

***GEARED UP  
TO  
ZOOM AHEAD***



**ANNUAL REPORT**  
**2015 - 16**



## **GEARED UP TO ZOOM AHEAD**

The market conditions of the real estate and the rural economy, for the year 2015-16 have been challenging. Tough times like these call for recalibration of business approach. HIL has worked relentlessly to improve on operational efficiency taking a zero base approach in many aspects of business. HIL also focused on getting future ready by working on initiatives like TPM certification for the leading plants and making the Aerocon brand stronger in the building material space. These initiatives got acknowledged with the award of TPM for Kondappalli plant - the first in its category, and both our brands Charminar and Aerocon were awarded the "SuperBrand" status. HIL is now ready to scale new heights of excellence.

We are the market leaders in the Building Material Space and we reaffirm this by reinventing ourselves and our standards regularly. We stand committed to be the trendsetters by constantly raising the bar for the industry.

So, we stand all poised, ready and fully Geared Up to zoom ahead.

Here we present the overview of the operation at hand.

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## The 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.

# Corporate Information

## Board of Directors

Mr CK Birla, Chairman

Mr Prashant Vishnu Vatkar, Managing Director

Mr P Vaman Rao

Mr Yash Paul

Mr Desh Deepak Khetrapal

Mrs Gauri Rasgotra

**Chief Financial Officer:** Mr KR Veerappan

**Company Secretary:** Mr G Manikandan

**Auditors:** S R Batliboi & Associates LLP

**Solicitors:** Khaitan & Company

## Bankers

State Bank of Hyderabad

State Bank of India

HDFC Bank Limited

The Hongkong and Shanghai Banking Corporation Ltd.

## Registered Office

### HIL Limited

SLN Terminus 7th fl, Near Botanical Garden,  
Gachibowli, Hyderabad 500032, Telangana, India

CIN No.: L74999TG1955PLC000656

## Works

**Balasore** : Plot No. Z-2, IID Centre, Somanthapur  
Village Balasore District 756019, Odisha

**Chennai** : Periapalayam Road, Kannigaiper Village  
Tiravallur District 601102, Tamil Nadu

**Dharuhera** : Plot No. 31, Rewari District 122106,  
Haryana

**Faridabad** : Sector-25, Faridabad District 121004,  
Haryana

**Golan** : Golan Village Valad Taluka, Tapi  
District 394640, Gujarat

**Hyderabad** : Sanathnagar, Hyderabad  
District 500018, Telangana

**Jsaidih** : Industrial Area, Deoghar District 814142,  
Jharkhand

**Jhajjar** : Amadalshahpur, Akeri Madanpur Village  
Tehsil-Matanhail, Jhajjar District 124146,  
Haryana

**Sathariya** : SIDA, Jaunpur District 222022,  
Uttar Pradesh

**Thimmapur** : Plot 11-56, Thimmapur, Mahaboobnagar  
District 509325, Telangana

**Thrissur** : Mulankunnathukavu, Thrissur  
District 680581, Kerala

**Kondapalli** : Plot No. 289, IDA, Kondapalli  
Krishna District 521228, Andhra Pradesh

**Wada** : Musarane Village, Thane  
District 421312 (Maharashtra)

## Wind Power

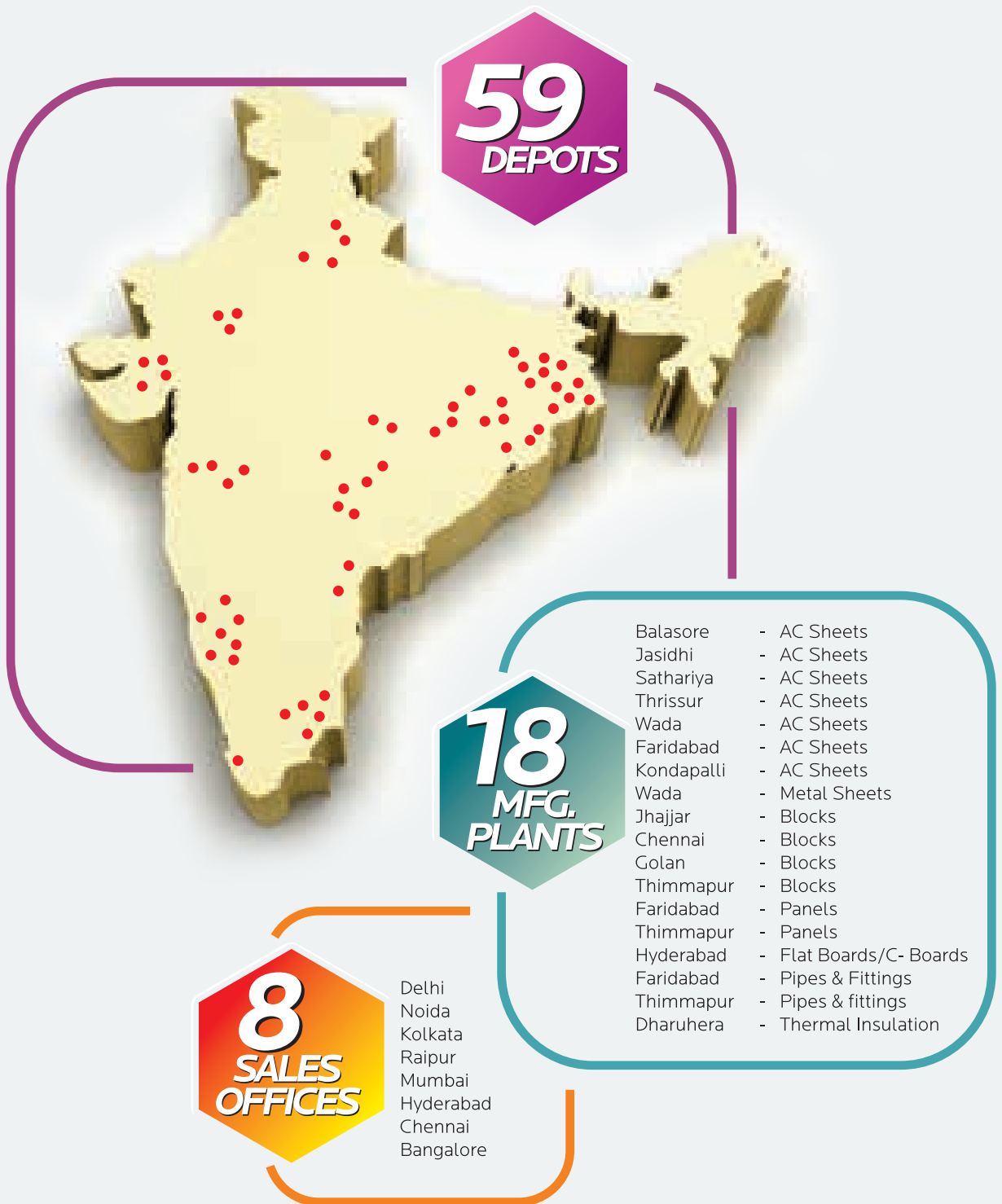
3.6 MW (2x1.80 MW) at Kutch District, Gujarat

1.25 MW near Coimbatore, Tirupur District, Tamilnadu

2.5 MW (2x1.25 MW) at Jodhpur District, Rajasthan

2.0 MW at Rajgarh Village, Jaisalmer District, Rajasthan

## The Reach Now



## The Journey So Far

**1946-47**  
Incorporation of the Company

**1998-99**  
Commenced commercial production of Fibre Cement Sheets at Kondapalli, Andhra Pradesh

**1949-50**  
First Plant for manufacturing AC Sheets at Hyderabad, Telangana

**1999-00**  
Commenced commercial production of Autoclaved Aerated Concrete Blocks at Chennai, Tamil Nadu

**1959-60**  
Second Plant for manufacturing of AC Sheets at Hyderabad, Telangana

**2000-01**  
**(a)** Commenced commercial production of Asbestos Cement Sheets at Wada, Maharashtra  
**(b)** Aerocon Panels, developed by Company's R&D Centre, received DSIR National Award for R&D Efforts in Industry (2000) in the Area of New Materials from Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research  
**(c)** Company obtained patent for Aerocon Panels in India & Pakistan

**1963-64**  
New factory at Faridabad, Haryana for manufacture of AC Sheets

**2001-02**  
**(a)** Company's R&D Centres received recognition from The Department of Scientific and Industrial Research, Government of India  
**(b)** Company obtained patent for Aerocon Panels in UK and Apparatus for Producing Plurality of Panels

**1964-65**  
Started Engineering Division at Hyderabad, Telangana

**2002-03**  
**(a)** Company obtained patent for Aerocon Panels in Australia  
**(b)** Government of Andhra Pradesh conferred "Best Managed Unit" Award on the Kondapalli Unit, Andhra Pradesh

**1965-66**  
Third Plant for manufacture AC Sheets at Hyderabad, Telangana

**2003-04**  
Company disinvested 40,59,600 Equity shares in Hindustan Powerplus Limited aggregating to ₹ 1299.07 lacs

**1975-76**  
Establishment of Research & Development at Hyderabad, Telangana

**2004-05**  
Turnover crosses ₹ 400 crores

**1978-79**  
Commencement of production of Moulded Thermal Insulation Articles and 'Joining Products' at Faridabad, Haryana

**2005-06**  
**(a)** Amalgamation of Malabar Building Products Limited with the Company  
**(b)** Fibre sheet plant set up at Sathariya Dist. Jaunpur UP, commenced commercial production

**1979-80**

New plant at Jasidih, Bihar for manufacture of AC Sheets

**2007-08**

(a) The company implemented SAP as a Enterprise Resource Planning (ERP)

(b) Gross Turnover crossed ₹ 500 crores

**1985-86**

Change of name from Hyderabad Asbestos Cement Products Limited to 'Hyderabad Industries Limited'

**2008-09**

New fibre sheet plant set up at Balasore, Odisha commenced commercial production

**1986-87**

(a) Commencement of production of AC Sheets by Malabar Building Products 'Limited, a joint sector company with Kerala State Ind. Dev. Corpn. at Trichur, Kerala

(b) Trial production of Thermal Insulation Products (Refractories) at a new plant in 'Dharuhera, Haryana

**2009-10**

New fibre sheet Line set up at Kondapalli, Andhra Pradesh commenced commercial production

**1988-89**

Commencement of manufacture of Size Reduction Equipment at Engineering 'Division, Hyderabad, Telangana with technical know-how from Siebtechnik GmbH, Germany

**2010-11**

(a) Commenced commercial production of Autoclaved Aerated Concrete (AAC) Blocks at Golan -Gujarat

(b) Set-up wind Mill projects at 3.6 MW at kutch Dist , Gujarat

**1991-92**

Heavy Engineering Division including Steel Foundry of Hindustan Motors Limited Transferred to the Company under a scheme of arrangement

**2011-12**

(a) Set-up 2 additional wind power projects 1.25 MW & 2.5 MW in Coimbatore, Tamil Nadu and Jodhpur, Rajasthan

(b) TPM was initiated in all HIL manufacturing facilities

(c) Rebrand exercise for the Brand Charminar and Aerocon undertaken

**1992-93**

Technical Collaboration Agreement with Mannesmann Demag Baumaschinen

**2012-13**

(a) Change of name from 'Hyderabad Industries Limited' to HIL Ltd

(b) Company devised a "5-way green" strategy to be introduced to the manufacturing process

(c) GreenCo Co gold rating award conferred by former President APJ Abdul Kalam Azad for Aerocon

(d) Turnover crosses ₹ 1000 crores

**1995-96**

(a) Cement Grinding Unit set up at Jasidih, Bihar

(b) Prefabricated building panels, based on technology from M/s. Building Technologies '(Australia) Pvt Ltd, Australia, was produced on a pilot plant

**2013-14**

(a) HIL won business superBrand status and Aerocon won the consumer SuperBrand Status

(b) Launched the first 'Aerocon Pipes & Fittings' Plant at Faridabad, Haryana

(c) Installation of solid fuel boiler resulting in 45% savings. Bio degradable fuel to ensure reduction in carbon emission

(d) Indira Award for excellence in Brand Management & product Innovation

(e) Ethical Brand award conferred by CSR World

**1997-98**

Commenced commercial production of Aerocon Panels at Thimmapur, Andhra Pradesh and at Faridabad, Haryana

**2014-15**

(a) A new wind power plant of 2.0MW in Jaisalmer , Rajasthan

(b) Relocated the registered office from Sanathnagar Hyderabad to Gachibowli, Hyderabad

(c) AAC block plant commissioned in Jhajjar, Harayana

(d) Aerocon Pipes and fitting Plant commissioned in Timmapur, Telangana to cater to South India market

(e) Kondapalli and Dharuhera witnessed power trading resulting in reduction of power cost by 15%

(f) Consumer SuperBrand Awards for Aerocon and Charminar

## Chairman's Message



CK Birla



HIL continued its relentless journey of growth and excellence in 2015-16 beating the odds of a stagnant real-estate market and a slow rural economy. Staying alert to the industry dynamics and proactively responding to them, we closed the year and delivered a prudent result.

We have had numerous highlights in 2015-16. The TPM award for Charminar's Kondapalli Plant was particularly remarkable as it was the first in the Roofing Sheet Industry.

Rural infrastructure sector is a key driver for the Indian economy and is responsible for propelling India's overall development. The government has initiated policies that would ensure time-bound creation of better rural infrastructure and rural housing in the country. HIL is ready to surge ahead with renewed vigour, towards prosperity for its shareholders and for the community at large.





## Managing Director's Message



Prashant Vishnu Varkar

Being the front-runners in the Building Material industry, we have come a long way and achieved admirable feats and set new benchmarks for excellence and innovation. From re-establishment of managerial frameworks to the overhauling of manufacturing units to a multitude of awards - we have had a good run.

Charminar's Kondapalli Plant was awarded the TPM award in Category B by JIPM – the first ever in the roofing sheet industry. Aerocon became the largest manufacturer and seller of AAC blocks in the country, Aerocon is looking to be the complete Building Material solution provider and is testing water for the same with an entourage of new products for Dry and Wet Walling. We have also successfully re-implemented the ERP framework which has made the internal process smooth and efficient.

I believe, we have an A-team which is ready to take on any challenge and is focused to find a path to reach where they need to be. This self-confidence, team spirit and a prediction of better economic environment in 2016-17 will pave the way for a year to watch out for.

Here's to the new race that is beginning. We're all geared up - let's zoom ahead!

”

With a slowdown in the real-estate and the rural economy, the year 2015-16 has been tough with low demand and spending. In this challenging environment, HIL has managed to combat the headwinds and perform very well. We are recalibrating the business approach to best suit the current scenario. It has been a pleasure to observe the spirit of HIL at work – where all challenges were faced head-on and our teams managed to put their best foot forward.

”



▲ The HIL AAC Block Plant at Thimmapur

## Finance & Operations

### Finance

- Interest cost optimization through issue of commercial papers
- Debt-Equity ratio continues to be low
- Successfully re-implemented ERP (SAP)

### Operations

- Commenced commercial production of Colour Steel Sheets

- Achieved record time line up-gradation at Faridabad Unit
- Commissioned an AAC Block plant at Thimmapur in record time with an initial capacity of 8000 CuM/month
- Significantly reduced variable costs and achieved industry leading margins driven by innovative operational initiatives
- Maintained operational efficiency; striking the right balance between volume and NSR

## R&D & New products Launched

Recognized by the Department of Scientific and Industrial Research (DSIR), our R&D is one of the largest and most renowned in the industry.

- Applied for 2 Patents in India related to
  - Non-Asbestos corrugated roofing sheets
  - Development of Fly ash lime for AAC blocks
- Development of Thin Bed Mortar (TBM) recipe
- Development of 1200 mm span panels for mezzanine floor applications
- Flex-O-Board cost reduction
- Achieved significant net loss reduction at plants



▲ HIL R&D Center

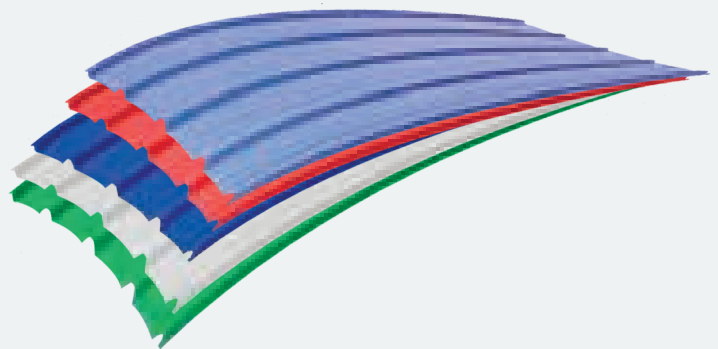
### New Products

#### 1. CHARMINAR

##### Coloured Steel Sheets:

The Charminar Coloured Steel Sheet, is the latest roofing offering from the house of HIL. This easy-to-install, durable product is manufactured with precision and premium quality.

Made with superior technology, this cold-rolled, steel-sheet product comes coated with top-paint, primer and pre-treatment-chromatin, along with an extra layer of zinc that ensures its unmatched durability and inertness.



Highly tensile and light weight, the Coloured Steel Sheets are designed to withstand harshest of weather conditions. Available in three vibrant shades, this modern roofing solution is a perfect choice for roofing as well as cladding and barricading.



## 2. AEROCON

Aerocon is looking to become a complete building material solutions provider.

Towards this aim, a range of products in the dry and wet walling solution space have been launched.

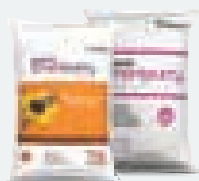
### Smartfix

"Aerocon Smartfix" is the finest block jointing mortar built on the "Superbond" technology. It is a superior water resistant cement based mortar joint specially formulated for Joining Aerocon AAC Blocks, Solid blocks, hollow blocks, fly-ash etc. Its Superbond Technology improves workability, durability, water retention and strong adhesion to most surfaces. It also ensures in laying a strong and thin layer on joints - making it cost

efficient and helps improving the levelling of walls by reducing the thickness of the plaster.

### Smartputty

Putty is used as filler or sealant on walls to cover unevenness and pinholes. Aerocon SmartPutty is an innovative blend of white cement, polymers and minerals that uses cutting edge 'True Colour' technology. Effective on all types of cement-surfaces, it helps prepare and smoothen the walls for painting. Its strong adhesive properties build a powerful bond between the base and the paint while its pure white colour provides a perfect base for the paint to ensure the colours come alive.



### SmartBond

Aerocon SmartBond is an innovative product in the world of adhesives. It is specially created for Panel Jointing and developed to meet tight construction timelines while keeping costs under control and maintaining world class quality standards. It renders the substrate ready to beautifully take on any surface finish – painting, cladding, wall papering and so on. Excelling in diverse applications such as dry & wet areas, interiors, exteriors and false ceilings - SmartBond has the necessary flexibility to handle all panel-related movements such as thermal, mechanical, skew and

sway. It also makes for strong joints that are resistant to the impact of drilling, nailing, threading and machine vibrations.

### Smartplaster

Plaster is applied to masonry interior and exteriors to achieve a smooth surface that protects against water, cracks, and lends durability to the building. The speed of application of the plaster, how quickly it sets largely determines the pace of construction. Aerocon Ready-Mix plaster is a blend of Portland cement, fine graded sand and water soluble, high quality polymer additives, in the perfect proportion. It is ready to use by simply mixing water at site and easier to apply on bricks, blocks, and concrete surface. It eliminates trial and error mixing methods on site and offers consistent quality, batch after batch with assured hardness, smooth finish which sets quickly and is durable. It has no impurities and ensures stronger adhesion to the substrate.

### Vitrified Tiles

Aerocon has launched a premium range of polished Vitrified Tiles. The beautiful appearance of the tiles, with exquisite patterns and designs, hides a strong core that promises unmatched durability under the toughest conditions. These are water, stain and scratch resistant. Aerocon Vitrified Tiles come in consistent sizes, shades and thickness to lend that perfect look, they are pre-polished to save time.



### Mineral Fiber Ceiling Tiles

Ceiling Tiles are a perfect example of a new generation of ceilings. Ceilings are no longer just functional aspects of interiors. They are a key element in interior design. Ceilings play a major role in enhancing aesthetics, increasing safety, reducing ambient noise and cutting cost.



Aerocon Mineral Fiber Ceiling Tiles are made of carefully selected mineral wool, reinforced with a special additive, mixed, formed, dried, cut, surface finished, and spray coated.

The primary benefits of our ceiling tiles are - sound absorption, thermal insulation, fire and mold resistance.

## Business Highlights & Off-site Meets

### Charminar

- Managed to maintain its Market Leader position
- Successfully set-up its first outsourced manufacturing facility at Chhindwara district, Madhya Pradesh
- Best in class KPI's through highly efficient processes and a fully-motivated team
- Has set new industry-wide benchmarks of excellence in the manufacturing front
- Wide, efficient and fully motivated dealer network making the brand available in every corner of the country

### Aerocon Building Solutions

- Aerocon Blocks & Panels expanded its product portfolio to transform the business into Aerocon Building Solutions

- Launched a new smart range of products for the Building Construction Industry
- Recorded a growth of 31% in Revenue and 55% in EBITDA over FY15
- AAC Blocks Business clocked 46% Growth in FY16 amidst challenging business scenario

### Aerocon Pipes & Fittings

- Crossed ₹ 100 Cr Landmark in sales during the month of May, 2016 and became the fastest growing business in this sector
- Established its presence in 10 states - engaging 100+ distributors, 1500+ retailers and 3000+ plumbers
- Successfully implemented a fully integrated digital retailer loyalty program - a first in the industry. The program provides more than 80% of the last mile sales visibility and drives data analytics for improved planning

## Off-site Meet snapshots



▲ Charminar Off-site Meet - United V Play, United V Win



▲ Aerocon Pipes & Fittings off-site Meet - Ignite



▲ Aerocon Building Solutions Off-site Meet - Aspire

## Disha Initiative

### Project disha successfully Re-implemented

The DISHA initiative involved the reimplementation of ERP (SAP) to make internal processes more efficient, transparent and systematic.

### The key improvements achieved via initiation of DISHA:

- Aligned SAP to the change in business structure
- Improved the information accuracy for effective decision making
- Quicker response through timely information and shorter turnaround time of key reports
- Maximization of output and optimal resource management
- Better control leading to mitigation of financial and non compliance risks



▲ An award function night to celebrate the successful implementation of Project Disha



▲ Disha Core Team with the Leadership Team

## Giving Back [HIL's CSR initiatives]

The future and strength of every nation lies with its youth. Our focus is on supporting initiatives that aim to harness this energy. Our future initiatives will target Education, Health and Rural Development.

### Education

Schools help lay the foundation for and are the building blocks of a developing nation. Thus, we identify and support government schools to be self-reliant and provide better infrastructure, amenities and education to the students enrolled. We will support underprivileged students with scholarship opportunities to improve the quality of education. We are also building libraries in rural areas. Our main initiatives are in Delhi, Ghaziabad, Hyderabad, Thrissur, Faridabad, Balasore and Wada.

### Rural Development

HIL has a presence in deep rural pockets. Using this to our advantage, we plan to develop a model village ensuring self-reliance in all aspects viz. clean drinking water, child

education, health care and family welfare, infrastructure, etc. We have started such initiatives in Kondapalli, Thrissur, Faridabad and Wada.

### Environment

HIL has always kept a focus on being sustainable in its operations and in contributing to activities that are environment-friendly. At a company level, we utilize wind-power to regenerate electricity wherever possible and use the 5 Way Green Process of Manufacturing. We plant, restore and protect trees in and around our plants. We have made a special contribution in this respect around our Wada and Balasore plants.

### Chennai Flood relief

HIL joined in the relief effort for the floods that struck Chennai through contribution of food, clothing and blankets. HIL's Chennai Team was hands on in helping people and organizing daily necessities for the affected villages around the Aerocon Chennai plant.



▲ Supporting Round Table Govt. Primary and High School, Hyderabad



▲ HIL Roofing business' COO at Hyderabad old-age home and orphanage, distributing books on World Literacy Day



▲ Assistance provided during Chennai Floods

## Awards & Accolades

The new benchmarks set this year gloriously reflected, HIL's outstanding performance in the face of rising challenges. The achievements earned us laurels from the industry that will inspire us to reach even higher in the future.



▲ The Kondapalli Plant wins the TPM Excellence Award [Category B] by JIPM this year. A first for the Indian Roofing Industry.



▲ Charminar and Aerocon win Superbrand titles



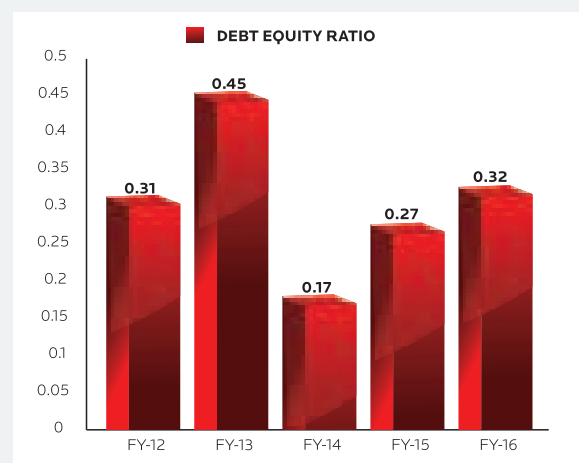
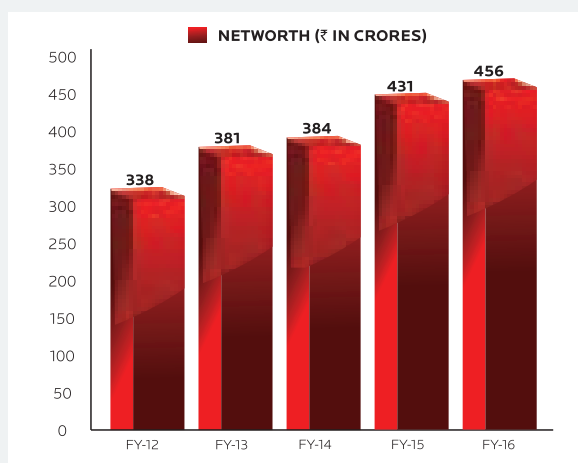
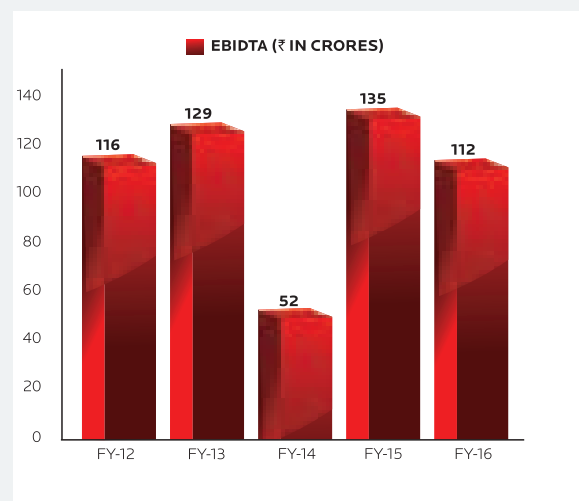
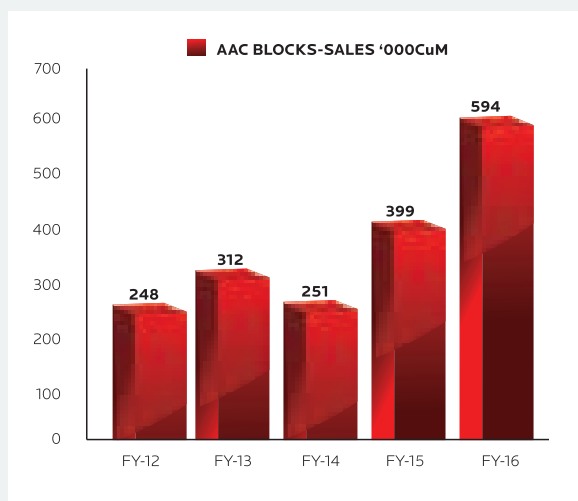
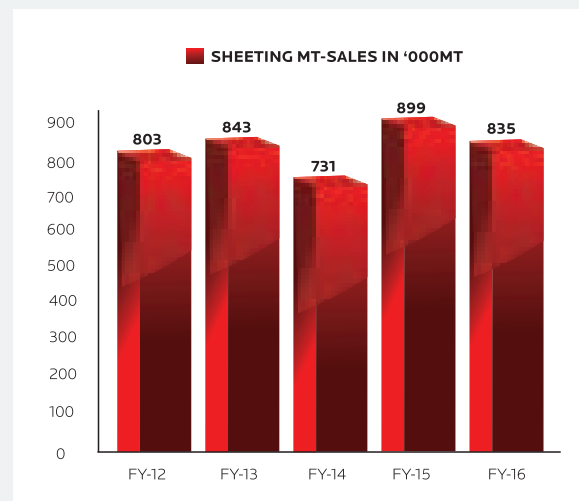
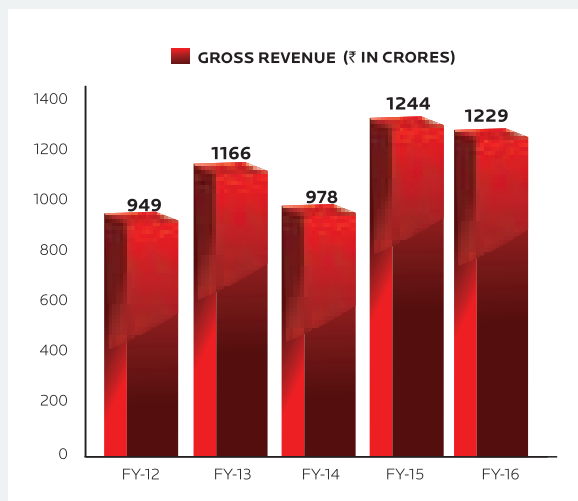
▲ Our Balasore Plant wins the NAMC Silver Award



▲ HIL awarded for the campus recruitment film at Mega Corporate Film Festival and Award 2016



## Financial Performance



## Directors Report

### TO THE SHAREHOLDERS

The Directors have pleasure in presenting their Report and the Audited Financial Statements of your Company for the year ended 31st March 2016.

### FINANCIAL RESULTS

(₹ In lacs)

|  | 2015-16     | 2014-15      |
|--|-------------|--------------|
| Net Revenue from operations  | 109628      | 110779       |
| Earnings Before Interest, Depreciation & Tax   | 11172       | 13507        |
| Less : Interest  | 917         | 577          |
| Depreciation   | 3974        | 3402         |
| Profit Before Tax and Exceptional items  | 6281        | 9528         |
| Less: Exceptional items  | 276         | 333          |
| Profit before Tax  | 6005        | 9195         |
| Less : Taxes   | 2039        | 2509         |
| Profit for the year  | 3966        | 6686         |
| Surplus in P&L account as per last year  | 5624        | 4885         |
| <b>AVAILABLE FOR APPROPRIATION</b>   | <b>9590</b> | <b>11571</b> |
| Carrying value of Fixed Assets having NIL useful life<br>As per Schedule II of Companies Act, 2013 net of deferred tax | 0           | 176          |
| Transfer to General Reserve  | 1000        | 4000         |
| Interim Dividend on Equity Shares  | 560         | 746          |
| Proposed Final Dividend on Equity Shares   | 746         | 746          |
| Corporate Dividend Tax   | 266         | 279          |
| <b>Balance Carried to Balance Sheet</b>  | <b>7018</b> | <b>5624</b>  |

### DIVIDEND

During the year under review the Board of Directors declared an interim dividend of ₹ 7.50 per equity share (75% of the paid-up value). Your directors are pleased to recommend a final dividend of ₹ 10.00 per equity share (100% of the paid-up value) for your consideration and approval at the ensuing Annual General Meeting of the Company.

With the proposed final dividend, the total dividend for the year 2015-16 would be ₹ 17.50 per equity share (175% of the paid-up value) as against the total dividend of ₹ 20/- per equity share (200% of the paid-up value) declared in the previous year.

The total dividend outgo would amount to ₹ 15.72 crores (including dividend distribution tax) and the Company has transferred ₹ 10 crores to General Reserves out of the profits for the year.

### SHARE CAPITAL

The paid up Equity Share Capital as on 31st March 2016 was ₹ 749 crores. During the year under review, the Company has neither issued any shares with differential voting rights nor sweat equity. As on 31st March 2016, Mr CK Birla, Chairman holds 51,376 equity shares of the Company. None of the Directors of the Company, except as specified above, hold shares or convertible instruments of the Company.

During the year under review, the Company has allotted 84,200 stock options under HIL Employee Stock Option Scheme 2015 to the eligible employees and there was no stock options vested or exercised during the period. Out of the above, 9100 stock options were lapsed and reverted back to the pool on account of resignation of an employee.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees and Investments as required under the provisions of Section 186 of the Companies Act, 2013 are provided in note no. 11 to the notes to the Financial Statements.

## DEPOSITS

The Company has not accepted any deposits covered under chapter V of the Companies Act, 2013 and as such, no amount of principal or interest was outstanding as on 31st March 2016.

## STATE OF COMPANY'S AFFAIR

In the year 2015-16, the Company has reported net revenue of ₹ 1097 crores as compared to ₹ 1108 crores in the previous year. However, Profit Before Tax for the year under review stood at ₹ 60.05 crores as compared to ₹ 91.95 crores reported last year. Lower profitability in this year was predominantly on account of stiff market conditions which prevailed during the year and the consequent lower realisation. A focused approach and unique strategy adopted for each business division with the objective of sustaining growth helped the Company to minimise the adverse impact contributed by external factors.

### Roofing

The Roofing Business has sustained its position in the market despite muted demand coupled with highly competitive sphere. Some parts of the country witnessed poor demand due to migration to alternate products which affected the demand for Fibre Cement Sheets. During the year under review, Company had started manufacturing Coloured Steel Sheets for catering to the customers who prefer this product due to the aesthetic look and feel. The Roofing business ended the year with a decline of 11% in quantity terms in line with the industry de-growth of 11%.

Focus on high potential geographies, marketing initiatives, and cost optimization have played a vital role in sustaining the market share and intense competition.

### Aerocon AAC – Blocks

AAC (Autoclaved Aerated Concrete) block is an eco-friendly building material used in construction activities. AAC block offers a unique combination of strength, low weight, cost-effectiveness and durability compared with a clay brick. It is a steam-cured mixture of fly ash, cement, lime and an aeration agent.

With an increase in awareness of eco-friendly & green building products, demand for AAC blocks have increased and has created an opportunity for entry of many unorganized players, thereby increasing competition. This resulted in surplus capacity creation in certain parts of the country which intensified the pricing pressure especially in urban areas. However, HIL with its superior quality and latest technology driven manufacturing processes, has achieved a growth of 49% in quantity terms and 46% in revenue terms as compared to the previous year.

### Aerocon Panels

Well planned marketing activities along with focus on quality have helped the Company to increase its sales volume by more than 27% during the year under review as compared to last year. The growth in volumes was also supported by ongoing Government initiatives like Swatch Bharat, which created visibility of this product among users. Your Company remained the market leader in this segment.

Your Company will continue to focus on Tier 2 & Tier 3 cities which are promising due to increase in infrastructure projects and real estate activity. Unique concept selling approach differentiates AEROCON from other players in the industry, supported by the brand promotion activities.

### Advanced Polymer Products (APP)

During the year under review, Advanced Polymer Products division reported a growth of 52%. This division established its strong presence in its existing territories in the North and South regions. Key strength of this division continues to be its strong

distribution foot print and intense marketing & branding activities. The division will focus on building deep and wide distribution channels, increase SKU's and develop in-house compounding capability.

#### Thermal Insulation – HYSIL

The key driver for volume growth in this vertical is capacity building in the form of brown field or new green field projects. Absence of such projects has become a bottleneck for growth for this vertical resulting in a decline of 21% in volume and 23% in revenue when compared to the previous year.

#### NEW PROJECTS

**AAC Blocks:** As a part of expanding its foot print in the growing AAC Blocks industry, the Company has added new manufacturing facility for manufacture of AAC Blocks at its Thimmapur Plant, Telangana. The said plant has started its commercial operations on 2nd November 2015.

This plant shall cater to the growing AAC Blocks market in the Telangana & Andhra Pradesh regions and will help the Company to retain its position in Southern region of the Country.

**Coloured Steel Sheets:** In order to cater to the demands of urban customers, your Company has set up its pilot plant for manufacture of Coloured Steel Sheets at Maharashtra with an initial capacity of 800 MT per month. The plant started its commercial operations on 7th July 2015. This plant shall cater to the requirements of Maharashtra and Gujarat. These sheets are being sold under the brand name "Charminar". This will help the Company to retain its customers in the roofing segment.

