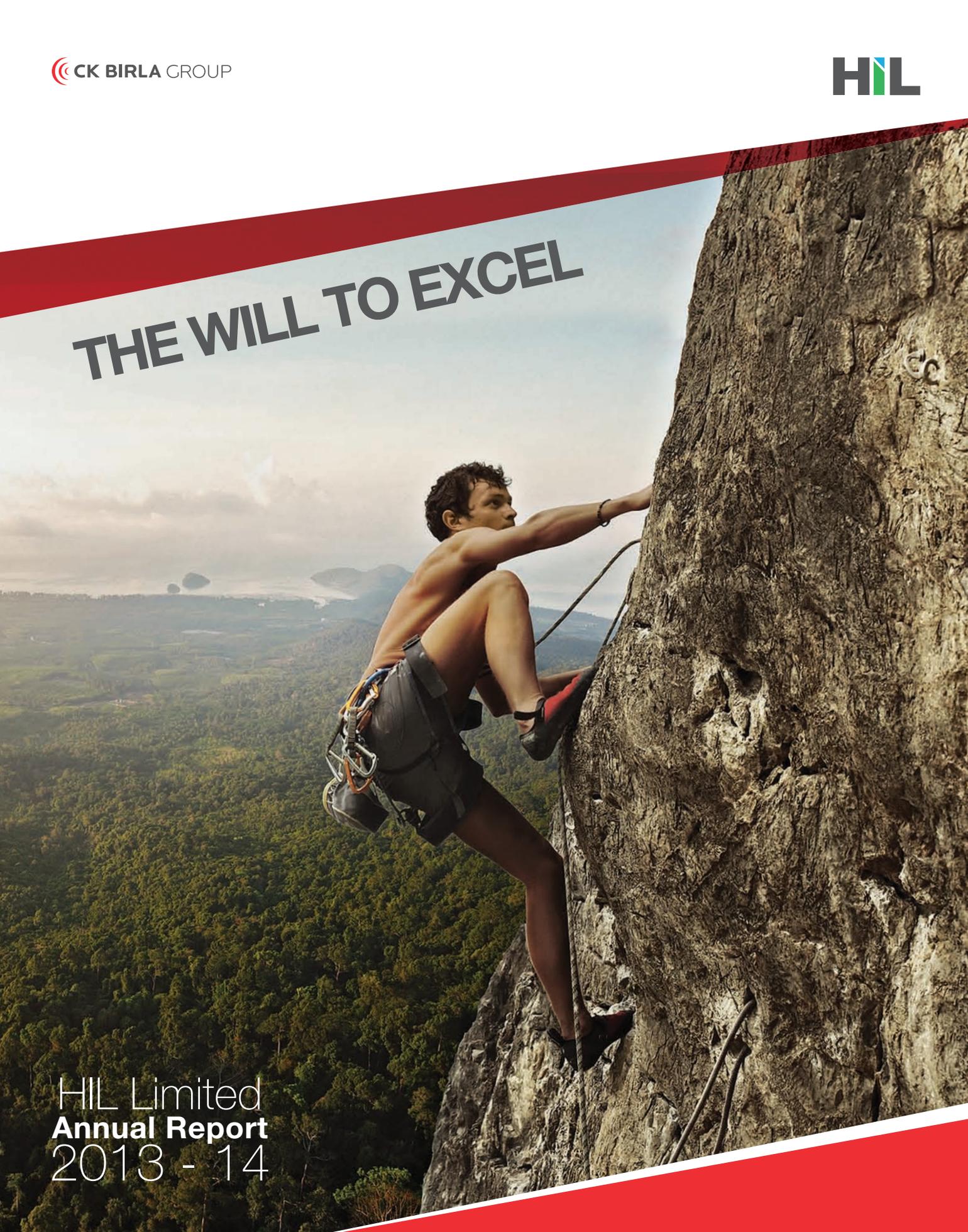


THE WILL TO EXCEL

HIL Limited  
Annual Report  
2013 - 14





### **The Will to Excel:**

What sets apart the forward thinking companies from the also-rans? At HIL, we believe it boils down to how tirelessly a company dedicates itself to excellence, in every aspect of its operations – no matter the circumstances.

The previous year saw the industry experience its share of trying times: with a turbulent economy and tough market conditions. While these circumstances tested the best of firms, at HIL we never allowed our focus on excellence to relent.

It is this “Will to Excel” that we’ve chosen to celebrate in this year’s annual report, as a perfect encapsulation of our efforts in the year gone by.

# VISION

To sustain our domestic market leadership position and become a global provider of building products and solutions, with a commitment to support Green Buildings and Habitats by supplying environment-friendly products and by following green and safe practices.

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# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

Mr. CK Birla, Chairman

Mr. P. Vaman Rao

Mr. Yash Paul

Mr. Desh Deepak Khetrapal

Mrs. Gauri Rasgotra

Mr. Abhaya Shankar, Managing Director

**Chief Financial Officer:** Mr. KR. Veerappan

**Company Secretary:** Mr. P. Rajesh Kumar Jain

**Auditors:** S.R. Batlibai & Associates LLP

**Solicitors:** Khaitan & Co.

## **Bankers**

State Bank of Hyderabad

State Bank of India

Central Bank of India

State Bank of Mysore

State Bank of Travancore

The Hongkong & Shanghai Banking Corporation Ltd.

## **Registered Office**

HIL Limited [CIN : L74999TG1955PLC000656]

Sanathnagar, Hyderabad 500 018 (Telangana)

## **Works**

**Faridabad:** Sector-25 – 121 004 (Haryana)

**Jasidih:** Industrial Area – 814 142 (Jharkhand)

**Hyderabad:** Sanathnagar – 500 018 (Telangana)

**Thrissur:** Mulangunnathukukavu – 680 581 (Kerala)

**Satharya:** SIDA, Jaunpur Dist. – 222 022 (Uttar Pradesh)

**Dharuhera:** Plot No. 31, Rewari Dist. – 122 106 (Haryana)

**Wada:** Musarane Vil., Thane Dist. – 421 312 (Maharashtra)

**Golan Village:** Valad Taluka, Tapi Dist. – 394 640 (Gujarat)

**Thimmapur:** Mahaboobnagar Dist. – 509 325 (Telangana)

**Balasore:** IDCO, Plot No. Z-2, IID Centre, Somanthapure (Orissa)

**Chennai:** Kannigaiper Vil., Tiravallur Dist. – 601 102 (Tamil Nadu)

**Vijayawada:** Plot No. 289, IDA, Kondapalli – 521 228 (Andhra Pradesh)

## **Wind Power**

- 3.6 MW (2x1.80 MW) at Kutch Dist., Gujarat
- 1.25 MW near Coimbatore, Tirupur Dist., Tamilnadu
- 2.5 MW (2x1.25 MW) at Jodhpur Dist., Rajasthan

# CHAIRMAN'S MESSAGE



The industry has faced tough times, but HIL used this opportunity to become more efficient. To bring in sharper focus to the business, commendable initiatives have been taken by HIL with a view to deliver value to all the stakeholders.

- C K Birla

## MANAGING DIRECTOR'S MESSAGE



A turbulent economy and tough market conditions such as low demand, low spend on infrastructure development, compounded by pressure on prices affected the overall profitability of the industry. HIL used this trying period as an opportunity to implement several strategic initiatives and realign the structure to be future ready: initiatives such as introduction of SBU structure, capacity expansion, innovation in manufacturing processes for improved productivity, financial restructuring resulting in significant reduction in working capital, etc. These initiatives will help HIL to excel in times to come, especially when the economy and demand improves. Another exciting development this year was HIL's diversification into the new business of Advanced Polymer Products; special efforts were expended to ensure this was done in a time bound manner. Prestigious awards and accolades won during the year also served to validate our strong zeal to excel.

- Abhaya Shankar

# THE WILL TO BUILD A CULTURE OF EXCELLENCE

In keeping with our strategy, the SBU structure has been introduced with an objective of achieving greater growth and profitability and to bring in sharper focus to individual business units. A clear business path of HIL has been chalked out with required resources being aligned to the overall business objective. The team is highly qualified with a proven track record and good domain knowledge, with a clear understanding of the business and its requirements.



**Mr. KR. Veerappan**

Mr. KR. Veerappan – CFO, is a commerce graduate and a Chartered Accountant. He has over 24 years of rich experience and has played a pivotal role in enabling business growth across various industries. He has also been able to transform finance from a mere back end controlling function to a front end business enabler.



**Mr. V. Jayachandran**

Mr. Jayachandran heads the sheeting business. He is a B.Tech (Electronics) graduate with a P.G. Diploma in Management from XLRI. He comes with an MNC background and has to his credit the feat of turning around various businesses towards profitable growth and setting high industry standards.



**Mr. Rajiv Upadhyay**

Mr. Rajiv Upadhyay heads the Blocks & Panels business. He has done Integrated Engineering (BE &ME in materials) from IISc and MBA from XLRI. He brings with him extensive experience having operated in various industries.



**Mr. Alok Jain**

Mr. Alok Jain heads Advance Polymer Products business and also looks after business development. He has done B.Tech (Chemical Engineering) from IIT-Delhi and MBA from ISB. He has established the entire APP business in record time, setting a new benchmark in the industry.

# FINANCE & OPERATIONS

Ever mindful of our responsibility towards our customers, clients and stake-holders, HIL made every effort to streamline operations, enhance efficiency and optimise costs.

In keeping with this: a reduction of Rs.172 crore (YoY) in working capital was brought about by successfully reducing inventory cycle. Cost optimisation initiatives undertaken across plants yielded savings of Rs. 5 crores p.a

Additionally, cash generated from the business ensured that borrowings were kept to a bare minimum resulting in lowest ever debt equity.

HIL's accomplishments during the last year stand on the strength of extraordinary efforts to optimise its operations. Concerted efforts across all plants saw operations streamlined and strengthened – leading to improved efficiency and quality.

- At Kondapally – Line 1 expansion in record time of 95 days.
- AAC block plant at Golan saw a 45% increase in capacity, making it the largest single plant capacity in India.
- AAC block plant at Chennai underwent complete overhaul and refurbishing, resulting in enhanced quality and increased productivity.
- Established a new state of the art German technology AAC block manufacturing plant in NCR.
- Installed of Solid Fuel boiler resulting in 45% saving. Bio degradable fuel is used to ensure reduction in carbon emission.
- Both Dharuhera and Vijayawada witnessed power trading resulting in reduction in power cost by 15%.



# SALES & MARKETING INITIATIVES

HIL's robust, sustained and innovative marketing saw it reap rich dividends. Leveraging offline and online media, its marketing campaigns ensured high brand equity of 3.5 across segments: the highest in the industry (Nielsen's report).

Be it the implementation of Business Intelligent Tool MAIA – which enabled information and analytics at the fingertips; or the deployment of the CRM tool to create an online community of over 5000+ building materials industry professionals - and in doing so, generated over 3000 leads and over 2.5 lakh clicks, with over 1.5 lac people talking about our brands on the digital platform, HIL's digital efforts enjoyed rich success.



HIL's market mapping of APP & Charminar has given a strategic advantage of understanding market dynamics and consumer profile.

The judiciously executed rural van campaigns covered around 113 districts and 1540 villages. The main focus was to create counters deep in the rural markets, educate consumers and create aspiration of progress 'Zindagi Khushaal Gujarti hain Tarakki ki Chaon mein'.



HIL introduced several CRM initiatives so as to strengthen and enrich its relationship with its dealers. The programs elicited eager participation – as they rewarded dealers for their efforts, while affording valuable opportunities to grow their businesses.

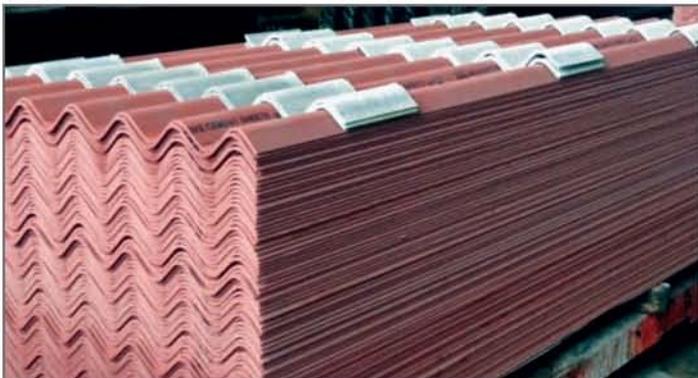


# INNOVATION

## Charminar Colour +:

Charminar Colour + was conceived to cater to the growing need for a superior product that boasts of a striking aesthetic look and feel – so it may occupy the pride of place with the customers, while affording them a distinctive appearance.

Endowed with UV resistant, fade resistant- properties, these tough and durable sheets give a classy ethnic look reflecting pride of possession and truly suggesting 'Tarakk ki Chaon'



CK BIRLA GROUP

CHARMINAR  
चारमिनार छत  
तरक्की की छांव में

रामचरण की पगड़ी की शान!  
चारमिनार कलर प्लस

NEW  
CHARMINAR  
COLOUR +

गर्मियों में ठंडक बनी रहे • सर्दियों में गर्मि बनी रहे • बेहतर खूबसूरती

## Infill Wall System:

An innovative technology breakthrough, Infill Wall System is a ready-made load-bearing wall for interior and exterior application. Aiding in faster construction, the product entirely eliminates the need for plastering and tedious curing. Additionally, its superiority renders it fire and termite resistant and is highly durable.



## Aerocon Panels:

This new innovation with double tongue and groove system has an inbuilt electrical conduits which completely eliminates the chasing process. With enhanced strength and other properties, it meets the standard of building code for residential application.



# AWARDS & ACCOLADES

The will to excel must necessarily manifest in sterling accomplishments. The numerous prestigious awards garnered by HIL during the course of the last year testifies to our will to excel.



- Greenco Gold Rating award conferred by former President Dr. A. P. J. Abdul Kalam Azad
- Manufacturing Excellence award for Sustainability (for Golan plant)
- Ethical Brand – Award conferred by CSR World Congress
- Indira award for Excellence in Brand Management & Product Innovation
- Top 50 CMOS of India conferred on Mr. Madhusudan Mokashi by World Brand Congress – India chapter



# NEW BUSINESS

## Advanced Polymer Products – CPVC & UPVC Pipes and Fittings

HIL is on the verge of achieving another milestone, as its breakthrough product Aerocon has ventured into advanced polymer products – CPVC & UPVC Pipes and Fittings.



### Made for the Smart Generation

These products make for the smartest choice, as they are chemical resistant, anti microbial, rust and corrosion- free, and have good insulation. The most unique feature of the products though, is their 'True Fit' technology – which enables perfect fit for leak-proof joints.

### Smart Technology. Smart Solutions

State-of-the-art technology, with complete automation, ensures quality at each level. The entire facility was set up in record time of just 6 months. Its world-class facilities ensure Aerocon Pipes & Fittings pass through more than 25 quality tests before going in to the market.



Aerocon Pipes and Fittings was launched for the very first time, in North India, and at the first Channel Partner Meet, it received an overwhelming response.

# CSR INITIATIVES

HIL is unswervingly devoted to making substantial contributions to the society. The ethos that profits are as vital as facilitating progress, underpins all our CSR endeavors. At HIL, we ensure our efforts are wide-ranging, positively impacting not just one, but myriad spheres of society.



Free notebooks were distributed at schools in remote villages. Success stories with specific messaging emphasising the importance of girl education.

HIL kick starts pilot on Construction Artisans Employability Initiative “Tarraki Ki Chhaon-Mein” from Andhra Pradesh, partnering with Shramika Educational society: an NGO (Shramika is tied up with Steinbeis –Germany, a technology transfer company and a certification body). The main objective of this initiative is to build a talent pool of Masons, Carpenters, Mechanics, Electricians, Plumbers etc. to impart training and enhance skills by introducing them to the latest techniques. This, consequently, improves employability, while empowering them to earn good wages.



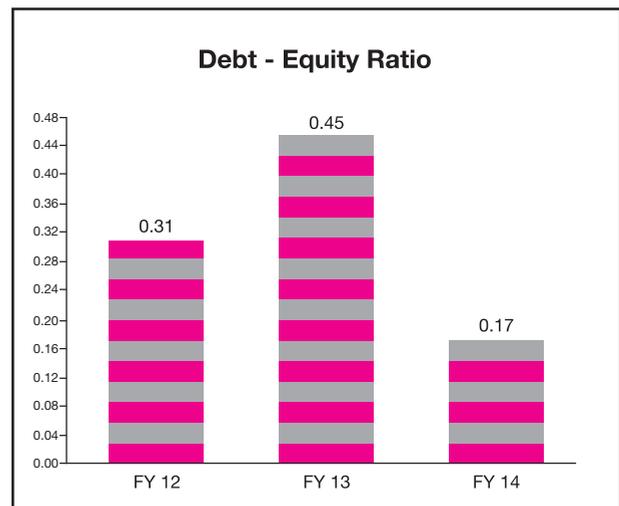
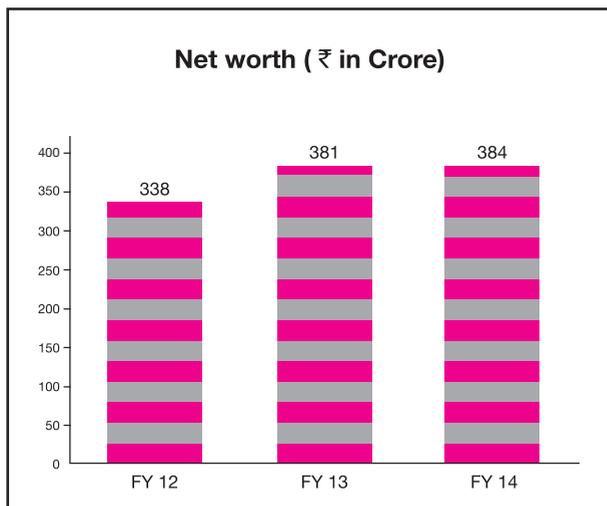
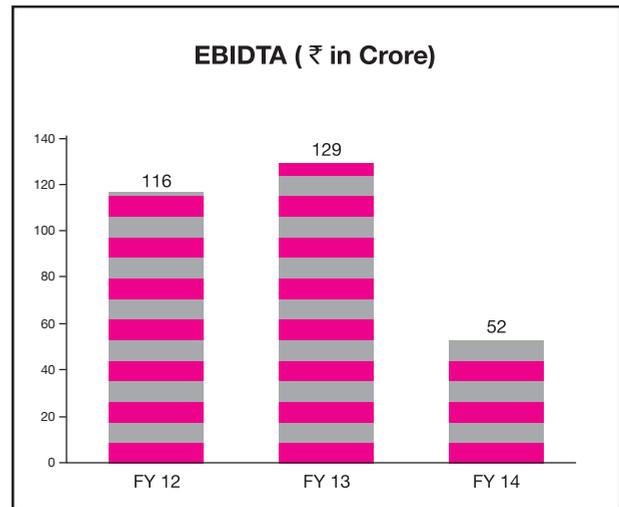
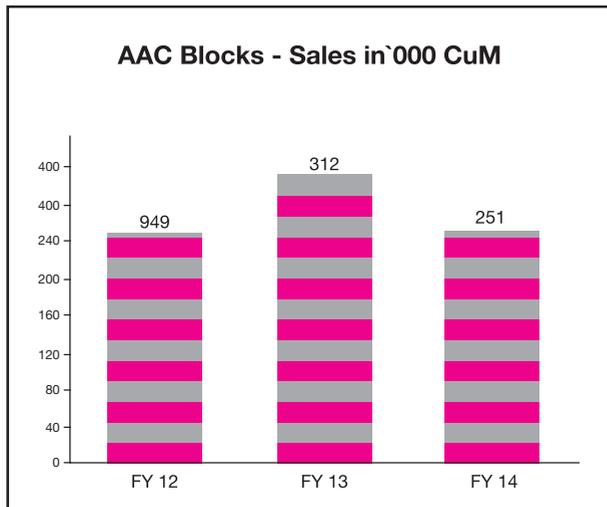
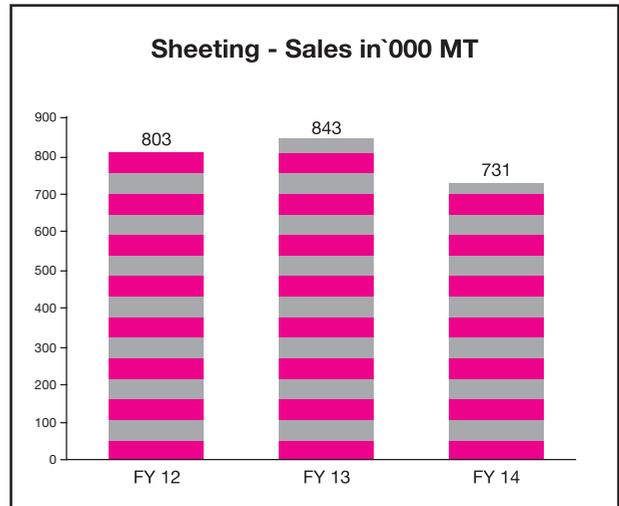
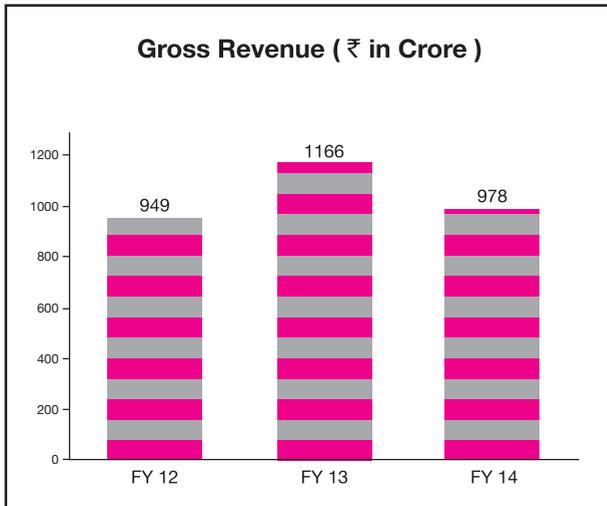
Kudumbashree (means prosperity of family in Malayalam): a female-oriented, community- based, poverty reduction project of Government of Kerala. Aid came in the form of donating water purifiers to the schools run for economically backward families.

