasury Management Committee, Special Committee and Remuneration Committee.

Directorships held in other companies

West Bengal Industrial Development Corp. Ltd.. • Nicco Ventures Ltd. • TRF Ltd. • Viom Networks Ltd. • Texmaco Infrastructure & Holdings Ltd. • Span Motels Pvt. Ltd. • Pantheon Data Services Pvt.Ltd. • Delphi Management Services Pvt. Ltd. • Obeetee Textiles Pvt.Ltd.



Shri Kishore Bhimani

Shri Kishore Bhimani, 73, an illustrated journalist, is an Independent Director of the Company. He is associated with The Statesman as Senior Assistant Editor and has written exhaustively on sports, finance and the financial markets. Besides, he has also anchored various programmes on TV channels in India and abroad on cricket, foreign affairs and economics. A Graduate from the St. Xavier's College, Kolkata, Shri Bhimani also holds a B.Sc. (Econ) degree from the London School of Economics. He has also authored several books including the one on the Swedish collaboration of industries in India. Besides, Shri Bhimani is also connected with a number of NGOs dealing with environment and social causes. At HNG, he is Chairman of the Company's Remuneration Committee and Shareholders/Investors' Grievance Committee.

Directorships held in other companies

SKP Securities Limited

Shri Ratna Kumar Daga

Shri Ratna Kumar Data, 71, is an Independent Director of the Company. He has vast experience in the field of engineering and finance. During his tenure as Chairman of Indian Institute of Materials Management, Kolkata, the professional body made significant strides in its activities. Calcutta Junior Chamber was adjudged the best unit in India under his Presidentship. He then headed a three-member team to Sri Lanka to conduct leadership development courses. As a President of Federation of Small and Medium Industries (FOSMI), he led a business delegation comprising a 15-member team to Singapore, Malaysia and Hong Kong. He holds a Post Graduate degree in Business Management from the UK. He is the Honorary Secretary of Satyanand Yoga Kendra (Kolkata branch) of Bihar School of Yoga. At HNG, Shri Daga is member in Audit Committee, Shareholders/Investors' Grievance Committee and Remuneration Committee.

Directorships held in other companies

Somany Ceramics Ltd. • S. R. Continental Ltd. • Trutools (India) Pvt. Ltd. • LSI Financial Services Pvt. Ltd.. • Shankar Estates Pvt. Ltd.. • Goenka Leasing & Finance Pvt. Ltd.

Shri Sujit Bhattacharya

Shri Sujit Bhattacharya, 69, is an Independent Director of the Company. He is also a Fellow Member of the Institute of Chartered Accountants in England and Wales and of the Institute of Chartered Accountants of India. Prior to joining the Company's Board, he was Senior Partner of Lovelock & Lewes, Chartered Accountants. He had 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. His professional experience includes association in an advisory capacity in the fields of Accounting and Auditing Standards, Corporate Governance, Investigations, Business Valuation and Taxation with several leading national and multinational corporations engaged in diversified manufacturing and service activities. At HNG, Shri Bhattacharya is a member of Audit Committee.

Directorships held in other companies

NIL

Shri Venkatesan Sridar

Shri Venkatesan Sridar, 64, is an independent Director of the Company. He is a Chartered Accountant with 36 years of experience in the field of banking and finance. He is the Ex-Chairman & Managing Director of UCO Bank, Kolkata & National Housing Bank, New Delhi. He was also a member of the Chalapathi Rao Committee and Muniappan Committee appointed by the Reserve Bank of India to suggest ways to improve the working of Regional Rural Banks and NBFCs/Financial Institutions respectively. He presented a paper on Introduction of Mortgage Credit Guarantee-Indian Experience' at the 25th World Congress held by the International Union of Housing Finance (IUHF) in June 2004at Brussels.

Directorships held in other companies

STCI Finance Ltd. • STCI Primary Dealer Ltd. • Seshasayee Paper and Boards Ltd. • Ponni Sugars (Erode) Ltd. • Morpheus Capital Advisors Pvt. Ltd.. • Lanco Tanjore Power Company Ltd. • ICICI Bank Ltd. • Lanco Vidarbha Thermal Power Ltd. • Aadhar Housing Finance Pvt. Ltd.. • Sarda Metals & Alloys Ltd. • SPB Papers Ltd. • SICOM Ltd. • IDFC AMC Trustee Company Ltd.

Shri Rakesh Kumar Sharma

Shri Rakesh Kumar Sharma, 60, is an Executive Director of the Company. Prior to joining HNG, he held a senior position in Larsen & Toubro Limited. He has a demonstrated proven track record in General Management, EPC contracts and Business Development. He has an experience of 36 years incorporate sector in India and has acquired requisite experience in managing process industry and large-scale projects. He holds a graduate degree in Mechanical Engineering and has also earned a Masters degree in Marketing Management.

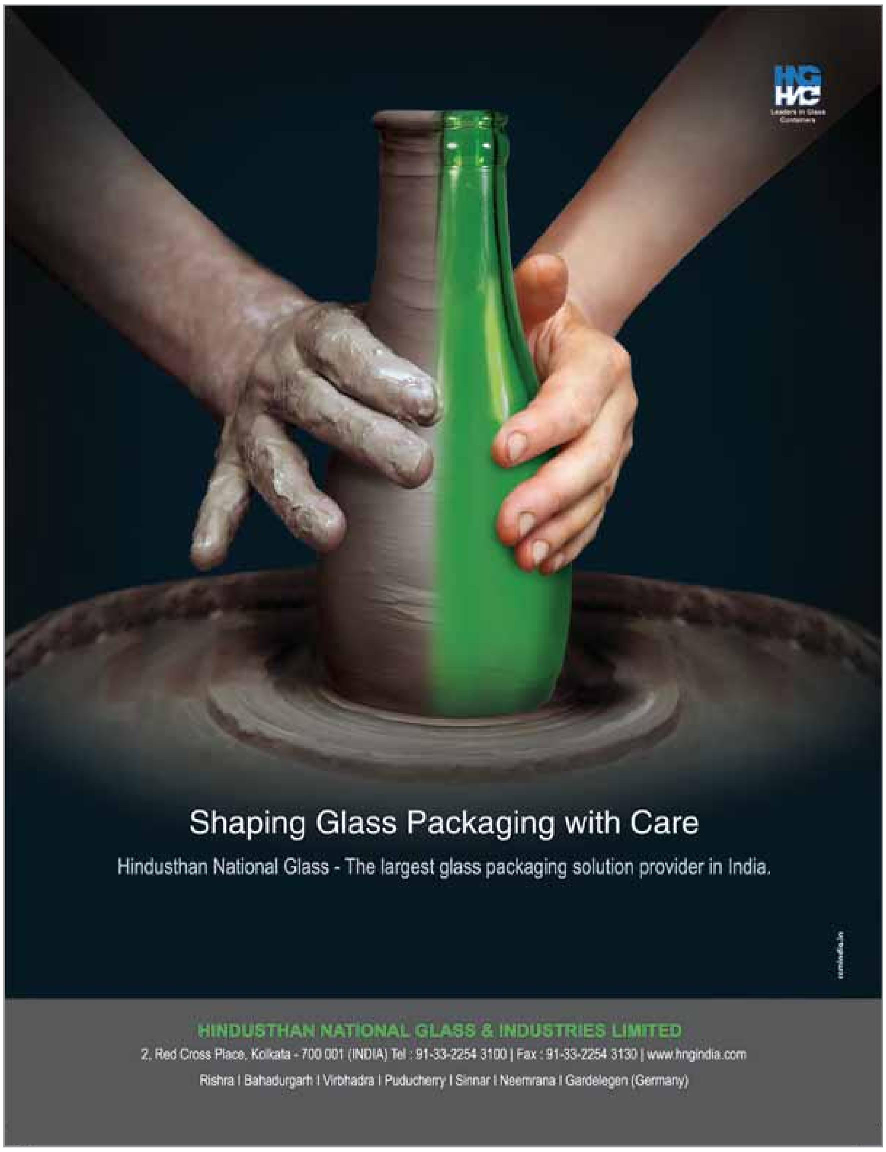
Directorships held in other companies

AMCL Machinery Ltd.

KEY MANAGEMENT TEAM

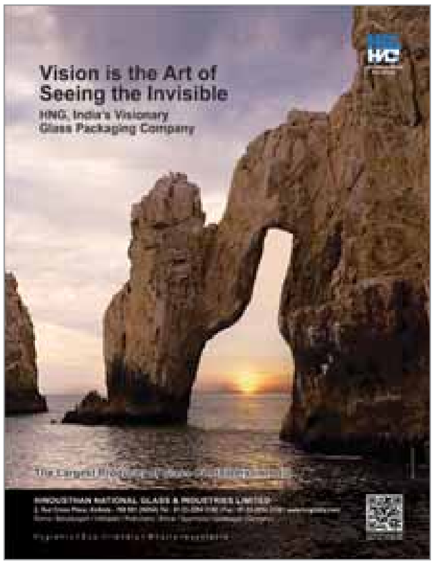
At HNG, we believe that when good talent comes together, great things happen. Our growth story has abundantly reflected the focus, motivation, achievements and strengths of our key management team, who have led and shaped our vision into reality with each passing day.

Name of the Employee	Qualification	Designation	Age	"Total experience (years)"
J P KASERA	FCA, FCS, ICWA	SR. PRESIDENT	64	43
ANIMESH BANERJEE	M.SC, MBA	PRESIDENT	47	25
R L KHANDELIA	FCA	PRESIDENT	59	36
LAXMI NARAYAN MANDHANA	FCA, FCS	SR. VP & CFO	47	23
R S P GUPTA	BE (MECHANICAL), PGDBM	SR. VP - PROJECT	63	40
VINAY SARAN	B.SC, MBA	SR. VP - MARKETING	46	25
AJAY KUMAR RAI	BE (MECHANICAL)	VP - STRATEGY MANAGEMENT CELL	38	17
B S CHAMARTHY	B.TECH. ELECTRICAL & ELECTRONICS	VP - POWER	49	30
BIMAL KUMAR GARODIA	FCA, FCS, FICWA	VP - FINANCE	44	20
BISHNU KUMAR KEDIA	B. COM (HONS.), FCA	VP - PURCHASE	47	26
C S K MEHTA	B.E. (MET), PGDMS	VP	57	36
DEVDUTTA HOARE	BE CHEMICAL	VP - EXPORTS	45	21
K K SHARMA	B.SC., MA (ENG.), M.ED	VP	55	34
K S SHETTY	B.TECH.	VP	53	30
RAJESH BHALOTIA	ACA, CPA (USA), CWA	VP - CIS	43	20
RAMAN KR. PODDAR	M.SC. (HONS) , BE (HONS) ELECTRICAL & ELECTRONICS	VP - OPERATIONS	43	20
SANJAY JAIN	BE (PRODUCTION), CFA	VP - MARKETING	43	22
SHIV RAJ BANSAL	CA, M.COM.	VP - COMMERCIAL	52	27
SOMNATH SENGUPTA	B.SC. (HONS), CA, ICWA, DISA	VP - MANAGEMENT AUDIT	47	21
V K CHITTURI	BE, MBA	VP	51	26
D D TAPARIA	B.COM	AVP - COMMERCIAL	63	44
D L MUDI	M.TECH, MBA	AVP - CERAMICS	47	22
K K KABRA	B.COM (HONS)	AVP - PRODUCTION	53	27
MUKESH KR. AGARWAL	B.E. (MECH)	AVP - PRODUCTION	42	20
N GHOSH	B.SC, PGD. In PM & IR (XLRI), LLB	AVP - HR	65	42
PAWAN KR. SHARMA	BE (MECH), MBA	AVP - TECH CENTRE	36	17
SHAILENDRA MISHRA	B.SC, PGDM	AVP - MARKETING	40	17
SHIBU ZACHARIAH THOMAS	BE (MECHANICAL), MBA	AVP - OPERATIONS	48	23
SOMNATH BASU	MBA, B.SC. (HONS)	AVP - MARKETING	56	32
V RAMANAN	BE (MECHANICAL)	AVP - TECH CENTRE	45	23
V SREERAM	BA	AVP - MARKETING	46	21



Leaders in Glass Containers
Shaping Glass Packaging with Care
Hindusthan National Glass - The largest glass packaging solution provider in India.
HINDUSTHAN NATIONAL GLASS & INDUSTRIES LIMITED
2, Red Cross Place, Kolkata - 700 001 (INDIA) Tel : 91-33-2254 3100 | Fax : 91-33-2254 3130 | www.hngindia.com
Rishra I Bahadurgarh I Virbhadra I Puducherry I Sinnar I Neemrana I Gardelegen (Germany)

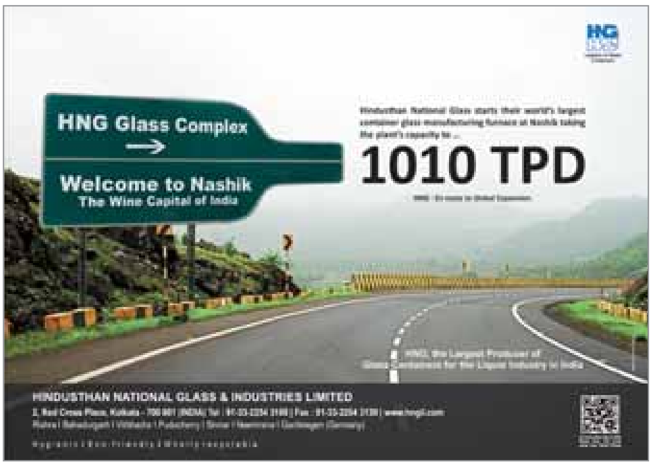
HNG
HNG – THE KEY TO
INDIA'S GLASS PACKAGING NEEDS
The Largest Producer of Glass Packaging in India
HINDUSTHAN NATIONAL GLASS & INDUSTRIES LIMITED



Vision is the Art of
Seeing the Invisible
HNG, India's Visionary
Glass Packaging Company
HINDUSTHAN NATIONAL GLASS & INDUSTRIES LIMITED

Leaders in
Glass Containers
At HNG
we care for nature
Glass is created from our very own nature. It's biodegradable and its carbon footprints are lower.
Anything packaged in glass remains healthy, fresh and protected. No wonder, it's recyclable too.
That means, glass packaging is not only good for the contents but also for the environment.
HINDUSTHAN NATIONAL GLASS & INDUSTRIES LIMITED
2, Red Cross Place, Kolkata - 700 001 (INDIA) Tel : 91-33-2254 3100 | Fax : 91-33-2254 3130 | www.hngindia.com
Rishra I Bahadurgarh I Virbhadra I Puducherry I Sinnar I Neemrana

Good Health
Packaged in Glass
HNG, The largest manufacturer of glass packaging in India is also the only company using the latest NNPB technology for Pharma Packaging
HINDUSTHAN NATIONAL GLASS & INDUSTRIES LIMITED
Hygienic I Eco-friendly I Wholly recyclable



HNG Glass Complex
Welcome to Nashik
The Wine Capital of India
1010 TPD
HINDUSTHAN NATIONAL GLASS & INDUSTRIES LIMITED

ADVERTISING SNAPSHOTS

We continued to invest into advertising and branding initiatives prudently. With the organized retail taking off in India, it has become paramount to communicate not only to our clients but also to the end user of our products in an informative, interesting and creative tone. Our advertising campaigns continued to grab eyeballs in 2011-12.

COVERAGE SNAPSHOTS

Our efforts and achievements continued to draw the support and interest from key media publications across India. During 2011-12, we continued to remain in the news for all the right reasons.

... THE EAST • FOCUS ON THE GLASS SECTOR

SALUTING THE MOGULS

HNG: SCALING HEIGHTS OF SUCCESS

CHAIRMAN AND MANAGING DIRECTOR OF HNG, C K SOMANY, SHARES HIS COMPANY'S PLANS AND THE WAY FORWARD

Glass-makers line up Rs 7,000-cr investment over next 2-3 years

To ramp up capacity, improve technology

Hind National Glass steps up investments in container glass capacities

Mr Mukul Somany

SELLING TREASURY STOCK

Hindustan National Glass & Industries Ltd

Driving the sustainability index

Building the foundation

'Bhoomi puja' held for glass plant

The 3,500 MT/day capacity project will provide jobs to about 2,000 ...

Staff Reporter

NELLORE: Hindustan National Glass and Industries Limited (HNG), India's largest glass container manufacturing company, performed the ground-breaking ceremony for construction of a glass plant at Menakur village, near Naidupeta in Nellore district on Thursday.

The mega Greenfield glass manufacturing complex which is coming up in about 320 acres, is expected to generate employment for about 2,000 people. The new industry will serve the market demands to UK, Middle East, South East Asia and Europe.

HNG chairman C.K. Somany and vice-chairman and managing directors Sanjay and Mukul Somany ...

... ence later, the chairman said HNG will invest about Rs. 4,000 crore on the project in the coming years and the first unit would be constructed at a cost of Rs. 700 crore. The construction work of the first unit would be completed by the end of this year and production will be started by March next year, he said.

Mr Mukul Somany said the HNG management has strategically decided to establish the new project at Naidupeta which is close to Ennore and Krishnapatnam Ports. About 65 percent of the demand for glass is from Southern and Western India and the new plant will address the rising demand.

A housing colony for about 400 families and a captive power generating unit with a capacity 15 MW would be constructed in the campus ...

AUSPICIOUS START: HNG ...

"HNG aims to capture 25% share in next 2 years"

Float glass, molten glass floated on a sheet of molten metal, allows uniform thickness and very flat surfaces, and is popular in most windows around the world today. Hindustan National Glass & Industries (HNG), the largest container glass manufacturer in India with a 60 per cent market share, entered the float glass segment in November last year, with the firing up of its first float furnace in Halol, Gujarat. **Mukul Somany, Joint Managing Director, HNG Group** *spoke to PURVA KHOLE about the company's plans.*

दोनों कंपनियों ने सौदे की राशि बताने से किया इंकार

हिंदुस्तान ग्लास की हुई एजेंडा

HNG Float Glass to adopt new furnace technology in Gujarat plant

Mr Mukul Somany

COST EFFICIENT

PROJECT COST

MANAGEMENT DISCUSSION AND ANALYSIS

Container Glass Industry

A Premium Material – Modern Glass Packaging

When glass is made it is heated to around 1600 degrees Celsius, thus organic chemicals that might be present in the recycled glass are burned. This is why glass is used to pack products of premium quality – because no contamination from the packaging occurs.

Key Properties of Glass

Consumer's Favorite:1

- Natural
- Pure
- Highly aesthetic
- Inert
- Optimal taste and smell protection of the filled product
- Moisture resistant

Ideal Manufacturing:

- Inexpensive
- Freedom of design (versatile shapes, multiple colors, multiple cap and closure options)
- Sterile
- Aseptic
- Antistatic
- High chemical resistance
- Pressure resistant
- Innovation friendly

A Sustainable and Healthy Material:

- 100% recyclable
- Reusable
- Pure
- Inert
- Ultimate protection of filled goods
- Long shelf life
- Hermetic sealing properties
- Environmentally safe
- Made from natural and abundant raw materials

The global demand scenario

Retail FMCG Demand for glass (2010) 304.9 bn units

Alcoholic drinks	Soft drinks	Food	Beauty & personal care	Hot drinks	Home care
189.0 bn units	55.0 bn units	53.5 bn units	3.8 bn units	3.4 bn units	0.25 mn units

Source: Euromonitor International

Container Glass Industry

A Premium Material – Modern Glass Packaging

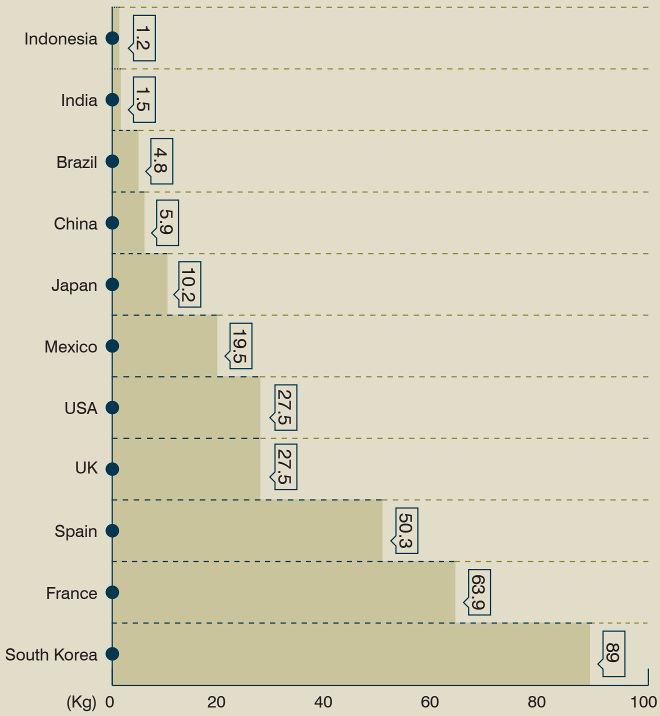
When glass is made it is heated to around 1600 degrees Celsius, thus killing off any bacteria. Also, organic chemicals that might be present in the recycled glass are burned. This is why glass is used to pack products of premium quality – because no contamination from the packaging occurs.

Key facts

- As per Pira International, Glass packaging industry globally was valued around USD 45 billion (bn) in 2010
- Expected to grow to USD 53 bn by 2016 propelled by growing demand in emerging and transitional economies
- The size of the container glass industry in India is around USD 1.2 bn
- The major consumer industries for container glass are liquor, beer, pharmaceuticals, soft drinks and food segments.
- Export has a 10% share of the total container glass industry off-take in India
- The alcohol segment uses more than 70% of the container glass segment, followed by food and beverages industries

Container glass, one of the most hygienic packaging materials, accounts for about 8% of India's USD 14 bn packaging industry. The total installed capacity of the industry is around 8700 MT per day (inclusive of unorganized market). Packaging for Alcoholic beverages comprising of liquor and beer, account for more than 70% of the end use of container glass in the Country. Increasing demand from industries such as liquor, beer, pharmaceuticals, cosmetics, perfumery, food and beverages combined with India's extremely low per capita glass container consumption (of 1.5 kg/year against 27.5 kg in the US) is expected to help the glass packaging industry grow 10%-15% a year for the next 10 years.

World glass container per capita consumption



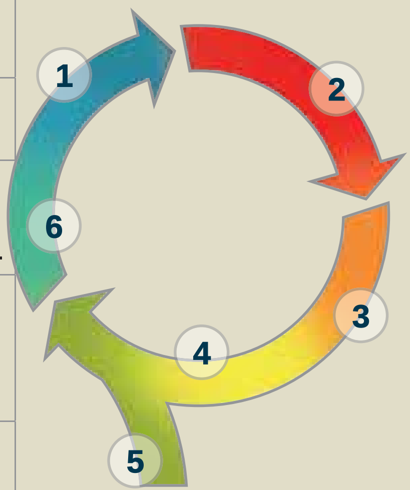
Container Glass Consumption Share (by industry)

Recycling Glass

Glass recycling is very high in developed countries at 70-80%. However, in India, only 40-45% of the finished products come for recycling and the rest goes for land filing. Indian glass industry aims to increase it to 60% in the next five years by adopting intensive recycling efforts and reducing the cost of production. Recycling saves 10-20% energy, 30% air pollution and improves furnace efficiency by 20%.

Glass: The Perfect Cycle

1. The new glass packaging is filled with product and distributed through retail outlets.
2. The product is purchased by consumers and consumed.
3. Containers are collected through curb side, drop-off centers, and commercial on-premises locations.
4. Recovered glass packaging is crushed into cullet and used as raw material to make new glass packaging.
5. Virgin raw materials are added as needed to the mix for new packaging.
6. The raw material is formed into new glass packaging.



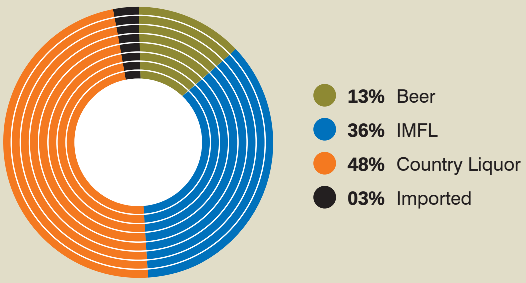
At 50% recycled glass in manufacturing: Removes 2.2 million metric tons of CO_2 emissions = 400,000 cars off the roads each day

Downstream Industries

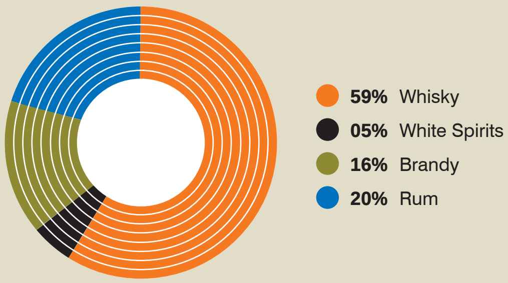
Liquor and beer

SNAPSHOT OF LIQUOR INDUSTRY IN INDIA

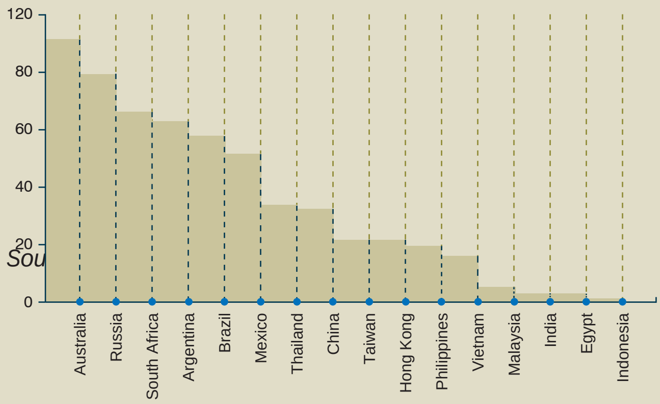
Liquor Industry Break-up



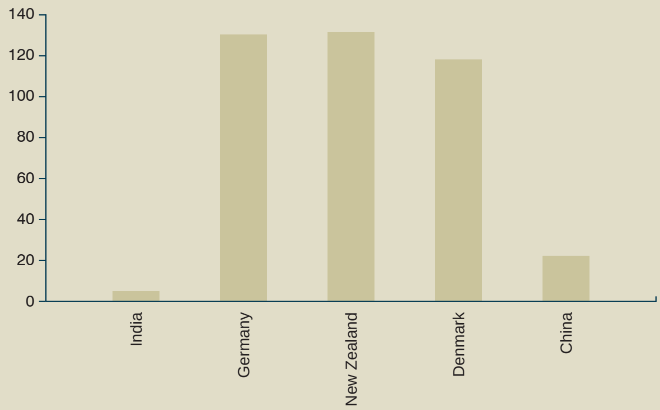
Indian-made foreign liquor (IMFL) Industry break-up



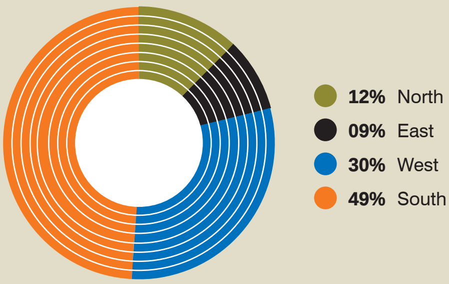
Per-capita consumption: IMFL



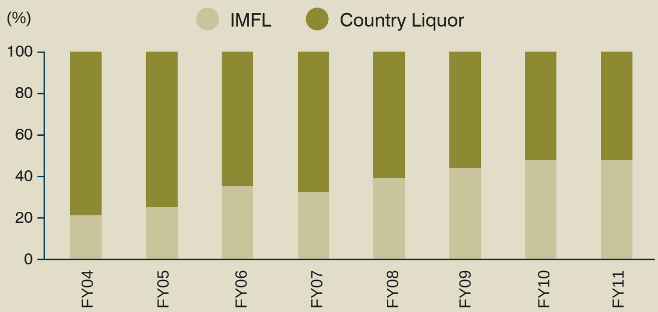
Per-capita consumption: beer



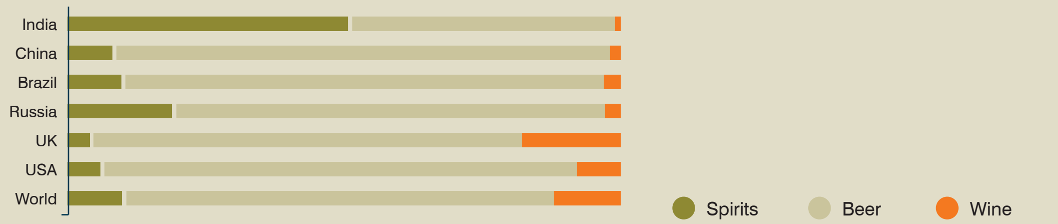
Region-wise market structure: IMFL



Market share: IMFL and country liquor



Global alcohol beverage industry composition (by volumes)



Source: United Spirits, Alchemy Research

The Indian liquor market is estimated to have grown 8% in 2011-12 despite steep increase in tax rates in key markets such as Maharashtra and West Bengal, high food inflation and a slowdown in overall economy. Growth in beer consumption slowed to just around 3%, mainly due to sharp increases in excise duties and early monsoon rains that shortened the summer period—traditionally the peak season for beer industry. Multinational and Indian brewers, however, continue to invest heavily in a market poised to become one of the world's top 10 beer markets by 2016. The overall alcohol beverages industry is expected to grow in double-digit rates as the economy picks up speed along with rising disposable incomes, increasing acceptance of social drinking and higher aspirations of Indian consumers push sales. India's per capita alcohol consumption of 1.8 liters per adult per year is very low as compared to around 10 liters in Russia.