#### AWARDS

During the year, your Company won the prestigious "TPM Excellence Award" (Category B) from JIPM for "Excellence in Operational Manufacturing" for one of its roofing plant at Kondapalli, Vijayawada. The Kondapalli plant is the only plant from the roofing industry to have won this award both in India and worldwide. This showcases our commitment towards delivering quality products by adhering to the best manufacturing/safety practices.

During the year, another roofing plant at Sathariya bagged the NAMC Silver Medal. The National Awards for Manufacturing Competitiveness (NAMC) was instituted by International Research Institute for Manufacturing (IRIM) with the aim of acknowledging and applauding manufacturing competitiveness of Indian Organisations. Sathariya plant is the second roofing plant after Balasore to win the NAMC Silver Medal.

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

A Report on Management Discussion & Analysis is appended as **Annexure (II)** to this report as per the requirements of SEBI (Listing Obligations & Disclosures Requirements) Regulations 2015.

#### DIRECTORS & KEY MANAGERIAL PERSONS

During the year under review, the members at the Annual General Meeting held on 30th July 2015 have appointed Mr Prashant Vishnu Vatkar as Managing Director (DIN 07139685) of the Company with effect from 20th April 2015.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and in accordance with provisions of Articles of Association of the Company, Mr CK Birla (DIN 00118473), Director of the Company, is liable to retire by rotation and being eligible, offers himself for re-appointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they continue to meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

During the year, Mr P Rajesh Kumar Jain, Company Secretary resigned w.e.f 18th August 2015 and the Company has appointed Mr G Manikandan, who has been an employee of your Company since 7th May 2008, as Company Secretary & Financial Controller w.e.f 19th August 2015.

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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is provided in the Notice of Annual General Meeting.

## MEETINGS

During the year under review, seven board meetings were held on 20th April 2015, 27th April 2015, 12th May 2015, 30th July 2015, 17th August 2015, 26th October 2015 and 4th February, 2016. The maximum time-gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Board has carried out an annual performance evaluation of its own performance and the performance of the individual Directors as well as the evaluation of the working of its Committees. The manner in which the evaluation was carried out has been detailed in the Corporate Governance Report.

## VIGIL MECHANISM

Pursuant to the requirement laid down in the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosures Requirements Regulations 2015, the Company has established Vigil Mechanism by framing Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The Vigil Mechanism framework ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination shall be meted out to any person for a genuinely raised concern. The Designated Officer/Audit Committee Chairman can be directly contacted to report any suspected or confirmed incident of fraud/misconduct at [cs@hil.in](mailto:cs@hil.in). A High Level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

The details of the same are provided in the Report on Corporate Governance forming part of this Report.

The Whistle Blower Policy is also posted in the Investors section of the Company's website [www.hil.in](http://hil.in/investors/codes-policies/) on the following link <http://hil.in/investors/codes-policies/>.

## REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and fixing their remuneration. The Remuneration Policy is provided in the Corporate Governance Report.

## SEXUAL HARASSMENT POLICY

The Company as required under the provisions of "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" has framed a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto.

In the year under review, the Company has not received any complaint under this Policy.

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arms' length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The requisite details of the related party transactions entered into during the financial year are provided as **Annexure (II)** to this report. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

All Related Party Transactions were placed before the Audit Committee and to the Board for their approval, whenever required. Prior omnibus approval of the Audit Committee is obtained for the transactions which were of a foreseeable and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted were placed before the Audit Committee and the Board of Directors on a quarterly basis.

None of the Directors, other than to the extent of their shareholding, receipt of remuneration/ commission, has any pecuniary relationships or transactions vis-à-vis the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 134 (3) (c) of the Companies Act, 2013 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 that:

- i) In preparation of the Annual Accounts for the year ended 31st March 2016, 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) 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 2016.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts for the year ended 31st March 2016 has been prepared on a going concern basis.
- v) Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi) The systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **CORPORATE GOVERNANCE**

Your Company is committed to good Corporate Governance coupled with good corporate practices. As per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a Compliance Report on Corporate Governance for the year 2015-16 and a Certificate from the Auditors of the Company M/s. S R Batliboi & Associates LLP., Chartered Accountants, [ICAI Firm Registration Number: 101049W/E300004] is furnished as part of the Annual Report.

### **AUDIT COMMITTEE**

Audit Committee of the Company meets the requirements of section 177 of the Companies Act, 2013 and Regulation 18 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The details of the composition of the Audit Committee as required under the provisions of Section 177(8) of the Companies Act, 2013 is given in the Corporate Governance Report furnished as part of the Annual Report. During the year under review, the Board has accepted all the recommendations of the Audit Committee.

### **NOMINATION AND REMUNERATION CUM COMPENSATION COMMITTEE**

Nomination and Remuneration cum Compensation Committee meets the requirements of section 178 of the Companies Act, 2013 and Regulation 19 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The details of the composition of the Nomination and Remuneration cum Compensation Committee as required under the provisions of Section 178 of the Companies Act, 2013 is given in the Corporate Governance Report furnished as part of the Annual Report. During the year under review, the Board has accepted all the recommendations of the Nomination and Remuneration cum Compensation Committee.

### **INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has adequate internal financial control procedures commensurate with its size and nature of business. These controls include:



1. All transactions are recorded in the ERP system SAP.
2. Well defined policies, guidelines, and Standard Operating Procedures ('SOP'), authorization and approval procedures.
3. The internal financial controls of the Company are adequate to ensure the accuracy and completeness of the accounting records, timely preparation of reliable financial information, prevention and detection of frauds and errors, safeguarding of the assets and that the business is conducted in an orderly and efficient manner.
4. The Company has appointed Internal Auditors to check the Internal Controls and to ensure whether the workflow of the organization is in accordance with the approved policies of the Company.
5. The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Corporate Social Responsibility Policy, Risk Management Policy, Dissemination of Material Events Policy, Documents Preservation Policy, Monitoring and Reporting of Trading by Insiders, Code of Internal Procedures and Conduct for Regulating, Code of Practices and Procedures for Fair Disclosures and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

## HUMAN CAPITAL

People are our most valuable asset and they play a vital role in the growth of your Company. The Company places the engagement, development and retention of talent as its highest priority, to enable achievement of organizational vision. Structure, Process and Culture are the cornerstones of our Human Resource strategy and we have made strides in these areas during the last year.

With an unswerving focus on nurturing, training and retaining talent, your Company provides avenues for learning and development through functional,

behavioural and leadership training programs, communication channels for information sharing, to name a few.

The Group's Corporate Human Resources play a critical role in your Company's talent management process through a customized Competency based Leadership Program devised for High - Potential employees with focus on Individual Development Plan which helps them to become future leaders. Nurturing young, hi-potential talent has been our focus through the CEO Circle program wherein the selected participants are provided rigorous leadership training for 2 years to prepare them to take-up higher roles in the organization. We continue to strive to build a performance driven culture and create an environment conducive for the employee's growth.

Your Company also believes that the human capital is of utmost importance to sustain the market leadership in all product segments and also to capture new markets.

## CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendation of the Committee, the Board has approved a Corporate Social Responsibility ('CSR') policy and the same has been uploaded in the website of the Company "[http://hil.in/investors/codes-policies/CSR Policy](http://hil.in/investors/codes-policies/CSR_Policy)" which contains the CSR activities being carried out by the Company, governance structure, implementation process, etc.

As the Average Net Profits of the Company for the immediately preceding three (3) financial years calculated as per Section 198 of the Companies Act, 2013 works out to ₹ 1.27 crores and the Company has spent ₹ 1.68 crores on CSR activities and CSR projects in the areas of healthcare and education. The details on CSR activities are provided as **Annexure (III)** and forms part of this report.

## RISK MANAGEMENT

The Company has laid down the procedure for risk assessment and its mitigation through an internal Risk Committee. Key risks and their mitigation arising

out of reviews by the Committee are assessed and reported to the Audit Committee on a periodic basis. The Risk Management Policy details the Company's objectives and principles of Risk Management along with an overview of the Risk Management processes, procedures and related roles and responsibilities.

### STATUTORY AUDITORS

The Statutory Auditors of the Company, M/s. S R Batliboi & Associates LLP, [ICAI Firm Registration Number: 101049W/E300004], were re-appointed by the members at the 67<sup>th</sup> Annual General Meeting held on 18th July 2014 for a term of 3(Three) years till the conclusion of 70<sup>th</sup> Annual General Meeting to be held in 2017. Members are requested to ratify the same at the ensuing Annual General Meeting of the company, in accordance with section 139 of the Companies Act, 2013.

The Audit Report issued by the Statutory Auditors for the financial year ended 31st March 2016 forms part of this Report. There are no qualifications, reservations or adverse remarks made by the Statutory Auditors which requires explanation or comments from the Board.

### INTERNAL AUDITORS

The Company has an in-house internal audit team which monitors the effectiveness of the internal control systems. It reports to the Audit Committee about the adequacy and effectiveness of the internal control system of your Company. Your Company also retains the services of M/s. KPMG, Chartered Accountants and other reputed Chartered Accountants to audit specific locations and processes.

The recommendations of the internal audit team on improvements in the operating procedures and control systems are also presented to the Audit Committee and the business to use these as tools for strengthening the operating procedures.

### COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the rules framed thereunder, the cost audit records maintained by the Company in respect of its cement products manufacturing activity

are required to be audited by a Cost Auditor. The Board of Directors, on recommendation of the Audit Committee, appointed M/s. S S Zanwar & Associates, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March 2017 at a remuneration of ₹ 6.0 lacs. Members are requested to ratify the remuneration payable to the Cost Auditors at the ensuing Annual General Meeting of the Company, in accordance with section 148 of the Companies Act 2013.

The Cost Audit report for the financial year ended 31st March 2015 was duly filed with the Central Government within the due date.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules framed thereunder, the Board of Directors, on recommendation of the Audit Committee, appointed M/s. P S Rao and Associates, Practicing Company Secretaries to undertake the secretarial audit of the Company. The secretarial audit report issued by M/s. P S Rao and Associates, Practicing Company Secretaries for the financial year ended 31st March 2016 provided as **Annexure (IV)** attached hereto and forms part of this Report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor.

### EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92 of the Companies Act, 2013 and rules framed there under, the extract of the Annual Return in form MGT-9 is provided as **Annexure (V)** and forms part of this Report.

### EMPLOYEE STOCK OPTIONS

During the year under review, 84,200 stock options were granted under HIL Employee Stock Option Scheme 2015. The details of Employee Stock Options pursuant to Section 62 of the Companies Act, 2013 read with Rules made thereunder; and SEBI (Share Based Employee Benefits) Regulations, 2014 and erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are provided as **Annexure (VI)** to this Report.



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

Particulars with respect to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo as required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are provided as **Annexure (VII)** attached hereto and forms part of this Report.

## PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in annexure to this report.

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is provided as **Annexure (VIII)** of this Report.

## JOINT VENTURES

As on the 31st March 2016, the Company holds 33% of the share capital in M/s Supercor Industries Limited ("Supercor"), a company incorporated under the laws of Nigeria. The State Government of Bauchi, Nigeria ("Nigerian Government") and other shareholders hold remaining 67% of the share capital in Supercor. Information required pursuant to Section 129(3) of the Companies Act, 2013 a statement containing salient features of the Joint Ventures of the Company is provided as Form AOC-1 attached as **Annexure (IX)** to this Report. Due to change in product mix and shift in demand for the non-asbestos product, the demand for said company's products considerably reduced during 2015 which forced the said company to report losses and also suspended its operations from end of November 2015.

## CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosures Requirements) Regulations 2015, and the Companies Act, 2013, the Consolidated Financial Statements prepared as per Companies Act, 2013 and Accounting Standards, duly audited forms part of the Annual Report.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURT

During the year under review, no significant and material orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status and operations of the Company.

## MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year 31st March, 2016 to which the financial statements relates and the date of signing of this report.

## ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to place on record their appreciation to all the Stakeholders of the Company, viz., customers, investors, banks, regulators, suppliers and other business associates for the support received from them during the year under review. The Directors also wish to place on record their deep sense of gratitude and 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, 5<sup>th</sup> May 2016

**CK BIRLA**  
Chairman  
(DIN 00118473)

## Annexure(s) to the Directors' Report

### Annexure (I) Management Discussion & Analysis Report

#### OVERVIEW

The growth in Indian Economy last year has been modest driven majorly by private consumption and public investment. Year under review saw manufacturing growth in certain sectors driven by Make-in-India theme which helped to report a better growth rate of around 7.6% against to 6.9% in 2014-15. The key driver of GDP growth in 2015-16 was better household purchasing power with the falling oil prices. The corporate margins also improved on account of lower commodity prices. The year also experienced improved tax collections and lowering the subsidy bill which kept the budget deficit under check. However, second consecutive poor monsoon-season rainfall have adversely impacted the growth. This impact was felt the most in the rural economy which grew only at 3.3% in the review year. With the excess supply of real estate inventory, this segment also had a very sluggish growth at less than 3%. As a result of these, the business environment relevant for HIL was very challenging.

According to the World Bank, India's industrial manufacturing GDP output in 2015 was 6th largest in the world on current US dollar basis (\$559 billion) and 9th largest on inflation adjusted constant 2005 US dollar basis (\$197.1 billion). The year also boosted confidence in ease of doing business, with various schemes launched by the Government such as "Make in India", "Invest India", and "e-biz Mission Mode Project". These helped India to move up in ease of doing business rank to 130 in 2015-16 compared to 134 in 2014-15.

The Government of India is strongly focused on infrastructure development to boost economic growth and is aiming for 100 smart cities. It plans to increase investment in infrastructure to US\$ 1 trillion in the 12th Five Year Plan (2012-17). The government also intends to expand the capacity of the railways and the handling and storage facilities of cement to ease the transportation and to reduce the transportation costs. These measures would lead to

increased construction activity thereby boosting the demand for cement and building products in the long term and medium term outlook brought together.

The Annual growth is expected to be 7.7%-8.0% in 2016-17 backed by a stable Government, higher business confidence and optimism of better governance. There are some signs of recovery in the overall economy. However, agriculture is likely to register low growth for the second year in a row on account of weak monsoons.

#### INDUSTRY AND COMPANY TREND

The Company's major revenue stream is from Fibre Cement business, the performance of which is directly linked to the performance of rural/semi-urban sectors of the country. As the country saw a weak monsoons for the second consecutive year, the demand from rural and semi-urban areas declined during second half of the year.

However, the Government is focused more on building sustainable India and based on recent union budget announcements, the future of the building and construction industry appears to be bright. With liberalization of FDI in some of the sectors including infrastructure, the industry is expected to perform better in the coming years which will in-turn convert into higher demand for some of the product verticals in which your Company is operating.

#### BUSINESS SEGMENT ANALYSIS

The Company's business can broadly be classified into three groups i.e. Building Product Group, Thermal Insulation Product Group and Wind Power.

##### (A) BUILDING PRODUCT GROUP consists of:

1. Fibre Cement Sheets and Coloured Steel Sheets
2. Autoclaved Aerated Concrete (AAC) Blocks / Fly Ash Bricks (Light Weight large size Bricks)
3. Building Panels (for walling/partitioning and pre-fab structures)
4. Advanced Polymer Products (APP)

**(B) THERMAL INSULATION PRODUCT GROUP**  
consists of:

Calcium Silicate Insulating Materials (for high temperature insulation)

**(C) WIND POWER**

**(A) BUILDING PRODUCT GROUP**

This segment consists of four different product groups, viz., Fibre Cement Sheets, Autoclaved Aerated Concrete Blocks, Building Panels and Advanced Polymer Products. Recently, Company ventured into Coloured Steel Sheets business to improve its product portfolio.

“Fibre Cement Sheets” continue to be the major revenue generator for the Company by contributing 74% of the Company’s Revenue. The Fibre Cement Sheet Industry witnessed spurt in demand from the beginning of the financial year anticipating good monsoon during the year. However, unseasonal rains and substantial deficit in rainfall in some parts of the country affected the momentum and the industry started witnessing dip in their volumes from second quarter of 2015-16 onwards. During the year under review, the Fibre Cement industry registered a decline of 11% as compared to growth of 10% in the last fiscal. This division achieved highest ever sales volume and production volume in the first quarter. With a clearly laid down strategy based on market/ territories, market share of your company has been retained during the year. Your Company continues to be the market leader in the Fibre Cement Roofing industry. Efforts taken by the Company in terms of optimizing production across its facilities coupled with operational efficiencies continue to yield desired results for the Company.

Another major growing product in this segment is the “Autoclaved Aerated Concrete Blocks/ Fly Ash Bricks”. The aggressive growth journey for this division continued in 2015-16. This division registered a 59% growth in volume terms during 2014-15 and 49% during 2015-16. In view of improved economic conditions, activity in this segment is gaining momentum and your Company with established brand

name “AEROCON” is geared to capitalize this momentum to its advantage. AEROCON is the preferred choice of customers in this segment due to product differentiation, cost optimization, branding and customer service. Well planned ‘Go to Market’ strategy with add on products like Thin Bed Mortar, Wall Putty helped this division to increase in market share of this product during the year. Aggressive pricing from the un-organised/ small time players continue to remain a challenge in this product category. During the year under review, your Company commercialized operations of its new plant at Thimmapur in Telangana. This facility caters to the requirements of the growing Telangana and Andhra Pradesh market where we see huge potential in view of brisk activities by the respective Governments. With non-availability of clay bricks, increased awareness among builders and consumers in switching over to “Green Products” coupled with anticipated growth in real estate sector, we expect the demand to improve significantly in the coming years.

Another product in this segment is the “Panels”. Panels are normally used for construction of prefab structures and partition walls and have been extensively used in the infrastructure sectors like power and steel plants, roadways, irrigation, airports and also in the construction of malls, schools, hospitals and colleges. This business witnessed a growth of 27% in quantity terms during the period under review. With the continued Government focus on these sectors this product vertical is also expected to do well in the current fiscal.

Another growing vertical in this product group is “Advanced Polymer Products”. This product vertical deals in cPVC and uPVC pipes and fittings, currently caters to parts of the Northern and Southern markets. New facility at Thimmapur commissioned during last quarter of last year for manufacture of pipes and fittings has stabilized and is catering to the Southern markets. This product category registered a growth of 52% in revenue terms during the year but slowed down from Q3 of 2015-16 due to industry slowdown. However, with expected growth in infrastructure

and construction industry, the demand for these products is expected to increase manifold in the coming years.

### **(B) THERMAL INSULATION PRODUCT GROUP**

This business mainly caters to the requirements of cement, fertilizer, power and petrochemicals industries. As some of these sectors are already facing excess capacity situation in certain parts of the country, there were very few new projects which came up in the year under review. 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" enjoys high customer delight and hence we should be able to increase volumes as the demand-supply situation improves.

This division has had good success in the exports front by servicing to markets in the Middle East and Far East.

### **(C) WIND POWER**

Currently your company has capacity of 9.35 MW of Wind Turbine Generators installed at different locations, viz., Gujarat, Tamil Nadu and Rajasthan. The energy generated from these projects is partly used for captive consumption at the Company's AAC Blocks manufacturing units in Gujarat and Tamil Nadu and partly sold to the electricity distribution companies in the respective states.

### **OUTLOOK FOR THE COMPANY**

With Government's constant efforts, India is expected to move into accelerated growth pace during next few years. The initiatives taken by Government in terms of reforms and policy initiatives during last year helped the country to retain its place in terms of growth momentum. Consumption from the rural and semi-urban areas of the economy continues to drive growth in the Indian economy to a large extent.

Acceleration of infrastructure projects, strong consumer spending due to lower inflation and monetary easing and gradual improvements in market sentiments would push the GDP rate higher in the years to come. However, the volatile capital flow

that may follow monetary policy normalization in the U.S. remains a downside risk. Structural reforms initiatives taken by the Government are gaining momentum. These include opening up of 120 million new bank accounts to promote access to finance and easing FDI restriction in such sectors as defence equipment, railways and construction. Also the "Make in India" initiative was launched in September 2014 to promote India as a global manufacturing hub and the Government's focus on digitalization will put India into Fast Track growth trajectory.

Infrastructure being a key driver of the economy is a major force for propelling India's overall development. As mentioned earlier, implementation of initiatives of the Government like Swatch Bharat, Own house for every citizen and Smart Cities would help the industry to register growth at a faster pace. The initiative of linking bank account to subsidy is expected to result in higher disposable income in the hands of the needy and the poor who are one of your company's core customers.

As discussed in our earlier reports, India's population is fast urbanizing and is expected to grow to 500 million (36%) of total population by 2020. As we expect, this urbanization move will generate unprecedented demand for quality real estate and infrastructure including housing which we already started seeing in some pockets of the country. The development of smart cities and other infrastructure development planned by the Government will create additional demand to your company's products like Blocks, Panels and Pipes & fittings.

With increased awareness of risks associated with the usage of "kuccha roofing" with regard to safety and health, a gradual shift in demand for better alternative products is seen. The Government's continued thrust to provide adequate shelter to the rural poor through various Government sponsored programs like "Housing for All" would help boost demand for various building products, providing a huge opportunity for your Company's "CHARMINAR" fibre cement sheets in rural and coloured steel sheets in semi urban areas.

With increased awareness/ campaign on the impact of climate change across the globe, your Company expects that the demand for its environmental

friendly products like Blocks, Panels and Pipes would go up in the years to come. Our brand "AEROCON" is positioned in the market as a premium brand and is expanding its reach. Our shift in focus towards providing "Complete building solutions" by adding few complementary products in the basket helped the customers to use our products more efficiently. Moreover, our core technical support teams ensure that the customers are at ease by working with them closely for efficient usage of our products.

Your Company's efforts to position itself as a "Complete building solution provider" with superior and consistent quality and service levels have evoked a good response from the market. The Company is also contemplating on expanding its product portfolio to further increase its presence in the segment.

### RESEARCH AND DEVELOPMENT

We are committed to investing in world-class technology development, particularly on environment friendly Green Building Products. The Research and Development ("R&D") Centre of the Company is continuously evolving into a vibrant place with the research work progressing in several areas. Our continuous efforts on R&D activities with focus 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 have given the Company good results.

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 teams for developing energy efficient and pollution free processes, new application development, variants in products, business continuity, cost reduction and enhancement in product quality.

### RISKS

Your Company has a 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 risks broadly into two categories, viz., External Risks and Internal Risks. The external risks mainly comprises of business risks on various fronts. The identified business risks and opportunities are deliberated in detail and thereafter considered in the business plan of the Company along with the mitigation plan. The internal risks identified by the committee are systematically addressed on a continuous basis across the locations. These findings are discussed with both the Management Committee and the Audit Committee.

The Company's major revenue generator, viz., Fibre Cement Sheet has direct correlation with the GDP growth of the country. Agricultural growth in India largely depends on monsoon and weather conditions across the country. The uncertain weather conditions affect the growth of the sector to a large extent.

Major raw materials used in our products are OPC cement, fibre, fly-ash, and lime. Cement, being a seasonal commodity product, high volatility in its pricing is experienced during different seasons and its availability becomes a constraint in some of the regions. As the capacity of the cement industry has increased in the last couple of years, this risk 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 production pattern adversely.

Constraint in supply of Fibre due to closure of certain mines across the world has resulted in increased dependency on limited supply sources. In view of long association with these vendors, your Company secures its requirements to a maximum extent thereby ensuring availability of fibre as per business requirement. With focused thrust on R&D, your Company could continuously reduce the fibre content over the years considerably which is helping the Company to overcome this risk to a great extent. Pricing and supply of fly-ash, another key raw material is expected to remain in a range and not have any major adverse impact on the cost of production.



Asbestos Cement Products Manufacturing Association ("ACPM") and Asbestos Information Centre ("AIC"), nodal agencies promoted by the Indian Manufactures are advocating safe/controlled use through different forums which has created good awareness among the users of the products and the public at large.

### **INTERNAL FINANCIAL CONTROL SYSTEMS**

The Company has comprehensive internal financial 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. The internal financial 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 the audit committee reviews the observations of the Internal Audit critically. 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. IT has been playing an important role in strengthening the information framework supplemented with in-time MIS, thereby helping business growth with the desired speed.

Recently, your Company re-implemented SAP in order to equip and upgrade ourselves with the current requirements of the market and for organizational restructuring. These tools have helped us in paving a solution roadmap for all our independent product groups and in streamlining their respective workflow focusing customer delivery/ satisfaction and effective customer interaction.

With the objective to build a robust and secured information network without compromising on the information availability to business stakeholders, we have initiated few digital technologies to improve the process efficiencies in the areas of Human Resource Management & Customer Relations Management.

For strengthening and enhancing the IT support service levels, both Application & Infra endorse our endeavours in line with the business transformation initiatives.

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

People are our most valuable asset and your Company places the engagement, development and retention of talent as its highest priority, to enable achievement of organisational vision. Your Company is committed to the welfare and career growth of its people. The Company has automated few of the HR processes to make them more robust. The recruitment is totally aligned to attract best quality & diversified Talent. Last financial year, the management focused on creating a framework for Talent to develop them into high performing individuals through focused leadership programs coupled with 'Break Through Projects' and 'Action Learning Projects'. 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 co-operation, confidence and respect duly recognizing the rights of the workers. A very rigorous labour law compliance mechanism is in place to help us run our businesses in the most ethical manner.

As on 31st March 2016, the Company had 1677 employees.

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

The Company believes that a clean environment in and around the work place fosters health and prosperity for individuals, groups 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, environment pollution and health hazards. The Pollution control equipment installed in our Plants ensures achievement of internationally acclaimed practices which are recommended to be followed elsewhere in the world. The Company's policies give highest priority to safety, both occupational and general health of employees, and on 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

**CK BIRLA**

Chairman

(DIN 00118473)

New Delhi, 5<sup>th</sup> May 2016

## Annexure (II) Details of Related Party Transactions

### Form No. AOC-2

#### (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto.

- There are no contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 which are not at arms' length basis.
- Contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 which are at arms' length basis:

| S. No. | Name(s) of the related party and nature of relationship (A)  | Nature of contracts / arrangements / transactions (B)                   | Duration of the contracts / arrangements / transactions (C) | Salient terms of the contracts or arrangements or transactions including the value, if any (D)   | Date(s) of approval by the Board, if any (E) | Amount paid as advances, if any (F) |
|--------|--|---|---|--|--|-------------------------------------|
| 1      | <b>Orient Cement Limited</b> (Director is a Director of the Company and holds more than 2% of the Share Capital)   | 1. Sale of Goods<br>2. Maintenance<br>3. Receipt of Rent & property Tax | 01-04-2015 to 31-03-2016                                    | 1. Sale of Goods – ₹ 6.78 lacs<br>2. Receipt of Rent & property Tax – ₹ 73.65 lacs<br>3. Maintenance – ₹ 1.44 lacs<br>Total = ₹ 81.89 lacs | NA   | Nil                                 |
| 2      | <b>Orient Paper &amp; Industries Limited</b> (Director is a Director of the Company and holds more than 2% of the Share Capital)                               | 1. Sale of Goods<br>2. Maintenance<br>3. Receipt of Rent & property Tax | 01-04-2015 to 31-03-2016                                    | 1. Sale of Goods – ₹ 2.40 lacs<br>2. Receipt of Rent & property Tax – ₹ 59.44 lacs<br>3. Maintenance – ₹ 1.16 lacs<br>Total = ₹ 63.01 lacs | NA   | Nil                                 |
| 3      | <b>Orient Electric - Division of Orient Paper &amp; Industries Limited</b> (Director is a Director of the Company and holds more than 2% of the Share Capital) | 1. Purchase of Goods  | 01-04-2015 to 31-03-2016                                    | 1. Sale of Goods – ₹ 14.20 lacs  | NA   | Nil                                 |

#### Note:

- As per the provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and erstwhile Clause 49 of Listing Agreements entered with Stock Exchanges, none of the above mentioned transactions were material in nature and all the transaction are in accordance with the ominous approval of the Audit Committee granted on 30th July, 2015.



### Annexure (III) Annual Report on Corporate Social Responsibility (CSR) activities

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

To actively contribute to the social and economic development of the communities in which we operate and in the process, build a better, sustainable way of life for the weaker sections of society, and to contribute effectively towards inclusive growth and raise the country's human development index.

Our projects mainly focus on education, healthcare, sustainable livelihood, infrastructure development and social reform, epitomising a holistic approach to inclusive growth.

The Board of Directors have adopted a CSR Policy in line with the section 135 of the Companies Act, 2013.

The Company's CSR policy can be accessed on <http://hil.in/investors/codes-policies/>.

2. Composition of the CSR Committee:

| S. No. | Name                     | Designation and Category        |
|--------|--------------------------|---------------------------------|
| 1      | Mr Desh Deepak Khetrapal | Chairman-Non Executive Director |
| 2      | Mr Yash Paul             | Member-Independent Director     |
| 3      | Mrs Gauri Rasgotra       | Member-Independent Director     |

3. Average net profit of the Company for last three financial years:

Average net profit: ₹ 6374 lacs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company is required to spend: ₹ 12748 lacs towards CSR

5. Details of CSR spent during the financial year:

- a) Total amount spent for the financial year: ₹ 168.27 lacs (Represents an amount of ₹ 12748 lacs for the financial year 2015-16 and balance ₹ 40.79 lacs spent towards unspent amount pertaining to the financial year 2014-15 carried forward).

## b) Manner in which the amount spent during the financial year is detailed below:

| S. No. | Sector   | Projects/Activities  | Locations Dist ricts (State) | Amount Outlay (budget) Project or Programs wise ₹ lacs | Amount Spent on the Project or Programs ₹ lacs | Cumulative expenditure upto reporting period | Amount spent: Direct or through implementing agency*  |
|--------|--|--|------------------------------|--|--|--|---|
| 1      | Promotion of Education (Clause ii of Schedule VII of Companies Act, 2013)                      | Providing primary education to children of weaker section of the society                     | Delhi                        | 50.00  | 50.00  | 50.00  | Through Lala Sher Singh Memorial JeevanVigyan Trust Society (Registered & eligible Society) |
|        |  | Providing higher education to children/ youth of weaker section of the society               | Ghaziabad                    | 50.00  | 50.00  | 100.00                                       | Through Mangalam Edu Gate (Registered & eligible Society)                                   |
|        |  | Development of Govt. Primary & High School   | Hyderabad                    | 13.50  | 11.05  | 111.05                                       | Through Abhaya Foundation (Registered & eligible Society)                                   |
|        |  | Building construction (Training) for Association of Mentally Handicapped Adults, a regd. NGO | Thrissur                     | 3.00   | 3.00   | 114.05                                       | Directly by Company   |
|        |  | Drinking Facilities & Computers for Govt. Girls High School                                  | Faridabad                    | 3.60   | 3.54   | 117.59                                       | Directly by Company   |
|        |  | Providing infrastructure facilities for children's high school managed by Trust/Society      | Balasore                     | 1.50   | 1.42   | 119.01                                       | Directly by Company   |
|        |  | Renovation of Sanitation facilities at Govt School   | Wada                         | 2.00   | 2.00   | 121.01                                       | Directly by Company   |
|        |  | Construction of Library at Govt. School  | Sathariya                    | 7.00   | 7.38   | 128.39                                       | Directly by Company   |
| 2      | Eradication Hunger, Poverty Alleviation etc. (Clause i of Schedule VII of Companies Act, 2013) | Eradicating malnutrition & hunger in tribal villages   | Wada                         | 2.00   | 2.00   | 130.39                                       | Directly by Company   |
|        |  | Sanitation facilities & Swach Bharat activities remotely located school.                     | Thrissur                     | 2.00   | 2.00   | 132.39                                       | Directly by Company   |
|        |  | Vehicles for disposal of garbage and Swach Bharat activities                                 | Kondapalli                   | 10.00  | 9.82   | 142.21                                       | Directly by Company   |
|        |  | Construction of kitchen/dining hall in ZP boys high school                                   | Kondapalli                   | 2.00   | 3.11   | 145.32                                       | Directly by Company   |
|        |  | Aahaar scheme for food to needy people   | Balasore                     | 9.00   | 9.00   | 154.32                                       | Directly by Company   |

| S. No. | Sector  | Projects/Activities  | Locations Districts (State) | Amount Outlay (budget) Project or Programs wise ₹ lacs | Amount Spent on the Project or Programs ₹ lacs | Cumulative expenditure upto reporting period | Amount spent: Direct or through implementing agency* |
|--------|---|--|-----------------------------|--|--|--|--|
| 3      | Orphanages, Old age homes, Gender Equality etc. (Clause iii of Schedule VII of Companies Act, 2013) | Infrastructure facilities at old age home                                      | Faridabad                   | 2.50   | 2.26   | 156.58                                       | Directly by Company                                  |
| 4      | Environment Protection (Clause iv of Schedule VII of Companies Act, 2013)                           | Tree plantation outside factory, including fencing, for environment protection | Balasore                    | 3.50   | 2.59   | 159.17                                       | Directly by Company                                  |
|        |   | Forestry, tree plantation & env. protection activities                         | Wada                        | 2.00   | 2.00   | 161.17                                       | Directly by Company                                  |
| 5      | Rural Sports Training (Clause vii of Schedule VII of Companies Act, 2013)                           | Part Sponsorship of "27th East Zone Junior National Athletics Meet" - Deoghar  | Jasidih                     | 1.00   | 1.00   | 162.17                                       | Directly by Company                                  |
| 6      | Rural Development (Clause xi of Schedule VII of Companies Act, 2013)                                | Chennai Floods   | Chennai                     | 6.00   | 6.10   | 168.27                                       | Directly by Company and Abhaya Foundation            |

\*Details of the Implementing Agencies.

6. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the company.

|   |   |
|---|---|
| <b>Mr CK Birla</b><br>(DIN 00118473)<br>Chairman- Board of Directors<br>5 <sup>th</sup> May, 2016 | <b>Mr Desh Deepak Khetrapal</b><br>(DIN 02362633)<br>Chairman- CSR Committee<br>5 <sup>th</sup> May, 2016 |
|---|---|

## Annexure (IV) Form No. MR-3

### SECRETARIAL AUDIT REPORT

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016

To,  
The Members  
HIL Limited  
Hyderabad

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s HIL Limited, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:
  - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

- (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
  - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
3. The industry specific major law that is applicable to the company is Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 under the Environment (Protection) Act, 1986.
  4. We have also examined compliance with the applicable clauses of the following:
    - (a) Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited
    - (b) Secretarial Standards issued by the Institute of Company Secretaries of India

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent

Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken any event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

For **P S Rao & Associates**  
Company Secretaries

Place : Hyderabad  
Date : 26<sup>th</sup> April 2016

**N Vanitha**  
Company Secretary  
C P No: 10573

## Annexure (V) Extract of Annual Return

### EXTRACT OF ANNUAL RETURN

**As on the financial year ended 31<sup>st</sup> March 2016**

*[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

### FORM NO. MGT – 9

#### I. REGISTRATION AND OTHER DETAILS:

|   |  |
|---|--|
| CIN   | L74999TG1955PLC000656  |
| Registration Date   | 17.06.1946   |
| Name of the Company   | HIL Limited  |
| Category / Sub-Category of the Company                                    | Public Company having share capital  |
| Address of the Registered office and contact details                      | L7 Floor, SLN Terminus, Sy. No.133, Gachibowli, Hyderabad -500 032, Telangana.<br>Tel: 040-30999000/189                              |
| Whether listed company  | Yes  |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Venture Capital and Corporate investments Private Limited.<br>12-10-167, Bharat Nagar, Hyderabad – 500 018<br>Tel: 040-23818475 / 76 |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 01      | Fibre Cement Sheets                              | 23954                            | 74%                                |
| 02      | Fly Ash Bricks (AAC Blocks)                      | 23952                            | 12%                                |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES:

| Sl. No. | Name and Address of the Company  | CIN/GIN         | Holding/ Subsidiary/ Associate    | %of shares held | Applicable Section |
|---------|--|-----------------|-----------------------------------|-----------------|--------------------|
| 1       | Supercor Industries Limited,<br>5 Ashaka Close, Industrial Estate,<br>P.O. Box 51, Bauchi, Nigeria | Foreign Company | Associate Company (Joint Venture) | 33%             | 2(6)               |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Share Holding

| Category code | Category of Shareholders  | No. of Shares held at the beginning of the year (01.04.2015) |          |         |                   | No. of Shares held at the end of the year (31.03.2016) |          |         |                   | % Change during the year |
|---------------|---|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
|               |   | Demat  | Physical | Total   | % of Total Shares | Demat  | Physical | Total   | % of Total Shares |                          |
| (A)           | Promoter and Promoter Group   |  |          |         |                   |  |          |         |                   |                          |
| 1             | Indian  |  |          |         |                   |  |          |         |                   |                          |
|               | Individuals/ Hindu Undivided Family                                   | 51376  | 0        | 51376   | 0.69              | 51376  | 0        | 51376   | 0.69              | -                        |
| (b)           | Central Government/ State Government(s)                               | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (c)           | Bodies Corporate  | 3007836  | 0        | 3007836 | 40.31             | 3007836  | 0        | 3007836 | 40.31             | -                        |
| (d)           | Financial Institutions/ Banks   | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (e)           | Any Other (specify)   | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
|               | Sub-Total (A)(1)  | 3059212  | 0        | 3059212 | 40.99             | 3059212  | 0        | 3059212 | 40.99             | -                        |
| 2             | Foreign   |  |          |         |                   |  |          |         |                   |                          |
| (a)           | Individuals (Non-Resident Individuals/ Foreign Individuals)           | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (b)           | Bodies Corporate  | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (c)           | Institutions  | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (d)           | Qualified Foreign Investor  | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (e)           | Any Other (Specify)   | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
|               | Sub-Total (A)(2)  | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
|               | Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2) | 3059212  | 0        | 3059212 | 40.99             | 3059212  | 0        | 3059212 | 40.99             | -                        |
| (B)           | Public Shareholding   |  |          |         |                   |  |          |         |                   |                          |
| 1             | Institutions  |  |          |         |                   |  |          |         |                   |                          |
| (a)           | Mutual Funds/ UTI   | 45593  | 486      | 46079   | 0.62              | 86206  | 486      | 86692   | 1.16              | (0.54)                   |
| (b)           | Financial Institutions/ Banks   | 8817   | 4525     | 13342   | 0.18              | 19203  | 4525     | 23728   | 0.32              | (0.14)                   |
| (c)           | Central Government/ State Government(s)                               | 305552   | 0        | 305552  | 4.09              | 305552   | 0        | 305552  | 4.09              | -                        |
| (d)           | Venture Capital Funds   | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (e)           | Insurance Companies   | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (f)           | Foreign Institutional Investors                                       | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (g)           | Foreign Venture Capital Investors                                     | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |

| Category code | Category of Shareholders  | No. of Shares held at the beginning of the year (01.04.2015) |          |         |                   | No. of Shares held at the end of the year (31.03.2016) |          |         |                   | % Change during the year |
|---------------|---|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
|               |   | Demat  | Physical | Total   | % of Total Shares | Demat  | Physical | Total   | % of Total Shares |                          |
| (h)           | Qualified Foreign Investor  | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (i)           | Any Other (specify)   | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
|               | Sub-Total (B)(1)  | 359962   | 5011     | 364973  | 4.89              | 410961   | 5011     | 415972  | 5.57              | (0.68)                   |
| <b>B 2</b>    | <b>Non-Institutions</b>   |  |          |         |                   |  |          |         |                   |                          |
| (a)           | Bodies Corporate  | 808609   | 2222     | 810831  | 10.87             | 545886   | 2122     | 548008  | 7.34              | 3.52                     |
| (b)           | Individuals   |  |          |         |                   |  |          |         |                   |                          |
| I             | i. Individual shareholders holding nominal share capital up to ₹ 1 lacs.          | 2173107  | 132904   | 2306011 | 30.90             | 2356940  | 127870   | 2484810 | 33.30             | (2.40)                   |
| II            | ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lacs.  | 639502   | 0        | 639502  | 8.57              | 402543   | 0        | 402543  | 5.39              | 3.18                     |
| (c)           | Qualified Foreign Investor  | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (d)           | Foreign Body Corporate  | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
| (d1)          | Clearing Members  | 76282  | 0        | 76282   | 1.02              | 41040  | 0        | 41040   | 0.55              | 0.47                     |
| (d2)          | NRI   | 82452  | 0        | 82452   | 1.10              | 112578   | 0        | 112578  | 1.51              | (0.40)                   |
| (d3)          | OCB's   | 123200   | 0        | 123200  | 1.65              | 398300   | 0        | 398300  | 5.34              | (3.69)                   |
| (d4)          | Trust   | 100  | 0        | 100     | 0.00              | 100  | 0        | 100     | 0.00              | (0.00)                   |
| (d5)          | GDR   | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
|               | Sub-Total (B)(2)  | 3903252  | 135126   | 4038378 | 54.11             | 3857387  | 129992   | 3987379 | 53.43             | 0.68                     |
|               | Total Public Shareholding (B) = (B1 + B2)   | 4263214  | 140137   | 4403351 | 59.00             | 4268348  | 135003   | 4403351 | 59.01             | (0.00)                   |
|               | TOTAL (A) + (B)   | 7322426  | 140137   | 7462563 | 100.00            | 7327560  | 135003   | 7462563 | 100.00            | (0.00)                   |
| (C)           | Shares held by Custodians and against which Depository Receipts have been issued. | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
|               | Sub-Total (C)   | 0  | 0        | 0       | 0.00              | 0  | 0        | 0       | 0.00              | -                        |
|               | GRAND TOTAL (A)+(B)+(C)   | 7322426  | 140137   | 7462563 | 100.00            | 7327560  | 135003   | 7462563 | 100.00            | (0.00)                   |



## ii. Shareholding of Promoters

| Shareholders Name                          | Shareholding at the end of the year<br>(01.04.2015) |   |  | Shareholding at the end of the<br>year (31.03.2016) |   |  | % change in<br>sharehold-<br>ing during<br>the year |
|--|---|---|--|---|---|--|---|
|  | No. of<br>Shares                                    | % of total<br>shares<br>of the<br>Company | % of Shares<br>Pledged<br>/ encum-<br>bered to<br>total shares | No. of<br>Shares                                    | % of total<br>shares<br>of the<br>Company | % of Shares<br>Pledged<br>/ encum-<br>bered to<br>total shares |   |
| Amer Investments (Delhi) Limited           | 308763  | 4.14                                      | -  | 308763  | 4.14                                      | -  | -   |
| Ashok Investment Corporation Limited       | 317743  | 4.26                                      | -  | 317743  | 4.26                                      | -  | -   |
| Central India Industries Limited           | 1074634   | 14.4                                      | -  | 1074634   | 14.4                                      | -  | -   |
| CK Birla                                   | 51376   | 0.69                                      | -  | 51376   | 0.69                                      | -  | -   |
| Gwalior Finance Corporation Limited        | 96200   | 1.29                                      | -  | 96200   | 1.29                                      | -  | -   |
| Hitaishi Investments Limited               | 67066   | 0.9                                       | -  | 67066   | 0.9                                       | -  | -   |
| Hyderabad Agencies Private Limited         | 4100  | 0.05                                      | -  | 4100  | 0.05                                      | -  | -   |
| Orient Paper And Industries Limited        | 906360  | 12.15                                     | -  | 906360  | 12.15                                     | -  | -   |
| Ranchi Enterprises And Properties Limited  | 4500  | 0.06                                      | -  | 4500  | 0.06                                      | -  | -   |
| Shekhavati Investments And Traders Limited | 224470  | 3.01                                      | -  | 224470  | 3.01                                      | -  | -   |
| Universal Trading Company Limited          | 4000  | 0.05                                      | -  | 4000  | 0.05                                      | -  | -   |
| <b>TOTAL</b>                               | <b>3059212</b>                                      | <b>40.99</b>                              | <b>-</b>   | <b>3059212</b>                                      | <b>40.99</b>                              | <b>-</b>   | <b>-</b>  |

## iii. Change in Promoters' Shareholding

|   | Shareholding at the beginning<br>of the year |  | Cumulative Shareholding<br>during the year |  |
|---|--|--|--|--|
|   | No. of Shares                                | % of total<br>shares of the<br>Company | No. of Shares                              | % of total<br>shares of the<br>Company |
| At the beginning of the year  | 3059212                                      | 40.99                                  | 3059212                                    | 40.99                                  |
| Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | No change during the year                    |  |  |  |
| At the end of the year  | 3059212                                      | 40.99                                  | 3059212                                    | 40.99                                  |

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | Name                                 | Shareholding  |                                  | Date      | Increase/Decrease in Shareholding | Reason                       | Cumulative Shareholding during the Year (01-04-2015 to 31-03-2016) |                                  |
|---------|--------------------------------------|---|----------------------------------|-----------|-----------------------------------|------------------------------|--|----------------------------------|
|         |                                      | No. of Shares at the beginning (03-04-2015)/ end of the Year (31-03-2016) | % of total shares of the Company |           |                                   |                              | No. of Shares  | % of total shares of the Company |
| 1       | GOVERNOR OF ANDHRA PRADESH           | 305552  | 4.09                             | 03-Apr-15 |                                   | Nil Movement during the year |  |                                  |
|         |                                      | 305552  | 4.09                             | 31-Mar-16 |                                   |                              | 305552   | 4.09                             |
| 2       | FINQUEST SECURITIES PVT. LIMITED     | 250000  | 3.35                             | 03-Apr-15 |                                   | Nil Movement during the year |  |                                  |
|         |                                      | 250000  | 3.35                             | 31-Mar-16 |                                   |                              | 250000   | 3.35                             |
| 3       | MOHAN GUPTA                          | 74000   | 0.99                             | 03-Apr-15 |                                   |                              |  |                                  |
|         |                                      |   |                                  | 31-Dec-15 | -1255                             | Sale / Transfer              | 72745  | 0.97                             |
|         |                                      |   |                                  | 01-Jan-16 | -780                              | Sale / Transfer              | 71965  | 0.96                             |
|         |                                      |   |                                  | 08-Jan-16 | -1965                             | Sale / Transfer              | 70000  | 0.94                             |
|         |                                      |   |                                  | 22-Jan-16 | -5000                             | Sale / Transfer              | 65000  | 0.87                             |
|         |                                      |   |                                  | 29-Jan-16 | -3000                             | Sale / Transfer              | 62000  | 0.83                             |
|         |                                      |   |                                  | 05-Feb-16 | -2000                             | Sale / Transfer              | 60000  | 0.80                             |
|         |                                      |   |                                  | 12-Feb-16 | -5000                             | Sale / Transfer              | 55000  | 0.74                             |
|         |                                      |   |                                  | 19-Feb-16 | -5000                             | Sale / Transfer              | 50000  | 0.67                             |
|         |                                      | 50000   | 0.67                             | 31-Mar-16 |                                   |                              | 50000  | 0.67                             |
| 4       | MINAL BHARAT PATEL                   | 70306   | 0.94                             | 03-Apr-15 |                                   | Nil Movement during the year |  |                                  |
|         |                                      | 70306   | 0.94                             | 31-Mar-16 |                                   |                              | 70306  | 0.94                             |
| 5       | ASIF ALLADIN AAMIR ALLADIN           | 64140   | 0.86                             | 03-Apr-15 |                                   | Nil Movement during the year |  |                                  |
|         |                                      | 64140   | 0.86                             | 31-Mar-16 |                                   |                              | 64140  | 0.86                             |
| 6       | M/S. EDZER LIMITED                   | 61000   | 0.82                             | 03-Apr-15 |                                   | Nil Movement during the year |  |                                  |
|         |                                      | 61000   | 0.82                             | 31-Mar-16 |                                   |                              | 61000  | 0.82                             |
| 7       | M/S. R. R. BAMFIELD INVESTMENTS LTD. | 61000   | 0.82                             | 03-Apr-15 |                                   | Nil Movement during the year |  |                                  |
|         |                                      | 61000   | 0.82                             | 31-Mar-16 | 0                                 |                              | 61000  | 0.82                             |
| 8       | SAROSH .S.PARAKH                     | 58000   | 0.78                             | 03-Apr-15 |                                   |                              |  |                                  |
|         |                                      |   |                                  | 24-Apr-15 | -6300                             | Sale / Transfer              | 51700  | 0.69                             |
|         |                                      |   |                                  | 03-Jul-15 | -30000                            | Sale / Transfer              | 21700  | 0.29                             |
|         |                                      | 21700   | 0.29                             | 31-Mar-16 |                                   |                              | 21700  | 0.29                             |

| Sl. No. | Name   | Shareholding  |                                  | Date      | Increase/Decrease in Shareholding | Reason                       | Cumulative Shareholding during the Year (01-04-2015 to 31-03-2016) |                                  |
|---------|--|---|----------------------------------|-----------|-----------------------------------|------------------------------|--|----------------------------------|
|         |  | No. of Shares at the beginning (03-04-2015)/ end of the Year (31-03-2016) | % of total shares of the Company |           |                                   |                              | No. of Shares  | % of total shares of the Company |
| 9       | BHARAT JAYANTILAL PATEL                                      | 53026   | 0.71                             | 03-Apr-15 |                                   |                              |  |                                  |
|         |  |   |                                  | 10-Apr-15 | 228                               | Purchase                     | 53254  | 0.71                             |
|         |  |   |                                  | 31-Jul-15 | -22461                            | Sale / Transfer              | 30793  | 0.41                             |
|         |  | 30793   | 0.41                             | 31-Mar-16 |                                   |                              | 30793  | 0.41                             |
| 10      | SHRI JAGANNATH EDUCATIONAL INSTITUTE                         | 50000   | 0.67                             | 03-Apr-15 |                                   |                              |  |                                  |
|         |  |   |                                  | 31-Mar-16 |                                   | Nil Movement during the year | 50000  | 0.67                             |
| 11      | HYPNOS FUND LIMITED  | 0   | 0.00                             | 03-Apr-15 |                                   |                              |  |                                  |
|         |  |   |                                  | 11-Dec-15 | 72000                             | purchase                     | 72000  | 0.96                             |
|         |  |   |                                  | 18-Dec-15 | 78000                             | purchase                     | 150000   | 2.01                             |
|         |  |   |                                  | 15-Jan-16 | 100000                            | purchase                     | 250000   | 3.35                             |
|         |  |   |                                  | 31-Mar-16 |                                   |                              | 250000   | 3.35                             |
| 12      | RUCHIT BHARAT PATEL<br>HARDIK BHARAT PATEL                   | 30101   | 0.40                             | 03-Apr-15 |                                   |                              |  |                                  |
|         |  |   |                                  | 12-Jun-15 | 5000                              | purchase                     | 35101  | 0.47                             |
|         |  |   |                                  | 04-Mar-16 | -34601                            | Sale / Transfer              | 500  | 0.01                             |
|         |  |   |                                  | 11-Mar-16 | 35101                             | purchase                     | 35601  | 0.48                             |
|         |  |   |                                  | 31-Mar-16 | 124703                            | purchase                     | 160304   | 2.15                             |
|         |  |   |                                  | 31-Mar-16 |                                   |                              | 160304   | 2.15                             |
| 13      | RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND | 0   | 0.00                             | 03-Apr-15 |                                   |                              |  |                                  |
|         |  |   |                                  | 10-Jul-15 | 42880                             | purchase                     | 42880  | 0.57                             |
|         |  |   |                                  | 23-Jul-15 | 4352                              | purchase                     | 47232  | 0.63                             |
|         |  |   |                                  | 31-Jul-15 | 9366                              | Sale / Transfer              | 56598  | 0.76                             |
|         |  |   |                                  | 28-Aug-15 | 5000                              | purchase                     | 61598  | 0.83                             |
|         |  |   |                                  | 11-Sep-15 | 24015                             | purchase                     | 85613  | 1.15                             |
|         |  |   |                                  | 31-Mar-16 |                                   |                              | 85613  | 1.15                             |
| 14      | ACIRA CONSULTANCY PRIVATE LIMITED                            | 0   | 0.00                             | 03-Apr-15 |                                   |                              |  |                                  |
|         |  |   |                                  | 31-Mar-16 | 84000                             | purchase                     | 84000  | 1.13                             |
|         |  |   |                                  | 31-Mar-16 |                                   |                              | 84000  | 1.13                             |

**v. Shareholding of Directors & Key Managerial Personnel**

| For Each of the Director and KMP | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----------------------------------|---|----------------------------------|---|----------------------------------|
|                                  | No. of Shares                             | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| Mr CK Birla                      | 51,376                                    | 0.69                             | 51,376                                  | 0.69                             |
| Mr Prashant Vishnu Vatkar        | -   | -                                | -                                       | -                                |
| Mr Desh Deepak Khetrpal          | -   | -                                | -                                       | -                                |
| Mr P Vaman Rao                   | -   | -                                | -                                       | -                                |
| Mr Yash Paul                     | -   | -                                | -                                       | -                                |
| Mr Gauri Rasgotra                | -   | -                                | -                                       | -                                |
| Mr K R Veerappan                 | -   | -                                | -                                       | -                                |
| Mr G Manikandan                  | -   | -                                | -                                       | -                                |

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In lacs)

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | 7145.30                          | 4893.15         | -        | 12038.45           |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>TOTAL (i+ii+iii)</b>                                    | <b>7145.30</b>                   | <b>4893.15</b>  | <b>-</b> | <b>12038.45</b>    |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| Addition   | 6830.50                          | -               | -        | 6830.50            |
| Reduction  | -                                | 3096.79         | -        | 3096.79            |
| <b>Net Change</b>  | <b>6830.50</b>                   | <b>3096.79</b>  | <b>-</b> | <b>3733.71</b>     |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | 13975.80                         | 1795.22         | -        | 15771.02           |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | 1.14            | -        | 1.14               |
| <b>TOTAL (i+ii+iii)</b>                                    | <b>13975.80</b>                  | <b>1796.36</b>  | <b>-</b> | <b>15772.16</b>    |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### a) Remuneration of Managing Director

(₹ In lacs)

| Sr. No. | Particulars of Remuneration   | Mr Prashant Vishnu Varkar Managing Director* |
|---------|---|--|
|         | Gross Salary  |  |
| 1       | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 179.92                                       |
|         | (b) Value of perquisites under Section 17(2) Income Tax Act, 1961                   | 0.29   |
|         | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961              | -  |
| 2       | Stock Options   | -  |
| 3       | Sweat Equity  | -  |
| 4       | Commission  | -  |
|         | - as % of profit  | -  |
|         | - Others, specify....   | -  |
| 5       | Others, please specify  | -  |
|         | a) Employers contribution to PF   | 9.55   |
|         | <b>TOTAL (A)</b>  | <b>189.76</b>                                |
|         | Ceiling Limit as per the Act  | 317.50                                       |

\* Appointed w.e.f 20th April 2015

### b) Remuneration of Other Directors

(₹ In lacs)

| S. No        | Name of Directors       | Category               | Particulars of Remuneration |              |                       | Total Amount  |
|--------------|-------------------------|------------------------|-----------------------------|--------------|-----------------------|---------------|
|              |                         |                        | Sitting Fees                | Commission   | Other, please specify |               |
| 1            | Mr CK Birla             | Non-Executive Director | 3.50                        | 25.00        | -                     | 28.50         |
| 2            | Mr Desh Deepak Khetrpal | Non-Executive Director | 9.50                        | 17.50        | -                     | 27.00         |
| 3            | Mr P Vaman Rao          | Independent Director   | 7.00                        | 6.50         | -                     | 13.50         |
| 4            | Mr Yash Paul            | Independent Director   | 11.50                       | 6.50         | -                     | 18.00         |
| 5            | Mrs Gauri Rasgotra      | Independent Director   | 10.00                       | 6.50         | -                     | 16.50         |
| <b>TOTAL</b> |                         |                        | <b>41.50</b>                | <b>62.00</b> | <b>-</b>              | <b>103.50</b> |

**c) Remuneration to Key Managerial Personnel other than Managing Director**

| Particulars of Remuneration   | Mr KR Veerappan         | Mr G Manikandan*                         | P Rajesh Kumar Jain^ | Total Amount<br>(In ₹ Lacs) |
|---|-------------------------|--|----------------------|-----------------------------|
|   | Chief Financial Officer | Company Secretary & Financial Controller | Company Secretary    |                             |
| Gross Salary  |                         |  |                      |                             |
| (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 112.21                  | 18.32                                    | 9.89                 | 140.42                      |
| (b) Value of perquisites under Section 17(2) Income Tax Act, 1961                   | -                       | -  | -                    | -                           |
| (c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961               | -                       | -  | -                    | -                           |
| Stock Options   | -                       | -  | -                    | -                           |
| Sweat Equity  | -                       | -  | -                    | -                           |
| Commission  | -                       | -  | -                    | -                           |
| - as % of profit  | -                       | -  | -                    | -                           |
| Others, please specify  | -                       | -  | -                    | -                           |
| (a) Gratuity  | -                       | -  | 1.79                 | 1.79                        |
| (b) Employer's PF Contribution  | 4.49                    | 0.92                                     | 0.34                 | 5.75                        |
| Total (C)   | 116.7                   | 19.24                                    | 12.02                | 147.96                      |

\* Mr G Manikandan was appointed as Company Secretary w.e.f 19th August, 2015

^ Mr P Rajesh Kumar Jain resigned as Company Secretary w.e.f 18th August, 2015

**VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:**

|   | Type                      | Section of the Companies Act | Brief Description | Details of Penalty /Punishment/ Compounding fees imposed | Authority [RD/ NCLT/ COURT] | Appeal made, if any (give Details) |
|---|---------------------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| A | COMPANY                   | None                         |                   |  |                             |                                    |
|   | Penalty                   |                              |                   |  |                             |                                    |
|   | Punishment                |                              |                   |  |                             |                                    |
|   | Compounding               |                              |                   |  |                             |                                    |
| B | DIRECTORS                 | None                         |                   |  |                             |                                    |
|   | Penalty                   |                              |                   |  |                             |                                    |
|   | Punishment                |                              |                   |  |                             |                                    |
|   | Compounding               |                              |                   |  |                             |                                    |
| C | OTHER OFFICERS IN DEFAULT | None                         |                   |  |                             |                                    |
|   | Penalty                   |                              |                   |  |                             |                                    |
|   | Punishment                |                              |                   |  |                             |                                    |
|   | Compounding               |                              |                   |  |                             |                                    |

## ANNEXURE (VI) DISCLOSURE OF ESOS

Disclosure pursuant to Section 62 of the Companies Act, 2013 read with rules made there under and SEBI (Share Based Employee Benefits) Regulations, 2014 regarding stock options.

| S. No | Description   | HIL ESOS 2015   |
|-------|---|---|
| 01    | Date of Shareholders Approval   | 30th July, 2015   |
| 02    | Total number of options granted   | 84,200  |
| 03    | Vesting Requirements  | <ul style="list-style-type: none"> <li>- 40% of the Granted Options on completion of 3years from the date of Grant.</li> <li>- 60% of the Granted Options on completion of 4years from the date of Grant.</li> </ul>  |
| 04    | The pricing formula/Exercise Price  | Fair Value and the options have been granted at 620/- per option (Exercise Price) during FY 2015-16.  |
| 05    | Maximum Term of Options Granted   | 4years  |
| 06    | Options Vested up to 31st March, 2016   | Nil   |
| 07    | Options exercised up to 31st March, 2016  | Nil   |
| 08    | Options lapsed up to 31st March, 2016   | 9100 Options granted to an employee were transferred lapsed and reverted back into the pool on account of resignation of an employee  |
| 09    | Total number of shares arising as a result of exercise of option  | There were no exercise made during the year.  |
| 10    | Variations of terms of options  | Nil   |
| 11    | Details of options granted to Key Managerial Personnel  | <ul style="list-style-type: none"> <li>- Mr Prashant Vishnu Vatar: 32350</li> <li>- Mr KR Veerappan : 11600</li> </ul>  |
| 12    | Total number of options in force as at 31st March, 2016   | 75100 granted to Employees and 9100 un-granted lying in the pool.   |
| 13    | Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year  | <ul style="list-style-type: none"> <li>- Mr V Jayachandran: 11400</li> <li>- Mr Rajiv Upadhyay: 10350</li> <li>- Mr Alok Jain: 9400</li> <li>- Mrs Uma Rao: 9100*</li> </ul> <p>*Options granted were lapsed and reverted back to the pool on account of resignation.</p> |
| 14    | Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant  | N/A   |
| 15    | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Accounting Standard (AS-20)   | There were no shares granted during the year on account of exercise of options granted and Diluted Earning Per Share is ₹ 53.15   |
| 16    | Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company | The Company has calculated employee compensation cost using the Fair Value.   |



| S. No | Description  | HIL ESOS 2015 |
|-------|--|---------------|
| 17    | Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock | N/A           |

A description of the method and significant assumptions used during the year to estimate the fair value of options is given below:

Fair value calculated by using Black-Scholes option pricing formula.

- o Volatility amount: This is the amount by which stock price is fluctuated or is expected to fluctuate. The method used in the model is the annualized Standard Deviation of the continuously compounded rates of return on the stock.
- o Risk free interest rate: The yield on government securities at the time of grant of options, is the basis of this rate and has been taken as 7.34%.
- o Expected Life: The exercise period given for the option granted is 4 year from date of vesting.
- o Expected Dividend: As the stock prices for one year have been considered, the price movement on account of the dividend, is already factored in and hence not separately built in.

## Annexure (VII)

### Statement of particulars of the conservation of energy, technology absorption, foreign exchange earnings and outgo as per Rule 8 of Companies (Accounts) Rules, 2014

#### (A) Conservation of energy

##### I. Steps taken for 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.

##### II. Steps taken for utilising alternate sources of energy

The Company has in total 9.35MW Wind Power Projects in Gujarat, Tamil Nadu and Rajasthan. The energy generated from these projects is partly used for captive consumption at the Company's AAC Blocks manufacturing units in Gujarat and Tamil Nadu. Your Company is making constant efforts to explore further areas of improvement as part of the ongoing program to optimize usage of energy.

##### III. Capital investment on energy conservation equipment: ₹ 36.16 lacs.

#### (B) Technology absorption

##### I. Efforts made towards technology absorption

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. Specific areas in which R&D is carried out by the Company are:

- a. Filing two patent applications in India, this financial year. The patents are entitled "An improved process for manufacturing of Non Asbestos cement roofing fibre sheets" and "Development of fly ash lime Autoclaved Aerated Concrete (AAC) blocks".
- b. Developing substitutes for raw materials to address issues of declining availability of raw material and also for cost savings.
- c. Developing new mix of raw materials for better product attributes and lower costs.
- d. Improving cost effectiveness and quality of products through new, improved manufacturing processes, productivity improvements.
- e. Effective utilization of resources like energy, water and process waste materials.
- f. Developing new, improved and value added Green Building Products like Aerocon C-board, sheets and Infill wall system.
- g. Developing new applications for our existing products.

##### II. Benefits derived like product improvement, cost reduction, product development or import substitution

- a. The cost of production was reduced by usage of cost-effective raw materials, reduction in power consumption and improving technical efficiencies.
- b. Introduction of value added products helped in increasing customer base.
- c. Applying new patent increased the intellectual rights.

III. The Company has not imported any technology during the last three years reckoned from the beginning of the financial year under review.

IV. Expenditure incurred on Research and Development:

| Particulars   | 2015-2016<br>(₹ in lacs) |
|---|--------------------------|
| Capital   | 6.93                     |
| Recurring   | 285.65                   |
| <b>TOTAL</b>  | <b>292.58</b>            |
| Total R&D expenditure as a Percentage of total net turnover | 0.27%                    |

(C) 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.

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

| S. No. | Particulars   | 2015-2016<br>(₹ in lacs) |
|--------|---|--------------------------|
| A.     | Foreign Exchange Earned                                   |                          |
|        | Export of Goods (FOB)                                     | 107.17                   |
|        | Others  | 0                        |
|        | <b>TOTAL</b>  | <b>107.17</b>            |
| B.     | Foreign Exchange Used                                     |                          |
|        | Raw Materials, Components, Spares and Capital Goods (CIF) | 23226.88                 |
|        | Others  | 142.74                   |
|        | <b>TOTAL</b>  | <b>23369.62</b>          |

## Annexure (VIII)

### Details pertaining to remuneration as required u/s 197(12) of The Companies Act, 2013 read with rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16, percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2015-16, and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| S. No | Name of the Director/KMP (Designation)                     | Remuneration for FY 2015-16* (₹ in lacs) | Ratio of remuneration to the median remuneration of the employees | % increase in remuneration in the FY 2015-16 | Comparison of remuneration of each KMP against the performance of the Company |
|-------|--|--|---|--|---|
| 1     | Mr CK Birla (Chairman)                                     | 28.50                                    | 10.00   | -24.40                                       | NA  |
| 2     | Mr P Vaman Rao (Independent Director)                      | 13.50                                    | 4.74  | -18.18                                       | NA  |
| 3     | Mr Yash Paul (Independent Director)                        | 18.00                                    | 6.32  | -2.17  | NA  |
| 4     | Mrs Gauri Rasgotra (Independent Director)                  | 16.50                                    | 5.79  | -10.33                                       | NA  |
| 5     | Mr Desh Deepak Khetrpal (Non Executive Director)           | 27.00                                    | 9.47  | 2.27   | NA  |
| 6     | Mr Prashant Vishnu Varkar Managing Director                | 189.76                                   | 66.58   | NA^  | Refer Note no 5 below   |
| 7     | Mr KR Veerappan (Chief Financial Officer)                  | 116.7                                    | 40.95   | 37.50  |   |
| 8     | Mr G Manikandan (Company Secretary & Financial Controller) | 19.24                                    | NA*   | NA*  | NA  |
| 9     | Mr P Rajesh Kumar Jain (Company Secretary)                 | 12.02                                    | NA*   | NA*  |   |

\* Details not provided as Mr P Rajesh Kumar Jain resigned as a Company Secretary of the Company w.e.f. 18th August 2015 and Mr G Manikandan was appointed as Company Secretary & Financial Controller from 19th August 2015.

^ Appointed w.e.f 20th April, 2015

& Includes Sitting Fees and Commission for Directors other than Managing Director.

2. The median remuneration of employees of the Company during the financial year 2015-16 was ₹ 2.85 lacs against the median remuneration of ₹ 2.70 lacs during the previous year signifying an increase of 5.5 % in the financial year;

3. As on 31st March 2016, there were 1677 permanent employees on the rolls of Company.
4. The relationship between average increase in remuneration and company performance: The Revenue during the year decreased by 1% and Profit Before Tax for the financial year ended 31st March 2016 decreased by 35%. However, the average increase in remuneration of all the employees of the Company was 7.32%.
5. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration paid to Key Managerial Personnel for the financial year ended 31st March 2016 increased by 7.2%, as compared to 1% decline in Revenue and 35% decline in Profit Before Tax during the year 2015-16.
6.
  - a) Variations in the market capitalization of the Company: The market capitalization as on 31st March 2016 was ₹ 384.62 crores and was ₹ 455.85 crores as at 31st March 2015 signifying a decrease of 16% (based on the closing price of the Company's equity shares on NSE as on those respective dates).
  - b) Price Earnings ratio of the Company: The price earnings ratio was 9.70 as at 31st March 2016 and was 6.82 as at 31st March 2015.
  - c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer: The Company in the year 1992-93, through Rights issue, issued 15% Secured Redeemable Partly Convertible Debentures of ₹ 160/- each of which the convertible portion of ₹ 60/- was converted into one equity share of ₹ 10/- each at a premium of ₹ 50/- per share. The amount of ₹ 60/- invested for one equity share of ₹ 10/- each is worth ₹ 515.40/- as on 31st March 2016 indicating a Compounded Annual Growth Rate of 10%, excluding the dividend accrued thereon.
7. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 10.07% whereas the percentage increase in the managerial remuneration in the last financial year i.e. 2015-16 was 7.2%.
8. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy of the Company.
9. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:- Not Applicable;
10. Particulars of employees as required under Rule 5 (2) Of The Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014

#### Particulars of Employees employed through the year:

| S. No | Name & Designation of the employee | Remuneration for FY 2015-16 (₹ in lacs) | Qualification and age (in years)      | Date of commencement of employment and total experience (in years) | Last employment          |
|-------|------------------------------------|---|---------------------------------------|--|--------------------------|
| 1     | Mr Alok Jain – COO (APP)           | 83.44                                   | B.Tech (Chemical) & PGPM (37 yrs)     | 15-Dec-12 (15 Yrs)   | Bharat Forge Ltd         |
| 2     | Mr V Jayachandran – COO (Roofing)  | 122.74                                  | B.Tech (Electronics) & PGDBM (47 yrs) | 1-Jan-14 (23 Yrs)  | Garuda Foods             |
| 3     | Mr KR Veerappan - CFO              | 116.70                                  | B.Com (Hons), ACA (49 yrs)            | 6-Feb-14 (26 Yrs)  | Global Green Company Ltd |

| S. No | Name & Designation of the employee                         | Remuneration for FY 2015-16 (₹ in lacs) | Qualification and age (in years)    | Date of commencement of employment and total experience (in years) | Last employment         |
|-------|--|---|-------------------------------------|--|-------------------------|
| 4     | Mr Rajiv Prakash Upadhyay - COO (Blocks, Panels and Hysil) | 105.22                                  | BE, ME (Engineering) & GMP (44 yrs) | 20-Mar-14 (20 Yrs)   | Jindal Architecture Ltd |
| 5     | Mr T E S Varadhan Group CFO                                | 72.75                                   | B Com, ACA, AICWA (60 yrs)          | 01-May-06 (36 yrs)   | Hindustan Motors Ltd    |

#### Particulars of Employees employed for part of the year:

| S. No | Name & Designation of the employee               | Remuneration for FY 2015-16 (₹ in lacs) | Qualification and age (in years)        | Date of commencement/cessation of employment and total experience (in years) | Last employment                               |
|-------|--|---|---|--|---|
| 1     | Mr Prashant Vishnu Vatkar - Managing Director    | 189.76                                  | BE (Mechanical), PGDM (50 yrs)          | 20-Apr-15^ (25 yrs)  | Strategic Foods Co. LLC (Britannia India Ltd) |
| 2     | Mr Sharad Dalmia-Head - Manufacturing Excellence | 78.59                                   | BE (Mechanical), M.Tech (Elec) (51 yrs) | 9-Nov-15*  | United Breweries Ltd                          |
| 3     | Mrs Uma Rao – CHRO                               | 80.14                                   | BA & MA (HR) (49 yrs)                   | 14-Jan-16*   | Mars International Ltd                        |

\*Date of cessation of the respective

^ Date of appointment of Mr Prashant Vishnu Vatkar

11. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

#### Notes:

- All appointments of the employees referred in 10 and above are contractual and terminable by notice on either side.
- Remuneration includes salary, variable pay paid during the financial year, various allowances, contribution to provident fund and superannuation fund, taxable value of perks and gratuity paid but excluding sitting fees and gratuity provision.
- None of the employees mentioned above is related to any director of the Company.
- Information about qualifications, age, experience and last employment is based on particulars furnished by the concerned employee and has not been independently verified by the Company.

## Annexure (IX)

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/JOINT VENTURES

Part "A": Subsidiaries : Company does not have any subsidiaries

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

|   | Name of Joint Venture   | Supercor Industries Limited, Nigeria  |
|---|---|---|
| 1 | Last audited Balance Sheet Date<br>Latest Balance Sheet Date (Unaudited Accounts)   | 31 <sup>st</sup> December, 2014<br>31 <sup>st</sup> December, 2015                                    |
| 2 | Shares of Joint Ventures held by the company on the year end<br>Number<br>Amount of Investment in JV<br>Extent of Holding | 41,25,000 equity shares of Naira 1/- each<br>142.60 Lacs<br>33%                                       |
| 3 | Description of how there is significant influence   | There is no significant influence   |
| 4 | Reason why the associate/joint venture is not consolidated  | NA  |
| 5 | Net worth attributable to shareholding as per latest Balance Sheet  | ₹ 49.78 Lacs<br>(Converted into INR at closing price on 31 <sup>st</sup> March, 2016)                 |
| 6 | Profit/Loss for the year<br>Considered in Consolidation<br>Not Considered in Consolidation                                | ₹ 13.70 Lacs<br>₹ 27.83 Lacs<br>(Converted into INR at closing price on 31 <sup>st</sup> March, 2016) |

- Names of associates or joint ventures which are yet to commence operations: Nil
- Names of associates or joint ventures which have been liquidated or sold during the year : Nil



## Report on Corporate Governance

### 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 endeavours to ensure that the highest standard of ethical conduct is maintained throughout the organisation.

The Company has complied with the required provisions of the Corporate Governance as per the Securities Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and erstwhile Clause 49 of the Listing Agreement(s) entered with the Stock Exchanges(s) as disclosed herein below.

### 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.

#### (a) Composition and other related matters

The Board consists of an optimal combination of Executive and Non-Executive Independent Directors representing a judicious mix of in-depth knowledge, specialized skills and rich experience.

As of 31st March 2016 the Board comprises of Six (6) Directors, viz. 1 (One) Non-Executive Promoter Chairman, 1 (One) Managing Director, 1 (One) Non-Executive & Non Independent Director and 3 (Three) Non-Executive Independent Directors including one Women Director.

During the year, more than 50% of the total strength of the Board comprises of Non-Executive Directors with the Managing Director being the only Executive Director, and 50% of the total strength of the Board comprises of Independent Director.

