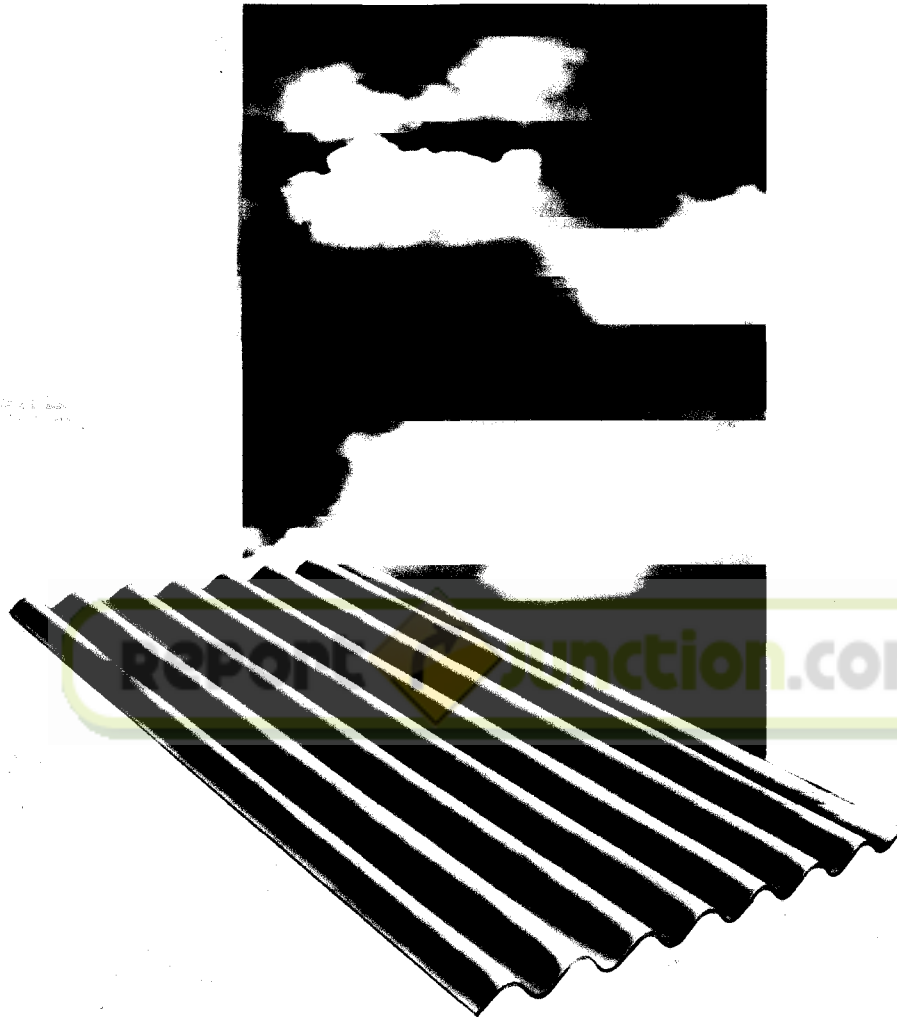


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CHARMINAR
Revolutionary Ideas for the Building Industry

THE NO. **1** ROOF UNDER THE SKY



HYDERABAD INDUSTRIES LIMITED

Building Products For The Changing Times

Needs and tastes of the man are changing fast in the present advanced technology regime for better life. At Hyderabad Industries, the focus of our corporate mission has been to provide innovative yet cost-effective solutions to the building industry in line with the changing times and needs. From the low cost roofing to partitions and panelling..., False-ceiling to mezzanine flooring... and high quality building blocks to India's first ever thermal roofing to keep interiors cool.