Wine

The wine segment of the liquor industry has been growing at a higher rate. According to a report, the Indian wine market has been growing at over 25% per year. This is expected to increase to 35-40% annually.

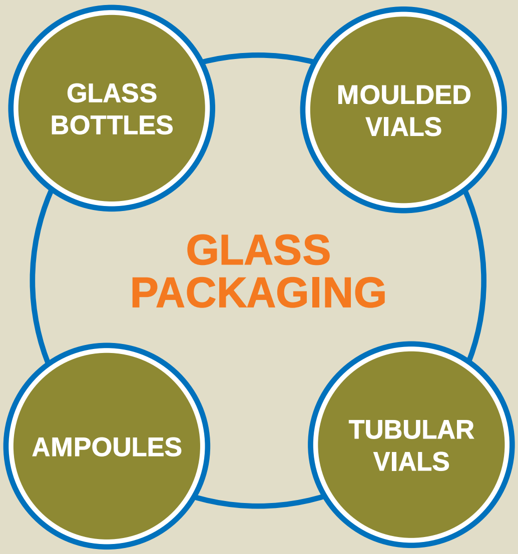
Demand drivers

Favourable demographics

India has about ~700mn people in the drinking age group (≥21 years of age) with spirits penetration of about 20-25%. Furthermore, there are ~370mn people below 21 (the legal drinking age), which are expected to add 15-18mn people annually to the drinking age group over the next 10-12 years.

Pharmaceuticals

The Indian pharmaceutical market is estimated to touch USD 70 billion by 2020, up from USD 11 billion. The domestic market is expected to touch USD 20 billion by 2015. With large parts of the country still lacking healthcare facilities, the prospects for the industry is huge in the world's second-most populous country. India is already the world's third-largest pharmaceutical market by volume and 14th largest in terms of value. Rising health awareness, expansion of healthcare facilities in rural and remote areas, government-backed health insurance scheme for the poor and increasing incidence of lifestyle-related diseases such as obesity, hypertension, diabetes and cancer are among factors that drive demand in the industry.



Soft Drinks

The soft drink market in India is estimated at Rs. 13,000 crore, growing 10%-12% a year. The industry is dominated by Coca-Cola and PepsiCo. Increasing disposable incomes and a fall in the average age of Indian consumers—youngsters now call the shots in the country's consumer market—gauge well for the industry.

Food processing

The retail food sector of India is expected to grow to USD 150 billion by 2025 (Source: McKinsey). Increasing awareness about hygiene and the need to preserve nutrition is expected to boost demand for glass packaging of food items. In India, only 10%-12% of all food and beverages are packed in glass containers compared to 40%-50% in developed markets (Source: CRISIL).

Cosmetics

The Indian cosmetic industry registered Rs. 264 billion sales in 2011 (Source: RNCOS) and is expected to maintain a compounded annual growth rate of around 17% during 2011-15, driven by new product launches, rising purchasing power and increasing beauty consciousness among both women and men.

Growth Drivers

MIDDLE CLASS

India, the second-most populous country with 1.22 billion people, has a growing middle class that drives consumption in the country. Helped by economic liberalization and high economic growth rate, thousands of people are coming out of poverty every year to join the middle class.

RISING HYGIENE AWARENESS

For the glass container industry in particular, one big growth driver could be increasing health awareness. In developed countries, people prefer glass packaging to other packing material for food, beverages, liquor and medicines. This trend will be reflected in India too as incomes increase and people become more conscious of hygiene.

Corporate performance review

ABOUT THE COMPANY

Hindusthan National Glass & Industries Limited (hereafter referred to as HNGIL) is the largest container glass manufacturer in India. The company has an installed capacity of 3,600 TPD (12 furnaces and 50 lines) with production facilities in six locations across India - Rishra (West Bengal), Bahadurgarh (Haryana), Rishikesh (Uttarakhand), Puducherry (Union territory in the south), Nashik (Maharashtra) and Neemrana (Rajasthan). The seventh unit at Naidupeta (Andhra Pradesh) is soon to become operational. The company also acquired its first overseas unit in Gardelegen, Germany in May 2011, having a capacity of 320TPD. During 2011-12, the company also completed its brownfield expansion programme in Nashik unit and also made considerable progress in its most ambitious greenfield expansion programme in Naidupeta. Both, Nashik and Naidupeta units have the world's largest capacity furnaces at 650 TPD each. All the company's units are equipped with state-of-the-art fully automatic IS machines that enables the Company to offer the widest product profile ranging from 5 ml to 3200 ml and at the same time, ensure conformance to world-class quality and efficiency standards. The Company caters to various industries including liquor, beer, beverages, pharmaceuticals, foods and cosmetics and has forged strong relationships with marquee clients such as United Breweries, United Spirits, SABMiller, PepsiCo, Coca-Cola to name a few.

PLANT-WISE HIGHLIGHTS

Rishra

- Completed Furnace # 1 rebuild within 77 days
- Increased per day capacity from 775 TPD to 860TPD
- Reduced FO consumption from 113 Kg/MT in FY11 to 100 Kg/MT in Q4 FY12
- Initiated 6 Six Sigma projects including reduction of breakages and process loss, and improving stabilization time after job change
- Bagged a big export order from Thailand for USD 10 million

Bahadurgarh

- Achieved a score of 72.2% in SAB Miller Global Audit Accreditation procedure in May 2011
- Achieved the fully compliant status for Global Supplier Guiding Principles after third-party audit through SGS India in December 2011. This accreditation fulfills the requirement of all global brands like Nestle, Unilever, Pepsi, Coca-Cola, Diageo and Kraft, etc.
- Successfully commercialized non-returnable light weight 330 ml SAB Miller High Life Beer bottle with pull-off closure in cutting-edge NNPB technology

- State-of-the-art machine from Heye, Germany for NNPB has been installed on line 36 and stabilized
- Installed intelligent load shedding system to reduce blackout situation in the plant
- Built multi-storey godown for approximately 12,000 sqm for better and hygienic storage of packing material and finished goods

Virbhadra

- Production volume increased by 36% over FY11 on account of debottlenecking initiatives
- PTM efficiency improved 1.4% over last FY11
- Improved efficiency of ACL plant by nearly 2.5% Installed and commissioned one 5“ center 10D/G machine to optimize production levels
- Installed Mcal & Multifore machine at lines # 81 & 82 for auto inspection of bottles
- Installed furnace camera at both the tanks (7 & 8) for better control over operations and to take timely corrective actions, if required
- Reduced head count deployment in ACL plant from 0.66 per 1,000 bottles to 0.58
- Installation of new pay-loader in operation for shifting and handling material (Input and F.G.), reduced manual intervention / contractor hands

Puducherry

- Installed Wet Sand Process that led to improvement in production efficiency and reduced FO consumption. The same will also enable the Company to reduce its carbon footprint.
- Received certificate for EHS implementation (ISO 14001 and OHSAS 18001)
- Installed and commissioned STP, helping save 50-100 KL water every day.
- Installed Picker and Placer to improve packing efficiency and reduce contract labour

Nashik

- The brownfield expansion programme was completed successfully
- The plant received State-Level Award for Excellence in Energy Conservation and Management for 2008-2009 and 2009-2010.

Neemrana

- Achieved four colour conversions in a year, against the industry standard of two
- Obtained ISO 22000-2005 Certification for Food Safety Management from DNV
- 12% improvement in job change time
- 10% reduction in downtime
- Commissioned EBI auto inspection machines without any production loss
- Installation of auto coding machine helped reducing manpower and manual work

Power saving initiatives taken during FY12

- Neemrana unit signed a power-trading agreement with India Energy Exchange to reduce energy cost.
- Reduced KWH/100CFM to 15.1 from 16.4 in FY11 by maintaining pressure drop of compressed air system
- Improved power consumption from 350 Kwh/MT in FY11 to 325Kg/MT in Q4 FY12 at Rishra unit
- Improved total energy consumption from 1,526 Kcal/kg of glass in FY11 to 1,407 Kcal/kg at Rishra unit
- Rishra unit introduced Bell mouth suction in MCBs and Centac Compressor. Further converted Centac compressor from 3-stage to 2-stage to reduce power consumption
- Introduced super gas cylinders at Virbhadra for running folk lift. Better design of these cylinders resulted savings of 2 kg gas per cylinder and lowering maintenance cost of forklifts
- Installed two stage Atlas Copco compressors at Bahadurgarh to reduce energy consumption, saving 10,000 units per day
- Increased usage of grid power resulted in savings over furnace oil (F.O.) based power generation
- Installed two 4 MW each gas generators at Bahadurgarh to reduce unit cost of power generation through F.O.
- Fully integrated furnace monitoring/optimization system PCS7 was introduced at Bahadurgarh to improve process control and reduction in energy cost

LOGISTICS AND SUPPLY CHAIN MANAGEMENT

Logistics play a key role in the Company's operations – right form ensuring timely availability of key inputs in bulk, to the timely and safe delivery of customer orders to their premises. Being a fragile and heavier packaging option, it is highly important for the glass container units to be situated in proximity to the manufacturing centres of its key customers. Each and every unit of the company is located in proximity to its key clients, resulting in a natural and efficient logistics management. Moreover, to ensure sustained value, the company owns a fleet of approx. 125 trucks across its units, that enable unhindered movement of both inputs and outputs from its units.

Besides, the Company also uses third-party logistics across its units to ensure cost efficiency.

The Company has developed supply chain relationship with the vendors supplying critical materials. Understanding of the processes has enabled it to time its supplies towards efficient inventory management.

INFORMATION TECHNOLOGY MANAGEMENT

The Company has implemented SAP across its units and offices to ensure real-time access to the critical information to various decision centres, implementation of prudent controls and improved levels of transparency within the organization.

The technology platform enables the company to assess and critically analyze the performance of each unit – in terms of laid out operational and financial benchmarks and address the deviation, if any. The Company's SAP central site is located in Bahadurgarh plant and a disaster recovery site is located in its Rishra unit. The company imparts training to its employees across major departments on efficient and effective usage and impact analysis through SAP system. Its investments in people coupled with consistent upgradation of modules at major business functions such as finance, inventory management, production planning, sales and distribution, plant maintenance and quality have yielded rich dividends, reflected in the growth and market leadership established by the company in the past few years.

SWOT Analysis

STRENGTHS

- 60 years of industry presence
- Leader in glass packaging in India, having a dominant market share
- Established brand leadership across India
- Seven locations across India and forayed into Germany
- Strong end-user understanding and product development skills

Company-wide initiatives taken to enhance productivity

- Enhanced focus on narrow neck press and blow (NNPB) technology, delivering higher margins, lowering transportation costs.
- Lower resource consumption (energy and water) through Servoshear and Graphoidalshear spray system technologies.
- Higher productivity through sophisticated furnace control mechanisms.
- Replacing furnace oil with natural gas
- Strong intellectual capital through prudent recruitment followed by proactive training.
- Wide portfolio of value-added products.

- Qualified and experienced team of professionals and management
- State-of-the-art facilities having flexible production capacity
- Continuous innovation and quality control
- Strong financials, having comfortable debt-equity ratio
- Preferred supplier to a world-class clientele

WEAKNESS

- Weight and fragility

OPPORTUNITIES

- Indian Alcohol industry and FMCG industry to be propelled by inherent demographic advantage in India
- Commissioning of Naidupeta facility will lead to pan-India presence
- Germany unit to open doors to high-growth international markets

THREATS

- Increasing competition from Alternative packaging

INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal audit and internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the Management. The Company is following all the Accounting Standards for properly maintaining the books of account and reporting of financial statements. The Company has also appointed independent Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the Management and the Audit Committee of the Company periodically. The Company also has its own department of internal and management audit.

RISK MANAGEMENT

1 Sector concentration risk

Alco-bev segment account for ~70% of Indian glass container packaging industry. Any slowdown in the sector on account of economic slowdown will result in lower growth for the company.

Risk mitigation

Being chemically inert, glass containers are a preferred packaging medium for the global alco-bev industry. The organized Indian alco-bev industry is highly under-penetrated, with Indians being among the lowest per capita consumers of beer and alcoholic beverages. Being a leader in the glass container packaging industry, we are at the forefront of capitalizing the opportunities from this sector. Having built up a large capacity, we intend to broaden our sectoral exposure going forward.

2 Input cost risk

2011-12 witnessed steep increase in prices of key inputs – silica sand, soda ash and power, leading to margin contraction. Non-availability of key raw materials at affordable cost can result in sustained erosion in Company's margins.

Risk mitigation

The Company has strengthened its raw material procurement function to consistently to ensure consistent availability of cost-efficient inputs. To meet the requirements of key raw materials like Silica sand, dolomite, limestone and feldspar, the Company is now aggressively pursuing acquisition of mines. This will enable the Company to ensure consistent supplies of key inputs and also aid its future expansion plans. The Company has also undertaken a pilot project of studying the value-chain of cullet, another critical raw material, to ensure awareness and creation of an organized collection mechanism in India. On the power front, the company is taking proactive initiatives to convert its power source to gas-based, wherever the option exists. Apart for that, the focus is consistently ensuring higher energy efficiency and lower process wastages by investing into modern technologies across its units.

3 Geographical concentration risk

North and east India account for more than 70% of the Company's revenues. Dependence on a particular geographic region may adversely impact the Company's growth.

Risk mitigation

Glass containers, being a pseudo-commodity and fragile, have limitations in terms of logistics cost. North India is considered to be the glass belt of India and having a presence of over six decades, the Company's presence has been largely concentrated in the adjoining areas. However, with the decongestion of user industries and locations, the Company has invested into building its presence in western and southern markets also. With the commissioning of brownfield capacity in Nashik, the Company has the requisite capacity and reach to ensure a higher share in western markets. Similarly, the in-progress facility at Naidupeta, upon its completion in Q2FY13 will provide the Company with requisite capacity to garner higher revenues from southern Indian states. By 2013-14, the Company will have a pan-India reach in terms of its manufacturing locations and therefore would translate into a competitive advantage. Sensing the wide opportunities available in the European markets, the Company also initiated its overseas expansion with acquisition of unit in Germany. Going forward, the Company would also expand into adjoining geographies to capitalize upon its knowledge and manufacturing excellence.

4 Project cost escalation risk

In a capital-intensive industry, escalating cost of expansion does not only impact the new project but can also jeopardize the financial position of the Company.

Risk mitigation

The Company has a demonstrated expertise in handling and executing large-scale projects within scheduled time. The Company completed its Nashik project within record time of 12 months. The Naidupeta project is also moving as per schedule. Each project is managed and critically overseen by a dedicated team comprising of senior level professionals. Any delay in implementation of process is raised and an opportune solution is derived to ensure smoother execution.

5 Financial risks

The required bank credit may not be available for the Company's working capital intensive business. As a result of tight liquidity and selective lending by the banks, the applicable interest rates may be higher. Further, volatile currency movements, depreciation of rupee in particular, may adversely affect the operations of the Company

Risk mitigation

- The Company has long-standing relationship with bankers and has established credibility with them.
- The total debt utilization of the Company in comparison to the net worth is comfortable.
- Although the Company has overseas operations, currently it doesn't have any substantial foreign trade transactions. Forex risk is almost covered.

6 Human resource risk

In a knowledge-led business, any attrition at the key managerial level is injurious to the Company's profitability

Risk mitigation

- The Company has created a successful and scalable business model by putting people first
- The Company ensures a progressive career path for each of its employees
- High levels of inter-departmental and intra-departmental transparency allows speedy resolution of the employees' concerns
- Continuous efforts for training and development of all personnel across departments
- The attrition rate in the Company is amongst the lowest in the industry

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, 2012.

Financial Highlights

(Rs. In Lacs)

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
Gross sales (including excise duty)		2,04,249		1,68,183
Profit before interest, depreciation and tax		30,390		27,029
Interest and finance charges		9,233		5,083
Profit before depreciation and tax		21,157		21,946
Depreciation		11,652		9,967
Profit before tax		9,505		11,979
Provision for tax		419		3,337
Profit after tax		9,086		8,642
Balance brought forward from previous year		5,962		3,590
Provision for proposed dividend including Dividend Distribution Tax – forego of right to receive Dividend by HNG Trust and Ace Trust		255		248
Transfer from Debenture Redemption Reserve		2,500		-
Amount available for appropriation		17,803		12,480
Appropriation				
General Reserve	1,000		5,000	
Debenture Redemption Reserve	5,000		-	
Proposed dividend	1,310		1,310	
Tax on dividend	206		208	
Balance carried forward to the next year		**10,287**		**5,962**

Review

Year 2011-12 was a critical year for us at HNGIL. The cost of key inputs continued to soar during the year. We continued to pursue our ambitious expansion programmes at Nashik and Naidupeta. Despite the challenges, we posted 21.4% increase in our Gross Sales to cross Rs 2,000 crore mark. While our net sales increased by 21.7% from Rs 1,543 crore in 2010-11 to Rs 1878 crore in 2011-12; our EBIDTA improved by 12.2% from Rs 271 crore in 2010-11 to Rs 304 crore in 2011-12. Our net profit improved by 5.8% from Rs 86 crore in 2010-11 to Rs 91 crore in 2011-12. During the year, your Company completed the Nashik project within its scheduled time, leading to no cost over-runs. Your Company's greenfield project at Naidupeta remained on schedule, and is expected to be commissioned by Q2FY13.

Dividend

Your Directors recommend a dividend of 75% i.e. Rs. 1.50/- per share for the year ended 2011-12 which is same as dividend declared for the financial year 2010-11. The outgo as dividend, including applicable tax, this year is Rs. 1,516 Lacs.

Outlook

The glass container industry globally is expected to grow to $53 billion by 2016 against $45 billion by 2012. Most of this growth will be propelled by the emerging economies having lower per capita consumption. India, with a per capita consumption of 1.5 kgs, ranks among the lowest in the world. With the end user industries like alcohol, beer, food and FMCG expected to soar in wake of the inherent demographic advantage, rising per capita income and increasing demand for quality products, the glass container industry is expected to benefit manifolds. Having pre-empted the trend, we at HNG have built our capacities in a phased manner. Being the leader, we have further honed our competitive advantage in terms of quality, cost-advantage, scale and product range to cater to the commodity and premium segments alike. Our product development initiatives coupled with our understanding of the processes have enabled us to evolve into a preferred partner to our clients. With the foundation built, we are confident in paving our way towards a sustainable future.

Directors & Company Secretary

The Board wishes to place on record its sincere appreciation and gratitude for the unstinted support and guidance received from Dr. Indrajit Kumar Saha who left for his heavenly abode on December 10, 2011.

During the year under review, Shri Shree Kumar Bangur resigned from the directorship of the Company. The Board also places its sincere appreciation for his valuable contribution during his tenure as a director of the company.

Shri Sujit Bhattacharya and Shri Dipankar Chatterji 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 Priya Ranjan, Company Secretary resigned from the services of the Company, at the close of business hours on September 10, 2011 & Shri Laxmi Narayan Mandhana was appointed as Company Secretary of the Company w.e.f. September 19, 2011.

Trust Shares

Pursuant to amalgamation of Ace Glass Containers Limited with the Company, 21,41,448* shares and 13,68,872* shares having face value of Rs. 10 each (corresponding to 1,07,07,240 and 68,44,360 shares having face value of Rs. 2 each) were issued to HNG Trust and Ace Trust respectively. At present HNG Trust & Ace Trust are holding 77,97,240 & 68,44,360 shares 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 2012, 1,22,43,000 shares in aggregate were pledged by both the Trusts with IDBI Trusteeship Services Limited, for the loan availed by the Company of Rs. 100 Crore from Tata Capital Ltd. for meeting its capital expenditure.

*The Company's shares were sub-divided from Rs.10 per share to Rs. 2 per share w.e.f. November 13, 2009.

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 2011-12.

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 Financial Statements No. 2.1 to 2.46.

Auditors' Report

The Auditors' Report read along with notes on accounts is self-explanatory and therefore, does not call for any further comment under section 217(3) of the Companies Act, 1956.

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 2012-13 has been paid to all these exchanges.

Auditors

M/s Lodha & Co., Chartered Accountants, Registration No. 301051E, 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 & Co., 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 & Company, Chartered Accountants, Branch Auditors of the Company's three units namely Nashik, Puducherry 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 2011-12, 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 2011-12 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 March 31, 2012 your Company has three subsidiaries namely: Quality Minerals Limited, Glass Equipment (India) Limited and HNG Global GmbH.

Pursuant to the General Circular No. 2/2011 issued by Ministry of Corporate Affairs, granting general exemption to the companies from attaching annual accounts of the subsidiary companies, the Board of Directors in its meeting held on May 15, 2012 has given its consent for not attaching the balance sheet of its subsidiaries.

Shareholders of the Company as well as of the subsidiary companies who are interested in obtaining annual accounts of the subsidiary companies and related detailed information may write to the Company Secretary at the Registered Office of the Company. These documents will be available during business hours for inspection by the shareholders of the Company and of the subsidiary companies at the Registered Office of the Company and at the Registered Offices of its subsidiaries.

Consolidated financial statements of the Company and its subsidiaries duly audited for the financial year ended March 31, 2012 forms part of the Annual Report of the Company.

Exports

During the year, direct export turnover was Rs 7,687 Lacs, compared to Rs. 6,730 Lacs during the preceding year.

Personnel and Industrial relations

The Company has a strong workforce of 7000+ people (including contractual labour) as on March 31, 2012. The Company believes in the highest standards of people management and personal growth. It instills in each of the members of the HNG family a feeling of ownership, responsibility and performance to the par of excellence in each of the operations pertaining to production and servicing. The Company aspires to set the highest standards of internationally benchmarked human resource practices, which would be exemplary for other manufacturers. The industrial relations were cordial and the Management thoroughly acknowledges the support from the employees at all levels.

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 earnings 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

At HNG, we believe that the primary motive of every business is to create value for its stakeholders. As a result, our social obligations command the same weightage as our passion to achieve financial benchmarks. We have always believed in the power of inclusive growth. As a result, we have dedicated a part of our efforts and resources in contributing to the key social causes relating to education, healthcare for women and children and environment. As a part of greater social cause, we have established small townships adjoining our units, which has enabled recruitment of quality professionals and also contributes to the local economy of the region.

Acknowledgments

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

For and on behalf of the Board

Kolkata
May 15, 2012

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, 2012.

I. ENERGY CONSERVATION

Energy conservation continues to remain the key focus area for the Company. New initiatives and developments undertaken in this direction are:

BAHADURGARH

1. Installed two stage Atlas Copco compressors and further replaced three stage air end of Centac compressors to reduce energy consumption in compressed air.
2. Installed two 4.0 MW each gas generators to replace FO used for electricity generation. This will reduce per unit cost of electricity generated.
3. Increased usage of grid power without disturbing the essential load of plant to save the difference of energy cost between FO generation and grid power.
4. Installed floor wise VHP compressors to reduce down time and energy consumption.
5. Installation of fully integrated furnace monitoring/ optimization system to improve process control and reduction in energy cost.
6. Installation of improved state of art fuel burners and skids to enable mix fuel firing on all furnaces and reduce energy cost.
7. Revamping of RO plant (replacement of membranes) and cooling tower is being done to reduce water consumption and energy.

NEEMRANA

1. Installation of sliding damper for reducing the power consumption.
2. Improvements in compressed air & distribution system to reduce the consumption of compressed air & energy.
3. Installed one 2.4 MW gas generator to replace FO used for electricity generation. This will reduce per unit cost of electricity generated.

RISHIKESH

1. Optimization of draw in both the furnaces resulting into savings in energy on per tonne basis.
2. Replacement of old compressors resulting into power savings of 2,000 KWH a day.
3. Improved productivity in ACL helped in energy saving.

RISHRA

1. After rebuild of Furnace 1 where capacity enhancement was done from 180 TPD to 280 TPD, energy consumption has reduced substantially from 1,300 kcal/kg to 1,000 kcal/kg resulting in saving of almost 23% of energy cost. In the same furnace, specific LPG consumption has been reduced from 12kg/MT to 9 Kg/MT glass pull.
2. Furnace 1 rebuilt was completed in a record time of 77 days (glass to glass).
3. All electricity heated Lehr replaced with gas fired heaters.
4. Two new 10,000 CFM Atlas Copco compressors installed & Centac compressor converted from 3 stage to 2 stage. This resulted in a saving of over 7 KWH/MT of draw in compressor consumption.

NASHIK

1. Plant made huge investment in replacing LPG & partially Furnace Oil with clean and safe fuel, LNG. This resulted in significant cost savings as well.
2. Furnace 12 expansion has been given the status of "Mega Project" from Government of Maharashtra. Under this Scheme of Government, Plant will get exemption in Electricity Duty for 9 years.

