ANNUAL REPORT
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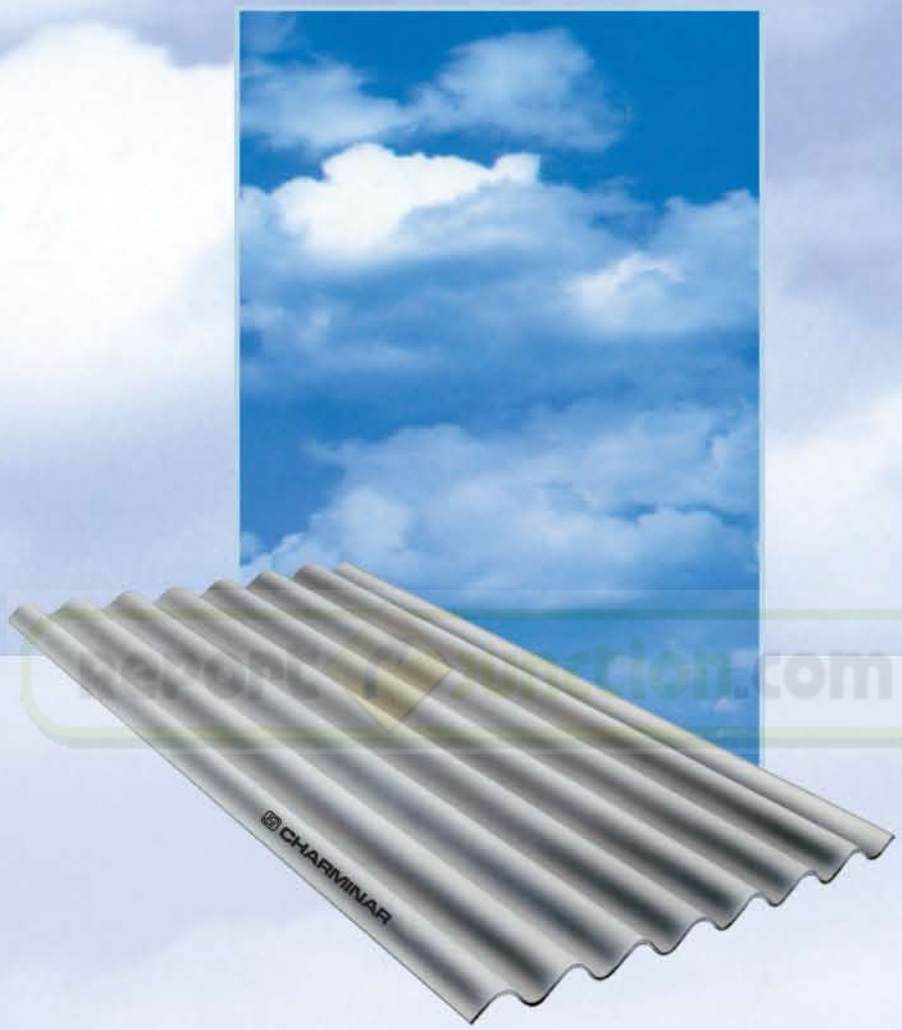

CHARMINAR
Revolutionary Ideas for the Building Industry

THE NO. 1 ROOF UNDER THE SKY

HYDERABAD INDUSTRIES LIMITED

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Building Products. For building the future

In a world where evolving technology is building better lifestyles for people, it goes without saying that building products need to keep pace to support them. The reason why, at Hyderabad Industries Limited, the focus is always on providing innovative building solutions that are not just in line with the changing times, but cost-effective too.

Be it low-cost roofing or partitions and panelling, false ceilings or mezzanine flooring, high quality building blocks or India's very first thermal roofing that keeps interiors cool, Hyderabad Industries Limited offers a world of solutions that are sheer value for money.

A C.K. Birla Group Company, Hyderabad Industries Limited is committed to offering customers a range of innovative solutions that meet almost every need of the building industry:

CHARMINAR AC ROOFING SHEETS

India's number 1 choice for roofing, for more than 50 years now, these AC roofing sheets find ideal application in low cost housing, industries, commercial establishments and various other public utilities.