Hyderabad Industries Limited, India's leading building products company of the CK Birla Group provides the following range of products through its well known brand **CHARMINAR**:

- **AC ROOFING SHEETS** have been the No. **1** roofing sheets of choice for more than 50 years now. Providing roofing to low cost houses and to industries, commercial businesses and for several public utilities. Charminar sheets are widely known for their superior quality and durability.
- **FLEX-O-BOARD** is high-pressure steam cured (Autoclaved) flat sheet. Charminar Flex-O-Board AC Flat Sheet come in handy for application such as partitions, false-ceilings, printing table-tops, wall panelling in cold-storage rooms for outdoor switch-board panels etc.
- **CHARMINAR BOARD** is a highly versatile building board for a range of applications in interiors, a superior economic alternative to ply boards.
- **CHARMINAR SUPER BOARD** is a higher-density board ideal primarily for application in outdoors and also indoors.
- **AEROCON PANELS** are slim and light-weight wall panel. An excellent substitute for traditional brick-wall, particle-board plywood, and plaster-board because of their sheer strength coupled with fire & moisture-resistance properties and ease of installation.
- **AEROCON HQ AUTOCLAVED AERATED LIGHT-WEIGHT BLOCKS** are an excellent alternative to traditional clay bricks for construction of walls for buildings.
- **AEROCOOL** is a unique thermal roof block that helps maintain a comfortable room temperature inside of buildings despite searing heat or biting cold outdoors.
- **HYSiL** is a hydrated calcium silicate based thermal insulation with high compressive strength and low shrinkage at high temperatures for various applications in cement, fertilizer, power, steel plants and furnaces, etc. A new grade HYSIL-1100 has been introduced for higher operating temperature apart from the existing grades HYSIL-800 & HYSIL-1000.
- **JOINTINGS**, known as Beater Jointing Material (BTA), caters to the needs of gasketing and sealing applications used in automotive and industrial sectors.



HYDERABAD INDUSTRIES LIMITED
www.hil.in

**DIRECTORS**

Mr. C.K. Birla, *Chairman*
 Mr. Krishnagopal Maheshwari
 Mr. Shreegopal Daga
 Mrs. Sultana N. Alladin
 Mr. P. Vaman Rao
 Mr. Yash Paul
 Mr. O.P. Jagetiya, *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.

SOLICITORS

Khaitan & Co.

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REGISTERED OFFICE

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)
 Uttarapara, Hindmotor - 712 233 (West Bengal)
 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)

Notice



HYDERABAD INDUSTRIES LIMITED

TO THE SHAREHOLDERS

Notice is hereby given that the Fifty-eighth Annual General Meeting of Hyderabad Industries Limited will be held on Friday, the 29th day of July, 2005, at 3.00 P.M. at Asbestos Centre, Road No.13, Banjara Hills, Hyderabad, Andhra Pradesh to transact the following business:

Ordinary Business

1. To receive and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2005 and the Directors' Report and Auditors' Report thereon.
2. To declare 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, the following Resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 268, 269 & 309 read with Schedule XIII of the Companies Act, 1956 and subject to the necessary approval of the Central Government the consent of the Company be and is hereby accorded to vary the terms of appointment of Mr.O.P.Jagetiya, Managing Director as mentioned here-in-below:

'The Board of Directors may, at their discretion, pay Performance Bonus upto Rs.15,00,000/-' (as against Rs.7,50,000/-)".

"FURTHER RESOLVED THAT the other terms of his appointment shall remain unaltered."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:**Item No.6 of the Notice**

The Company is a leading manufacturer of building products namely Fibre Cement Sheets, Aerocon Panels and Autoclaved Aerated Concrete (AAC) Blocks. The Fibre Cement Sheets manufactured by the Company are marketed under the brand name "CHARMINAR" all over the country through well established dealer network. The Company also manufactures Jointings and Thermal Insulation Products (Refractories).

Apart from the above the Company has Heavy Engineering Division at Uttarapara, West Bengal manufacturing excavators, cranes, traversers, steel structures and other engineering equipment which was making losses due to various factors. The Company has decided to exit from this Heavy Engineering Business. Accordingly, the Company entered into Business Transfer Agreement with Titagarh Wagons Limited to transfer the said division by way of sale subject to the necessary approvals.