I. FORM – A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Unit	Year Ended 2011 - 2012	Year Ended 2010 - 2011
A. POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
a) Purchased Unit	000 KWH	2,55,897	2,31,563
Total Amount	Rs. in Lacs	12,913.00	10,625.90
Average Rate/Unit	Rs.	5.05	4.59
b) Own Generation			
i) Through Diesel/H.P.S/Furnace Oil			
By Generator Unit	000 KWH	51,811	46,869
Units per Litre of Oil		3.89	3.90
Average Rate/Unit	Rs.	9.70	7.10
ii) Through L.N.G.			
By generator unit	000 KWH	64,567	52,512
L.N.G.	MMBTU	96.03	97.40
Average Rate/Unit	Rs.	5.64	3.87
2. F-OIL/RFO			
Quantity	KL	83,455	77,273
Total Amount	Rs. in Lacs	31,645.42	20,563.94
Average Rate/Unit	Rs.	37,919.35	26,612.20
3. L.N.G.			
Quantity	MMBTU	16,70,295	14,03,966
Total Amount	Rs. in Lacs	8,890.94	5,385.06
Average Rate/Unit	Rs.	532.30	383.56
4. i) L.P.G.			
Quantity	MT	8,537	8,495
Total Amount	Rs. in Lacs	4,504.77	3,685.21
Average Rate/Unit	Rs.	52,767.67	43,380.02
ii) H.S.D.			
Quantity	KL	1,561	725
Total Amount	Rs. in Lacs	575.51	233.23
Average Rate/Unit	Rs.	36,859.01	32,172.18
iii) L.D.O.			
Quantity	KL	51	-
Total Amount	Rs. in Lacs	18.10	-
Average Rate/Unit	Rs.	35,680.59	-
B CONSUMPTION PER UNIT OF PRODUCTION			
Glass container & tumblers	MT	9,36,863	8,29,624
Electricity	KWH	397.36	398.91
L.P.G.	KG	9.11	10.24
F-Oil/RFO/Equv.Oil	LTR	89.08	93.14
L.N.G.	MMBTU	1.78	1.69
H.S.D	LTR	1.67	0.87
L.D.O.	LTR	0.05	-

Notes:

1. Variation in consumption of power and fuel is attributable to enhanced production capacity.

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

- Use of black soda extended to flint glass.
- Light weighting of more jobs in Blow and Blow Process and development of NNPB process for new jobs continues.
- Technical tie-up with M/s HEYE for further quality & productivity improvement in NNPB and light weighting technology.
- Development of Mixed Fuel Burners was undertaken in Neemrana. Being modified for further trial and subsequent installation at other Plants.

Nashik:

- Development of Mixed Fuel Burners with M/s Flammatec, Germany has been successfully executed at Furnace 10.
- The present batch house has been upgraded to two lines to feed two furnaces. The capacity of equipment and the software has been upgraded to PCS 7 which enables either of the line to meet requirement of both the furnaces.

The 650 MT draw per day capacity furnace has been designed by M/s Horn of Germany who are one of the leading furnace manufacturers of world. This furnace is end fired & the largest furnace in the world. This furnace can use LNG and Furnace oil in combination to have high thermal efficiency and low NO_x in fuel gas. The furnace is provided with bottom, barrier, refiner and throat electrical boost to further improve on energy efficiency and also glass melting. To facilitate the good conditioning of glass the distributor and forehearth are designed by M/s SORG who are one of the best designer in this area. The furnace, distributor and forehearth have SCADA for complete automatic control of temperature, pressure, flow rate at various points/ zones to maintain correct quality of glass at uniform temperature and also shape of the glass gob before forming of bottles.

The production machines are supplied by M/s Emhart which has AIS type parallel opening. The machines are attached with Graphoidal Shear System which facilitates effective cooling and lubrication without affecting the gob temperature. Out of 6 machines 2 are rigid Double gob whereas 4 machines are of rigid triple gob. The machines are having advance Emhart dual axes pushers for effectively transferring the containers on to the main conveyor at equal spacing. The machines are attached with all electronic controls, servo mechanisms with Flex Radar System. The Flex Radar System will be attached with cameras to detect certain defects before feeding to annealing lehrs.

The AIS Machines are attached with M/s HEYE ware-handling equipment. M/s HEYE is worldwide leading machine manufacturer and masters in ware-handling equipment. These equipment enables transfer of bottles to lehrs without any loss of containers in handling at hot ends.

The new furnace has six carmet lehrs to anneal the containers. These lehrs are energy efficient & having hot and cold end coating systems which increase the strength of containers.

In the cold end the lines are equipped with M/s SGCC and MSC make MCAL, M1 and Multi-station inspection machines to find all the defects including thickness and will reject any defective bottle passing through them. The packing section is having case packers, palletizers, shrink wrap machines, tapping machines with all automatic movements to have minimum intervention of man power. The plant is equipped to supply bottle in pallets in any of the line.

The material for packing will be shifted by the conveying system to three storeyed godown.

The Glass lab and Quality control is equipped with all latest equipment for testing all parameters required for testing of glass ware.

Rishra:

- Heat stress at production floor in Furnace 1 & 2 reduced by installing Double Robertson Ventilation System thereby giving improved working environment.

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

- More Light Weighted and NNPB jobs launched.
- Reduction in Batch Cost by use of Black Soda.
- Energy Saving expected by the use of Mixed Fuel Burners

iii. Future plans of action:

Rishra:

- CDC – Competency Development Centre is under construction. This will be used as training center for new joiners across the Organization.
- COPQ – Six Sigma approach has been adopted to reduce cost of poor quality. Pilot projects have been completed across Quality, RM, Energy, Stores & Spares, etc.

Bahadurgarh:

- Efforts are on to get sanction for 132KV line along with 20MW sanctioned load (increased from current 6.5MW load). This will result in substantial saving of energy cost as whole plant will run on grid power.
- Tie up has been done with M/s HEYE International for implementing NNPB.
- Up gradation of workshop and repair shop planned to cater to special techniques for moulds.

iv. Expenditure on R&D

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

(Rs. in Lacs)

	2012	2011
a. Capital	-	-
b. Recurring	-	12.83
c. Total	-	12.83
Total R&D Expenditure as a % of total turnover	-	Insignificant

2. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Bahadurgarh

1. Installation of fully integrated furnace monitoring/optimization system to improve process control.
2. Installation of improved state of art fuel burners and skids to enable mix fuel firing on all furnaces at Bahadurgarh.
3. Installation/up-gradation for automatic inspection machines for side wall/bottom & finish in 8 lines completed to improve quality/ consistency for Food, Pharma, Soft-drinks and Beer segments.
4. Installation of online energy monitoring system under progress.
5. Online shrink packaging machine has been received and shall be installed during the year 2012-13 on lines 42, 43 & 44.
6. Online bulk palletizer for line 41 & 44 has been received and shall be installed during the year 2012-13.
7. External surface treatment (coating) at hot end & cold end installed/upgraded for 10 lines to cover all lines producing beer/soft drinks.
8. VFD installation on mould cooling blowers done along with PLC controlled system to control the air pressure/volume.
9. Stabilization of multi gob servo feeder with different weight groups has been done to

cater to small customers with less quantity keeping in mind the future growth and to improve market flexibility as well as reduce the inventory cost. It has also helped to take trial with different weights without suffering major production loss.

10. HNG Bahadurgarh successfully commercialized the new trend in Beer Industry with introduction of non-returnable light weight 330 ml & 650 ml Miller High Life Beer bottle.
11. Installed load sharing system between three different types of generators to achieve flexibility of starting Atlas Copco compressors.
12. Installed intelligent load shedding system to reduce blackout situation in the plant.

Rishikesh

1. Introduction of super gas cylinders for running forklifts resulting into gas savings.
2. Installation of furnace camera at both the tanks (7 & 8) for better supervision, better control over operations and helping in to take timely actions.
3. Installation of Pantograph Baffle Mech. with VAR & ASS for 3 IS lines (72, 73 & 81), which will Improve our KCR by 3 to 4 points and increase life of blank Moulds.

Puducherry

1. Installation and commissioning of new wet sand beneficiation plant which has totally eliminated the use of Furnace Oil. Saving of about 2 MT Furnace Oil per day in the sand plant which has resulted in reduction of sand processing cost.
2. Efficiency of the sand plant with new process is increased from 68% to 80% resulting in saving in raw silica sand and reduction in raw material cost.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Over the years, the Company has steadily strengthened its exports presence in key 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	5,243.23	3,375.10
(ii)	Expenditure incurred in foreign exchange		
	1. Raw Materials	11,695.72	8,520.83
	2. Capital Goods	54,542.23	4,394.97
	3. Components, spare parts and repairs	3,398.19	6,374.04
	4. Other expenses	3,198.75	196.61

For and on behalf of the Board

Kolkata **Chandra Kumar Somany**

May 15, 2012 Chairman

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

CEO & CFO CERTIFICATION

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

(a) We have reviewed the financial statements and the cash flow statement for the year 2011-12 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 2011-12, 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 we are aware and the steps we have taken or propose to take to rectify these deficiencies.

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

  (i) that no significant changes in internal control over financial reporting during the year 2011-12 have taken place.

  (ii) that no significant changes in accounting policies during the year 2011-12 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
Vice Chairman & Managing Director
(Chief Executive Officer)

Sanjay Somany
Vice Chairman & Managing Director
(Chief Executive Officer)

Laxmi Narayan Mandhana
Chief Financial Officer &
Company Secretary

PARTICULARS OF GOVERNMENT COMPANIES AND COMPANIES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956

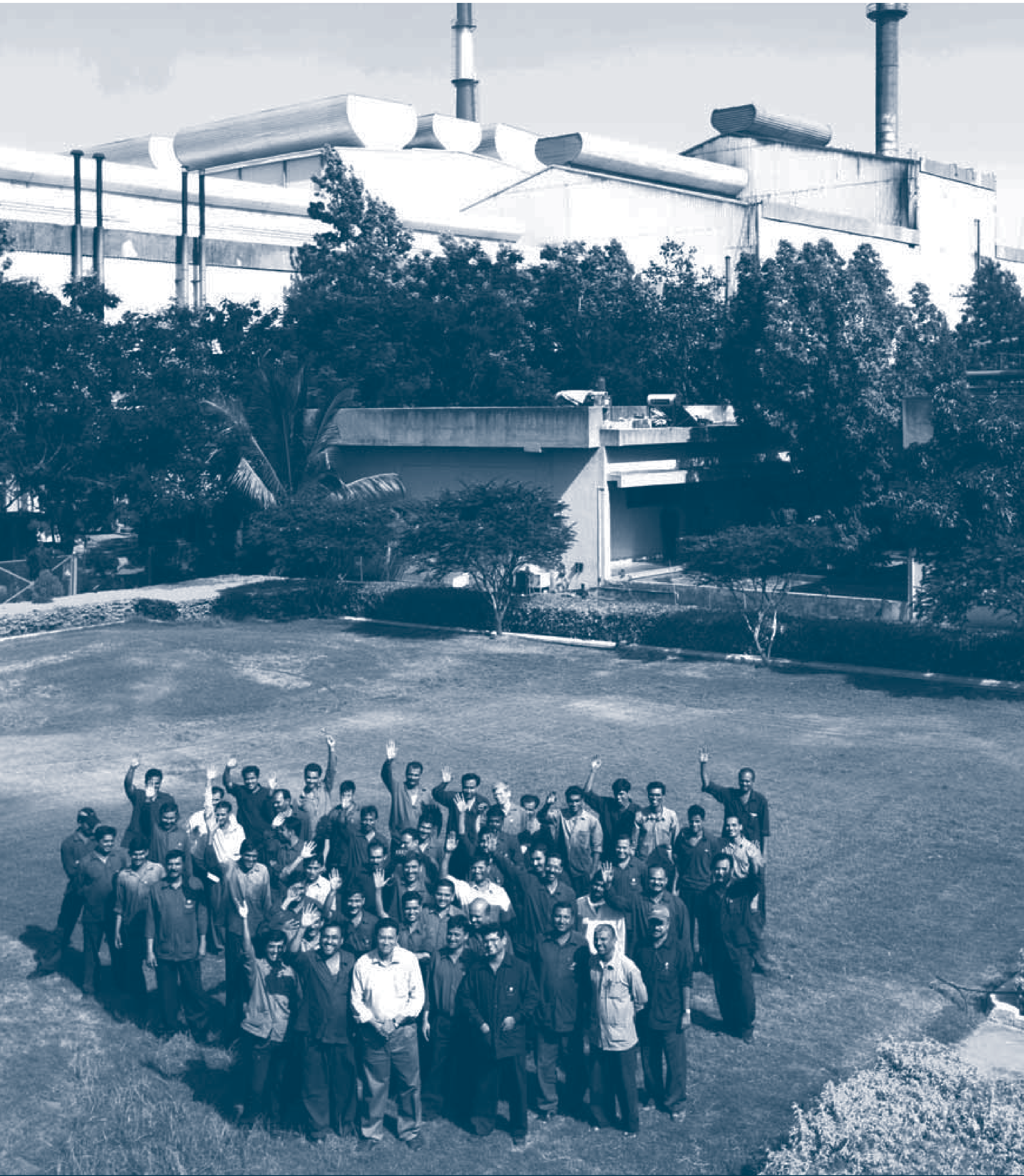
Sl. No.	Name	Age (Years)	Qualification & Experience in years	Date of Appointment	Designation (Nature of Duties)	Gross Remuneration (Rs.)	Last Employment held (Designation)
1	Shri Sanjay Somany	53	B. Com. Dip. in Diesel Engg. 32 years	October 1, 2005	Vice Chairman and Managing Director (To Manage the affairs of the Company on day to day basis)	4,86,95,350	Glass Equipment (India) Ltd. (Managing Director)
2	Shri Mukul Somany	46	B. Com (Hons.) 25 years	October 1, 2005	Vice Chairman and Managing Director (To manage the affairs of the Company on day to day basis)	4,86,95,350	None
3	Shri Rakesh Kumar Sharma	60	B.E. (Mech.), MBA-Marketing 39 Years	March 1, 2011	Executive Director	68,60,000	Larsen & Toubro Ltd. (Vice President)

Notes:

1. Remuneration includes salary, commission, and contribution to P.F, Gratuity and other facilities.
2. Shri C. K. 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
Chandra Kumar Somany
Chairman

Kolkata
May 15, 2012



REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Code of Governance

We at Hindusthan National Glass & Industries Limited believe that being an ethical organization is more empowering than solely being a profitable company. As a result, we have always believed in setting the bar with a proactive approach as opposed to a compliance driven one. The Company has always focused on good corporate governance, which is a key driver of sustainable growth and long-term value creation for its shareholders. Our globally aligned corporate governance practices lay strong emphasis on transparency, accountability, control, ethical corporate citizenship and integrity, thereby aimed to ensure customer satisfaction and shareholder value.

During 2011-12, the Company kept its commitment towards the required norms and disclosures on Corporate Governance under the Listing Agreement entered into with the stock exchanges, on 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, 2012 is given below.

Out of the total 9 Directors on the Board:-

- Three are Executive Directors
- Six are Non-Executive Directors of which Five are 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 19, 2011 at Indian Chamber of Commerce, ICC Towers, 4 India Exchange Place, Kolkata 700 001 and the same was attended by all the Directors except Shri Sanjay Somany, Shri Rakesh Kumar Sharma and Shri Venkatesan Sridar.

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	Number of Board meeting(s) attended	Directorship in other companies incorporated in India ^	#Number of committees (other than that of the Company) in which he is		
				Chairman	Member	Total
Shri Chandra Kumar Somany	(Chairman) Non-Executive Non Independent	4	10	-	-	-
Shri Sanjay Somany	(Vice Chairman & Managing Director) Executive	4	10	-	-	-
Shri Mukul Somany	(Vice Chairman & Managing Director) Executive	5	11	-	1	1
Shri Kishore Bhimani	Independent	5	1	-	-	-
Shri Sujit Bhattacharya	Independent	5	-	-	-	-
Shri Ratna Kumar Daga	Independent	5	2	2	-	2
Shri Dipankar Chatterji	Independent	5	5	2	2	4
*Shri Shree Kumar Bangur	Independent	2	9	-	-	-
**Dr. Indrajit Kumar Saha	Non-Executive Non Independent	3	2	-	-	-
Shri Venkatesan Sridar	Independent	5	11	5	5	10
Shri Rakesh Kumar Sharma	Executive Director	5	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.

* Shri Shree Kumar Bangur resigned from the directorship of the Company and his resignation was accepted w.e.f. July 15, 2011.

** Dr. Indrajit Kumar Saha has ceased to be a Director of the Company due to his sudden demise on December 10, 2011.

Board meetings held during the year

During 2011-12, five 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:-

Sl No.	Date of meeting	During the quarter	No. of Directors present
1	4th May, 2011	April 2011 – June 2011	11
2	21st May, 2011	April 2011 – June 2011	11
3	30th July, 2011	July 2011 – September 2011	9
4	11th November, 2011	October 2011 – December 2011	9
5	27th January, 2012	January 2012 – March 2012	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 2011-12, 13 meetings of the Audit Committee were held and the attendance of each member of the Committee is given below:-

Dates of meetings

April 22, 2011	May 21, 2011	July 25, 2011	July 30,2011
August 8, 2011	August 26,2011	November 4, 2011	November 11, 2011
November 25, 2011	January 16, 2012	January 27, 2012	February 11, 2012
February 24, 2012			

Members of the Audit Committee have the requisite financial and management expertise. The Chairman of the Audit Committee attended the 65th Annual General Meeting of the Company.

Total strength of the Audit Committee: Three

Designation	Members	Category	Number of meetings held	Number of meetings attended
Chairman	Shri Ratna Kumar Daga	Non-Executive, Independent Director	13	13
Member	Shri Sujit Bhattacharya	Non-Executive, Independent Director	13	12
Member	Shri Dipankar Chatterji	Non-Executive, Independent Director	13	13

4. Remuneration Committee

Terms of reference- To formulate and determine the Company's policy regarding remuneration packages for Directors including any compensation payments.

Composition, meetings and attendance during the year

Total strength of the Remuneration Committee: Three

Designation	Members	Category	Number of meetings held	Number of meetings attended
Chairman	Shri Kishore Bhimani	Non-Executive, Independent Director	1	1
Member	Shri Ratna Kumar Daga	Non-Executive, Independent Director	1	1
Member	Shri Dipankar Chatterji	Non-Executive, Independent Director	1	1

*Dr. Indrajit Kumar Saha ceased to be a member of the Remuneration Committee of the Company due to his sudden demise on December 10, 2011.

The Remuneration Committee approved the increase in remuneration of the Vice Chairmen & Managing Directors 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 organizations etc. 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 2011-12 will be distributed among the said Directors accordingly.

Details of the remuneration paid to the Directors during 2011-12

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.15,000/- for attending each meeting of the Board and Rs.10, 000/- for the Audit Committee. The members of Remuneration Committee are paid a sitting fee of Rs.5,000/- 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.

Further, the Board has approved at its meeting held on January 27, 2012, the enhancement of the sitting fees as follows with effect from April 1, 2012:-

- from Rs.15,000/- to Rs. 20,000/- for attending each meeting of the Board;
- from Rs.10,000/- to Rs.15,000/- for attending each meeting of the Audit Committee; and
- from Rs. 5,000/- to Rs.10,000/- for attending each meeting of the Remuneration 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 2011-12 are as follows:

(In Rs.)

Directors	Business relationship with HNG	Sitting fees	Commission	Total
Shri Chandra Kumar Somany*	Promoter	60,000	1,00,000	1,60,000
Shri Kishore Bhimani	None	80,000	1,00,000	1,80,000
Shri Sujit Bhattacharya	None	195,000	1,00,000	2,95,000
Shri Ratna Kumar Daga	None	210,000	1,00,000	3,10,000
Shri Dipankar Chatterji	None	210,000	1,00,000	3,10,000
Shri Shree Kumar Bangur	None	30,000	28,960	58,960
Dr. Indrajit Kumar Saha	None	45,000	69,400	1,14,400
Shri Venkatesan Sridar	None	75,000	1,00,000	1,75,000

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

To Executive Directors

The details of remuneration paid to Executive Directors during 2011-12 as per their respective agreements is as follows:

(In Rs.)

Break-up of Remuneration	Shri Sanjay Somany *	Shri Mukul Somany*	Shri Rakesh Kumar Sharma
	Vice Chairman & Managing Director, Promoter's family	Vice Chairman & Managing Director, Promoters' family	Executive Director
Salary	26,187,000	26,187,000	4,800,000
Provident fund	2,244,600	2,244,600	360,000
Perquisites	1,558,750	1,558,750	500,000
Commission	18,705,000	18,705,000	1,200,000
Total	48,695,350	48,695,350	6,860,000

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

Notes

a. The existing agreements with the Executive Directors, Shri Sanjay Somany and Shri Mukul Somany, were for a period of five years and expired on September 30, 2010. The Company in its Annual General meeting held on September 24, 2010 has appointed Shri Sanjay Somany and Shri Mukul Somany as Vice Chairman & Managing Director for a further period of 5 years w.e.f October 1, 2010.

b. The Company has entered into an agreement with Shri Rakesh Kumar Sharma appointing him as an Executive Director for a period of two years w.e.f. March 1, 2011.

c. The commission payable to Shri Sanjay Somany & Shri Mukul Somany has been increased from 1% to 1.5% w.e.f. October 1, 2010 subject to a ceiling of their annual salary. Shri Rakesh Kumar Sharma is entitled to a commission of Rs.12 Lacs p.a.

d. 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	Number of meetings held	Number of meetings attended
Chairman	Shri Kishore Bhimani	Non-Executive Independent Director	2	2
Member	Shri Ratna Kumar Daga	Non-Executive Independent Director	2	2
Member	Shri Sanjay Somany	Executive Director	2	1
Member	Shri Mukul Somany	Executive Director	2	2

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

May 4, 2011	August 6, 2011

Shri Laxmi Narayan Mandhana, CFO and Company Secretary is also the Compliance Officer of the Company.

Shareholders' complaints and pending share transfer

There were 3 (three) investor grievance complaints received during 2011-12. All complaints were resolved and there were no complaints pending at the year ended March 31, 2012.

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
65th Annual General Meeting	Indian Chamber of Commerce, ICC Towers, 4 India Exchange Place, Kolkata 700 001	Friday, August 19, 2011	3.30 pm
64th Annual General Meeting	CII – Suresh Neotia Centre of Excellence for leadership, DC 36, sector I, Salt Lake city, Kolkata 700 064.	Friday, September 24, 2010	3.00 pm
63rd Annual General Meeting	Rotary Sadan, 94/2, Chowringhee Road, Kolkata- 700 020	Friday, August 14, 2009	11.00 am

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

Shareholders' meeting	Special business requiring special resolution
65th Annual General Meeting	1. No Special Resolution was passed.
64th Annual General Meeting	1. Resolution requiring approval for alteration of article no. 110A in respect of number of Managing Directors that the Company may appoint.
	2. Resolution requiring approval for availing services of Dr. Indrajit Kumar Saha, Director of the Company on retainership basis.
63rd Annual General Meeting	1. Resolution requiring approval for inserting the Article 151A of the Company in respect to the forfeiture of unclaimed dividends.

POSTAL BALLOT

No resolution requiring postal ballot u/s 192 of the Companies Act, 1956 was recommended for approval during the financial year 2011-12.

Further, resolutions under section 293(1)(a) & 293(1)(d) of the Companies Act, 1956 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, 2011, 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. 2.36 of Notes on Financial Statements in the Annual Report.
- During the last three years, there were no strictures or penalties imposed on the Company either by 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 cognizance 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 2,666,620 shares in his personal capacity).
- During 2011-12, the Company didn't make any public or rights issue.
- The financial statements for 2011-12 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 Vice Chairmen & Managing Directors 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, 2012.
- Pursuant to the requirement 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.hngil.com. The Directors and designated employees of the Company have complied with the provisions of the said Code of Conduct.
- The Management Discussion and Analysis forms a part of the 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 Sujit Bhattacharya & Shri Dipankar Chatterji will retire in the ensuing Annual General Meeting. The Board recommended the re-appointment of all the retiring Directors. The detailed profiles of all these Directors are provided in the "Notice for Annual General Meeting Section" of the Annual Report.
- The Central Government vide its Circular No. 2/2011, dated February 8, 2011 has granted general exemption to the companies under Section 212 of the Companies Act, 1956 from attaching the Balance Sheet of the subsidiary companies. Accordingly, accounts of the subsidiary companies are not annexed hereto. Shareholders of the Company as well as of the subsidiary companies who are interested in obtaining annual accounts of the subsidiary companies and related detailed information may write to the Company Secretary at the Registered Office of the Company. These documents will also be available during business hours for inspection by the shareholders of the Company and of the subsidiary companies at the Registered Office of the Company and also at the Registered Offices of its Subsidiaries.

8. Means of communication

- The quarterly, half-yearly and annual financial results are published in the proforma prescribed under the Listing Agreement in two English newspapers (normally in Economic Times and Times of India- Kolkata edition) 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.hngil.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	11th August, 2012 at 2.00 p.m. Indian Chamber of Commerce, ICC Towers, 4 India Exchange Place, Kolkata 700 001
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 of next year
4th quarter results by	3rd Week of May of next year
Date of book closure	August 4th to August 11th (both days inclusive)
Dividend payment date	16th August, 2012
Listing on stock exchanges	

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

1] The Calcutta Stock Exchange Limited
7, Lyons Range,
Kolkata-700 001
Email: mop@cse-india.com
Website: www.cse-india.com

2] Bombay Stock Exchange Limited
25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001
Email : is@bseindia.com
Website:www.bseindia.com

3] National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex, Bandra (E),
Mumbai- 400 051
Email: ignse@nse.co.in
Website: www.nseindia.com

Listing fees	Paid for the year 2012-13 for all the above stock exchanges.
Scrip code/Scrip Symbol –	i. 10018003 on The Calcutta Stock Exchange Limited, 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, 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, 2011	235.60	205.35	77,795
May, 2011	233.90	197.95	18,043
June, 2011	210.85	183.15	12,872
July, 2011	220.00	198.00	4,33,413
August, 2011	218.90	182.05	1,87,552
September, 2011	216.90	175.00	90,780
October, 2011	195.65	169.15	8,772
November, 2011	179.95	121.50	23,342
December, 2011	156.00	128.10	43,765
January, 2012	171.85	142.55	22,525
February, 2012	201.65	157.90	59,507
March, 2012	203.95	192.00	20,836

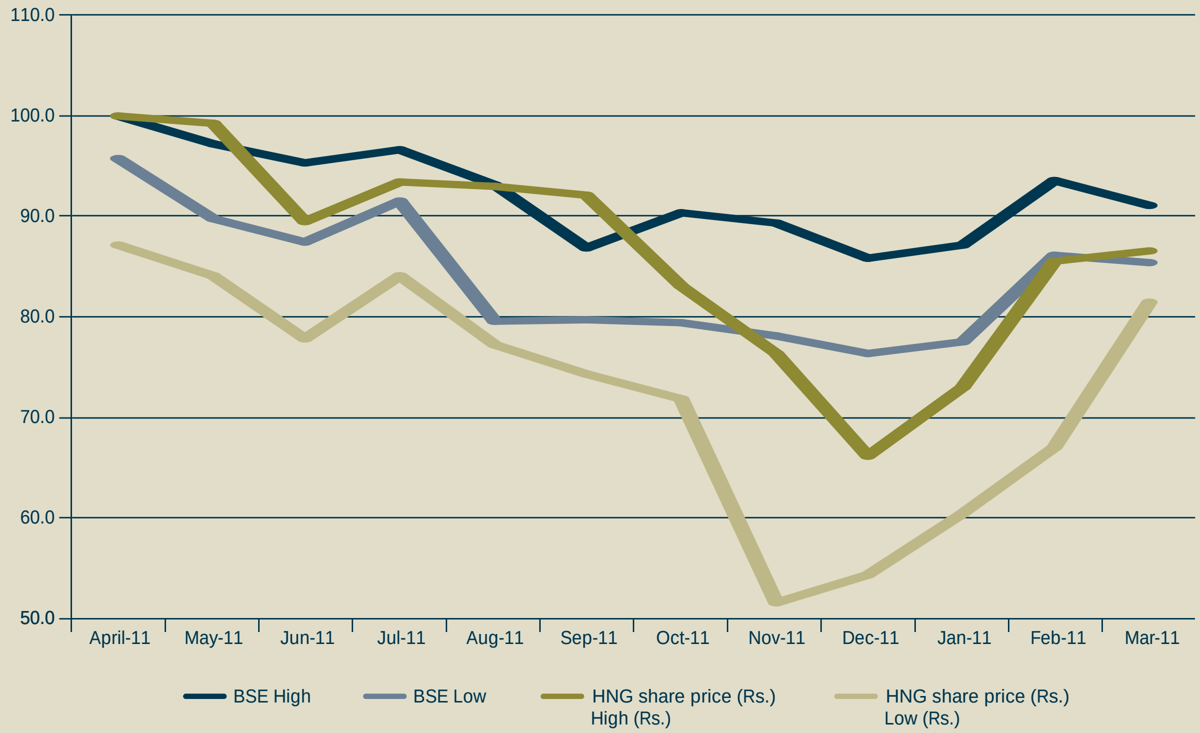
Source: www.bseindia.com

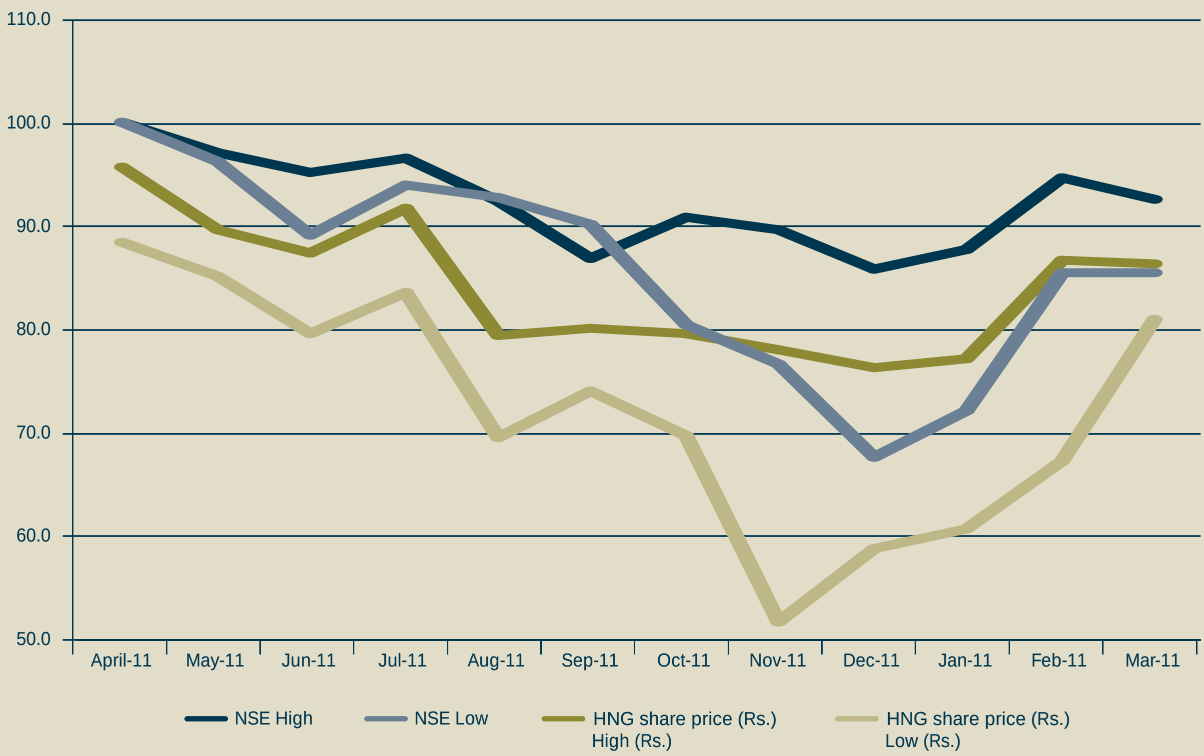
At National Stock Exchange of India Limited

Month	High (Rs.)	Low (Rs.)	Volume (shares)
April, 2011	235.00	208.00	1,69,493
May, 2011	226.00	200.00	43,424
June, 2011	209.50	187.00	18,421
July, 2011	220.75	196.50	4,37,584
August, 2011	218.00	163.60	2,46,114
September, 2011	212.00	174.00	87,802
October, 2011	188.90	163.95	8,798
November, 2011	180.00	121.30	39,690
December, 2011	158.80	138.00	71,523
January, 2012	169.50	142.60	43,711
February, 2012	201.00	158.00	74,344
March, 2012	201.00	190.10	36,966

Source: www.nseindia.com

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





- **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 dematerialized 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 NSDL/CDSL through respective depository participants.