The details of composition of the Board of Directors as of 31<sup>st</sup> March, 2016, the attendance record of the Directors at the Board Meetings held during the financial year 2015-16 and at the Annual General Meeting (AGM) held during the year are as given below:

| Name of the Director | Category of Directorship             | Number of Directorships held in other Companies |  | Number of Committee positions held in other companies |        | Attendance at  |   |
|----------------------|--------------------------------------|---|--|---|--------|----------------|---|
|                      |                                      | Total Directorships <sup>(1)</sup>              | Directorships in other Public Companies <sup>(2)</sup> | Chairman <sup>(3)</sup>                               | Member | Board Meetings | Last Annual General Meeting (30th July, 2015) |
| Mr CK Birla          | Chairman Promoter Non-Executive      | 7   | 6  | -   | -      | 7              | Yes   |
| Mr P Vaman Rao       | Director Non-Executive & Independent | 1   | -  | .   | .      | 5              | Yes   |
| Mr Yash Paul         | Director Non-Executive & Independent | -   | -  | -   | -      | 7              | Yes   |

| Name of the Director      | Category of Directorship                  | Number of Directorships held in other Companies |  | Number of Committee positions held in other companies |        | Attendance at  |   |
|---------------------------|---|---|--|---|--------|----------------|---|
|                           |   | Total Directorships <sup>(1)</sup>              | Directorships in other Public Companies <sup>(2)</sup> | Chairman <sup>(3)</sup>                               | Member | Board Meetings | Last Annual General Meeting (30th July, 2015) |
| Mr Desh Deepak Khetrpal   | Director Non-Executive & Non- Independent | 2   | 2  | -   | 2      | 7              | Yes   |
| Mrs Gauri Rasgotra        | Director Non-Executive & Independent      | 2   | 2  | -   | 2      | 6              | Yes   |
| Mr Prashant Vishnu Varkar | Managing Director                         | -   | -  | -   | -      | 6              | Yes   |

- (1) The number of total directorships is in accordance with Section 165 of the Companies Act, 2013 which excludes Foreign Companies.
- (2) Directorships in other Public Companies exclude Private Limited Companies, Foreign Companies and Section 8 Companies.
- (3) This includes only Chairmanships/Memberships of the Audit Committee and Stakeholders Relationship Committee of all listed and unlisted Public Limited Companies as per Regulation 26 of SEBI LODR and erstwhile Clause 49(II)(D)(2) of the Listing Agreement.

None of Directors are related to each other in terms of the definition of “relative” as defined in Section 2(77) of the Companies Act, 2013.

None of the Directors on the Board are Independent Directors of more than seven listed companies as required under Regulation 25 of SEBI LODR Regulations and erstwhile Clause 49 of the Listing Agreements.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the Companies in which he/she is a Director as required under Regulation 26 of SEBI LODR Regulations and erstwhile Clause 49 of the Listing Agreements.

There were no changes to the Board of Directors during the year under review.

#### (b) Board Meetings and Procedures

During the year under review, Seven Board Meetings were held on 20th April 2015, 27th April 2015, 12th May 2015, 30th July 2015, 17th August 2015, 26th October 2015 and 4th February, 2016. The maximum time-gap between any two consecutive meetings is not more than one hundred and twenty days, thereby complying with the applicable statutory requirements.

The Board is regularly apprised and informed of important business-related information. The dates of the Board Meetings are finalized in consultation with all Directors well in advance. Agenda papers supported by comprehensive notes and relevant information, documents and presentations are circulated in advance to all the Board Members which enable them to take informed decisions and discharge their functions effectively. The agenda for Board Meeting covers items set out in as per SEBI LODR Regulations and erstwhile Clause 49 of the Listing Agreement to the extent these are relevant and applicable.

A presentation is made on business highlights at each Board Meeting. The Board periodically reviews the items in agenda and particularly reviews and approves quarterly financial results, annual financial statements, annual operating plans and budgets, CAPEX, etc. The compliance reports of laws applicable to the Company and minutes of the Committee Meetings are also reviewed/ noted by the Board.

The important decisions taken at Board and Committee Meetings are communicated to the respective departments after the meetings for the implementation of the said decisions.

### (c) Independent Meeting

The Independent Directors fulfil the criteria of independence as given in Regulation 16(b) of SEBI LODR Regulations & the Companies Act, 2013 and have given declaration of independence. All the Independent Directors have been appointed for a term of five years and Letter of Appointment containing terms and conditions of their appointment were issued to all Independent Directors and the Draft Letter of Appointment is available on the website of the Company [www.hil.in](http://www.hil.in).

The Independent Directors met on 23rd December 2015 without the presence of Non-Independent Directors and members of the Management. At this meeting, the Independent Directors evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timelines of the flow of information between the Company, the Management and the Board.

### (d) Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, SEBI LODR Regulations, Insider Trading Regulations and other relevant regulations on regular basis.

Whenever any new Independent Director is appointed, he/she is made familiar to the business and its operations which includes Company's Manufacturing, Marketing, Finance and Other important aspects and also about his/her role and duties through presentations/programmes by the Managing Director & CEO. The Company Secretary briefs the Director about his/her legal and regulatory responsibilities as a Director. The induction for Independent Directors includes interactive sessions with Executive Committee Members, Business Heads and visit to the manufacturing site whenever required.

The details of such Familiarization Programmes for Independent Directors are available on <http://www.hil.in>

## 3. COMMITTEES OF DIRECTORS

### 3.1 Audit Committee

#### (a) Composition and Meetings

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors in accordance with the provisions of Regulation 18 of SEBI LODR Regulations and Section 177 of the Companies Act, 2013.

The Committee is empowered with the powers as prescribed under Regulation 18 of SEBI LODR Regulations and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

During the year under review, five Audit Committee Meetings were held on 27th April 2015, 12th May 2015, 30th July 2015, 26th October 2015 and 4th February 2016 and the maximum gap between any two meetings was not more than one hundred and twenty days.

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 Yash Paul             | Chairman | 5  | 5                        |
| 2      | Mr P Vaman Rao           | Member   | 5  | 5                        |
| 3      | Mr Desh Deepak Khetrapal | Member   | 5  | 5                        |
| 4      | Mrs Gauri Rasgotra       | Member   | 5  | 4                        |

All the Members of the Audit Committee have the requisite qualification for appointment on the Committee and they also possess sound knowledge of Finance and accounting practices and have related management expertise by virtue of their experience and background.

The Chairman of the Audit Committee, Mr Yash Paul, was present at the last Annual General Meeting of the Company held on 30th July 2015.

Company Secretary acts as a Secretary to the Audit Committee.

Statutory Auditors, Head of Internal Audit, External Internal Auditors, Managing Director and Chief Financial Officer are permanent invitees to the Committee and they attend and participate in the meeting to brief the Committee and to answer and clarify queries raised at the Committee Meetings.

#### (b) Role of Audit Committee

The terms of reference, role and powers of the Audit Committee are as prescribed under Part C, Schedule II in terms of Regulation 18 of SEBI LODR Regulations read with Section 177 of the Companies Act, 2013 and includes overseeing of the Company's financial reporting process, reviewing with the management of the financial statements and the adequacy of the internal audit function, internal control and to discuss significant internal audit findings, statutory compliance and issues related to risk management and compliances.

During the year under review there were no changes to the composition of Audit Committee and all recommendations made by the Audit Committee were accepted by the Board of Directors.

### 3.2 Nomination and Remuneration cum Compensation Committee

#### (a) Composition and Attendance

The Nomination and Remuneration cum Compensation Committee comprises of three Non-Executive Directors out of which two are Independent. During the year under review, five meetings of the Nomination and Remuneration Committee were held on 20th April 2015, 27th April 2015, 12th May 2015, 17th August 2015 and 4th February 2016.

The composition of the Nomination and Remuneration cum Compensation 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 Yash Paul             | Chairman | 5  | 5                        |
| 2      | Mr Desh Deepak Khetrapal | Member   | 5  | 5                        |
| 3      | Mrs Gauri Rasgotra       | Member   | 5  | 4                        |

## (b) Remuneration Policy

The Company's remuneration policy is structured in line with the trend in the Building Products Manufacturing Industry. In pursuance of the Company's policy to consider human resources as its invaluable assets and in terms of the provisions of the Companies Act, 2013 and the SEBI LODR Regulations, Policy on Nomination and Remuneration of Directors, Key Managerial Personnel ('KMP') & Senior Management was formulated to pay equitable remuneration to all Directors, KMP and employees of the Company; and to harmonize the aspirations of human resources consistent with the goals of the Company.

The policy ensures that:

- o The level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully
- o The relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- o The remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to working of the Company and its goals.

### Remuneration Policy

#### 1. APPOINTMENT OF DIRECTORS, KEY MANAGEMENT PERSONNEL (KMP) OR SENIOR MANAGEMENT PERSONNEL

The Nomination and Remuneration Committee in discussions with Management, identifies, ascertains the integrity, qualification, expertise and experience of the person for appointment as a Director, Key Management Personnel and/or Senior Management Personnel. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position. The appointment of a Director or a

KMP, as recommended by the Nomination and Remuneration cum Compensation Committee further requires the approval of the Board.

#### 2. REMUNERATION OF DIRECTORS, KEY MANAGEMENT PERSONNEL

##### Remuneration to Executive Directors, Directors other than Executive Director and KMP

The remuneration/ compensation/ commission etc. to Directors and KMP will be determined by the Nomination and Remuneration cum Compensation Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required. Increments to the existing remuneration/ compensation structure of Directors and KMP shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Directors.

##### Remuneration to Executive Director and KMP

Executive Directors and KMP are eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The Executive Director and KMP participate in a performance linked variable pay scheme which is based on the individual and company performance for the year, pursuant to which the Executive Director and KMP may be entitled to performance-based variable remuneration.

##### Remuneration to Directors other than Executive Director

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Remuneration/Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

### (c) Remuneration of Directors

The remuneration of the Executive Directors is decided by the Board based on the recommendations of the Nomination and Remuneration cum Compensation Committee as per the Remuneration Policy of the Company, within the limits fixed and approved by the shareholders in the general meeting. The remuneration of the Non-Executive Directors comprises of sitting fees and commission, if any. The Non-Executive Independent Directors are paid sitting fees of ₹ 50,000/- for each meeting of the Board, Audit Committee and other Committee meetings attended by them during the year and reimbursement of expenses towards attending the meetings.

The remuneration paid to each of the Directors for the financial year ended 31st March 2016 is as under:

| Name of Director          | Tenure | Remuneration for the Financial Year ended 31st March 2016<br>(₹ In lacs) |                      |                 |            |        |
|---------------------------|--------|--|----------------------|-----------------|------------|--------|
|                           |        | Sitting Fee  | Salary & Perquisites | Performance Pay | Commission | Total  |
| Mr CK Birla               | NA     | 3.50   | -                    | -               | 25.00      | 28.50  |
| Mr P Vaman Rao            | 5      | 7.00   | -                    | -               | 6.50       | 13.50  |
| Mr Yash Paul              | 5      | 11.50  | -                    | -               | 6.50       | 18.00  |
| Mr Desh Deepak Khetrapal  | NA     | 9.50   | -                    | -               | 17.50      | 27.00  |
| Mrs Gauri Rasgotra        | 5      | 10.00  | -                    | -               | 6.50       | 16.50  |
| Mr Prashant Vishnu Vatkar | 5      | -  | 189.76               | 29.00           | -          | 218.76 |

#### Notes:

1. The Members, at the Annual General Meeting held on 21st July 2011 approved the payment of remuneration by way of commission to the Non-Executive Directors of the Company, for a period of five years, with each financial year commencing from 1st 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 197, of the Companies Act 2013, in addition to the sitting fees.
2. The notice period and other terms of appointment of Executive Directors are governed by service rules of the Company.
3. As on 31st March 2016, none of the Independent Directors hold stock options or shares of the Company.
4. The Non-Executive Independent Directors on the Company's Board, apart from receiving sitting fees do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries or associate companies.
5. The details of the Directors seeking appointment/re-appointment at the forthcoming AGM as required under Regulation 26 of SEBI LODR Regulations are provided in the Notice convening AGM.

### 3.3 Stakeholders Relationship Committee

#### (a) Composition and Meetings

The Stakeholders Relationship Committee comprises of three Independent Non-Executive Directors. During the year under review, four Stakeholders Relationship Committee Meetings were held on 27th April 2015, 30th July 2015, 26th October 2015 and 4th February, 2016. The composition of the 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  | 4                        |
| 2      | Mr Yash Paul         | Member   | 4  | 4                        |
| 3      | Mrs Gauri Rasgotra   | Member   | 4  | 4                        |

The 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 certificates, transmission of shares and other miscellaneous complaints. In accordance with SEBI LODR Regulations, 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.

#### (b) Compliance Officer

The Company Secretary is designated as the Compliance Officer of the Company and during the year under review Mr G Manikandan was appointed as Company Secretary & Compliance Officer w.e.f 19<sup>th</sup> August, 2015 in place of Mr P Rajesh Kumar Jain who resigned owing personal reasons.

#### (c) Shareholders Complaints and Redressed

During the year 2015-16, 38 queries/requests/complaints were received from the shareholders under the following heads and the same were duly resolved as per the summary given below:

| Nature of Communication  | Opening Balance | Received & Resolved during the year | Closing Balance |
|--|-----------------|-------------------------------------|-----------------|
| Non-Receipt of Dividend Warrants                                   | 0               | 11                                  | 0               |
| Non-Receipt of Share Certificates on transfer                      | 0               | 0                                   | 0               |
| Non-Receipt of Annual Report                                       | 0               | 27                                  | 0               |
| Non-Receipt of Exchanged Share/Split Share/Bonus Share Certificate | NA              | NA                                  | NA              |

#### 3.4 Corporate Social Responsibility (CSR) Committee

In accordance with section 135 of the Companies Act, 2013 read along with rules framed thereunder, the Board at its meeting held on 8th May 2014 considered and constituted the Corporate Social Responsibility (CSR) Committee.

The Terms and Reference of the Committee are as follows:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy
- recommend the amount of expenditure to be incurred on the activities as specified in Schedule VII of the Companies Act
- monitor the Corporate Social Responsibility Policy of the company from time to time
- to do such act as specifically prescribed by Board
- to carry out such other functions, and is empowered to act as required, in terms of Companies Act, 2013 read with rules framed thereunder, Listing Agreement and rules and regulations framed by Securities Exchange Board of India, including any amendment or modification thereof.



The Corporate Social Responsibility (CSR) Committee comprises of three Non-Executive Directors out of which two are Independent. During the year under review, two Corporate Social Responsibility (CSR) Committee Meetings were held on 26<sup>th</sup> October 2015 and 4<sup>th</sup> February, 2016. The composition of the Corporate Social Responsibility (CSR) 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 Desh Deepak Khetrpal | Chairman | 2  | 2                        |
| 2      | Mr Yash Paul            | Member   | 2  | 2                        |
| 3      | Mrs Gauri Rasgotra      | Member   | 2  | 2                        |

## BOARD EVALUATION

The Board of Directors evaluated the annual performance of the Board as a whole, its committees and the directors individually, in accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations 2015 in the following manner:

- Structured evaluation forms, as recommended by the Nomination and Remuneration cum Compensation Committee, after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, were circulated to all the members of the Board along with the Agenda Papers for evaluation of the performance of the Board, its Committees and its Directors.
- The members of the Board were requested to evaluate by filling the evaluation forms and the duly filled in evaluation forms were required to be sent to the Company Secretary in a sealed envelope or personally submitted to the Chairman at the concerned meeting.
- Based on the individual evaluation of the Directors, the Board initiated a detailed discussion at the concerned meeting on the performance of the Board / Committee/ Individual Director, and formulated a final collective evaluation of the Board. The Board also provided an individual feedback to the concerned director on areas of improvement, if any.

## 4. GENERAL BODY MEETINGS

- 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      |
|------------------------------|----------------------------|-----------|
| 31 <sup>st</sup> March, 2015 | 30 <sup>th</sup> July 2015 | 3.00 P.M  |
| 31 <sup>st</sup> March, 2014 | 18 <sup>th</sup> July 2014 | 3.00 P.M  |
| 31 <sup>st</sup> March, 2013 | 30 <sup>th</sup> July 2013 | 3.00 P.M. |

- 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 30th July 2013 | Modification in terms of reappointment of Mr Abhaya Shankar, Managing Director, by providing eligibility of CEO Club  |
| In the Annual General Meeting held on 18th July 2014 | None  |
| In the Annual General Meeting held on 30th July 2015 | To consider and appoint Mr Prashant Vishnu Vatkar (DIN: 07139685) as a Director of the Company.<br>To create, offer, issue and allot options under employee stock option scheme |

(c) **Postal Ballot** : Nil during the year

## 5. DISCLOSURES:

### (a) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI LODR Regulations, during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website at <http://hil.in/investors/codes-policies/>

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.

### (b) Compliance

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authorities relating to the above.

### (c) Code of Conduct

The Company has laid down a "Code of Business Conduct and Ethics" for the Directors and the Senior Management Personnel. The Code has been amended to include the duties of Independent Directors as laid down in Schedule IV of Companies Act, 2013. The said Code is available on the website of the Company [www.hil.in](http://www.hil.in).

All the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2016. A declaration to this effect signed by Managing Director forms part of this report as an Annexure.

### (d) Whistle Blower Policy/Vigil Mechanism

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

In line with requirement of the Companies Act, 2013 and of Regulation 22 of SEBI LODR Regulations, Vigil Mechanism/Whistle Blower Policy has been formulated for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct etc. The said Policy provides for adequate safeguard against victimization of Directors/employees who avail of such mechanism and provides access to the Chairman of Audit Committee in exceptional cases. It is affirmed that no person has been denied access to the Audit Committee. The Whistle Blower Policy has been placed on website of the Company and web link thereto is [www.hil.in](http://www.hil.in)

**(e) Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed Accounting Standards notified by Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

**(f) CEO/CFO Certification**

In terms of requirements of clause 17(8) of SEBI LODR Regulations, Mr Prashant Vishnu Vatkar, Managing Director and Mr KR Veerappan, Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended 31st March 2016. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on 5<sup>th</sup> May 2016.

**(g) 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.

**(h) Compliance Certificate:**

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

**(i) Prevention of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code.

**6. MEANS OF COMMUNICATION**

**Website:** The Company's website [www.hil.in](http://www.hil.in) contains a separate section for Investors wherein the updated information pertaining to quarterly, half-yearly and annual financial results, official press releases, shareholding pattern is available in a user-friendly and downloadable form.

**Financial Results:** The quarterly, half-yearly and annual financial results of the Company are submitted to the BSE Limited and National Stock Exchange of India Limited immediately after approval of the Board of Directors of the Company. The results of the Company are published in one English daily newspaper and one Telugu newspaper within 48 hours of approval thereof and are also posted on Company's website [www.hil.in](http://www.hil.in).

**Annual Report:** Annual Report containing inter alia Standalone Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report, and Corporate Governance Report is circulated to the members and others entitled thereto.

**Quarterly Communication:** The quarterly results are communicated to the members of the Company by way of email and also placed on the website of the Company [www.hil.in](http://www.hil.in).

**Designated Exclusive Email ID:** The Company has designated E-mail Id [cs@hil.in](mailto:cs@hil.in) exclusive for shareholder/investor servicing.

- **Uploading on NEAPS & BSE Listing Centre:** The quarterly results, quarterly compliances and all other corporate communications to the Stock Exchanges are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE.

## 7. Certificate on compliance of conditions of Corporate Governance

The Certificate from M/s. S R Batliboi & Associates LLP [ICAI Firm Registration Number 101049W/E300004], Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance for the financial year ended 31st March, 2016 forms part of this report.

## 8. GENERAL SHAREHOLDER'S INFORMATION:

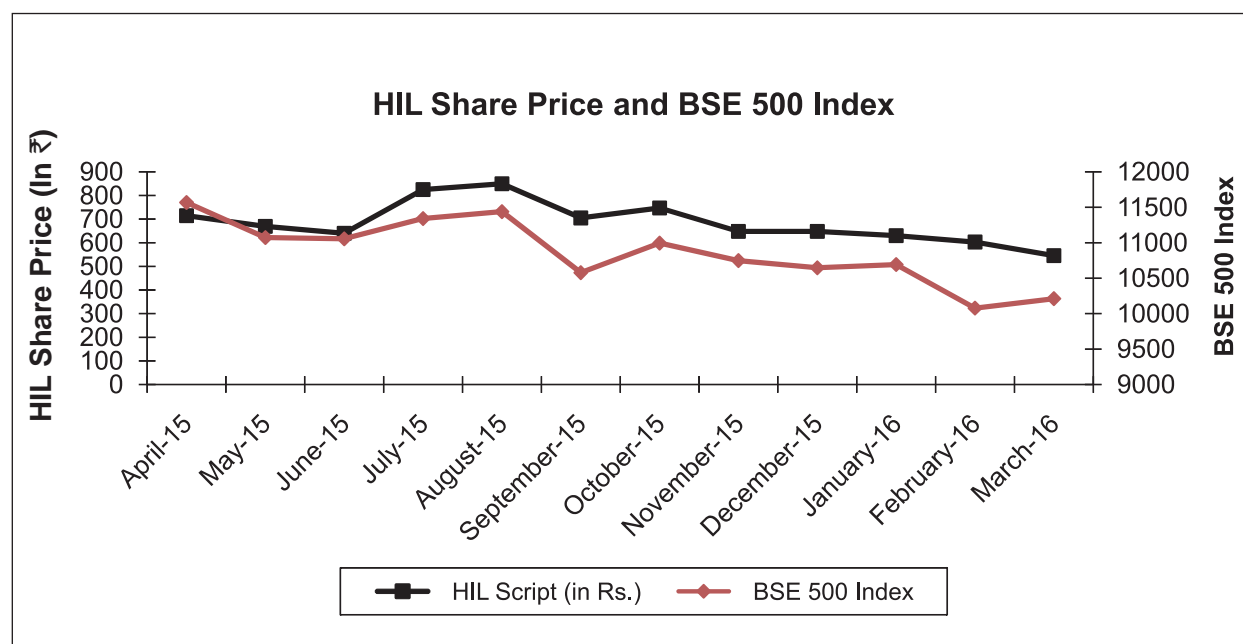
|                             |   |
|-----------------------------|---|
| Date, time and Venue of AGM | Thursday, 28th July, 2016 at 3.00 p.m.<br>Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad  |
| Financial year              | 1st April, 2015 to 31st March 2016  |
| Book Closure                | From 22 <sup>nd</sup> July, 2016 to 28 <sup>th</sup> July, 2016 (both days inclusive)   |
| Dividend Payment Date       | Within one Week i.e. 06 <sup>th</sup> August, 2016 from the date of declaration in the Annual General Meeting<br>The payment date for interim dividend paid during the year 2015-16 was 18 <sup>th</sup> February, 2016 onwards.              |
| Listing on Stock Exchanges  | 1) BSE Limited,<br>Phiroze Jeejeebhoy Towers, Dalal Street,<br>MUMBAI - 400001<br><br>2) National Stock Exchange of India Limited.<br>'EXCHANGE PLAZA' 5th Floor, Plot #C/1,<br>G-Block, Bandra-Kurla Complex,<br>Bandra (E), MUMBAI - 400051 |
| Stock Code                  | BSE Limited : 509675 / HIL<br>National Stock Exchange of India Limited : HIL  |
| Listing Fees                | The Listing fee for the year 2015-2016 and 2016-17 has been paid to both the above said Stock Exchanges.  |
| E-voting facility           | Open Date: 25 <sup>th</sup> July, 2016 @ 9:00 AM  |
|                             | Close Date : 27 <sup>th</sup> July, 2016 @ 5:00 PM  |

### MARKET PRICE DATA

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2015-16 at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited are given below:

| Bombay Stock Exchange Limited (BSE) |          |         |                      | National Stock Exchange of India Ltd., (NSE) |         |                      | BSE 500 Index |          |
|-------------------------------------|----------|---------|----------------------|--|---------|----------------------|---------------|----------|
| Month                               | High (₹) | Low (₹) | No. of Shares traded | High (₹)                                     | Low (₹) | No. of Shares traded | High          | Low      |
| Apr-15                              | 715.50   | 615.50  | 167847               | 714.70                                       | 605.00  | 284693               | 11567.60      | 10613.36 |
| May-15                              | 669.00   | 603.50  | 106701               | 669.05                                       | 603.00  | 263804               | 11072.84      | 10411.97 |
| Jun-15                              | 655.00   | 581.25  | 55261                | 639.95                                       | 580.95  | 227044               | 11054.86      | 10354.81 |
| Jul-15                              | 830.00   | 617.50  | 332525               | 825.00                                       | 611.95  | 848651               | 11340.45      | 10912.86 |
| Aug-15                              | 850.00   | 635.00  | 196214               | 849.80                                       | 602.35  | 423819               | 11438.18      | 10031.72 |
| Sep-15                              | 705.00   | 624.00  | 92973                | 705.00                                       | 625.00  | 177121               | 10577.34      | 9931.88  |
| Oct-15                              | 775.00   | 583.25  | 192191               | 747.50                                       | 583.10  | 295499               | 10994.76      | 10495.71 |
| Nov-15                              | 648.50   | 568.75  | 71194                | 648.00                                       | 567.00  | 206768               | 10747.69      | 10264.44 |
| Dec-15                              | 648.00   | 590.00  | 122705               | 648.00                                       | 590.10  | 211646               | 10646.36      | 10110.55 |
| Jan-16                              | 629.75   | 551.25  | 110132               | 630.00                                       | 553.00  | 195007               | 10691.89      | 9567.77  |
| Feb-16                              | 593.75   | 421.75  | 61571                | 603.00                                       | 421.00  | 154191               | 10077.14      | 9011.98  |
| Mar-16                              | 543.00   | 444.40  | 155189               | 545.40                                       | 436.10  | 210549               | 10211.26      | 9239.71  |

### 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 Regulation 40 of SEBI LODR Regulations, 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, 2016

| S.No. | Range |           |              | No. of Shares Held | % to Capital  | No. of Shareholders | % to Total Shareholders |
|-------|-------|-----------|--------------|--------------------|---------------|---------------------|-------------------------|
| 1     | 1     | to        | 500          | 1123908            | 15.06         | 15138               | 94.15                   |
| 2     | 501   | to        | 1000         | 351021             | 4.70          | 453                 | 2.81                    |
| 3     | 1001  | to        | 2000         | 359613             | 4.82          | 244                 | 1.51                    |
| 4     | 2001  | to        | 3000         | 179095             | 2.40          | 72                  | 0.44                    |
| 5     | 3001  | to        | 4000         | 136908             | 1.83          | 39                  | 0.24                    |
| 6     | 4001  | to        | 5000         | 158304             | 2.12          | 34                  | 0.22                    |
| 7     | 5001  | to        | 10000        | 360121             | 4.83          | 50                  | 0.32                    |
| 8     |       | More than | 10000        | 4793593            | 64.24         | 49                  | 0.31                    |
|       |       |           | <b>TOTAL</b> | <b>7462563</b>     | <b>100.00</b> | <b>16079</b>        | <b>100.00</b>           |

#### Shareholding Pattern as on 31st March, 2016

| Category of Shareholder   | No. of Shares  | Percentage    |
|---|----------------|---------------|
| Promoters and Person Acting in Concert                                    | 3059212        | 40.99         |
| Mutual Funds  | 86692          | 1.16          |
| Banks , Financial Institutions, Insurance Companies Including             | 451280         | 6.05          |
| A.P. State Govt. & Foreign Body Corporate/Foreign Institutional Investors | 276300         | 3.70          |
| Corporate Bodies  | 589148         | 7.90          |
| Indian Public   | 2887353        | 38.69         |
| NRI's/OCB's   | 112578         | 1.51          |
| <b>TOTAL</b>  | <b>7462563</b> | <b>100.00</b> |

**Dematerialisation of shares and liquidity** : The shares of the Company are under compulsory dematerialise 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, 2016, 98.19% of the Company's Equity Shares are in dematerialised form.

#### Locations

| S. No                           | State          | Location   |
|---------------------------------|----------------|--|
| <b>Manufacturing Facilities</b> |                |  |
| 1                               | Telangana      | Hyderabad, Sanatnagar - 500018                               |
| 2                               | Telangana      | Thimmapur, Mahboobnagar District - 509325                    |
| 3                               | Andhra Pradesh | Vijayawada, Plot No.289, IDA, Kondapalli - 521228            |
| 4                               | Haryana        | Faridabad, Sector-25 - 121005                                |
| 5                               | Haryana        | Dharuhera, Plot No.31, Rewari District - 122106              |
| 6                               | Haryana        | Jhajjar, Amadalshahpur, Village- Akeri Madanpur, -124146     |
| 7                               | Jharkhand      | Jasidih, Industrial Area - 814142                            |
| 8                               | Tamil Nadu     | Chennai, Kannigaiper Vil., Tiruvallur District -601102       |
| 9                               | Maharashtra    | Wada, Musarane Vil., Thane District - 421312                 |
| 10                              | Uttar Pradesh  | Sathariya, SIDA, Jaunpur District - 222022                   |
| 11                              | Kerala         | Thrissur, Mulangunnathukavu Post - 680581                    |
| 12                              | Odisha         | Balasore, IDCO, Plot No. 72, ND Centre, Somanathpur - 756019 |
| 13                              | Gujarat        | Golan, Village, Valod Taluka, Tapi District - 394640         |
| <b>Wind Mills</b>               |                |  |
| 14                              | Gujarat        | 3.60 MW (2x1.80 MW) at Kutch Dist,                           |
| 15                              | Tamil Nadu     | 1.25 MW near Coimbatore, Tirupur Dist.                       |
| 16                              | Rajasthan      | 2.50 MW (2x1.25 MW) at Jodhpur Dist.                         |
| 17                              | Rajasthan      | 2.00 MW at Jaisalmer Dist.                                   |

**Address for Correspondence** : Mr G Manikandan  
Company Secretary & Financial Controller  
HIL Limited, 7<sup>th</sup> Floor, SLN Terminus,  
Survey No.: 133, Beside Botanical Gardens, Gachibowli,  
Hyderabad- 500032.  
Tel: 91 40 30999000, 30999189 (D)  
Fax: 91 40 30999240  
Email: [cs@hil.in](mailto:cs@hil.in)

On behalf of the Board of Directors

New Delhi, 5<sup>th</sup> May 2016

**CK BIRLA**  
Chairman  
(DIN 00118473)



## DETAILS OF DIRECTOR AS ON THE DATE OF ISSUANCE OF NOTICE OF ANNUAL GENERAL MEETING

|   |  |
|---|--|
| Name  | <b>Mr CK Birla</b>   |
| Date of Birth   | 09-01-1955 / 61 yrs  |
| Date of Appointment   | 04-02-1980   |
| DIN No.   | 00118473   |
| Qualification   | B.A  |
| Occupation  | Industrialist  |
| Expertise in specific functional areas                          | Industrialist having rich business experience  |
| Directorships held in other Companies                           | <ol style="list-style-type: none"> <li>1. Orient Paper &amp; Industries Limited</li> <li>2. National Engineering Industries Limited</li> <li>3. Birlasoft (India) Ltd.</li> <li>4. Neosym Industry Ltd.</li> <li>5. AVTEC Limited</li> <li>6. Birla Brothers Pvt. Ltd.</li> <li>7. Orient Cement Ltd.</li> <li>8. Birla Associates Private Limited, Singapore</li> <li>9. Birlasoft Inc., USA</li> <li>10. Birlasoft (U.K.) Ltd., London</li> <li>11. ASS AG, Switzerland</li> </ol> |
| Memberships/ Chairmanships of Committees other than HIL Limited | NIL  |
| Shareholding in the Company                                     | 51376 Equity Shares  |

## COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personal have confirmed compliance with the code of Conduct for the year ended 31st March, 2016.

Place: New Delhi  
Date: 5th May, 2016

**Prashant Vishnu Varkar**  
Managing Director  
(DIN 07139685)

### CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

- A. We have reviewed financial statements along with the cash flow statement of our Company for the financial year ended 31st March, 2016 and that to the best of our knowledge and belief we hereby certify that:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of our Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by our Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of our Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any.
- D. We have indicated to the auditors and the Audit committee
  - a. Significant changes in internal control over financial reporting during the Quarter;
  - b. Significant changes in accounting policies during the quarter and the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**KR Veerappan**  
Chief Financial Officer

**Prashant Vishnu Varkar**  
Managing Director  
(DIN 07139685)

Place: New Delhi  
Date: 5<sup>th</sup> May, 2016

## AUDITORS' CERTIFICATE

TO THE MEMBERS OF HIL LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s. HIL Limited ("the Company"), for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing regulations") as referred to in Regulation 15(2) of the Listing Regulations, for the period December 1, 2015 to March 31, 2016

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 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/Listing Regulations, as applicable.

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/E300004

per **Vikas Kumar Pansari**

Partner

Membership No.: 093649

Place : New Delhi

Date : 5<sup>th</sup> May, 2016

## Independent Auditor's Report

To the Members of HIL Limited

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of HIL Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act,

the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it 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 aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act
  - (f) With respect to the adequacy of the internal financial controls over financial

reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 33 to the financial statements
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For **S R BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**  
Partner

Membership Number: 093649

Place of Signature: New Delhi

Date: 5<sup>th</sup> May, 2016

## Annexure 1, referred to in paragraph 1 of our report of even date

Re: HIL Limited ('The Company')

- (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) According to information and explanations given by the management the title deeds of immovable properties included in fixed assets and investment property are held in the name of the Company except freehold land and investment property of ₹ 1.27 lacs and ₹ 427.60 lacs (WDV) respectively, title of which is not registered in the name of the Company. Also refer note 10 and 11 of the financial statements.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) 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, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) 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 148(1) of the Companies Act, 2013, related to the manufacture of Building products, thermal insulation products and generation of wind power and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, custom duty, excise duty, value added tax, 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.

- (vii) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, custom duty, excise duty, value added tax 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>amount relates   | Forum where dispute is<br>pending  |
|--|--|-----------------------|---|--|
| Tamil Nadu General Sales Tax Act, 1959 and Central Sales Tax Act, 1956 | Sales tax on enhanced turnover due to certain disallowance   | 369.74*               | 1990-91, 1994-95, 1997-98, 2000-01, 2001-02, 2002-03, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12   | Hon'ble Supreme Court of India, Hon'ble High Court of Tamil Nadu, Sales Tax Appellate Tribunal, Appellate Assistant Commissioner   |
| Andhra Pradesh General Sales Tax Act, 1957                             | Disallowance of concessional rate of tax   | 446.35*               | 1985 - 86, 2010 - 11, 2011-12   | Hon'ble High Court of Telangana and Andhra Pradesh, Appellate Deputy Commissioner  |
| West Bengal Sales Tax Act, 1994 and Central Sales Tax Act, 1956        | Sales tax demand   | 265.27                | 2001 - 02, 2002 - 03, 2003 - 04, 2004 - 05, 2005 - 06, 2007 - 08,   | Hon'ble High Court of West Bengal, West Bengal Appellate and revisional Board, Senior Joint Commissioner, Sales tax Appellate Tribunal   |
| Bihar Finance Act, 1981  | Local sales tax demand   | 140.05                | 2000 - 01, 2009 - 10  | Joint Commissioner of Commercial taxes (Appeals), Commissioner of commercial taxes   |
|  | Demand of entry tax  | 28.57                 | 2003-04   | Assistant Commissioner of Commercial Taxes   |
|  | 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 for entry tax including interest  | 74.42*                | 2007 - 08   | Hon'ble Supreme Court of India   |
| Other States / Central Sales Tax Acts                                  | Local sales tax demand, freight rebate disallowed, entry tax on stock transfers and miscellaneous disallowance | 441.22*               | 1993 - 94, 1997 - 98, 1999 - 00, 2000 - 01, 2001 - 02, 2002 - 03, 2004 - 05, 2005 - 06, 2006 - 07, 2007 - 08, 2008 - 09, 2009 - 10, 2010 - 11, 2011 - 12, 2012 - 13 | Hon'ble Supreme Court of India, Hon'ble High Court of Rajasthan, Appellate Tribunal, Commissioner of Commercial Taxes, Additional Commissioner (Appeals), Deputy Commissioner (Revision), Deputy Commissioner (Appeals), Joint Commissioner (Appeals), Joint Commissioner, Additional Commissioner, Assistant Commissioner (Appeals), Joint Director Enforcement, Joint Commissioner of Commercial taxes |

| Name of the statute   | Nature of dues  | Amount<br>(₹ In lacs) | Period to which<br>amount relates  | Forum where dispute is<br>pending  |
|---|---|-----------------------|--|--|
| Other States like Jharkhand, Maharashtra and Orissa under Central Sales Tax Act, 1956 | Sales tax demand  | 1274.61*              | 2007 - 08, 2008 - 09, 2009 - 10, 2010 - 11, 2011 - 12  | Commissioner of Commercial Taxes, Deputy Commissioner (Revision), Addl. Commissioner (Appeals)   |
| Maharashtra VAT Act 2002 and Central Sales Tax Act 1956                               | Sales Tax on enhanced turnover due to certain disallowance, Disallowance of Concessional Sales Tax Rate | 1297.78*              | 2006-07, 2007-08, 2009-10, 2010-11, 2011-12  | Joint Commissioner of Commercial taxes (Appeals)   |
| Central Excise Act, 1944  | Excise duty demand due to certain disallowance and wrong availment of CENVAT including penalty          | 900.21*               | 2003 - 04, 2004 - 05, 2005 - 06, 2006 - 07, 2007 - 08, 2008 - 09, 2009 - 10, 2010 - 11, 2011 - 12, 2012 - 13, 2013 - 14, 2014 - 15 | Assistant Commissioner, Joint Commissioner, Additional Commissioner, Appellate Tribunal, Commissioner (Appeals), Customs Excise & Service Tax Appellate Tribunal, Commissioner of Customs & Central Excise |
|   | Excise duty demand including penalty  | 1040.34*              | April 2004 - July 2009   | Customs Excise and Service Tax Appellate Tribunal  |
| Income Tax Act, 1961  | Income tax demand   | 876.26*               | 2005- 06, 2008-09, 2009-10, 2010- 11, 2011-12, 2012-13   | Income tax Appellate Tribunal  |
|   | Wealth tax demand   | 56.98                 | 1993 - 94, 1994 - 95, 1995 - 96, 1996 - 97, 1997 - 98  | Hon'ble High Court of Telangana and Andhra Pradesh   |

\* net of ₹ 39.37 lacs, ₹ 182.44 lacs, ₹ 36.14 lacs, ₹ 142.44 lacs, ₹ 154.91 lacs, ₹ 44.50 lacs, ₹ 23.68 lacs, ₹ 17.50 lacs and ₹ 758.01 lacs respectively paid under protest / adjustable against refunds.