Mr.O.P.Jagetiya joined the Company as President on 9-9-2003 and he was appointed as Managing Director w.e.f.1-2-2004 and the said appointment was approved by the shareholders through a special resolution passed at their extra-ordinary general meeting held on 3rd March, 2004.

Notice (contd.)



HYDERABAD INDUSTRIES LIMITED

Mr.O.P.Jagetiya, aged about 55 yrs, holds an Engineering Honours Degree in Electronics and Masters Degree (MBA), both from Birla Institute of Technical Sciences (BITS), Pilani. He also holds Membership Diploma of Institution of Engineers. He has about 31 yrs. of experience in the industry in reputed Industry Houses. He was with ACC Group for about 19 yrs. and with Zuari Group for about 10 yrs. He spent about a year with Nagarjuna Group of Hyderabad. His last assignment prior to joining with the Company as President was with Nagarjuna Fertilizers & Chemicals Ltd., as Whole Time Director. Prior to that he was President and Whole Time Director of Zuari Cement Ltd., a joint venture of Zuari and Italcementi Group of Italy. As the Head of cement business of Zuari he played a crucial role in its capacity growth from 0.5 MTPA to over 3.0 MTPA. Mr.Jagetiya during his long association with these companies has had varied cross functional experience. He has had tenures in the field as head of cement plants in different parts of country and also Head Offices.

The Company under the leadership of Mr.O.P.Jagetiya has initiated and completed various measures for cost reduction, efficiency improvements, quality assurance etc., not only in the main business activity of fibre cement sheets but also in other segment business units. These measures have finally got reflected in the financial performance of the Company with the Gross Sales going up to Rs.41,505 lacs from Rs.32,925 lacs and PBDT (before Exceptional & Prior Period Items) going up to Rs.4,165 lacs from Rs.49 lacs.

The Remuneration Committee has, considering the performance and achievement of the Company under the supervision of Mr.O.P.Jagetiya, Managing Director, decided to recommend to the Board to consider the proposal to enhance the Performance Bonus to Rs.15,00,000/- per annum as against Rs.7,50,000/- per annum in recognition of his valuable contribution to the Company. The Board of Directors at their meeting held on 22nd April, 2005 have considered the recommendations of Remuneration Committee and approved the same.

Considering the performance and various factors the proposed remuneration to the appointee is in line with the remuneration comparable to the size of the Company and also that of the industry and of the position and person.

Mr.O.P.Jagetiya does not have any pecuniary relationship directly or indirectly with the Company or any relationship with any other managerial personnel of the Company.

The above variation in terms of appointment of Mr.O.P.Jagetiya as Managing Director requires the approval of the shareholders in general meeting by way of Special Resolution in terms of provisions of Paragraph 1(C)(iii) of Section II of Part II and Part III of Schedule XIII of the Companies Act, 1956 and Central Government.

The Board of Directors recommends the Resolution for your approval.

The Resolution passed by the Board of Directors on 22nd April, 2005 pertaining to the variation of terms of appointment of Mr.O.P.Jagetiya, Managing Director is open for inspection to the members at the Registered Office of the Company between 10.00 A.M. to 12 Noon on any working day up to the date of the meeting.

None of the Directors of the Company except Mr.O.P.Jagetiya is concerned or interested in the above.

By Order of the Board
For Hyderabad Industries Limited

Registered Office:
Sanatnagar
Hyderabad - 500 018
Dated: 22nd April, 2005

D.S. Rao
Secretary

**Notes:**

- i) 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. Proxies 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.
- ii) The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from 16th July, 2005 to 29th July, 2005 (both days inclusive).
- iii) M/s. VENTURE CAPITAL AND CORPORATE INVESTMENTS LTD., 6-2-913/ 914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad - 500 004 is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
- iv) 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 Share Transfer Agent/Company.
- v) 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 curb the misuse of dividend warrants by others.
- vi) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/ unpaid dividends upto the financial year ended 31st March, 1997 have been transferred to the General Revenue Account of the Central Government.