Distribution of shareholding as on March 31, 2012

Number of equity shares held	Folios	%	Shares	%
1 to 5,000	5,287	98.1255	7,88,667	0.9030
5001 to 10000	43	0.7981	1,74,044	0.1993
10001 to 20000	13	0.2413	1,04,822	0.1200
20001 to 30000	6	0.1114	77,185	0.0884
30001 to 40000	1	0.0186	18,584	0.0213
40001 to 50000	3	0.0557	71,449	0.0818
50001 to 100000	5	0.0928	1,95,768	0.2241
100001 and above	30	0.5568	8,59,08,046	98.3621
Grand total	**5,388**	**100**	**8,73,38,565**	**100**
Number of shareholders in:				
Physical mode	18	0.3341	13,405	0.0153
Electronic mode				
NSDL	3,432	63.6971	8,19,15,504	93.7908
CDSL	1,938	35.9688	5,409,656	6.1939
Total	**5,388**	**100**	**8,73,38,565**	**100**

Shareholding pattern as on March 31, 2012

Category	Number of shares	%
Promoters and associates	6,11,23,840	69.9849
Institutions	64,57,788	7.3940
Domestic companies	30,46,184	3.4878
Resident individuals	1,66,80,447	19.0986
Foreign residents and NRIs	26,582	0.0304
Trust	150	0.0002
Clearing Member	3,574	0.0041
Total	8,73,38,565	100

Dividend: The Board recommended dividend @ 75% i.e. Rs. 1.50 per equity share

Dematerialization of shares and liquidity

As on March 31, 2012, 87,325,160 shares comprising 99.98% of the paid-up capital of the Company are in dematerialized mode, as compared with 87,324,060 shares as on March 31, 2011. Chandra Kumar Somany Group, promoter of the Company, holds around 69.9849% of the paid-up capital of the Company as on March 31, 2012 & as on March 31, 2011, of which all the shares are held in dematerialized mode..

Demat ISIN Number for NSDL and CDSL	INE952A01022
Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and the likely impact on equity.	None

Plant locations

The Company has six plants, located at:

1 2, Panchu Gopal Bhaduri Sarani, Rishra-712 248, Dist. Hooghly, West Bengal Phone: (033) 2600 0200, Fax: (033) 2600 0333	2 Bahadurgarh–124507, Dist: Jhajjar, Haryana. Phone: (01276) 221400, Fax: (01276) 221666
3 14, RIICO Industrial Area Neemrana, Distt. Alwar Pin - 301705 (Rajasthan) Phone: 01494 - 246712, 513935 Fax: 01494 - 246713	4 P.O. Virbhadra, Rishikesh - 249201, Dist. Dehradun, Uttarakhand Phone: (0135) 2470700, Fax: (0135) 2470777
5 Thondamanatham Village, Vezhudavoor S.O. Puducherry –605 502 Phone: (0413) 2677319, Fax: (0413) 2677366/2677666	6 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 comprises of Shri Sanjay Somany, Shri Mukul Somany, Shri Ratna Kumar Daga and Shri Dipankar Chatterji as its members. During 2011-12, 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 three newspapers, two 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.

For and on behalf of the Board

Kolkata
May 15, 2012

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 2011-12 in terms of Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges.

Mukul Somany
Vice Chairman & Managing Director

Sanjay Somany
Vice Chairman & Managing Director

Kolkata
May 15, 2012

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, 2012 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 controls are in the process of being formalized / 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

(H.K. Verma)
Partner
Membership Number: 055104

Kolkata
May 15, 2012

Auditors' Report

TO THE MEMBERS

We have audited the attached Balance Sheet of Hindusthan National Glass & Industries Limited ("the Company") as at March 31, 2012 and the Statement of Profit and Loss 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 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("Act") 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. As informed, no material discrepancies were noticed on such verifications.

(c) During the year, the Company has not disposed off a substantial part of its fixed assets.

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) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records for inventory. The discrepancies noticed on verification between the physical stocks and the book records 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. Therefore the provisions of clause 4(iii) (a) to (d) or the order are not applicable to the Company.

(b) The Company had not taken any unsecured loan from companies covered in the register maintained under section 301 of the Act. Therefore the provisions of clause 4(iii) (e) to (g) of the order 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, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

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

Auditors' Report (Contd.)

be entered into the register maintained under section 301 of the Act, 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 Act, and aggregating during the year to Rupees 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) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by Central Government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

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 March 31, 2012.

(b) According to the information and explanations given to us, the statutory dues which have not been deposited as on March 31, 2012 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
Employees' State Insurance Act, 1948	ESIC Damages	3.48	2000-01	ESIC Court, Pune
The Central Excise Act, 1944	Excise Duty	92.82	2005-06, 2007-08 and 2008-09	Assistant Commissioner of Central Excise
		17.82	1993-94, 1994-95, 1995-96, 1996-97, 2007-08, 2008-09 and 2009-10	Dy. Commissioner of Central Excise
		5.79	2004-05 and 2005-06	Addl. Commissioner of Central Excise

Name of the Statute	Nature of Dues	Amount (Rs.in Lacs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
		121.43	1998-99, 1999-2000, 2004-05 and 2006-07	Commissioner of Central Excise
		5.03	2006-07	Jt. Commissioner of Central Excise
		122.47	1994-95, 1995-96, 1996-97, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07	CESTAT
		11.14	2001-02 and 2005-06	High Court
		656.34	1995-96,1996-97,1999-2000 and 2003-04	Supreme Court
	Service Tax	1.19	2010-11	Asst. Commissioner of Central Excise
		4.06	2008-09 and 2009-10	Dy. Commissioner of Central Excise
		2.33	2006-07, 2007-08 and 2008-09	CESTAT
Industrial Dispute Act, 1947	Labour Wages	0.35	2002-03	Labour Court, Pune
		0.39	2003-04	High Court
Mathadi Act	Labour Wages	90.79	1999-2000 and 2000-01	High Court
Bombay Sales Tax Act, 1959	Sales Tax	42.81	1997-98	Commissioner Sales Tax, Pune
Maharashtra Value Added Tax Act, 2002	Sales Tax	36.44	2004-05	Jt. Commissioner (Sales Tax Appeal), Nashik
		114.00	2005-06 & 2006-07	Maharashtra Sales Tax Tribunal, Mumbai
The Sales Tax Act, 1932	Sales Tax	582.70	2006-07	Jt. Commissioner of Sales Tax
		743.96	2008-09	Senior Joint Commisioner of Commercial Tax Appeal
		6.69	2003-04	T.T. Tribunal, Dehradun
Finance Act, 1994	Service Tax	2.95	2006-07, 2007-08 and 2008-09	CESTAT
The Electricity Act, 2003	Electricity Duty	77.44	2011-12	Appellate Authority, Mumbai

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 Order 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

Auditors' Report (Contd.)

other investments. Accordingly, the provisions of clause 4 (xiv) of the Order 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 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 Companies Act 1956.

xix) According to the information and explanations 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 material 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, Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Act 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 March 31, 2012 from being appointed as a Director under Section 274(1)(g) of the Act.

vii) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements read together with Notes on Financial Statements give the information required by the Act 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 March 31, 2012;

b) In the case of Statement of Profit and Loss 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
Date: May 15, 2012

Balance Sheet as at March 31, 2012

Rs. In Lacs

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. Equity and Liabilities			
1 SHAREHOLDER'S FUNDS			
(a) Share Capital	2.1	1,746.77	1,746.77
(b) Reserves and Surplus	2.2	114,024.97	114,868.18
2 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	2.3	160,245.29	37,302.77
(b) Deferred Tax Liabilities (Net)	2.4	9,538.28	7,118.36
(c) Other Long-term Liabilities	2.5	2,566.56	1,434.83
(d) Long-term Provisions	2.6	722.28	1,363.66
3 CURRENT LIABILITIES			
(a) Short-term Borrowings	2.7	38,542.82	21,251.76
(b) Trade Payables	2.8	14,285.44	10,166.50
(c) Other Current Liabilities	2.9	32,152.38	11,756.70
(d) Short-term Provisions	2.10	10,470.90	7,705.06
Total		**384,295.69**	**214,714.59**
II. Assets			
1 NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	2.11	138,715.21	115,337.14
(ii) Intangible Assets	2.11	596.08	335.29
(iii) Capital Work-in-Progress		115,697.64	16,385.82
(b) Non-current Investments	2.12	18,089.73	17,753.98
(c) Long-term Loans and Advances	2.13	23,059.88	8,645.89
(d) Other Non-current Assets	2.14	130.34	15.23
2 CURRENT ASSETS			
(a) Inventories	2.15	30,114.06	20,426.74
(b) Trade Receivables	2.16	34,300.14	24,657.76
(c) Cash and Bank Balances	2.17	1,058.11	569.13
(d) Short-term Loans and Advances	2.18	22,367.19	10,382.11
(e) Other Current Assets	2.19	167.31	205.50
Total		**384,295.69**	**214,714.59**
Summary of Significant Accounting Policies	1		
Notes on Financial Statements	2.1 to 2.46		

The notes are an integral part of the Financial Statements.

As per our report of even date
For Lodha & Co.
Firm Registration No. 301051E
Chartered Accountants

H.K.Verma
Partner
Mem. No.: 55104
Place : Kolkata
Date : May 15, 2012

Mukul Somany
Vice Chairman and
Managing Director

Sanjay Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2012

Rs. In Lacs

Particulars	Note No.	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
Revenue			
Revenue from Operations (Gross)	2.20	204,249.27	168,183.07
Less: Excise Duty		15,363.90	12,960.48
I. Revenue from Operations (Net)		188,885.37	155,222.59
II. Other Income	2.21	589.02	811.67
III. Total Revenue (I + II)		**189,474.39**	**156,034.26**
Expenses			
Cost of Materials Consumed	2.22	51,115.59	41,144.92
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.23	(6,097.94)	884.35
Employee Benefit Expense	2.24	13,477.29	10,649.81
Other Expenses	2.25	100,589.71	76,326.59
IV. Total Expenses		**159,084.65**	**129,005.67**
V. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (III - IV)		**30,389.74**	**27,028.59**
Depreciation and Amortization Expense	2.11	11,842.31	10,253.11
Transferred from Revaluation Reserves		(190.01)	(286.52)
		11,652.30	9,966.59
Finance Costs	2.26	9,232.73	5,083.18
VI. Profit Before Exceptional and Extraordinary Items and Tax		**9,504.71**	**11,978.82**
VII. Exceptional Items		-	-
VIII. Profit Before Extraordinary Items and Tax **(VI - VII)**		9,504.71	11,978.82
IX. Extraordinary Items		-	-
X. Profit Before Tax (VIII - IX)		**9,504.71**	**11,978.82**
XI. Tax Expense:			
1. Current Tax	2.27	418.64	3,336.57
2. Deferred Tax	2.4	-	-
Total Tax Expenses		**418.64**	**3,336.57**
XII. Profit for the Year (X - XI)		**9,086.07**	**8,642.25**
XIII. Earning Per Equity Share: (in Rs.)	2.28		
1. Basic		10.40	9.90
2. Diluted		10.40	9.90
Number of shares used in computing Earnings Per Share			
1. Basic		87,338,565	87,338,565
2. Diluted		87,338,565	87,338,565
Summary of Significant Accounting Policies	1		
Notes on Financial Statements	2.1 to 2.46		

The notes are an integral part of the Financial Statements.

As per our report of even date
For Lodha & Co.
Firm Registration No. 301051E
Chartered Accountants

Mukul Somany
Vice Chairman and
Managing Director

Sanjay Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

H.K.Verma
Partner
Mem. No.: 55104
Place : Kolkata
Date : May 15, 2012

Cash Flow Statement for the year ended March 31, 2012

Rs. In Lacs

Particulars	Note No.	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Cash Flow from Operating Activities			
Profit Before Tax		9,504.71	11,978.82
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation/Amortisation		11,652.30	9,966.59
Loss/(Profit) on sale/discard of Fixed Assets		492.97	1,329.55
Bad Debts and Provision for Doubtful Debts		(0.52)	55.45
Provision for Loss on Derivative Transactions		447.49	470.22
Interest Income		(109.31)	(282.37)
Dividend Income on Long-term Investments		(26.99)	(53.39)
Net Loss/(Gain) on sale of Current Investments		(17.04)	(193.06)
Interest Expenses		9,232.73	5,083.18
Liability no longer required written back		(196.66)	(93.07)
Operating Profit before working capital changes		30,979.63	28,261.92
Movement in working capital :			
Increase/(Decrease) in Trade Payables		4,315.60	(4,539.45)
Increase/(Decrease) in Long-term Provisions		(641.38)	1,120.22
Increase/(Decrease) in Short-term Provisions		480.64	(1,152.51)
Increase/(Decrease) in Other Long-term Liabilities		1,131.73	1,434.83
Increase/(Decrease) in Other Current Liabilities		2,074.64	5,237.33
Decrease/(Increase) in Trade Receivables		(9,641.86)	(3,808.71)
Decrease/(Increase) in Inventories		(9,687.32)	645.31
Decrease/(Increase) in Long-term Loans and Advances		(2,970.81)	580.82
Decrease/(Increase) in Short-term Loans and Advances		(10,317.44)	6,518.92
Decrease/(Increase) in Other Non-current Assets		(2.78)	-
Decrease/(Increase) in Other Current Assets		40.98	(118.43)
Decrease/(Increase) in Bank Deposits with maturity more than 3 months and less than 12 months		(7.22)	-
Cash generated from/(used in) operations		5,754.38	34,180.23
Direct Taxes paid (net of refunds)		(245.59)	(3,819.60)
Net Cash Flow from/(used in) Operating Activities (A)		**5,508.79**	**30,360.63**
Cash Flow from Investing Activities			
Purchase of Fixed Assets, including Intangible Assets, CWIP and Capital Advances		(126,427.08)	(34,080.63)
Proceeds from sale of Fixed Assets		48.04	238.42
Proceeds of Non-current Investment		5.44	5,595.00
Purchase of Non-current Investment		(6,483.60)	(3,799.09)
Share Application Money paid		(3,180.00)	-
Proceeds from sale/maturity of Current Investments		17.04	943.06
Interest Received		121.76	638.73
Dividend received from subsidiary company		26.40	52.80
Dividend received from others		0.59	0.59
Net Cash Flow from/(used in) Investing Activities (B)		**(135,871.39)**	**(30,411.12)**

Cash Flow Statement for the year ended March 31, 2012 (Contd.)

Rs. In Lacs

Particulars	Note No.	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Cash Flow from Financing Activities			
Proceeds from Long-term Borrowings		130,970.99	11,549.43
Repayment of Long-term Borrowings		(8,024.95)	(9,362.54)
Proceeds from Short-term Borrowings		17,291.06	4,339.14
Interest Paid		(8,129.90)	(5,029.94)
Dividend paid on Equity Shares including Dividend Distribution Tax		(1,262.84)	(1,270.79)
Net Cash Flow from/(used in) Financing Activities (C)		**130,844.36**	**225.30**
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		481.76	174.80
Cash and Cash Equivalents at the beginning of the year		569.13	394.33
Cash and Cash Equivalents at the end of the year		**1,050.89**	**569.13**
Components of Cash and Cash Equivalents			
Balances with banks:			
In Current Accounts		186.72	192.34
In Cash Credit Accounts		840.83	293.27
In Unpaid Dividend Accounts		1.80	1.56
Cheques in hand		-	60.97
Cash in hand		21.54	20.99
Total Cash and Cash Equivalents	2.17	**1,050.89**	**569.13**
Summary of Significant Accounting Policies	1		

The above Cash Flow Statements has been prepared under the “Indirect Method” as set out in the Accounting Standard 3 on “Cash Flow Statements” as prescribed by the Companies (Accounting Standard) Rules, 2006.

As per our report of even date
For Lodha & Co.
Firm Registration No. 301051E
Chartered Accountants

H.K.Verma
Partner
Mem. No.: 55104
Place : Kolkata
Date : May 15, 2012

Mukul Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

Sanjay Somany
Vice Chairman and
Managing Director

1. Significant Accounting Policies

a. Accounting Convention

The Financial Statements, 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 Financial Statements 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 revenue 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 Amortization

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 March 31, 1990 on Written Down Value Method and in respect of additions thereafter on Straight Line Method.

ii. Certain Plant and Equipments 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 Statement of Profit and Loss.

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.

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:

Particulars of Fixed Assets	Rates as prescribed by Schedule XIV to the Companies Act, 1956	Rates of Depreciation applied on assets
Buildings (other than Factory Buildings)	1.63	2.04
Factory Buildings	3.34	5.21
Plant and Equipments		
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

Summary of Significant Accounting Policies (Contd.)

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

Non current 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.

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 revenue or expenses in the Statement of Profit and Loss.

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 forward rate and exchange rate at the date of transaction is recognised as revenue/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 Financial Statements.

i. Revenue Recognition

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

ii) Revenues 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 Statement of Profit and Loss 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 Statement of Profit and Loss in the year in which it is incurred.

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 Statement of Profit and Loss 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 revenue. 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 Statement of Profit and Loss 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.

r. Measurement of EBITDA

As permitted by the Guidance Note on the *Revised Schedule VI to the Companies Act, 1956*, the Company has elected to present Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include Depreciation and Amortization Expense, Finance Costs and Tax Expense.

Notes on Financial Statements

Particulars		As at March 31, 2012	As at March 31, 2011
			Rs. In Lacs
2.I	**SHARE CAPITAL**		
	Authorised Shares		
	2,557,500,000 (2,557,500,000) Equity Shares of Rs. 2/- each	51,150.00	51,150.00
	Issued, Subscribed and Fully paid-up shares		
	87,338,565 (87,338,565) Equity Shares of Rs. 2/- each	1,746.77	1,746.77
	Out of above 32,121,725 (32,121,725) Equity Shares, have been issued pursuant to a Scheme of Amalgamation and Arrangement for consideration other than cash.		
		1,746.77	**1,746.77**

The Company has only one class of Equity Shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

	As at March 31, 2012		As at March 31, 2011	
Particulars	Number of Shares	Amount	Number of Shares	Amount
Number of shares outstanding at the beginning of the year	87,338,565	1,746.77	87,338,565	1,746.77
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Number of shares outstanding at the end of the year	**87,338,565**	**1,746.77**	**87,338,565**	**1,746.77**

Details of the Shareholders holding more than 5% shares alongwith number of shares held

Name of Shareholders	Number of Shares held March 31, 2012	Number of Shares held March 31, 2011
Brabourne Commerce Pvt. Ltd.*	21,414,485	-
Ceramic Decorators Ltd.*	-	21,414,485
Dilip S Damle (Trustee HNG and ACE Trust)	14,641,600	14,641,600
Ironwood Investment Holdings	6,348,025	6,348,025
Noble Enclave and Towers Pvt. Ltd.#	-	5,692,720
Topaz Commerce Ltd.#	-	5,567,080
Spotlight Vanijya Ltd.#	16,199,975	4,940,175
Rungamattee Trexim Pvt. Ltd.	4,420,550	4,420,550
Spotme Tracon Pvt. Ltd.	4,420,545	4,420,545

* Ceramic Decorators Limited have been merged with Brabourne Commerce Limited with effect from April 1, 2010 as per Scheme of Arrangement duly passed by Hon'ble High Court of Calcutta vide its order dated August 9, 2011.

Noble Enclave & Towers Private Limited and Topaz Commerce Limited have been merged with Spotlight Vanijya Limited with effect from April 1, 2010 as per Scheme of Arrangement duly passed by Hon'ble High Court of Calcutta vide its order dated December 20, 2011.

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.2	**RESERVES AND SURPLUS**			
	Capital Reserves			
	As per last Balance Sheet		5,592.95	-
	Add: Amount credited during the year	2.12.4 (c)	-	5,592.95
			5,592.95	**5,592.95**
	Securities Premium Account			
	As per last Balance Sheet		8,243.00	8,391.82
	Less: Deferred Tax Liability	2.4 & 2.4.1	(2,419.91)	(148.82)
			5,823.09	**8,243.00**
	Debenture Redemption Reserve			
	As per last Balance Sheet		3,125.00	3,125.00
	Less: Transfer to Surplus		(2,500.00)	-
	Add: Transfer from Surplus		5,000.00	-
			5,625.00	**3,125.00**
	Revaluation Reserve			
	As per last Balance Sheet		9,445.80	9,923.38
	Less: Transfer to Statement of Profit and Loss	2.11.3a-2.11.3c	(190.01)	(286.52)
	Less: Adjustments on discard / sale of Assets		(43.58)	(191.06)
			9,212.21	**9,445.80**
	General Reserve			
	As per last Balance Sheet		82,500.00	77,500.00
	Add: Transfer from Surplus		1,000.00	5,000.00
	Less: Book Value of Beneficial Interest in own shares held in Trusts	2.12.4 (a) - 2.12.4.(c)	(6,014.85)	-
			77,485.15	**82,500.00**
	Surplus as per Statement of Profit and Loss			
	As per last Balance Sheet		5,961.43	3,590.17
	Add: Net Profit after Tax transferred from Statement of Profit and Loss		9,086.07	8,642.25
	Add: Transfer from Debenture Redemption Reserve		2,500.00	-
	Add: Provision for Proposed Dividend including Dividend Distribution Tax written back - Forego of right to receive dividend by HNG Trust and ACE Trust	2.2.1	255.25	247.33
	Amount available for appropriation		17,802.75	12,479.75
	Appropriations:			
	Proposed final equity dividend		1,310.08	1,310.08
	Tax on proposed equity dividend		206.10	208.24
	Amount transferred to General Reserve		1,000.00	5,000.00
	Amount transferred to Debenture Redemption Reserve		5,000.00	-
	Net Surplus in the Statement of Profit and Loss		**10,286.57**	**5,961.43**
	Total Reserves and Surplus		**114,024.97**	**114,868.18**

2.2.1 In respect of 14,641,600 Equity Shares held by HNG Trust and ACE Trust, the Trustees had informed the Company of their decision to forego their rights to dividend on shares held by them for the year 2010-11 and accordingly dividend was not declared on these shares. Consequently, Proposed Dividend and Dividend Distribution Tax amounting to Rs.219.62 Lacs and Rs.35.63 Lacs respectively has been written back during the year.

Notes on Financial Statements (Contd.)

2.3 LONG TERM BORROWINGS

Rs. In Lacs

Particulars	Ref.	As at March 31, 2012 Non Current	As at March 31, 2012 Current Maturities	As at March 31, 2011 Non Current	As at March 31, 2011 Current Maturities
SECURED LOANS					
a) Debentures	2.3.1				
(i) 10.40% Redeemble Non-convertible Debentures privately placed with Life Insurance Corporation of India		20,000.00	-	-	-
(ii) 10.75% Redeemble Non-convertible Debentures privately placed with General Insurance Corporation of India		2,500.00	-	2,500.00	-
(iii) 12.75% Redeemble Non-convertible Debentures privately placed with Life Insurance Corporation of India		-	-	10,000.00	-
b) Term Loans					
(i) From Banks	2.3.2 & 2.3.6	114,965.43	5,605.74	21,248.01	3,886.11
(ii) From Financial Institution	2.3.3 & 2.3.6	10,000.00	937.50	937.50	1,250.00
(iii) From Others	2.3.4 & 2.3.6	10,000.00	-	-	-
c) Vehicle Finance Loan	2.3.6				
(i) From Bank		1,110.74	456.87	897.97	339.52
(ii) From Others		63.20	52.61	108.74	49.32
UNSECURED LOAN					
d) Deferred Payment Liabilities	2.3.5				
Sales Tax Deferrment Loan		1,605.92	-	1,610.55	-
		160,245.29	**7,052.72**	**37,302.77**	**5,524.95**

2.3.1	Security and Repayment Details of Non-convertible Debentures	2014-15	2015-16	2016-17	2021-22
	10.40% Secured Non-convertible Debentures alloted on February 3, 2012 are due for redemption at par at the end of the tenure. However, there is a put and call option available to the issuer/investor which can be exercised at the end of Seventh year from the deemed date of allotment	-	-	-	10,000.00
	10.40% Secured Non-convertible Debentures alloted on November 23, 2011 are due for redemption at par at the end of the tenure. However, there is a put and call option available to the issuer/investor which can be exercised at the end of Seventh year from the deemed date of allotment	-	-	-	10,000.00
	10.75% Secured Non-convertible Debentures alloted on June 18, 2009 are due for redemption at par in three equal instalments at the end of 5th, 6th & 7th year from the deemed date of allotment. However, there is a put and call option available to the issuer/investor which can be exercised at the end of third year from the deemed date of allotment.	833.33	833.33	833.34	-

All the aforesaid Non-convertible Debentures are secured by first charge ranking pari-passu 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.