- |   |  |
|---|--|
| <p>(viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government and repayment in the nature of loan to government in the nature of sales tax loan.</p> <p>(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of commercial paper/term loans were applied for the purposes for which those were raised.</p> | <p>(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.</p> <p>(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.</p> |
|---|--|





- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership Number: 093649

Place of Signature: New Delhi

Date: 5<sup>th</sup> May, 2016

## Balance Sheet as at March 31, 2016

|   | Notes | ₹ in lacs |           |
|---|-------|-----------|-----------|
|   |       | 31-Mar-16 | 31-Mar-15 |
| <b>EQUITY AND LIABILITIES</b>   |       |           |           |
| Shareholders' funds   |       |           |           |
| Share capital   | 3     | 748.98    | 748.98    |
| Reserves and surplus  | 4     | 45257.71  | 42817.96  |
|   |       | 46006.69  | 43566.94  |
| Non-current liabilities   |       |           |           |
| Long-term borrowings  | 5     | 6983.41   | 5182.29   |
| Deferred tax liabilities (net)  | 6     | 4621.64   | 4524.28   |
| Long-term provisions  | 7     | 571.77    | 462.01    |
|   |       | 12176.82  | 10168.58  |
| Current liabilities   |       |           |           |
| Short-term borrowings   | 8     | 7705.06   | 6459.85   |
| Trade payable   | 9     |           |           |
| Total outstanding dues of micro and small enterprise                      |       | 1.63      | -         |
| Total outstanding dues of creditors other than micro and small enterprise |       | 12514.25  | 13899.15  |
| Other current liabilities   | 9     | 10362.55  | 9631.90   |
| Short-term provisions   | 7     | 1877.00   | 1462.92   |
|   |       | 32460.49  | 31453.82  |
| <b>TOTAL</b>  |       | 90644.00  | 85189.34  |
| <b>ASSETS</b>   |       |           |           |
| Non-current assets  |       |           |           |
| Fixed assets  |       |           |           |
| Tangible assets   | 10    | 50062.66  | 47760.28  |
| Intangible assets   | 10    | 458.95    | 252.12    |
| Capital work-in-progress  |       | 1098.65   | 727.33    |
|   |       | 51620.26  | 48739.73  |
| Non-current investments   | 11    | 852.48    | 935.26    |
| Long-term loans and advances  | 12    | 1668.91   | 2083.10   |
| Trade receivables   | 15    | 10.23     | 8.98      |
| Other assets  | 13    | 50.11     | 150.23    |
|   |       | 2581.73   | 3177.57   |
| Current assets  |       |           |           |
| Inventories   | 14    | 22238.86  | 22039.30  |
| Trade receivables   | 15    | 10131.77  | 6855.60   |
| Cash and bank balances  | 16    | 403.70    | 569.69    |
| Short-term loans and advances   | 12    | 3536.86   | 3404.18   |
| Other assets  | 13    | 130.82    | 403.27    |
|   |       | 36442.01  | 33272.04  |
| <b>TOTAL</b>  |       | 90644.00  | 85189.34  |
| Summary of significant accounting policies                                | 2.1   |           |           |

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

As per our report of even date

For **S R BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number : 101049W/E300004

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place: New Delhi

Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**KR Veerappan**

Chief Financial Officer

**G Manikandan**

Company Secretary &  
Financial Controller

**CK Birla**

Chairman

DIN : 00118473

**Prashant Vishnu Vatkar**

Managing Director  
DIN : 07139685

## Statement of profit and loss for the year ended March 31, 2016

|  | Notes | ₹ in lacs        |                  |
|--|-------|------------------|------------------|
|  |       | 2015-16          | 2014-15          |
| <b>Income</b>  |       |                  |                  |
| Revenue from operations (gross)  | 17    | 122939.37        | 124382.70        |
| Less: excise duty  |       | 13311.66         | 13603.56         |
| <b>Revenue from operations (net)</b>   |       | <b>109627.71</b> | <b>110779.14</b> |
| Other income   | 18    | 1221.81          | 1762.07          |
| <b>Total revenue (I)</b>   |       | <b>110849.52</b> | <b>112541.21</b> |
| <b>Expenses</b>  |       |                  |                  |
| Cost of raw material consumed  | 19    | 58044.92         | 62898.23         |
| Purchase of traded goods   | 20    | 4379.09          | 674.03           |
| (Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods                            | 20    | (105.19)         | (2940.83)        |
| Employee benefits expense  | 21    | 11281.25         | 10369.39         |
| Other expenses   | 22    | 26077.08         | 28033.08         |
| Depreciation and amortisation expense  | 23    | 3974.39          | 3402.22          |
| Finance costs  | 24    | 917.41           | 576.80           |
| Exceptional items  | 43    | 275.57           | 332.91           |
| <b>Total expenses (II)</b>   |       | <b>104844.52</b> | <b>103345.83</b> |
| <b>Profit before tax (I-II)</b>  |       | <b>6005.00</b>   | <b>9195.38</b>   |
| <b>Tax expenses</b>  |       |                  |                  |
| Current tax [including charge of taxes for earlier years ₹ 12.05 lacs (Previous Year : credit of ₹ 40.18 lacs)]    |       | 1836.55          | 1934.66          |
| MAT Credit entitlement [including charge for earlier years ₹ 104.85 lacs (Previous Year : charge of ₹ 77.65 lacs)] |       | 104.85           | (27.20)          |
| Deferred tax [including credit of taxes for earlier years ₹ 123.10 lacs (Previous Year: credit of ₹ 134.76 lacs)]  |       | 97.36            | 602.25           |
| <b>Total tax expense</b>   |       | <b>2038.76</b>   | <b>2509.71</b>   |
| <b>Profit for the year</b>   |       | <b>3966.24</b>   | <b>6685.67</b>   |
| Earnings per equity share in ₹ [nominal value of share ₹ 10/- (Previous Year: ₹ 10/-)]                             | 25    |                  |                  |
| <b>Basic and Diluted</b>   |       |                  |                  |
| Computed on the basis of total profit for the year (in ₹)  |       | 53.15            | 89.59            |
| Summary of significant accounting policies   | 2.1   |                  |                  |

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

As per our report of even date

For **S R BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number : 101049W/E300004

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place: New Delhi

Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**KR Veerappan**  
Chief Financial Officer

**G Manikandan**  
Company Secretary &  
Financial Controller

**CK Birla**  
Chairman  
DIN : 00118473

**Prashant Vishnu Vatkar**  
Managing Director  
DIN : 07139685

## Cash flow statement for the year ended March 31, 2016

|   | ₹ in lacs        |                  |
|---|------------------|------------------|
|   | 2015-16          | 2014-15          |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                     |                  |                  |
| Profit before tax   | 6005.00          | 9195.38          |
| Adjustment to reconcile profit before tax to net cash flows:                      |                  |                  |
| Depreciation and amortisation expense   | 3974.39          | 3402.22          |
| Rent from long term investment in properties                                      | (543.27)         | (477.61)         |
| Provision for doubtful receivables, advances and other assets                     | 578.53           | 17.44            |
| Unspent liabilities, provisions and sundry balances written back (net)            | (320.74)         | (133.87)         |
| Loss/(Profit) on disposal of fixed assets (net)                                   | 69.56            | (626.26)         |
| Realisation of investment written off in earlier years                            | -                | (107.89)         |
| Unrealised foreign exchange loss/(gain) (net)                                     | 95.69            | (17.80)          |
| Employee stock compensation expense   | 45.34            | -                |
| Interest expense  | 917.41           | 576.80           |
| Interest income   | (48.00)          | (128.23)         |
| Dividend income   | (20.71)          | (154.64)         |
| <b>Operating profit before working capital changes</b>                            | <b>10753.20</b>  | <b>11545.54</b>  |
| Movements in working capital :  |                  |                  |
| (Decrease) / Increase in trade payables   | (1373.76)        | 1250.68          |
| Increase in long-term provisions  | 109.76           | 117.73           |
| Increase in short-term provisions   | 48.82            | 38.78            |
| Increase in other current liabilities   | 269.81           | 559.78           |
| (Increase) in trade receivables   | (3510.63)        | (142.99)         |
| (Increase) in inventories   | (199.56)         | (4678.59)        |
| (Increase) in long-term loans and advances  | (53.83)          | (60.38)          |
| (Increase) in short-term loans and advances                                       | (707.79)         | (754.31)         |
| (Increase) / Decrease in other non-current assets                                 | (273.56)         | 82.41            |
| Decrease / (Increase) in other current assets                                     | 259.30           | (102.87)         |
| Cash generated from operations  | 5321.76          | 7855.78          |
| Direct taxes paid (net of refunds)  | (1498.67)        | (2188.69)        |
| <b>Net cash flow from operating activities (A)</b>                                | <b>3823.09</b>   | <b>5667.09</b>   |
| <b>B. CASH FLOWS USED IN INVESTING ACTIVITIES</b>                                 |                  |                  |
| Purchase of fixed assets, including capital advances and capital work in progress | (6755.41)        | (11194.67)       |
| Proceeds from sale of fixed assets  | 319.46           | 1167.04          |
| Proceeds from realisation of Inter corporate deposits                             | 575.00           | -                |
| Purchase of current investments   | (4500.00)        | (15483.25)       |
| Realisation of investment written off in earlier years                            | -                | 107.89           |
| Proceeds from sale/maturity of current investments                                | 4500.00          | 15345.33         |
| Interest received   | 61.16            | 138.31           |
| Dividends received  | 20.71            | 154.64           |
| Rent received from long term investment in properties                             | 543.27           | 477.61           |
| <b>Net cash flow used in investing activities (B)</b>                             | <b>(5235.81)</b> | <b>(9287.10)</b> |

## Cash flow statement (Contd.)

|  | ₹ in lacs       |                 |
|--|-----------------|-----------------|
|  | 2015-16         | 2014-15         |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>               |                 |                 |
| Proceeds from long-term borrowings                           | 2884.82         | 1107.53         |
| Repayment of long-term borrowings                            | (396.31)        | (240.95)        |
| Proceeds from short-term borrowings (net)                    | 1220.43         | 4424.21         |
| Interest paid  | (918.22)        | (574.85)        |
| Dividend paid on equity shares                               | (1296.08)       | (1112.59)       |
| Tax on equity dividend paid                                  | (265.91)        | (190.23)        |
| <b>Net cash flow from financing activities (C)</b>           | <b>1228.73</b>  | <b>3413.12</b>  |
| <b>Net decrease in cash and cash equivalents (A + B + C)</b> | <b>(183.99)</b> | <b>(206.89)</b> |
| Cash and cash equivalents at the beginning of the year       | 569.69          | 776.58          |
| <b>Cash and cash equivalents at the end of the year</b>      | <b>385.70</b>   | <b>569.69</b>   |
| <b>Components of cash and cash equivalents</b>               |                 |                 |
| Cash on hand   | 5.05            | 6.01            |
| Cheques/drafts on hand                                       | 133.73          | 284.02          |
| With banks- on current account                               | 155.65          | 198.26          |
| - unpaid dividend accounts*                                  | 91.27           | 81.40           |
| <b>Total cash and cash equivalents (note 16)</b>             | <b>385.70</b>   | <b>569.69</b>   |
| Summary of significant accounting policies 2.1               |                 |                 |

\* The Company can utilize these balances only towards 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/E300004

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place: New Delhi

Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**KR Veerappan**

Chief Financial Officer

**G Manikandan**

Company Secretary &  
Financial Controller

**CK Birla**

Chairman

DIN : 00118473

**Prashant Vishnu Varkar**

Managing Director  
DIN : 07139685

## Notes to standalone financial statements for the year ended March 31, 2016

### 1. Corporate Information

The Company is engaged in the production and distribution of Building products, Thermal insulation products (Refractories) and generation of Wind Power. Building products includes Fibre Cement Sheets, Aerocon Panels, Flyash Bricks-AAC, Material Handling and Processing Plant and Equipment, Advanced Polymer Products and Coloured Steel Sheets. The Company presently has manufacturing facilities at Hyderabad, Faridabad, Jasidih, Dharuhera, Thimmapur, Jhajjar, Kondapalli, Chennai, Thrissur, Wada, Sathariya, Balasore and Golan. The Wind Turbine Generators has been setup in Gujarat, Tamil Nadu and Rajasthan.

### 2. Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these standalone financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The standalone 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 31st December, 1983 which are carried at revalued amounts.

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

### 2.1 Summary of significant accounting policies

#### a. Use of estimates

The preparation of standalone 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

Tangible fixed assets, except freehold, lease hold land and buildings acquired before 31st December, 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 31st December, 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 assets 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 de-recognition 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 except for the corresponding amount in revaluation reserve which is transferred to General reserve.

#### c. Depreciation on tangible assets

Depreciation on tangible 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 life prescribed under the Schedule II to the Companies Act, 2013, except for following assets mentioned below which is based on technical evaluation and past experience.

Continuous process plant: 19 years as against 25 years

Certain moulds and dies: 6 / 9 years as against 8 years

Depreciation on Company's proportionate share in Fly Ash Handling System (capital expenditure not represented by asset owned by the Company but installed at vendor's location) is provided over its useful life of five years on straight line basis.

#### 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 mentioned in Schedule II to the Companies Act, 2013, 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 mentioned in Schedule II to the Companies Act, 2013.

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 costs 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 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 realisable 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 standalone 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 based on the useful life estimated by the management, which are equal to life prescribed in Schedule II of the Companies Act, 2013.

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 realisable 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, traded goods and finished goods are valued at lower of cost and net realisable 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 realisable 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 fee**

Technical Know-how fee is 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 difference**

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 standalone 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 payable 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.

**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 Income Tax Act, 1961 enacted in India. 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be

recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**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 standalone 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 standalone 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. Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share Based Payments Plans, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.

|   | ₹ in lacs     |               |
|---|---------------|---------------|
|   | 31-Mar-16     | 31-Mar-15     |
| <b>3. Share capital</b>   |               |               |
| <b>Authorised shares</b>  |               |               |
| 9500000 (Previous Year: 9500000) Equity Shares of ₹ 10 each               | 950.00        | 950.00        |
| 50000 (Previous Year: 50000) Preference Shares of ₹ 100 each              | 50.00         | 50.00         |
| <b>Issued, subscribed and fully paid-up shares</b>                        |               |               |
| 7462563 (Previous Year: 7462563) Equity Shares of ₹ 10 each fully paid-up | 746.26        | 746.26        |
| Forfeited Shares (amount originally paid-up)                              | 2.72          | 2.72          |
| <b>Total issued, subscribed and fully paid-up share capital</b>           | <b>748.98</b> | <b>748.98</b> |

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

Equity shares

|                                    | 31-Mar-16 |           | 31-Mar-15 |           |
|------------------------------------|-----------|-----------|-----------|-----------|
|                                    | No.       | ₹ in lacs | No.       | ₹ in lacs |
| At the beginning of the year       | 7462563   | 748.98    | 7462563   | 748.98    |
| Outstanding at the end of the year | 7462563   | 748.98    | 7462563   | 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 March 31, 2016, the amount of dividend per share recognized as distributions to equity shareholders is ₹ 17.50, including Interim dividend of ₹ 7.50 (Previous Year: ₹ 20/-, including interim dividend of ₹ 10/-).

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             | As at March 31, 2016 |           | As at March 31, 2015 |           |
|-------------------------------------|----------------------|-----------|----------------------|-----------|
|                                     | Nos                  | % holding | Nos                  | % holding |
| Central India Industries Limited    | 1074634              | 14.40     | 1074634              | 14.40     |
| Orient Paper and Industries Limited | 906360               | 12.15     | 906360               | 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 |           |
|--|-----------|-----------|
|  | 31-Mar-16 | 31-Mar-15 |
| <b>4. Reserves and surplus</b>   |           |           |
| Capital redemption reserve   | 35.00     | 35.00     |
| Securities premium account   | 624.95    | 624.95    |
| Revaluation reserve (arising on revaluation of tangible fixed assets)  |           |           |
| Balance as per the last financial statement  | 433.99    | 433.99    |
| Closing balance  | 433.99    | 433.99    |
| General reserve  |           |           |
| Balance as per the last financial statement  | 36100.00  | 32100.00  |
| Add: Amount transferred from surplus balance in the statement of profit and loss   | 1000.00   | 4000.00   |
| Closing balance  | 37100.00  | 36100.00  |
| Employees stock option outstanding   |           |           |
| Balance as per the last financial statement  | -         | -         |
| Add: Compensation options granted during the year  | 45.34     | -         |
| Closing balance  | 45.34     | -         |
| Surplus in the statement of profit and loss  |           |           |
| Balance as per the last financial statement  | 5624.02   | 4885.04   |
| Less: Carrying value of fixed assets having nil useful life as per Schedule II of Companies Act, 2013 (net of deferred tax charge ₹ Nil (Previous year : ₹ 90.32 lacs) | -         | (175.40)  |
| Profit for the year  | 3966.24   | 6685.67   |
| Less: Appropriations   |           |           |
| Interim dividend on equity shares (amount per share ₹ 7.50 (Previous Year: ₹ 10/-))  | (559.69)  | (746.26)  |
| Proposed final equity dividend (amount per share ₹ 10/- (Previous Year: ₹ 10/-))   | (746.26)  | (746.26)  |
| Corporate dividend tax on equity shares  | (265.88)  | (278.77)  |
| Transfer to general reserve  | (1000.00) | (4000.00) |
| Total appropriations   | (2571.83) | (5771.29) |
| Net surplus in the statement of profit and loss  | 7018.43   | 5624.02   |
| Total reserves and surplus   | 45257.71  | 42817.96  |



|  | ₹ in lacs   |           |           |           |
|--|-------------|-----------|-----------|-----------|
|  | Non-current |           | Current   |           |
|  | 31-Mar-16   | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 |
| <b>5. Long-term borrowings</b>   |             |           |           |           |
| Other loans  |             |           |           |           |
| Interest Free Sales Tax Loan from a financial institution (secured) [refer note (a) below] | 6311.81     | 4154.99   | 728.00    | -         |
| Deferred Sales Tax Loan (unsecured) [refer note (b) below]                                 | 671.60      | 1027.30   | 355.69    | 396.30    |
|  | 6983.41     | 5182.29   | 1083.69   | 396.30    |
| The above amount includes  |             |           |           |           |
| Secured borrowings   | 6311.81     | 4154.99   | 728.00    | -         |
| Unsecured borrowings   | 671.60      | 1027.30   | 355.69    | 396.30    |
| Amount disclosed under Other current liabilities (refer note 9)                            | -           | -         | (1083.69) | (396.30)  |
|  | 6983.41     | 5182.29   | -         | -         |

- 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, Corporate Office Building situated at Gachibowli, Hyderabad and Balasore Unit of the Company, both present and future, repayable after 7 years from the date of disbursement. Accordingly ₹ 427 lacs is due in July 2016, ₹ 301 lacs is due in January 2017, ₹ 792 lacs is due in March 2018, ₹ 606.72 lacs is due in July 2019, ₹ 920.74 lacs is due in November 2019, ₹ 1107.53 lacs is due in March 2022, ₹ 1084.06 lacs is due in June 2022 and ₹ 1800.76 lacs is due in December 2022.
- 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.



|   | ₹ in lacs |           |
|---|-----------|-----------|
|   | 31-Mar-16 | 31-Mar-15 |
| <b>6. Deferred tax liabilities (net)</b>  |           |           |
| Deferred tax liabilities  |           |           |
| Difference in depreciation/amortisation on fixed assets as per tax books and financial books                    | 6170.13   | 5732.91   |
| Gross deferred tax liabilities  | 6170.13   | 5732.91   |
| Deferred tax assets   |           |           |
| Effect of expenditure debited to statement of profit and loss but allowable for tax purposes in following years | 775.40    | 573.85    |
| Provision for doubtful receivables, advances and other assets   | 578.46    | 468.17    |
| Voluntary early retirement scheme   | 194.63    | 166.61    |
| Gross deferred tax assets   | 1548.49   | 1208.63   |
| Deferred tax liabilities (net)  | 4621.64   | 4524.28   |

|  | ₹ in lacs   |           |           |           |
|--|-------------|-----------|-----------|-----------|
|  | Non-current |           | Current   |           |
|  | 31-Mar-16   | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 |
| <b>7. Provisions</b>                                       |             |           |           |           |
| Provision for employee benefits                            |             |           |           |           |
| Provision for gratuity (refer note 26)                     | 571.77      | 462.01    | 19.33     | 9.10      |
| Provision for leave benefits                               | -           | -         | 269.88    | 290.08    |
|  | 571.77      | 462.01    | 289.21    | 299.18    |
| Other provisions   |             |           |           |           |
| Provision for employee related other costs (refer note 36) | -           | -         | 100.69    | 41.90     |
| Provision for income tax (net of advance income tax)       | -           | -         | 588.92    | 223.63    |
| Proposed final dividend                                    | -           | -         | 746.26    | 746.26    |
| Provision for tax on proposed final dividend               | -           | -         | 151.92    | 151.95    |
|  | -           | -         | 1587.79   | 1163.74   |
|  | 571.77      | 462.01    | 1877.00   | 1462.92   |

|   | ₹ in lacs |           |
|---|-----------|-----------|
|   | 31-Mar-16 | 31-Mar-15 |
| <b>8. Short-term borrowings</b>                 |           |           |
| Secured   |           |           |
| From banks [refer note (a) below]               | 6632.69   | 2990.30   |
| From others                                     | 303.30    | -         |
| Unsecured                                       |           |           |
| Buyers credit from banks [refer note (b) below] | 769.07    | 3469.55   |
|   | 7705.06   | 6459.85   |
| The above amount includes                       |           |           |
| Secured borrowings                              | 6935.99   | 2990.30   |
| Unsecured borrowings                            | 769.07    | 3469.55   |
|   | 7705.06   | 6459.85   |

- a) Cash credit facilities and demand loan 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. These borrowings carries interest @7.55% to 13.50% p.a.
- b) Buyers credit carries interest @ 0.53% to 1.22% p.a.

|  | ₹ in lacs |           |
|--|-----------|-----------|
|  | 31-Mar-16 | 31-Mar-15 |
| <b>9. Trade payable and other current liabilities</b>  |           |           |
| Trade payables #   |           |           |
| Total outstanding dues of micro and small enterprise (refer note 35 for details of dues to micro and small enterprises)  | 1.63      | -         |
| Total outstanding dues of creditors other than micro and small enterprise  | 12514.25  | 13899.15  |
| Other current liabilities  |           |           |
| Current maturities of long-term borrowings (refer note 5)  | 1083.69   | 396.30    |
| Interest accrued but not due on borrowings   | 1.14      | 1.95      |
| Capital creditors  | 480.95    | 476.06    |
| Advances from customers (refer note 31 (d))  | 1291.94   | 1583.49   |
| Unclaimed dividend (statutory liabilities as referred in Section 125 of Companies Act, 2013 to be transferred to Investor Education and Protection Fund as and when due) | 91.27     | 81.40     |
| Others   |           |           |
| Sundry deposits  | 4671.09   | 4525.80   |
| Other statutory liabilities  | 2742.47   | 2566.90   |
|  | 10362.55  | 9631.90   |

# (refer note 31 (iii))

## 10. Tangible 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>               |               |                |           |                 |                     |                        |                   |          |                       |                             |             |
| As at March 31, 2014                | 2185.46       | 1227.58        | 11148.52  | 12.75           | 43287.00            | 285.22                 | 428.76            | 507.65   | 59082.94              | 732.56                      | 59815.50    |
| Additions                           | 358.53        | -              | 4834.02   | -               | 8286.81             | 406.16                 | 178.58            | 24.26    | 14088.36              | 87.12                       | 14175.48    |
| Disposals                           | (30.94)       | -              | (35.16)   | -               | (1385.95)           | (21.20)                | (111.02)          | (172.76) | (1757.03)             | -                           | (1757.03)   |
| As at March 31, 2015                | 2513.05       | 1227.58        | 15947.38  | 12.75           | 50187.86            | 670.18                 | 496.32            | 359.15   | 71414.27              | 819.68                      | 72233.95    |
| Additions                           | 1.75          | 4.00           | 1544.25   | -               | 4827.87             | 18.82                  | 16.96             | 30.95    | 6444.60               | 345.24                      | 6789.84     |
| Disposals                           | (3.00)        | (162.10)       | (8.89)    | -               | (509.33)            | (0.55)                 | (0.69)            | (38.43)  | (722.99)              | (162.65)                    | (885.64)    |
| As at March 31, 2016                | 2511.80       | 1069.48        | 17482.74  | 12.75           | 54506.40            | 688.45                 | 512.59            | 351.67   | 77135.88              | 1002.27                     | 78138.15    |
| <b>B. Depreciation/Amortisation</b> |               |                |           |                 |                     |                        |                   |          |                       |                             |             |
| As at March 31, 2014                | -             | 70.94          | 3106.94   | 12.12           | 17512.72            | 208.18                 | 215.63            | 225.82   | 21352.35              | 497.09                      | 21849.44    |
| Charge for the year                 | -             | 13.56          | 505.76    | -               | 2540.54             | 32.57                  | 89.31             | 70.45    | 3252.19               | 70.47                       | 3322.66     |
| Disposals                           | -             | -              | (9.74)    | -               | (1002.25)           | (19.44)                | (105.54)          | (79.30)  | (1216.27)             | -                           | (1216.27)   |
| Adjusted against retained earnings  | -             | -              | 166.95    | -               | 36.60               | 2.94                   | 56.37             | 2.86     | 265.72                | -                           | 265.72      |
| As at March 31, 2015                | -             | 84.50          | 3769.91   | 12.12           | 19087.61            | 224.25                 | 255.77            | 219.83   | 23653.99              | 567.56                      | 24221.55    |
| Charge for the year                 | -             | 12.10          | 576.31    | -               | 3014.18             | 53.32                  | 74.07             | 46.52    | 3776.50               | 115.11                      | 3891.61     |
| Disposals                           | -             | (5.02)         | (5.63)    | -               | (319.51)            | (0.54)                 | (0.43)            | (26.14)  | (357.27)              | (139.35)                    | (496.62)    |
| As at March 31, 2016                | -             | 91.58          | 4340.59   | 12.12           | 21782.28            | 277.03                 | 329.41            | 240.21   | 27073.22              | 543.32                      | 27616.54    |
| <b>C. Net Block (A-B)</b>           |               |                |           |                 |                     |                        |                   |          |                       |                             |             |
| As at March 31, 2015                | 2513.05       | 1143.08        | 12177.47  | 0.63            | 31100.25            | 445.93                 | 240.55            | 139.32   | 47760.28              | 252.12                      | 48012.40    |
| As at March 31, 2016                | 2511.80       | 977.90         | 13142.15  | 0.63            | 32724.12            | 411.42                 | 183.18            | 111.46   | 50062.66              | 458.95                      | 50521.61    |

## Note:

- 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 ₹ 433.99 lacs (Previous Year: ₹ 433.99 lacs) on account of additions on revaluation during the year ended December 31, 1983 as per valuation carried out by an approved valuer.

|   | ₹ in lacs     |               |
|---|---------------|---------------|
|   | 31-Mar-16     | 31-Mar-15     |
| <b>11. Non-current investments</b>  |               |               |
| Investment property (at cost less accumulated depreciation)   |               |               |
| Investment Properties given as an operating lease [refer note (a) below]  | 984.72        | 984.72        |
| Less: Accumulated depreciation  | 276.14        | 193.36        |
| <b>Net block</b>  | <b>708.58</b> | <b>791.36</b> |
| Trade investments (valued at cost unless stated otherwise)  |               |               |
| Unquoted equity instruments   |               |               |
| Birla Buildings Limited-5000 Equity Shares of ₹ 10/- each (Previous Year: 5000 Equity Shares of ₹ 10/- each)                            | 0.80          | 0.80          |
| Investment in joint ventures  |               |               |
| Supercor Industries Limited, Nigeria - 4125000 Equity Shares of Naira 1/- each (Previous Year: 4125000 Equity Shares of Naira 1/- each) | 142.60        | 142.60        |
|   | <b>143.40</b> | <b>143.40</b> |
| Non-trade investments (valued at cost unless stated otherwise)  |               |               |
| Government and trust securities (unquoted) [refer 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          |
|   | <b>0.50</b>   | <b>0.50</b>   |
|   | <b>852.48</b> | <b>935.26</b> |
| Aggregate amount of unquoted investments  | 143.90        | 143.90        |
| Value of investment properties  | 708.58        | 791.36        |
|   | <b>852.48</b> | <b>935.26</b> |

Note :

- 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.
- Government Securities for ₹ 0.50 lacs (Previous Year : ₹ 0.50 lacs) lodged with Government Departments.

|  |     | ₹ in lacs   |           |           |           |
|--|-----|-------------|-----------|-----------|-----------|
|  |     | Non-current |           | Current   |           |
|  |     | 31-Mar-16   | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 |
| <b>12. Loans and advances</b>                          |     |             |           |           |           |
| Capital advances                                       | (A) |             |           |           |           |
| Unsecured, considered good                             |     | 75.91       | 476.85    | -         | -         |
| Inter corporate deposits (unsecured, considered good)* | (B) | -           | -         | -         | 575.00    |
| Security Deposits                                      | (C) |             |           |           |           |
| Unsecured, considered good                             |     | 767.49      | 748.98    | -         | -         |
| Doubtful   |     | 25.00       | 25.00     | -         | -         |
|  |     | 792.49      | 773.98    | -         | -         |
| Provision for doubtful security deposits               |     | (25.00)     | (25.00)   | -         | -         |
|  |     | 767.49      | 748.98    | -         | -         |
| Advances recoverable in cash or kind                   | (D) |             |           |           |           |
| Unsecured, considered good                             |     | -           | -         | 1842.43   | 1266.04   |
| Doubtful   |     | 417.85      | 428.21    | -         | -         |
|  |     | 417.85      | 428.21    | 1842.43   | 1266.04   |
| Provision for doubtful advances                        |     | (417.85)    | (428.21)  | -         | -         |
|  |     | -           | -         | 1842.43   | 1266.04   |
| Other loans and advances (unsecured, considered good)  | (E) |             |           |           |           |
| Advance income-tax (net of provision for taxation)     |     | 592.89      | 433.07    | -         | -         |
| MAT credit entitlement                                 |     | -           | 237.26    | -         | -         |
| Prepaid expenses                                       |     | 9.00        | 11.21     | 103.82    | 165.94    |
| Balance with statutory/government authorities          |     | 223.62      | 175.73    | 1590.61   | 1397.20   |
|  |     | 825.51      | 857.27    | 1694.43   | 1563.14   |
| Total (A+B+C+D+E)                                      |     | 1668.91     | 2083.10   | 3536.86   | 3404.18   |

\* Represents short term unsecured loan given to M/s Indian Press Exchange Limited for meeting its business needs at an interest rate of 11% p.a. and payment as been received as per agreed terms.

|  | ₹ in lacs   |           |           |           |
|--|-------------|-----------|-----------|-----------|
|  | Non-current |           | Current   |           |
|  | 31-Mar-16   | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 |
| <b>13. Other assets (unsecured, considered good unless stated otherwise)</b> |             |           |           |           |
| Non-current bank balance (refer note 16)                                     | 0.11        | 18.11     | -         | -         |
| Others   |             |           |           |           |
| Interest accrued on fixed deposits and security deposits                     | -           | -         | 34.86     | 48.02     |
| Dividend receivable on investments (refer note 31 (c))                       | -           | -         | 9.01      | 9.01      |
| Other Receivables (refer note 31 (b))  |             |           |           |           |
| Considered good  | 50.00       | 132.12    | 86.95     | 346.24    |
| Considered doubtful  | 376.13      | 20.45     | -         | -         |
|  | 426.13      | 152.57    | 86.95     | 346.24    |
| Provision for doubtful other assets  | (376.13)    | (20.45)   | -         | -         |
|  | 50.00       | 132.12    | 86.95     | 346.24    |
|  | 50.11       | 150.23    | 130.82    | 403.27    |

|  | ₹ in lacs |           |
|--|-----------|-----------|
|  | 31-Mar-16 | 31-Mar-15 |
|  |           |           |
| <b>14. Inventories (valued at lower of cost and net realisable value)</b>                        |           |           |
| Raw materials (includes in transit ₹ 483.53 lacs (Previous Year: ₹ 475.44 lacs)) (refer note 19) | 8251.87   | 8509.46   |
| Work-in-progress (refer note 20)   | 270.37    | 315.07    |
| Finished goods (refer note 20)   | 12451.26  | 12136.41  |
| Traded goods (refer note 20)   | 430.53    | 345.77    |
| Stores and spares  | 834.83    | 732.59    |
|  | 22238.86  | 22039.30  |

|  | ₹ in lacs   |           |           |           |
|--|-------------|-----------|-----------|-----------|
|  | Non-current |           | Current   |           |
|  | 31-Mar-16   | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 |
| <b>15. Trade receivables*</b>  |             |           |           |           |
| Considered good unless stated otherwise  |             |           |           |           |
| Outstanding for a period exceeding six months from the date they are due for payment |             |           |           |           |
| Secured, considered good   | 10.23       | 8.98      | 20.16     | 15.64     |
| Unsecured, considered good   | -           | -         | 55.64     | 61.89     |
| Doubtful   | 431.62      | 382.34    | 495.76    | 570.94    |
|  | 441.85      | 391.32    | 571.56    | 648.47    |
| Provision for doubtful receivables   | (431.62)    | (382.34)  | (495.76)  | (570.94)  |
|  | 10.23       | 8.98      | 75.80     | 77.53     |
| <b>Other debts</b>   |             |           |           |           |
| Secured, considered good   | -           | -         | 1992.24   | 1917.46   |
| Unsecured, considered good   | -           | -         | 8063.73   | 4860.61   |
| Doubtful   | -           | 4.06      | 114.24    | 70.91     |
|  | -           | 4.06      | 10170.21  | 6848.98   |
| Provision for doubtful receivables   | -           | (4.06)    | (114.24)  | (70.91)   |
|  | -           | -         | 10055.97  | 6778.07   |
|  | 10.23       | 8.98      | 10131.77  | 6855.60   |