# CSR INITIATIVES

Through the wide-ranging CSR activities: be it the donation of Rs. 1 lac towards an army recruitment rally; or the distribution of blankets; or the tree plantation drives; or the assistance provided in the construction of a police station and a large cow shelter – HIL strives to make a significant contribution to the societies it operates in.



# Financial performance at a glance



## TO THE SHAREHOLDERS

The Directors have pleasure in presenting their Report and the Audited Financial Statements of the Company for the year ended 31st March 2014.

### FINANCIAL RESULTS

|  | ₹ in lacs    |         |
|--|--------------|---------|
|  | 2013-14      | 2012-13 |
| Net Revenue from operations                  | <b>86947</b> | 103651  |
| Earnings Before Interest, Depreciation & Tax | <b>5239</b>  | 12867   |
| Less: Interest                               | <b>1023</b>  | 1061    |
| Depreciation                                 | <b>2872</b>  | 2671    |
| Profit Before Tax and Exceptional items      | <b>1344</b>  | 9135    |
| Less: Exceptional items                      | <b>355</b>   | -       |
| Profit before Tax                            | <b>989</b>   | 9135    |
| Less: Taxes                                  | <b>276</b>   | 3072    |
| Profit for the year                          | <b>713</b>   | 6064    |
| Balance as per last year                     | <b>4708</b>  | 5387    |
| <b>AVAILABLE FOR APPROPRIATION</b>           | <b>5421</b>  | 11450   |
| General Reserve                              | <b>100</b>   | 5000    |
| Interim Dividend on Equity Shares            | -            | 560     |
| Proposed Final Dividend on Equity Shares     | <b>373</b>   | 933     |
| Corporate Dividend Tax                       | <b>63</b>    | 249     |
| <b>Balance Carried to Balance Sheet</b>      | <b>4885</b>  | 4708    |

### DIVIDEND

Your directors are pleased to recommend a dividend of ₹ 5/- per equity share (50% of the paid-up capital) as against the total dividend of ₹ 20/- paid last year (200% of the paid up capital) for your consideration and approval at the ensuing Annual General Meeting of the Company.

The total dividend outgo will be ₹ 436.54 lacs (including dividend distribution tax)

### OVERALL ECONOMIC OUTLOOK

The year 2013-14 witnessed the recovery of global economy from the global crisis of 2009. Global activity has broadly strengthened and is expected to improve further in

2014-15, according to the April 2014 World Economic Outlook, with much of the impetus for growth coming from advanced economies. Although downside risks have diminished overall, lower-than-expected inflation poses risks for advanced economies, there is increased financial volatility in emerging market economies, and increases in the cost of capital will likely dampen investment and weigh on growth.

The Indian Economic growth in 2013- 14 slowed down to a decade low of less than 5%. The growth slowdown was mainly attributable to contraction in manufacturing sector coupled with low investment and consumption in infrastructure sectors although the effect was partly offset by modest growth in Agriculture and allied sectors and growth in exports due to rupee depreciation.

### PERFORMANCE

In the year 2013-14, the Company's revenue stood at ₹ 978 Crores as compared to ₹ 1166 crores in the previous year. Consequently, Profit Before Tax for the year under review witnessed steep decline to ₹ 9.89 crores as compared to ₹ 91.35 crores reported last year. The drop in profitability is mainly attributable to subdued market conditions coupled with overall rise in all costs on account of various external factors. The Company's continued focus on managing costs through various initiatives helped to minimise the overall impact of cost increase to some extent.

While the external factors beyond the control of the Company have seriously impacted the bottom line, the Company has managed to increase its market share in the sheeting which is its largest revenue segment generating business. To improve the liquidity the Company reduced its working capital.

During the year under review the Company has undertaken various strategic initiatives such as diversification into manufacture of Advanced Polymer Products, expansion of Golan and Kondapally plants, addition of fuel efficient boilers etc.,

### Fibre Cement Sheet Products

Fibre Cement Sheets continue to be the major revenue earner for the Company. The year under review was challenging for the manufacturing sector especially so for companies engaged in the building material sector. The Fibre cement industry witnessed a de-growth of 19% during the year under review mainly due to poor demand from

housing and infrastructure sectors and also change of consumption pattern among the users. However, your company could reduce the said impact to some extent by aggressive marketing strategies which have helped the company to outperform the industry by increasing its market leadership. The fibre cement sheet industry is expected to grow at a modest rate of 3% during the current year.

During the year under review, Company terminated the lease agreement entered with M/s. Sturdy Industries Limited in view of subdued market conditions and optimised capacity at its other locations by optimal planning.

Your Company expects that the focus on low cost mass housing, providing school shelter and developing proper infrastructure in the rural areas continue to be main focus of the Government and expect this will gain momentum during the current year. These initiatives will be the key drivers which will influence the demand for construction material. The Fibre cement sheets will continue to be the preferred choice for the roofing requirement of millions of rural population in India as still around 65% of the population lives in rural India. With augmenting of existing capacities, your company is confident of its growth aspirations and maintaining its market leadership.

### **Green Building Products**

The Government's continued support, focus and encouragement for using green building products has given an additional impetus to the growth of the building material industry. HIL continued its initiative of educating masses on carbon foot print reduction by using Environment friendly products during last year also.

A commitment towards producing green building products and solutions with an ultimate aim of helping the Construction and Infrastructure Industry to build green and sustainable habitats has been the vision followed by the Company consistently.

Many initiatives were undertaken during this period to create pull for the brand. Event sponsorship and awards helped establish connect with the right target group, and is helping in establishing a strong bond with all our customers.

### **Aerocon AAC - Blocks**

AAC blocks manufacturing is a low entry barrier business. This has lead to substantial addition in AAC capacity during 2013-14, especially by regional players in the West and South markets, resulting in a huge over supply scenario.

This has resulted in intense price war in the market, especially in Gujarat and Maharashtra, leading to a 20% drop in sales as compared to 2012-13.

Well planned and successful marketing strategies have made Aerocon Blocks a much preferred choice over competition. HIL continue to retain its core strength like Customer focus, quality and speed of delivery leading to enhanced customer satisfaction.

With increasing awareness and acceptance for usage of green building products, market for AAC blocks is expected to grow multi-fold in the years to come. Your company has put in place aggressive sales strategies like key account management, branding and premium service levels, to ensure increase in market share and full utilisation of the manufacturing facilities.

### **Aerocon Panels**

Continued slow down in the infrastructure projects which generally offers maximum potential for usage of Aerocon Panels, adversely affected this business in 2013-14. However, with your company focussing on alternative consumer segments like healthcare, industrial segments etc., and the momentum in infrastructure segment expected to pick up, the outlook for 2014-15 is very robust. Your company will continue its focus on Tier 2 and Tier 3 towns which are witnessing good growth in real estate and infrastructure projects.

### **Thermal Insulation - HYSIL**

With the absence of major green field projects or capacity expansion by existing players on account of poor growth in infrastructure industry, this has led to drop in sales of thermal insulation products manufactured by your company. However the export market contributed modestly to this segment performance. Your Company is vigorously working on the couple of leading players in the UAE and Iran markets to promote export of HYSIL product which will accelerate growth in current year. HYSIL has received international certifications from of TUV-SUD and CE which will give it access to market in other countries as well. Your company will continue its focus on exports primarily to GCC countries.

### **NEW PROJECTS**

In tandem with our motto- "*Upgrading India's life spaces*", and adding to our portfolio of building materials your Company ventured into manufacturing of Advanced Polymer

Products, with cPVC and uPVC plumbing products. Looking at the attractive growth of the Plastic plumbing products market and with intent to leverage the Company's pan India manufacturing, distribution and selling facilities, HIL forayed into this segment with the commissioning of its state of art cPVC and uPVC Pipes and Fittings manufacturing unit at Faridabad, Haryana on 7th October 2013 with an initial capacity of 6000 MT. The products are being marketed under the brand name of "AEROCON Pipes and Fittings".

As mentioned in our last year report, in order to sustain the existing market and grow at a faster phase, the Company has started the process of setting up a project for manufacture of AAC Blocks in Jhajjar in Haryana. The project is progressing as per the timelines envisaged and expected to start its commercial production latest by beginning of last quarter of current fiscal.

### **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**

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr. C.K.Birla, Chairman and Director of the Company will retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. In accordance with the provisions of Companies Act, 2013 and the Listing Agreement, the office of directorship of Mr. P.Vaman Rao and Mr. Yash Paul, existing Independent Directors pursuant to Clause 49 of the listing agreement, was liable to retirement by rotation. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed Company to appoint 'Independent Directors' as defined in section 149 of the Act, which has been notified w.e.f 1st April 2014, who are not liable to retire by rotation and shall hold office for a term up to 5 (five) consecutive years. Accordingly, It is proposed to appoint Shri. P. Vaman Rao & Shri. Yash Paul as Independent Directors under Section 149 of the Act and Clause 49 (revised) of the Listing Agreement to hold office for 5 (five) consecutive years from 18th July 2014 up to 17th July 2019, whose office shall not be liable to retire by rotation, at the ensuing Annual General Meeting of the Company. The Resolution

proposing their reappointment as Independent Directors will be placed before the Shareholders for their approval at the ensuing Annual General Meeting of the Company.

Shri. Krishnagopal Maheshwari, Director of the company due to personal reasons resigned from the directorship of the Company w.e.f 5th May, 2014. The Board places on record its deep appreciation for the valuable services rendered by him during association of about 50 years as a Director of the Company.

Shri. Shreegopal Daga, Director of the company due to his personal reasons resigned from the directorship of the Company w.e.f 7th May, 2014. The Board places on record its deep appreciation for the valuable services rendered by him during association of about 39 years as a Director of the Company.

The Board of Directors of the Company co-opted Shri. Desh Deepak Kehetrapal as an Additional Director of the Company with effect from 28th October 2013, in the category of Non-Executive and Non-Independent Director, pursuant to Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company. The Board of Directors of the Company also co-opted Smt. Gauri Rasgotra as an Additional Director of the Company with effect from 8th May 2014, in the category of Independent Director, pursuant to Section 149, 161 of the Companies Act, 2013 read with Article 114 of the Articles of Association of the Company.

Shri. Desh Deepak Kehetrapal and Smt. Gauri Rasgotra holds the office of Director, as Additional Director, until the date of the ensuing Annual General Meeting of the Company and are eligible for appointment as a Director. Keeping in view their experience and expertise, the Board considers it desirable that the Company should continue to avail the services of Shri. Desh Deepak Kehetrapal and Smt. Gauri Rasgotra, as their presence as Director on the Board would be of immense benefit to the Company. The Resolution proposing their appointment will be placed before the Shareholders for their approval at the ensuing Annual General Meeting of the company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

For Directors seeking appointment/re-appointment in the forthcoming 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.

### **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 effort to improve governance and transparency in the conduct of business. Your Company is committed to good Corporate Governance coupled with good corporate practices. As per the requirements of Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance for the year 2013-14 and a Certificate from the Auditors of the Company M/s. S.R. Batliboi & Associates LLP., Chartered Accountants, [ICAI Firm Registration Number: 101049W] is furnished as part of this Annual Report.

The Ministry of Corporate Affairs has issued Corporate Governance Guidelines in December, 2009. While these Guidelines are recommendatory in nature, the Company has already adopted most of the Guidelines. The Company will be reviewing its Corporate Governance Practices in the context of other recommendations under the said Guidelines for appropriate adoption.

### **HUMAN CAPITAL**

Human Capital has gained prime importance in last few years. Our Company believes that the human capital is of utmost importance to sustain the market leadership in all product segments and also to capture new markets.

We have changed the Organisation Structure to optimise best resources & to leverage the market potential. We have identified the high Performers and rewarded them appropriately, which has helped to achieve better employee engagement. Through Performance Management the Company differentiates the employees with potential to take higher challenges and devise a separate career program for their retention and advancement. A customized Competency based training program has been devised for High - Potential employees with focus on their Individual Development Plan & helping them to become future leaders.

We are striving to build a performance driven culture and create an environment conducive for the employee's growth.

### **AUDITORS**

The Statutory Auditors of the Company, M/s. S.R. Batliboi & Associates LLP., ICAI Firm Registration Number: 101049W, who retire at the conclusion of ensuing Annual General Meeting, being eligible, offer themselves for re-appointment for a term of 3(Three) years in accordance with section 139 of the Companies Act 2013.

### **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**

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. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### **ACKNOWLEDGEMENTS**

The Board of Directors places on record their appreciation for the co-operation and support extended by all stakeholders in the Company including the Shareholders, Bankers, Suppliers and other Business Associates.

The Directors also wish to place on record their appreciation for all the employees for their commitment and contribution towards achieving the goals of the Company.

On behalf of the Board of Directors

New Delhi, 8<sup>th</sup> May, 2014

**C.K. BIRLA**  
Chairman

**Annexure I**

**Annexure (I): Directors' Responsibility Statement**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, and 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 31st March, 2014; 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, as selected in consultation with Statutory Auditors, 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 at the end of the financial year and of the profit of the Company for the financial year ended 31st March, 2014.
- 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, 2014, has been prepared on a going concern basis.

On behalf of the Board of Directors

New Delhi, 8<sup>th</sup> May, 2014

**C.K. BIRLA**  
Chairman

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**Annexure II**

**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 energy efficient blowers, vacuum pumps, backwater pumps and other equipment in all its plants. Energy efficient lighting system and modernized mechanical devices/systems were also installed for optimum usage of power. Strict controls are exercised in operation of the plants for optimum usage of Power and Fuel. In pursuit of reducing carbon footprint, your Company in addition to using renewable fuel in place of Furnace oil in one of its plants, has setup 7.35MW Wind Power Projects in Gujarat, Tamilnadu and Rajasthan. The energy generated from these projects is partly used for captive consumption at our AAC Blocks manufacturing units in Gujarat and Tamilnadu. Your Company is making constant efforts to explore further areas of improvement as part of the ongoing program to optimize usage of energy.

**Total energy consumption and energy consumption per unit of Production as per "Form A" of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:**

**FORM A**

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

**(A) Power and Fuel Consumption**

|                                     | 2013-14       | 2012-13 |
|-------------------------------------|---------------|---------|
| 1. Electricity                      |               |         |
| a. Purchased                        |               |         |
| Units (lacs KwH)                    | <b>26.41</b>  | 23.64   |
| Total amount (₹ in lacs)            | <b>192.72</b> | 161.38  |
| Rate/Unit (₹/KwH)                   | <b>7.29</b>   | 6.83    |
| b. Own Generation                   |               |         |
| i) Through Diesel Generator         |               |         |
| Units (lacs KwH)                    | <b>1.38</b>   | 8.67    |
| Units per Litre of Diesel Oil       | <b>3.44</b>   | 3.51    |
| Cost/Unit (₹)                       | <b>15.21</b>  | 11.02   |
| ii) Through Steam Turbine/Generator | -             | -       |
| 2. Coal                             | -             | -       |
| 3. Furnace Oil/LDHS                 |               |         |
| Quantity (K.Ltrs.)                  | -             | 43      |
| Total amount (₹ in lacs)            | -             | 16.73   |
| Average Rate (₹/K.Ltrs.)            | -             | 389044  |
| 4. Others/Internal generation       | -             | -       |

**(B) Consumption per unit of production**

|  |            |     |
|--|------------|-----|
| Thermal Insulation Products (Refractories) |            |     |
| Electricity (KwH/MT.)                      | <b>612</b> | 609 |
| Furnace Oil/LDHS (Litres/MT.)              | <b>329</b> | 343 |
| Coal                                       | -          | -   |

**FORM B**

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:

- Develop substitutes for raw materials to address issues of declining availability of raw material and also for cost savings.
- Developing new mix of raw materials for better product attributes and lower costs.
- Improving cost effectiveness and quality of products through new, improved manufacturing processes, productivity improvements.
- Effective utilization of resources like energy, water and process waste materials.
- Development of new, improved and value added Green Building Products like Aerocon C-board, sheets and Infill wall system.
- Develop new applications for our existing products.

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

- Usage of cost-effective raw materials resulted in cost savings.
- Introduction of value added products helped in increasing customer base.

3. Future Plan of Action:

Continuation of work in areas specified at S.No.1 to further improve our products, develop new products and technologies.

4. Expenditure on R&D:

- Capital
- Recurring
- Total
- Total R&D expenditure as a Percentage of total net turnover

**2013-2014**  
**(₹ in lacs)**

**418.46**

**321.23**

**739.69**

**0.85%**

**Technology Absorption, Adaptation and Innovation:**

1. The Company is continuously endeavouring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies.
2. Particulars of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):  
None

**Foreign Exchange Earnings and Outgo:**

Efforts to identify export opportunities for the products of the Company continued during the year under review. The Company is exploring other offshore markets to increase the quantum of exports, particularly in the Middle East, Asian, Far East and African countries.

**Total Foreign Exchange used and earned:**

**A Foreign Exchange Earned**

Export of Goods (FOB)  
Others

**Total**

**B Foreign Exchange Used**

Raw Materials, Components, Spares and Capital Goods (CIF)  
Other matters

**Total**

| <b>2013 - 14</b> |                 |
|------------------|-----------------|
| (₹ in lacs)      |                 |
|                  | 342.66          |
|                  | 68.19           |
|                  | <b>410.85</b>   |
|                  | 19911.71        |
|                  | 363.31          |
|                  | <b>20275.02</b> |

On behalf of the Board of Directors

**C.K. BIRLA**  
Chairman

New Delhi, 8th May, 2014

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The year 2013-14 commenced with hopes of economic recovery however ended as a year of uncertainty when expectations weathered serious setbacks. The deterioration in the Indian economic landscape created by lack of governance, policy and government spending impacted India's growth. While the Global Economy resumed on the recovery path initiated by advanced economies, activity in many emerging markets were disappointing due to less favourable internal and external financial environment. The renewed increase in financial volatility highlights the challenges for emerging market economies posed by the changing external environment, higher inflation and wider current account deficits. With prospects of continued improvements in advanced economies, investor sentiment was less favourable toward emerging market risks.

The performance of Indian Economy during FY 14 being weaker than what we had envisaged during same time last year, led HIL to take several corrective actions. The downward spiral in India's growth momentum, led by its persistently high inflation and slowing down of demand and investments in Infrastructure and Real Estate and deteriorating investment climate, pulled down the Industrial growth rate. Even as concerted efforts by the Government helped to address volatility in the foreign exchange market and narrow the current account deficit to a significant extent in the second half of FY 14, a number of factors continued to weigh heavily on industrial sector. The waning performance of the industrial sector, persistence of high consumer prices, inflation and interest rates, sluggishness in services sector and the weakening in private consumption and investment, resulted in subdued performance of many sectors.

As per the Advance Estimates released by the Central Statistics Office (CSO), the Indian economy is estimated to have registered a growth rate of 4.9 per cent in 2013-14. This growth is significantly lower in comparison to the decadal average of 7.6 per cent during 2004-05 to

2013-14. The sub 5 per cent growth of the economy in 2013-14 is primarily the result of the continued slowdown in the industrial sector that is estimated to have grown at 0.7 per cent in 2013-14 and also on account of lower growth in the 'trade, hotels, transport and communications' segment of the service sector.

### INDUSTRY AND COMPANY TREND

Our industry performance is directly linked to performance of rural/semi-urban economies. The year 2013-14 was tough for the fibre cement industry too. Due to poor monsoon during FY 13 the industry witnessed a significant slow down in rural demand. Capacity build up over last few years by many players also resulted in excess supply. Demand off-take was also weaker than expected due to muted growth in Infrastructure sector.

The ongoing economic slump impacted not only the industrial and urban sectors but also the rural economy. Much of the increase in rural incomes in last few years was because of four straight good monsoons and high support prices. Also, income transfers through schemes like NREGA and farm loan waiver has added to rural demand in previous years. A study conducted by Credit Suisse unlike traditional perceptions, claims that the rural India is no more solely dependent on agriculture. While service sector accounted for over 28% of rural GDP, the share of industry in rural areas has grown at a faster rate to over 30%. Many small and medium entrepreneurial emergences are lead indicators of progress and increase in consumption. Your Company is gearing up, to take advantage of this opportunity, so as to achieve strong growth trajectory and consistently creating wealth for its shareholders.

Indian construction industry is one of the most important sectors of the economy as it stimulates building infrastructure and creates growth opportunities for other sectors in the economy. Going forward, the construction industry in India is poised for substantial growth in the future years, inspite of the temporary setback last year.

## BUSINESS SEGMENT ANALYSIS

The Company's business can broadly be classified into two groups i.e. Building Product Group and Thermal Insulation Product Group:

### (A) BUILDING PRODUCT GROUP -

1. Fibre Cement Sheeting Business Division
  - a. Fibre Cement Corrugated Sheets
  - b. Flat Products
2. Green Building Products Business Division
  - a. Autoclaved Aerated Concrete (AAC) Blocks (Light Weight large size Bricks)
  - b. Building Panels (for walling/partitioning and pre-fab structures)
3. Advanced Polymer Products (APP)

### (B) THERMAL INSULATION PRODUCT GROUP

- a. Calcium Silicate Insulating Materials (for high temperature insulation)

### (A) BUILDING PRODUCT GROUP

This segment consists of Fibre Cement Corrugated and flat Sheets, Autoclaved Aerated Concrete Blocks and Aerocon Building Panels. Fibre Cement Sheets (including flat products) continue to be the major revenue generator for the Company accounting for about 80 % of the Company's sales Revenue. The sheeting industry registered a de-growth of 14 % during last fiscal due to subdued market conditions however your company could manage to report lesser de-growth as compared to the industry. Your Company continues to be the market leader in the fibre cement roofing industry. In order to improve profitability, capacity enhancement at Vijaywada Plant was undertaken in record time, whereas inefficient operations in north were discontinued. Several significant steps were taken to reduce the working capital of the Company.

During the period under review, Aerocon Blocks business registered a de-growth of 21% over last year in quantity terms. The drop was mainly due to slow

down in construction activity. This was compounded with lower prices due to significant addition of capacity by competition leading to excessive supply in a low demand scenario. However increase in acceptance of AAC blocks and expected growth in real estate sector in the future will be the main positives for this product in the coming years. Your Company's continued focus on branding and aggressive marketing strategies with "rightpricing" should result in significant improvements in volumes and profitability in the future. In line with our optimum for this product, several investments were made to improve profitability at Chennai & Golan Plants.

Aerocon Panels, used for construction of prefab structures and partition walls, have been extensively used in the infrastructure sectors like power and steel plants, roadways, irrigation, airports etc and also in the construction of malls, schools, hospitals, colleges etc. This business witnessed a growth of 12% during last fiscal. With the continued Government focus on these sectors this vertical is expected to do well in the current fiscal.