2.3 LONG TERM BORROWINGS (Contd.)

		Foreign Currency Term Loan	10.50% - 11.50%	11.51% - 12.25%	12.26% - 13.25%
2.3.2	**Repayment details of Term Loans from Banks are as follows**				
	2013-2014	11,244.42	6,955.17	4,400.00	1,000.00
	2014-2015	10,444.94	6,140.48	5,400.00	999.32
	2015-2016	3,133.78	5,283.33	5,900.00	-
	2016-2017	6,138.00	1,600.00	9,700.00	-
	2017-2018	6,138.00	1,250.00	10,200.00	-
	2018-2019	6,138.00	-	7,200.00	-
	2019-2020	-	-	5,700.00	-
2.3.3	**Repayment details of Term Loans from Financial Institution are as follows:**				
	2013-2014	-	-	833.33	-
	2014-2015	-	-	833.33	-
	2015-2016	-	-	833.34	-
	2016-2017	-	-	1,875.00	-
	2017-2018	-	-	1,875.00	-
	2018-2019	-	-	1,875.00	-
	2019-2020	-	-	1,875.00	-
2.3.4	**Repayment details of Term Loans from Others are as follows:**				
	2013-2014	-	-	-	3,000.00
	2014-2015	-	-	-	7,000.00

		Amount
2.3.5	**Deferred Sales Tax Loans are interest free and are payable as per the repayment schedule as follows:**	
	2014-2015	225.41
	2015-2016	494.10
	2016-2017	450.21
	2017-2018	436.20

2.3.6 Term Loan from Banks and Financial Institutions are secured by first charge ranking pari-passu on all immovable properties by way of equitable mortgage and hypothecation of all moveable properties both present and future of the Company and second charge ranking pari-passu on entire current assets of the Company, both present and future, save and except specific assets exclusively hypothecated in favour of respective lenders.

Rupee Term Loan from others are secured by pledge of Equity Share held by HNG and ACE Trust.

Vehicle Finance Loans are secured against fixed assets obtained under finance lease arrangements.

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.4	**DEFERRED TAX LIABILITIES (Net)**			
	Deferred Tax Liabilities			
	Timing Difference w.r.t. Fixed Assets		11,518.60	9,301.33
	Gross Deferred Tax Liability		**11,518.60**	**9,301.33**
	Deferred Tax Assets			
	Expenses Allowable on Payment Basis		666.32	889.57
	Provision for Loss on Derivative Transaction		1,093.09	970.48
	Provision for Doubtful Debts		220.91	322.92
	Gross Deferred Tax Asset		**1,980.32**	**2,182.97**
	Net Deferred Tax Liability		**9,538.28**	**7,118.36**
2.4.1	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 of Delhi vide its Order dated March 19, 2008, Deferred Tax Liability of Rs.2,419.91 Lacs (P. Y. Rs.148.82 Lacs) for the year has been adjusted to Securities Premium Account.			
2.5	**OTHER LONG TERM LIABILITIES**			
	Other Liabilities			
	Premium on Forward Contract		852.13	55.54
	Forward Contract Payable		-	146.95
	Deposits/Retention from Customers/Capital Creditors etc.		1,714.43	1,232.34
			2,566.56	**1,434.83**
2.6	**LONG TERM PROVISIONS**			
	Provision for Employee Benefits		722.28	1,363.66
			722.28	**1,363.66**
2.7	**SHORT TERM BORROWINGS**			
	Secured Loans			
	Working Capital Facilities From Banks	2.7.1	38,542.82	21,251.76
			38,542.82	**21,251.76**

Note:

2.7.1 Working Capital Facilities (Fund Based and Non Fund Based) from banks are secured by hypothecation of entire Current Assets of the Company, both present and future and second charge on entire Fixed Assets of the Company in favour of consortium bankers led by State Bank of India.

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.8	**TRADE PAYABLES**			
	Payables for goods and services	2.8.1 & 2.8.2	14,285.44	10,166.50
			14,285.44	**10,166.50**
2.8.1	Payable for goods and services includes acceptances		3,210.95	2,297.27
2.8.2	Disclosure of Trade Payables 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:			
	1. Principal amount outstanding at the end of the year		107.14	55.79
	2. Interest amount due at the end of the year		-	-
	3. Interest paid to suppliers		-	-

Particulars		As at March 31, 2012		As at March 31, 2011	
2.9	**OTHER CURRENT LIABILITIES**				
	Current maturities of Long-term Debt		6,543.24		5,136.11
	Current maturities of Vehicle Finance Loan		509.48		388.84
	Interest accrued but not due on borrowings		1,130.13		608.11
	Interest accrued and due on borrowings		724.53		143.73
	Unpaid dividend *		1.80		1.56
	Other Payables		23,243.20		5,478.35
	Premium on Forward Contract	69.55		35.30	
	Statutory Dues	2,037.81		1,221.37	
	Directors Commission Payable	6.98		7.42	
	Creditors for Capital Goods/Services	20,345.12		3,127.14	
	Advance from Customers	543.75		778.11	
	Others	239.99		309.01	
			32,152.38		**11,756.70**

* This is not due for payment to Investor Education and Protection Fund

Particulars		Ref.	As at March 31, 2012		As at March 31, 2011	
2.10	**SHORT TERM PROVISIONS**					
	Provision for Employee Benefits			1,273.72		770.66
	Proposed Dividend on Equity Shares			1,310.08		1,310.08
	Tax on Dividend			206.10		208.24
	Income Tax	2.10.2		4,297.45		2,457.45
	Wealth Tax			6.70		6.00
	Others			3,376.85		2,952.63
	Provision for Derivative Transactions	2.10.1	3,369.06		2,922.41	
	Others		7.79		30.22	
				10,470.90		**7,705.06**

2.10.1 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 in earlier years and interest thereon amounting to Rs. 3,227.51 Lacs (including Rs. 2,827.18 Lacs provided in the previous year) remains provided and included in the above provision. The matters are subjudice and the Company has been legally advised that these contracts are void ab-initio.

2.10.2 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.1,450 Lacs (P. Y. Rs.NIL) has been recognised in these Financial Statements.

Notes on Financial Statements (Contd.)

2.11 FIXED ASSETS

Rs. In Lacs

			GROSS BLOCK				DEPRECIATION (Refer Note 2.11.1)				NETBLOCK	
Sl. No.	Particulars	Ref	Book Value at 01.04.2011	Additions	Deductions	Book Value at 31.03.2012	Upto 31.03.2011	For the Year	Deductions	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
TANGIBLE												
1	Freehold Land		13,602.07	1,981.17	-	15,583.24	-	-	-	-	15,583.24	13,602.07
2	Leasehold Land		2,105.40	634.43	-	2,739.83	67.84	30.55	-	98.39	2,641.44	2,037.56
3	Buildings	2.11.2	16,765.57	9,419.19	82.91	26,101.85	3,808.61	659.00	29.34	4,438.27	21,663.58	12,956.96
4	Leasehold Building		9.18	-	-	9.18	0.63	0.15	-	0.78	8.40	8.55
5	Plant and Equipments		139,654.58	22,403.49	2,706.33	159,351.74	55,931.41	10,408.33	2,204.98	64,134.76	95,216.98	83,723.17
6	Furniture and Fixtures		394.55	113.44	6.82	501.17	193.04	20.13	1.60	211.57	289.60	201.51
7	Vehicles		3,450.00	930.55	48.64	4,331.91	916.75	402.21	22.16	1,296.80	3,035.11	2,533.25
8	Office Equipments		441.61	28.55	3.08	467.08	167.54	23.99	1.31	190.22	276.86	274.07
			176,422.96	**35,510.82**	**2,847.78**	**209,086.00**	**61,085.82**	**11,544.36**	**2,259.39**	**70,370.79**	**138,715.21**	**115,337.14**
INTANGIBLE												
9	Computer Software		769.20	580.52	-	1,349.72	433.91	319.73	-	753.64	596.08	335.29
			769.20	**580.52**	**-**	**1,349.72**	**433.91**	**319.73**	**-**	**753.64**	**596.08**	**335.29**
Total			**177,192.16**	**36,091.34**	**2,847.78**	**210,435.72**	**61,519.73**	**11,864.09**	**2,259.39**	**71,124.43**	**139,311.29**	**115,672.43**
Previous Year			**166,149.15**	**16,056.73**	**5,013.72**	**177,192.16**	**54,520.81**	**10,253.61**	**3,254.69**	**61,519.73**	**115,672.43**	

2.11.1 Depreciation for the year includes Rs.21.78 Lacs (P. Y. Rs.0.50 Lacs) transferred to Pre-Operative Expenses (pending allocation)

2.11.2 Building includes Rs.1,144.89 Lacs for acquiring Equity Shares in a Body Corporate. By virtue of acquiring the shares, the Company has right to use and occupy certain office space.

		2011-12	2010-11
2.11.3 a	Land and Buildings of Rishra and Bahadurgarh units were revalued by an approved valuer on April 1, 1992 and on March 31, 2006 on Current Replacement Cost basis. Accordingly net amount transferred to Revaluation Reserve.	10,891.99	10,891.99
b	Plant and Equipment of Rishra and Bahadurgarh units were revalued by an approved valuer on April 1, 1995 on Current Replacement Cost basis. Accordingly, net amount transferred to Revaluation Reserve.	4,831.31	4,831.31
c	Depreciation transferred from Revaluation Reserve to Statement of Profit and Loss.	190.01	286.52

2.11.4 Refer Note 2.3 to Financial Statements.

HNG

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.12	**INVESTMENTS**			
	Non-current Investments			
	A. Trade (valued at cost unless stated otherwise)			
	Unqouted Equity Instruments			
	Capexil Agencies Limted 5 Shares at Rs. 1000 each, fully paid up		0.05	0.05
	B. Non-Trade (valued at cost unless stated otherwise)			
	Unqouted Equity Instruments:			
	i) Subsidiaries - Fully paid-up Equity Shares			
	HNG Global GmbH 10,000,000 (NIL) of Face Value Eur 1 each	2.12.5	6,356.04	-
	Glass Equipment (India) Limited 26,400 (26,400) of Face Value Rs. 100 each		55.82	55.82
	Quality Minerals Limited 9,384 (9,384) of Face Value Rs. 100 each		9.38	9.38
	ii) Associates - Fully paid-up Equity Shares of Rs. 10 each (Face Value)			
	HNG Float Glass Limited 115,000,000 (115,000,000)		11,500.00	11,500.00
	iii) Other Body Corporate - Fully paid-up Equity Shares			
	Brabourne Commerce Private Limited		0.09	0.09
	107 (107) of Face Value Rs. 10 each			
	The Calcutta Stock Exchange Association Limited		167.28	167.28
	8,364 (8,364) of Face Value of Re. 1 each			
	iv) Government Securities			
	National Savings Certificates		1.07	6.51
	v) Others			
	Beneficial Interest In Shares Held In ACE Trust	2.3.4 & 2.12.4 (a to c)	-	6,009.35
	Beneficial Interest In Shares Held In HNG Trust	2.3.4 & 2.12.4 (a to c)	-	5.50
			18,089.73	**17,753.98**
2.12.1	Aggregate amount of quoted investment and Market Value thereof		-	-
2.12.2	Aggregate amount of unquoted investment		18,089.73	17,753.98
2.12.3	Aggregate provision for diminution in value of Investment		-	-

Notes on Financial Statements (Contd.)

2.12.4 (a) In terms of Scheme of Arrangement pursuant to the Order of Hon'ble High Court of Calcutta dated April 7, 2008 and by the Hon'ble High Court, Delhi dated March 19, 2008 (the Scheme) sanctioning the amalgamation of Ace Glass Containers Limited (AGCL) with the Company, 1,368,872 and 2,141,448 equity shares of Rs. 10/- each of the Company issued in lieu of the shares of the Company held by AGCL and shares of AGCL held by the Company were transferred to ACE Trust and HNG Trust respectively in earlier years for the sole benefit of the Company. Out of the shares so transferred 6,844,360 and 7,797,240 equity shares of Rs. 2/- each of the Company (after subdivision of 1 equity share of Rs. 10/- each into 5 equity shares of Rs. 2/- each w.e.f. November 13, 2009) are held by ACE Trust and HNG Trust respectively as on 31st March 2012.

2.12.4 (b) In view of the shares being held for the sole benefit of the Company as mentioned above and book value thereof as such not being Company's investments representing the value of the beneficial interest recoverable from the Trust, these have no longer been so classified in the accounts of the Company. Accordingly, these have been shown as deduction from the Shareholders' Fund and adjusted against the General Reserve of the Company. Consequent to this, General Reserve and Investments are lower to that extent. However, this does not have any impact on the profit of the Company for the year.

2.12.4 (c) Receipt from the Trusts on account of beneficial interest will be credited to the Capital Reserve.

2.12.5 Investment held by the Company in HNG Global GmbH are pledged in the favour of the term lender for HNG Global GmbH in respect of its borrowing facility.

Rs. In Lacs

Particulars	Ref.	As at March 31, 2012		As at March 31, 2011	
2.13 LONG TERM LOANS AND ADVANCES					
Unsecured, Considered good					
Capital Advances			14,659.23		6,396.04
Security Deposits			657.37		506.80
Loans and Advances to employees	2.18.1		8.10		1.34
MAT Credit entitlement			2,587.57		1,137.57
Other Loans and Advances					
Share Application Money			3,180.00		-
Others			1,967.61		604.14
Forward Contract Receivable		1,414.13		-	
Input VAT deferred	2.13.1	515.23		515.23	
Prepaid Expenses		38.25		88.91	
			23,059.88		**8,645.89**

2.13.1 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.

Rs. In Lacs

Particulars	Ref.	As at March 31, 2012	As at March 31, 2011
2.14 OTHER NON CURRENT ASSETS			
Interest Receivable		2.78	8.95
Deposits with Bank with more than 12 months maturity	2.14.1	127.56	6.28
		130.34	**15.23**

2.14.1 Deposit with Banks are pledged with the Government Authorities.

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars	Ref.	As at March 31, 2012	As at March 31, 2011
2.15 INVENTORIES			
(Valued at lower of Cost and Net Realisable Value)			
(Value taken and certified by the Management)			
Raw Materials (Including in transit Rs. 1006.75 Lacs, PY Rs. 407.75 Lacs)		5,884.99	4,199.38
Work in Progress		529.12	431.46
Finished Goods		12,239.92	6,239.64
Stores and Spare Parts (Including in transit Rs. 606.97 Lacs, PY Rs. 99.81 Lacs)		10,241.09	8,610.71
Packing Materials		1,218.94	945.55
		30,114.06	**20,426.74**

2.15.1 Inventories of Stores and Spare Parts include items, which are lying since earlier years. A provision of Rs. 729.97 Lacs (P. Y. Rs. 685.15 Lacs) 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.

2.15.2 Inventories includes items lying with third parties.

2.15.3 Refer Note 2.3 to Financial Statements.

Particulars	Ref.	As at March 31, 2012	As at March 31, 2011
2.16 TRADE RECEIVABLES			
Unsecured			
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment			
Considered Good		700.24	1,121.77
Considered Doubtful		449.55	749.09
Less: Provision for Doubtful Debts		(449.55)	(749.09)
		700.24	**1,121.77**
Others			
Considered Good		33,599.90	23,535.99
		34,300.14	**24,657.76**

2.16.1 The accounts of some of the customers are pending reconciliation / confirmation.

2.16.2 A provision 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.

2.16.3 A provision of Rs.32.50 Lacs (P.Y. Rs.46.04 Lacs) is carried in the books against credit notes issuable to customers and the Management is of the opinion that the same is adequate and no further provision is required there against.

Particulars	Ref.	As at March 31, 2012	As at March 31, 2011
2.17 CASH AND BANK BALANCES			
(As certified by the Management)			
Cash and Cash Equivalents			
Cash in hand		21.54	20.99
Cheques in hand		-	60.97
Balances with banks:			
In Current Accounts		186.72	192.34
In Cash Credit Accounts		840.83	293.27
In Dividend Accounts		1.80	1.56
Other Bank Balances:			
In Deposit Accounts (with original maturities of less than 12 Months)	2.17.1	7.22	-
		1,058.11	**569.13**

2.17.1 Deposit with Banks are pledged with the Government Authorities.

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.18	**SHORT TERM LOANS AND ADVANCES**			
	Unsecured, Considered good			
	Security Deposits		50.08	71.24
	Loans and Advances to employees	2.18.1	62.70	42.22
	Advance to Suppliers		2,397.68	1,612.69
	Advance Income Tax (Including refund receivables)		4,786.14	3,118.50
	Advance Fringe Benefit Tax		1.13	1.13
	Deposit with Govt. Authorities		11,859.53	2,556.37
	Other Loans and advances			
	Prepaid expenses		444.70	209.23
	Others		2,765.23	2,770.73
	Considered Doubtful			
	Advance to Suppliers		181.36	173.10
	Less: Provision for Doubtful Loans and Advances		(181.36)	(173.10)
	Deposit with Govt. Authorities		49.95	49.95
	Less: Provision for Doubtful Loans and Advances		(49.95)	(49.95)
			22,367.19	**10,382.11**

			Outstanding as at March 31, 2012	Maximum Balance outstanding during the year
2.18.1	**Disclosure pursuant to clause 32 of the Listing Agreement**			
	1	No Interest or interest below the rates specified in Section 372A of Companies Act, 1956*	47.39	-
	2	Repayment beyond seven years or no repayment schedule	-	-
	3	Repayment on Demand	-	-
	4	Loan to Associates	-	-
	5	Investment by Associates	-	-

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

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.19	**OTHER CURRENT ASSETS**			
	Interest Receivable		81.53	78.75
	Fixed Assets held for disposal	2.19.1	85.78	126.75
			167.31	**205.50**

2.19.1 Valued at lower of Net Book Value or estimated Net Realitable Value.

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	For the year ended March 31, 2012	For the year ended March 31, 2011
2.20	**REVENUE FROM OPERATIONS**			
	Sale of Products			
	Finished Goods		203,205.49	167,289.53
	Other Operating Revenue			
	Scrap Sales		311.95	356.09
	Insurance Claim received		183.62	-
	Liabilities no longer required written back		196.66	93.07
	Others	2.20.1	351.55	444.38
	Revenue from Operations (Gross)		**204,249.27**	**168,183.07**
	Less : Excise Duty		15,363.90	12,960.48
	Revenue from Operations (Net)		**188,885.37**	**155,222.59**
2.20.1	Industrial Promotion Assistance received under State Incentive Scheme has been included under Other Operating Revenue		-	346.69
2.21	**OTHER INCOME**			
	Interest Income		109.31	282.37
	Dividend Income on Non current Investments	2.21.1	26.99	53.39
	Net Gain on sale of Current Investments		17.04	193.06
	Rent and Hire Charges		90.59	75.62
	Exchange Gain (Net)		258.60	19.40
	Miscellaneous Income		86.49	187.83
			589.02	**811.67**
2.21.1	Dividend Income on Non Current Investments includes dividend from Subsidiaries		26.40	52.80
2.22	**COST OF MATERIAL CONSUMED**			
	Raw Materials Consumed		51,115.59	41,144.92
			51,115.59	**41,144.92**
2.22.1	Profit or loss on sale of Raw Materials has been adjusted in consumption.			
2.23	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**			
	Closing Stock			
	Finished Goods		12,239.92	6,239.64
	Work-in-Progress		529.12	431.46
			12,769.04	**6,671.10**
	Less:			
	Opening Stock			
	Finished Goods		6,239.64	7,171.19
	Work-in-Progress		431.46	384.26
			6,671.10	**7,555.45**
			(6,097.94)	**884.35**
2.24	**EMPLOYEE BENEFIT EXPENSES**			
	Salaries and Wages		11,686.47	9,168.88
	Contribution to Provident and Other Funds		1,311.33	867.57
	Workmen and Staff Welfare Expenses		479.49	613.36
			13,477.29	**10,649.81**

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	For the year ended March 31, 2012		For the year ended March 31, 2011	
2.25	**OTHER EXPENSES**					
	Stores and Spare Parts consumed	2.25.1		8,859.12		9,422.57
	Power and Fuel			67,193.61		45,780.70
	Packing Material consumed and Packing Charges			15,257.02		12,132.13
	Rent			339.72		393.89
	Rates and Taxes			403.67		110.35
	Repairs:					
	Buildings			303.70		264.43
	Plant and Machinery			958.26		1,288.24
	Others			345.57		386.39
	Freight outwards, Transport and Other Selling Expenses (Net of realisation Rs. 5,557.99 Lacs, P. Y. Rs. 4,466.03 Lacs)			1,310.14		1,065.88
	Commission on Sales			119.99		130.45
	Insurance			229.83		249.39
	Excise Duty on increase/(decrease) of Stock			756.47		(73.43)
	Bad Debts/Advances Written Off		304.03		3.08	
	Less: Provision for Doubtful Debts / advances written back		(304.03)	-	(3.08)	-
	Provision for Doubtful Debtors/Advances			253.63		199.48
	Charity and Donation			28.88		24.04
	Directors' Remuneration			15.93		15.22
	Loss on sale/discard of Fixed Assets			492.97		1,329.55
	Provision For loss on Derivative Transaction			447.49		470.22
	Other Miscellaneous Expenses	2.25.2 & 2.25.3		3,273.71		3,137.09
				100,589.71		**76,326.59**

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
2.25	**OTHER EXPENSES (Contd.)**		
2.25.1	Profit or loss on sale of Stores has been adjusted in consumption.	-	-
2.25.2	The Company has incurred expenses on account of Research and Development expenses which has been charged to Statement of Profit and Loss.	-	12.83
2.25.3	Other Miscellaneous Expenses include :		
	a) Payment to Auditors		
	To Statutory Auditor:		
	Audit Fees	10.50	10.50
	Tax Audit Fees	4.00	4.00
	Management Services & Certification Work	5.75	8.93
	Reimbursement of expenses	0.56	1.15
	To Branch Auditor:		
	Audit Fees	9.00	9.00
	Management Services & Certification Work	2.25	1.31
	Reimbursement of expenses	0.48	1.64
		32.54	**36.53**
	b) Directors Travelling Expenses	**48.94**	**43.46**

Rs. In Lacs

Particulars		Ref.	For the year ended March 31, 2012	For the year ended March 31, 2011
2.26	**FINANCE COST**			
	Interest Expense	2.26.1	7,700.11	5,000.27
	Other borrowing cost		1,532.62	82.91
			9,232.73	**5,083.18**
2.26.1	Interest subsidy towards interest on Term Loan receivable under State Investment Promotion Policy has been adjusted with interest on Term Loan paid.		100.62	95.40

Rs. In Lacs

Particulars		For the year ended March 31, 2012		For the year ended March 31, 2011	
2.27	**TAX EXPENSES**				
	Provision for Current Tax		-		3,350.00
	Minimum Alternate Tax	1,840.00		-	
	Less: MAT Credit Entitlement	(1,450.00)	390.00	-	-
	Tax for earlier years		28.64		(13.43)
			418.64		**3,336.57**

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars	Ref.	For the year ended March 31, 2012	For the year ended March 31, 2011
2.28 EARNINGS PER SHARE (EPS)			
The following reflects the profit and shares data used in the basic and diluted EPS computation			
Profit /(Loss) after Tax		9,086.07	8,642.25
Net Profit/(Loss) for calculation of Basic and Diluted EPS	(a)	**9,086.07**	**8,642.25**
Weighted Average no.of Equity shares in calculating Basic and Diluted EPS	(b)	87,338,565	87,338,565
Basic & Diluted EPS (a/b) [in Rs.]		10.40	9.90

Rs. In Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
2.29 CONTINGENT LIABILITIES NOT PROVIDED FOR		
(i) Outstanding Bank Guarantees/Letter of Credit	18,348.36	8,939.96
(ii) Guarantee furnished to a bank on behalf of an entity over which Directors of the Company has significant influence.	46,198.47	3,600.00
(iii) Sales Tax matter under appeals	1,549.41	1,088.94
(iv) Excise Duty and Octroi demand issued against which the Company has preferred appeals and which in the opinion of the Management are not tenable.	1,017.21	1,120.00
(v) Cases pending with Labour Courts (to the extent ascertainable)	506.23	507.28
(vi) 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
(vii) Other claims against the Company not acknowledged as debt.	528.42	379.61
(viii) Octroi on transportation of natural gas through pipeline.	282.70	-
(ix) Local Area Development Tax Demand	1,722.89	-
(x) Demand of Stamp Duty against leasehold land purchased from Haryana Sheet Glass Ltd.*	96.10	-
(xi) Disputed Entry Tax for the Financial Year 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12**	55.60	248.22
(xii) 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 cannot be transferred unless their dues are paid. However the matter is under dispute/litigation. (Amount not ascertainable)		

* Appeal filed before Tax Board, Rajasthan

** Challenged by the other body and pending before Hon'ble Supreme Court.

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. (iii) to (xii) as mentioned above is dependent upon outcome of final judgment/decision.

Particulars	As at March 31, 2012	As at March 31, 2011
2.30 CAPITAL AND OTHER COMMITMENTS		
a) Capital commitments for procurement of Capital Asset (Net of advance of Rs. 6,675.29 Lacs PY Rs. 7,595.72 Lacs)	16,510.27	37,295.66

Notes on Financial Statements (Contd.)

Rs. In Lacs

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
2.31	**CAPITALISATION OF EXPENDITURE**		
	During the year, the Company has capitalised the following expenses of revenue nature to the cost of Fixed Asset/Capital Work-in-Progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.		
	(i) Salaries and Wages	243.81	27.22
	(ii) Contribution to Provident and Other Funds	19.73	1.93
	(iii) Power and Fuel	86.23	-
	(iv) Miscellaneous Expenses	330.26	173.85
	(v) Interest Expenses	5,149.45	-
	(vi) Fabrication/Erection Charges	-	125.21
	(vii) Professional Fees	166.50	285.34
	(viii) Stores & Spares Consumed	-	2,864.02
	(ix) Payment to Contractors	27.26	1,468.24
	(x) Depreciation and Amortization Expense	-	0.50
	Total	**6,023.25**	**4,946.31**
	Add: Brought Forward from P. Y.	3,719.76	-
	Less: Capitalised during the year	-	1,226.55
	Total carried forward	**9,743.01**	**3,719.76**

Rs. In Lacs

Particulars		Purpose	As at March 31, 2012	As at March 31, 2011
2.32	**DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**			
	a) Derivatives outstanding as at the balance sheet date			
	Forward Contract to buy US Dollar	Hedge of Foreign currency loans/ borrowing	28,397.31	8,913.29
	b) Particulars of unhedged foreign currency exposure as at the reporting date			
	Import Trade Payables		11,012.85	4,335.53
	Export Trade Receivables		1,532.77	304.98
	Foreign Currency Loans		20,460.00	558.94

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

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

a) Defined Contribution Scheme

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

Rs. In Lacs

Particulars	Ref	For the year ended March 31, 2012	For the year ended March 31, 2011
Employer's Contribution to Provident Fund		395.27	371.84
Employer's Contribution to Pension Fund		203.66	290.28
Employer's Contribution to Superannuation Fund		12.38	21.14

The Company contributed Rs. NIL towards Provident Fund during the year ended March 31, 2012 (Rs. NIL during the year ended March 31, 2011).