CHARMINAR NT ROOFING SHEETS

A revolutionary roofing solution, these NT roofing sheets are non-asbestos but offer all the inherent advantages of asbestos. Making this possible is a balanced mixture of synthetic fibre that goes into making this roofing product.

CHARMINAR BOARD

This is a versatile board, which is possibly the best building material for a range of applications for interiors. It has the advantage of being a superior and an economical alternative to ply boards.

CHARMINAR FLEX-O-BOARD

This is a high-pressure, steam-cured (autoclaved) flat sheet that is ideal for partitions, false-ceilings, table-tops, wall-panelling in cold storage rooms and outdoor switchboard panels, to name a few.

CHARMINAR AEROCOOL

These are unique thermal roofing blocks that ensure comfortable room temperatures even in the hottest of summers.

CHARMINAR AEROCON PANELS

These are sleek, lightweight wall panels that offer excellent strength combined with fire and moisture resistance. Very easy to install, these panels are an excellent alternative to conventional brick walls, particle boards, plywood and plaster boards.

CHARMINAR AEROCON HQ BLOCKS

These are autoclaved, aerated light-weight blocks, which make them an excellent alternative to conventional clay bricks.

CHARMINAR HYSIL

This is a hydrated, calcium-slicate based thermal insulation solution, with high compressive strength and low shrinkage. All of which make it ideal for use in the cement and fertilizer industries, power and steel plants, furnaces and various other applications.

MARKETING OFFICES

Hyderabad:
Sanathnagar, Hyderabad - 500 018 Ph: 23700601, 23703852, 23702425
Fax: 23701227, 23702400
Email: mo@hil.in, vrp@hil.in

New Delhi:
Himalaya House, 1st Floor, 23 Kasturba Gandhi Marg, New Delhi - 110 001
Ph: 23313475
Fax: 23313702
Email: ar@hil.in

Mumbai:
96, Bajaj Bhavan, 9th Floor, Nariman Point, Mumbai - 400 021 Ph: 22021125, 22027852 Fax: 22841107
Email: mumoff@hil.in

Chennai:
Nutech Plaza, New No. 73, F-4, 1st Floor, Arcot Road, Kodambakkam, Chennai - 600 024
Ph: 24804073, 24833849
Fax: 24803893
Email: nkj@hil.in

Kolkata:
Birla Building, 11th Floor, 9/1, RN Mukherjee Road, Kolkata - 700 001
Ph: 22484168
Fax: 22205745
Email: koloff@hil.in

website: www.hil.in

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DIRECTORS

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

BANKERS

State Bank of Hyderabad
State Bank of India
Central Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Travancore

AUDITORS

S.R. Batliboi & Co.

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SOLICITORS

Khaitan & Co.

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REGISTERED OFFICE

Hyderabad Industries Limited
Sanatnagar, Hyderabad - 500 018
(Andhra Pradesh)

WORKS

Hyderabad, Sanatnagar – 500 018 (AP)
Faridabad, Sector-25 – 121 004 (Haryana)
Jasidih, Industrial Area – 814 142 (Jharkhand)
Dharuhera, Plot No.31, Rewari Dist – 122 106 (Haryana)
Thimmapur, Mahboobnagar Dist – 509 325 (AP)
Vijayawada, Plot No.289, IDA, Kondapalli – 521 228 (AP)
Chennai, Kannigaiper Vil, Tiruvallur Dist., - 601 102 (TN)
Wada, Musarane Vil., Thane Dist., - 421 312 (Maharashtra)
Sathariya, SIDA, Jaunpur Dist., - 222 022 (UP)
Thrissur, Mulangunnathukavu P.O., - 680 581 (Kerala)
Balasore, IDCO, Plot No. Z-2, IID Centre, Somanathpur (Orissa)

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TO THE SHAREHOLDERS

Notice is hereby given that the Sixty-first Annual General Meeting of Hyderabad Industries Limited will be held on Tuesday, the 12th day of August, 2008, at 3.00 P.M. at Asbestos Centre, Road No.13, Banjara Hills, Hyderabad, Andhra Pradesh-500 034 to transact the following business:

Ordinary Business

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date and the Directors' Report and Auditors' Report thereon.