### (B) THERMAL INSULATION PRODUCT GROUP

This business mainly caters to the requirements of cement, fertilizer, power and petrochemicals industries. In view of slowdown of the economy most of the leading players deferred their projects, awaiting clarity on Government policies / directions. This has resulted in de-growth of 14% during last fiscal. We expect that this business will continue to perform at the same level in the current fiscal in view of excess capacity built up across these sectors. The brand "HYSIL" always enjoys high customer delight and hence we should be able to increase volumes as the situation improves. This division has had good success in the exports front and were able in open up markets such the middle east and Europe.

## OUTLOOK FOR THE COMPANY

India remains third largest economy on purchasing parity terms and it continues to remain a Country with one of the fastest growth potentials in the Globe. The consumption from rural and semi-urban verticals of the economy continues to drive the growth of the India economy to a large extent.

Across the emerging economies of the world, the construction industry will be witnessing significant growth and India will be no exception. The Indian construction industry is currently the 9th largest in the world and will become the 3rd largest in the world by 2020. Government policies and expenditure on infrastructure, training and regeneration projects have helped the sector grow at cumulative growth rate of 19% since 2001 and the same or better pace is likely to be seen in the coming years. India's population is fast urbanizing and expected to grow to 500 million (36%) of total population by 2020. Additional urban population will generate unprecedented demand for quality real estate and infrastructure including housing. The housing market is expected to witness growth of around 14%p.a.

As per latest study, a large size of the population are still not having permanent roof for their shelters which is a positive for the company as the main revenue driver for the Company is the Fibre Cement Sheet vertical. The composition of the GI sheets share in the market had gone up in the last year due to aesthetic look and lower pricing. However the concerns still remain for "kuccha roofing" with regards to safety and health, we believe that with wide spread awareness programmes and better marketing initiatives will revive the demand for our products. The Government's continued thrust to provide adequate shelter to the rural poor by introducing various programs like Indira Awas Yojna, Golden Jubilee Rural Housing Finance Scheme, etc., will boost the demand for various building products, providing a huge potential for the Company's "**CHARMINAR**" roofing sheets.

Climate change continues to be of concern worldwide and India is more vulnerable to this risk. To minimize the impact Government started propagating the use of "Green Building Materials" through different forums. Your Company's Green building Aerocon products which are environment friendly are garnering the attraction of building community over the last few years. "AEROCON" is positioned in the market as a premium brand and is expanding its reach. Our shift in focus towards providing "complete building solution" helped the customers to use our products more efficiently and our core technical support teams ensure that the customers are at ease by working with them closely for efficient usage of our products. We expect the demand for Green Building Products will rise many fold in the coming years and HIL

is gearing itself to meet the situation by creating an additional capacities such as the new AAC Plant in Jajjhar / Haryana, and improving the productivity at Faridabad Plants.

Your Company's efforts to position itself as a "Complete building solution provider" with superior and consistent quality and service level's evoked good response from the market. The Company is constantly expanding the product portfolio to further increase its presence in the segment. Company's thrust on exports with focussed approach is expected to deliver the desired results in the current fiscal.

Your Company has undertaken several new initiatives during the period under review in order to make the operations more efficient, the organisation structure more responsive to customers needs and to reduce the working capital. These steps will be beneficial to the Company as the Indian Economy revives and the markets demand rebounds under the new Government.

### RESEARCH AND DEVELOPMENT

We are committed to investing in world-class technology development, particularly in Green Building Products (GBP). The Research and Development (R&D) Centres of the Company are continuously evolving into a vibrant work environment and with the research work progressing in several areas. The technology innovations that we aim to achieve will deliver our next generation of Building Products with new raw materials and new usage for our products. Our continuous efforts on R & D activities is focusing on areas such as designing and developing new products, de-risking the business, improving manufacturing processes with respect to environment, health and safety, quality up gradation of existing products and researching future technologies for total building solutions.

The Research and Development (R&D) Centres of the Company are recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. Well experienced, qualified and a fully dedicated team is actively working in conjunction with our Business Development team in developing energy efficient and pollution free process, application development, business continuity, cost reduction and enhancement of product quality.

### Risks

Your Company has robust Risk Assessment and Management process. The Risk Management Committee headed by the Managing Director with active participation of senior leadership team handles the process of Risk Identification, Assessment and Mitigation plans. The process adopted by the committee is reviewed by the Board for implementation and continuous monitoring. Your Company classifies the risk broadly into two folds, viz., External Risk and Internal Risk. The external risk mainly comprises of business risk on various fronts. The business risks and opportunities identified are after detailed deliberation considered in the business plan of the Company along with mitigation plan. The internal risks identified by the committee are systematically addressed on a continuous basis across the locations. Findings are discussed with both the Management Committee and Audit Committee.

Agriculture is the dominant sector of Indian economy, which determines the growth and sustainability. The sale of Company's main product, viz., Fibre Cement Sheet has direct correlation with the GDP of the country. Agricultural growth in India largely depends on monsoons and weather conditions across the country. The uncertain weather conditions will affect the growth of the sector to some extent.

The major raw materials used in our product are OPC cement, fibre, fly-ash, and lime. Cement, being a seasonal commodity product, prices of cement are volatile during various seasons while its availability may be a constraint in some of the regions. As the capacity of the cement industry has increased in the last couple of years this has reduced to a great extent. Also HIL is working with major cement players across regions to ensure smooth and un-interrupted supplies and we are confident that it will not hurt our consumption pattern adversely.

Constraint in supply of Fibre due to closure of certain mines across the world has resulted in increased dependency on limited sources. However your Company enters into a long term contracts with these suppliers thereby ensuring availability of fibre as per business requirement. The process of development of asbestos free material, reduces the usage of asbestos by substitution will help the Company to overcome this risk to a great extent. Another key raw

material fly-ash whose prices are expect to be in a range which will not have any major adverse impact on the cost of production.

Asbestos Cement Products Manufacturing Association (ACPMA), a nodal agency, promoted by the Indian Manufactures and Asbestos Information Centre (AIC) , which is advocating safe/controlled use through different forums has created good awareness among the public.

### INTERNAL CONTROL SYSTEMS

The Company has comprehensive internal control system for all major processes to ensure reliability of reporting. The system also helps management to have timely data / feedback on various operational parameters for effective review. It also ensures proper safeguarding of assets across the Company and its economical use of the same. The internal control system of the Company is commensurate with the size, scale and complexity of its operations. The systems and controls are periodically reviewed and modified based on the requirement. The Company has an internal audit function, which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The scope of Internal Audit is well defined and documented and audit committee reviews the observations of the Internal Audit critically. The Board derives comfort from the control system established by the Company. HIL has well established policy towards maintaining the highest standards of health, safety and environmental norms while maintaining operational integrity. This policy is strictly adhered by all HIL manufacturing facilities. The composition and working of the audit committee forms part of the Corporate Governance Report.

### SYSTEMS

IT@HIL continues to support the enterprise with digital technologies while improving IT Architecture, management and governance and has been playing an important role in strengthening the Information framework supplemented with in-time MIS, thereby helping business grow with the desired speed.

With an objective to build a robust and secured information infrastructure, yet not compromising on the information availability to business stakeholders, IT@HIL has extended

the SAP Systems rolled out and implemented the Sales force automation to the new business of APP. Also taking initiatives for various new projects like implementation of Sales Force Automation for HIL Sales force, Advanced Planning and Scheduling System for optimized scheduling of the APP Production, Strengthening and enhancing the Service levels of IT Support both Infra & Application endorse our endeavour in line with the business transformation initiatives.

The IT Vision is to further strengthening the Efficient & easily accessible services for all stakeholders, enable open and transparent engagement with the Customers and Suppliers, and to provide Accurate & timely data for policy making, service delivery and other important decisions.

### **HUMAN RESOURCES/EMPLOYEE RELATIONS**

At HIL, Human Resource is a most valuable & essential asset and we strive to continuously develop them to face future challenges & make them ready for the changing business environment. The Company is committed to the welfare and career growth of its people. The company has taken the help of technology to make the few of the HR processes more robust. The recruitment is totally aligned to attract best quality & diversified Talent. Last financial year, we have focused on creating a framework for Talent to develop into High performing individuals through competency based training programs & IDPs.

The Company's management firmly believes that a strong and stable industrial relation is essential for success of any organisation. Over the years the management has made sincere and continued efforts for the development of an atmosphere of mutual cooperation, confidence and respect duly recognizing the rights of the workers. The Industrial Relations at all the plants of HIL, except for the instances notified to the exchanges during the year under review, continue to be cordial.

As on 31st March, 2014, the Company had 1638 employees.

### **CORPORATE SOCIAL RESPONSIBILITY:**

Several small but significant initiatives have been undertaken around our plants and with our dealers/distributors. The

Company is responsible and aware of the need to focus more on this area. The Company will continue to improve in this important area and play its role as a responsible Corporate Citizen.

### **ENVIRONMENT, HEALTH & SAFETY:**

The Company believes that a clean environment in and around the work place fosters health and prosperity for the individual, the group and the community they belong to. Regular medical examinations of employees and health care schemes are an integral part of the Company's policy. Health surveillance of employees adhering to national regulations and ILO recommendations is an ongoing process. We ensure that best environment engineering controls are adopted in the factories. These controls aim in preventing accidents and health hazards. The Pollution control equipment installed in our Plants ensures achievement of internationally best emission norms which are recommended to be followed elsewhere in the world. The Company's policies give highest priority to safety, employees health and environment protection.

### **CAUTIONARY STATEMENT**

Statements in the Directors Report including Management Discussion & Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations and reflects only the Management's perception and assessment. Actual results may differ materially from those expressed in the statement and the Company assumes no responsibility in respect of forward looking statements made herein which may undergo changes in the future. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, exchange rates, changes in Government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

On behalf of the Board of Directors

**C.K. BIRLA**  
Chairman

New Delhi, 8<sup>th</sup> May, 2014

## 1. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to the highest standards of Corporate Governance. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance framework enables the Board and Management to achieve the goals and objectives effectively for the benefit of the Company and its Shareholders. The Code of Corporate Governance emphasises on transparency of systems to enhance the benefits to Shareholders, Customers, Creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standard of ethical conduct is maintained throughout the organisation.

The Company has complied with the requirements of the Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed hereinbelow:

## 2. BOARD OF DIRECTORS

The Board of Directors along with its Committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board of Directors presently comprises of seven Directors, having rich experience and specialized skills in their respective fields, out of which six are Non-Executive Directors. The Company has a Non-Executive Chairman and four Independent Directors comprising more than 50% of the total strength of the Board. The Non-Executive Directors are also more than 50% of the total number of Directors with the Managing Director being the only Executive Director on the Board of the Company.

All the Directors on the Board of the Company have made necessary declarations / disclosures regarding their other directorships along with Committee positions held by them in other Companies.

During the year under review, four Board Meetings were held on 03rd May, 2013, 30th July, 2013, 28th October, 2013 and 30th January, 2014. The maximum time-gap between any two consecutive meetings did not exceed four months. The composition of the Board of Directors, their directorship details and the attendance of each Member at the meetings were as follows:

| Name of the Director                 | Category of Directorship                                   | No. of Board Meetings held during the Year of his directorship | No. of Meetings attended | Number of other Directorships <sup>1</sup> | Number of other Committee Memberships | Attendance at last AGM | Share-holding |
|--------------------------------------|--|--|--------------------------|--|---------------------------------------|------------------------|---------------|
| Mr.C.K.Birla                         | Chairman Promoter<br>Non-Executive                         | 4  | 4                        | 6  | -                                     | Yes                    | 51376         |
| Mr.Krishnagopal Maheshwari           | Director<br>Non-Executive &<br>Independent                 | 4  | -                        | 1  | -                                     | No                     | 9660          |
| Mr.Shreegopal Daga                   | Director<br>Non-Executive &<br>Independent                 | 4  | 4                        | 1  | -                                     | Yes                    | 400           |
| Mr.P.Vaman Rao                       | Director<br>Non-Executive &<br>Independent                 | 4  | 3                        | 1  | 2                                     | Yes                    | Nil           |
| Mr.Yash Paul                         | Director<br>Non-Executive &<br>Independent                 | 4  | 3                        | -  | -                                     | No                     | Nil           |
| Mr.Abhaya Shankar                    | Managing Director  | 4  | 4                        | -  | -                                     | Yes                    | 2997          |
| Mr.Desh Deepak Khetrpal <sup>2</sup> | Additional Director<br>Non-Executive &<br>Non- Independent | 2  | 2                        | 1  | 2                                     | NA                     | Nil           |

<sup>1</sup> Other than Directorships in Private Limited Companies, Section 25 Companies, Foreign Companies and Associations.

<sup>2</sup> Appointed as Additional Director w.e.f 28th October 2013.

### 3. COMMITTEES OF DIRECTORS

#### 3.1 Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors and one Non-Executive Non-independent director in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Committee is empowered with the powers as prescribed under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Committee also acts in terms of reference and directions of the Board from time to time.

During the year under review, four Audit Committee Meetings were held on 03rd May, 2013, 30th July, 2013, 28th October, 2013 and 30th January, 2014. The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

| S. No. | Name of the Director       | Category | No. of meetings held during the year of his membership | No of meetings attended |
|--------|----------------------------|----------|--|-------------------------|
| 1      | Mr. P. Vaman Rao           | Chairman | 4  | 3                       |
| 2      | Mr. Shreegopal Daga        | Member   | 4  | 4                       |
| 3      | Mr. Yash Paul              | Member   | 4  | 3                       |
| 4      | Mr. Desh Deepak Khetrapal* | Member   | 1  | 1                       |

\* Appointed as a member of the Audit Committee w.e.f 28th October 2013.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Managing Director, Chief Financial Officer, Internal Auditors and Statutory Auditors are also invited to the meetings, to brief the Committee and to answer and clarify queries raised at the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

#### 3.2 Remuneration Committee

The Remuneration Committee comprises of three Independent Non-Executive Directors. During the year under review, one meeting of the Remuneration

Committee was held on 3rd May, 2013. The composition of the Remuneration Committee and the attendance at its meeting is as follows:

| S. No. | Name of the Director | Category | No. of meetings held during the year of his membership | No of meetings attended |
|--------|----------------------|----------|--|-------------------------|
| 1      | Mr. Shreegopal Daga  | Chairman | 1  | 1                       |
| 2      | Mr. P. Vaman Rao     | Member   | 1  | 1                       |
| 3      | Mr. Yash Paul        | Member   | 1  | 1                       |

The Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Executives in the top level Management of the Company and gives its recommendation to the Board and acts in terms of reference of the Board from time to time.

The details of remuneration and performance bonus paid during the year to the Managing Director, was as follows:

#### Mr. Abhaya Shankar, Managing Director

| Particulars                     | Amount (₹ in Lacs) |
|---------------------------------|--------------------|
| Salary                          | 49.68              |
| Allowance, Perquisites & Others | 129.92             |
| Performance Variable Pay        | 25.00              |
| <b>Total</b>                    | <b>204.60</b>      |

Apart from the above, he is also eligible for the Leave Encashment, Leave Travel Concession, Gratuity and Contribution to Provident Funds and other benefits in terms of his appointment and rules of the Company.

The remuneration by way of commission to the Non-Executive Directors is decided by the Board of Directors and distributed to them based on their contribution as well as time spent on operational matters other than at the meetings. The Members, at the Annual General Meeting held on 21st July, 2011 approved the payment of remuneration by way of commission to the Non-Whole-time Directors of the Company, calculated in accordance with the provisions of the Companies Act, 1956, for a period of five

years, for each financial year commencing from 01st April, 2011. All the Non-Executive Directors are eligible to receive Commission up to a maximum of 1% of profits calculated in accordance with the provisions of Section 198, of the Companies Act, 1956, in addition to the sitting fees. The details of sitting fees, for attending the Board Meetings and Committee Meetings, and Commission for the year under review are as follows:

| Name of the Director       | Sitting Fees<br>(₹ in Lacs) | Commission<br>(₹ in Lacs) |
|----------------------------|-----------------------------|---------------------------|
| Mr.C.K. Birla              | 0.80                        | 2.835                     |
| Mr.Krishnagopal Maheshwari | 0.00                        | 2.835                     |
| Mr.Shreegopal Daga         | 1.30                        | 2.835                     |
| Mr.P.Vaman Rao             | 1.00                        | 2.835                     |
| Mr.Yash Paul               | 1.00                        | 2.835                     |
| Mr. Desh Deepak Khetrpal   | 0.50                        | 2.835                     |

Other than the sitting fees and commission paid to Non-Executive Directors there were no material pecuniary relationship or transaction with the Company.

The Company has not issued any stock options to its Directors/employees.

### 3.3 Investors Relations Committee:

The Investors Relations Committee comprises of three Independent Non-Executive Directors. During the year under review, four Investors Relations Committee Meetings were held on 03rd May, 2013, 30th July, 2013, 28th October, 2013 and 30th January, 2014. The composition of the Investors Relations Committee and the attendance of each Member of the Committee at the meetings were as follows:

| S. No. | Name of the Director | Category | No. of meetings held during the year of his membership | No. of meetings attended |
|--------|----------------------|----------|--|--------------------------|
| 1      | Mr. P. Vaman Rao     | Chairman | 4  | 3                        |
| 2      | Mr. Shreegopal Daga  | Member   | 4  | 4                        |
| 3      | Mr. Yash Paul        | Member   | 4  | 3                        |

The Investors Relations Committee is empowered to oversee the redressal of investor complaints pertaining

to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement, the Board has authorised the Company Secretary, who is also the Compliance Officer, to approve share transfers / transmissions and is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints.

Mr. P. Rajesh Kumar Jain, Company Secretary is the Compliance Officer of the Company. All investor complaints, which cannot be settled at the level of the Compliance Officer, are placed before the Committee for final settlement.

Thirty Two investor complaints were received during the year under review, which were resolved at the level of the Compliance Officer itself. There were no pending investor complaints pertaining to the Financial Year ended 31st March, 2014.

## 4. GENERAL BODY MEETINGS

a. The last 3 Annual General Meetings (AGM) of the Company, were held at the Asbestos Centre, Road No.13, Banjara Hills, Hyderabad as detailed below:

| Financial Year Ended | Day             | Time      |
|----------------------|-----------------|-----------|
| 31st March, 2013     | 30th July, 2013 | 3.00 P.M. |
| 31st March, 2012     | 20th July, 2012 | 3.00 P.M. |
| 31st March, 2011     | 21st July, 2011 | 3.00 P.M. |

b. All special resolutions moved at the last three Annual General Meetings were passed by show of hand by the shareholders present at the meeting. The details of Special Resolution(s) passed at the last three Annual General Meetings are as follows:

In the Annual General Meeting held on 21st July, 2011:

1. Payment of Commission to Non-Executive Directors for a further period of 5 (five) years commencing from April 1, 2011 at a rate not exceeding 1 (one) % of Net Profits of the Company.

In the Annual General Meeting held on 20th July, 2012:

1. Change of Name of the Company from Hyderabad Industries Limited to HIL Limited
2. Re-appointment of Mr. Abhaya Shankar as Managing Director.

In the Annual General Meeting held on 30th July, 2013:

1. Modification in terms of Reappointment of Mr. Abhaya Shankar, Managing Director by providing eligibility of CEO club

Note:

- a) No special resolution was passed through postal ballot last year.
- b) No special resolution is proposed to be conducted through postal ballot.

## 5. DISCLOSURES:

Disclosures on Materially Significant Related Party Transactions:

Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

Details of Non-Compliance and Penalties:

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by any Stock Exchanges, Securities and Exchange Board of India or any Statutory Authority relating to the capital markets.

CEO/CFO Certification:

The Managing Director (CEO) and Chief Financial Officer 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 31st March, 2014.

Compliance Certificate:

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this Report.

Code of Conduct:

The Company has posted the Code of Conduct for Directors and Senior Management on its website. The Code of Conduct is applicable to all Directors and Senior Management Personnel of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the Financial Year ended 31st March, 2014. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

Details of Compliance with Mandatory Requirements and Adoption of the Non-mandatory Requirements:

The Company has complied with the mandatory requirements of Clause 49 and is in the process of implementation of Non-mandatory requirements.

Relationships inter-se among Directors:

In accordance with the provisions of Section 6 read with Schedule IA of the Companies Act, 1956, none of the Director(s), on the Board of the Company is related to each other.

## 6. MEANS OF COMMUNICATION

Quarterly and half-yearly reports are published in two Newspapers - one in English and one in Telugu.

The Financial Results are submitted to the Stock Exchanges within the stipulated time in accordance with the Listing Agreement and simultaneously displayed on the Company's website [www.hil.in](http://www.hil.in). The Company Law Department of the Company serves to keep the investors informed by providing key and timely information like details of Directors, Financial Results, Shareholding Pattern, etc.

The Company also displays its official news on its website [www.hil.in](http://www.hil.in)

## 7. GENERAL SHAREHOLDER'S INFORMATION:

- Date, time and Venue** : Friday, 18th July, 2014 at 3.00 P.M.  
Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad.
- Financial year** : 1st April, 2013 to 31st March, 2014.
- Book Closure** : On Friday, 18th July, 2014.
- Dividend Payment Date** : On Friday, 25th July, 2014.
- Listing on Stock Exchanges** : 1) Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
MUMBAI - 400001.
- 2) National Stock Exchange of India Limited.  
'EXCHANGE PLAZA' 5th Floor, Plot#C/1,  
G-Block, Bandra-Kurla Complex,  
Bandra(E), MUMBAI - 400051.