The Guidance on implementing Accounting Standard - 15 (Revised 2005) on Employees Benefits issued by Accounting Standard Board (ASB) states that benefits involving Employer established Provident Funds, which require the interest shortfalls to be recompensed are to be considered as "Defined Benefit Plans". The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended December 31, 2011. The Actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at March 31, 2012.

The details of fund and plan asset position are given below:

Particulars	As at March 31, 2012
Plan assets at year end, at fair value	6,156.51
Present value of benefit obligation at year end	6,156.51
Asset / Liability recognised in Balance Sheet	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	As at March 31, 2012
Fixed Income/Debt Securities	11.62%
Expected guaranteed interest rate	8.25%

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

b) 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				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Liability at the beginning of the year *	1,799.89	765.49	726.27	619.29	527.51
• Current Service Cost	187.81	195.67	57.90	53.44	46.77
• Interest Cost	138.56	57.76	53.65	44.23	42.83
• Actuarial (Gain) / Loss	266.07	116.11	39.05	68.53	49.51
• Benefits paid	(135.84)	(87.07)	(111.38)	(59.21)	(47.33)
• Liability at the end of the year	2,256.49	1,047.96	765.49	726.27	619.29

*Opening unfunded liability amounting to Rs. 751.93 Lacs has been consider under Funded Liability being funded during the year.

Rs. In Lacs

	Gratuity Unfunded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Liability at the beginning of the year *	341.57	834.50	717.61	726.88	588.57
• Current Service Cost	47.40	112.99	77.99	66.83	52.57
• Interest Cost	58.02	77.12	62.08	57.78	52.62
• Actuarial (Gain) / Loss	(89.91)	157.29	1.81	(98.01)	59.43
• Benefits paid	-	(88.40)	(24.99)	(35.86)	(26.31)
• Liability at the end of the year	357.08	1,093.50	834.50	717.61	726.88

*Opening unfunded liability amounting to Rs. 751.93 Lacs has been consider under Funded Liability being funded during the year.

Rs. In Lacs

	Total Defined Benefit Obligations				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Defined Benefit Obligation (funded) at the end of the year	2,256.49	1,047.96	765.49	726.27	619.29
• Defined Benefit Obligation (unfunded) at the end of the year	357.08	1,093.50	834.50	717.61	726.88
• Total Defined Benefit Obligation at the end of the year	2,613.57	2,141.46	1,599.99	1,443.88	1,346.17

II. Changes in the fair value of Plan Assets representing reconciliation of opening and closing balances thereof are as follows:

Rs. In Lacs

	Gratuity Funded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Fair value of Plan Assets at the beginning of the year	695.13	684.53	592.24	597.37	537.70
• Expected return on Plan Assets	74.04	54.76	47.38	47.79	43.02
• Actuarial Gain / (Loss)	(34.01)	42.91	156.29	(34.53)	20.94
• Employer contribution	765.60	-	-	40.82	43.05
• Benefits paid	(135.84)	(87.07)	(111.38)	(59.21)	(47.33)
• Fair value of Plan Assets at the end of the year	1,364.93	695.13	684.53	592.24	597.37
• Actual return on Plan Assets	-	267.89	170.12	39.57	75.90

Notes on Financial Statements (Contd.)

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

III. Expense recognised in the Statement of Profit and Loss (Under the head "Contribution to Provident and Other Funds" - Refer Note 2.24)

Rs. In Lacs

Particulars	Gratuity Funded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Current Service Cost	187.81	195.67	57.90	53.44	46.77
• Interest Cost	138.56	57.76	53.65	44.23	42.83
• Expected Return on Plan Assets	74.04	54.76	47.38	47.79	43.02
• Net Actuarial (Gain) / Loss to be recognized	300.08	73.20	(117.24)	103.05	28.57
• Expenses recognised in Statement of Profit and Loss	552.40	271.87	(53.07)	152.93	75.15

Rs. In Lacs

Particulars	Gratuity Unfunded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Current Service Cost	47.40	112.99	77.99	66.83	52.57
• Interest Cost	58.02	77.12	62.08	57.78	52.62
• Expected Return on Plan Assets	-	-	-	-	-
• Net Actuarial (Gain) / Loss to be recognized	(89.91)	157.29	1.81	(98.01)	59.43
• Expenses recognised in Statement of Profit and Loss	15.51	347.40	141.88	26.59	164.62

IV. Balance Sheet Reconciliation

Rs. In Lacs

Particulars	Gratuity Funded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Present value of the Defined Benefit Obligations at the end of the year	2,256.49	1,047.96	765.49	726.27	619.29
• Fair value of the Plan Assets at the end of the year	1,364.93	695.13	684.53	592.24	597.37
• Amount Recognised in Balance Sheet	891.56	352.83	80.96	134.03	21.92

Rs. In Lacs

Particulars	Gratuity Unfunded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Present value of the Defined Benefit Obligations at the end of the year	357.08	1,093.50	834.50	717.61	728.88
• Fair value of the Plan Assets at the end of the year	-	-	-	-	-
• Amount Recognised in Balance Sheet	357.08	1,093.50	834.50	717.61	728.88

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

IV. Balance Sheet Reconciliation (Contd.)

Rs. In Lacs

Particulars	Gratuity Funded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Opening Net Liability	352.83	80.96	134.03	21.92	(10.18)
• Expenses as above	552.40	271.87	(53.07)	152.93	75.15
• Employers Contribution	765.60	-	-	40.82	43.05
• Amount Recognised in Balance Sheet	1,670.83	352.83	80.96	134.03	21.92

Rs. In Lacs

Particulars	Gratuity Unfunded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Opening Net Liability	1,093.50	834.50	717.61	726.88	588.57
• Expenses as above	15.51	347.40	141.88	26.59	164.62
• Employers Contribution	-	88.40	24.99	35.86	26.31
• Amount Recognised in Balance Sheet	1,109.01	1,093.50	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 March 31, 2012 is Rs. 365.21 Lacs (March 31, 2011 - Rs. 342.17 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.

VII. Principal Actuarial assumptions at the Balance Sheet date

Particulars	Gratuity Funded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
Mortality Table	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
Discount rate (per annum)	8.00%	8.00%	8.00%	7.50%	8.50%
Expected rate of return on Plan Assets (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%
Rate of escalation in salary (per annum)	7.00%	5.00%	5.00%	5.00%	5.00%

Particulars	Gratuity Unfunded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
Mortality Table	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%
Expected rate of return on Plan Assets (per annum)	0.00%	0.00%	0.00%	0.00%	0.00%
Rate of escalation in salary (per annum)	7.00%	5.00%	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 2012-13 is yet to be determined.

Notes on Financial Statements (Contd.)

2.34 SEGMENT INFORMATION

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

a) The following table shows the distribution of the Company's Revenue from operations by Geographical Market.

Rs. In Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Domestic Market	196,561.97	161,453.13
Overseas Market	7,687.30	6,729.94
Total	**204,249.27**	**168,183.07**

b) The following table shows the distribution of the Company's Trade Receivables by Geographical Market.

Rs. In Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Domestic Market	32,798.99	24,092.41
Overseas Market	1,501.15	565.35
Total	**34,300.14**	**24,657.76**

2.35 In the opinion of the Management/Board of Directors, the "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.

2.36 RELATED PARTY DISCLOSURES

I Names of the related parties and nature of relationship

A) Subsidiary Companies

Glass Equipment (India) Limited (GEIL)

Quality Minerals Limited (QML)

HNG Global GmbH (HNGGG)

B) Associate Company

HNG Float Glass Limited (HNGFL)

C) Key Management Personnels and their relatives

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

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

(iii) Mr. Mukul Somany - Vice Chairman and Managing Director and Key Management Personnel

(iv) Mr. Rakesh Kumar Sharma - 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.

AMCL Machinery Limited (AMCL)

Brabourne Commerce Private Limited (BCPL)

Mould Equipment Limited (MEL)

Rungamatte Trexim Private Limited (RTPL)

Somany Foam Limited (SFL)

Spotlight Vanijya Limited (SVL)

2.36 RELATED PARTY DISCLOSURES (Contd.)

II Related Party Transactions

a) Aggregate amount of transactions with Subsidiary Companies:

Rs. In Lacs

Nature of transaction	Name of the related party	For the year ended March 31, 2012	For the year ended March 31, 2011
Sale of Goods	Glass Equipment (I) Limited	19.08	20.96
Purchase of Stores & Spares	Glass Equipment (I) Limited	809.71	1,205.25
	Quality Minerals Limited	-	99.02
	HNG Global GmbH	1.28	-
Sale of Fixed Assets	Glass Equipment (I) Limited	-	0.02
Purchase of Fixed Assets	Glass Equipment (I) Limited	3,602.25	1,582.20
Receipt of Services	Glass Equipment (I) Limited	65.86	23.17
Provision of Facilities	Glass Equipment (I) Limited	28.49	22.06
Dividend Received	Glass Equipment (I) Limited	26.40	52.80
Surety Taken	Glass Equipment (I) Limited	50.00	50.00
Reimbursement of Expenses	Glass Equipment (I) Limited	0.06	-
	HNG Global GmbH	0.86	-
Recovery of expenses	HNG Global GmbH	75.31	-
Receivables	Glass Equipment (I) Limited	550.00	359.19
Investment in Shares	HNG Global GmbH	6,356.04	-
Corporate Guarantee given to Bank	Glass Equipment (I) Limited	5,110.00	-
	HNG Global GmbH	37,488.47	-

b) Aggregate amount of transactions with Associate Company:

Nature of transaction	Name of the related party	For the year ended March 31, 2012	For the year ended March 31, 2011
Sale of Goods	HNG Float Glass Limited	-	3.64
Purchase of Goods	HNG Float Glass Limited	4.72	0.02
Purchase of Assets	HNG Float Glass Limited	-	7.14
Purchase of DEPB License	HNG Float Glass Limited	-	30.55
Share Application Money	HNG Float Glass Limited	3,180.00	-
Recovery of Expenses	HNG Float Glass Limited	9.20	-
Investment in Shares	HNG Float Glass Limited	-	3,299.00

c) Aggregate amount of transactions with Key Management Personnel and their relatives:

Particulars	Sanjay Somany	Mukul Somany	Rakesh Kumar Sharma
Remuneration			
FY 2011-12	486.95	486.95	68.60
FY 2010-11	334.46	338.54	5.51

Notes on Financial Statements (Contd.)

d) Aggregate amount of Transactions with related parties as mentioned in (D) above are as follows:

Rs. In Lacs

Nature of transaction	Name of the related party	For the year ended March 31, 2012	For the year ended March 31, 2011
Purchase of Goods	Somany Foam Limited	2.03	1.88
	Mould Equipment Limited	9.30	-
Sale of Fixed Assets	Somany Foam Limited	-	80.71
Sale of Stores Material	Somany Foam Limited	7.96	-
Receipt of Services	Brabourne Commerce Private Limited	-	74.15
	Mould Equipment Limited	185.07	5.19
	AMCL Machinery Ltd.	4.07	-
Interest Received	Spotlight Vanijya Limited	-	38.08
Rent Paid	Spotlight Vanijya Limited	6.00	1.20
	Rungamattee Trexim Private Limited	3.00	0.60
Rent Received	Mould Equipment Limited	15.22	-
Refund of Loan given	Spotlight Vanijya Limited	-	1,780.40
Purchase of Shares	Spotlight Vanijya Limited	-	500.00
Corporate Guarantee given to bank	AMCL Machinery Limited	3,600.00	3,600.00

2.37 LEASES

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 item 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:

Rs. In Lacs

Particulars	Lease Payments	Present Value
Not more than one year	77.49	57.25
Later than one year and not later than five year	181.11	151.75
Later than five years	–	–

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 Note ‘2.25’ of the Financial Statement.

2.38 DEFERRAL/CAPITALISATION OF EXCHANGE DIFFERENCES

The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 - *The Effects of Changes in Foreign Exchange Rates*, to allow Companies deferral/capitalisation of exchange differences arising on Long-term Foreign Currency Monetary Items.

In accordance with the amendment to AS-11, the Company has capitalised/decapitalised exchange loss/gain respectively arising on long-term foreign currency loan, amounting to Rs. 195.15 Lacs (P.Y. NIL) to the Capital Work-in-Progress. The Company does not have any other Long-term Foreign Currency Monetary Item. Hence, the amount of exchange loss deffered in the “Foreign Currency Monetary Item Translation Difference Account” is Rs. NIL (P.Y. Rs. NIL)

2.39 FINISHED GOODS STOCK AND SALES

Rs. In Lacs

	Sales		Closing Stock	
Particulars	2011-12	2010-11	2011-12	2010-11
Bottles	203,205.49	167,289.53	12,239.92	6,239.64

2.40 RAW MATERIAL CONSUMED

Rs. In Lacs

Particulars	**2011-12**	2010-11
Silica Sand	8,404.90	6,664.81
Soda Ash	21,933.74	17,530.23
Cullet	14,222.77	11,273.66
Others	6,328.73	5,579.71
Total	**50,890.15**	**41,048.41**
Excluding Raw Material processing charges	**225.44**	**96.51**

2.41 VALUE OF RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED

Rs. In Lacs

	2011-12		2010-11	
Particulars	% of total consumption	Value	% of total consumption	Value
Raw Material				
Imported	26.95	13,712.90	21.49	8,822.40
Indigenous	73.05	37,177.25	78.51	32,226.01
	100.00	**50,890.15**	100.00	41,048.41
Spare Parts				
Imported	16.64	1,136.97	18.38	1,332.16
Indigenous	83.36	5,694.26	81.62	5,914.41
	100.00	**6,831.23**	100.00	7,246.57
Excluding Raw Materials Processing		**225.44**		96.51
Spare Parts includes items capitalized & recovery during the year		**165.19**		NIL
Excluding stores consumed		**2,027.89**		**2,176.00**

Notes on Financial Statements (Contd.)

2.42 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Rs. In Lacs

	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	Raw Materials	11,695.72	8,520.83
	Components, Spare Parts and Stores etc.	3,398.19	6,374.04
	Capital Goods (including CWIP)	54,542.23	4,394.97
2.43	**EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)**		
	Travelling Expenses	82.32	68.79
	Selling Commission	16.14	30.97
	Finance Charges	418.61	9.91
	Repairs	81.38	34.94
	Professional / Technical Fees	2,549.06	52.00
	Others	51.24	-
2.44	**EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)**		
	F.O.B. Value of Exports	5,243.23	3,375.10

2.45 Figures for P. Y. have been regrouped and/or rearranged wherever considered necessary.

2.46 Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for the preparation and presentation of its Financial Statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified P. Y. figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financials Statements. However, it significantly impacts presentation and disclosures made in the Financial Statements, particularly presentation of Balance Sheet.

As per our report of even date
For Lodha & Co.
Firm Registration No. 301051E
Chartered Accountants

Mukul Somany
Vice Chairman and
Managing Director

Sanjay Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

H.K.Verma
Partner
Mem. No.: 55104
Place : Kolkata
Date : May 15, 2012

Statement Regarding Subsidiary Companies Pursuant to

Section 212 of Companies Act, 1956

1	Name of the Subsidiary Company	**HNG Global GmbH**	**Glass Equipment (India) Limited**	**Quality Minerals Ltd**
2	The Financial Year of the Subsidiary Company.	Year ended on March 31, 2012	Year ended on March 31, 2012	Year ended on March 31, 2012
3	Holding Company's interest	Entire Subscribed Capital comprising of 10,000,000 Equity Shares of Euro 1/- each.	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%	100%	99.72%
5	Net Profit/(Loss) of the Subsidiary (Rs.)	(20,384,236)	25,887,407	1,349,354
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.	(20,384,236)	25,887,407	1,345,576
	B. Profits/(losses) so far as it concerns the members of the holding company and dealt with in the holding company's accounts.	NIL	2,640,000	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.	NIL	221,501,795	17,414,505
	B. Profits/(losses) so far as it concerns the members of the holding company and dealt with in the holding company's accounts.	NIL	18,174,263	NIL

Mukul Somany
Vice Chairman and
Managing Director

Sanjay Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

Place : Kolkata
Date : May 15, 2012

Statement Pursuant to Exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies for the Financial Year ended on March 31, 2012

Rs. In Lacs

Sl. No.	Particular's	Name of the Subsidiaries					
		Glass Equipment (India) Limited		HNG Global GmbH		Quality Minerals Limited	
		2011 - 2012	2010 - 2011	2011 - 2012	2010 - 2011	2011 - 2012	2010 - 2011
a	Issue & Subscribed Capital	26.40	26.40	6,354.76	NA	9.41	9.41
b	Reserves	2,817.70	2,650.41	(1,801.22)	NA	201.94	188.45
c	Total Assets	4,346.34	3,897.30	34,222.36	NA	217.46	204.96
d	Total Liabilities	4,346.34	3,897.30	34,222.36	NA	217.46	204.96
e	Investment (other than investment in subsidiary)	-	-	-	NA	-	-
f	Turnover (Gross of Excise duty)	4,379.71	2,707.47	10,834.80	NA	-	95.67
g	Profit Before Tax	378.14	284.89	(2,038.42)	NA	19.22	20.56
h	Provision for Taxation	119.26	105.13	-	NA	5.72	6.39
i	Profit After Taxation	258.87	179.76	(2,038.42)	NA	13.49	14.17
j	Proposed Dividend (including Dividend Distribution Tax)	46.02	30.68	-	NA	-	-

Auditors' Report
on Consolidated Financial Statement

To the Board of Directors of Hindusthan National Glass & Industries Limited on the Consolidated Financial Statements of Hindusthan National Glass & Industries Limited and its Subsidiaries

1. We have examined the attached Consolidated Balance Sheet of Hindusthan National Glass & Industries Limited ("the Company") and its subsidiaries and associate as at March 31, 2012, the Consolidated Statement of Profit and Loss and 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 i.e Quality Minerals Limited and HNG Global GmbH for the year ended March 31, 2012 whose financial statements reflect total assets of Rs.34,439.72 Lacs as at March 31, 2012 and total revenues of Rs. 12,611.28 Lacs and cash flows amounting to Rs. 30.89 Lacs for the year ended as on March 31, 2012. 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. We did not audit the Financial Statements of associate company HNG Float Glass Limited for the year ended March 31, 2012 whose Financial Statements reflect total assets of Rs.66,098.24 Lacs as at March 31, 2012 and total revenues of Rs. 34,324.41Lacs and cash flows amounting to Rs. (93.51) Lacs for the year ended as on March 31, 2012. 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 associate, is based solely on the report of the other auditors.

5. Further 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", 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

Auditors' Report on Consolidated Financial Statement (Contd.)

a true and fair view of the financial position of the Company and its subsidiary companies and associate as at March 31, 2012 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 March 31, 2012; and

(b) in the case of the Consolidated Statement of Profit and Loss, 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 15, 2012

Consolidated Balance Sheet as at March 31, 2012

Rs. In Lacs

Particulars			Note No.	As at March 31, 2012	As at March 31, 2011
I.	**Equity and Liabilities**				
	1	**SHAREHOLDER'S FUNDS**			
		(a) Share Capital	2.1	1,746.77	1,746.77
		(b) Reserves and Surplus	2.2	107,758.26	113,208.11
	2	**MINORITY INTEREST**		0.62	0.55
	3	**NON-CURRENT LIABILITIES**			
		(a) Long-term Borrowings	2.3	183,486.09	37,302.77
		(b) Deferred Tax Liabilities (Net)	2.4	9,517.96	7,110.20
		(c) Other Long-term Liabilities	2.5	2,566.56	1,434.83
		(d) Long-term Provisions	2.6	737.09	1,377.44
	4	**CURRENT LIABILITIES**			
		(a) Short-term Borrowings	2.7	41,923.12	21,349.94
		(b) Trade Payables	2.8	17,289.20	10,501.96
		(c) Other Current Liabilities	2.9	32,539.36	11,874.32
		(d) Short-term Provisions	2.10	11,028.71	7,953.46
Total				**408,593.74**	**213,860.35**
II.	**Assets**				
	1	**NON-CURRENT ASSETS**			
		(a) Fixed Assets			
		(i) Tangible Assets	2.11	160,842.49	114,456.06
		(ii) Intangible Assets	2.11	718.11	346.74
		(iii) Capital Work-in-Progress		115,727.64	16,385.82
		(iv) Goodwill on Consolidation		1.26	-
		(b) Non-current Investments	2.12	6,030.12	14,728.10
		(c) Long-term Loans and Advances	2.13	24,581.70	8,390.39
		(d) Other Non-current Assets	2.14	130.35	15.24
	2	**CURRENT ASSETS**			
		(a) Inventories	2.15	38,365.35	23,256.84
		(b) Trade Receivables	2.16	35,487.99	24,657.76
		(c) Cash and Bank Balances	2.17	1,202.49	641.22
		(d) Short-term Loans and Advances	2.18	23,574.86	10,766.75
		(e) Other Current Assets	2.19	1,931.38	215.43
Total				**408,593.74**	**213,860.35**
Summary of Significant Accounting Policies			1		
Notes on Consolidated Financial Statements			2.1 to 2.40		

The notes are an integral part of the Consolidated Financial Statements.

As per our report of even date
For Lodha & Co.
Firm Registration No. 301051E
Chartered Accountants

Mukul Somany
Vice Chairman and
Managing Director

Sanjay Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

H.K.Verma
Partner
Mem. No.: 55104
Place : Kolkata
Date : May 15, 2012

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

Rs. In Lacs

Particulars	Note No.	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
Revenue			
Revenue from Operations (Gross)	2.20	218,396.44	169,453.89
Less: Excise Duty		15,764.49	13,202.09
I. Revenue from Operations (Net)		202,631.95	156,251.80
II. Other Income	2.21	2,332.14	801.06
III. Total Revenue (I + II)		**204,964.09**	**157,052.86**
Expenses			
Cost of Materials Consumed	2.22	55,019.29	42,568.73
Purchase of Stock-in-Trade		444.50	376.46
Changes in inventories of Finished goods, Work-In-Progress and Stock-in-Trade	2.23	(6,380.81)	133.86
Employee Benefit Expense	2.24	17,019.54	11,136.94
Other Expenses	2.25	107,653.09	75,555.09
IV. Total Expenses		**173,755.61**	**129,771.08**
V. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (III - IV)		**31,208.48**	**27,281.78**
Depreciation and Amortization Expense	2.11	13,603.54	10,407.86
Transferred from Revaluation Reserves		(226.59)	(323.99)
		13,376.95	10,083.87
Finance costs	2.26	10,276.35	5,092.97
VI. Profit before Exceptional and Extraordinary Items and Tax		**7,555.18**	**12,104.94**
VII. Exceptional Items		-	-
VIII. Profit before Extraordinary Items and Tax (VI - VII)		7,555.18	12,104.94
IX. Extraordinary Items		-	-
X. Profit Before Tax (VIII - IX)		**7,555.18**	**12,104.94**
XI. Tax Expense:			
1. Current Tax	2.27	555.78	3,485.38
2. Deferred Tax		(12.15)	(37.29)
Total Tax Expenses		**543.63**	**3,448.09**
XII. Profit After Tax before share of results of associates and minority interests (X - XI)		7,011.55	8,656.85
XIII. Less: Minority Interests		0.04	0.06
XIV. Add: Share of Profit of Associate			
Share of Profit/(Loss) in Associate for the year		(2,677.71)	(1,832.00)
Share of Profit/(Loss) in Associate for 2009-10		–	(947.01)
XV. Profit/(Loss) for the period from continuing operations		**4,333.80**	**5,877.78**
XVI. Earning Per Equity Share: (in Rs.)	2.28		
1. Basic		4.96	6.73
2. Diluted		4.96	6.73
Number of shares used in computing Earnings Per Share			
1. Basic		87,338,565	87,338,565
2. Diluted		87,338,565	87,338,565
Summary of Significant Accounting Policies	1		
Notes on Consolidated Financial Statements	2.1 to 2.40		

The notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For Lodha & Co.
Firm Registration No. 301051E
Chartered Accountants

Mukul Somany
Vice Chairman and
Managing Director

Sanjay Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

H.K.Verma
Partner
Mem. No.: 55104
Place : Kolkata
Date : May 15, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

Rs. In Lacs

Particulars	Note No.	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Cash Flow from Operating Activities			
Profit Before Tax		7,555.18	12,104.94
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation/Amortisation		13,376.95	10,083.87
Loss/(Profit) on sale/discard of Fixed Assets		492.97	1,331.40
Bad Debts and Provision for Doubtful Debts		(0.52)	55.45
Provision for loss on Derivative Transactions		447.49	470.22
Interest Income		(127.21)	(291.69)
Receipt from Subsidy		(1,754.36)	-
Dividend Income on Long term Investments		(26.99)	(53.39)
Net loss/(gain) on sale of Current Investments		(17.04)	(193.06)
Interest Expenses		10,276.36	5,092.96
Liability no longer required written back		(196.66)	(93.07)
Investments written off		-	1.20
Operating Profit before working capital changes		**30,026.17**	**28,508.83**
Movement in working capital :			
Increase/(Decrease) in Trade Payables		7,312.92	(4,294.26)
Increase/(Decrease) in Long-term Provisions		(641.38)	1,120.22
Increase/(Decrease) in Short-term Provisions		630.17	(1,152.51)
Increase/(Decrease) in Other Long-term Liabilities		1,131.73	1,434.83
Increase/(Decrease) in Other Current Liabilities		1,921.81	5,224.03
Decrease/(Increase) in Trade Receivables		(10,829.71)	(2,828.08)
Decrease/(Increase) in Inventories		(15,108.51)	(945.46)
Decrease/(Increase) in Long-term Loans and Advances		(3,166.99)	727.72
Decrease/(Increase) in Short-term Loans and Advances		(10,926.25)	6,518.98
Decrease/(Increase) in Other Non-current Assets		(2.78)	-
Decrease/(Increase) in Other Current A ssets		40.98	(118.43)
Decrease/(Increase) in Bank Deposits with maturity more than 3 months and less than 12 months		(37.71)	(43.75)
Cash generated from/(used in) operations		**350.45**	**34,152.12**
Direct Taxes paid (net of refunds)		(468.36)	(3,973.65)
Net Cash Flow from/(used in) Operating Activities (A)		**(117.91)**	**30,178.47**
Cash Flow from Investing Activities			
Purchase of Fixed Assets, including Intangible Assets, CWIP and Capital Advances		(153,070.24)	(33,945.22)
Proceeds from sale of Fixed Assets		61.27	241.35
Proceeds of Non-current Investment		5.44	5,595.00
Purchase of Non-current Investment		(128.84)	(3,799.09)
Share Application Money paid		(3,180.00)	-
Proceeds from sale/maturity of Current Investments		17.04	943.40
Interest Received		145.34	648.34
Dividend received from subsidiary companies		26.40	52.80
Dividend received from others		0.59	0.59
Net Cash Flow from/(used in) Investing Activities (B)		**(156,123.00)**	**(30,262.83)**

Consolidated Cash Flow Statement for the year ended March 31, 2012 (Contd.)