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 1997-98 & 1998-99, are requested to make their claims to the Company without any delay.

Directors' Report**HYDERABAD INDUSTRIES LIMITED****TO THE SHAREHOLDERS**

The Directors have pleasure in presenting their Report and the Audited Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS

Rs. in lacs
2004-2005 2003-2004

Profit before Interest, Depreciation, Exceptional Items, Prior Period Items and Taxation	5218.73	1404.90
Less : Interest	1053.95	1355.98
Depreciation	849.90	805.66
Profit/(Loss) before Exceptional Items, Prior Period Items & Taxation	3314.88	(756.74)
Exceptional Items	(531.17)	385.66
Prior Period Items	(1069.55)	(75.70)
Profit/(Loss) after Exceptional Items & Prior Period Items	1714.16	(446.78)
Deferred Tax Credit/(Charge) (Net)	(655.00)	338.36
Minimum Alternate Tax	(85.00)	—
Tax Credit for earlier years	—	25.83
Profit/(Loss) after Tax	974.16	(82.59)
Transfer from General Reserve	—	32.88
Balance as per last year	—	49.71

APPROPRIATIONS

General Reserve	182.88	—
Proposed Dividend on Equity Shares	178.69	—
Corporate Dividend Tax	25.06	—
Balance carried to Balance Sheet	587.53	—
	974.16	—

The Directors recommend, for consideration of the shareholders, at the ensuing Annual General Meeting, payment of dividend, on the Equity Share of Rs.10/- each @ Rs.2.50 per Equity Share.

PERFORMANCE

The sale and production of Fibre Cement Sheets have recorded significant growth during the year 2004-05. The details are as follows:

Year	Sales M.T.	Increase over previous year	Production M.T.	Increase over previous year
2004-05	500005	20%	492374	15%
2003-04	417116	7%	428713	9%

The overall Fibre Cement Sheet Industry has registered a growth of over 18% during the year under review. Higher volumes, better realisation in Building Products Segment coupled with cost control measures and productivity & efficiency improvement programmes have resulted in a healthy bottom line. Competition remained severe due to manufacturers desire to improve their relative market shares putting pressure on prices. Making available improved quality of product & service coupled with the strong brand image of CHARMINAR helped us retain our market leadership.

During the year the market growth for Autoclaved Aerated Concrete Blocks (AAC Blocks) and Aerocon Panels was very encouraging. By providing the technical support, guidance, cost-benefit analysis of usage of these products to the customers the Company is able to attract different types of new customers and penetrate into new markets. The Company is focusing on the dissemination of information of various uses, applications and inherent advantages of these products as cost effective and time saving products.

The production and sales of Thermal Insulation Products (Refractories) and Process Plant and Machinery were satisfactory during the year under review. The performance of Jointings has slowed-down due to severe competition from small scale and un-organised sector.

The performance of Heavy Engineering Division did show improvement but despite various measures taken for cost cutting & productivity enhancement the financial performance remained unsatisfactory.

TRANSFER OF HEAVY ENGINEERING DIVISION (HED)

The Company has entered into an agreement to sell the Heavy Engineering Division to Titagarh Wagons Limited (TWL) subject to necessary approvals. Accordingly the approval of the shareholders has been sought through postal ballot as per the provisions of the Companies Act.

EXPANSION

Through continuous improvements in process & productivity the Company has realised substantial additional production at its existing plants. This has helped the Company to retain its market share. To be able to participate in the projected market growth and maintain the market share now it is necessary to put-up new green-field capacities. Accordingly, the Company has decided to set-up a new Fibre Cement Sheeting Plant in Eastern Uttar Pradesh. The first phase of this plant will have a capacity of 120,000 tonnes per annum and will be operational during the last quarter of 2005.

Directors' Report (Contd.)**HYDERABAD INDUSTRIES LIMITED****RESEARCH AND DEVELOPMENT (R&D)**

R&D facilities of the Company are recognised by the Department of Scientific and Industrial Research, Government of India. The Company has obtained Patent for its product Aerocon Panels in Australia, India, U.K., Pakistan, Malaysia & Sri Lanka.