### Stock Code:

| Name of the Stock Exchange            | Stock Code/Symbol |
|---------------------------------------|-------------------|
| Bombay Stock Exchange Limited         | 509675 / HIL      |
| National Stock Exchange of India Ltd. | HIL               |

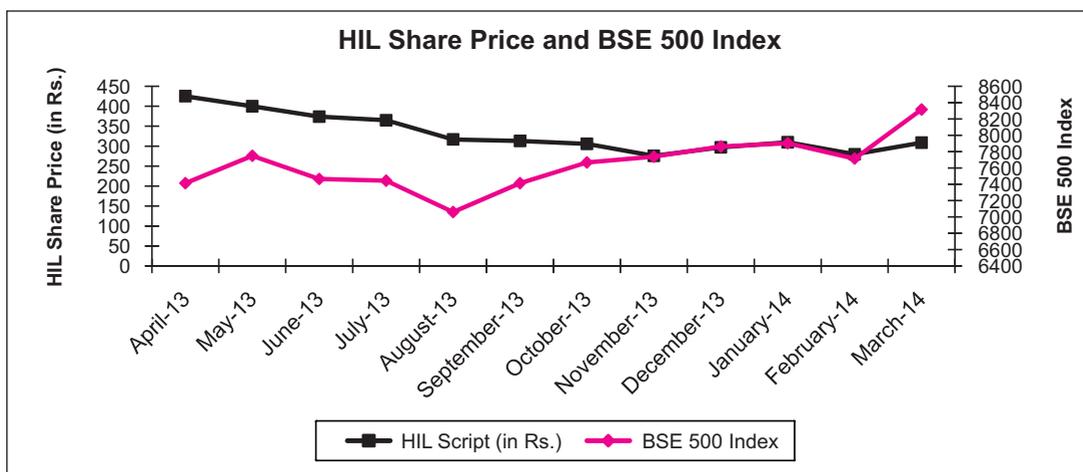
The Listing fee for the year 2014-2015 has been paid to both the above said Stock Exchanges.

### Market Price Data

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2013-14 at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited are given below:

| Month  | Bombay Stock Exchange Limited (BSE) |         |                      | National Stock Exchange of India Ltd., (NSE) |         |                      | BSE 500 Index |         |
|--------|-------------------------------------|---------|----------------------|--|---------|----------------------|---------------|---------|
|        | High (₹)                            | Low (₹) | No. of shares traded | High (₹)                                     | Low (₹) | No. of shares traded | High          | Low     |
| Apr-13 | 407.00                              | 365.10  | 29,861               | 425.00                                       | 366.10  | 88,184               | 7413.56       | 6872.16 |
| May-13 | 401.90                              | 363.15  | 58,241               | 399.95                                       | 341.20  | 93,105               | 7748.63       | 7374.61 |
| Jun-13 | 377.95                              | 339.95  | 31,937               | 373.95                                       | 340.40  | 97,627               | 7465.12       | 6868.43 |
| Jul-13 | 367.65                              | 286.00  | 31,021               | 368.90                                       | 286.10  | 110,201              | 7444.46       | 6888.21 |
| Aug-13 | 306.80                              | 275.00  | 29,171               | 316.95                                       | 276.10  | 86,303               | 7060.53       | 6301.27 |
| Sep-13 | 305.00                              | 285.00  | 19,745               | 313.00                                       | 283.50  | 54,412               | 7413.62       | 6539.15 |
| Oct-13 | 309.00                              | 252.00  | 81,467               | 305.85                                       | 254.70  | 248,099              | 7667.42       | 6978.73 |
| Nov-13 | 279.45                              | 258.80  | 30,096               | 278.00                                       | 259.00  | 91,946               | 7737.66       | 7348.20 |
| Dec-13 | 300.00                              | 255.00  | 89,615               | 297.00                                       | 255.15  | 200,302              | 7862.72       | 7558.21 |
| Jan-14 | 309.00                              | 261.80  | 50,013               | 309.80                                       | 260.25  | 108,102              | 7902.67       | 7401.20 |
| Feb-14 | 290.00                              | 238.00  | 139,830              | 279.85                                       | 235.10  | 185,890              | 7714.56       | 7320.93 |
| Mar-14 | 308.30                              | 257.50  | 40,911               | 308.90                                       | 255.50  | 149,944              | 8315.58       | 7648.69 |

**Share Performance in comparison to broad-based indices-BSE 500 INDEX**



**Registrar and Transfer Agents :** M/s.Venture Capital and Corporate Investments Private Limited,  
12-10-167, Bharat Nagar, Hyderabad - 500018  
Tel: 91-40-23818475 / 476, Fax: 91-40-23868024  
Email:info@vccipl.com

**Share transfer System :** Share Transfers in physical form shall be lodged with the Registrars at the said address.

The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

Pursuant to Clause 47(C) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been given by a Practicing Company Secretary duly certifying compliance of shares transfer formalities.

**Distribution of Equity Shares as on 31st March, 2014**

| S.No.        | Range           | No. of Shares Hold | % to Capital  | No. of Shareholders | % to Total Shareholders |
|--------------|-----------------|--------------------|---------------|---------------------|-------------------------|
| 1            | 1 to 500        | 1252480            | 16.78         | 16190               | 94.24                   |
| 2            | 501 to 1000     | 387949             | 5.20          | 504                 | 2.93                    |
| 3            | 1001 to 2000    | 356962             | 4.78          | 246                 | 1.44                    |
| 4            | 2001 to 3000    | 195431             | 2.62          | 77                  | 0.45                    |
| 5            | 3001 to 4000    | 123924             | 1.66          | 35                  | 0.21                    |
| 6            | 4001 to 5000    | 121313             | 1.63          | 26                  | 0.15                    |
| 7            | 5001 to 10000   | 376883             | 5.05          | 54                  | 0.31                    |
| 8            | More than 10000 | 4647621            | 62.28         | 47                  | 0.27                    |
| <b>TOTAL</b> |                 | <b>7462563</b>     | <b>100.00</b> | <b>17179</b>        | <b>100.00</b>           |

**Shareholding Pattern as on 31st March, 2014**

| Category of Shareholder   | No. of Shares  | Percentage    |
|---|----------------|---------------|
| Promoters and Person Acting in Concert  | 3059212        | 40.99         |
| Mutual Funds  | 46079          | 0.62          |
| Banks, Financial Institutions, Insurance Companies Including A.P. State Govt. | 321721         | 4.31          |
| Foreign Institutional Investors   | 2950           | 0.04          |
| Corporate Bodies  | 882507         | 11.83         |
| Indian Public   | 2902711        | 38.90         |
| NRI's/OCB's   | 247383         | 3.31          |
| <b>TOTAL</b>  | <b>7462563</b> | <b>100.00</b> |

**Dematerialization of shares and liquidity** : The shares of the Company are under compulsory dematerialize trading.

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31st March, 2014, 98.01% of the Company's Equity Shares are in dematerialised form.

The ISIN No./Code for the Company's Equity Shares is INE557A01011. Shareholders can open an account with any of the depository participants registered with any of these depositories.

**Plant Locations** : **Manufacturing**

1. Hyderabad, Sanatnagar - 500018 (Andhra Pradesh)
2. Faridabad, Sector-25 - 121005 (Haryana)
3. Jasidih, Industrial Area - 814142 (Jharkhand)
4. Dharuhera, Plot No.31, Rewari District - 122106 (Haryana)
5. Thimmapur, Mahboobnagar District - 509325 (Andhra Pradesh)
6. Vijayawada, Plot No.289, IDA, Kondapalli - 521228 (Andhra Pradesh)
7. Chennai, Kannigaiper Vil., Tiruvallur District -601102 (Tamil Nadu)
8. Wada, Musarane Vil., Thane District - 421312 (Maharashtra)
9. Sathariya, SIDA, Jaunpur District - 222022 (Uttar Pradesh)
10. Thrissur, Mulangunnathukavu Post - 680581 (Kerala)
11. Balasore, IDCO, Plot No. 72, ND Centre, Somanathpur - 756019 (Orissa)
12. Golan Village, Valod Taluka, Tapi District - 394640 (Gujarat)

**Wind Power**

13. 3.60 MW (2x1.80 MW) at Kutch Dist, Gujarat.
14. 1.25 MW near Coimbatore, Tirupur Dist, Tamilnadu.
15. 2.50 MW (2x1.25 MW) at Jodhpur Dist, Rajasthan.

**Address for Correspondence** : Mr. P.Rajesh Kumar Jain  
Company Secretary & Compliance Officer  
HIL Limited  
Sanatnagar, HYDERABAD - 500 018  
Tel: 91 40 30999000, 30999121 (D)  
Fax: 91 40 23701227 & 23702400  
Email: [cs@hil.in](mailto:cs@hil.in)

The above Report was approved by the Board of Directors at their meeting held on 8th May, 2014.

**Details of the Directors seeking appointment/reappointment as Directors at this Annual General Meeting  
(In pursuance of Clause 49 of the Listing Agreement)**

| Particulars  | Mr. C.K.Birla  | Mr. Vaman Rao  | Mr. Yashpaul  | Mr. Desh Deepak Khetrupal  | Mrs. Gauri Rasgotra  |
|--|--|--|---|--|--|
| <b>Date of Birth</b>   | 09-01-1955   | 12-06-1928   | 10-06-1940  | 05-07-1955   | 05-09-1968   |
| <b>Date of Appointment</b>   | 04-02-1980   | 22-12-1987   | 27-01-2009  | 28-10-2013   | 08-05-2014   |
| <b>Qualification</b>   | B.A  | B.A.   | M.A.  | Honors degree in Business and Economics and Masters degree in Business Administration in Marketing and Finance from the Delhi University   | B.A., (Hons.)<br>(Economics)<br>LL.B.  |
| <b>Occupation</b>  | Industrialist  | Retired Senior Executive   | Retired Senior Executive<br>Director of LIC   | Service  | Advocate   |
| <b>Expertise in specific functional areas</b>                                | Industrialist having rich business experience in managing diversified industrial enterprises.  | Expertise in finance and administration. He had held various Senior Executive positions in the Sirpur Paper Mills Ltd., for several years. | Expertise in the fields of finance and management. He had held various senior executive positions in LIC for several years. | A professional business leader with a track record of leading and transforming large and diversified organizations, across various industries including services, industrials, consumer and retail businesses. | She has a rare combination of advisory and litigation experience of over 21 years in both academic and corporate settings. Her areas of interest cover dispute resolution, commercial laws and other emerging areas such as data privacy and food safety laws. |
| <b>Directorships held on other Companies</b>                                 | 1. Orient Paper & Industries Limited<br>2. Orient Cement Ltd.<br>3. National Engineering Industries Limited<br>4. AVTEC Limited<br>5. Birla Brothers Pvt. Ltd.<br>6. Birlasoft (India) Ltd.<br>7. Neosym Industry Ltd.<br>8. Birla Associates Pvt. Ltd., Singapore<br>9. Birlasoft Inc., USA<br>10. Birlasoft (U.K.) Ltd., London<br>11. ASS AG, Switzerland | 1. Sirpur Paper Mills Ltd.<br>2. Hyderabad Agencies Pvt. Ltd   | NIL   | Orient Cement Ltd.   | NIL  |
| <b>Memberships/Chairmanships of Committees across other public Companies</b> | NIL  | 1) Sirpur Paper Mills Ltd.<br>a) Member & Chairman- Audit Committee<br>b) Member - Shareholders' Grievances Committee                      | NIL   | Orient Cement Ltd.<br>a. Audit Committee - Member<br>b. Stakeholders Relationship Committee - Member<br>c. Management Committee - Chairman<br>d. Corporate Social Responsibility Committee-Member              | NIL  |
| <b>Shareholding</b>  | 51376 Equity Shares  | NIL  | NIL   | NIL  | NIL  |

## Auditors' Certificate

To  
The Members of **HIL Limited**

We have examined the compliance of conditions of corporate governance by Hil Limited, for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 **S. R. BATLIBOI & ASSOCIATES LLP**  
CHARTERED ACCOUNTANTS  
ICAI Firm registration number : 101049W

per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

Place : New Delhi  
Dated : 8<sup>th</sup> May, 2014

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## Declaration by the Managing Director

I, Abhaya Shankar, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2013-2014.

**Abhaya Shankar**  
Managing Director

Place : New Delhi  
Dated : 8<sup>th</sup> May, 2014

### To the Members of **HIL Limited** Report on the Financial Statements

We have audited the accompanying financial statements of HIL Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 43 of financial statements, regarding excess managerial remuneration amounting to ₹116.90 lacs paid to Managing Director in excess of limits prescribed under Schedule XIII of the Companies Act, 1956. As represented to us by the management, the Company is in the process of filing application to the Central Government for the approval of such excess remuneration. The ultimate outcome of the above matter cannot presently be determined, accordingly no adjustments has been made in the financial statements.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) 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;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) 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;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. BATLIBOI & ASSOCIATES LLP**  
CHARTERED ACCOUNTANTS  
ICAI Firm Registration Number: 101049W

**Per Vikas Kumar Pansari**  
Partner  
Membership No.093649

Place : New Delhi  
Dated : 8<sup>th</sup> May, 2014

**Annexure referred to in paragraph 1 of our report of even date**

Re: HIL Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the 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 the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

## Independent Auditor's Report (Contd.)

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statute  | Nature of dues   | Amount<br>(₹ in lacs) | Period to which<br>the amount relates  | Forum where<br>dispute is pending   |
|--|--|-----------------------|--|---|
| Tamil Nadu General Sales Tax Act, 1959 & Central Sales Tax Act, 1956       | Sales tax on enhanced turnover due to certain disallowance   | 15.01*                | 1990-91, 1994-95, 1997-98, 2000-01, 2001-02, 2002-03   | Hon'ble Supreme Court of India, Sales Tax Appellate Tribunal, Appellate Asst. Commissioner  |
| Andhra Pradesh General Sales Tax Act, 1957                                 | Disallowance of Concessional Rate of Tax   | 105.54*               | 1985-86<br>2009-10   | Hon'ble High Court of Andhra Pradesh<br>Appellate Deputy Commissioner   |
| West Bengal Sales Tax Act, 1994, Central Sales Tax Act, 1956               | Sales Tax Demand   | 265.85                | 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2007-08, 2008-09  | Hon'ble High Court of West Bengal, Kolkata, Appellate & Revisional Board, Senior Joint Commissioner, Additional Commissioner, Sales tax Appellate Tribunal  |
| Bihar Finance Act, 1981  | Local Sales Tax Demand   | 109.63                | 2000-01  | Joint Commissioner of Commercial Taxes (Appeals)  |
| Bihar Finance Act, 1981  | Demand of Entry Tax  | 28.57                 | 2003-04  | Assistant Commissioner of Commercial Taxes  |
| Bihar Finance Act, 1981  | Sales Tax Demand   | 28.04                 | 2002-03, 2003-04, 2004-05, 2005-06   | Deputy Commissioner, Joint Commissioner, Commissioner of Commercial Taxes   |
| Entry Tax of Goods Act, 1930   | Demand of Entry Tax including Interest   | 74.42*                | 2007-08  | Hon'ble Supreme Court of India  |
| Other State/Central Sales Tax Acts   | Local Sales Tax Demand, Freight Rebate disallowed, Entry Tax on Stock Transfers & Misc. Disallowance | 313.09*               | 1993-94, 1997-98, 1999-00, 2000-01, 2001-02, 2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2012-13 | Hon'ble Supreme Court of India, Hon'ble High Court of Rajasthan, Appellate Tribunal, Commissioner of Commercial Tax, Additional Commissioner (Appeals), Deputy Commissioner (Revision), Joint Commissioner (Appeals), Joint Commissioner, Additional Commissioner, Assistant Commissioner (Appeals), Joint Director Enforcement, Joint Commissioner of Commercial taxes |
| Other States like Jharkhand, Maharashtra under Central Sales Tax Act, 1956 | Sales Tax Demand   | 127.84*               | 2004-05, 2007-08, 2008-09  | Commissioner of Commercial Taxes, Deputy Commissioner (Revision)  |
| Central Excise Act, 1944   | Excise Duty Demand due to certain disallowance and wrong availment of CENVAT                         | 861.05*               | 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14          | Assistant Commissioner, Joint Commissioner, Additional Commissioner, Appellate Tribunal, Commissioner (Appeals), Customs Excise & Service Tax Appellate Tribunal, Commissioner of Customs & Central Excise  |

| Name of the statute      | Nature of dues                       | Amount (₹ in lacs) | Period to which the amount relates   | Forum where dispute is pending                                      |
|--------------------------|--------------------------------------|--------------------|--------------------------------------|---|
| Central Excise Act, 1944 | Excise Duty Demand including Penalty | 1,040.34*          | April 2004-July 2009                 | Customs Excise & Service Tax Appellate Tribunal                     |
| Income Tax Act, 1961     | Income Tax Demand                    | 1,824.97*          | 2005-06, 2008-09<br>2009-10, 2010-11 | Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961     | Wealth Tax Demand                    | 56.98              | 1993-94 to 1997-98                   | Hon'ble High Court of Andhra Pradesh, Hyderabad                     |

\*net of ₹5.29 lacs, ₹14.86 lacs, ₹36.14 lacs, ₹169.69 lacs, ₹15.00 lacs, ₹20.00 lacs, ₹17.50 lacs and ₹562.67 lacs respectively paid under protest/adjustable against refunds.

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (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 no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. BATLIBOI & ASSOCIATES LLP**  
 CHARTERED ACCOUNTANTS  
 ICAI Firm Registration Number: 101049W

**Per Vikas Kumar Pansari**

Place : New Delhi  
 Dated : 8<sup>th</sup> May, 2014

Partner  
 Membership No.093649

# Balance Sheet as at 31st March, 2014

₹ in lacs

## EQUITY AND LIABILITIES

### Shareholders' funds

Share Capital  
Reserves and Surplus

### Non-current liabilities

Long-term borrowings  
Deferred tax liabilities (Net)  
Long-term provisions

### Current liabilities

Short-term borrowings  
Trade payable  
Other current liabilities  
Short-term provisions

### TOTAL

## ASSETS

### Non-current assets

Fixed assets  
Tangible assets  
Intangible assets  
Capital work-in-progress

Non-current investments  
Long-term loans and advances  
Trade receivables  
Other non-current assets

### Current assets

Inventories  
Trade receivables  
Cash and bank balances  
Short-term loans and advances  
Other current assets

### TOTAL

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

| Notes | 31st March<br>2014 | 31st March<br>2013 |
|-------|--------------------|--------------------|
|       | <b>748.98</b>      | 748.98             |
|       | <b>38078.98</b>    | 37819.13           |
|       | <b>38827.96</b>    | 38568.11           |
|       | <b>4471.06</b>     | 4712.00            |
|       | <b>4012.35</b>     | 3936.65            |
|       | <b>344.28</b>      | 280.23             |
|       | <b>8827.69</b>     | 8928.88            |
|       | <b>2054.34</b>     | 12475.03           |
|       | <b>12677.88</b>    | 8493.76            |
|       | <b>9089.59</b>     | 8504.40            |
|       | <b>956.58</b>      | 1694.87            |
|       | <b>24778.39</b>    | 31168.06           |
|       | <b>72434.04</b>    | 78665.05           |
|       | <b>37730.59</b>    | 33849.36           |
|       | <b>235.47</b>      | 151.07             |
|       | <b>3311.73</b>     | 1932.37            |
|       | <b>41277.79</b>    | 35932.80           |
|       | <b>876.90</b>      | 888.34             |
|       | <b>2214.31</b>     | 1493.52            |
|       | <b>3.96</b>        | 4.33               |
|       | <b>232.64</b>      | 169.21             |
|       | <b>3327.81</b>     | 2555.40            |
|       | <b>17360.71</b>    | 24660.97           |
|       | <b>6745.53</b>     | 10136.18           |
|       | <b>776.58</b>      | 967.10             |
|       | <b>2635.14</b>     | 4051.49            |
|       | <b>310.48</b>      | 361.11             |
|       | <b>27828.44</b>    | 40176.85           |
|       | <b>72434.04</b>    | 78665.05           |
| 2.1   |                    |                    |

As per our Report of even date  
For **S.R.Batliboi & Associates LLP**  
CHARTERED ACCOUNTANTS  
ICAI Firm registration number : 101049W

For and on behalf of the Board of Directors

Per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

**KR. Veerappan**  
C F O

**C.K. Birla**  
Chairman

Place : New Delhi  
Dated : 8<sup>th</sup> May, 2014

**P. Rajesh Kumar Jain**  
Company Secretary

**Abhaya Shankar**  
Managing Director

Statement of profit and loss for the year ended 31st March, 2014

₹ in lacs

|   | Notes | 2013-14         | 2012-13   |
|---|-------|-----------------|-----------|
| <b>Income</b>   |       |                 |           |
| Revenue from operations (gross)   | 17    | <b>97819.93</b> | 116608.92 |
| Less: excise duty   |       | <b>10872.52</b> | 12957.81  |
| <b>Revenue from operations (net)</b>  |       | <b>86947.41</b> | 103651.11 |
| Other income  | 18    | <b>799.93</b>   | 787.57    |
| <b>Total revenue (I)</b>  |       | <b>87747.34</b> | 104438.68 |
| <b>Expenses</b>   |       |                 |           |
| Cost of raw material consumed   | 19    | <b>48298.16</b> | 56840.74  |
| Purchase of traded goods  | 20    | <b>832.31</b>   | 1389.47   |
| Decrease/(Increase) in inventories of finished goods, work-in-progress and traded goods   | 20    | <b>2629.61</b>  | (3206.17) |
| Employee benefits expense   | 21    | <b>8851.13</b>  | 8942.03   |
| Other expenses  | 22    | <b>21896.92</b> | 27605.37  |
| <b>Total (II)</b>   |       | <b>82508.13</b> | 91571.44  |
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b>   |       | <b>5239.21</b>  | 12867.24  |
| Depreciation and amortisation expense   | 23    | <b>2889.28</b>  | 2687.99   |
| (Less): recoupment from revaluation reserve   | 4     | <b>16.83</b>    | 16.83     |
| Net depreciation and amortisation expense   |       | <b>2872.45</b>  | 2671.16   |
| Finance costs   | 24    | <b>1022.57</b>  | 1060.78   |
| Profit before tax and Exceptional items   |       | <b>1344.19</b>  | 9135.30   |
| Exceptional items   | 44    | <b>355.42</b>   | -         |
| <b>Profit before tax</b>  |       | <b>988.77</b>   | 9135.30   |
| <b>Tax expenses</b>   |       |                 |           |
| Current tax [including taxes for earlier years ₹66.13 lacs (Previous Year : ₹72.82 lacs)] |       |                 |           |
| Current tax   |       | <b>409.91</b>   | 2692.82   |
| MAT Credit entitlement  |       | <b>(210.06)</b> | -         |
| Deferred tax [including taxes for earlier years ₹87.14 lacs (Previous Year: ₹62.72 lacs)] |       |                 |           |
| Deferred tax  |       | <b>75.70</b>    | 378.85    |
| <b>Total tax expense</b>  |       | <b>275.55</b>   | 3071.67   |
| <b>Profit for the year</b>  |       | <b>713.22</b>   | 6063.63   |
| Earnings per equity share in ₹  |       |                 |           |
| [nominal value of share ₹10 (Previous Year ₹10)]  | 25    |                 |           |
| Basic and Diluted   |       |                 |           |
| Computed on the basis of total profit for the year (in ₹)                                 |       | <b>9.56</b>     | 81.25     |
| Summary of significant accounting policies  | 2.1   |                 |           |

The accompanying notes are an integral part of the financial statements.