Rs. In Lacs

Particulars	Note No.	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Cash Flow from Financing Activities			
Proceeds from Long-term Borrowings		154,211.79	11,555.51
Repayment of Long-term Borrowings		(8,024.95)	(9,362.54)
Proceeds from Short-term Borrowings		20,671.36	4,339.14
Repayment of Short-term Borrowings		(98.18)	-
Interest paid		(8,923.90)	(5,046.72)
Dividend paid on Equity Shares including Dividend Distribution Tax		(1,308.86)	(1,301.47)
Net Cash Flow from/(used in) Financing Activities (C)		**156,527.26**	**183.92**
Exchange Differences on Translation of Foreign Subsidiary (D)		**237.20**	**-**
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C+D)		523.55	99.56
Cash and Cash Equivalents at the beginning of the year		597.47	497.91
Cash and Cash Equivalents at the end of the year		**1,121.02**	**597.47**
Components of Cash and Cash Equivalents			
Balances with banks:			
In Current Accounts		244.12	220.15
In Cash Credit Accounts		840.83	293.27
In Unpaid Dividend Accounts		1.80	1.56
Cheques in hand		0.08	60.97
Cash in hand		34.19	21.52
Total Cash and Cash Equivalents	2.17	**1,121.02**	**597.47**
Summary of Significant Accounting Policies	1		

The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in the Accounting Standards 3 on "Cash Flow Statements" as prescribed by the Companies (Accounting Standard) Rules, 2006.

As per our report of even date
For Lodha & Co.
Firm Registration No. 301051E
Chartered Accountants

H.K.Verma
Partner
Mem. No.: 55104
Place : Kolkata
Date : May 15, 2012

Mukul Somany
Vice Chairman and
Managing Director

Sanjay Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARIES 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	Country of Incorporation	Percentage of voting power either directly or through subsidiaries as at	
		31.03.2012	31.03.2011
HNG Global GmbH	Germany	100.00	NA
Glass Equipment (India) Limited	India	100.00	100.00
Quality Minerals Limited	India	99.72	99.72

c) Investment in Associate

Name of Associate	Country of Incorporation	Percentage of voting power held as at	
		31.03.2012	31.03.2011
HNG Float Glass Limited	India	47.41	47.41

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, revenue and expenditures after eliminating intra group balances and transactions and the resulting unrealised profit and losses.

ii) Foreign Subsidiary-Revenue items have been consolidated at the average of foreign exchange rate prevailing during the year. The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operations are translated at the closing rate. The exchange difference on monetary and non-monetary items which in substance forms part of Company’s net investment in the non-integral foreign operations are accumulated in the Foreign Currency Translation Reserve.

iii) Investment in Associate is accounted in accordance with AS-23 on “Accounting for Investments in Associates in Consolidated Financial Statements”, under “Equity Method”. Unrealised profit/loss are eliminated.

iv) The difference between the cost of investment in the associate and subsidiaries and the share of net assets at the time of acquisition of shares in the associate is identified in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.

v) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.

e. **Other Significant Accounting Policies**

a. Accounting Convention

The Consolidated Financial Statements, 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 Consolidated Financial Statements have been prepared in accordance with the provisions of the Companies Act, 1956 and Accounting Standards as notified vide Companies (Accounting Standards) Rules, 2006.

Summary of Significant Accounting Policies (Contd.)

b. Use of Estimates

The preparation of Consolidated 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 revenue 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 Amortization

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 March 31, 1990 on Written Down Value Method and in respect of additions thereafter on Straight Line Method (SLM).

ii. Certain Plant and Equipments 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 Statement of Profit and Loss.

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. (A) For the Company

Computer Softwares are amortised on Straight Line Method @ 33.33% over a period of three years.

(B) Subsidiary

Intangible Assets :- 95% value of the Computer Software, Technical Knowhow and License Fee is amortised. Computer Software is amortised on SLM @ 16.21% per year. License Fee is amortised on SLM over a period of three years.

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:

Particulars of Fixed Assets	Rates as prescribed by Schedule XIV to the Companies Act, 1956	Rates of Depreciation applied on assets
Buildings (other than Factory Buildings)	1.63	2.04
Factory Buildings	3.34	5.21
Plant and Equipment		
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

Summary of Significant Accounting Policies (Contd.)

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

Non-Current 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.

h. Foreign Exchange Transactions and Derivatives

For the Company, its Subsidiaries and Associates

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 revenue or expenses in the Statement of Profit and Loss.

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 revenue/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 Consolidated Financial Statements.

i. Revenue Recognition

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

ii) Revenues 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 Statement of Profit and Loss 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.

Summary of Significant Accounting Policies (Contd.)

l. Research and Development

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

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 Statement of Profit and Loss 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 revenue. 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).

Lease, 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 Statement of Profit and Loss 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.

r. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include Depreciation and Amortization Expense, Finance Costs and Tax Expense.

Notes on Consolidated Financial Statements

Rs. In Lacs

Particulars		As at March 31, 2012	As at March 31, 2011
2.I	**SHARE CAPITAL**		
	Authorised Shares		
	2,557,500,000 (2,557,500,000) Equity Shares of Rs. 2/- each	51,150.00	51,150.00
	Issued, Subscribed and Fully paid - up shares		
	87,338,565 (87,338,565) Equity Shares of Rs. 2/- each	1,746.77	1,746.77
	Out of above 32,121,725 (32,121,725) Equity Shares have been issued pursuant to a Scheme of Amalgamation and Arrangement for consideration other than cash.		
		1,746.77	**1,746.77**

The Company has only one class of Equity Shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2012		As at March 31, 2011	
Particulars	Number of Shares	Amount	Number of Shares	Amount
Number of shares outstanding at the beginning of the year	87,338,565	1,746.77	87,338,565	1,746.77
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Number of shares outstanding at the end of the year	**87,338,565**	**1,746.77**	**87,338,565**	**1,746.77**

Details of the Shareholders holding more than 5% shares alongwith number of shares held

Name of Share Holders	Number of Shares held March 31, 2012	Number of Shares held March 31, 2011
Brabourne Commerce Pvt. Ltd.*	21,414,485	-
Ceramic Decorators Ltd.*	-	21,414,485
Dilip S Damle (Trustee HNG and ACE Trust)	14,641,600	14,641,600
Ironwood Investment Holdings	6,348,025	6,348,025
Noble Enclave and Towers Pvt. Ltd.#	-	5,692,720
Topaz Commerce Ltd.#	-	5,567,080
Spotlight Vanijya Ltd.#	16,199,975	4,940,175
Rungamattee Trexim Pvt. Ltd.	4,420,550	4,420,550
Spotme Tracon Pvt. Ltd.	4,420,545	4,420,545

* Ceramic Decorators Limited have been merged with Brabourne Commerce Limited with effect from April 1, 2010 as per Scheme of Arrangement duly passed by Hon'ble High Court of Calcutta vide its order dated August 9, 2011.

Noble Enclave & Towers Pvt. Ltd. and Topaz Commerce Limited have been merged with Spotlight Vanijaya Limited with effect from April 1, 2010 as per Scheme of Arrangement duly passed by Hon'ble High Court of Calcutta vide its order dated December 20, 2011

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref	As at March 31, 2012	As at March 31, 2011
2.2	**RESERVES AND SURPLUS**			
	Foreign Exchange Fluctuation Reserve			
	(arising on Consolidation)		**237.20**	**-**
	Capital Reserve on Consolidation		**2.90**	**2.90**
	Capital Reserves			
	As per last Balance Sheet		5,592.95	-
	Add: Amount credited during the year	2.12.4 (c)	-	5,592.95
			5,592.95	**5,592.95**
	Securities Premium Account			
	As per last Balance Sheet		8,243.00	8,391.82
	Less: Deferred Tax Liability	2.4 & 2.4.1	(2,419.91)	(148.82)
			5,823.09	**8,243.00**
	Debenture Redemption Reserve			
	As per last Balance Sheet		3,125.00	3,125.00
	Less: Transfer to Surplus		(2,500.00)	-
	Add: Transfer from Surplus		5,000.00	-
			5,625.00	**3,125.00**
	Revaluation Reserve			
	As per last Balance Sheet		9,782.94	10,299.69
	Less: Transfer to Statement of Profit and Loss	2.11.3a-2.11.3c	(226.59)	(323.99)
	Less: Adjustments on discarding / sale of Assets		(52.54)	(192.76)
			9,503.81	**9,782.94**
	General Reserve			
	As per last Balance Sheet		84,539.12	79,148.55
	Add: Transfer from Surplus		1,100.00	5,390.00
	Add: Transfer from Investment Allowance Reserve		-	0.57
	Less: Book Value of Beneficial Interest in own shares held in Trusts	2.12.4 (a) - 2.12.4.(c)	(6,014.85)	-
			79,624.27	**84,539.12**
	Investment Allowance Reserve			
	As per last Balance Sheet		-	0.57
	Add: Transfer to General Reserve		-	0.57
			-	**-**
	Surplus as per Statement of Profit and Loss			
	As per last Balance Sheet		1,922.20	2,736.03
	Add: Net Profit after Tax transferred from Statement of Profit and Loss		4,333.80	5,877.84
	Add: Transfer from Debenture Redemption Reserve		2,500.00	-
	Add: Provision for Proposed Dividend including Dividend Distribution Tax written back - Forego of right to receive Dividend by HNG Trust and ACE Trust	2.2.1	255.25	247.33
	Amount available for Appropriation		9,011.25	8,861.20
	Appropriations:			
	Proposed Final Equity Dividend		1,349.68	1,336.48
	Tax on proposed Equity Dividend		212.53	212.52
	Amount transferred to General Reserve		1,100.00	5,390.00
	Amount transferred to Debenture Redemption Reserve		5,000.00	-
	Net Surplus in the Statement of Profit and Loss		**1,349.04**	**1,922.20**
	Total Reserves and Surplus		**107,758.26**	**113,208.11**

2.2.1 In respect of 14,641,600 Equity Shares held by HNG Trust and ACE Trust, the Trustees had informed the Company of their decision to forego their rights to dividend on shares held by them for the year 2010-11 and accordingly dividend was not declared on these shares. Consequently, Proposed Dividend and Dividend Distribution Tax amounting to Rs.219.62 Lacs and Rs.35.63 Lacs respectively has been written back during the year.

2.3 LONG TERM BORROWINGS

Rs. In Lacs

Particulars	Ref.	As at March 31, 2012 Non Current	As at March 31, 2012 Current Maturities	As at March 31, 2011 Non Current	As at March 31, 2011 Current Maturities
SECURED LOANS					
a) Debentures	2.3.1				
(i) 10.40% Redeemble Non-convertible Debentures privately placed with Life Insurance Corporation of India		20,000.00	-	-	-
(ii) 10.75% Redeemble Non-convertible Debentures privately placed with General Insurance Corporation of India		2,500.00	-	2,500.00	-
(iii) 12.75% Redeemble Non-convertible Debentures privately placed with Life Insurance Corporation of India		-	-	10,000.00	-
b) Term Loans					
From Banks	2.3.2 & 2.3.6	138,201.13	5,605.74	21,248.01	3,886.11
From Financial Institution	2.3.3 & 2.3.6	10,000.00	937.50	937.50	1,250.00
From Others	2.3.4 & 2.3.6	10,000.00	-	-	-
c) Vehicle Finance Loan	2.3.6				
From Bank		1,115.84	457.98	897.97	339.52
From Others		63.20	52.61	108.74	49.32
UNSECURED LOAN					
d) Deferred Payment Liabilities	2.3.5				
Sales Tax Deferrment Loan		1,605.92	-	1,610.55	-
		183,486.09	**7,053.83**	**37,302.77**	**5,524.95**

2.3.1 Security and repayment details of Non-convertible Debentures	2014-15	2015-16	2016-17	2021-22
10.40% Secured Non-convertible Debentures alloted on February 3, 2012 are due for redemption at par at the end of the tenure. However, there is a put and call option available to the issuer/investor which can be exercised at the end of seventh year from the deemed date of allotment	-	-	-	10,000.00
10.40% Secured Non-convertible Debentures alloted on November 23, 2011 are due for redemption at par at the end of the tenure. However, there is a put and call option available to the issuer/investor which can be exercised at the end of seventh year from the deemed date of allotment	-	-	-	10,000.00
10.75% Secured Non-convertible Debentures alloted on June 18, 2009 are due for redemption at par in three equal instalments at the end of 5th, 6th & 7th year from the deemed date of allotment. However, there is a put and call option available to the issuer/investor which can be exercised at the end of third year from the deemed date of allotment.	833.33	833.33	833.34	-

All the aforesaid Non-convertible Debentures are secured by first charge ranking pari-passu 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.

Notes on Consolidated Financial Statements (Contd.)

2.3 LONG TERM BORROWINGS (Contd.)

		Foreign Currency Term Loan	10.50% - 11.50%	11.51% - 12.25%	12.26% - 13.25%
2.3.2	**Repayment details of Term Loans from Banks are as follows:**				
	2013-2014	16,407.91	6,955.17	4,400.00	1,000.00
	2014-2015	15,608.42	6,140.48	5,400.00	999.32
	2015-2016	8,297.26	5,283.33	5,900.00	-
	2016-2017	11,301.49	1,600.00	9,700.00	-
	2017-2018	8,719.74	1,250.00	10,200.00	-
	2018-2019	6,138.00	-	7,200.00	-
	2019-2020	-	-	5,700.00	-
2.3.3	**Repayment details of Term Loans from Financial Institutions are as follows:**				
	2013-2014	-	-	833.33	-
	2014-2015	-	-	833.33	-
	2015-2016	-	-	833.34	-
	2016-2017	-	-	1,875.00	-
	2017-2018	-	-	1,875.00	-
	2018-2019	-	-	1,875.00	-
	2019-2020	-	-	1,875.00	-
2.3.4	**Repayment details of Term Loans from Other are as follows:**				
	2013-2014	-	-	-	3,000.00
	2014-2015	-	-	-	7,000.00
2.3.5	**Deferred Sales Tax Loans are interest free and are payable as per the repayment schedule as follows:**				Amount
	2014-2015				225.41
	2015-2016				494.10
	2016-2017				450.21
	2017-2018				436.20

2.3.6 Term loan from Bank and Financial Institutions are secured by first charge ranking pari-passu on all immovable properties by way of equitable mortgage and hypothecation of all moveable properties both present and future of the Company and second charge ranking pari-passu on entire current assets of the Company, both present and future, save and except specific assets exclusively hypothecated in favour of respective lenders.

Rupee Term Loan from others are secured by pledge of equity share held by HNG and ACE Trusts.

Vehicle Finance Loans are secured against fixed assets obtained under finance lease arrangements.

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.4	**DEFERRED TAX LIABILITIES (Net)**			
	Deferred Tax Liabilities			
	Timing Difference w.r.t. Fixed Assets		11,518.60	9,309.43
	Gross Deferred Tax Liability		**11,518.60**	**9,309.43**
	Deferred Tax Assets			
	Diff. between carrying amount of fixed assets in the Consolidated Financial Statement & Income Tax Return		13.16	0.10
	Expenses Allowable on Payment Basis		673.48	905.73
	Provision for Loss on Derivative Transaction		1,093.09	970.48
	Provision for Doubtful Debts		220.91	322.92
	Gross Deferred Tax Asset		2,000.64	2,199.23
	Net Deferred Tax Liability		**9,517.96**	**7,110.20**

2.4.1 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 of Delhi vide its Order dated March 19, 2008, Deferred Tax Liability of Rs. 2,419.91 Lacs (P. Y. Rs.148.82 Lacs) for the year has been adjusted to Securities Premium Account.

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.5	**OTHER LONG TERM LIABILITIES**			
	Other Liabilities			
	Premium on Forward Contract		852.13	55.54
	Forward Contract Payable		-	146.95
	Deposits/Retention from Customers/Capital Creditors etc.		1,714.43	1,232.34
			2,566.56	**1,434.83**
2.6	**LONG TERM PROVISIONS**			
	Provision for Employee Benefits		737.09	1,377.44
			737.09	**1,377.44**
2.7	**SHORT TERM BORROWINGS**			
	Secured Loans			
	Working Capital Facilities From Banks	2.7.1	41,923.12	21,349.94
			41,923.12	**21,349.94**

Note:

2.7.1 Working Capital Facilities (Fund Based and Non Fund Based) from banks are secured by hypothecation of entire Current Assets of the Company, both present and future and second charge on entire Fixed Assets of the Company in favour of consortium bankers led by State Bank of India.

Rs. In Lacs

Particulars		Ref	As at March 31, 2012	As at March 31, 2011
2.8	**TRADE PAYABLES**			
	Payables for goods and services	2.8.1 & 2.8.2	17,289.20	10,501.96
			17,289.20	**10,501.96**
2.8.1	Payable for goods and services includes acceptances		3,210.95	2,297.27
2.8.2	Disclosure of Trade Payables 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:			
	1. Principal amount outstanding at the end of the year		107.14	55.79
	2. Interest amount due at the end of the year		-	-
	3. Interest paid to suppliers		-	-

Notes on Consolidated Financial Statements (Contd.)

Particulars			As at March 31, 2012		As at March 31, 2011	
2.9	**OTHER CURRENT LIABILITIES**					
	Current maturities of Long term Debt			6,543.24		5,136.11
	Current maturities of Vehicle Finance Loan			510.59		388.84
	Interest accrued but not due on borrowings			1,130.03		608.11
	Interest accrued and due on borrowings			979.76		143.73
	Unpaid dividend *			1.80		1.56
	Other payables			23,373.94		5,595.97
	Premium on Forward Contract		69.55		35.30	
	Statutory Dues		2,162.61		1,308.17	
	Directors Commission Payable		6.98		7.42	
	Creditors for Capital Goods/ Services		20,345.12		3,127.14	
	Advance from Customers		549.69		779.36	
	Credit balance of current account		-		1.75	
	Others		239.99		336.83	
				32,539.36		**11,874.32**
	* This is not due for payment to Investor Education and Protection Fund					
2.10	**SHORT TERM PROVISIONS**					
	Provision for Employee Benefits			1,513.50		846.37
	Proposed Dividend on Equity Shares			1,349.68		1,336.48
	Tax on Dividend			212.53		212.53
	Income Tax	2.10.2		4,569.45		2,599.45
	Wealth Tax			6.70		6.00
	Others			3,376.85		2,952.63
	Provision for Derivative Transaction	2.10.1	3,369.06		2,922.41	
	Others		7.79		30.22	
				11,028.71		**7,953.46**

2.10.1 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 in earlier years and interest thereon amounting to Rs. 3,227.51 Lacs (including Rs. 2,827.18 Lacs provided in the previous year) remains provided and included in the above provision. The matters are subjudice and the Company has been legally advised that these contracts are void ab-initio.

2.10.2 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.1,450 Lacs (Previous year Rs.NIL) has been recognised in these Consolidated Financial Statements.

Notes on Consolidated Financial Statements (Contd.)

2.11 FIXED ASSETS

Rs. In Lacs

Sl. No.	Particulars	GROSS BLOCK Book Value at 01.04.2011	Additions	Acquired through Business Agreement	Deductions/ Adjustments	Book Value at 31.03.2012	DEPRECIATION (Ref. 2.11.1) Upto 31.03.2011	For the Year	Deductions/ Adjustments	Upto 31.03.2012	NET BLOCK As on 31.03.2012	As on 31.03.2011
TANGIBLE												
1	Land	13,602.07	2,480.87	269.48	-	16,352.42	5.60	-	-	5.60	16,346.82	13,596.47
2	Leasehold Land	2,105.40	634.43	-	-	2,739.83	62.24	30.55	-	92.79	2,647.04	2,043.16
3	Buildings (Ref. 2.11.2)	16,765.56	9,576.14	3,329.41	82.91	29,588.21	3,813.03	762.36	29.34	4,546.05	25,042.16	12,952.53
4	Leasehold Buildings	9.18	-	-	-	9.18	0.63	0.15	-	0.78	8.40	8.55
5	Plant and Equipments	140,059.63	23,088.47	17,739.16	2,826.21	178,061.05	57,299.56	11,838.92	2,303.01	66,835.46	111,225.59	82,760.07
6	Furniture and Fixtures	412.86	287.55	1,881.16	6.99	2,574.58	197.84	198.59	1.60	394.83	2,179.75	215.02
7	Office and Other Equipments	542.93	35.41	-	3.08	575.26	225.91	25.03	1.31	249.63	325.63	317.02
8	Vehicles	3,501.85	938.05	-	53.10	4,386.80	938.61	407.48	26.39	1,319.70	3,067.10	2,563.24
		176,999.48	**37,040.93**	**23,219.21**	**2,972.28**	**234,287.34**	**62,543.42**	**13,263.08**	**2,361.66**	**73,444.85**	**160,842.49**	**114,456.06**
INTANGIBLE				-								
9	Computer Software	817.48	661.63	71.98	-	1,551.09	470.74	362.24	-	832.98	718.11	346.74
		817.48	**661.63**	**71.98**	**-**	**1,551.09**	**470.74**	**362.24**	**-**	**832.98**	**718.11**	**346.74**
Total		**177,816.96**	**37,702.57**	**23,291.18**	**2,972.28**	**235,838.43**	**63,014.16**	**13,625.32**	**2,361.66**	**74,277.82**	**161,560.60**	**114,802.80**
Previous Year		**166,998.64**	**15,921.33**	**-**	**5,103.01**	**177,816.96**	**55,943.22**	**10,408.36**	**3,337.42**	**63,014.16**	**114,802.80**	

2.11.1 Depreciation for the year includes Rs. 21.78 Lacs (P. Y. Rs. 0.50 Lacs) transferred to Pre-Operative Expenses (pending allocation)

2.11.2 Building includes Rs.1,144.89 Lacs for acquiring Equity Shares in a body corporate. By virtue of acquiring the Shares, the Company has right to use and occupy certain office space.

			2011-12	2010-11
2.11.3	a	Land and Buildings of Rishra and Bahadurgarh units were revalued by an approved valuer on April 1, 1992 and on March 31, 2006 on Current Replacement Cost basis. Accordingly, net amount transferred to Revaluation Reserve.	10,891.99	10,891.99
	b	Plant and Equipment of Rishra and Bahadurgarh units were revalued by an approved valuer on April 1, 1995 on Current Replacement Cost basis. Accordingly, net amount transferred to Revaluation Reserve.	4,831.31	4,831.31
	c	Plant and Equipment of GEIL unit were revalued by an approved valuer on March 31, 2008 by using Residual Replacement Value Method. Accordingly net amount transferred to Revaluation Reserve.	337.13	337.13
	d	Depreciation transferred from Revaluation Reserve to Statement of Profit and Loss.	226.59	323.99

2.11.4 Refer Note 2.3 to Consolidated Financial Statements

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.12	**INVESTMENTS**			
	Non-current Investments			
	A. Trade (valued at cost unless stated otherwise)			
	Unqouted Equity Instruments			
	Capexil Agencies Limted 5 shares at Rs. 1000 each, fully paid up		0.05	0.05
	B. Non-Trade (valued at cost unless stated otherwise)			
	Unqouted Equity Instruments:			
	i) Associates - Fully paid-up Equity Shares of Rs. 10 each (Face Value)			
	HNG Float Glass Limited		8,539.33	7,519.34
	115,000,000 (115,000,000) at Original Cost (including Rs. 835.76 Lacs (P. Y. Rs. 835.76 Lacs) of Goodwill arising on acquisition as per Equity Method)			
	[NIL (P.Y 37,990,000 Equity Shares) acquired during the year]		-	3,799.00
	Add: Share of Profit/(Losses) for the year		(2,677.71)	(1,832.00)
	Add: Share of Profit/(Losses) for the year 2009-10		-	(947.01)
			5,861.62	**8,539.33**
	ii) Other Body Corporate - Fully paid-up Equity Shares			
	Brabourne Commerce Private Limited 107 (107) of Face Value Rs. 10 each		0.09	0.09
	The Calcutta Stock Exchange Association Limited 8,364 (8,364) of Face Value Re. 1 each		167.28	167.28
	iii) Government Securities			
	National Savings Certificate		1.07	6.50
	iv) Others			
	Beneficial Interest in Shares Held in ACE Trust	2.3.4 & 2.12.4 (a to c)	-	6,009.35
	Beneficial Interest in Shares Held in HNG Trust	2.3.4 & 2.12.4 (a to c)	-	5.50
			6,030.12	**14,728.10**
2.12.1	Aggregate amount of quoted investment and Market Value thereof		-	-
2.12.2	Aggregate amount of unquoted investment		6,030.12	14,728.10
2.12.3	Aggregate provision for diminution in value of Investment		-	-

2.12.4 (a) In terms of Scheme of Arrangement pursuant to the Order of Hon'ble High Court of Calcutta dated April 7, 2008 and by the Hon'ble High Court of Delhi dated March 19, 2008 (the Scheme) sanctioning the amalgamation of Ace Glass Containers Limited (AGCL) with the Company, 1,368,872 and 2,141,448 equity shares of Rs. 10/- each of the Company issued in lieu of the shares of the Company held by AGCL and shares of AGCL held by the Company were transferred to ACE Trust and HNG Trust respectively in earlier years for the sole benefit of the Company. Out of the shares so transferred 6,844,360 and 7,797,240 equity shares of Rs. 2/- each of the Company (after subdivision of 1 equity share of Rs. 10/- each into 5 equity shares of Rs. 2/- each w.e.f. 13/11/2009) are held by ACE Trust and HNG Trust respectively as on March 31, 2012.

2.12.4 (b) In view of the shares being held for the sole benefit of the company as mentioned above and book value thereof as such not being Company's investments representing the value of the beneficial interest recoverable from the Trust, these have no longer been so classified in the accounts of the Company. Accordingly, these have been shown as deduction from the Shareholders' Fund and adjusted against the General Reserve of the Company. Consequent to this General Reserve and Investments are lower to that extent. However, this does not have any impact on the profit of the Company for the year.

2.12.4 (c) Receipt from the Trusts on account of beneficial interest will be credited to the Capital Reserve.

2.12.5 Investment held by the Company in HNG Global GmbH are pledged in the favour of the term lender for HNG Global GmbH in respect of its borrowing facility.

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars	Ref.	As at March 31, 2012		As at March 31, 2011	
2.13 LONG TERM LOANS AND ADVANCES					
Unsecured, Considered good					
Capital Advances			16,036.29		6,036.85
Security Deposits			665.12		514.56
Loans to Bodies Corporate			95.00		85.00
Loans and Advances to employees			8.10		1.34
MAT Credit entitlement			2,587.57		1,137.57
Other Loans and Advances					
Share Application Money			3,180.00		-
Others			2,009.62		615.07
Forward Contract Receivable		1,414.13		-	
Input VAT deferred	2.13.1	515.23		515.23	
Prepaid Expenses		80.26		99.84	
			24,581.70		**8,390.39**

2.13.1 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.

Particulars	As at March 31, 2012	As at March 31, 2011
2.14 OTHER NON CURRENT ASSETS		
Interest Receivable	2.78	8.95
Deposits with bank with more than 12 months maturity	127.56	0.01
Deposit with Central Excise (Post Office Saving Bank A/C)	0.01	6.28
	130.35	**15.24**
2.15 INVENTORIES		
(Valued at lower of Cost and Net Realisable Value)		
(Value taken and certified by the Management)		
Raw Materials (Including in transit Rs. 1,006.75 Lacs, P.Y. Rs. 407.75 Lacs)	7,541.52	5,371.46
Work in Progress	797.44	910.10
Finished Goods	15,410.00	6,697.77
Stock in Trade (Traded Goods)	864.92	767.27
Stores and Spare (Including in transit Rs. 606.97 Lacs, P.Y. Rs. 99.81 Lacs)	12,391.10	8,564.69
Packing Materials	1,360.37	945.55
	38,365.35	**23,256.84**

2.15.1 Inventories of Stores and Spare Parts include items, which are lying since earlier years. A provision of Rs. 729.97 Lacs (Previous year Rs. 685.15 Lacs) 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.