\* [refer note 31 (a)]

|   | ₹ in lacs   |           |           |           |
|---|-------------|-----------|-----------|-----------|
|   | Non-current |           | Current   |           |
|   | 31-Mar-16   | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 |
| <b>16. Cash and bank balance</b>                          |             |           |           |           |
| Cash and cash equivalents                                 |             |           |           |           |
| Balances with banks:                                      |             |           |           |           |
| On current/collection/cash credit accounts                | -           | -         | 155.65    | 198.26    |
| On unpaid dividend account                                | -           | -         | 91.27     | 81.40     |
| Cheques/ drafts on hand                                   | -           | -         | 133.73    | 284.02    |
| Cash on hand  | -           | -         | 5.05      | 6.01      |
|   | -           | -         | 385.70    | 569.69    |
| <b>Other bank balances</b>                                |             |           |           |           |
| Deposits with remaining maturity for more than 12 months  | -           | 18.00     | -         | -         |
| Deposits with remaining maturity for less than 12 months  | -           | -         | 18.00     | -         |
| With post office in savings bank account                  | 0.11        | 0.11      | -         | -         |
|   | 0.11        | 18.11     | 18.00     | -         |
| Amount disclosed under non-current assets (refer note 13) | (0.11)      | (18.11)   | -         | -         |
|   | -           | -         | 403.70    | 569.69    |

|  | ₹ in lacs |           |
|--|-----------|-----------|
|  | 2015-16   | 2014-15   |
| <b>17. Revenue from operations</b>                           |           |           |
| Sale of products   |           |           |
| Finished goods   | 117793.39 | 123334.50 |
| Traded goods   | 4813.52   | 765.51    |
| Other operating revenue                                      |           |           |
| Technical know-how fee                                       | -         | 48.24     |
| Scrap sales  | 332.46    | 234.45    |
| Revenue from operations (gross)                              | 122939.37 | 124382.70 |
| Less: Excise duty  | 13311.66  | 13603.56  |
| Revenue from operations (net)                                | 109627.71 | 110779.14 |
| Detail of products sold and other operating revenue          |           |           |
| Finished goods sold  |           |           |
| 1. Fibre Cement Sheets                                       | 87337.01  | 101026.03 |
| 2. Thermal insulation products                               | 2288.70   | 2844.20   |
| 3. Wind power  | 443.38    | 359.91    |
| 4. Blocks  | 14756.75  | 10485.49  |
| 5. Others (including technical know-how fee and scrap sales) | 13300.01  | 8901.56   |
|  | 118125.85 | 123617.19 |
| Traded goods sold  |           |           |
| 1. Fibre Cement Sheets                                       | 3560.47   | -         |
| 2. Washers/Advance Polymer Products                          | 516.30    | 758.98    |
| 3. Thin bed Mortar   | 723.50    | -         |
| 4. Others  | 13.25     | 6.53      |
|  | 4813.52   | 765.51    |
|  | 122939.37 | 124382.70 |

|  | ₹ in lacs |         |
|--|-----------|---------|
|  | 2015-16   | 2014-15 |
| <b>18. Other income</b>  |           |         |
| Interest income on deposits and others                                 | 48.00     | 128.23  |
| Dividend income on   |           |         |
| Current investments  | 20.71     | 154.64  |
| Rent   |           |         |
| Long term investments in properties                                    | 543.27    | 477.61  |
| Others   | 17.68     | 20.52   |
| Unspent liabilities, provisions and sundry balances written back (net) | 320.74    | 133.87  |
| Profit on disposal of fixed assets (net)                               | -         | 626.26  |
| Realisation of investment written off in earlier years                 | -         | 107.89  |
| Profit on sale of materials  | 163.08    | -       |
| Miscellaneous receipts   | 108.33    | 113.05  |
|  | 1221.81   | 1762.07 |



|  | ₹ in lacs |          |
|--|-----------|----------|
|  | 2015-16   | 2014-15  |
| <b>19. Cost of raw material consumed</b> |           |          |
| Inventory at the beginning of the year   | 8509.46   | 6903.06  |
| Add: Purchases                           | 58669.35  | 64504.63 |
| Less: Sale of materials                  | 882.02    | -        |
|  | 66296.79  | 71407.69 |
| Less: Inventory at the end of the year   | 8251.87   | 8509.46  |
| Cost of raw material consumed            | 58044.92  | 62898.23 |
| Details of raw material consumed         |           |          |
| Fibre                                    | 27481.65  | 33809.79 |
| Cement                                   | 14989.47  | 16661.72 |
| Others                                   | 15573.80  | 12426.72 |
|  | 58044.92  | 62898.23 |
| Details of inventory                     |           |          |
| Fibre                                    | 6297.86   | 6819.64  |
| Cement                                   | 383.22    | 391.89   |
| Others                                   | 1570.79   | 1297.93  |
|  | 8251.87   | 8509.46  |

|  | ₹ in lacs |           |                         |
|--|-----------|-----------|-------------------------|
|  | 2015-16   | 2014-15   | (Increase)/<br>decrease |
| <b>20. (Increase)/Decrease in inventories</b>                |           |           |                         |
| Inventories at the end of the year                           |           |           |                         |
| Finished goods   | 12451.26  | 12136.41  | (314.85)                |
| Work-in-progress   | 270.37    | 315.07    | 44.70                   |
| Traded goods   | 430.53    | 345.77    | (84.76)                 |
|  | 13152.16  | 12797.25  | (354.91)                |
| Inventories at the beginning of the year                     |           |           |                         |
| Finished goods   | 12136.41  | 9157.53   | (2978.88)               |
| Work-in-progress   | 315.07    | 457.90    | 142.83                  |
| Traded goods   | 345.77    | 211.20    | (134.57)                |
|  | 12797.25  | 9826.63   | (2970.62)               |
|  | (354.91)  | (2970.62) | -                       |
| Add: Stocks of finished goods out of trial run<br>production | 249.72    | 29.79     | -                       |
|  | (105.19)  | (2940.83) | -                       |

|  | ₹ in lacs |          |
|--|-----------|----------|
|  | 2015-16   | 2014-15  |
| <b>Details of purchase of traded goods</b>               |           |          |
| 1. Fibre Cement Sheets                                   | 3485.69   | -        |
| 2. Washers/Advance Polymer Products                      | 318.58    | 650.36   |
| 3. Thin bed Mortar                                       | 546.27    | -        |
| 4. Others  | 28.55     | 23.67    |
|  | 4379.09   | 674.03   |
| <b>Details of inventories</b>                            |           |          |
| <b>Finished goods</b>                                    |           |          |
| 1. Fibre Cement Sheets                                   | 10396.98  | 10849.57 |
| 2. Thermal insulation products                           | 94.91     | 99.90    |
| 3. Others  | 1959.37   | 1186.94  |
|  | 12451.26  | 12136.41 |
| <b>Work-in-progress</b>                                  |           |          |
| 1. Thermal insulation products                           | 58.48     | 65.91    |
| 2. Material handling and processing plant and equipments | 83.57     | 244.19   |
| 3. Others  | 128.32    | 4.97     |
|  | 270.37    | 315.07   |
| <b>Traded goods</b>                                      |           |          |
| 1. Fibre Cement Sheets                                   | 115.74    | -        |
| 2. Washers/Advance Polymer Products                      | 180.56    | 257.82   |
| 3. Thin bed Mortar                                       | 40.24     | -        |
| 4. Others  | 93.99     | 87.95    |
|  | 430.53    | 345.77   |

|   | ₹ in lacs |          |
|---|-----------|----------|
|   | 2015-16   | 2014-15  |
| <b>21. Employee benefits expense</b>                |           |          |
| Salaries, wages and bonus                           | 9767.13   | 8755.38  |
| Gratuity expenses (refer note 26)                   | 164.92    | 330.20   |
| Contribution to provident fund                      | 405.08    | 379.37   |
| Contribution to other funds                         | 142.33    | 120.94   |
| Employee stock compensation expenses (refer note 4) | 45.34     | -        |
| Staff and workmen welfare expenses                  | 756.45    | 783.50   |
|   | 11281.25  | 10369.39 |

|  | ₹ in lacs       |                 |
|--|-----------------|-----------------|
|  | 2015-16         | 2014-15         |
| <b>22. Other expenses</b>  |                 |                 |
| Consumption of stores and spares   | 2938.42         | 3225.99         |
| Packing expenses (net)   | 581.86          | 566.39          |
| Repairs and renewals   |                 |                 |
| Buildings  | 121.41          | 105.12          |
| Machinery (excluding stores and spares consumption)  | 824.25          | 816.42          |
| General repairs and maintenance  | 1894.25         | 1320.57         |
| Power and fuel   | 5172.69         | 5565.34         |
| Rent   | 410.46          | 435.93          |
| Rates and taxes  | 697.56          | 727.00          |
| Excise duty on stocks  | 357.12          | 683.36          |
| Insurance (net)  | 49.88           | 43.68           |
| Commission on sales  | 339.19          | 335.04          |
| Carriage outwards (net)  | 5732.08         | 5759.61         |
| Advertisement and sales promotion expenses   | 958.49          | 1663.66         |
| Professional, consultancy & legal expenses   | 1101.32         | 2887.92         |
| Travelling expenses  | 1490.28         | 1365.09         |
| Directors' fee   | 41.50           | 32.40           |
| Directors' commission  | 62.00           | 85.00           |
| Donations  | -               | 100.00          |
| Loss on sale/discard of fixed assets (net)   | 69.56           | -               |
| Provision for doubtful receivables, advances and other assets (net)  | 578.53          | 17.44           |
| Bad debt written off   | 219.84          |                 |
| Less: Provision for doubtful receivables written back  | (219.84)        | -               |
| Foreign exchange fluctuation (net)   | 289.77          | 37.91           |
| Miscellaneous expenses*  | 2366.46         | 2259.21         |
|  | <b>26077.08</b> | <b>28033.08</b> |
| * includes ₹ 168.28 lacs (Previous year: ₹ 6.57 lacs) spent by the Company towards CSR activities against total requirement of ₹ 127.48 lacs (Previous year: ₹ 138.88 lacs). |                 |                 |
| Payment to auditors (included in miscellaneous expenses)   |                 |                 |
| As Auditors  |                 |                 |
| - For statutory audit fee  | 38.00           | 38.00           |
| - For tax audit  | 8.00            | 6.00            |
| - For quarterly review of accounts   | 24.00           | 24.00           |
| In other capacity  |                 |                 |
| - For Certification, Income tax, Company law matters, etc.   | 17.25           | 9.55            |
| Out of pocket expenses   | 1.97            | 3.11            |
|  | <b>89.22</b>    | <b>80.66</b>    |

|   | ₹ in lacs      |                |
|---|----------------|----------------|
|   | 2015-16        | 2014-15        |
| <b>23. Depreciation and amortisation expense</b>                      |                |                |
| Depreciation of tangible assets net of capitalisation (refer note 10) | 3776.50        | 3252.19        |
| Amortisation of intangible assets (refer note 10)                     | 115.11         | 70.47          |
| Depreciation of investment property                                   | 82.78          | 79.56          |
|   | <b>3974.39</b> | <b>3402.22</b> |

|  | ₹ in lacs     |               |
|--|---------------|---------------|
|  | 2015-16       | 2014-15       |
| <b>24. Finance costs</b>   |               |               |
| On short term loans  | 470.31        | 155.83        |
| Others   | 374.40        | 356.21        |
| Exchange difference to the extent considered as an adjustment to borrowing costs | 72.70         | 64.76         |
|  | <b>917.41</b> | <b>576.80</b> |

|  | ₹ in lacs |         |
|--|-----------|---------|
|  | 2015-16   | 2014-15 |
| <b>25. Earnings per equity share (EPS)</b>   |           |         |
| The following reflects the profit and share data used in the basic and diluted EPS computations: |           |         |
| Total operations for the year  |           |         |
| Profit after tax   | 3966.24   | 6685.67 |
| Weighted average number of equity shares in calculating basic and diluted EPS (nos)              | 7462563   | 7462563 |
| Basic and Diluted EPS (₹)*   | 53.15     | 89.59   |

\* Employee stock options are not considered for calculation of diluted earning per share as it will have an anti-dilutive effect.

## 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

|   | ₹ in lacs |          |
|---|-----------|----------|
|   | 2015-16   | 2014-15  |
| Current service cost  | 236.14    | 177.14   |
| Interest cost on benefit obligation   | 137.52    | 155.45   |
| Expected return on plan assets  | (111.74)  | (121.31) |
| Net actuarial (gain)/loss recognized in the year                                      | (97.00)   | 118.92   |
| Net benefit expenses  | 164.92    | 330.20   |
| Actual return on plan assets  | 110.81    | 132.21   |
| <b>Amount recognized in the Balance Sheet</b>   |           |          |
| Defined benefit obligation  | 1908.60   | 1895.87  |
| Fair value of plan assets   | 1317.50   | 1424.76  |
| Plan liability  | 591.10    | 471.11   |
| <b>Changes in the present value of the defined benefit obligation are as follows:</b> |           |          |
| Opening defined benefit obligation  | 1895.87   | 1946.72  |
| Interest cost   | 137.52    | 155.45   |
| Current service cost  | 236.14    | 177.14   |
| Benefits paid   | (265.37)  | (520.43) |
| Actuarial (gains)/losses on obligation  | (95.56)   | 136.99   |
| Closing defined benefit obligation  | 1908.60   | 1895.87  |
| <b>Changes in the fair value of plan assets are as follows</b>                        |           |          |
| Opening fair value of plan assets   | 1424.76   | 1568.98  |
| Expected return   | 111.74    | 121.31   |
| Contributions by employer   | 37.63     | 8.55     |
| Benefits paid   | (258.07)  | (292.15) |
| Actuarial gain  | 1.44      | 18.07    |
| Closing fair value of plan assets   | 1317.50   | 1424.76  |

The Company expects to contribute ₹ 100 lacs (Previous Year : ₹ 200 lacs) to gratuity fund.

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

|                          | 2015-16 | 2014-15 |
|--------------------------|---------|---------|
| Investments with insurer | 100%    | 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:

|                                   | 2015-16 | 2014-15 |
|-----------------------------------|---------|---------|
| Imputed rate of interest          | 7.70%   | 7.80%   |
| Expected rate of return of assets | 8.50%   | 8.50%   |
| Salary rise                       | 8.00%   | 8.00%   |
| Attrition Rate                    | 5%      | 3%      |

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

|  | 2015-16 | 2014-15 | 2013-14  | 2012-13  | 2011-12 |
|--|---------|---------|----------|----------|---------|
| Defined benefit obligation                 | 1908.60 | 1895.87 | 1946.72  | 2221.46  | 2215.91 |
| Plan assets                                | 1317.50 | 1424.76 | 1568.98  | 1925.17  | 2114.99 |
| Deficit                                    | 591.10  | 471.11  | 377.74   | 296.29   | 100.92  |
| Experience adjustments on plan liabilities | 92.97   | 40.26   | (116.06) | (141.23) | -       |
| Experience adjustments on plan assets      | 1.44    | 18.07   | 10.67    | 29.90    | -       |

|  | ₹ in lacs |         |
|--|-----------|---------|
|  | 2015-16   | 2014-15 |
| Defined Contribution Plan                                      |           |         |
| Contribution to Provident Fund*                                | 405.08    | 384.32  |
| Contribution to Superannuation Fund*                           | 70.06     | 40.79   |
| * including charged to Expenditure during construction period. |           |         |

|  | ₹ in lacs     |               |
|--|---------------|---------------|
|  | 2015-16       | 2014-15       |
| <b>27. Expenditure during construction period<br/>(included in capital work in progress)</b> |               |               |
| Balance brought forward  | 14.11         | 66.27         |
| Expenditure incurred during the year   |               |               |
| Raw material consumed  | 260.23        | 85.74         |
| Salaries, wages and bonus  | 9.66          | 135.66        |
| Contribution to provident fund   | -             | 4.95          |
| Contribution to other funds  | -             | 0.65          |
| Staff and workmen welfare expenses   | 1.23          | 14.50         |
| Consumption of stores and spares   | 16.81         | 32.12         |
| Packing expenses   | -             | 2.80          |
| Repairs and renewals   |               |               |
| Machinery (excluding stores and spares consumption)  | 3.59          | 2.40          |
| General repairs and maintenance  | 9.07          | 13.15         |
| Power and fuel   | 47.43         | 70.72         |
| Rent   | 1.96          | 18.22         |
| Excise duty on stocks  | -             | 4.43          |
| Miscellaneous expenses   | 42.66         | 101.55        |
| <b>Total expenditure during construction period</b>  | <b>392.64</b> | <b>486.89</b> |
| Less: Turnover (net of excise duty collected ₹ 9.30 lacs, Previous Year: ₹ 6.24 lacs)        | 65.15         | 52.48         |
| Less : Stocks of finished goods out of trial run production                                  | 249.72        | 29.79         |
| <b>Total</b>   | <b>91.88</b>  | <b>470.89</b> |
| Allocated to fixed assets  | 91.88         | 456.78        |
| Balance carried forward  | -             | 14.11         |

## 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 ₹ 285.65 lacs (Previous Year: ₹ 345.66 lacs) and assets/equipments purchased for research activities of ₹ 6.93 lacs (Previous Year: ₹ 9.34 lacs) disclosed under fixed 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, 2015     | 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, 2015 and 2014 are as follows:

Proportion of Company's Interest in a Joint Venture Company

|  | ₹ in lacs          |                    |
|--|--------------------|--------------------|
|  | 31-12-2015         | 31-12-2014         |
| <b>Assets</b>                            | <b>(Unaudited)</b> | <b>(Unaudited)</b> |
| Fixed assets (net block)                 | 326.91             | 334.41             |
| Inventories                              | 89.47              | 168.91             |
| Trade receivables                        | 23.78              | 34.78              |
| Cash and bank balances                   | 7.64               | 2.85               |
| Other current assets, loans and advances | 20.43              | 58.89              |
| <b>Liabilities</b>                       |                    |                    |
| Secured loans                            | -                  | 28.24              |
| Current liabilities and provisions       | 303.93             | 281.14             |
| Deferred tax liabilities                 | -                  | 36.34              |
| <b>Income</b>                            |                    |                    |
| Sales                                    | 339.89             | 644.27             |
| Other income                             | 0.65               | 12.29              |
| <b>Expenses</b>                          |                    |                    |
| Raw materials consumed                   | 186.22             | 363.92             |
| Manufacturing and Other expenses         | 246.07             | 358.07             |
| Interest and Financial charges           | 18.61              | 35.93              |
| Depreciation                             | 18.95              | 13.66              |
| Provision for tax                        | (37.71)            | -                  |
| Proposed dividend                        | -                  | -                  |
| Contingent liabilities                   | -                  | -                  |
| Capital commitments                      | -                  | -                  |

## 30. Segment information

### Business segments

As of March 31, 2016, 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, Advanced Polymer Products & Coloured Steel Sheets. The said products are used in construction



activity. The 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 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, 2016 and March 31, 2015 and certain assets and liabilities information regarding business segments as at March 31, 2016 and March 31, 2015.

₹ in lacs

| Particulars                                | Building Products |                  | Thermal Insulation Products |                | Wind Power     |                | Elimination |          | Total            |                  |
|--|-------------------|------------------|-----------------------------|----------------|----------------|----------------|-------------|----------|------------------|------------------|
|  | 2015-16           | 2014-15          | 2015-16                     | 2014-15        | 2015-16        | 2014-15        | 2015-16     | 2014-15  | 2015-16          | 2014-15          |
| <b>Revenue</b>                             |                   |                  |                             |                |                |                |             |          |                  |                  |
| External Sales*                            | 107120.02         | 107697.21        | 2064.31                     | 2721.54        | 711.96         | 578.62         | -           | -        | 109896.29        | 110997.37        |
| Other Income**                             | 586.52            | 146.94           | 4.02                        | 12.18          | -              | -              | -           | -        | 590.54           | 159.12           |
| Inter Segment Revenue                      | -                 | -                | -                           | -              | (268.58)       | (218.71)       | -           | -        | (268.58)         | (218.71)         |
| <b>Total Revenue</b>                       | <b>107706.54</b>  | <b>107844.15</b> | <b>2068.33</b>              | <b>2733.72</b> | <b>443.38</b>  | <b>359.91</b>  | <b>-</b>    | <b>-</b> | <b>110218.25</b> | <b>110937.78</b> |
| <b>Results</b>                             |                   |                  |                             |                |                |                |             |          |                  |                  |
| Segment results                            | 9928.95           | 11794.95         | 301.77                      | 185.82         | 341.42         | 242.93         | -           | -        | 10572.14         | 12223.70         |
| Interest Income                            | -                 | -                | -                           | -              | -              | -              | -           | -        | 48.00            | 128.23           |
| Unallocated corporate expenses (net)       | -                 | -                | -                           | -              | -              | -              | -           | -        | 3697.73          | 2579.75          |
| <b>Operating Profit</b>                    | <b>-</b>          | <b>-</b>         | <b>-</b>                    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>-</b> | <b>6922.41</b>   | <b>9772.18</b>   |
| Interest expenses                          | -                 | -                | -                           | -              | -              | -              | -           | -        | 917.41           | 576.80           |
| Taxes (net)                                | -                 | -                | -                           | -              | -              | -              | -           | -        | 1941.40          | 1907.46          |
| Deferred tax charge                        | -                 | -                | -                           | -              | -              | -              | -           | -        | 97.36            | 602.25           |
| <b>Net profit from ordinary activities</b> | <b>-</b>          | <b>-</b>         | <b>-</b>                    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>-</b> | <b>3966.24</b>   | <b>6685.67</b>   |
| <b>Segment assets</b>                      | <b>76032.37</b>   | <b>70944.14</b>  | <b>3029.77</b>              | <b>2648.45</b> | <b>4491.05</b> | <b>4748.45</b> | <b>-</b>    | <b>-</b> | <b>83553.19</b>  | <b>78341.04</b>  |
| Unallocated corporate Assets               | -                 | -                | -                           | -              | -              | -              | -           | -        | 7090.81          | 6848.30          |
| <b>Total assets</b>                        | <b>-</b>          | <b>-</b>         | <b>-</b>                    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>-</b> | <b>90644.00</b>  | <b>85189.34</b>  |
| <b>Segment liabilities</b>                 | <b>16483.21</b>   | <b>17088.67</b>  | <b>48.69</b>                | <b>451.52</b>  | <b>10.83</b>   | <b>4.26</b>    | <b>-</b>    | <b>-</b> | <b>16542.73</b>  | <b>17544.45</b>  |
| Unallocated corporate liabilities          | -                 | -                | -                           | -              | -              | -              | -           | -        | 28094.58         | 24077.95         |
| <b>Total liabilities</b>                   | <b>-</b>          | <b>-</b>         | <b>-</b>                    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>-</b> | <b>44637.31</b>  | <b>41622.40</b>  |

| Particulars  | Building Products |         | Thermal Insulation Products |         | Wind Power |         | Elimination |         | Total   |          |
|--|-------------------|---------|-----------------------------|---------|------------|---------|-------------|---------|---------|----------|
|  | 2015-16           | 2014-15 | 2015-16                     | 2014-15 | 2015-16    | 2014-15 | 2015-16     | 2014-15 | 2015-16 | 2014-15  |
| <b>Other segment information</b>                       |                   |         |                             |         |            |         |             |         |         |          |
| Capital expenditure                                    | 6178.44           | 8625.74 | 36.44                       | 243.79  | 4.00       | 1144.00 | -           | -       | 6218.88 | 10013.53 |
| Unallocated capital expenditure                        | -                 | -       | -                           | -       | -          | -       | -           | -       | 536.53  | 1181.14  |
| Depreciation/Amortisation                              | 3145.45           | 2687.81 | 112.83                      | 104.27  | 246.44     | 210.36  | -           | -       | 3504.72 | 3002.44  |
| Unallocated corporate depreciation/amortisation        | -                 | -       | -                           | -       | -          | -       | -           | -       | 469.67  | 399.78   |
| Provision for doubtful debts, advances and receivables | 578.53            | 1744    | -                           | -       | -          | -       | -           | -       | 578.53  | 1744     |
| Unallocated corporate provision for doubtful debts     | -                 | -       | -                           | -       | -          | -       | -           | -       | -       | -        |

\* Sales as per the statement of Profit and Loss is ₹ 109627.71 lacs (Previous Year: ₹ 110779.14 lacs) which includes ₹ Nil (Previous Year: ₹ 0.48 lacs) pertaining to Corporate Office.

\*\* Total other income as per the statement of Profit and Loss is ₹ 1221.81 lacs (Previous year : ₹ 1762.07 lacs) which includes ₹ 583.27 lacs (Previous year: ₹ 1474.72 lacs) pertaining to Corporate Office.

## 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 |           |
|---|-----------|-----------|
|   | 2015-16   | 2014-15   |
| Domestic Market (excluding Sales during trial run period) | 109297.97 | 110178.85 |
| Overseas Markets (including technical know-how fee)       | 329.74    | 600.29    |
|   | 109627.71 | 110779.14 |

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

|                  | ₹ in lacs |         |
|------------------|-----------|---------|
|                  | 2015-16   | 2014-15 |
| Domestic Market  | 10133.56  | 6852.85 |
| Overseas Markets | 8.44      | 11.73   |
|                  | 10142.00  | 6864.58 |

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 Prashant Vishnu Vatar (Managing Director)<br>(Joined on 20 <sup>th</sup> April 2015)<br>Mr Abhaya Shankar (Managing Director)<br>(Resigned effective 22 <sup>nd</sup> September 2014)<br>Mr KR Veerappan ( Chief Financial Officer)<br>Mr G Manikandan (Company Secretary & Financial Controller)<br>(w.e.f. 19 <sup>th</sup> August 2015)<br>Mr P Rajesh Kumar Jain (Company Secretary)<br>(Resigned effective 18 <sup>th</sup> August 2015) |

|   | ₹ in lacs |         |
|---|-----------|---------|
|   | 2015-16   | 2014-15 |
| <b>Joint Venture - Supercor Industries Limited</b>      |           |         |
| Transactions during the year                            |           |         |
| Sale of finished goods (inclusive of freight recovery)  | -         | 41.13   |
| Technical know-how fees received                        | -         | 48.24   |
| <b>Balance outstanding as at the year end</b>           |           |         |
| a) Trade receivable*                                    | -         | 11.73   |
| b) Other receivables (includes technical know-how fee)* | -         | 352.52  |
| c) Dividend receivable on investments                   | 9.01      | 9.01    |
| d) Advance from customers                               | -         | 1.16    |
| <b>Key Management Personnel</b>                         |           |         |
| i) Managerial remuneration**                            |           |         |
| Mr Prashant Vishnu Vatar                                | 238.29    | -       |
| Mr KR Veerappan   | 114.70    | 109.84  |
| Mr Abhaya Shankar                                       | -         | 212.87  |
| Mr G Manikandan   | 21.84     | -       |
| Mr P Rajesh Kumar Jain                                  | 10.53     | 18.85   |
| ii) Dividend paid/payable                               | -         | 0.30    |
| iii) Year end payable                                   |           |         |
| Mr Prashant Vishnu Vatar                                | 29.01     | -       |
| Mr KR Veerappan   | 16.00     | 25.00   |
| Mr G Manikandan   | 2.60      | -       |
| Mr P Rajesh Kumar Jain                                  | -         | 1.49    |

\* ₹ 11.73 lacs and ₹ 352.52 lacs towards trade receivables and other receivables has been provided during the year

\*\* 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 key management personnel is not ascertainable, therefore, not included above.

|  | ₹ in lacs |         |
|--|-----------|---------|
|  | 2015-16   | 2014-15 |
| <b>32. Capital commitments</b>   |           |         |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 1698.34   | 1589.81 |

|   | ₹ in lacs                   |                             |
|---|-----------------------------|-----------------------------|
|   | 2015-16                     | 2014-15                     |
| <b>33. Contingent liabilities (not provided for) in respect of</b>  |                             |                             |
| a. Demand raised by the Income tax authorities, being disputed by the Company*  | 990.64                      | 904.03                      |
| b. Demands raised by Sales tax authorities, being disputed by the Company** [refer note (i) below]  | 2676.40                     | 1117.05                     |
| c. Demands (Including penalties) raised by Excise authorities, being disputed by the Company***   | 2121.24                     | 2310.85                     |
| d. 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. | 56.98                       | 56.98                       |
| e. Pending cases with Income Tax Appellate Authorities where Income Tax Department has preferred appeals and others****   | Liability not ascertainable | Liability not ascertainable |
| f. Demand for Property Tax, being disputed by the Company   | 561.86                      | 561.86                      |
| g. Other claims against the Company not acknowledged as debts*****  | 288.39                      | 313.10                      |

\* Income tax demand comprises of demand from the Indian tax authorities upon completion of their assessment for the financial years 2008-09 to 2012 -13. The tax demands are mainly on account of disallowance of the benefit on research & development expenses, depreciation expenses on Wind mill and other expenses not allowed.

\*\* The demands raised by the Sales tax authority are mainly towards enhancement of turnover due to certain disallowances, entry tax on stock transfers and local sales tax demand upon completion of assessment and various other miscellaneous cases raised by the respective state authorities.

\*\*\* The demand raised by the Excise authority is mainly towards excise duty demand including interest and penalty towards disallowance of availment of CENVAT credit and wrong classification of products as taxable versus exempt product.

\*\*\*\* With respect to Income Tax, mainly represents appeal preferred by Indian Tax Authorities in High Court against favourable order of Tribunal for not considering certain amounts under "Long Term Capital Gain". With respect to others, mainly represents case preferred by local consumers against company with regard to environment pollution and compensation which is pending at appropriate authority.

\*\*\*\*\* Other claims against the Company not acknowledged as debt mainly includes liability towards fuel surcharge adjustment disputed with Electricity board for the financial year 2008-09 and 2009-10.

The Company is contesting the demands and the Management believe that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in the standalone financial statements for the demand raised/show cause notice received as the ultimate outcome of this proceeding will not have a material adverse effect on the Company's standalone financial statement.

**Note:** (i) In addition to above, the Company has provided ₹ 516.88 lacs (including ₹ 84.60 lacs provided in current year and ₹ Nil reversed during the current year). All these cases are under litigations and are pending with various authorities, expected timing of resulting outflow of economic benefits cannot be specified.

### 34. Particulars of hedged/unhedged foreign currency exposure as at the Balance Sheet date

#### a. Unhedged foreign currency exposure

|                              | Currency       | 2015-16                   |               |           | 2014-15                   |               |           |
|------------------------------|----------------|---------------------------|---------------|-----------|---------------------------|---------------|-----------|
|                              |                | Value in foreign currency | Exchange Rate | ₹ in lacs | Value in foreign currency | Exchange Rate | ₹ in lacs |
| Trade payables               | US\$           | 1849082                   | 66.25         | 1225.02   | 4611149                   | 62.51         | 2882.43   |
|                              | Euro           | 636                       | 75.42         | 0.48      | -                         | -             | -         |
|                              | MYR            | -                         | -             | -         | 100800                    | 16.82         | 16.96     |
| Borrowings                   | US\$           | 160820                    | 66.25         | 106.54    | 1550395                   | 62.51         | 969.15    |
| Trade receivables            | US\$           | 12736                     | 66.25         | 8.44      | 18758                     | 62.51         | 11.73     |
| Other receivable             | Nigerian Naira | -                         | -             | -         | 106381112                 | 0.32          | 340.42    |
|                              | US\$           | -                         | -             | -         | 33830                     | 62.51         | 21.15     |
| Dividend receivable          | Nigerian Naira | 2598750                   | 0.35          | 9.01      | 2598750                   | 0.35          | 9.01      |
| Cash and bank balances       | US\$           | 800                       | 66.25         | 0.53      | 800                       | 62.51         | 0.50      |
| Interest accrued but not Due | US\$           | 1725                      | 66.25         | 1.14      | 3125                      | 62.51         | 1.95      |
| Loans and advance            | US\$           | 18003                     | 66.25         | 11.93     | 214677                    | 62.51         | 134.19    |
|                              | Euro           | 19708                     | 75.42         | 14.86     | 1607                      | 67.21         | 1.08      |
|                              | JPY            | 171840                    | 0.59          | 1.01      | -                         | -             | -         |
| Advances from customers      | US\$           | 65590                     | 66.25         | 43.45     | 36863                     | 62.51         | 23.04     |

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

| Currency | Number of contracts | Buy Amount in US\$ | Purpose                                |
|----------|---------------------|--------------------|--|
| 2015-16  | 10                  | 3250000            | For hedging of loans and trade payable |
| 2014-15  | 8                   | 5251400            |  |

### 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

|    |   | 2015-16 | 2014-15 |
|----|---|---------|---------|
| a. | The principal amount remaining unpaid to any supplier as at the end of each accounting year.  | 1.63    | NIL     |
| 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 (refer note below) | 41.90           | 58.79                   | ---                               | 100.69          |

Note: The wage agreements at four of the manufacturing locations of the Company are pending as at March, 31 2016. 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. Employee stock option scheme

The Company provides share-based payment schemes to its eligible employees as identified in the “HIL Employees Stock Option Scheme 2015 (HIL ESOS)” during the year ended March 31, 2016. The relevant details of the scheme and the grant are as below:

On May 12, 2015, the Nomination and Remuneration cum Compensation committee of the board of directors of the Company approved the “HIL Employees Stock Option Scheme 2015 (HIL ESOS)” for issue of stock options to the identified employees of the Company. According to the scheme, eligible employees identified by the Nomination and Remuneration cum Compensation committee entitled to options,

subject to satisfaction of the prescribed vesting conditions viz, continuing employment on the rolls of the Company as on April 1, 2015 as well as new employees who replaces the old eligible employee and joins the employment of the Company before June 30, 2017 provided that they have been with the Company at least for 6 (six) months prior to June 30, 2017. The other relevant terms of the grant are as below:

|                                   |   |
|-----------------------------------|---|
| Date of grant                     | 17-Aug-2015                                 |
| Vesting period                    | 40% - end of year 3                         |
|                                   | 60% - end of year 4                         |
| Exercise period                   | 4 years from the respective date of vesting |
| Expected life                     | 6.6 years                                   |
| Exercise price (₹)                | 620   |
| Weighted average market price (₹) | 789.59                                      |

The details of activity under “HIL ESOS” - 2015 are summarized below:

|  | 31-Mar-16     |
|--|---------------|
|  | No of Options |
| Outstanding at the beginning of the year | -             |
| Granted during the year                  | 84200         |
| Outstanding at the end of the year *     | 84200         |
| Exercisable at the end of the year *     | -             |

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 is 7 years.

\* - includes 9,100 options lying at pool account due to resignation of an eligible employee which is to be re-allotted.

The Black Scholes valuation model has been used for computing the weighted average fair value of the stock granted considering the following inputs:

|   | Tranch 1    | Tranch 2    |
|---|-------------|-------------|
|   | 17-Aug-2018 | 17-Aug-2019 |
| Dividend yield  | 3.02%       | 3.02%       |
| Expected volatility   | 34.32%      | 37.84%      |
| Risk free rate  | 7.43%       | 7.43%       |
| Exercise price (₹)  | 620.00      | 620.00      |
| Expected life of the options granted (years)                                | 6           | 7           |
| Weighted average fair value of per stock option granted during the year (₹) | 341.69      | 341.69      |

The expected life of the stock is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### 38. Value of imports calculated in CIF basis

|    |                   | ₹ in lacs |          |
|----|-------------------|-----------|----------|
|    |                   | 2015-16   | 2014-15  |
| a. | Raw materials     | 22362.74  | 28940.15 |
| b. | Stores and spares | 21.98     | 15.62    |
| c. | Traded goods      | 22.93     | 353.74   |
| d. | Capital goods     | 819.24    | 1818.89  |

### 39. Expenditure in foreign currency (on accrual basis)

|    |  | ₹ in lacs |         |
|----|--|-----------|---------|
|    |  | 2015-16   | 2014-15 |
| a. | Travelling expenses                        | 41.97     | 33.86   |
| b. | Advertisement and sales promotion expenses | 15.56     | 17.36   |
| c. | Professional, consultancy & legal expenses | 36.31     | 4.56    |
| d. | Technical services*                        | -         | 461.82  |
| e. | Repairs and renewals - Machinery           | 36.70     | 33.97   |
| f. | Miscellaneous expenses                     | 3.62      | 2.99    |
| g. | Finance cost                               | 8.58      | 12.71   |

\* Incurred towards capitalisation purpose

### 40. Value of raw materials, stores and spares consumed (including material consumed during the trial run period) and percentage to the total

|    |                   | ₹ in lacs  |          |            |          |
|----|-------------------|------------|----------|------------|----------|
|    |                   | 2015-16    |          | 2014-15    |          |
|    |                   | Percentage | Value    | Percentage | Value    |
| a. | Raw materials     |            |          |            |          |
|    | i. Indigenous     | 55.00      | 32070.33 | 49.58      | 31224.58 |
|    | ii. Imported      | 45.00      | 26234.82 | 50.42      | 31759.39 |
|    |                   | 100.00     | 58305.15 | 100.00     | 62983.97 |
| b. | Stores and spares |            |          |            |          |
|    | i. Indigenous     | 99.58      | 2942.96  | 99.64      | 3246.41  |
|    | ii. Imported      | 0.42       | 12.27    | 0.36       | 11.70    |
|    |                   | 100.00     | 2955.23  | 100.00     | 3258.11  |



#### 41. Net dividend remitted in foreign currency

|    |                                | ₹ in lacs |         |
|----|--------------------------------|-----------|---------|
|    |                                | 2015-16   | 2014-15 |
| a. | Final dividend                 |           |         |
|    | Number of NRI Shareholders     | 198       | 245     |
|    | Number of Shares held by them  | 200861    | 223934  |
|    | Dividend paid (₹ in lacs) *    | -         | -       |
|    | Year to which dividend relates | 2014-15   | 2013-14 |
| b. | Interim dividend               |           |         |
|    | Number of NRI Shareholders     | 242       | 246     |
|    | Number of Shares held by them  | 507297    | 221129  |
|    | Dividend paid (₹ in lacs) *    | -         | -       |
|    | Year to which dividend relates | 2015-16   | 2014-15 |

\* excluding dividend of ₹ 58.13 lacs (Previous Year: ₹ 33.31 lacs) credited to FCNR/NRE account of NRI's and paid to foreign Institutional Investors on repatriation basis.