As per our Report of even date  
For **S.R.Batliboi & Associates LLP**  
CHARTERED ACCOUNTANTS  
ICAI Firm registration number : 101049W

For and on behalf of the Board of Directors

Per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

**KR. Veerappan**  
C F O

**C.K. Birla**  
Chairman

Place : New Delhi  
Dated : 8<sup>th</sup> May, 2014

**P. Rajesh Kumar Jain**  
Company Secretary

**Abhaya Shankar**  
Managing Director

# Cash flow statement for the year ended 31st March 2014

₹ in lacs

|   | 2013-14           | 2012-13   |
|---|-------------------|-----------|
| <b>A. Cash flow from operating activities</b>                             |                   |           |
| <b>Profit before tax</b>  | <b>988.77</b>     | 9135.30   |
| Adjustment to reconcile profit before tax to net cash flows               |                   |           |
| Depreciation/amortisation   | <b>2872.45</b>    | 2671.16   |
| Rent from Long term Investment in properties                              | <b>(335.89)</b>   | (336.09)  |
| Provision for doubtful receivables, advances and other assets             | <b>252.68</b>     | 128.82    |
| Unspent Liabilities, Provisions and Unclaimed Balances Written back (Net) | <b>(127.77)</b>   | (181.48)  |
| Loss on sale/discard of fixed assets (Net)                                | <b>(72.13)</b>    | 163.31    |
| Interest expense  | <b>1022.57</b>    | 1060.78   |
| Interest income   | <b>(169.56)</b>   | (177.07)  |
| Dividend income   | <b>(5.57)</b>     | (15.89)   |
| <b>Operating profit before working capital changes</b>                    | <b>4425.55</b>    | 12448.84  |
| Movements in working capital :  |                   |           |
| Increase/(decrease) in trade payables                                     | <b>4311.89</b>    | 232.54    |
| Increase/(decrease) in long-term provisions                               | <b>64.05</b>      | 179.31    |
| Increase/(decrease) in short-term provisions                              | <b>(42.15)</b>    | 28.67     |
| Increase/(decrease) in other current liabilities                          | <b>293.52</b>     | 6.56      |
| Decrease/(increase) in trade receivables                                  | <b>3145.32</b>    | (1835.31) |
| Decrease/(increase) in inventories  | <b>7300.26</b>    | (6127.62) |
| Decrease/(increase) in long-term loans and advances                       | <b>(77.41)</b>    | (94.28)   |
| Decrease/(increase) in short-term loans and advances                      | <b>1416.35</b>    | (236.05)  |
| Decrease/(increase) in other current assets                               | <b>73.04</b>      | (275.31)  |
| Decrease/(increase) in other non-current assets                           | <b>(63.43)</b>    | 90.75     |
| Cash generated from operations  | <b>20846.99</b>   | 4418.10   |
| Direct taxes paid (net of refunds)  | <b>(504.30)</b>   | (3101.63) |
| <b>Net cash flow from operating activities (A)</b>                        | <b>20342.69</b>   | 1316.47   |
| <b>B. Cash flows used in investing activities</b>                         |                   |           |
| Purchase of fixed assets, including capital advances                      | <b>(8517.34)</b>  | (6121.83) |
| Proceeds from sale of fixed assets  | <b>319.98</b>     | 92.81     |
| Purchase of current investments   | <b>2705.37</b>    | 5703.00   |
| Proceeds from sale/maturity of current investments                        | <b>(2705.37)</b>  | (5703.00) |
| Interest received   | <b>147.15</b>     | 196.38    |
| Dividends received  | <b>5.57</b>       | 15.42     |
| Rent received from Long term Investment in properties                     | <b>335.89</b>     | 336.09    |
| <b>Net cash flow used in investing activities (B)</b>                     | <b>(7708.75)</b>  | (5481.13) |
| <b>C. Cash flows from financing activities</b>                            |                   |           |
| Proceeds from long-term borrowings  | -                 | 1527.46   |
| Repayment of long-term borrowings   | <b>(273.57)</b>   | (142.85)  |
| Proceeds from short-term borrowings (net)                                 | <b>(10420.69)</b> | 5577.25   |
| Interest paid   | <b>(1043.39)</b>  | (1051.76) |
| Dividend paid on equity shares  | <b>(928.28)</b>   | (1480.15) |
| Tax on equity dividend paid   | <b>(158.53)</b>   | (242.12)  |
| <b>Net cash flow (used in)/from financing activities (C)</b>              | <b>(12824.46)</b> | 4187.83   |
| <b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>   | <b>(190.52)</b>   | 23.17     |
| Cash and cash equivalents at the beginning of the year                    | <b>967.10</b>     | 943.93    |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>776.58</b>     | 967.10    |
| <b>Components of cash and cash equivalents</b>                            |                   |           |
| Cash on hand  | <b>6.44</b>       | 11.15     |
| Cheques/drafts on hand  | <b>395.22</b>     | 317.09    |
| With banks- on current account  | <b>300.32</b>     | 568.80    |
| - unpaid dividend accounts*   | <b>74.60</b>      | 70.06     |
| <b>Total cash and cash equivalents (note 16)</b>                          | <b>776.58</b>     | 967.10    |

Summary of significant accounting policies 2.1

\*The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our Report of even date  
For **S.R.Batliboi & Associates LLP**  
CHARTERED ACCOUNTANTS  
ICAI Firm registration number : 101049W

For and on behalf of the Board of Directors

Per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

**KR. Veerappan**  
C F O

**C.K. Birla**  
Chairman

Place : New Delhi  
Dated : 8<sup>th</sup> May, 2014

**P. Rajesh Kumar Jain**  
Company Secretary

**Abhaya Shankar**  
Managing Director



## 1. CORPORATE INFORMATION

The Company is engaged in the production and distribution of Fibre Cement Sheets and other building products, viz., Aerocon Panels, AAC Blocks, Material Handling and Processing Plant and Equipment, Thermal Insulation Products (Refractories) and Advanced Polymer Products. The Company presently has manufacturing facilities at Hyderabad, Faridabad, Jasidih, Dharuhera, Thimmapur, Kondapalli, Chennai, Thrissur, Wada, Sathariya, Balasore and Golan. The Company has set up Wind Turbine Generators in Gujarat, Tamil Nadu and Rajasthan.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated 4th April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for freehold land, lease hold land and building acquired before December 31, 1983 which are carried at revalued amounts.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### 2.1 Summary of significant accounting policies

#### a. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### b. Tangible Fixed Assets

Fixed assets, except freehold, lease hold land and buildings acquired before December 31, 1983, pertaining to certain units are stated at cost or revalued amount, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

On December 31, 1983, the Company revalued all its freehold land, leasehold land and buildings pertaining to certain units existing as on that date. These freehold land, leasehold land and buildings are measured at fair value less accumulated depreciation and impairment losses, if any, recognized after the date of the revaluation. In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**c. Depreciation on tangible Fixed Assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which are equal to the corresponding rates prescribed under the Schedule XIV to the Companies Act, 1956. Some of the Plant and Machinery has been treated as continuous process plant based on technical evaluation using the rates prescribed under the Schedule XIV to the Companies Act, 1956.

Depreciation on the amount added to Fixed Assets on revaluation has been adjusted by transfer of equivalent amount from Revaluation Reserve to statement of Profit and Loss.

**d. Intangible Assets**

**Computer Software**

Costs relating to software, which are acquired, are capitalized and amortized on a straight-line basis over their useful lives of five years.

**e. Leases**

**Where the Company is a Lessee**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

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 recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Where the Company is a Lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**f. Borrowing Costs**

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**g. Impairment**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**h. Government Grants and Subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**i. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **Investment property**

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on investment property other than perpetual leasehold land is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management, which are equal to corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **j. Inventories**

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a transaction moving weighted average basis.

Work-in-progress, trading goods and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### **k. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

##### **Sale of products**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

##### **Technical Know- how and Service fee**

Technical Know- how and Service fee are recognised on accrual basis, as a percentage of sales made by the joint venture party during the year as per the terms of specific contract.

##### **Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

## **Dividends**

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

### **l. Foreign currency translation**

#### **i. Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### **ii. Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### **iii. Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

#### **iv. Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

### **m. Retirement and other employee benefits**

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The contributions to the provident fund and superannuation fund are recognised as expenses, when an employee renders the related services. The Company has no obligation, other than the contribution payable to the funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Company accounts for gratuity liability of its employees including contract workers on the basis of actuarial valuation carried out at the year end by an independent actuary.

The Company treats accumulated leave, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Future monthly installments payable under voluntary early retirement scheme in respect of the employees, who opted for the said scheme, are provided for as per the actuarial valuation carried out at the year end. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

**n. Income Taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, entire deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**o. Segment Reporting Policies**

**Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**Inter-segment transfers**

The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

**Unallocated items**

The unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**p. Indirect expenditure incurred on new projects under construction and substantial expansion**

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

**q. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**r. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**s. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that can't be recognised because it can't be measured reliably. The Company does not recognise the contingent liability but disclose its existence in its financial statements.

**t. Cash and Cash equivalents**

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**u. Derivative Instruments**

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

**v. Research and development**

Revenue expenditure on research and development is charged to revenue in the year in which it is incurred. Capital expenditure on research and development is added to fixed assets and are depreciated in accordance with policies of the Company.

**w. 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 operations. In its measurement, the Company does not include depreciation and amortisation expense, finance costs, exceptional items and tax expense, however, Interest income is included in the calculation of EBITDA.

₹ in lacs

**3. SHARE CAPITAL**

**Authorised shares**

|   | <b>31st March<br/>2014</b> | 31st March<br>2013 |
|---|----------------------------|--------------------|
| 9,500,000 (Previous Year 9,500,000) Equity Shares of ₹10 each | <b>950.00</b>              | 950.00             |
| 50,000 (Previous Year 50,000) Preference Shares of ₹100 each  | <b>50.00</b>               | 50.00              |

**Issued, subscribed and fully paid-up shares**

|   |               |        |
|---|---------------|--------|
| 7,462,563 (Previous Year 7,462,563) Equity Shares of ₹10 each fully paid-up | <b>746.26</b> | 746.26 |
| Forfeited Shares (amount originally paid-up)                                | <b>2.72</b>   | 2.72   |

|   |               |        |
|---|---------------|--------|
| <b>Total issued, subscribed and fully paid-up share capital</b> | <b>748.98</b> | 748.98 |
|---|---------------|--------|

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

**Equity shares**

|                                    | <b>31st March, 2014</b> |               | 31st March, 2013 |           |
|------------------------------------|-------------------------|---------------|------------------|-----------|
|                                    | No                      | ₹ in Lacs     | No               | ₹ in Lacs |
| At the beginning of the year       | <b>7,462,563</b>        | <b>748.98</b> | 7,462,563        | 748.98    |
| Outstanding at the end of the year | <b>7,462,563</b>        | <b>748.98</b> | 7,462,563        | 748.98    |

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a face value of ₹10/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of dividend per share recognized as distributions to equity shareholders was ₹5.00/-, including Interim dividend of ₹Nil (Previous Year: ₹20.00/-, including interim dividend of ₹7.50/-)

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company**

| Name of the shareholder             | <b>As at 31st March, 2014</b> |              | As at 31st March, 2013 |           |
|-------------------------------------|-------------------------------|--------------|------------------------|-----------|
|                                     | Nos                           | % holding    | Nos                    | % holding |
| Central India Industries Limited    | <b>1,074,634</b>              | <b>14.40</b> | 1,074,634              | 14.40     |
| Orient Paper And Industries Limited | <b>906,360</b>                | <b>12.15</b> | 906,360                | 12.15     |

As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

₹ in lacs

**4. RESERVES AND SURPLUS**

**Capital redemption reserve**

31st March 2014                      31st March 2013

**Securities premium account**

**Revaluation reserve (arising on revaluation of fixed assets)**

Balance as per the last financial statement

Less: amount transferred to the statement of profit and loss as reduction from depreciation

**Closing Balance**

**General reserve**

Balance as per the last financial statement

Add: amount transferred from surplus balance in the statement of profit and loss

**Closing Balance**

Surplus in the statement of profit and loss

Balance as per the last financial statement

Profit for the year

Less: Appropriations

Interim Dividend on Equity Shares

(amount per share ₹Nil (Previous Year: ₹7.50))

Proposed final Equity Dividend

(amount per share ₹5.00 (Previous Year: ₹12.50))

Corporate dividend tax on Equity Shares

Transfer to general reserve

Total appropriations

**Net surplus in the statement of profit and loss**

**Total reserves and surplus**

|  |                 |           |
|--|-----------------|-----------|
|  | <b>35.00</b>    | 35.00     |
|  | <b>624.95</b>   | 624.95    |
|  | <b>450.82</b>   | 467.65    |
|  | <b>16.83</b>    | 16.83     |
|  | <b>433.99</b>   | 450.82    |
|  | <b>32000.00</b> | 27000.00  |
|  | <b>100.00</b>   | 5000.00   |
|  | <b>32100.00</b> | 32000.00  |
|  | <b>4708.36</b>  | 5386.56   |
|  | <b>713.22</b>   | 6063.63   |
|  | <b>-</b>        | (559.69)  |
|  | <b>(373.13)</b> | (932.82)  |
|  | <b>(63.41)</b>  | (249.32)  |
|  | <b>(100.00)</b> | (5000.00) |
|  | <b>(536.54)</b> | (6741.83) |
|  | <b>4885.04</b>  | 4708.36   |
|  | <b>38078.98</b> | 37819.13  |

**5. LONG-TERM BORROWINGS**

**Other loans**

Interest Free Sales Tax Loan from a financial institution (secured) (a)

Deferred Sales Tax Loan (unsecured) (b)

**The above amount includes**

Secured borrowings

Unsecured borrowings

Amount disclosed under the head "other current liabilities" (note 9)

|  | Non Current      |                  | Current          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31st March, 2014 | 31st March, 2013 | 31st March, 2014 | 31st March, 2013 |
|  | ₹ in lacs        | ₹ in lacs        | ₹ in lacs        | ₹ in lacs        |
|  | <b>3047.46</b>   | 3047.46          | -                | -                |
|  | <b>1423.60</b>   | 1664.54          | <b>240.95</b>    | 273.57           |
|  | <b>4471.06</b>   | 4712.00          | <b>240.95</b>    | 273.57           |
|  | <b>3047.46</b>   | 3047.46          | -                | -                |
|  | <b>1423.60</b>   | 1664.54          | <b>240.95</b>    | 273.57           |
|  | -                | -                | <b>(240.95)</b>  | (273.57)         |
|  | <b>4471.06</b>   | 4712.00          | -                | -                |

- a) Interest free sales tax loan from a financial institution is secured by way of first charge on the entire assets of the Sathariya Unit of the Company, both present and future, repayable after 7 years from the date of disbursement. Accordingly ₹427.00 lacs due on July 2016, ₹301.00 lacs due on January 2017, ₹792.00 lacs due on March 2018, ₹606.72 lacs due on July 2019 and ₹920.74 lacs due on September 2019.
- b) Deferred Sales Tax loan was sanctioned towards the sales tax dues relating to Thimmapur, Kondapalli and Chennai unit. The loans are interest free and repayable at the end of 7 years from the month of deferral. The repayment of the deferral scheme has already commenced for all Units. The last installment is due during 2017-18 for Chennai & Kondapalli and during 2023-24 for Thimmapur. The yearly repayment varies from ₹5 lacs to ₹4 crores due to varying amount of availment in the earlier years as per deferral scheme.

|   | 31st March<br>2014 | 31st March<br>2013 |
|---|--------------------|--------------------|
|   | ₹ in lacs          |                    |
| <b>6. DEFERRED TAX LIABILITIES (NET)</b>  |                    |                    |
| <b>Deferred tax liabilities</b>   |                    |                    |
| Difference in Depreciation/Amortisation on fixed assets as per tax books and financial books                  | 5098.52            | 4756.10            |
| <b>Gross Deferred tax liabilities</b>   | 5098.52            | 4756.10            |
| <b>Deferred tax assets</b>  |                    |                    |
| Effect of expenditure debited to statement of Profit & Loss but allowable for tax purposes in following years | 489.99             | 456.16             |
| Provision for doubtful receivables, advances and other Assets   | 496.49             | 354.40             |
| Voluntary early retirement scheme   | 99.69              | 8.89               |
| Gross deferred tax assets   | 1086.17            | 819.45             |
| Deferred tax liabilities (Net)  | 4012.35            | 3936.65            |

|  | Non Current      |                  | Current          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31st March, 2014 | 31st March, 2013 | 31st March, 2014 | 31st March, 2013 |
|  | ₹ in lacs        |                  | ₹ in lacs        |                  |
| <b>7. PROVISIONS</b>                                 |                  |                  |                  |                  |
| <b>Provision for employee benefits</b>               |                  |                  |                  |                  |
| Provision for gratuity (note 26)                     | 344.28           | 280.23           | 33.46            | 16.06            |
| Provision for leave benefits                         | -                | -                | 253.45           | 301.16           |
|  | 344.28           | 280.23           | 286.91           | 317.22           |
| <b>Other provisions</b>                              |                  |                  |                  |                  |
| Provision for Employee related other Costs (note 37) | -                | -                | 15.39            | 27.23            |
| Provision for income tax (net of advance income tax) | -                | -                | 217.74           | 259.07           |
| Proposed final dividend                              | -                | -                | 373.13           | 932.82           |
| Provision for tax on proposed final dividend         | -                | -                | 63.41            | 158.53           |
|  | -                | -                | 669.67           | 1377.65          |
|  | 344.28           | 280.23           | 956.58           | 1694.87          |

|                                  | ₹ in lacs          |                    |
|----------------------------------|--------------------|--------------------|
|                                  | 31st March<br>2014 | 31st March<br>2013 |
| <b>8. SHORT-TERM BORROWINGS</b>  |                    |                    |
| Cash credit from banks (secured) | <b>2054.34</b>     | 5633.51            |
| Buyers Credit from banks         |                    |                    |
| Secured                          | -                  | 749.72             |
| Unsecured                        | -                  | 6091.80            |
|                                  | <b>2054.34</b>     | 12475.03           |
| The above amount includes        |                    |                    |
| Secured borrowings               | <b>2054.34</b>     | 6383.23            |
| Unsecured borrowings             | -                  | 6091.80            |
|                                  | <b>2054.34</b>     | 12475.03           |

a) Cash credit facilities and buyers credits from banks are secured by hypothecation of inventories and book debts and are further secured by second equitable mortgage of the Company's immovable properties and hypothecation of other fixed assets, both present and future, other than assets exclusively charged in favour of a Financial Institution for Interest Free Sales Tax Loan as disclosed in note 5.

b) Cash credit is repayable on demand and carries interest @9.80% to 13.75% p.a.

|  | ₹ in lacs          |                    |
|--|--------------------|--------------------|
|  | 31st March<br>2014 | 31st March<br>2013 |
| <b>9. TRADE PAYABLE AND OTHER CURRENT LIABILITIES</b>  |                    |                    |
| Trade payables<br>(note 36 <sup>#</sup> for details of dues to micro and small enterprises)  | <b>12677.88</b>    | 8493.76            |
| <b>Other current liabilities</b>   |                    |                    |
| Current maturities of long-term borrowings (note 5)  | <b>240.95</b>      | 273.57             |
| Interest accrued but not due on borrowings   | -                  | 20.82              |
| Capital Creditors  | <b>534.22</b>      | 193.60             |
| Advances From Customers (note 31 (d))  | <b>1537.51</b>     | 1233.99            |
| Unclaimed Dividend (Statutory liabilities as referred in Section 205C of Companies Act, to be transferred to Investor Education and Protection Fund as and when due) | <b>74.60</b>       | 70.06              |
| Others   |                    |                    |
| Sundry Deposits  | <b>4221.05</b>     | 4069.87            |
| Other statutory liabilities  | <b>2481.26</b>     | 2642.49            |
|  | <b>9089.59</b>     | 8504.40            |

<sup>#</sup>(note 31(iii))

**10. TANGIBLE ASSETS AND INTANGIBLE ASSETS**

₹ in lacs

| Particulars                          | Freehold Land  | Leasehold Land | Buildings       | Railway sidings | Plant and Machinery | Furniture and Fittings | Office Equipments | Vehicles      | Total tangible Assets | Intangible Assets-Softwares | Grand Total     |
|--------------------------------------|----------------|----------------|-----------------|-----------------|---------------------|------------------------|-------------------|---------------|-----------------------|-----------------------------|-----------------|
| <b>A. Gross Block</b>                |                |                |                 |                 |                     |                        |                   |               |                       |                             |                 |
| At 31st March, 2012                  | 1185.11        | 458.85         | 10310.83        | 12.75           | 34355.56            | 255.58                 | 383.46            | 543.63        | 47505.77              | 541.23                      | 48047.00        |
| Additions                            | 625.79         | 768.73         | 245.84          | -               | 4182.24             | 22.65                  | 49.16             | 33.00         | 5927.41               | 52.15                       | 5979.56         |
| Disposals                            | -              | -              | (0.65)          | -               | (741.57)            | (3.30)                 | (21.36)           | (8.93)        | (775.81)              | -                           | (775.81)        |
| At 31st March, 2013                  | 1810.90        | 1227.58        | 10556.02        | 12.75           | 37796.23            | 274.93                 | 411.26            | 567.70        | 52657.37              | 593.38                      | 53250.75        |
| Additions                            | 383.98         | -              | 596.45          | -               | 5923.48             | 12.66                  | 21.86             | 13.71         | 6952.14               | 139.18                      | 7091.32         |
| Disposals                            | (9.42)         | -              | (3.95)          | -               | (432.71)            | (2.37)                 | (4.36)            | (73.76)       | (526.57)              | -                           | (526.57)        |
| <b>At 31st March, 2014</b>           | <b>2185.46</b> | <b>1227.58</b> | <b>11148.52</b> | <b>12.75</b>    | <b>43287.00</b>     | <b>285.22</b>          | <b>428.76</b>     | <b>507.65</b> | <b>59082.94</b>       | <b>732.56</b>               | <b>59815.50</b> |
| <b>B. Depreciation/ Amortisation</b> |                |                |                 |                 |                     |                        |                   |               |                       |                             |                 |
| At 31st March, 2012                  | -              | 46.82          | 2527.00         | 12.12           | 13550.47            | 187.57                 | 200.30            | 172.80        | 16697.08              | 396.38                      | 17093.46        |
| Charge for the year                  | -              | 9.99           | 286.44          | -               | 2251.06             | 15.64                  | 16.63             | 50.86         | 2630.62               | 45.93                       | 2676.55         |
| Disposals                            | -              | -              | (0.62)          | -               | (496.38)            | (2.88)                 | (14.74)           | (5.07)        | (519.69)              | -                           | (519.69)        |
| At 31st March, 2013                  | -              | 56.81          | 2812.82         | 12.12           | 15305.15            | 200.33                 | 202.19            | 218.59        | 18808.01              | 442.31                      | 19250.32        |
| Charge for the year                  | -              | 14.13          | 296.62          | -               | 2437.09             | 10.02                  | 15.82             | 49.38         | 2823.06               | 54.78                       | 2877.84         |
| Disposals                            | -              | -              | (2.50)          | -               | (229.52)            | (2.17)                 | (2.38)            | (42.15)       | (278.72)              | -                           | (278.72)        |
| <b>At 31st March, 2014</b>           | <b>-</b>       | <b>70.94</b>   | <b>3106.94</b>  | <b>12.12</b>    | <b>17512.72</b>     | <b>208.18</b>          | <b>215.63</b>     | <b>225.82</b> | <b>21,352.35</b>      | <b>497.09</b>               | <b>21849.44</b> |
| <b>C. Net Block (A-B)</b>            |                |                |                 |                 |                     |                        |                   |               |                       |                             |                 |
| At 31st March, 2013                  | 1810.90        | 1170.77        | 7743.20         | 0.63            | 22491.08            | 74.60                  | 209.07            | 349.11        | 33849.36              | 151.07                      | 34000.43        |
| At 31st March, 2014                  | <b>2185.46</b> | <b>1156.64</b> | <b>8041.58</b>  | <b>0.63</b>     | <b>25774.28</b>     | <b>77.04</b>           | <b>213.13</b>     | <b>281.83</b> | <b>37730.59</b>       | <b>235.47</b>               | <b>37966.06</b> |

**Notes**

- Pending settlement of dispute regarding external development charges with Haryana Urban Development Authority, Faridabad, Freehold Land of the value of ₹1.27 lacs (Previous Year ₹1.27 lacs) is pending for registration in the Company's name.
- Plant and Machinery of the value of ₹30.60 lacs (Previous Year ₹30.60 lacs) are held in joint ownership with others.
- Freehold Land, Leasehold Land and Buildings include ₹945.23 lacs (Previous Year ₹945.23 lacs), WDV ₹433.98 lacs (Previous Year ₹450.82 lacs) on account of additions on revaluation during the year ended 31.12.1983 as per valuation carried out by an approved valuer.