2.15.2 Inventories includes items lying with third parties.

2.15.3 Refer Note 2.3 to Consolidated Financial Statements.

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.16	**TRADE RECEIVABLES**			
	Unsecured			
	Trade Receivables outstanding for a period exceeding six months from the date they are due for payment			
	Considered Good		700.24	1,121.77
	Considered Doubtful		449.55	749.09
	Less: Provision for Doubtful Debts		(449.55)	(749.09)
			700.24	**1,121.77**
	Others			
	Considered Good		34,787.75	23,535.99
			35,487.99	**24,657.76**

2.16.1 The accounts of some of the customers are pending reconciliation / confirmation.

2.16.2 A provision 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.

2.16.3 A provision of Rs. 32.50 Lacs (P.Y. Rs. 46.04 Lacs) is carried in the books against credit notes issuable to customers and the Management is of the opinion that the same is adequate and no further provision is required there against.

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.17	**CASH AND BANK BALANCES (As certified by the Management)**			
	Cash and Cash Equivalents			
	Cash in hand		23.34	21.52
	Cheques in hand		10.93	60.97
	Balances with banks:			
	In Current Accounts		244.12	220.15
	In Cash Credit Accounts		840.83	293.27
	In Dividend Accounts		1.80	1.56
	Other Bank Balances:			
	In Deposit Accounts (with original maturities of less than 12 Months)	2.17.1	81.47	43.75
			1,202.49	**641.22**

2.17.1 Deposit with Banks are pledged with the Government Authorities.

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	As at March 31, 2012	As at March 31, 2011
2.18	**SHORT TERM LOANS AND ADVANCES**			
	Unsecured, Considered good			
	Security Deposits		50.18	71.58
	Loans and Advances to employees		177.44	42.39
	Advance to Suppliers		2,423.24	1,566.37
	Advance Income Tax (including refund receivables)		5,254.78	3,371.36
	Advance Fringe Benefit Tax		1.13	1.13
	Deposit with Govt. Authorities		12,407.44	2,720.72
	Other Loans and Advances			
	Prepaid expenses		495.42	221.97
	Others		2,765.23	2,771.23
	Considered Doubtful			
	Advance to Suppliers		181.36	173.10
	Less: Provision for Doubtful Loans and Advances		(181.36)	(173.10)
	Deposit with Govt. Authorities		49.95	49.95
	Less: Provision for Doubtful Loans and Advances		(49.95)	(49.95)
			23,574.86	**10,766.75**
2.19	**OTHER CURRENT ASSETS**			
	Interest Receivable		91.24	88.68
	Incentive Receivable		1,754.36	-
	Fixed Assets held for disposal	2.19.1	85.78	126.75
			1,931.38	**215.43**
2.19.1	Valued at lower of Net Book Value or estimated Net Realisable Value			
2.20	**REVENUE FROM OPERATIONS**			
	Sale of Products			
	Finished Goods		217,236.90	168,545.19
	Service Revenue		59.71	21.00
	Other Operating Revenue			
	Scrap Sales		375.50	373.41
	Insurance Claim received		190.48	-
	Liabilities no longer required written back		196.66	93.07
	Others	2.20.1	337.19	421.22
	Revenue from Operations (Gross)		**218,396.43**	**169,453.89**
	Less : Excise Duty		15,764.49	13,202.09
	Revenue from Operations (Net)		**202,631.95**	**156,251.80**
2.20.1	Industrial Promotion Assistance received under State Incentive Scheme has been included under Other Operating Revenue		-	346.69

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	For the year ended March 31, 2012	For the year ended March 31, 2011
2.21	**OTHER INCOME**			
	Interest Income		127.21	291.69
	Dividend Income on Non-current Investments		26.99	53.39
	Net Gain on sale of Current Investments		17.04	193.13
	Rent and Hire Charges		64.30	55.62
	Profit on sale of Fixed Assets (Net)		1.74	–
	Exchange Gain (Net)		253.91	19.40
	Receipt of Subsidy		1,754.36	–
	Miscellaneous Income		86.59	187.83
			2,332.14	**801.06**
2.21.1	Dividend Income on Non-current Investments includes dividend from Subsidiaries		26.40	52.80
2.22	**COST OF MATERIAL CONSUMED**			
	Raw Materials Consumed		55,019.29	42,568.73
			55,019.29	**42,568.73**
2.22.1	Profit or loss on sale of Raw Materials and Stores has been adjusted in consumption.			
2.23	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**			
	Closing Stock			
	Finished Goods		15,410.00	6,697.77
	Traded Goods		864.92	767.27
	Work-in-Progress		797.44	910.10
			17,072.36	**8,375.14**
	Less:			
	Opening Stock			
	Finished Goods		6,697.77	7,414.31
	Add: Inventory acquired on business acquisition from Agenda Glas		2,316.41	-
	Traded Goods		767.27	530.38
	Work-in-Progress		910.10	564.31
			10,691.55	**8,509.00**
			(6,380.81)	**133.86**
2.24	**EMPLOYEE BENEFIT EXPENSES**			
	Salaries and Wages		14,577.74	9,584.14
	Contribution to Provident and Others Funds		1,834.11	926.90
	Workmen and Staff Welfare Expenses		607.69	625.90
			17,019.54	**11,136.94**

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars	Ref.	For the year ended March 31, 2012		For the year ended March 31, 2011	
2.25 OTHER EXPENSES					
Stores and Spare Parts consumed			9,439.98		8,475.98
Power and Fuel			70,122.35		45,793.17
Packing Material consumed and Packing Charges			15,882.17		12,132.13
Rent			1,061.04		395.21
Rates and Taxes			682.60		111.45
Repair and Maintenance:					
Buildings			320.64		264.43
Plant and Machinery			1,053.50		1,270.56
Others			371.24		386.39
Freight outwards, Transport and Other Selling Expenses (Net of realisation Rs. 4,466.03 Lacs, P. Y. Rs. 3,676.38 Lacs)			1,641.05		1,065.88
Commission on Sales			119.99		130.45
Insurance			282.32		252.33
Excise Duty on increase/(decrease) of Stock			762.28		(66.20)
Bad Debts/Advances Written Off		304.03	-	3.08	-
Less: Provision for Doubtful Debts / Advances written back		(304.03)	-	(3.08)	-
Provision for Doubtful Debtors/Advances			253.63		199.48
Charity and Donation			29.08		24.04
Directors' Remuneration			16.08		16.42
Loss on sale/discard of Fixed Assets			492.97		1,331.40
Exchange Loss (Net)			-		19.62
Provision For loss on Derivative Transaction			447.49		470.22
Other Miscellaneous Expenses	2.25.1 & 2.25.2		4,674.68		3,282.13
			107,653.09		**75,555.09**

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref.	For the year ended March 31, 2012	For the year ended March 31, 2011
2.25.1	The Company has incurred expenses on account of Research and Development expenses which has been charged to Statement of Profit and Loss.		-	12.83
2.25.2	Other Miscellaneous Expenses include :			
	a) Payment to Auditors			
	To Statutory Auditor:			
	Audit Fees		29.33	11.12
	Tax Audit Fees		4.03	4.41
	Management Services & Certification Work		9.95	9.01
	Reimbursement of expenses		0.56	1.15
	To Branch Auditors:			
	Audit Fees		9.00	9.00
	Management Services & Certification Work		2.25	1.31
	Reimbursement of expenses		0.48	1.64
			55.60	**37.64**
2.26	**FINANCE COSTS**			
	Interest Expense	2.26.1	8,730.07	5,009.28
	Other borrowing costs		1,546.28	83.69
			10,276.35	**5,092.97**
2.26.1	Interest subsidy towards interest on Term Loan receivable under State Investment Promotion Policy has been adjusted with interest on Term Loan paid.		100.62	95.40

Rs. In Lacs

Particulars		For the year ended March 31, 2012		For the year ended March 31, 2011	
2.27	**TAX EXPENSES**				
	Provision for Current Tax		137.00		3,492.00
	Minimum Alternate Tax	1,840.00	-	-	–
	Less: MAT Credit Entitlement	(1,450.00)	390.00	-	–
	Income Tax for earlier years		28.78		(6.62)
			555.78		**3,485.38**

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
2.28 EARNINGS PER SHARE (EPS)			
The following reflects the profit and shares data used in the Basic and Diluted EPS computation			
Profit /(Loss) after Tax		4,333.80	5,877.78
Less: Dividend on Cumulative Redeemable Preference Shares and tax thereon		–	–
Net Profit/(Loss) for calculation of Basic and Diluted EPS	(a)	4,333.80	5,877.78
Weighted Average no.of Equity shares in calculating Basic and Diluted EPS	(b)	87,338,565	87,338,565
Basic & Diluted EPS (a/b) [in Rs.]		**4.96**	**6.73**

Rs. In Lacs

Particulars		As at March 31, 2012	As at March 31, 2011
2.29 CONTINGENT LIABILITIES NOT PROVIDED FOR			
(i)	Outstanding Bank Guarantees/Letter of Credit	20,417.43	8,939.96
(ii)	Guarantee furnished to a bank on behalf of an entity over which Directors of the Company has significant influence	47,346.47	4,748.00
(iii)	Sales Tax matter under appeals	1,549.41	1,088.94
(iv)	Excise Duty and Octroi Demand issued against which the Company has preferred appeals and which in the opinion of the Management are not tenable	1,017.21	1,120.00
(v)	Cases pending with Labour Courts (to the extent ascertainable)	506.23	507.28
(vi)	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
(vii)	Other claims against the Company not acknowledged as debt.	528.43	379.61
(viii)	Octroi on transporation of natural gas through pipeline.	282.70	-
(ix)	Local Area Development Tax Liability	1,722.89	-
(x)	Demand of Stamp Duty against leasehold land purchased from Haryana Sheet Glass Ltd.*	96.10	-
(xi)	Disputed Entry Tax for the Financial Year 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12**	55.60	248.22
(xi)	Surety given to Sales Tax department	50.00	50.00
(xii)	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 cannot be transferred unless their dues are paid. However the matter is under dispute/litigation. (Amount not ascertainable)		

* Appeal filed before Tax Board, Rajasthan.

** Challenged by the other body and pending before Hon'ble Supreme Court.

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. (iii) to (xii) as mentioned above is dependent upon outcome of final judgment/decision.

2.30 CAPITAL AND OTHER COMMITMENTS			
a)	Capital commitments for procurement of Capital Assets (Net of advance of Rs. 6,891.61 Lacs PY Rs. 7,595.72 Lacs)	19,070.76	36,049.64

Notes on Consolidated Financial Statements (Contd.)

Rs. In Lacs

Particulars		Ref	For the year ended March 31, 2012	For the year ended March 31, 2011
2.31	**CAPITALISATION OF EXPENDITURE**			
	During the year, the Company has capitalised the following expenses of revenue nature to the cost of Fixed Asset/Capital Work-in-Progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.			
	(i) Salaries and Wages		243.81	27.22
	(ii) Contribution to Provident and Others Funds		19.73	1.93
	(iii) Power and Fuel		86.23	-
	(iv) Miscellaneous Expenses		330.26	173.85
	(v) Interest Expenses		5,149.45	-
	(vi) Fabrication/Erection Charges		-	125.21
	(vii) Professional Fees		166.50	285.34
	(viii) Stores & Spares Consumed		-	2,864.02
	(ix) Payment to Contractors		27.26	1,468.24
	(x) Depreciation and Amortization Expense		-	0.50
	Total		**6,023.24**	**4,946.31**
	Add: Brought Forward from P. Y.		3,719.76	-
	Less: Capitalised during the year		-	1,226.55
	Total carried forward		**9,743.00**	**3,719.76**

Rs. In Lacs

Particulars		Purpose	As at March 31, 2012	As at March 31, 2011
2.32	**DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**			
	a) Derivatives outstanding as at the balance sheet date			
	Forward Contract to buy US Dollar	Hedge of Foreign currency loans & Borrowings	28,397.31	8,913.29
	b) Particulars of unhedged foreign currency exposure as at the reporting date			
	Import Trade Payables		11,012.85	4,335.53
	Export Trade Receivables		1,532.77	304.98
	Foreign Currency Loans		20,460.00	558.94

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

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

a) Defined Contribution Scheme

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

Rs. In Lacs

Particulars	Ref	For the year ended March 31, 2012	For the year ended March 31, 2011
Employer's Contribution to Provident Fund		412.08	386.70
Employer's Contribution to Pension Fund		217.94	303.80
Employer's Contribution to Superannuation Fund		12.38	21.14

The Company contributed Rs. NIL towards Provident Fund during the year ended March 31, 2012 (Rs. NIL during the year ended March 31, 2011).

The Guidance on implementing Accounting Standard - 15 (Revised 2005) on Employees Benefits issued by Accounting Standard Board (ASB) states that benefits involving Employer established Provident Funds, which require the interest shortfalls to be recompensed are to be considered as "Defined Benefit Plans". The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended December 31, 2011. The Actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at March 31, 2012.

The details of fund and plan asset position are given below:

Particulars	As at March 31, 2012
Plan Assets at year end, at fair value	6,156.51
Present value of Benefit Obligation at year end	6,156.51
Asset / Liability recognised in Balance Sheet	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	As at March 31, 2012
Fixed Income/Debt Securities	11.62%
Expected guaranteed interest rate	8.25%

Notes on Consolidated Financial Statements (Contd.)

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

b) 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				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Liability at the beginning of the year *	1,886.46	858.43	816.15	710.07	613.63
• Current Service Cost	196.00	203.32	64.93	60.05	52.45
• Interest Cost	144.77	64.56	60.19	50.76	49.86
• Actuarial (Gain) / Loss	286.02	111.29	44.75	61.81	48.40
• Benefits paid	(153.68)	(103.07)	(127.59)	(66.54)	(54.27)
• Liability at the end of the year	2,359.57	1,134.53	858.43	816.15	710.07

*Opening unfunded liability amounting to Rs. 751.93 Lacs has been consider under Funded Liability being funded during the year

Rs. In Lacs

	Gratuity Unfunded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Liability at the beginning of the year *	350.17	842.33	717.61	726.88	588.57
• Current Service Cost	47.58	113.56	78.35	66.83	52.57
• Interest Cost	58.54	77.78	62.39	57.78	52.62
• Actuarial (Gain) / Loss	(94.93)	157.03	8.97	(98.01)	59.43
• Benefits paid	-	(88.40)	(24.99)	(35.86)	(26.31)
• Liability at the end of the year	361.36	1,102.10	842.33	717.61	726.88

*Opening unfunded liability amounting to Rs. 751.93 Lacs has been considered under Funded Liability being funded during the year

Rs. In Lacs

	Total Defined Benefit Obligations				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Defined Benefit Obligation (funded) at the end of the year	2,359.57	1,134.53	858.43	816.15	710.07
• Defined Benefit Obligation (unfunded) at the end of the year	361.36	1,102.10	842.33	717.61	726.88
• Total Defined Benefit Obligation at the end of the year	2,720.92	2,236.63	1,700.76	1,533.76	1,436.95

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

II. Changes in the fair value of Plan Assets representing reconciliation of opening and closing balances thereof are as follows:

Rs. In Lacs

Particulars	Gratuity Funded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Fair value of Plan Assets at the beginning of the year	752.55	767.64	665.53	684.93	625.48
• Expected return on Plan Assets	78.64	61.41	53.24	54.80	50.04
• Actuarial Gain / (Loss)	(45.41)	26.57	164.38	(53.53)	14.33
• Employer contribution	794.75	NIL	12.08	45.87	49.36
• Benefits paid	(153.68)	(103.07)	(127.59)	(66.54)	(54.27)
• Fair value of Plan Assets at the end of the year	1,426.85	752.55	767.64	665.53	684.94
• Actual return on Plan Assets	0.00	252.92	198.27	45.08	81.12

III. Expense recognised in the Statement of Profit and Loss (Under the head "Contribution to Provident and Other Funds" - Refer Note 2.24)

Rs. In Lacs

Particulars	Gratuity Funded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Current Service Cost	196.00	203.32	64.93	60.05	52.45
• Interest Cost	144.77	64.56	60.19	50.76	49.86
• Expected Return on Plan Assets	78.64	61.41	53.24	54.80	50.04
• Net Actuarial (Gain) / Loss to be recognized	331.43	84.72	(119.63)	115.33	34.07
• Expenses recognised in Statement of Profit and Loss	593.57	291.18	(47.75)	171.34	86.34

Rs. In Lacs

Particulars	Gratuity Unfunded				
	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Current Service Cost	47.58	113.36	78.35	66.83	52.57
• Interest Cost	58.54	77.78	62.39	57.78	52.62
• Expected Return on Plan Assets	NIL	NIL	NIL	NIL	NIL
• Net Actuarial (Gain) / Loss to be recognized	(94.93)	157.03	8.97	(98.01)	59.43
• Expenses recognised in Statement of Profit and Loss	11.18	348.17	149.71	26.59	164.62

Notes on Consolidated Financial Statements (Contd.)

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

IV. Balance Sheet Reconciliation

Rs. In Lacs

	Gratuity Funded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Present value of the Defined Benefit Obligations at the end of the year	2,359.57	1,134.53	858.43	816.15	710.07
• Fair value of the Plan Assets at the end of the year	1,426.85	637.71	767.64	665.53	684.94
• Amount Recognised in Balance Sheet	932.72	381.98	90.79	150.62	25.13

Rs. In Lacs

	Gratuity Unfunded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Present value of the Defined Benefit Obligations at the end of the year	361.36	1,102.10	842.33	717.61	726.88
• Fair value of the Plan Assets at the end of the year	NIL	NIL	NIL	NIL	NIL
• Amount Recognised in Balance Sheet	361.36	1,102.10	842.33	717.61	726.88

Rs. In Lacs

	Gratuity Funded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Opening Net Liability	381.98	90.79	150.62	25.13	(11.84)
• Expenses as above	593.57	291.18	(47.75)	171.35	86.34
• Employer’s Contribution	736.45	NIL	(12.08)	45.87	(49.36)
• Amount Recognised in Balance Sheet	1,711.99	381.98	90.79	150.62	25.13

Rs. In Lacs

	Gratuity Unfunded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
• Opening Net Liability	1,102.10	842.33	717.61	726.88	588.57
• Expenses as above	11.18	348.17	149.71	26.59	164.62
• Employer’s Contribution	-	88.40	24.99	35.86	26.31
• Amount Recognised in Balance Sheet	1,113.29	1,102.10	842.33	717.61	726.88

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Notes on Consolidated Financial Statements (Contd.)

2.33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

V. Compensated Absences

The actuarial liability of Compensated Absences (unfunded) of accumulated privileged leave of the employees of the Company as at March 31, 2012 is Rs. 372.05 Lacs (March 31, 2011 - Rs. 349.46 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

	Gratuity Funded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
Mortality Table	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
Discount rate (per annum)	8.00%	8.00%	8.00%	7.50%	8.50%
Expected rate of return on Plan Assets (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%
Rate of escalation in salary (per annum)	7.00%	5.00%	5.00%	5.00%	5.00%

	Gratuity Unfunded				
Particulars	2011-12	2010 - 11	2009 - 10	2008 - 09	2007-08
Mortality Table	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%
Expected rate of return on Plan Assets (per annum)	0.00%	0.00%	0.00%	0.00%	0.00%
Rate of escalation in salary (per annum)	7.00%	5.00%	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 2012-13 is yet to be determined.

Notes on Consolidated Financial Statements (Contd.)

2.34 SEGMENT INFORMATION

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 follows:

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.

Geographical Segment

a) The following table shows the distribution of the Company's Revenue from operations by Geographical Market.

Rs. In Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Domestic Market	218,396.44	169,453.89
Overseas Market	7,687.30	6,729.94
Total	**226,083.74**	**176,183.83**

b) The following table shows the distribution of the Company's Trade Receivables by Geographical Market.

Rs. In Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Domestic Market	33,986.85	24,092.41
Overseas Market	1,501.14	565.35
Total	**35,487.99**	**24,657.76**

Notes on Consolidated Financial Statements (Contd.)

Business Segment

Rs. In Lacs

Sl. No.	Reportable Segments	GLASS CONTAINERS 2011-12	GLASS CONTAINERS 2010-11	GLASS MACHINES 2011-12	GLASS MACHINES 2010-11	MINERALS 2011-12	MINERALS 2010-11	ELIMINATIONS 2011-12	ELIMINATIONS 2010-11	TOTAL 2011-12	TOTAL 2010-11
I	**REVENUE**										
	External Sales/services	199,703.55	155,201.62	2,928.40	1,050.17	-	-	-	-	202,631.94	156,251.79
	Inter-segment sales/services	16.63	20.96	1,050.72	1,415.68	-	95.67	(1,067.35)	(1,532.31)	-	-
	Total Revenue	**199,720.18**	**155,222.59**	**3,979.12**	**2,465.86**	**-**	**95.67**	**-**	**-**	**202,631.94**	**156,251.79**
ii	**RESULT**										
	Segment result	16,418.80	16,944.09	397.67	299.15	(0.67)	6.68	(308.49)	(179.31)	16,507.31	17,070.61
	Other expenses net of unallocable income	-	-	-	-	-	-	-	-	(1,197.00)	164.38
	Operating profit	-	-	-	-	-	-	-	-	17,704.31	16,906.23
	Interest expenses	-	-	-	-	-	-	-	-	(10,281.25)	(5,098.74)
	Interest income	-	-	-	-	-	-	-	-	132.11	297.46
	Profit from ordinary activities	-	-	-	-	-	-	-	-	7,555.17	12,104.95
	Extraordinary Profit/(Loss)	-	-	-	-	-	-	-	-	-	-
	Net profit	-	-	-	-	-	-	-	-	7,555.17	12,104.95
	Income Tax-Current	-	-	-	-	-	-	-	-	(527.00)	(3,492.00)
	Income Tax-Deferred	-	-	-	-	-	-	-	-	12.15	37.29
	Taxes for Earlier year	-	-	-	-	-	-	-	-	(28.78)	6.63
	Mat Credit	-	-	-	-	-	-	-	-	-	-
	Profit after tax	-	-	-	-	-	-	-	-	7,011.54	8,656.87
iii	**OTHER INFORMATION**										
	Segment Assets	385,940.70	195,116.13	3,743.00	3,649.05	148.85	197.86	(2,366.91)	(1,867.45)	387,465.64	197,095.59
	Unallocated corporate assets							(12,100.85)	(120.21)	21,128.12	16,764.76
	Total Assets									**408,593.76**	**213,860.35**
	Segment liabilities	274,274.38	81,461.84	1,022.44	972.25	0.01	-	(550.13)	(359.19)	274,746.70	82,074.90
	Unallocated corporate liabilities							(41.88)	(54.45)	24,342.07	16,830.52
	Total Liabilities									**299,088.77**	**98,905.42**
	Capital expenditure	38,003.09	16,056.73	16.33	48.77	-	-	(316.86)	(184.18)	37,702.56	15,921.32
	Depreciation	13,279.40	9,966.59	105.85	122.07	0.06	0.07	(8.36)	(4.86)	13,376.95	10,083.87

2.35 In the opinion of the Management/Board of Directors, the "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.

2.36 RELATED PARTY DISCLOSURES

I Names of the related parties and nature of relationship

A) Associates Companies

HNG Float Glass Limited (HNGFL)

B) Key Management Personnels and their relatives

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

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

(iii) Mr. Mukul Somany - Vice Chairman and Managing Director and Key Management Personnel

(iv) Mr. Rakesh Kumar Sharma - Executive Director and Key Management Personnel

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

AMCL Machinery Limited (AMCL)
Brabourne Commerce Private Limited (BCPL)
Microwave Merchants Private Limited (MMPL)
Mould Equipment Limited (MEL)
Somany Foam Limited (SFL)
Rungamatte Trexim Private Limited (RTPL)
Spotlight Vanijya Limited (SVL)

Notes on Consolidated Financial Statements (Contd.)

2.36 RELATED PARTY DISCLOSURES (Contd.)

II Related Party Transactions

a) Aggregate amount of transactions with Associate Company:

Rs. In Lacs

Nature of transaction	Name of the related party	For the year ended March 31, 2012	For the year ended March 31, 2011
Sale of Goods	HNG Float Glass Limited	-	3.64
Purchase of Goods	HNG Float Glass Limited	4.72	0.02
Purchase of Assets	HNG Float Glass Limited	-	7.14
Purchase of DEPB License	HNG Float Glass Limited	-	30.55
Share Application Money	HNG Float Glass Limited	3,180.00	-
Recovery of Expenses	HNG Float Glass Limited	9.20	-
Investment in Shares	HNG Float Glass Limited	-	3,299.00

b) Aggregate amount of transactions with Key Management Personnel and their relatives:

Particulars	Sanjay Somany	Mukul Somany	Rakesh Kumar Sharma
Remuneration			
FY 2011-12	486.95	486.95	68.60
FY 2010-11	334.46	338.54	5.51

c) Aggregate amount of transactions with Related Parties as mentioned in (C) above is as follows:

Rs. In Lacs

Nature of transaction	For the year ended March 31, 2012	For the year ended March 31, 2011
Purchase of Goods	29.61	9.11
Sale of Fixed Assets	-	80.71
Sale of Stores Material	7.96	-
Receipts of Services	189.17	261.72
Interest Received	-	38.08
Rent Paid	9.00	1.80
Rent Received	15.22	17.87
Refund of Loan given	-	1,780.40
Corporate Guarantee given to bank	4,748.00	4,748.00

2.37 LEASES

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 item 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:

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 Note ‘2.25’ of the Consolidated Financial Statement.

Rs. In Lacs

Particulars	Lease Payments	Present Value
Not more than one year	77.49	57.25
Later than one year and not more than five year	181.11	151.75
Later than five years	-	-

2.38 DEFERRAL/CAPITALISATION OF EXCHANGE DIFFERENCES

The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 - *The Effects of Changes in Foreign Exchange Rates*, to allow companies deferral/capitalisation of exchange differences arising on Long-term Foreign Currency Monetary Items.

In accordance with the amendment to AS 11, the Company has capitalised/decapitalised exchange loss/gain respectively arising on Long-term Foreign Currency Loan, amounting to Rs. 195.15 Lacs (PY. NIL) to the Capital Work in Progress. The Company does not have any other Long-term Foreign Currency Monetary Item. Hence, the amount of exchange loss deffered in the “Foreign Currency Monetary Item Translation Difference Account” is Rs. NIL (PY. Rs. NIL)

2.39 Figures for P. Y. have been regrouped and/or rearranged wherever considered necessary.

2.40 Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for the preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified P. Y. figures to conform to this year’s classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financials statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

As per our report of even date
For Lodha & Co.
Firm Registration No. 301051E
Chartered Accountants

H.K.Verma
Partner
Mem. No.: 55104
Place : Kolkata
Date : May 15, 2012

Mukul Somany
Vice Chairman and
Managing Director

Laxmi Narayan Mandhana
Sr. Vice President Cum
Company Secretary and
Chief Financial Officer

Sanjay Somany
Vice Chairman and
Managing Director

Notes

Notes

CORPORATE INFORMATION

Chairman

Chandra Kumar Somany

Vice Chairmen & Managing Directors

Sanjay Somany

Mukul Somany

Directors

Dipankar Chatterji

Kishore Bhimani

Ratna Kumar Daga

Sujit Bhattacharya

Venkatesan Sridar

Executive Director

Rakesh Kumar Sharma

Chief Financial Officer & Company Secretary

Laxmi Narayan Mandhana

Auditors

Lodha & Co., Chartered Accountants

Registered office

2, Red Cross Place, Kolkata – 700 001

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Works

Rishra

Bahadurgarh

Rishikesh

Puducherry

Nashik

Neemrana

Banks / Financial institutions

Axis Bank

Bank of Baroda

Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Trading as Rabobank International)

DBS Bank Limited

Export Import Bank of India

General Insurance Corporation of India

HDFC Bank Limited

Life Insurance Corporation of India

State Bank of India

The Hongkong & Shanghai Banking Corporation Limited

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