2. To declare a Dividend on Equity Shares.

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

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

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

Special Business

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Mr.Abhaya Shankar be and is hereby appointed as a Director of the Company not liable to retire by rotation."

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

Item No. 6: Appointment of Mr. Abhaya Shankar as Director not liable to retire by rotation

The Company is a leading manufacturer and seller of building products under the brand name "CHARMINAR" all over the country through well established dealer network. The Company's business consists of the following Product Lines: (a) Fibre Cement Sheets (Asbestos as well as Non Asbestos); (b) Autoclaved Aerated Concrete Blocks (Light Weight Bricks); (c) Aerocon Panels and (d) Thermal Insulation Products.

The Board of Directors at their meeting held on 29th January, 2008 co-opted Mr. Abhaya Shankar as an Additional Director on the Board and appointed him as Managing Director of the Company, on the recommendation of the remuneration Committee, for a period of three years w.e.f., 1st February 2008.

The consent of Shareholders for appointment and remuneration of Mr. Abhaya Shankar, as Managing Director was obtained through postal ballot as per the provisions of the Companies Act, 1956. The details / results of Postal Ballot forms part of Corporate Governance Report.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 the appointment of Mr.Abhaya Shankar, as Additional Director will expire on the date of ensuing Annual General Meeting and as required under Section 257 of the Companies Act, 1956, a notice along with requisite deposit has been received from a member signifying his intention to propose Mr.Abhaya Shankar, as a candidate for the office of Director, so that he will continue as Managing Director of the Company.

Mr. Abhaya Shankar, aged about 52 years, has 27 years of experience in India and abroad, of which 17 years have been in top management roles. He is B.TECH (Mechanical) Engineer from IIT Kanpur (1979) and MBA (PGDM) from IIM Calcutta (1981). He was awarded "the best final year project" at IIT, Kanpur.

He has extensive experience in heading Manufacturing Companies, as well as undertaking corporate roles encompassing formulation of corporate strategy, mergers and acquisitions, formation of joint ventures and turn around of under-performing Companies.

His previous assignment (Feb 1998 to Jan 2008), was in the capacity of Managing Director and Country Manager of Tenneco Automotive India, which is a part of Tenneco Inc. USA, a USD 5 billion (Rs.20,000 Crore) revenue Company headquartered in the United States of America, and with a global presence of approximately 80 facilities worldwide, and engaged in design, development and manufacture of ride-control and emission control products. During his tenure the organisation was awarded the prestigious "Quality Award". He was also recognized as "Shadow Award" nominee by his Company for his leadership skills.

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Prior to this (1994 to 1998) he was heading the corporate office, as President for Bharat Technologies Group, engaged in automotive, information technology, electrical and sugar related industries.

Having worked in India and abroad with leading multi-nationals, he brings with him extensive experience of highly professional process and execution driven management practices.

The Board considered and felt that the varied and rich experience of Mr. Abhaya Shankar, in the manufacture sector, which is an allied industry for our main business of building products, will be valuable asset for the Company.

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

The Resolution passed by the Board of Directors on 29th January, 2008 pertaining to the appointment and remuneration payable to Mr. Abhaya Shankar as Managing Director is open for inspection by the members at the Registered Office of the Company between 10.00 A.M. to 12.00 Noon on any working day up to the date of ensuing Annual General Meeting.

The details of Mr. Abhaya Shankar, pursuant to the requirement of the Listing Agreement with the Stock Exchanges, relating to Corporate Governance, are disclosed in Corporate Governance Report, being annexed to this notice.

The Board of Directors recommends the Resolution for your approval.

None of the Directors of the Company except Mr. Abhaya Shankar is in any way, concerned or interested in the resolution above.

By Order of the Board
For Hyderabad Industries Limited

K.C.S. Naidu
Company Secretary

Registered Office:
Sanatnagar
Hyderabad - 500 018
Dated: 29th May, 2008

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Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. The Proxy form(s) in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

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

3. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from 05-08-2008 to 12-08-2008 (both days inclusive).