₹ in lacs

31st March  
2014

31st March  
2013

**11. NON-CURRENT INVESTMENTS**

**Investment property (at cost less accumulated depreciation)**

Investment in Properties given as an operating lease [note (a) below]

**846.80**

846.80

Less: Accumulated depreciation

**113.80**

102.36

**Net block**

**733.00**

744.44

**Trade investments (valued at cost unless stated otherwise)**

**Unquoted equity instruments**

Birla Buildings Limited-5,000 Equity Shares of ₹10 each

**0.80**

0.80

**Investment in joint ventures**

Supercor Industries Limited, Nigeria - 4,125,000 Equity Shares of Naira 1 each

**142.60**

142.60

**143.40**

143.40

Non-trade investments (valued at cost unless stated otherwise)

Government and trust securities (unquoted) [note (b) below]

7 year National Savings Certificate

**0.02**

0.02

6 year National Savings Certificate

**0.47**

0.47

Indira Vikas Patra

**0.01**

0.01

**0.50**

0.50

**876.90**

888.34

Aggregate amount of unquoted investments

**143.90**

143.90

Value of investment properties

**733.00**

744.44

**876.90**

888.34

**Note :**

- a) The Company alongwith other co-owners, has developed a plot of land at 25 Barakhamba Road, New Delhi, where the Company's share is 15%. The registration of the said plot of the value of ₹427.60 lacs (Previous Year : ₹427.60 lacs) in the name of the Company is pending. The Company has given the said property on operating lease to some parties. There are no contingent rents in the lease agreements. The lease terms are mainly for 3-5 years and are renewable at the option of the lessee. There are no restrictions imposed by lease agreements. There are no subleases.
- b) Government Securities for ₹0.50 lac (Previous Year : ₹0.50 lac) lodged with Government Departments.

|   | Non Current                   |                               | Current                       |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31st March, 2014<br>₹ in lacs | 31st March, 2013<br>₹ in lacs | 31st March, 2014<br>₹ in lacs | 31st March, 2013<br>₹ in lacs |
| <b>12. LOANS AND ADVANCES</b>                         |                               |                               |                               |                               |
| <b>Capital advances</b>                               | (A) 933.05                    | 545.80                        | -                             | -                             |
| Unsecured, considered good                            |                               |                               |                               |                               |
| <b>Inter corporate deposits</b>                       | (B) -                         | -                             | 825.00                        | 1025.00                       |
| unsecured, considered good)                           |                               |                               |                               |                               |
| <b>Security Deposits</b>                              | (C)                           |                               |                               |                               |
| Unsecured, considered good                            | 745.66                        | 685.51                        | -                             | -                             |
| Doubtful  | 25.00                         | 25.00                         | -                             | -                             |
|   | 770.66                        | 710.51                        | -                             | -                             |
| Provision for doubtful security deposits              | (25.00)                       | (25.00)                       | -                             | -                             |
|   | 745.66                        | 685.51                        | -                             | -                             |
| <b>Advances recoverable in cash or kind</b>           | (D)                           |                               |                               |                               |
| Unsecured, considered good                            | -                             | -                             | 614.41                        | 1943.14                       |
| Doubtful  | 438.67                        | 431.69                        | -                             | -                             |
|   | 438.67                        | 431.69                        | 614.41                        | 1943.14                       |
| Provision for doubtful advances                       | (438.67)                      | (431.69)                      | -                             | -                             |
|   | -                             | -                             | 614.41                        | 1943.14                       |
| <b>Other loans and advances</b>                       | (E)                           |                               |                               |                               |
| (unsecured, considered good)                          |                               |                               |                               |                               |
| Advance income-tax<br>(net of provision for taxation) | 173.15                        | 120.10                        | -                             | -                             |
| MAT Credit entitlement                                | 210.06                        | -                             | -                             | -                             |
| Prepaid expenses                                      | 14.81                         | 19.33                         | 158.91                        | 159.77                        |
| Balance with statutory/government authorities         | 137.58                        | 122.78                        | 1036.82                       | 923.58                        |
|   | 535.60                        | 262.21                        | 1195.73                       | 1083.35                       |
| <b>Total (A+B+C+D+E)</b>                              | <b>2214.31</b>                | <b>1493.52</b>                | <b>2635.14</b>                | <b>4051.49</b>                |

**13. OTHER ASSETS (unsecured, considered good unless stated otherwise)**

|   |         |         |        |        |
|---|---------|---------|--------|--------|
| <b>Non-current bank balance (note 16)</b>                   | 0.11    | 0.11    | -      | -      |
| <b>Others</b>   |         |         |        |        |
| Interest accrued on fixed deposits<br>and security deposits | -       | -       | 58.10  | 35.69  |
| Dividend receivable on investments<br>(note 31 (c))         | -       | -       | 9.01   | 9.01   |
| Other Receivables (note 31 (b))                             |         |         |        |        |
| Considered good   | 232.53  | 169.10  | 243.37 | 316.41 |
| Considered doubtful   | 20.45   | 20.45   | -      | -      |
|   | 252.98  | 189.55  | 243.37 | 316.41 |
| Provision for doubtful other assets                         | (20.45) | (20.45) | -      | -      |
|   | 232.53  | 169.10  | 243.37 | 316.41 |
|   | 232.64  | 169.21  | 310.48 | 361.11 |

₹ in lacs

|   | 31st March<br>2014 | 31st March<br>2013 |
|---|--------------------|--------------------|
| <b>14. INVENTORIES (valued at lower of cost and net realisable value)</b>                   |                    |                    |
| Raw materials (includes in transit ₹846.42 lacs<br>(Previous Year: ₹339.97 lacs)) (note 19) | <b>6857.53</b>     | 11388.52           |
| Work-in-progress (note 20)  | <b>457.90</b>      | 392.46             |
| Finished goods (note 20)  | <b>9203.06</b>     | 11644.47           |
| Trading goods (note 20)   | <b>211.20</b>      | 258.08             |
| Stores and spares [includes in transit ₹11.76 lacs<br>(Previous Year: ₹177.39 lacs)]        | <b>631.02</b>      | 977.44             |
|   | <b>17360.71</b>    | 24660.97           |

|   | Non Current<br>31st March, 2014 | 31st March, 2013 | Current<br>31st March, 2014 | 31st March, 2013 |
|---|---------------------------------|------------------|-----------------------------|------------------|
|   | ₹ in lacs                       | ₹ in lacs        | ₹ in lacs                   | ₹ in lacs        |
| <b>15. TRADE RECEIVABLES*</b>   |                                 |                  |                             |                  |
| <b>Considered good unless stated otherwise<br/>Outstanding for a period exceeding six months<br/>from the date they are due for payment</b> |                                 |                  |                             |                  |
| Secured, considered good  | <b>3.96</b>                     | 4.17             | <b>19.06</b>                | 14.79            |
| Unsecured, considered good  | -                               | -                | <b>51.29</b>                | 45.95            |
| Doubtful  | <b>262.22</b>                   | 231.05           | <b>586.64</b>               | 354.78           |
|   | <b>266.18</b>                   | 235.22           | <b>656.99</b>               | 415.52           |
| Provision for doubtful receivables  | <b>(262.22)</b>                 | (231.05)         | <b>(586.64)</b>             | (354.78)         |
|   | <b>3.96</b>                     | 4.17             | <b>70.35</b>                | 60.74            |
| <b>Other debts</b>  |                                 |                  |                             |                  |
| Secured, considered good  | -                               | 0.16             | <b>2046.99</b>              | 2436.66          |
| Unsecured, considered good  | -                               | -                | <b>4628.19</b>              | 7638.78          |
| Doubtful  | <b>7.69</b>                     | 3.85             | <b>143.80</b>               | 164.97           |
|   | <b>7.69</b>                     | 4.01             | <b>6818.98</b>              | 10240.41         |
| Provision for doubtful receivables  | <b>(7.69)</b>                   | (3.85)           | <b>(143.80)</b>             | (164.97)         |
|   | -                               | 0.16             | <b>6675.18</b>              | 10075.44         |
|   | <b>3.96</b>                     | 4.33             | <b>6745.53</b>              | 10136.18         |

\*[note 31 (a)]

|  | Non Current<br>31st March, 2014 | 31st March, 2013 | Current<br>31st March, 2014 | 31st March, 2013 |
|--|---------------------------------|------------------|-----------------------------|------------------|
|  | ₹ in lac                        | ₹ in lacs        | ₹ in lacs                   | ₹ in lacs        |
| <b>16. CASH AND BANK BALANCE</b>                           |                                 |                  |                             |                  |
| <b>Cash and cash equivalents</b>                           |                                 |                  |                             |                  |
| Balances with banks:                                       |                                 |                  |                             |                  |
| On current/collection/cash credit accounts                 | -                               | -                | <b>300.32</b>               | 568.80           |
| On unpaid dividend account                                 | -                               | -                | <b>74.60</b>                | 70.06            |
| Cheques/drafts on hand                                     | -                               | -                | <b>395.22</b>               | 317.09           |
| Cash on hand   | -                               | -                | <b>6.44</b>                 | 11.15            |
|  | -                               | -                | <b>776.58</b>               | 967.10           |
| <b>Other bank balances</b>                                 |                                 |                  |                             |                  |
| Deposits with original maturity for<br>more than 12 months |                                 |                  |                             |                  |
| With Post Office in Savings Bank Account                   | <b>0.11</b>                     | 0.11             | -                           | -                |
| Amount disclosed under non-current assets<br>(note 13)     | <b>(0.11)</b>                   | (0.11)           | -                           | -                |
|  | -                               | -                | <b>776.58</b>               | 967.10           |

₹ in lacs

**17. REVENUE FROM OPERATIONS**

Sale of products

Finished goods

**96430.83**

114906.79

Traded goods

**1010.80**

1273.00

Other operating revenue

Technical Know-how and Service fee

**68.19**

98.10

Scrap sales

**310.11**

331.03

**Revenue from operations (gross)****97819.93**

116608.92

Less: Excise duty

**10872.52**

12957.81

Revenue from operations (net)

**86947.41**

103651.11

**Detail of products sold****Finished goods sold**

1. Fibre Cement Sheets

**81000.76**

96167.68

2. Thermal Insulation Products

**2971.16**

3536.97

3. Wind power

**319.91**

369.09

4. Others (including scrap)

**12517.30**

15262.18

**96809.13**

115335.92

**Traded goods sold**

1. Fibre Cement Sheets

-

18.23

2. CC sheets/Polycarbonate sheets

**749.34**

1156.33

3. Others

**261.46**

98.44

**1010.80**

1273.00

**97819.93**

116608.92

**18. OTHER INCOME**

Interest income on Deposits and others

**169.56**

177.07

Dividend income on

Current investments

**5.57**

6.88

Long-term investments in joint venture

-

9.01

Rent

Long term investments in properties

**335.89**

336.09

Others

**20.42**

20.77

Unspent liabilities, provisions and sundry balances written back (net)

**127.77**

181.48

Profit on Disposal of Fixed Assets (net)

**72.13**

-

Miscellaneous Receipts

**68.59**

56.27

**799.93**

787.57

₹ in lacs

**19. COST OF RAW MATERIAL CONSUMED**

|   | 2013-14         | 2012-13         |
|---|-----------------|-----------------|
| Inventory at the beginning of the year  | 11388.52        | 8913.86         |
| Add: Purchases                          | <u>43767.17</u> | <u>59315.40</u> |
|   | 55155.69        | 68229.26        |
| Less: Inventory at the end of the year  | <u>6857.53</u>  | <u>11388.52</u> |
| Cost of raw material consumed           | <u>48298.16</u> | <u>56840.74</u> |
| <b>Details of raw material consumed</b> |                 |                 |
| Fibre                                   | 26812.03        | 31466.70        |
| Cement                                  | 12441.39        | 15327.17        |
| Others                                  | <u>9044.74</u>  | <u>10046.87</u> |
|   | <u>48298.16</u> | <u>56840.74</u> |
| <b>Details of inventory</b>             |                 |                 |
| Fibre                                   | 5559.81         | 9816.03         |
| Cement                                  | 208.33          | 304.15          |
| Others                                  | <u>1089.39</u>  | <u>1268.34</u>  |
|   | <u>6857.53</u>  | <u>11388.52</u> |

₹ in lacs

**20. (INCREASE)/DECREASE IN INVENTORIES**

|   | 2013-14         | 2012-13          | (Increase)/decrease |
|---|-----------------|------------------|---------------------|
| Inventories at the end of the year                        |                 |                  |                     |
| Finished goods  | 9203.06         | 11644.47         | 2441.41             |
| Work-in-progress  | 457.90          | 392.46           | (65.44)             |
| Trading goods   | <u>211.20</u>   | <u>258.08</u>    | <u>46.88</u>        |
|   | <u>9872.16</u>  | <u>12295.01</u>  | <u>2422.85</u>      |
| Inventories at the beginning of the year                  |                 |                  |                     |
| Finished goods  | 11644.47        | 8737.44          | (2907.03)           |
| Work-in-progress  | 392.46          | 200.12           | (192.34)            |
| Trading goods   | <u>258.08</u>   | <u>38.59</u>     | <u>(219.49)</u>     |
|   | <u>12295.01</u> | <u>8976.15</u>   | <u>(3318.86)</u>    |
|   | <u>2422.85</u>  | <u>(3318.86)</u> |                     |
| Add: Stocks of Finished Goods out of Trial Run Production | <u>206.76</u>   | <u>112.69</u>    |                     |
|   | <u>2629.61</u>  | <u>(3206.17)</u> |                     |
| <b>Details of purchase of trading goods</b>               |                 |                  |                     |
| 1. CC Sheets/Polycarbonate sheets                         | 571.95          | 1151.50          |                     |
| 2. Others   | <u>260.36</u>   | <u>237.97</u>    |                     |
|   | <u>832.31</u>   | <u>1389.47</u>   |                     |
| <b>Details of inventories</b>                             |                 |                  |                     |
| <b>Finished goods</b>                                     |                 |                  |                     |
| 1. Fibre Cement Sheets                                    | 8113.64         | 10890.28         |                     |
| 2. Thermal Insulation Products                            | 131.91          | 99.12            |                     |
| 3. Others   | <u>957.51</u>   | <u>655.07</u>    |                     |
|   | <u>9203.06</u>  | <u>11644.47</u>  |                     |
| <b>Work-in-progress</b>                                   |                 |                  |                     |
| 1. Thermal Insulation Products                            | 107.68          | 56.81            |                     |
| 2. Material handling and processing plant and equipments  | 338.75          | 305.00           |                     |
| 3. Others   | <u>11.47</u>    | <u>30.65</u>     |                     |
|   | <u>457.90</u>   | <u>392.46</u>    |                     |
| <b>Trading goods</b>                                      |                 |                  |                     |
| 1. CC sheets/Polycarbonate sheets                         | 142.84          | 251.52           |                     |
| 2. Others   | <u>68.36</u>    | <u>6.56</u>      |                     |
|   | <u>211.20</u>   | <u>258.08</u>    |                     |

₹ in lacs

**21. EMPLOYEE BENEFITS EXPENSE**

|                                    |                |         |
|------------------------------------|----------------|---------|
| Salaries, Wages and Bonus          | <b>7534.35</b> | 7499.09 |
| Gratuity expenses                  | <b>139.35</b>  | 244.00  |
| Contribution to Provident Fund     | <b>377.30</b>  | 406.59  |
| Contribution to Other Funds        | <b>85.46</b>   | 111.64  |
| Staff and Workmen Welfare Expenses | <b>714.67</b>  | 680.71  |
|                                    | <b>8851.13</b> | 8942.03 |

**22. OTHER EXPENSES**

|   |                 |          |
|---|-----------------|----------|
| Consumption of Stores and Spares                              | <b>2565.27</b>  | 3477.97  |
| Packing Expenses (Net)  | <b>425.38</b>   | 455.95   |
| Repairs and Renewals  |                 |          |
| Buildings   | <b>126.07</b>   | 181.74   |
| Machinery (Excluding Stores and Spares Consumption)           | <b>606.86</b>   | 802.12   |
| General Repairs and Maintenance                               | <b>1372.13</b>  | 1653.88  |
| Power and Fuel  | <b>5234.89</b>  | 7300.30  |
| Rent  | <b>404.71</b>   | 357.25   |
| Rates and Taxes   | <b>541.02</b>   | 389.01   |
| Excise Duty on Stocks   | <b>(264.81)</b> | 343.30   |
| Insurance (Net)   | <b>44.58</b>    | 59.78    |
| Commission on Sales   | <b>357.38</b>   | 729.89   |
| Carriage Outwards (Net)                                       | <b>4200.54</b>  | 4767.34  |
| Advertisement and Sales Promotion Expenses                    | <b>1648.82</b>  | 1642.11  |
| Professional, consultancy & legal expenses                    | <b>1171.20</b>  | 1830.48  |
| Travelling Expenses   | <b>1022.93</b>  | 1068.33  |
| Directors' fee  | <b>4.60</b>     | 5.20     |
| Directors' Commission   | <b>17.01</b>    | 91.00    |
| Donations (note 42)   | <b>200.00</b>   | 452.47   |
| Loss on Sale/Discard of Fixed Assets (Net)                    | -               | 163.31   |
| Provision for Doubtful receivables, advances and other assets | <b>252.68</b>   | 128.82   |
| Foreign Exchange Fluctuation (Net)                            | <b>184.64</b>   | 18.23    |
| Miscellaneous Expenses  | <b>1781.02</b>  | 1686.89  |
|   | <b>21896.92</b> | 27605.37 |

**Payment to auditors (included in Miscellaneous Expenses)**

**As Auditors**

|                                    |              |       |
|------------------------------------|--------------|-------|
| - For Statutory Audit Fee          | <b>33.00</b> | 33.00 |
| - For Tax Audit                    | <b>6.00</b>  | 5.00  |
| - For Quarterly Review of Accounts | <b>21.00</b> | 21.00 |

**In other capacity**

|   |              |       |
|---|--------------|-------|
| - For Certification, Income tax, Company law matters etc. | <b>6.25</b>  | 2.80  |
| Out of Pocket expenses                                    | <b>2.34</b>  | 1.75  |
|   | <b>68.59</b> | 63.55 |

₹ in lacs

**23. DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation of tangible assets net of capitalisation (note 10)  
Amortisation of intangible assets (note 10)  
Depreciation of investment property

| 2013-14        | 2012-13        |
|----------------|----------------|
| <b>2823.06</b> | 2630.62        |
| <b>54.78</b>   | 45.93          |
| <b>11.44</b>   | 11.44          |
| <b>2889.28</b> | <u>2687.99</u> |

**24. FINANCE COSTS**

On short term loans  
Others  
Exchange difference to the extent considered as an adjustment to borrowing costs

|                |                |
|----------------|----------------|
| <b>75.25</b>   | 167.07         |
| <b>582.77</b>  | 713.79         |
| <b>364.55</b>  | 179.92         |
| <b>1022.57</b> | <u>1060.78</u> |

**25. EARNINGS PER SHARE (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

**Total operations for the year**

Profit after tax  
Weighted average number of equity shares in calculating basic and diluted EPS (Nos)  
Basic and Diluted EPS (₹)

|                |              |
|----------------|--------------|
| <b>713.22</b>  | 6063.63      |
| <b>7462563</b> | 7462563      |
| <b>9.56</b>    | <u>81.25</u> |

**26. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS**

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through Group Gratuity Scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary ( last drawn salary) for each completed year of service or part thereof in excess of six months.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss, the funded/non-funded status and amount recognised in the balance sheet for the gratuity plan:

Statement of Profit and Loss

**Net employee benefit expense (recognised as employee benefits expense) in the statement of Profit and Loss**

|  | 2013-14         | 2012-13       |
|--|-----------------|---------------|
| Current service cost                             | <b>161.42</b>   | 133.74        |
| Interest cost on benefit obligation              | <b>153.99</b>   | 159.91        |
| Expected return on plan assets                   | <b>(133.24)</b> | (154.98)      |
| Net actuarial (gain)/loss recognized in the year | <b>(42.82)</b>  | 105.33        |
| Net benefit expenses                             | <b>139.35</b>   | <u>244.00</u> |
| Actual return on plan assets                     | <b>149.95</b>   | <u>185.50</u> |

|   | 2013-14        | 2012-13 |
|---|----------------|---------|
| <b>₹ in lacs</b>                              |                |         |
| <b>Amount recognized in the Balance sheet</b> |                |         |
| Defined benefit obligation                    | <b>1946.72</b> | 2221.46 |
| Fair value of plan assets                     | <b>1568.98</b> | 1925.17 |
|   | <b>377.74</b>  | 296.29  |
| Less: Un-recognised past service cost         | -              | -       |
| Plan liability                                | <b>377.74</b>  | 296.29  |

**Changes in the present value of the defined benefit obligation are as follows:**

|  |                 |          |
|--|-----------------|----------|
| Opening defined benefit obligation     | <b>2221.46</b>  | 2215.91  |
| Interest cost                          | <b>153.99</b>   | 159.91   |
| Current service cost                   | <b>161.42</b>   | 133.74   |
| Benefits paid                          | <b>(577.23)</b> | (404.11) |
| Actuarial losses/(gains) on obligation | <b>(12.92)</b>  | 116.01   |
| Closing defined benefit obligation     | <b>1946.72</b>  | 2221.46  |

**Changes in the fair value of plan assets are as follows:**

|                                   |                 |          |
|-----------------------------------|-----------------|----------|
| Opening fair value of plan assets | <b>1925.15</b>  | 2114.99  |
| Expected return                   | <b>133.24</b>   | 154.98   |
| Contributions by employer         | <b>0.10</b>     | -        |
| Benefits paid                     | <b>(519.41)</b> | (355.47) |
| Actuarial gain                    | <b>29.90</b>    | 10.67    |
| Closing fair value of plan assets | <b>1568.98</b>  | 1925.17  |

The Company expects to contribute ₹Nil (Previous Year : Nil) to gratuity fund.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

|                          | 2013-14     | 2012-13 |
|--------------------------|-------------|---------|
| Investments with insurer | <b>100%</b> | 100%    |

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

The principal assumptions used in determining gratuity and leave benefit obligations for the Company's plans are shown below:

|                                   | 2013-14      | 2012-13      |
|-----------------------------------|--------------|--------------|
| Imputed rate of interest          | <b>9.25%</b> | 8.00%        |
| Expected rate of return of assets | <b>8.00%</b> | 8.00%        |
| Salary rise                       | <b>8.00%</b> | 8.00%        |
| Attrition Rate                    | <b>Age</b>   | <b>Age</b>   |
|                                   | <b>18-57</b> | <b>18-57</b> |
|                                   | <b>3%</b>    | <b>3%</b>    |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount for the current and previous four years are as follows:

|  | (₹ in Lacs) |          |         |         |         |
|--|-------------|----------|---------|---------|---------|
|  | 2013-14     | 2012-13  | 2011-12 | 2010-11 | 2009-10 |
| Defined benefit obligation                 | 1946.72     | 2221.46  | 2215.91 | 2125.02 | 1936.48 |
| Plan assets                                | 1568.98     | 1925.17  | 2114.99 | 1943.93 | 1704.12 |
| Deficit                                    | 377.74      | 296.29   | 100.92  | 181.09  | 232.36  |
| Experience adjustments on plan liabilities | (116.06)    | (141.23) | -       | -       | -       |
| Experience adjustments on plan assets      | 10.67       | 29.90    | -       | -       | -       |

|                                      | ₹ in lacs |         |
|--------------------------------------|-----------|---------|
|                                      | 2013-14   | 2012-13 |
| <b>Defined Contribution Plan</b>     |           |         |
| Contribution to Provident Fund*      | 380.55    | 407.11  |
| Contribution to Superannuation Fund* | 10.56     | 47.38   |

\*including charged to Expenditure during construction period.

## 27. EXPENDITURE DURING CONSTRUCTION PERIOD (INCLUDED IN CAPITAL WORK IN PROGRESS)

|  |               |               |
|--|---------------|---------------|
| Balance Brought Forward  | 11.28         | -             |
| <b>Expenditure Incurred during the year</b>                                      |               |               |
| Raw Materials Consumed   | 189.54        | 106.93        |
| Salaries, Wages and Bonus  | 57.70         | 9.79          |
| Contribution to Provident Fund   | 3.25          | 0.52          |
| Contribution to Gratuity Fund  | 0.28          | -             |
| Contribution to other funds  | 0.43          | -             |
| Staff and Workmen Welfare Expenses   | 1.41          | 0.14          |
| Consumption of Stores and Spares   | 4.76          | 9.07          |
| Packing Expenses   | -             | 0.13          |
| Repairs and Renewals   |               |               |
| Machinery (Excluding Stores and Spares Consumption)                              | 1.37          | 8.17          |
| General Repairs and Maintenance  | 7.54          | 3.72          |
| Power and Fuel   | 17.36         | 88.28         |
| Rent   | 1.30          | -             |
| Excise Duty on Stocks  | 37.20         | 12.40         |
| Miscellaneous Expenses   | 62.93         | 1.84          |
| <b>Total Expenditure during Construction period</b>                              | <b>385.07</b> | <b>240.99</b> |
| Less: Turnover (Net of excise duty collected<br>₹Nil, Previous Year: ₹8.05 lacs) | -             | 65.57         |
| Less: Stocks of Finished Goods out of trial run production                       | 206.76        | 112.69        |
| <b>Total</b>   | <b>189.59</b> | <b>62.73</b>  |
| Allocated to Fixed Assets  | 123.32        | 51.45         |
| Balance carried forward  | 66.27         | 11.28         |

## 28. EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT

Revenue expenditure debited to respective heads of account includes expenditure incurred on Research and Development during the year amounting to ₹333.72 lacs (Previous Year: ₹320.74 lacs) and assets/equipments purchased for research activities of ₹418.46 lacs (Previous Year: ₹77.21 lacs) disclosed under Tangible Assets.

## 29. INTEREST IN JOINT VENTURE COMPANY

The Company's interest in a joint venture company is as follows:

| Name of the Joint Venture Company | Country of incorporation | Proportion of ownership interest | For the year ended on | Description of Interest                                  |
|-----------------------------------|--------------------------|----------------------------------|-----------------------|--|
| Supercor Industries Limited (SIL) | Nigeria                  | 33%                              | December 31, 2013     | JV established for manufacture of asbestos cement sheets |

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity as at and for the years ended December 31, 2013 and 2012 are as follows:

### Proportion of Company's Interest in a Joint Venture Company

|  | ₹ in lacs               |                           |
|--|-------------------------|---------------------------|
|  | 31-12-2013<br>(Audited) | 31-12-2012<br>(Unaudited) |
| <b>Assets</b>                            |                         |                           |
| Fixed assets (net block)                 | 384.76                  | 315.89                    |
| Inventories                              | 202.06                  | 147.83                    |
| Trade receivables                        | 80.21                   | 15.33                     |
| Cash and bank balances                   | 17.48                   | 13.08                     |
| Other current assets, loans and advances | 90.37                   | 258.36                    |
| <b>Liabilities</b>                       |                         |                           |
| Secured loans                            | -                       | 82.82                     |
| Current liabilities and provisions       | 308.13                  | 268.15                    |
| Deferred tax liabilities                 | 41.30                   | 35.36                     |
| <b>Income</b>                            |                         |                           |
| Sales                                    | 919.46                  | 1018.06                   |
| Other income                             | 19.62                   | 25.82                     |
| <b>Expenses</b>                          |                         |                           |
| Raw materials consumed                   | 502.21                  | 628.38                    |
| Manufacturing and Other expenses         | 383.08                  | 339.92                    |
| Interest and Financial charges           | 26.72                   | 18.81                     |
| Depreciation                             | 8.37                    | 9.48                      |
| Provision for tax                        | 0.57                    | 14.09                     |
| Proposed Dividend                        | -                       | -                         |
| Contingent Liabilities                   | -                       | -                         |
| Capital commitments                      | -                       | -                         |

### 30. SEGMENT INFORMATION

#### Business Segments

As of March 31, 2014 the Company has organised its operations into three major businesses: Building Products, Thermal Insulation Products (Refractories) and wind power. A description of the types of products and services provided by each reportable business segment is as follows:

**Building Products:** The Company manufactures and markets fibre cement sheets, Aerocon Panels, AAC blocks and Advanced Polymer Products. The said products are used in construction activity. Company also trades in allied products like GC Sheets, CC Sheet, AAC Blocks, Upvc & Cpvc pipes & fittings etc.

**Thermal Insulation Products (Refractories):** The Company manufactures and markets insulation products used in Cement, Fertilizers and Power Sector in the Kilns, furnaces and boilers.

**Wind Power:** The Company installed few Wind Turbine Generators as a part of Green initiative, part of which is used for captive consumption and the excess power to be sold to the respective state electricity board.

#### Geographical Segments

The analysis of geographical segments is based on the location of the customers i.e. domestic and overseas.

#### a. Primary segment information (by Business segments)

The following table presents revenue and profit information regarding business segments for the years ended March 31, 2014 and March 31, 2013 and certain assets and liabilities information regarding business segments as at March 31, 2014 and March 31, 2013.

| Particulars  | Building Products |                  | Thermal Insulation Products |                | Wind Power    |               | Elimination |          | Total           |                  |
|--|-------------------|------------------|-----------------------------|----------------|---------------|---------------|-------------|----------|-----------------|------------------|
|  | 2013-14           | 2012-13          | 2013-14                     | 2012-13        | 2013-14       | 2012-13       | 2013-14     | 2012-13  | 2013-14         | 2012-13          |
| <b>Revenue</b>   |                   |                  |                             |                |               |               |             |          |                 |                  |
| External Sales*  | 83944.48          | 100096.58        | 2682.74                     | 3184.94        | 484.31        | 534.84        | -           | -        | 87111.53        | 103816.36        |
| Other Income**   | 162.91            | 66.30            | 29.74                       | 7.81           | -             | -             | -           | -        | 192.64          | 74.11            |
| Inter Segment Revenue                                  | -                 | -                | -                           | -              | (164.40)      | (165.75)      | -           | -        | (164.40)        | (165.75)         |
| <b>Total Revenue</b>                                   | <b>84107.39</b>   | <b>100162.88</b> | <b>2712.48</b>              | <b>3192.75</b> | <b>319.91</b> | <b>369.09</b> | <b>-</b>    | <b>-</b> | <b>87139.77</b> | <b>103724.72</b> |
| <b>Results</b>   |                   |                  |                             |                |               |               |             |          |                 |                  |
| Segment results  | 5113.12           | 13714.15         | 369.54                      | 380.84         | 50.31         | 202.06        | -           | -        | 5532.97         | 14297.05         |
| Interest Income  |                   |                  |                             |                |               |               |             |          | 169.56          | 177.07           |
| Unallocated Corporate Expenses (Net)                   |                   |                  |                             |                |               |               |             |          | 3691.19         | 4278.04          |
| <b>Operating Profit</b>                                |                   |                  |                             |                |               |               |             |          | <b>2011.34</b>  | <b>10196.08</b>  |
| Interest Expenses                                      |                   |                  |                             |                |               |               |             |          | 1022.57         | 1060.78          |
| Taxes (Net)  |                   |                  |                             |                |               |               |             |          | 199.85          | 2692.82          |
| Deferred Tax Charge                                    |                   |                  |                             |                |               |               |             |          | 75.70           | 378.85           |
| <b>Net Profit from Ordinary Activities</b>             |                   |                  |                             |                |               |               |             |          | <b>713.22</b>   | <b>6063.63</b>   |
| As at 31 March 2012                                    |                   |                  |                             |                |               |               |             |          |                 |                  |
| Segment Assets   | 59269.93          | 68198.88         | 2583.83                     | 2996.57        | 3754.78       | 4073.52       | -           | -        | 65608.54        | 75268.97         |
| <b>Unallocated Corporate Assets</b>                    |                   |                  |                             |                |               |               |             |          | <b>6825.50</b>  | <b>3396.08</b>   |
| <b>Total Assets</b>                                    |                   |                  |                             |                |               |               |             |          | <b>72434.04</b> | <b>78665.05</b>  |
| Segment Liabilities                                    | 15611.98          | 11822.73         | 525.19                      | 903.46         | 6.62          | 18.21         | -           | -        | 16143.79        | 12744.40         |
| <b>Unallocated Corporate Liabilities</b>               |                   |                  |                             |                |               |               |             |          | <b>17462.29</b> | <b>27352.54</b>  |
| <b>Total Liabilities</b>                               |                   |                  |                             |                |               |               |             |          | <b>33606.08</b> | <b>40096.94</b>  |
| <b>Other segment information</b>                       |                   |                  |                             |                |               |               |             |          |                 |                  |
| Capital Expenditure                                    | 5883.01           | 5400.58          | 30.21                       | 69.90          | -             | 38.89         | -           | -        | 5913.22         | 5509.37          |
| Unallocated Capital Expenditure                        |                   |                  |                             |                |               |               |             |          | 2944.74         | 537.78           |
| Depreciation/Amortisation                              | 2297.07           | 1970.73          | 103.63                      | 244.17         | 305.89        | 297.86        | -           | -        | 2706.59         | 2512.76          |
| Unallocated Corporate Depreciation/Amortisation        |                   |                  |                             |                |               |               |             |          | 165.86          | 158.40           |
| Provision for Doubtful Debts, Advances and Receivables | 252.68            | 128.82           | -                           | -              | -             | -             | -           | -        | 252.68          | 128.82           |
| Unallocated Corporate Provision for Doubtful Debts     |                   |                  |                             |                |               |               |             |          | -               | -                |

\* Sales as per the statement of Profit and Loss is ₹86947.41 lacs (Previous Year: ₹103651.11 lacs) which includes ₹0.28 lac (Previous Year: ₹0.50) lac pertaining to Corporate Office.

\*\* Total other income as per the statement of Profit and Loss is ₹799.93 lacs (Previous year : ₹787.57 lacs) which includes ₹437.73 lacs (Previous year: ₹536.39 lacs) pertaining to Corporate Office.

**SEGMENT INFORMATION (Contd.)**

**b. Geographical Segments**

The following is the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

|   | ₹ in lacs       |           |
|---|-----------------|-----------|
|   | 2013-14         | 2012-13   |
| <b>Assets</b>   |                 |           |
| Domestic Market (excluding Sales during trial run period)       | <b>86303.11</b> | 102214.53 |
| Overseas Markets (Including Technical know-how and service fee) | <b>644.30</b>   | 1436.58   |
|   | <b>86947.41</b> | 103651.11 |

The following table shows the carrying amount of Trade Receivables by geographical markets.

|                  |                |          |
|------------------|----------------|----------|
| Domestic Market  | <b>7676.81</b> | 10858.85 |
| Overseas Markets | <b>73.03</b>   | 36.31    |
|                  | <b>7749.84</b> | 10895.16 |

The Company has entire fixed assets situated within India for producing goods/providing services to domestic as well as overseas markets. Hence, separate figures for fixed assets/ addition to fixed assets have not been furnished.

**31. RELATED PARTY DISCLOSURE**

**Name of related parties**

|                          |  |
|--------------------------|--|
| Joint Venture            | Supercor Industries Limited, Nigeria.  |
| Key Management Personnel | Mr. Abhaya Shankar (Managing Director) |

|  | ₹ in lacs     |         |
|--|---------------|---------|
|  | 2013-14       | 2012-13 |
| <b>Joint Venture - Supercor Industries Limited</b>                 |               |         |
| Transactions during the year                                       |               |         |
| Sale of Finished Goods (inclusive of Freight Recovery)             | <b>26.65</b>  | 59.24   |
| Service Charges and Technical Know-how Fees received               | <b>68.19</b>  | 98.10   |
| Dividend received  | -             | 9.01    |
| Re-imbusement of Expenses  | <b>0.64</b>   | 2.10    |
| <b>Balance outstanding as at the year end</b>                      |               |         |
| a) Trade receivable  | <b>11.23</b>  | 36.31   |
| b) Other receivables (includes technical know-how and service fee) | <b>380.33</b> | 357.02  |
| c) Dividend Receivable on investments                              | <b>9.01</b>   | 9.01    |
| d) Advance from customers  | <b>7.70</b>   | 17.14   |
| <b>Key Management Personnel-Mr. Abhaya Shankar</b>                 |               |         |
| <b>Mr. Abhaya Shankar Managing Director</b>                        |               |         |
| i) Managerial Remuneration*  | <b>204.60</b> | 180.21  |
| ii) Dividend Paid/payable  | <b>0.15</b>   | 0.60    |
| iii) Year end payable  | <b>25.00</b>  | 40.00   |

No amount has been provided as doubtful receivable or advance written off or written back in the year in respect of receivable due from/to above related parties.

\* As the future liabilities for gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the Managing Director is not ascertainable, therefore, not included above.

₹ in lacs

**32. CAPITAL COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital account and not provided for

2013-14 2012-13

3831.97 548.39

**33. CONTINGENT LIABILITIES (NOT PROVIDED FOR) IN RESPECT OF**

- Demand raised by the Income Tax authorities, being disputed by the Company
- Demands raised by Sales tax authorities, being disputed by the Company.
- Demands (Including penalties) raised by Excise authorities, being disputed by the Company.
- Appeal filed by the Company before the High Court of Judicature of Andhra Pradesh against the decision of appeal in favour of the Income tax department pertaining to wealth tax matter.
- Pending cases with Income Tax Appellate Authorities where Income Tax Department has preferred appeals.
- Demand for Property Tax, being disputed by the Company
- Other claims against the Company not acknowledged as debts

|                             |                             |
|-----------------------------|-----------------------------|
| 804.17                      | 1107.70                     |
| 971.56                      | 1244.32                     |
| 2093.97                     | 1565.79                     |
| 56.98                       | 56.98                       |
| Liability not ascertainable | Liability not ascertainable |
| 561.86                      | 305.86                      |
| 353.61                      | 353.61                      |

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed above and hence no provision has been considered necessary against the same.

**34. PARTICULARS OF HEDGED/UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT THE BALANCE SHEET DATE**

| a. Unhedged Foreign Currency Exposure | Currency       | 2013-14   | 2012-13  |
|---------------------------------------|----------------|-----------|----------|
| Trade Payables                        | US\$           | 5678416   | 1689279  |
| Loans                                 | US\$           | -         | 3136366  |
| Trade Receivables                     | US\$           | 121948    | 66900    |
| Other Receivable                      | Nigerian Naira | 101337135 | 98659815 |
|                                       | US\$           | 33830     | 32832    |
| Dividend receivable                   | Nigerian Naira | -         | 2598750  |
| Cash and Bank Balances                | US\$           | 800       | 800      |
| Interest accrued but not Due          | US\$           | -         | 75765    |
|                                       | Euro           | -         | 1740     |
| Advances from customers               | US\$           | 61385     | 31575    |

Foreign currency conversion rate -

1 US\$ = ₹59.89 (Previous Year : ₹54.29), 1 Euro = ₹82.27 (Previous Year : ₹69.48)

1 Naira = ₹0.36 (Previous Year : ₹0.35)

**b. The details of forward contracts outstanding at the year end are as follows:**

| Currency  | Number of contracts | Buy Amount in US\$ | Purpose                                |
|-----------|---------------------|--------------------|--|
| 31-Mar-14 | USD 3               | 1500000            | For hedging of loans and trade payable |
|           | EURO 23             | 9069250            |  |
| 31-Mar-13 | USD 1               | 309575             |  |

**35. Details of dues to Micro and Small Enterprises as per Micro Small and Medium Enterprise Development (MSMED) Act, 2006 (as certified by the Management)**

|  | ₹ in lacs |         |
|--|-----------|---------|
|  | 2013-14   | 2012-13 |
| a. The principal amount remaining unpaid to any supplier as at the end of each accounting year.  | NIL       | 5.77    |
| b. The interest due thereon remaining unpaid to any supplier as at the end of each accounting year.  | NIL       | NIL     |
| c. The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.  | NIL       | NIL     |
| d. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.   | NIL       | NIL     |
| e. The amount of interest accrued and remaining unpaid at the end of each accounting year; and   | NIL       | NIL     |
| f. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006. | NIL       | NIL     |

**36. Provision for employee related other costs**

|   | ₹ in lacs       |                         |                                    |                 |
|---|-----------------|-------------------------|------------------------------------|-----------------|
|   | Opening Balance | Created during the year | Utilised/ recouped during the year | Closing Balance |
| Employee Related Other Costs (note a below)   | 27.23           | 15.39                   | 27.23                              | 15.39           |
| a) The wage agreements at two of the manufacturing locations of the Company are pending as at March, 31 2014. It is expected that agreement will be entered in next year and arrears would be paid based on the agreement. The provision for wage arrears have been made on the basis of expected outflows. |                 |                         |                                    |                 |

**37. VALUE OF IMPORTS CALCULATED IN CIF BASIS**

|                           | ₹ in lacs |          |
|---------------------------|-----------|----------|
|                           | 2013-14   | 2012-13  |
| a. Raw Materials          | 19415.40  | 33175.78 |
| b. Stores and Spares      | 15.69     | 298.82   |
| c. Trading Goods          | 34.47     | 181.28   |
| d. Research & Development | 6.74      | 65.16    |
| e. Capital Goods          | 439.42    | 471.25   |

**38. EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)**

|   |        |       |
|---|--------|-------|
| a. Travelling                                 | 183.93 | 68.69 |
| b. Advertisement and Sales Promotion Expenses | 3.82   | 18.48 |
| c. Professional, consultancy & legal expenses | 36.46  | 4.21  |
| d. Technical services*                        | 139.10 | -     |

\* Incurred towards capitalisation purpose

**39. VALUE OF RAW MATERIALS, STORES AND SPARES CONSUMED (INCLUDING MATERIAL CONSUMED DURING THE TRIAL RUN PERIOD) AND PERCENTAGE TO THE TOTAL**

|                             | ₹ in lacs     |                 |               |                 |
|-----------------------------|---------------|-----------------|---------------|-----------------|
|                             | 2013-14       |                 | 2012-13       |                 |
|                             | Percentage    | Value           | Percentage    | Value           |
| <b>a. Raw Materials</b>     |               |                 |               |                 |
| i. Indigenous               | 45.96         | 22283.09        | 46.22         | 26320.53        |
| ii. Imported                | 54.04         | 26204.61        | 53.78         | 30627.14        |
|                             | <u>100.00</u> | <u>48487.70</u> | <u>100.00</u> | <u>56947.67</u> |
| <b>b. Stores and Spares</b> |               |                 |               |                 |
| i. Indigenous               | 99.56         | 2558.63         | 98.25         | 3425.87         |
| ii. Imported                | 0.44          | 11.40           | 1.75          | 61.17           |
|                             | <u>100.00</u> | <u>2570.03</u>  | <u>100.00</u> | <u>3487.04</u>  |

**40. NET DIVIDEND REMITTED IN FOREIGN CURRENCY**

|                                | ₹ in lacs |         |
|--------------------------------|-----------|---------|
|                                | 2013-14   | 2012-13 |
| <b>a. Final Dividend</b>       |           |         |
| Number of NRI Shareholders     | 272       | 268     |
| Number of Shares held by them  | 258268    | 250922  |
| Dividend paid (₹ In Lacs)*     | -         | -       |
| Year to which dividend relates | 2012-13   | 2011-12 |
| <b>b. Interim dividend</b>     |           |         |
| Number of NRI Shareholders     | -         | 270     |
| Number of Shares held by them  | -         | 253467  |
| Dividend paid (₹ In Lacs)*     | -         | -       |
| Year to which dividend relates | 2013-14   | 2012-13 |

\* excluding dividend of ₹32.28 lacs (Previous Year: ₹50.38 lacs) credited to FCNR/NRE account of NRI's and paid to foreign Institutional Investors on repatriation basis.