#### 42. Earnings in Foreign Exchange

|   | ₹ in lacs |         |
|---|-----------|---------|
|   | 2015-16   | 2014-15 |
| (i) Export of Goods (F.O.B.)                    | 107.17    | 298.98  |
| (ii) Technical know-how fees (on accrual basis) | -         | 48.24   |
|   | 107.17    | 347.22  |

**43.** With a view to rationalise the workforce at its Hyderabad units, (Previous Year: Hyderabad and Dharuhera units) the Company had announced Voluntary Early Retirement Scheme (VERS). In response to the VERS, workmen opted for the same and expenditure of ₹ 275.57 lacs (Previous Year: ₹ 332.91 lacs) on VERS is charged to the statement of profit and loss as an exceptional item.

**44.** 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/E300004

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place: New Delhi

Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**KR Veerappan**  
Chief Financial Officer

**G Manikandan**  
Company Secretary &  
Financial Controller

**CK Birla**  
Chairman  
DIN : 00118473

**Prashant Vishnu Varkar**  
Managing Director  
DIN : 07139685

## Independent Auditor's Report

To the Members of HIL Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HIL Limited (hereinafter referred to as "the Company"), and Jointly controlled entity (hereinafter referred to as Joint Venture entity), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

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

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its Joint Venture entity in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Company and of its Joint Venture entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and of its Joint Venture entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us,

the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company and its Joint Venture entity as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2016 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act. Since, Joint Venture entity is incorporated outside India, Section 164(2) is not applicable to the Joint Venture entity and hence not commented upon;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company and its Joint Venture entity, since Joint Venture entity is incorporated outside India, no separate report on internal financial controls over financial reporting of the Company and its Joint Venture entity is being issued; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Company, its Joint Venture entity – Refer note 32 to the consolidated financial statements;
  - ii. The Company, its Joint Venture entity did not have any material foreseeable losses in long-term contracts including derivative contract; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Since, Joint Venture entity is incorporated outside India, requirement of transfer to Investor Education and Protection fund is not applicable.

For **S R BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership Number: 093649

Place of Signature: New Delhi

Date: 5<sup>th</sup> May, 2016

## Consolidated Balance Sheet as at March 31, 2016

|   | Notes | ₹ in lacs<br>31-Mar-16 |
|---|-------|------------------------|
| <b>EQUITY AND LIABILITIES</b>   |       |                        |
| Shareholders' funds   |       |                        |
| Share capital   | 3     | 748.98                 |
| Reserves and surplus  | 4     | 45399.61               |
|   |       | 46148.59               |
| Non-current liabilities   |       |                        |
| Long-term borrowings  | 5     | 6983.41                |
| Deferred tax liabilities (net)  | 6     | 4621.64                |
| Long-term provisions  | 7     | 571.77                 |
|   |       | 12176.82               |
| Current liabilities   |       |                        |
| Short-term borrowings   | 8     | 7795.26                |
| Trade payable   | 9     |                        |
| Total outstanding dues of micro and small enterprise                      |       | 1.63                   |
| Total outstanding dues of creditors other than micro and small enterprise |       | 12597.36               |
| Other current liabilities   | 9     | 10363.96               |
| Short-term provisions   | 7     | 1877.00                |
|   |       | 32635.21               |
| <b>TOTAL</b>  |       | 90960.62               |
| <b>ASSETS</b>   |       |                        |
| Non-current assets  |       |                        |
| Fixed assets  |       |                        |
| Tangible assets   | 10    | 50389.57               |
| Intangible assets   | 10    | 458.95                 |
| Capital work-in-progress  |       | 1098.65                |
|   |       | 51947.17               |
| Non-current investments   | 11    | 709.88                 |
| Long-term loans and advances  | 12    | 1668.91                |
| Trade receivables   | 15    | 10.23                  |
| Other assets  | 13    | 50.11                  |
|   |       | 2439.13                |
| Current assets  |       |                        |
| Inventories   | 14    | 22328.33               |
| Trade receivables   | 15    | 10155.55               |
| Cash and bank balances  | 16    | 411.34                 |
| Short-term loans and advances   | 12    | 3557.29                |
| Other assets  | 13    | 121.81                 |
|   |       | 36574.32               |
| <b>TOTAL</b>  |       | 90960.62               |
| Summary of significant accounting policies                                | 2.1   |                        |

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

As per our report of even date

For **S R BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number : 101049W/E300004

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place: New Delhi

Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**KR Veerappan**

Chief Financial Officer

**G Manikandan**

Company Secretary &  
Financial Controller

**CK Birla**

Chairman

DIN : 00118473

**Prashant Vishnu Vatkar**

Managing Director  
DIN : 07139685

## Consolidated statement of profit and loss for the year ended March 31, 2016

|   | Notes | ₹ in lacs |
|---|-------|-----------|
|   |       | 2015-16   |
| <b>Income</b>   |       |           |
| Revenue from operations (gross)   | 17    | 123279.26 |
| Less: excise duty   |       | 13311.66  |
| Revenue from operations (net)   |       | 109967.60 |
| Other income  | 18    | 1222.46   |
| Total revenue (I)   |       | 111190.06 |
| <b>Expenses</b>   |       |           |
| Cost of raw material consumed   | 19    | 58231.14  |
| Purchase of traded goods  | 20    | 4379.09   |
| (Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods | 20    | (78.37)   |
| Employee benefits expense   | 21    | 11377.44  |
| Other expenses  | 22    | 26079.93  |
| Depreciation and amortisation expense   | 23    | 3993.34   |
| Finance costs   | 24    | 936.02    |
| Exceptional items   | 37    | 275.57    |
| Total expenses (II)   |       | 105194.14 |
| Profit before tax (I-II)  |       | 5995.90   |
| <b>Tax expenses</b>   |       |           |
| Current tax [including charge of taxes for earlier years ₹ 12.05 lacs]                  |       | 1836.55   |
| MAT Credit entitlement [including charge for earlier years ₹ 104.85 lacs]               |       | 104.85    |
| Deferred tax [including credit of taxes for earlier years ₹ 123.10 lacs]                |       | 59.65     |
| Total tax expense   |       | 2001.05   |
| Profit for the year   |       | 3994.85   |
| Earnings per equity share in ₹ [nominal value of share ₹ 10/-]                          | 25    |           |
| Basic and Diluted   |       |           |
| Computed on the basis of total profit for the year (in ₹)                               |       | 53.53     |
| Summary of significant accounting policies  | 2.1   |           |

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

As per our report of even date

For **S R BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number : 101049W/E300004

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place: New Delhi

Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**KR Veerappan**

Chief Financial Officer

**G Manikandan**

Company Secretary &  
Financial Controller

**CK Birla**

Chairman

DIN : 00118473

**Prashant Vishnu Vatkar**

Managing Director  
DIN : 07139685

## Consolidated Cash flow statement for the year ended March 31, 2016

|   | ₹ in lacs |
|---|-----------|
|   | 2015-16   |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                     |           |
| Profit before tax   | 5995.90   |
| Adjustment to reconcile profit before tax to net cash flows:                      |           |
| Depreciation and amortisation expense   | 3993.34   |
| Rent from long term investment in properties                                      | (543.27)  |
| Provision for doubtful receivables, advances and other assets                     | 458.33    |
| Unspent liabilities, provisions and sundry balances written back (net)            | (320.74)  |
| Loss on disposal of fixed assets (net)  | 69.56     |
| Unrealised foreign exchange loss (net)  | 95.69     |
| Employee stock compensation expense   | 45.34     |
| Interest expense  | 936.02    |
| Interest income   | (48.65)   |
| Dividend income   | (20.71)   |
| Operating profit before working capital changes                                   | 10660.81  |
| Movements in working capital :  |           |
| (Decrease) in trade payables  | (1363.92) |
| Increase in long-term provisions  | 109.76    |
| Increase in short-term provisions   | 48.82     |
| Increase in other current liabilities   | 271.60    |
| (Increase) in trade receivables   | (3499.41) |
| (Increase) in inventories   | (120.12)  |
| (Increase) in long-term loans and advances  | (53.83)   |
| (Increase) in short-term loans and advances                                       | (683.22)  |
| (Increase) in other non-current assets  | (273.56)  |
| Decrease in other current assets  | 259.30    |
| Cash generated from operations  | 5356.23   |
| Direct taxes paid (net of refunds)  | (1498.67) |
| Net cash flow from operating activities (A)                                       | 3857.56   |
| <b>B. CASH FLOWS USED IN INVESTING ACTIVITIES</b>                                 |           |
| Purchase of fixed assets, including capital advances and capital work in progress | (6755.41) |
| Proceeds from sale of fixed assets  | 319.46    |
| Proceeds from realisation of Inter corporate deposits                             | 575.00    |
| Proceeds from bank deposits   | 5.53      |
| Purchase of current investments   | (4500.00) |
| Proceeds from sale/maturity of current investments                                | 4500.00   |
| Interest received   | 61.81     |
| Dividends received  | 20.71     |
| Rent received from long term investment in properties                             | 543.27    |
| Net cash flow used in investing activities (B)                                    | (5229.63) |

## Consolidated Cash flow (Contd.)

|   | ₹ in lacs |
|---|-----------|
|   | 2015-16   |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |           |
| Proceeds from long-term borrowings                                | 2884.82   |
| Repayment of long-term borrowings                                 | (396.31)  |
| Proceeds from short-term borrowings (net)                         | 1203.81   |
| Interest paid   | (936.83)  |
| Dividend paid on equity shares                                    | (1296.08) |
| Tax on equity dividend paid                                       | (265.91)  |
| Net cash flow from financing activities (C)                       | 1193.50   |
| <b>D. EFFECT OF FOREIGN EXCHANGE DIFFERENCES</b>                  | (8.31)    |
| <b>E. NET DECREASE IN CASH AND CASH EQUIVALENTS (A + B + C+D)</b> | (186.88)  |
| Cash and cash equivalents at the beginning of the year            | 572.69    |
| <b>F. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (E+F)</b>  | 385.81    |
| Components of cash and cash equivalents                           |           |
| Cash on hand  | 5.09      |
| Cheques/ drafts on hand   | 133.73    |
| With banks- on current account                                    | 155.72    |
| - unpaid dividend accounts*                                       | 91.27     |
| Total cash and cash equivalents (note 16)                         | 385.81    |
| Summary of significant accounting policies                        | 2.1       |

\*The Company can utilize these balances only towards 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/E300004

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place: New Delhi

Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**KR Veerappan**

Chief Financial Officer

**G Manikandan**

Company Secretary &  
Financial Controller

**CK Birla**

Chairman

DIN : 00118473

**Prashant Vishnu Varkar**

Managing Director  
DIN : 07139685

## Notes to consolidated financial statements for the year ended March 31, 2016

### 1. Basis of preparation

The Consolidated financial statements of HIL Limited (herein after referred as “the Company”), and Supercor Industries Limited, its Jointly Controlled entity (herein after referred as “Joint Venture entity”) have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these consolidated financial statements to comply in all material aspects with the accounting standards notified under section 133 of The Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The consolidated 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.

These are the Company’s and its Joint Venture entity’s first set of consolidated financial statements prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements” and Accounting Standard 27 “Financial Reporting of Interest in Joint Ventures”. Accordingly, the Company and its Joint Venture entity has availed optional exemption of not presenting comparative consolidated financial statements of March 31, 2015.

All material inter-company balances and inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation.

Elimination of unrealised profits or losses in Joint Venture entity is to the extent of the Company’s share in the joint venture.

The Consolidated Financial statements for the year ended March 31, 2016 have been prepared on the basis of the financial statements of the following Joint Venture entity:

| Name of the consolidated entity | Country of Incorporation | Nature of Interest | % of Interest<br>March 31, 2016 |
|---------------------------------|--------------------------|--------------------|---------------------------------|
| Supercor Industries Limited     | Nigeria                  | Joint Venture      | 33                              |

This entity is consolidated based on the un-audited financial statements prepared and provided by the management upto December 31, 2015 and there are no material transactions between January 1, 2016 to March 31, 2016.

### 2.1 Summary of significant accounting policies

#### a. Use of estimates

The preparation of consolidated 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 date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results

#### b. Tangible fixed assets

Tangible 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 assets 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 de-recognition 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 except for the corresponding amount in Revaluation reserve which is transferred to General reserve.

#### c. Depreciation on tangible assets

Depreciation on tangible 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 life prescribed under the Schedule II to the

Companies Act, 2013, except for following assets mentioned below which is based on technical evaluation and past experience.

Continuous process plant: 19 years as against 25 years

Certain moulds and dies: 6/9 years as against 8 years.

Depreciation on Company's proportionate share in Fly Ash Handling System (capital expenditure not represented by asset owned by the Company but installed at vendor's location) is provided over its useful life of five years on straight line basis.

#### 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/Joint Venture entity is a lessee

Finance leases, which effectively transfer to the Company and its Joint Venture entity 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 mentioned in Schedule II to the Companies Act, 2013, whichever

is lower. However, if there is no reasonable certainty that the Company and its Joint Venture entity 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 mentioned in Schedule II to the Companies Act, 2013.

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/Joint Venture entity is a lessor

Leases in which the Company and its Joint Venture entity 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 costs 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 and its Joint Venture entity 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 and its Joint Venture entity 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 and its Joint Venture entity 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

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 and its Joint Venture entity 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 and its Joint Venture entity 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 realisable 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 consolidated 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 based on the useful life estimated by the management, which are equal to life prescribed in Schedule II of the Companies Act, 2013.

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 realisable 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, traded goods and finished goods are valued at lower of cost and net realisable 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 realisable 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 its Joint Venture entity 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.

##### 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 and its Joint Venture entity'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 difference

Exchange differences arising on the settlement of monetary items or on reporting Company and its Joint Venture entity's monetary items at

rates different from those at which they were initially recorded during the year, or reported in previous consolidated 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 payable 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.

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 Income Tax Act, 1961 enacted in India. 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**o. Segment reporting policies**

**Identification of segments**

The Company and its Joint Venture entity'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 and its Joint Venture entity operate.

**Inter-segment transfers**

The Company and its Joint Venture entity 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 and its Joint Venture entity prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Company and its Joint Venture entity 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 and its Joint Venture entity 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 and its Joint Venture entity 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 and its Joint Venture entity 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 and its Joint Venture entity does not recognise the contingent liability but disclose its existence in its consolidated 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 and its Joint Venture entity.

**w. Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share Based Payments Plans, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.

|  | ₹ in lacs |
|--|-----------|
|  | 31-Mar-16 |
| <b>3. Share capital</b>                                  |           |
| <b>Authorised shares</b>                                 |           |
| 9500000 Equity Shares of ₹ 10 each                       | 950.00    |
| 50000 Preference Shares of ₹ 100 each                    | 50.00     |
| <b>Issued, subscribed and fully paid-up shares</b>       |           |
| 7462563 Equity Shares of ₹ 10 each fully paid-up         | 746.26    |
| Forfeited Shares (amount originally paid-up)             | 2.72      |
| Total issued, subscribed and fully paid-up share capital | 748.98    |

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

Equity shares

|                                    | 31-Mar-16 |           |
|------------------------------------|-----------|-----------|
|                                    | No.       | ₹ in lacs |
| At the beginning of the year       | 7462563   | 748.98    |
| Outstanding at the end of the year | 7462563   | 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 March 31, 2016, the amount of dividend per share recognized as distributions to equity shareholders is ₹ 17.50/-, 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             | As at March 31, 2016 |           |
|-------------------------------------|----------------------|-----------|
|                                     | Nos                  | % holding |
| Central India Industries Limited    | 1074634              | 14.40     |
| Orient Paper and Industries Limited | 906360               | 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       |
|--|-----------------|
|  | 31-Mar-16       |
| <b>4. Reserves and surplus</b>   |                 |
| Capital redemption reserve   | 35.00           |
| Securities premium account   | 624.95          |
| Revaluation reserve (arising on revaluation of tangible fixed assets)            |                 |
| Balance at the beginning of the year   | 539.48          |
| Closing balance  | 539.48          |
| General reserve  |                 |
| Balance at the beginning of the year   | 36100.00        |
| Add: Amount transferred from surplus balance in the statement of profit and loss | 1000.00         |
| Closing balance  | 37100.00        |
| Employees stock option outstanding   |                 |
| Balance at the beginning of the year   | -               |
| Add: Compensation options granted during the year                                | 45.34           |
| Closing balance  | 45.34           |
| Surplus in the statement of profit and loss                                      |                 |
| Balance at the beginning of the year   | 5834.83         |
| Profit for the year  | 3994.85         |
| Less: Appropriations   |                 |
| Interim dividend on equity shares (amount per share ₹ 7.50/-)                    | (559.69)        |
| Proposed final equity dividend (amount per share ₹ 10/-)                         | (746.26)        |
| Corporate dividend tax on equity shares  | (265.88)        |
| Transfer to general reserve  | (1000.00)       |
| Total appropriations   | (2571.83)       |
| Net surplus in the statement of profit and loss                                  | 7257.85         |
| Currency translation reserve   |                 |
| Balance at the beginning of the year   | (204.77)        |
| Current year translation adjustment  | 1.76            |
| Closing balance  | (203.01)        |
| <b>Total reserves and surplus</b>  | <b>45399.61</b> |

|  | ₹ in lacs   |           |
|--|-------------|-----------|
|  | Non-current | Current   |
|  | 31-Mar-16   | 31-Mar-16 |
| <b>5. Long-term borrowings</b>   |             |           |
| Other loans  |             |           |
| Interest Free Sales Tax Loan from a financial institution (secured) [refer note (a) below] | 6311.81     | 728.00    |
| Deferred Sales Tax Loan (unsecured) [refer note (b) below]                                 | 671.60      | 355.69    |
|  | 6983.41     | 1083.69   |
| The above amount includes  |             |           |
| Secured borrowings   | 6311.81     | 728.00    |
| Unsecured borrowings   | 671.60      | 355.69    |
| Amount disclosed under "Other current liabilities" (refer note 9)                          | -           | (1083.69) |
|  | 6983.41     | -         |

- 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, Corporate Office Building situated at Gachibowli, Hyderabad and Balasore Unit of the Company, both present and future, repayable after 7 years from the date of disbursement. Accordingly ₹ 427 lacs is due in July 2016, ₹ 301 lacs is due in January 2017, ₹ 792 lacs is due in March 2018, ₹ 606.72 lacs is due in July 2019, ₹ 920.74 lacs is due in November 2019, ₹ 1107.53 lacs is due in March 2022, ₹ 1084.06 lacs is due in June 2022 and ₹ 1800.76 lacs is due in December 2022.
- 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.

|   | ₹ in lacs |
|---|-----------|
|   | 31-Mar-16 |
| <b>6. Deferred tax liabilities (net)</b>  |           |
| Deferred tax liabilities  |           |
| Difference in depreciation/amortisation on fixed assets as per tax books and financial books                    | 6170.13   |
| Gross deferred tax liabilities  | 6170.13   |
| Deferred tax assets   |           |
| Effect of expenditure debited to statement of profit and loss but allowable for tax purposes in following years | 775.40    |
| Provision for doubtful receivables, advances and other assets   | 578.46    |
| Voluntary early retirement scheme   | 194.63    |
| Gross deferred tax assets   | 1548.49   |
| Deferred tax liabilities (net)  | 4621.64   |

|  | ₹ in lacs   |           |
|--|-------------|-----------|
|  | Non-current | Current   |
|  | 31-Mar-16   | 31-Mar-16 |
| <b>7. Provisions</b>                                       |             |           |
| <b>Provisions for employee benefits</b>                    |             |           |
| Provision for gratuity (refer note 26)                     | 571.77      | 19.33     |
| Provision for leave benefits                               | -           | 269.88    |
|  | 571.77      | 289.21    |
| <b>Other provisions</b>                                    |             |           |
| Provision for employee related other costs (refer note 36) | -           | 100.69    |
| Provision for income tax (net of advance income tax)       | -           | 588.92    |
| Proposed final dividend                                    | -           | 746.26    |
| Provision for tax on proposed final dividend               | -           | 151.92    |
|  | -           | 1587.79   |
|  | 571.77      | 1877.00   |

|   | ₹ in lacs |
|---|-----------|
|   | 31-Mar-16 |
| <b>8. Short-term borrowings</b>                 |           |
| Secured   |           |
| From banks [refer note (a) below]               | 6722.89   |
| From others                                     | 303.30    |
| Unsecured                                       |           |
| Buyers credit from banks [refer note (b) below] | 769.07    |
|   | 7795.26   |
| The above amount includes                       |           |
| Secured borrowings                              | 7026.19   |
| Unsecured borrowings                            | 769.07    |
|   | 7795.26   |

- a) Cash credit facilities and demand loan 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. These borrowings carries interest @7.55% to 13.50% p.a.
- b) Buyers credit carries interest @ 0.53% to 1.22% p.a.

#### Supercor Industries Limited

- a) The short term loan from bank is secured by a first charge on floating and fixed assets of the Company. The short term loan from bank is renewable annually. These borrowings carries interest of 22% p.a.

|   | ₹ in lacs |
|---|-----------|
|   | 31-Mar-16 |
| <b>9. Trade payable and other current liabilities</b>   |           |
| Trade payables #  |           |
| Total outstanding dues of micro and small enterprise  | 1.63      |
| Total outstanding dues of creditors other than micro and small enterprise   | 12597.36  |
| Other current liabilities   |           |
| Current maturities of long-term borrowings (refer note 5)   | 1083.69   |
| Interest accrued but not due on borrowings  | 1.14      |
| Capital creditors   | 480.95    |
| Advances from customers   | 1291.94   |
| Unclaimed dividend (statutory liabilities as refer red in Section 125 of Companies Act, 2013 to be transferred to Investor Education and Protection Fund as and when due) | 91.27     |
| Others  |           |
| Sundry deposits   | 4672.50   |
| Other statutory liabilities   | 2742.47   |
|   | 10363.96  |

# [refer note 30 (ii)]

## 10. Tangible 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>                |               |                |           |                 |                     |                        |                   |          |                       |                              |             |
| As at March 31, 2015                 | 2513.05       | 1227.58        | 15985.23  | 12.75           | 50432.32            | 686.07                 | 496.32            | 401.83   | 71755.15              | 819.68                       | 72574.83    |
| Additions                            | 1.75          | 4.00           | 1544.25   | -               | 4941.78             | 18.82                  | 16.96             | 30.95    | 6558.51               | 345.24                       | 6903.75     |
| FCTR Adjustment                      | -             | -              | 1.43      | -               | 13.50               | 0.60                   | -                 | 1.61     | 17.14                 | -                            | 17.14       |
| Disposals                            | (3.00)        | (162.10)       | (8.89)    | -               | (509.33)            | (0.55)                 | (0.69)            | (38.43)  | (722.99)              | (162.65)                     | (885.64)    |
| As at March 31, 2016                 | 2511.80       | 1069.48        | 17522.02  | 12.75           | 54878.27            | 704.94                 | 512.59            | 395.96   | 77607.81              | 1002.27                      | 78610.08    |
| <b>B. Depreciation/ Amortisation</b> |               |                |           |                 |                     |                        |                   |          |                       |                              |             |
| As at March 31, 2015                 | -             | 84.50          | 3784.28   | 12.12           | 19163.98            | 236.44                 | 255.77            | 237.29   | 23774.38              | 567.56                       | 24341.94    |
| Charge for the year                  | -             | 12.10          | 576.80    | -               | 3031.52             | 54.33                  | 74.07             | 46.63    | 3795.45               | 115.11                       | 3910.56     |
| FCTR Adjustment                      | -             | -              | 0.58      | -               | 3.92                | 0.52                   | -                 | 0.66     | 5.68                  | -                            | 5.68        |
| Disposals                            | -             | (5.02)         | (5.63)    | -               | (319.51)            | (0.54)                 | (0.43)            | (26.14)  | (357.27)              | (139.35)                     | (496.62)    |
| As at March 31, 2016                 | -             | 91.58          | 4356.03   | 12.12           | 21879.91            | 290.75                 | 329.41            | 258.44   | 27218.24              | 543.32                       | 27761.56    |
| <b>C. Net Block (A-B)</b>            |               |                |           |                 |                     |                        |                   |          |                       |                              |             |
| As at March 31, 2015                 | 2513.05       | 1143.08        | 12200.95  | 0.63            | 31268.34            | 449.63                 | 240.55            | 164.54   | 47980.77              | 252.12                       | 48232.89    |
| As at March 31, 2016                 | 2511.80       | 977.90         | 13165.99  | 0.63            | 32998.36            | 414.19                 | 183.18            | 137.52   | 50389.57              | 458.95                       | 50848.52    |

### Note:

- Pending settlement of dispute regarding external development charges with Haryana Urban Development Authority, Faridabad, Freehold Land of the value of ₹ 1.27 lacs is pending for registration in the Company's name.
- Plant and Machinery of the value of ₹ 30.60 lacs are held in joint ownership with others.
- Freehold Land, Leasehold Land and Buildings include ₹ 945.23 lacs, WDV ₹ 433.99 lacs on account of additions on revaluation during the year ended December 31, 1983 as per valuation carried out by an approved valuer.
- The fixed assets of Supercor Industries Limited were revalued in July, 1994 as per valuation carried out by an approved valuer. The surplus of ₹ 105.49 lacs arising therefrom has been credited to revaluation reserve account.

|  | ₹ in lacs     |
|--|---------------|
|  | 31-Mar-16     |
| <b>11. Non-current investments</b>                                       |               |
| Investment property (at cost less accumulated depreciation)              |               |
| Investment Properties given as an operating lease [refer note (a) below] | 984.72        |
| Less: Accumulated depreciation   | 276.14        |
| <b>Net block</b>   | <b>708.58</b> |
| Trade investments (valued at cost unless stated otherwise)               |               |
| Unquoted equity instruments  |               |
| Birla Buildings Limited-5000 Equity Shares of ₹ 10/- each                | 0.80          |
|  | 0.80          |
| Non-trade investments (valued at cost unless stated otherwise)           |               |
| Government and trust securities (unquoted) [refer note (b) below]        |               |
| 7 year National Savings Certificate                                      | 0.02          |
| 6 year National Savings Certificate                                      | 0.47          |
| Indira Vikas Patra   | 0.01          |
|  | 0.50          |
|  | 709.88        |
| Aggregate amount of unquoted investments                                 | 1.30          |
| Value of investment properties   | 708.58        |
|  | 709.88        |

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 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 lacs lodged with Government Departments.

|   |  | ₹ in lacs      |                |
|---|--|----------------|----------------|
|   |  | Non-current    | Current        |
|   |  | 31-Mar-16      | 31-Mar-16      |
| <b>12. Loans and advances</b>                             |  |                |                |
| Capital advances (A)                                      |  |                |                |
| Unsecured, considered good                                |  | 75.91          | -              |
| Security Deposits (B)                                     |  |                |                |
| Unsecured, considered good                                |  | 767.49         | -              |
| Doubtful  |  | 25.00          | -              |
|   |  | 792.49         | -              |
| Provision for doubtful security deposits                  |  | (25.00)        | -              |
|   |  | 767.49         | -              |
| Advances recoverable in cash or kind (C)                  |  |                |                |
| Unsecured, considered good                                |  | -              | 1842.43        |
| Doubtful  |  | 417.85         | -              |
|   |  | 417.85         | 1842.43        |
| Provision for doubtful advances                           |  | (417.85)       | -              |
|   |  | -              | 1842.43        |
| Other loans and advances (unsecured, considered good) (D) |  |                |                |
| Advance income-tax (net of provision for taxation)        |  | 592.89         | -              |
| Prepaid expenses  |  | 9.00           | 124.25         |
| Balance with statutory/government authorities             |  | 223.62         | 1590.61        |
|   |  | 825.51         | 1714.86        |
| <b>Total (A+B+C+D)</b>                                    |  | <b>1668.91</b> | <b>3557.29</b> |

|  |  | ₹ in lacs   |           |
|--|--|-------------|-----------|
|  |  | Non-current | Current   |
|  |  | 31-Mar-16   | 31-Mar-16 |
| <b>13. Other assets (unsecured, considered good unless stated otherwise)</b> |  |             |           |
| Non-current bank balance (refer note 16)                                     |  | 0.11        | -         |
| Others   |  |             |           |
| Interest accrued on fixed deposits and security deposits                     |  | -           | 34.86     |
| Other Receivables (refer note 30 (b))  |  |             |           |
| Considered good  |  | 50.00       | 86.95     |
| Considered doubtful  |  | 259.80      | -         |
|  |  | 309.80      | 86.95     |
| Provision for doubtful other assets  |  | (259.80)    | -         |
|  |  | 50.00       | 86.95     |
|  |  | 50.11       | 121.81    |

|   | ₹ in lacs       |
|---|-----------------|
|   | 31-Mar-16       |
| <b>14. Inventories (valued at lower of cost and net realisable value)</b> |                 |
| Raw materials (includes in transit ₹ 483.53 lacs) (refer note 19)         | 8308.14         |
| Work-in-progress (refer note 20)  | 270.37          |
| Finished goods (refer note 20)  | 12484.46        |
| Traded goods (refer note 20)  | 430.53          |
| Stores and spares   | 834.83          |
|   | <b>22328.33</b> |

|  | ₹ in lacs   |           |
|--|-------------|-----------|
|  | Non-current | Current   |
|  | 31-Mar-16   | 31-Mar-16 |
| <b>15. Trade receivables*</b>  |             |           |
| Considered good unless stated otherwise  |             |           |
| Outstanding for a period exceeding six months from the date they are due for payment |             |           |
| Secured, considered good   | 10.23       | 20.16     |
| Unsecured, considered good   | -           | 79.42     |
| Doubtful   | 431.62      | 491.89    |
|  | 441.85      | 591.47    |
| Provision for doubtful receivables   | ( 431.62)   | (491.89)  |
|  | 10.23       | 99.58     |
| <b>Other debts</b>   |             |           |
| Secured, considered good   | -           | 1992.24   |
| Unsecured, considered good   | -           | 8063.73   |
| Doubtful   | -           | 114.24    |
|  | -           | 10170.21  |
| Provision for doubtful receivables   | -           | (114.24)  |
|  | -           | 10055.97  |
|  | 10.23       | 10155.55  |

\*refer Note No. 30 (a)

|   |        |        |
|---|--------|--------|
| <b>16. Cash and bank balance</b>                          |        |        |
| Cash and cash equivalents                                 |        |        |
| Balances with banks:                                      |        |        |
| On current/collection/cash credit accounts                | -      | 155.72 |
| On unpaid dividend account                                | -      | 91.27  |
| Cheques/drafts on hand                                    | -      | 133.73 |
| Cash on hand  | -      | 5.09   |
|   | -      | 385.81 |
| <b>Other bank balances</b>                                |        |        |
| Deposits with remaining maturity for less than 12 months  | -      | 25.53  |
| With post office in savings bank account                  | 0.11   | -      |
|   | 0.11   | 25.53  |
| Amount disclosed under non-current assets (refer note 13) | (0.11) | -      |
|   | -      | 411.34 |

|   | ₹ in lacs |
|---|-----------|
|   | 2015-16   |
| <b>17. Revenue from operations</b>                      |           |
| Sale of products  |           |
| Finished goods  | 118133.28 |
| Traded goods  | 4813.52   |
| Other operating revenue                                 |           |
| Scrap sales   | 332.46    |
| Revenue from operations (gross)                         | 123279.26 |
| Less: Excise duty                                       | 13311.66  |
| Revenue from operations (net)                           | 109967.60 |
| <br>Detail of products sold and other operating revenue |           |
| Finished goods sold                                     |           |
| 1. Fibre Cement Sheets                                  | 87337.01  |
| 2. Thermal insulation products                          | 2288.70   |
| 3. Wind power   | 443.38    |
| 4. Blocks   | 14756.75  |
| 5. Others (including scrap sales)                       | 13639.90  |
|   | 118465.74 |
| Traded goods sold                                       |           |
| 1. Fibre Cement Sheets                                  | 3560.47   |
| 2. Washers/Advance Polymer Products                     | 516.30    |
| 3. Thin bed Mortar                                      | 723.50    |
| 4. Others   | 13.25     |
|   | 4813.52   |
|   | 123279.26 |

|  | ₹ in lacs      |
|--|----------------|
|  | 2015-16        |
| <b>18. Other income</b>  |                |
| Interest income on deposits and others                                 | 48.65          |
| Dividend income on   |                |
| Current investments  | 20.71          |
| Rent   |                |
| Long term investments in properties                                    | 543.27         |
| Others   | 17.68          |
| Unspent liabilities, provisions and sundry balances written back (net) | 320.74         |
| Profit on sale of materials  | 163.08         |
| Miscellaneous receipts   | 108.33         |
|  | <b>1222.46</b> |



|  | ₹ in lacs |
|--|-----------|
|  | 2015-16   |
| <b>19. Cost of raw material consumed</b>     |           |
| Inventory at the beginning of the year       | 8572.22   |
| Add: Purchases                               | 58847.22  |
| Less: Sale of materials                      | 882.02    |
|  | 66537.42  |
| Less: Inventory at the end of the year       | 8308.14   |
| Cost of raw material consumed                | 58229.28  |
| Adjustment for fluctuation in exchange rates | 1.86      |
| Total  | 58231.14  |
| <b>Details of raw material consumed</b>      |           |
| Fibre  | 27481.65  |
| Cement                                       | 14989.47  |
| Others                                       | 15760.02  |
|  | 58231.14  |
| <b>Details of inventory</b>                  |           |
| Fibre  | 6297.86   |
| Cement                                       | 383.22    |
| Others                                       | 1627.06   |
|  | 8308.14   |

|   | ₹ in lacs |
|---|-----------|
|   | 2015-16   |
| <b>20. (Increase)/Decrease in inventories</b>             |           |
| Inventories at the end of the year                        |           |
| Finished goods  | 12484.46  |
| Work-in-progress  | 270.37    |
| Traded goods  | 430.53    |
|   | 13185.36  |
| Inventories at the beginning of the year                  |           |
| Finished goods  | 12195.80  |
| Work-in-progress  | 315.07    |
| Traded goods  | 345.77    |
|   | 12856.64  |
|   | (328.72)  |
| Adjustment for fluctuation in exchange rates              | 0.63      |
|   | (328.09)  |
| Add: Stocks of finished goods out of trial run production | 249.72    |
| Total   | (78.37)   |

|  | ₹ in lacs |
|--|-----------|
|  | 2015-16   |
| <b>Details of purchase of traded goods</b>               |           |
| 1. Fibre Cement Sheets                                   | 3485.69   |
| 2. Washers/Advance Polymer Products                      | 318.58    |
| 3. Thin bed Mortar                                       | 546.27    |
| 4. Others  | 28.55     |
|  | 4379.09   |
| <b>Details of inventories</b>                            |           |
| <b>Finished goods</b>                                    |           |
| 1. Fibre Cement Sheets                                   | 10396.98  |
| 2. Thermal insulation products                           | 94.91     |
| 3. Others  | 1992.57   |
|  | 12484.46  |
| <b>Work-in-progress</b>                                  |           |
| 1. Thermal insulation products                           | 58.48     |
| 2. Material handling and processing plant and equipments | 83.57     |
| 3. Others  | 128.32    |
|  | 270.37    |
| <b>Traded goods</b>                                      |           |
| 1. Fibre Cement Sheets                                   | 115.74    |
| 2. Washers/Advance Polymer Products                      | 180.56    |
| 3. Thin bed Mortar                                       | 40.24     |
| 4. Others  | 93.99     |
|  | 430.53    |

|   | ₹ in lacs |
|---|-----------|
|   | 2015-16   |
| <b>21. Employee benefits expense</b>                |           |
| Salaries, wages and bonus                           | 9857.73   |
| Gratuity expenses (refer note 26)                   | 164.92    |
| Contribution to provident fund                      | 405.08    |
| Contribution to other funds                         | 142.33    |
| Employee stock compensation expenses (refer note 4) | 45.34     |
| Staff and workmen welfare expenses                  | 762.04    |
|   | 11377.44  |

|  | ₹ in lacs       |
|--|-----------------|
|  | 2015-16         |
| <b>22. Other expenses</b>  |                 |
| Consumption of stores and spares   | 2953.60         |
| Packing expenses (net)   | 581.86          |
| Repairs and renewals   |                 |
| Buildings  | 121.41          |
| Machinery (excluding stores and spares consumption)  | 824.25          |
| General repairs and maintenance  | 1894.25         |
| Power and fuel   | 5224.40         |
| Rent   | 410.46          |
| Rates and taxes  | 698.32          |
| Excise duty on stocks  | 357.12          |
| Insurance (net)  | 54.10           |
| Commission on sales  | 339.19          |
| Carriage outwards (net)  | 5737.09         |
| Advertisement and sales promotion expenses   | 958.90          |
| Professional, consultancy & legal expenses   | 1103.88         |
| Travelling expenses  | 1500.94         |
| Directors' fee   | 41.50           |
| Directors' commission  | 62.00           |
| Loss on sale/discard of fixed assets (net)   | 69.56           |
| Provision for doubtful receivables, advances and other assets (net)  | 458.33          |
| Bad debt written off   | 219.84          |
| Less: Provision for doubtful receivables written back  | (219.84)        |
| Foreign exchange fluctuation (net)   | 289.77          |
| Miscellaneous expenses*  | 2399.00         |
|  | <u>26079.93</u> |
| *includes ₹ 168.28 lacs spent by the Company towards CSR activities against total requirement of ₹ 12748 lacs. |                 |
| <b>Payment to auditors (included in miscellaneous expenses)</b>  |                 |
| <b>As Auditors</b>   |                 |
| - For statutory audit fee  | 38.00           |
| - For tax audit  | 8.00            |
| - For quarterly review of accounts   | 24.00           |
| <b>In other capacity</b>   |                 |
| - For Certification, Income tax, Company law matters, etc.   | 17.25           |
| Out of pocket expenses   | 1.97            |
|  | <u>89.22</u>    |

|   | ₹ in lacs |
|---|-----------|
|   | 2015-16   |
| <b>23. Depreciation and amortisation expense</b>                      |           |
| Depreciation of tangible assets net of capitalisation (refer note 10) | 3795.45   |
| Amortisation of intangible assets (refer note 10)                     | 115.11    |
| Depreciation of investment property                                   | 82.78     |
|   | 3993.34   |

|  | ₹ in lacs |
|--|-----------|
|  | 2015-16   |
| <b>24. Finance costs</b>   |           |
| On short term loans  | 470.31    |
| Others   | 393.01    |
| Exchange difference to the extent considered as an adjustment to borrowing costs | 72.70     |
|  | 936.02    |

|  | ₹ in lacs |
|--|-----------|
|  | 2015-16   |
| <b>25. Earnings per equity share (EPS)</b>   |           |
| The following reflects the profit and share data used in the basic and diluted EPS computations: |           |
| Total operations for the year  |           |
| Profit after tax   | 3994.85   |
| Weighted average number of equity shares in calculating basic and diluted EPS (nos)              | 7462563   |
| Basic and Diluted EPS (₹)*   | 53.53     |

\*Employee stock options are not considered for calculation of diluted earning per share as it will have an anti-dilutive effect.