4. The dividend, as recommended by the Board of Directors, if approved by the Shareholders at their 61st Annual General Meeting, will be paid to those Shareholders or their mandate(s), whose names appear in the Register of Members of the Company on 5th August, 2008. In respect of shares held in dematerialised / electronic form, the dividend thereon shall be paid to the beneficial owners, as per the list provided by the respective Depositories for the said purpose.

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

6. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the STA / Company.

7. Members holding shares in physical form are informed to furnish their bank account details to the Company / STA to have printed the same on the dividend warrants so as to avoid possibility of misuse of dividend warrants by others.

8. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed/ unpaid dividends up to the financial year ended 31st March, 2000 have been transferred to the General Revenue Account of the Central Government.

9. Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payment shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrant(s) for the financial years 2004-2005, 2005-2006 & 2006-2007 are requested to make their claims to the Company without any delay.

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

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

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

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

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TO THE SHAREHOLDERS

The Directors have pleasure in presenting their Report and the Audited Accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS	Rs. in lacs 2007-08	2006-07
Profit before Interest, Depreciation, Exceptional Item and Taxation	**4004.51**	3957.27
Less : Interest	**732.28**	440.08
Depreciation	**1112.29**	955.55
Profit before Exceptional Items & Taxation	**2159.94**	2561.64
Exceptional Items	**30.56**	(327.84)
Profit after Exceptional Items	**2190.50**	2233.80
Deferred Tax Credit (Charge)	**(298.17)**	(189.52)
Income Tax/Fringe Benefit Tax	**(501.35)**	(530.00)
Minimum Alternate Tax Credit entitlement	**169.16**	—
Tax for earlier years	**(220.52)**	(117.00)
Tax Credit for earlier years	**68.15**	0.13
Profit after Tax	**1407.77**	1397.41
Balance as per last year	**1580.38**	932.01
Debenture Redemption Reserve Written Back	**93.75**	187.50
AVAILABLE FOR APPROPRIATION	**3081.90**	2516.92
APPROPRIATION		
General Reserve	**500.00**	500.00
Proposed Dividend on Equity Shares	**373.13**	373.13
Corporate Dividend Tax	**63.41**	63.41
Balance carried to Balance Sheet	**2145.36**	1580.38

DIVIDEND

The Directors recommends for consideration of the Shareholders, at the ensuing Annual General Meeting, payment of dividend, on the Equity Share of Rs.10/- each @ Rs.5/- per Equity Share.

PERFORMANCE

The Sale and Production of Fibre Cement Sheets during the year 2007-08 were as follows:

Year	Sales M.T.	Increase over previous year	Production M.T.	Increase over previous year
2007-08	650330	19%	660180	11%
2006-07	544721	(1%)	594465	12%

During the year under review the national demand for the Fibre Cement Sheets has grown by about 15% over the previous year. The Fibre Cement Sheet Industry has faced challenge on account of over supply position and higher input cost. This has led to the pressure on margins on Fibre Cement Sheets. The Fibre Cement Sheet Industry is expected to grow about 15% during the year. Despite lower margins, the Fibre Cement Division continued its positive contribution to the Company.

The market growth for Autoclaved Aerated Concrete Blocks (AAC Blocks) and Aerocon Panels was satisfactory during the year. Due to its inherent advantages of high quality, strength, light weight and thermal insulation properties coupled with technical support, guidance, cost-benefit analysis of usage of these products, the Company attracted various customers and received encouraging response from the market during the year. These products are gaining customer confidence due to their advantages against other substitutes.

The Sale and Production of AAC Blocks during the year 2007-08 were as follows:

Year	Sales Cu.M.	Increase over previous year	Production Cu.M.	Increase over previous year
2007-08	79421	10%	81157	11%
2006-07	72514	(6%)	73135	9%

The Sale and Production of Aerocon Panels during the year 2007-08 were as follows:

Year	Sales M.T.	Increase over previous year	Production M.T.	Increase over previous year
2007-08	17140	11%	18450	18%
2006-07	15468	5%	15666	(8%)

Production and Sales of Thermal Insulation products have increased by 16% and 9% respectively over the previous year. In view of increased demand, the Company is in the process of increasing its manufacturing capacity to cater to the growing demand.