**41. CONTRIBUTIONS TO POLITICAL PARTIES**

Information in respect of Section 293A (4) of Companies Act, 1956 pertaining to contribution to political parties (included in note 22-Donations) ₹Nil. (Previous Year: ₹50.00 lacs each to All India Congress Committee & Bhartiya Janata Party)

**42. EARNINGS IN FOREIGN EXCHANGE**

|   | ₹ in lacs     |               |
|---|---------------|---------------|
|   | 2013-14       | 2012-13       |
| (i) Export of Goods (F.O.B.)                                | 342.66        | 396.05        |
| (ii) Technical Know-how and service fees (on accrual basis) | 68.19         | 98.10         |
|   | <u>410.85</u> | <u>494.15</u> |

**43.** The Company is in the process of applying to the Central Government for approval of excess managerial remuneration amounting to ₹116.90 lacs paid to Managing Director during the year beyond the limits specified in Part II of Section II (B) and Section III of Schedule XIII of the Companies Act, 1956. The Company believes that such approval will be obtained in due course and would not have any material impact upon the financial statements.

- 44.** With a view to rationalize the workforce at its Faridabad and Jasidih units, the Company had announced a voluntary early retirement scheme (VERS) during September 2013. In response to the VERS, 86 workmen opted for the same. Expenditure of ₹355.42 lacs on VERS is charged to the statement profit and loss for the year ended 31 March 2014.
- 45.** Previous year figures have been regrouped/rearranged wherever necessary to confirm to current years classification.

As per our Report of even date

For **S.R.Batliboi & Associates LLP**

CHARTERED ACCOUNTANTS

ICAI Firm registration number : 101049W

For and on behalf of the Board of Directors

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place : New Delhi

Dated : 8<sup>th</sup> May, 2014

**KR. Veerappan**

C F O

**P. Rajesh Kumar Jain**

Company Secretary

**C.K. Birla**

Chairman

**Abhaya Shankar**

Managing Director

## TO THE SHAREHOLDERS

**Notice** is hereby given that the Sixty-Seventh Annual General Meeting of HIL Limited will be held on Friday, the 18th day of July, 2014, at 3.00 P.M. at Asbestos Centre, Road No.13, Banjara Hills, Hyderabad, Telangana-500 034 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2014, including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare final dividend of ₹ 5.00/- per Equity Share on 74,62,563 Equity Shares of ₹ 10/- each for the financial year 2013-14.
3. To appoint a director in place of Mr. C.K. Birla (DIN- 00118473), who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the 70th Annual General Meeting and to fix their remuneration and pass the following resolution thereof:

**"RESOLVED THAT**, pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed there under and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. S.R. Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W) , be and are hereby re-appointed as the auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 70<sup>th</sup> Annual General Meeting to be held in year 2017, subject to ratification by the members at every AGM hereafter, and the Board of Directors be and are hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee in consultation with the Auditors."

### Special Business

5. **To appoint Shri. P. Vaman Rao (DIN:00069771) as an Independent Director and in this regard 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 provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, and Listing Agreement, Shri. P. Vaman Rao (DIN:00069771), who was earlier appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. P. Vaman Rao (DIN:00069771) as a candidate for the office of director of the Company , be and is hereby appointed as an Independent Director of the Company to hold office from 18th July 2014 up to 17th July 2019, whose period of office shall not be liable to retire by rotation."

6. **To appoint Shri. Yash Paul (DIN:00580681) as an Independent Director and in this regard 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 provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, and Listing Agreement, Shri. Yash Paul (DIN:00580681), who was earlier appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri. Yash Paul (DIN:00580681) as a candidate for the office of director of the Company , be and is hereby appointed as an Independent Director of the Company

to hold office from 18th July 2014 up to 17th July 2019, whose period of office shall not be liable to retire by rotation."

**7. To appoint Mr. Desh Deepak Khetrpal (DIN:02362633) as Director of the Company and in this regard 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 provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed thereunder read with Schedule IV to the Companies Act, 2013, and Listing Agreement, Shri. Desh Deepak Khetrpal (DIN:02362633), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th October 2013, and who holds office up to the date of this AGM and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Desh Deepak Khetrpal (DIN:02362633) as a candidate for the office of director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of director by rotation".

**8. To appoint Smt. Gauri Rasgotra (DIN:06862334) as an Independent Director and in this regard 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 provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, and Listing Agreement, Smt. Gauri Rasgotra (DIN: 06862334), who was appointed as an Independent Director (Additional Director) of the Company by the Board of Directors with effect from 8th May 2014, pursuant to the provisions of Section 149 and 161 (1) of the Companies Act, 2013 and

Article 114 of the Article of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Smt. Gauri Rasgotra (DIN: 06862334) as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to 7th May, 2019, whose period of office shall not be liable to retire by rotation."

**9. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard 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 provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the rules framed there under and subject to all other approvals, if any required, the Company be and is hereby authorized to pay an amount of ₹ 5 (Five) Lakhs as remuneration to M/s. S.S.Zanwar & Associates, Cost Accountants in practice (Registration No. 100283), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015"

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board  
For HIL Limited

Registered Office:  
Sanatnagar

Hyderabad - 500 018

CIN No. L74999TG1955PLC000656

Dated : 20<sup>th</sup> June, 2014

**P. Rajesh Kumar Jain**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

The following statement sets out all material facts relating to the business mentioned in Item no. 4 to 9 of the accompanying Notice:

**Item No. 4:**

This explanatory statement is provided though strictly not required as per section 102 of the Act.

M/s. S.R. Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W) have been appointed as the statutory auditors of the Company from financial year 2010-11 onwards and have completed 4 (Four) consecutive years. Prior to them M/s. S.R. Batliboi & Company, Chartered Accountants, (ICAI Firm Registration Number: 301003E) were Auditors of the Company. Collectively both M/s. S.R. Batliboi & Co and M/s. S.R. Batliboi & Associates LLP., have completed over 10 (Ten) consecutive years.

As per the provisions of section 139 of the Act, read along with rules framed there under, no listed company can appoint or re-appoint an audit firm or firms under the same network, as auditor for more than two terms of five consecutive years. The period for which the individual or the firm has held office as auditor prior to the commencement of the Act i.e., prior to 1st April 2014, shall be taken into account for calculating the period of five consecutive years or ten consecutive years, as the case may be. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s. S.R. Batliboi & Associates LLP., being eligible for re-appointment the Board of Directors has, based on the recommendation of the Audit Committee, at its meeting held on May 8th, 2014, proposed the appointment of M/s. S.R. Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W) as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the 70<sup>th</sup> AGM of the Company to be held in the year 2017, subject to ratification of their appointment at every AGM.

None of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the shareholders.

**ITEM NOs. 5 & 6:**

Shri. P. Vaman Rao & Shri. Yash Paul have been appointed as Independent Directors of the Company, at various times, pursuant to clause 49 of the listing agreement, whose office was liable to retirement by rotation. With the enactment of the Companies Act, 2013 (Act) it is now incumbent upon every listed Company to appoint 'Independent Directors' as defined in section 149 of the Act, which has been notified w.e.f 1st April 2014, who are not liable to retire by rotation and shall hold office for a term up to 5 (five) consecutive years. The Securities and Exchange Board of India (SEBI) has also amended Clause 49 of the Listing Agreement inter alia stipulating similar conditions for the appointment of Independent Directors by a Listed Company.

Accordingly, it is proposed to appoint Shri. P. Vaman Rao & Shri. Yash Paul as Independent Directors under Section 149 of the Act and Clause 49 (revised) of the Listing Agreement to hold office for 5 (five) consecutive years from 18th July 2014 up to 17th July 2019.

The Company has received declarations from Shri. P. Vaman Rao & Shri. Yash Paul that they meet with criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Brief resume of Shri. P. Vaman Rao & Shri. Yash Paul, nature of their expertise in specific functional areas and names of Companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

The Company has received notices in writing from members, alongwith the deposit of requisite amount, under Section

160 of the Act proposing the candidature of each of Shri. P. Vaman Rao & Shri. Yash Paul for the office of Directors of the Company.

Shri. P. Vaman Rao and Shri. Yash Paul are not disqualified from being appointed as Directors in terms of Section 164 of the Act. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri. P. Vaman Rao & Shri. Yash Paul fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act and Clause 49 of the Listing Agreement. The Board of Directors of your Company is also of the opinion that Shri. P. Vaman Rao and Shri. Yash Paul are independent of the management of the Company.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri. P. Vaman Rao & Shri. Yash Paul as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri. P. Vaman Rao & Shri. Yash Paul as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act and Clause 49 of the listing agreement for the approval by the shareholders of the Company.

Copy of the draft letters for respective appointments of Shri. P. Vaman Rao & Shri. Yash Paul as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Shri. P. Vaman Rao & Shri. Yash Paul are interested in the resolutions set out respectively at Item Nos. 5 & 6 of the Notice with regard to their respective appointments.

The relatives of Shri. P. Vaman Rao & Shri. Yash Paul may be deemed to be interested in the resolutions set out respectively at Item Nos. 5 & 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the Ordinary Resolutions set out at Item Nos.5 and 6 of the Notice for approval by the shareholders.

**ITEM NO. 7:**

The Board of Directors of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company, appointed Shri. Desh Deepak Khetrapal as an Additional Director of the Company with effect from 28th October, 2013, who shall hold office up to the date of this Annual General Meeting.

It is proposed to appoint Shri. Desh Deepak Khetrapal as Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.

Shri. Desh Deepak Khetrapal holds Honors degree in Business and Economics and Masters degree in Business Administration in Marketing and Finance and possesses appropriate skills, experience and knowledge, inter alia, in the field of finance and business management. He is currently working as a Managing Director of Orient Cements Ltd., Brief resume of Shri. Desh Deepak Khetrapal, nature of his expertise in specific functional areas and names of Companies in which he hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Corporate Governance Report forming part of the Annual Report.

The Company has received notice in writing from a member, along with the deposit of requisite amount, under Section 160 of the Act proposing the candidature of Shri. Desh Deepak Khetrapal for the office of Director of the Company.

Shri. Desh Deepak Khetrapal is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri. Desh Deepak Khetrapal fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as Director of the Company.

The Board considers that keeping in view his vast expertise and knowledge, it would be of immense benefit to the Company that Shri. Desh Deepak Khetrapal is appointed

as a Director of the Company. Accordingly, the Board recommends the resolution in relation to appointment of Shri. Desh Deepak Khetrpal as a Director of the Company, whose period of office shall be liable to determination by retirement of directors by rotation, for the approval by the shareholders of the Company.

Shri. Desh Deepak Khetrpal, being an appointee is interested in the resolution set out at Item No. 7 of the Notice.

The relatives of Shri. Desh Deepak Khetrpal may be deemed to be interested in the resolution set out at Item No. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the shareholders.

#### **ITEM NO. 8:**

The Board of Directors of the Company, pursuant to the provisions of Section 149 and 161(1) of the Act and the Articles of Association of the Company, appointed Smt. Gauri Rasgotra as an Independent Director (Additional Director) of the Company who shall hold office for a term up to 5 (five) consecutive years with effect from 8th May, 2014, subject to her election as a Director by the members at this Annual General Meeting.

In terms of the provisions of Section 161(1) of the Act, Smt. Gauri Rasgotra would hold office up to the date of the ensuing Annual General Meeting. It is proposed to appoint Smt. Gauri Rasgotra as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years from 8th May 2014 upto 7th May 2019.

Smt. Gauri Rasgotra is an Advocate and is currently a Partner in the litigation practice of M/s. Khaitan & Co. She has a rare combination of advisory and litigation

experience of 21 years and possesses appropriate skills, experience and knowledge; inter alia, in the field of law. Brief resume of Smt. Gauri Rasgotra, nature of her expertise in specific functional areas and names of companies in which she hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Corporate Governance Report forming part of the Annual Report.

The Company has received notice in writing from a member, along with the deposit of requisite amount, under Section 160 of the Act proposing the candidature of Smt. Gauri Rasgotra for the office of Director of the Company.

The Company has also received declarations from Smt. Gauri Rasgotra that she meets with criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Smt. Gauri Rasgotra is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Smt. Gauri Rasgotra fulfills the conditions specified in the Act and the Rules made there under to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act and Clause 49 of the Listing Agreement. The Board of Directors of your Company is also of the opinion that Smt. Gauri Rasgotra is independent of the management of the Company.

The Board considers that keeping in view her vast expertise and knowledge, it will be in the interest of the Company that Smt. Gauri Rasgotra is appointed as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Smt. Gauri Rasgotra as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company.

Copy of the letter of appointment of Smt. Gauri Rasgotra as Independent Director setting out the terms and conditions is available on the Company's website [www.hil.in](http://www.hil.in) and is also available for inspection by members at the Registered Office of the Company.

Smt. Gauri Rasgotra being an appointee is interested in the resolutions set out at Item No. 8 of the Notice with regard to her appointment.

The relatives of Smt. Gauri Rasgotra may be deemed to be interested in the resolution set out at Item No. 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the Ordinary Resolution set out at Item No.8 of the Notice for approval by the shareholders.

#### ITEM NO. 9:

The Board of Directors, on recommendation of the Audit committee, at their meeting held on May 8th 2014, has approved the appointment and remuneration of the M/s. S.S.Zanwar & Associates, Cost Accountants in practice, as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 on a remuneration of ₹ 5 (Five) lakhs.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the Ordinary Resolution set out at Item No.9 of the Notice for approval by the shareholders.

By Order of the Board  
For HIL Limited

Registered Office:

Sanatnagar

Hyderabad - 500 018

CIN No. L74999TG1955PLC000656

Dated: 20<sup>th</sup> June, 2014

**P. Rajesh Kumar Jain**  
Company Secretary

#### 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. Proxies submitted on behalf of Limited Companies, Societies, Partnership Firms, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member organisation.
2. An explanatory statement, pursuant to the provisions of Section 102 of the Companies Act, 2013 in respect of item No. 4-9 of the notice, is annexed hereto.
3. The details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Director seeking appointment/re-appointment at the Annual General Meeting, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed on Friday, 18th July, 2014.
5. If the Final Dividend as recommended by the Board of Directors is approved at the AGM, payment of such dividend will be made on Friday, July 25, 2014 as under:

- a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on June 17, 2014;
  - b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on June 17, 2014.
6. M/s. Venture Capital and Corporate Investments Pvt. Ltd. 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 / NECS (National 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.
  7. To avoid loss of dividend warrants in transit and undue delay in respect of dividend warrants, the Company has provided a facility to the members for remittance of dividend through the National Electronic Clearing System (NECS). The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agent.
  8. 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. 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.
  9. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations power to attorney, change of address / name, etc. to their Depository Participant only and not to the Company's Registers and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the Members.
10. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends up to the financial year ended 31st March, 2006 have been transferred to the Investor Education and Protection Fund of the Central Government.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules), which is applicable to the Company, The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2006, as on date of the 67th Annual General Meeting (AGM) to be held on 18th July, 2014, on the website of the IEPF viz [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investors Section" on the Website of the Company viz [www.hil.in](http://www.hil.in).
  11. 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 2006-2007 to 2012-2013 are requested to make their claims to the Company without any delay.
  12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are,

therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

13. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
14. Electronic copy of the Notice of the 67th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 67th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.
15. Members may also note that the Notice of the 67th Annual General Meeting and the Annual Report for 2013 will also be available on the Company's website [www.hil.in](http://www.hil.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Sanatnagar, Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [cs@hil.in](mailto:cs@hil.in) & [agv@hil.in](mailto:agv@hil.in).
16. Members are requested to visit the website of the Company, i.e., "[www.hil.in](http://www.hil.in)" for viewing the quarterly, half-yearly and annual financial results and for more information on the Company.
17. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.
18. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.
19. 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.

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name and Address of the Shareholder(s) .....

E-mail id : ..... Folio No./ Dpid & Client id : .....

I/We being the member(s) of .....Shares of HIL Limited, hereby appoint.

1. Name : .....Email id : .....

Address : .....

Signature : .....

Or failing him

2. Name : .....Email id : .....

Address : .....

Signature : .....

Or failing him

3. Name : .....Email id : .....

Address : .....

Signature : .....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixty Seventh Annual General Meeting of the company at Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad -500 034, (T.S.) at 3.00 pm on Friday, July 18, 2014 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Ordinary Business:**

1. To receive, consider and adopt the financial statements of the Company and the reports of the Board of Directors and Auditors for the financial year ended March 31, 2014.
2. To declare final dividend of ₹ 5.00/- per Equity Share on 74,62,563 Equity Shares of ₹ 10/- each for the financial year 2013-14.
3. To appoint a Director in place of Mr. C.K. Birla (DIN- 00118473), who retires by rotation and being eligible offers himself for re-appointment.
4. To re- appoint M/s. S.R. Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W).

**Special Business:**

5. To appoint Shri. P. Vaman Rao (DIN:00069771) as an Independent Director:
6. To appoint Shri. Yash Paul (DIN:00580681) as an Independent Director:
7. To appoint Shri. Desh Deepak Khetrapal (DIN:02362633) as a Director:
8. To appoint Smt. Gauri Rasgotra (DIN:06862334) as an Independent Director:
9. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015:

Signed this ..... day of ..... 2014

Signature of Shareholder ..... Signature of Proxyholder(s) .....

**NOTES:**

1. This form in order to be effective should be duly completed and deposited at the registered office of the company at Regd. Office : Sanatnagar, Hyderabad- 500018 not less than 48 hours before the commencement of the meeting.
2. Those members who have multiple folios with different joint holders may use copies of this Proxy.

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**CIN : L74999TG1955PLC000656**

Regd. Office: Sanatnagar, Hyderabad- 500018.

Tel: 91 40 30999121, 30999122, 23251708 Fax: 040-23701227, 23702400

Website : www.hil.in, Email: cs@hil.in

**ATTENDANCE SLIP**

(To be presented at the entrance)

**67th ANNUAL GENERAL MEETING**

Folio / DP id & CI id :

Name and Address :  
of the Shareholder(s)

I/We here by record my/our presence at the 67th Annual General Meeting of the company **at Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad - 500 034, (T.S.) at 3.00 pm on Friday, July 18, 2014.**

.....  
Name of the Attended Member/Proxy

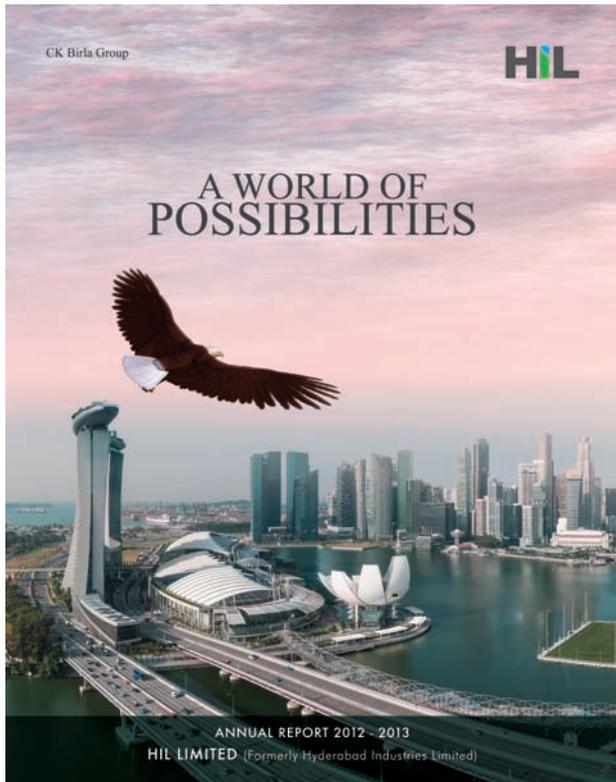
.....  
Signature of the Attended Member/Proxy

- 
- Note:**
- 1. Only Member/Proxyholder can attend the meeting**
  - 2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.**
  - 3. Those members who have multiple folios with different joint holders may use copies of this Attendance Slip.**
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Excellence is not just about scaling new heights. It is also about having a broader outlook and exploring new avenues. Over the years, HIL has made itself synonymous with growth. Now it is time to reinvent itself and expand its horizon. It is time to add new dimensions to growth. It has a world of opportunities to explore and only the sky is the limit.



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HIL Limited  
(formerly Hyderabad Industries Limited)

Sanathnagar, Hyderabad 500 018  
©1800 425 425 99 [www.hil.in](http://www.hil.in)