## 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

|   | ₹ in lacs |
|---|-----------|
|   | 2015-16   |
| Current service cost  | 236.14    |
| Interest cost on benefit obligation   | 137.52    |
| Expected return on plan assets  | (111.74)  |
| Net actuarial (gain) recognized in the year   | (97.00)   |
| Net benefit expenses  | 164.92    |
| Actual return on plan assets  | 110.81    |
| <b>Amount recognized in the Balance Sheet</b>   |           |
| Defined benefit obligation  | 1908.60   |
| Fair value of plan assets   | 1317.50   |
| Plan liability  | 591.10    |
| <b>Changes in the present value of the defined benefit obligation are as follows:</b> |           |
| Opening defined benefit obligation  | 1895.87   |
| Interest cost   | 137.52    |
| Current service cost  | 236.14    |
| Benefits paid   | (265.37)  |
| Actuarial (gains) on obligation   | (95.56)   |
| Closing defined benefit obligation  | 1908.60   |
| <b>Changes in the fair value of plan assets are as follows:</b>                       |           |
| Opening fair value of plan assets   | 1424.76   |
| Expected return   | 111.74    |
| Contributions by employer   | 37.63     |
| Benefits paid   | (258.07)  |
| Actuarial gain  | 1.44      |
| Closing fair value of plan assets   | 1317.50   |

The Company expects to contribute ₹ 100 lacs to gratuity fund.

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

|                          | 2015-16 |
|--------------------------|---------|
| Investments with insurer | 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:

|                                   | 2015-16 |
|-----------------------------------|---------|
| Imputed rate of interest          | 7.70%   |
| Expected rate of return of assets | 8.50%   |
| Salary rise                       | 8.00%   |
| Attrition Rate                    | 5%      |

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 year is as follows:

|  | ₹ in lacs |
|--|-----------|
|  | 2015-16   |
| Defined benefit obligation                 | 1908.60   |
| Plan assets                                | 1317.50   |
| Deficit                                    | 591.10    |
| Experience adjustments on plan liabilities | 92.97     |
| Experience adjustments on plan assets      | 1.44      |
| Defined Contribution Plan                  |           |
| Contribution to Provident Fund*            | 405.08    |
| Contribution to Superannuation Fund*       | 70.06     |

\*including charged to Expenditure during construction period.

|  | ₹ in lacs |
|--|-----------|
|  | 2015-16   |
| <b>27. Expenditure during construction period<br/>(included in capital work in progress)</b> |           |
| Balance brought forward  | 14.11     |
| Expenditure incurred during the year   |           |
| Raw material consumed  | 260.23    |
| Salaries, wages and bonus  | 9.66      |
| Staff and workmen welfare expenses   | 1.23      |
| Consumption of stores and spares   | 16.81     |
| Repairs and renewals   |           |
| Machinery (excluding stores and spares consumption)  | 3.59      |
| General repairs and maintenance  | 9.07      |
| Power and fuel   | 47.43     |
| Rent   | 1.96      |
| Miscellaneous expenses   | 42.66     |
| Total expenditure during construction period   | 392.64    |
| Less: Turnover (net of excise duty collected ₹ 9.30 lacs)                                    | 65.15     |
| Less : Stocks of finished goods out of trial run production                                  | 249.72    |
| Total  | 91.88     |
| Allocated to fixed assets  | 91.88     |
| Balance  | -         |

## 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 ₹ 285.65 lacs and assets/equipments purchased for research activities of ₹ 6.93 lacs disclosed under fixed assets.

## 29. Segment information

### Business segments

#### HIL Limited

As of March 31, 2016, 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, Advanced Polymer Products & Coloured Steel Sheets. The said products are used in construction activity. The 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 sold to the respective state electricity board.

#### Supercor Industries Limited

The Company manufactures green ceiling board made of non-asbestos.

### Geographical segments

The analysis of geographical segments is based on the location of the customers i.e. domestic (India) 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, 2016 and certain assets and liabilities information regarding business segments as at March 31, 2016.

|                       |                   |                             |            |             | ₹ in lacs |
|-----------------------|-------------------|-----------------------------|------------|-------------|-----------|
| Particulars           | Building Products | Thermal Insulation Products | Wind Power | Elimination | Total     |
|                       | 2015-16           |                             |            |             |           |
| Revenue               |                   |                             |            |             |           |
| External Sales        | 107459.91         | 2064.31                     | 711.96     | -           | 110236.18 |
| Other Income*         | 586.52            | 4.02                        | -          | -           | 590.54    |
| Inter Segment Revenue | -                 | -                           | (268.58)   | -           | (268.58)  |
| Total Revenue         | 108046.43         | 2068.33                     | 443.38     | -           | 110558.14 |
| Results               |                   |                             |            |             |           |
| Segment results       | 9937.81           | 301.77                      | 341.42     | -           | 10581.00  |

₹ in lacs

₹ in lacs

| Particulars  | Building Products | Thermal Insulation Products | Wind Power | Elimination | Total    |
|--|-------------------|-----------------------------|------------|-------------|----------|
|  | 2015-16           |                             |            |             |          |
| Interest Income  | -                 | -                           | -          | -           | 48.65    |
| Unallocated corporate expenses (net)                   | -                 | -                           | -          | -           | 3697.73  |
| Operating Profit                                       | -                 | -                           | -          | -           | 6931.92  |
| Interest expenses                                      | -                 | -                           | -          | -           | 936.02   |
| Taxes (net)  | -                 | -                           | -          | -           | 1941.40  |
| Deferred tax charge                                    | -                 | -                           | -          | -           | 59.65    |
| Net profit from ordinary activities                    | -                 | -                           | -          | -           | 3994.85  |
| Segment assets   | 76500.77          | 3029.77                     | 4491.05    | -           | 84021.59 |
| Unallocated corporate Assets                           | -                 | -                           | -          | -           | 6939.03  |
| Total assets   | -                 | -                           | -          | -           | 90960.62 |
| Segment liabilities                                    | 16567.74          | 48.69                       | 10.83      | -           | 16627.26 |
| Unallocated corporate liabilities                      | -                 | -                           | -          | -           | 28184.77 |
| Total liabilities                                      | -                 | -                           | -          | -           | 44812.03 |
| Other segment information                              |                   |                             |            |             |          |
| Capital expenditure                                    | 6178.44           | 36.44                       | 4.00       | -           | 6218.88  |
| Unallocated capital expenditure                        |                   |                             |            |             | 536.53   |
| Depreciation/Amortisation                              | 3164.40           | 112.83                      | 246.44     | -           | 3523.67  |
| Unallocated corporate depreciation/ amortisation       | -                 | -                           | -          | -           | 469.67   |
| Provision for doubtful debts, advances and receivables | 458.33            | -                           | -          | -           | 458.33   |
| Unallocated corporate provision for doubtful debts     | -                 | -                           | -          | -           | -        |

\*Total other income as per the statement of Profit and Loss is ₹ 1222.46 lacs which includes ₹ 583.27 lacs pertaining to Corporate Office.



### 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 |
|---|-----------|
|   | 2015-16   |
| Domestic Market (excluding Sales during trial run period)                                   | 109297.97 |
| Overseas Markets  | 669.63    |
|   | 109967.60 |
| The following table shows the carrying amount of Trade Receivables by geographical markets. |           |
| Domestic Market   | 10133.56  |
| Overseas Markets  | 32.22     |
|   | 10165.78  |
| The following table shows the carrying amount of fixed asset by geographical markets.       |           |
| Domestic Market   | 51620.26  |
| Overseas Markets  | 326.91    |
|   | 51947.17  |

## 30. Related party disclosure

|                          |  |
|--------------------------|--|
| Name of related parties  |  |
| Joint Venture            | Supercor Industries Limited, Nigeria.  |
| Key Management Personnel | Mr Prashant Vishnu Vatkar (Managing Director)<br>(Joined on April 20, 2015)<br>Mr KR Veerappan (Chief Financial Officer)<br>Mr G Manikandan (Company Secretary & Financial Controller)<br>(w.e.f. August 19, 2015)<br>Mr P Rajesh Kumar Jain (Company Secretary)<br>(Resigned effective August 18, 2015) |

|   | ₹ in lacs |
|---|-----------|
|   | 2015-16   |
| Joint Venture - Supercor Industries Limited             |           |
| Balance outstanding as at the year end                  |           |
| a) Trade receivable*                                    | -         |
| b) Other receivables (includes technical know-how fee)* | -         |
| Key Management Personnel                                |           |
| i) Managerial remuneration**                            |           |
| Mr Prashant Vishnu Vatkar                               | 238.29    |
| Mr KR Veerappan   | 114.70    |
| Mr G Manikandan   | 21.84     |
| Mr P Rajesh Kumar Jain                                  | 10.53     |

|                             | ₹ in lacs |
|-----------------------------|-----------|
|                             | 2015-16   |
| <b>ii) Year end payable</b> |           |
| Mr Prashant Vishnu Vatkar   | 29.01     |
| Mr KR Veerappan             | 16.00     |
| Mr G Manikandan             | 2.60      |

\* ₹ 7.86 lacs and ₹ 236.19 lacs towards trade receivables and other receivables has been provided during the year

\*\* 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 key management personnel is not ascertainable, therefore, not included above.

|  | ₹ in lacs |
|--|-----------|
|  | 2015-16   |
| <b>31. Capital commitments</b>   |           |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 1698.34   |

|   | ₹ in lacs                   |
|---|-----------------------------|
|   | 2015-16                     |
| <b>32. Contingent liabilities (not provided for) in respect of</b>  |                             |
| a. Demand raised by the Income tax authorities, being disputed by the Company*  | 990.64                      |
| b. Demands raised by Sales tax authorities, being disputed by the Company** [refer note (i) below]  | 2676.40                     |
| c. Demands (Including penalties) raised by Excise authorities, being disputed by the Company***   | 2121.24                     |
| d. 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. | 56.98                       |
| e. Pending cases with Income Tax Appellate Authorities where Income Tax Department has preferred appeals and others****   | Liability not ascertainable |
| f. Demand for Property Tax, being disputed by the Company   | 561.86                      |
| g. Other claims against the Company not acknowledged as debts *****   | 288.39                      |

\* Income tax demand comprises of demand from the Indian tax authorities upon completion of their assessment for the financial years 2008-09 to 2012 -13. The tax demands are mainly on account of disallowance of the benefit on research & development expenses, depreciation expenses on Wind mill and other expenses not allowed.

\*\* The demands raised by the Sales tax authority are mainly towards enhancement of turnover due to certain disallowances, entry tax on stock transfers and local sales tax demand upon completion of assessment and various other miscellaneous cases raised by the respective state authorities.

- \*\*\* The demand raised by the excise authority is mainly towards excise duty demand including interest and penalty towards disallowance of availment of CENVAT credit and wrong classification of products as taxable versus exempt product.
- \*\*\*\* With respect to Income Tax, mainly represents appeal preferred by Indian Tax Authorities in High Court against favourable order of Tribunal for not considering certain amounts under "Long Term Capital Gain". With respect to others, mainly represents case preferred by local consumers against company with regard to environment pollution and compensation which is pending at appropriate authority.
- \*\*\*\*\* Other claims against the Company not acknowledged as debt mainly includes liability towards fuel surcharge adjustment disputed with Electricity board for the financial year 2008-09 and 2009-10.

The Company is contesting the demands and the Management believe that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in the consolidated financial statements for the demand raised/show cause notice received as the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial statement.

Note: (i) In addition to above, the Company has provided ₹ 516.88 lacs (including ₹ 84.60 lacs provided in current year and ₹ Nil reversed during the current year). All these cases are under litigations and are pending with various authorities, expected timing of resulting outflow of economic benefits cannot be specified.

### 33. Particulars of hedged/unhedged foreign currency exposure as at the Balance Sheet date

#### a. Unhedged foreign currency exposure

|                              | Currency | 2015-16                   |               |           |
|------------------------------|----------|---------------------------|---------------|-----------|
|                              |          | Value in foreign currency | Exchange Rate | ₹ in lacs |
| Trade payables               | US\$     | 1849082                   | 66.25         | 1225.02   |
|                              | Euro     | 636                       | 75.42         | 0.48      |
| Borrowings                   | US\$     | 160820                    | 66.25         | 106.54    |
| Trade receivables            | US\$     | 12736                     | 66.25         | 8.44      |
| Cash and bank balances       | US\$     | 800                       | 66.25         | 0.53      |
| Interest accrued but not Due | US\$     | 1725                      | 66.25         | 1.14      |
| Loans and advance            | US\$     | 18003                     | 66.25         | 11.93     |
|                              | Euro     | 19708                     | 75.42         | 14.86     |
|                              | JPY      | 171840                    | 0.59          | 1.01      |
| Advances from customers      | US\$     | 65590                     | 66.25         | 43.45     |

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

| Currency | Number of contracts | Buy Amount in US\$ | Purpose                                |
|----------|---------------------|--------------------|--|
| 2015-16  | 10                  | 3250000            | For hedging of loans and trade payable |

### 34. Summary of net assets and profit and loss:

₹ in lacs

| Name of entity                                     | Net assets*                     |            | Share in Profit/(Loss)             |                   |
|--|---------------------------------|------------|------------------------------------|-------------------|
|  | As % of consolidated net assets | Net assets | As % of consolidated profit/(loss) | Net profit/(loss) |
|  | March 31,2016                   |            | March 31,2016                      |                   |
| HIL Limited  | 99.69%                          | 46006.69   | 99.28%                             | 3966.24           |
| Joint venture- Foreign Supercor Industries Limited | 0.36%                           | 164.30     | -2.29%                             | -91.59            |
| Total  | 100.05%                         | 46170.99   | 96.99%                             | 3874.65           |
| Consolidation adjustments                          | -0.05%                          | -22.40     | 3.01%                              | 120.20            |
| Net amount   | 100%                            | 46148.59   | 100%                               | 3994.85           |

\* Net assets means total assets minus total liabilities excluding shareholders funds.

### 35. Employee stock option scheme

The Company provides share-based payment schemes to its eligible employees as identified in the “HIL Employees Stock Option Scheme 2015 (HIL ESOS)” during the year ended March 31, 2016. The relevant details of the scheme and the grant are as below:

On May 12, 2015, the Nomination and Remuneration cum Compensation committee of the board of directors of the Company approved the “HIL Employees Stock Option Scheme 2015 (HIL ESOS)” for issue of stock options to the identified employees of the Company. According to the scheme, eligible employees identified by the Nomination and Remuneration cum Compensation committee entitled to options, subject to satisfaction of the prescribed vesting conditions viz, continuing employment on the rolls of the Company as on April 1, 2015 as well as new employees who replaces the old eligible employee and joins the employment of the Company before June 30, 2017 provided that they have been with the Company at least for 6 (six) months prior to June 30, 2017. The other relevant terms of the grant are as below:

|                                   |   |
|-----------------------------------|---|
| Date of grant                     | 17-Aug-2015                                 |
| Vesting period                    | 40% - end of year 3                         |
|                                   | 60% - end of year 4                         |
| Exercise period                   | 4 years from the respective date of vesting |
| Expected life                     | 6.6 years                                   |
| Exercise price (₹)                | 620   |
| Weighted average market price (₹) | 789.59                                      |

The details of activity under “HIL - ESOS” - 2015 are summarized below:

|  | 31-Mar-16     |
|--|---------------|
|  | No of Options |
| Outstanding at the beginning of the year | -             |
| Granted during the year                  | 84200         |
| Outstanding at the end of the year *     | 84200         |
| Exercisable at the end of the year *     | -             |

The weighted average remaining contractual life for the stock options outstanding as at March 31,2016 is 7 years.

\* - includes 9,100 options lying at pool account due to resignation of an eligible employee which is to be re-allotted.

The Black Scholes valuation model has been used for computing the weighted average fair value of the stock granted considering the following inputs:

|   | Tranch 1    | Tranch 2    |
|---|-------------|-------------|
|   | 17-Aug-2018 | 17-Aug-2019 |
| Dividend yield  | 3.02%       | 3.02%       |
| Expected volatility   | 34.32%      | 37.84%      |
| Risk free rate  | 7.43%       | 7.43%       |
| Exercise price (₹)  | 620.00      | 620.00      |
| Expected life of the options granted (years)                                | 6           | 7           |
| Weighted average fair value of per stock option granted during the year (₹) | 341.69      | 341.69      |

The expected life of the stock is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### 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 (refer note below) | 41.90           | 58.79                   | ---                                | 100.69          |

Note: The wage agreements at four of the manufacturing locations of the Company are pending as at March 31, 2016. 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.** With a view to rationalize the workforce at its Hyderabad units, the Company had announced Voluntary Early Retirement Scheme (VERS). In response to the VERS, workmen opted for the same and expenditure of ₹ 275.57 lacs on VERS is charged to the statement of profit and loss as an exceptional item.

As per our report of even date

For **S R BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number : 101049W/E300004

Per **Vikas Kumar Pansari**

Partner

Membership No.093649

Place: New Delhi

Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**KR Veerappan**

Chief Financial Officer

**G Manikandan**

Company Secretary &  
Financial Controller

**CK Birla**

Chairman

DIN : 00118473

**Prashant Vishnu Vatkar**

Managing Director

DIN : 07139685

## Notice of 69th AGM

### TO THE SHAREHOLDERS

**Notice** is hereby given that the Sixty-Ninth Annual General Meeting of HIL Limited will be held on Thursday, the 28th day of July, 2016, 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:**

- a. the Audited Financial Statements of the Company for the financial year ended 31st March, 2016, together with the reports of the Board of Directors and Auditors thereon.
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2016, together with the Report of the Auditors thereon.
2. To declare final dividend of ₹ 10/- per Equity Share and to confirm the interim dividend of ₹ 7.50/- per Equity Share already paid on 74,62,563 Equity Shares of ₹ 10/- each for the financial year 2015-16.
3. To appoint a director in place of Mr CK Birla (DIN 00118473), who retires by rotation and being eligible, offers himself for re-election.
4. To ratify the appointment of M/s. S R Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W/E300004), as Statutory Auditors 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 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 and all other applicable provisions, if any, of the Companies Act, 2013, the company hereby ratifies the appointment of M/s. S R Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W/E300004), as Statutory Auditors of the company to hold office till the conclusion of the Seventieth Annual General Meeting of the Company to be held in

the year 2017, and the Board of Directors be and are hereby authorised to fix their remuneration in accordance with the recommendation of the Audit Committee in consultation with the auditors.”

#### Special Business

**5. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2017**

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 authorised to pay an amount of ₹ 6 (Six) Lacs as remuneration payable to M/s. S S Zanwar & Associates, Cost Accountants in practice (Registration No. 100283), who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records of the Company, for the Financial Year ending 31st March, 2017.

**6. To approve the payment of commission to Non-Executive Directors of the Company**

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

**“RESOLVED THAT** pursuant to provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof, and Article 118(4) of the Articles of Association of the Company and within the limits stipulated in Section 197 and 123(2) of the Companies Act, 2013 and subject to applicable approval(s), as may be required, consent of the Members be and is hereby accorded that, a sum not exceeding 1% of the net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, be paid and distributed amongst the Directors of the Company or some

or any of them (other than the Managing Director and Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors and such payments shall be made with respect to the profits of the Company for each year, subject to conditions as stipulated under Companies Act, 2013 and Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015.

By Order of the Board  
For **HIL Limited**

**Registered Office:** **G Manikandan**  
Office No. 1 & 2, L7 Floor, Company Secretary &  
SLN Terminus, Financial Controller  
Sy. No.133,  
Near Botanical Gardens, Gachibowli,  
Hyderabad – 500 032  
Dated: 5<sup>th</sup> May, 2016

## EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

As required by Section 102 of the Companies Act, 2013 (“Act”), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 and 6 of the accompanying Notice:

### ITEM NO 5

The Company is required under Section 148 of the Act to have the audit of its cost records conducted by a Cost Accountant in Practice. The Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment and remuneration M/s. S S Zanwar & Associates, the Cost Auditors of the Company to conduct audit of cost records of the Company for products covered under the Companies (Cost Records and Audit) Rules, 2014 for the Financial Year ending 31st March, 2017, at a remuneration of ₹ 6.00 lacs plus reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost

Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the members of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31st March, 2017.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the resolution.

The Board recommends the above resolution for the approval of the members.

### ITEM NO. 6:

The Board plays a crucial role in managing affairs of the Company. While the day-to-day management is delegated to Managing Director & CFO and other Senior Executives, the Board lays down policies and provides guidelines for conduct of Company's business. There is enormous increase in the responsibility of Directors of Listed Companies in view of requirements of compliance with several strict provisions of Corporate Governance, other Statutory Bodies apart from the Companies Act, 2013.

The Directors with their rich experience in business, management and administration, have been contributing immensely to the success of the Company, through their active participation not only at the Board Meetings but also between Board Meetings.

Section 197 of the Companies Act, 2013 permits payment of remuneration to Non-Executive Directors of a Company by way of commission, if the Company authorises such payment by way of a resolution of members.

The members of the Company at their 64th Annual General Meeting held on 21st July 2011, accorded their consent for payment of a commission to non-executive Directors not exceeding 1% of the net profits of the Company for a period of 5 (five) years commencing from 1st April 2011 to 31st March, 2016.

Pursuant to Section 309 (7) of the erstwhile Companies Act, 1956 such approvals obtained from shareholders are valid only for a period of 5 years. Since the validity of the earlier resolution passed



by the shareholders expires in the financial year i.e., 2015-16, approval is sought from Shareholders for payment of Commission to Non-Executive Directors.

Considering the rich experience and expertise brought to the Board by the Non-Executive Directors, it is proposed that, remuneration not exceeding one per cent of the net profits of the Company calculated in accordance with provisions of the Act, be continued to be paid and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of the Nomination and Remuneration Committee and on approval of the Board of Directors of the Company w.e.f financial years starting from 1 April 2016. Such payment will be in addition to the sitting fees for attending Board/Committee meetings.

Details of commission and sitting fees paid to Non-Executive Directors during the Financial Year 2015-16 is provided in the annexure to the Directors Report and the Corporate Governance Report.

None of the Directors, Key Managerial Personnel or their respective relatives, except all of the Non-Executive Directors of the Company to whom the resolution relates are concerned or interested in the resolution.

The Board recommends the resolution for the approval of the members.

By Order of the Board  
For **HIL Limited**

**Registered Office:**  
Office No. 1 & 2 , L7 Floor,  
SLN Terminus,  
Sy. No.133,  
Near Botanical Gardens,  
Gachibowli,  
Hyderabad – 500 032  
Dated: 5<sup>th</sup> May, 2016

**G Manikandan**  
Company Secretary &  
Financial Controller

## NOTES:

1. The relative Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning the special business under Item Nos. 5 and 6 of the Notice, are annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), of the person seeking re-appointment as Director under Item No. 3 of the Notice, are also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report.
3. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.



5. Members/ proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting
8. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, 22nd July, 2016 to Thursday, 28th July, 2016** (both days inclusive), for annual closing and determining the entitlement of the shareholders to the final dividend for 2015-16.
9. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched by **Thursday, 4th August, 2016** to those members whose names shall appear on the Company's Register of Members as on book closure date and in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on the close of business hours on **Thursday, 21st July, 2016**.
10. Members holding shares in electronic form are requested to intimate any change in their address and / or bank mandates to their Depository Participants with whom they are maintaining their demat accounts immediately. The Members holding shares in physical form are requested to advise any change of address and / or bank mandate immediately to M/s. Venture Capital and Corporate Investments Pvt. Ltd., 12-10-167, Bharat Nagar, Hyderabad – 500 018.
11. 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 M/s. Venture Capital and Corporate Investments Pvt. Ltd., 12-10-167, Bharat Nagar, Hyderabad – 500 018.
12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
13. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
14. Details under SEBI (Listing Obligations & Disclosure Requirements) 2015 in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. The directors have furnished the requisite declarations for their appointment/ re-appointment.
15. Members desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
16. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued there under, Companies can serve Annual Reports and other communications through electronic mode to those shareholders who have registered their email address either with the Company or with the Depository. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment. This is a golden opportunity

for every shareholder of HIL to contribute to the cause of Green Initiative. Members who have not registered their e-mail address with the Company are requested to register the same by submitting the letter to M/s. Venture Capital and Corporate Investments Pvt., Ltd., 12-10-167, Bharat Nagar, Hyderabad - 500 018. The Members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of the Company, who have registered their e-mail address, are entitled to receive communications in physical form, upon request.

17. Copies of the Annual Report 2015-2016 are being sent by electronic mode only to all the Members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2015-2016 are being sent by the permitted mode.
18. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed form from the Registrar & Share Transfer Agent M/s. Venture Capital and Corporate Investments Pvt. Ltd., 12-10-167, Bharat Nagar, Hyderabad - 500 018 and have it duly filled and sent back to them.
19. Members wishing to claim dividends, which remain unclaimed are requested to correspond with **M/s. Venture Capital and Corporate Investments Pvt. Ltd.**, 12-10-167, Bharat Nagar, Hyderabad - 500 018 (email: [info@vccilindia.com](mailto:info@vccilindia.com)) Tel: 040-23818475/76; Fax: 040-2386 8024.
20. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
21. The facility for voting through electronic voting system or ballot or polling paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting.
22. The Notice of the 69th AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email addresses are registered with the Company/Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
23. Members may also note that the Notice of the 69th AGM and the Annual Report 2015-16 will be available on the Company's website [www.hil.in](http://www.hil.in).
24. The board of directors has appointed M/s. P S Rao & Associates, Practicing Company Secretaries (C.P No. 10573) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
25. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
26. **The instructions for e-voting are as under:**
  - I. In compliance with the provisions of section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the **69th Annual General Meeting** by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- II. The facility for voting through ballot paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on **25th July, 2016 (9:00 A.M.)** and ends on **27th July, 2016 (5:00 P.M.)**. During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of **Thursday 21st July, 2016**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it *subsequently*.
- V. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an e-mail from NSDL (for members whose e-mail ID's are registered with the Company/Depository Participant(s)):
    - i. Open the e-mail and also open PDF file attached with your *Client ID or Folio No.* as password. The said PDF file contains your

user ID and password/ PIN for remote e-voting. Please note that the password is an initial password.

- ii. Launch internet browser by tying the following URL: <https://www.evoting.nsdl.com>
- iii. Click on Shareholder-Login
- iv. Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.
- v. Password Change Menu appears, Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- vii. Select the EVEN (E-Voting Event Number) of Hil Limited.
- viii. Now you are ready for remote e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii. Institutional shareholders (i.e other than individuals, HUF, NRIs, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant board resolution/ authority letter, etc., together with the attested specimen signature(s) of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer via email at: [psraoassociates@gmail.com](mailto:psraoassociates@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [cs@hil.in](mailto:cs@hil.in)

- B. In case a Member receives physical copy of the Notice of Annual General Meeting (for Members whose email addresses are not registered with the Company/Depository Participant(s) or requesting physical copy):
- i. Initial password is provided with the copy of this notice in separate sheet:  
**EVEN(Remote e-voting Event Number), USER ID PASSWORD/PIN**
  - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQ's) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and email id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut off date of **Thursday 21st July, 2016**.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e **Thursday 21st July, 2016**, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA M/s. Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharat Nagar, Hyderabad - 500018. Email: [info@vccilindia.com](mailto:info@vccilindia.com); Tel: 040-23818475/76; Fax: 040-2386 8024.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the Annual General Meeting even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depository as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper.
- XIII. **Ms. CS N Vanitha** of P S Rao & Associates, Practicing Company Secretaries (M.No: A 26859 & CP No:10573), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.hil.in](http://www.hil.in) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the stock exchanges at which the shares of the Company are listed.

#### UPDATION OF EMAIL ID

Kindly ensure to update your fresh Email ID with the Company/Depository if you have changed the same.

**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./DP ID & Client ID : .....

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

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

Address : .....

Signature : .....

Or failing him/her

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

Address : .....

Signature : .....

Or failing him/her

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 Ninth Annual General Meeting of the company at Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad -500 034, Telangana at 3.00 pm on Thursday, 28th July, 2016 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution number  | Resolution   | Vote (optional see note 3)<br>(please mention no of shares) |         |         |
|--------------------|--|---|---------|---------|
|                    |  | For   | Against | Abstain |
| Ordinary Business: |  |   |         |         |
| 1.                 | To receive, consider and adopt:  |   |         |         |
|                    | a. the Audited Financial Statements of the Company for the financial year ended 31st March, 2016, together with the reports of the Board of Directors and Auditors thereon.                                  |   |         |         |
|                    | b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2016, together with the Report of the Auditors thereon.   |   |         |         |
| 2.                 | To declare final dividend of ₹ 10/- per Equity Share and to confirm the interim dividend of ₹ 7.50/- per Equity Share already paid on 74,62,563 Equity Shares of ₹ 10/- each for the financial year 2015-16. |   |         |         |
| 3.                 | To appoint a director in place of Mr CK Birla (DIN 00118473), who retires by rotation and, being eligible, offers himself for re-election.   |   |         |         |
| 4.                 | To ratify appointment of M/s. S R Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W/E300004) as Statutory Auditors.   |   |         |         |
| Special Business:  |  |   |         |         |
| 5.                 | To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2017.   |   |         |         |
| 6.                 | To approve the payment of commission to Non-Executive Directors of the Company.  |   |         |         |

Signed this ..... day of ..... 2016

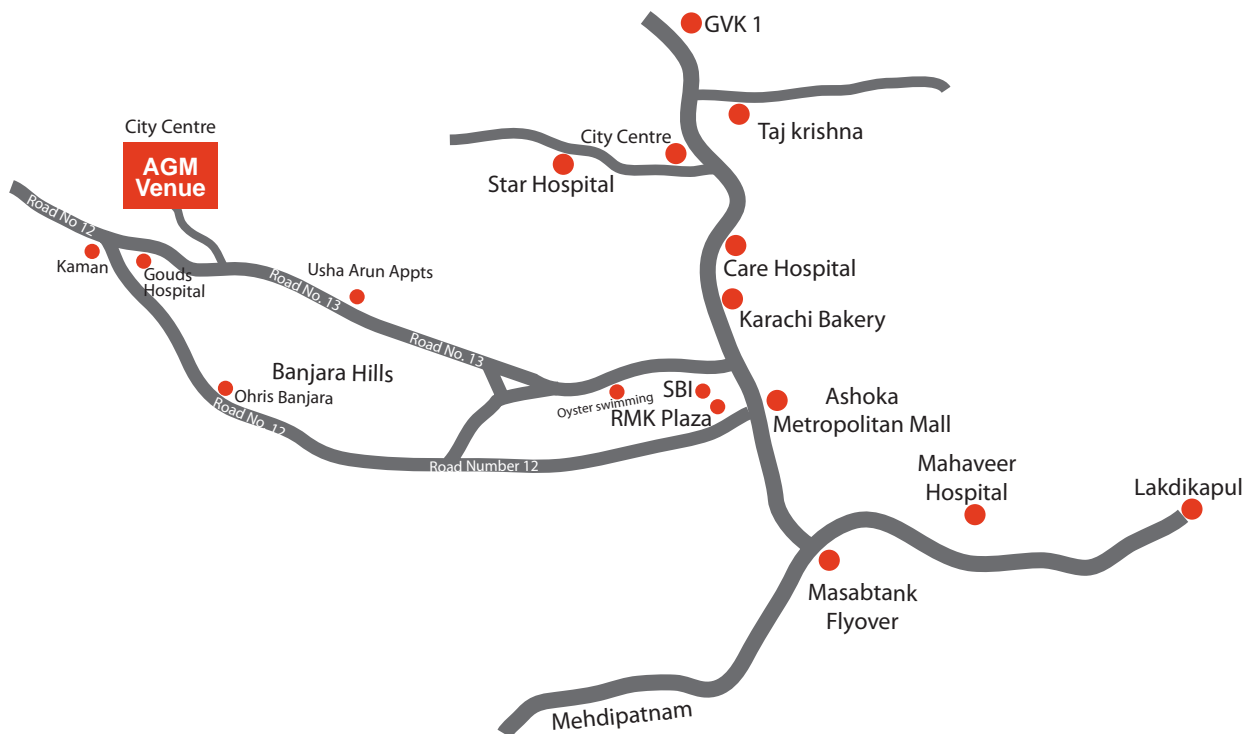
Signature of Shareholder ..... Signature of Proxyholder(s) .....

**NOTES:**

- This form in order to be effective should be duly completed and deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
- Those members who have multiple folios with different joint holders may use copies of this Proxy.
- It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Affix  
Revenue  
Stamp

## Routemap to AGM Venue



Note: Pickup facility will be available at the beginning of Road No. 13, Banjara Hills, Hyderabad from 2.00 p.m. onwards.



## The **Zeal** to **Exceed**

At HIL, we view challenges as opportunities. It is this spirit that opens up boundless vistas for growth, empowers us to break new ground and passionately strive to exceed expectations.

Even as our unprecedented performance enables us to fly high, we never lose sight of our strong Values and Vision that keep our feet firmly on the ground. In fact, we look at success as an inspiration which will act as a springboard to surge ahead faster, higher and stronger.

HIL Limited

SLN Terminus, 7th fl, Near Botanical Garden, Gachibowli

Hyderabad 500032, Telangana, India +91 40 30999000 [www.hil.in](http://www.hil.in)