The emphasis on extensive R&D continued during the year under review. R&D activities were directed towards modernisation, automation, new process development, new application of existing products based on features and technical innovation, development of value added products, exploring new avenues for indigenisation and import substitution, with an aim to improve operating efficiency and customer satisfaction. The R&D activities were also focussed towards construction, usage of cost-effective raw materials, optimising energy consumption, process improvement with a view to reduce production costs, wastage and enhance product quality.

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 Exchanges.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement as required under section 217 (2AA) of the Companies Act, 1956, are given in the Annexure (I) attached hereto and forms part of this Report.

CORPORATE GOVERNANCE

The Company has been making every endeavor to bring more 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 2004-2005 and a Certificate from the Auditors of the Company are furnished as a part of this Annual Report.

AUDITORS

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

COST AUDITORS

Pursuant to the directive of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditor has been appointed to conduct Cost Audit relating to Mini Steel Plant at Uttarpara, West Bengal.

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.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report and is given in Annexure (III) of this Report.

ACKNOWLEDGEMENTS

The Directors place on record their appreciation for the co-operation and support of Consortium of Banks, Customers, Business Associates, Shareholders and Debentureholder which are enabling the Company to achieve its goals. 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

New Delhi, 22nd April, 2005.

C.K.BIRLA
Chairman



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, the Board of Directors states:

- A. That in preparation of the annual accounts, for the year ended 31st March, 2005 all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed.
- B. That the Directors have selected such accounting policies and applied them consistently except those stated in Note Nos.2(b)(i), (ii) and (iii) of Schedule 25 of the Accounts and made judgements 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.
- C. 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.
- D. That the Directors have prepared the Annual accounts on a going concern basis.





Annexure II

FORM B

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

Measures were taken to conserve the energy by installation of energy efficient equipment in place of power intensive equipment and by modernisation. Energy efficient lighting system and modernised mechanical devices/systems were installed for optimum usage of power. Further areas of improvement are being constantly explored as a part of on going programme to optimise usage of energy.

FORM A

Form for disclosure of particulars with respect to conservation of energy:

(A) Power and Fuel Consumption
2004-2005 2003-2004

1. Electricity
a Purchased

Units (lacs Kwh)	15.21	12.53
Total amount (Rs. in lacs)	61.14	50.34
Rate/Unit (Rs./Kwh)	4.02	4.02

b Own Generation
i) Through Diesel Generator

Units (lacs Kwh)	3.62	1.20
Units per Ltr. of Diesel Oil	3.49	3.56
Cost/Unit (Rs.)	6.74	5.99

ii) Through Steam Turbine/Generator

— —

2. Coal

— —

3. Furnace Oil/ LDHS

Qty. (K.Ltrs.)	878	1067
Total amount (Rs. in lacs)	99.79	150.41
Average Rate (Rs./K.Ltrs.)	11366	14097

4. Others / Internal generation

— —

(B) Consumption per unit of production

Thermal Insulation Products (Refractories)

Electricity (Kwh/MT.) **763** 819

Furnace Oil/ LDHS (Ltrs./MT.) **688** 637

Coal — —

Form for disclosure of particulars with respect to Technology Absorption:

Research and Development (R&D)
1. Specific areas in which R&D is carried out by the Company:

- Optimisation of mix of raw-materials.
- Development of new applications for Panels and Blocks.
- Development of new products.

2. Benefits derived as a result of the above R&D

- Cost Reduction.
- Quality Improvement.
- Introduction of higher duty insulation product Hysil-1100 in the market.

3. Future Plan of Action

Continuation of work in the areas specified at S.No.1 to improve the results and benefits.

4. Expenditure on R&D

a. Capital	—
b. Recurring	105.64
c. Total	105.64
d. Total R&D expenditure as a percentage of total turnover (%)	0.26%

2004-2005
(Rs. In lacs)