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The Cement Grinding Unit (Non-Core activity) was sold during the year under review. The Company has during the year decided to discontinue the jointing business (Non-Core activity).

NEW PROJECTS

During the year under review the Company has set up a new Fibre Cement Sheet Plant at Somnathpur Industrial Estate, Balasore, in the state of Orissa with a capacity of 125000 MT per annum. The requisite clearances from Ministry of Environment and Forests and State Pollution Control Boards have been obtained and the commercial production is expected to start shortly.

The Company is setting-up a new Fibre Cement Sheet plant at Vijayawada in the existing location with a capacity of 125000 MT per annum which is expected to commence production in the last quarter of the financial year 2008-09. The Company is also setting-up an AAC Blocks Plant in the western part of the country as the demand for this product is expected to rise due to its inherent advantage of light weight, thermal insulation and fast construction.

During the year, the Company is expanding its manufacturing capacity of Thermal Insulation Products from 3500 MT to 6000 MT per annum, by installing an additional line at its Dharuhera factory to cater to the growing demand in the market for such products.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

DIRECTORS

Mr.P.Vaman Rao and Mr.Krishnagopal Maheshwari Directors of the Company retire from the Board by rotation in accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

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

With a deep sense of sorrow, the Directors of the Company express their grief at the sad demise of Mrs.Sultana N. Alladin, a Non-Executive Director of the Company, on 29th March, 2008. The Directors placed on record their appreciation for the valuable services rendered by her to the Company during her long association.

During the year, Mr.O.P.Jagetiya, retired as Managing Director & CEO of the Company.

Mr.Abhaya Shankar was co-opted as an Additional Director on the Board and on the recommendation of Remuneration Committee, was appointed as Managing Director of the Company, for a period of three years w.e.f., 01.02.2008. As an Additional Director the appointment of Mr.Abhaya Shankar as a Director will expire on the date of the ensuing Annual General Meeting and it is proposed to appoint him as a Director so that he will continue as Managing Director.

DIRECTORS' RESPONSIBILITY STATEMENT

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

CORPORATE GOVERNANCE

The Company has been making every endeavour to further improve transparency in the conduct of business. As per the requirements of Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance for the year 2007-08 and a Certificate from the Auditors of the Company are furnished as part of this Annual Report.

AUDITORS

The Statutory Auditors of the Company, M/s.S.R.Batliboi & Co., retire at the conclusion of ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received the Certificate under Section 224(1B) of the Companies Act, 1956 from M/s.S.R.Batliboi & Co., confirming that their re-appointment, if made, would be in compliance with the provisions of said Section.

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

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

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PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENTS

The Board expresses its appreciation for the co-operation and support extended by the Trade Partners, Financial Institutions, Banks, Customers, Business Associates, Distributors, Suppliers and Shareholders in achieving the goals of the Company. The Directors also place on record their appreciation of the commitment and contribution of the employees at all levels.

On behalf of the Board of Directors

C.K.BIRLA
Chairman

New Delhi, 29th May, 2008.

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Annexure I

Directors' Responsibility Statement

On the basis of compliance certificate received from the executives of the Company and subject to disclosures in the Annual Accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, and to the best of their knowledge and information furnished, the Board of Directors states:

i) That in preparation of the Annual Accounts for the year ended March 31st 2008; all the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures, if any.

ii) That the Directors have adopted such accounting policies and applied them consistently except those stated in Note No. 2(b) of Schedule 22 of the Accounts and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended March 31st 2008.

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) That the Annual Accounts for the year ended 31st March, 2008, have been prepared on a going concern basis.

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Annexure II

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

Conservation of Energy

To conserve and optimize the use of energy, the Company has been installing the energy efficient blowers, vacuum pumps, backwater pumps and other equipments to improve productivity of the existing plants. Energy efficient lighting system and modernized mechanical devises/systems were also installed for optimum usage of power. Strict control is exercised during operation of the plants and reductions in Autoclave time, resulted in optimize usage of fuel. Further areas of improvement are being constantly perceived as part of on going programme to optimize usage of energy.

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