CK BIRLA GROUP

HIL

TOGETHER, WE BUILD.

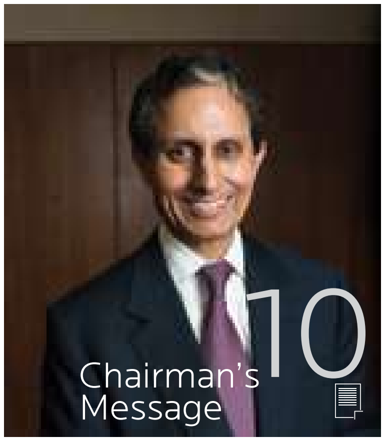
Together,
We Build.

Annual Report
2017-18

Contents

Scan this code with a QR reader app on your smartphone or tablet for the online version of the Annual Report

Corporate Overview



Statutory Reports

Financial Statements

Shareholders Information

TOGETHER, WE BUILD

With a rich legacy of 70+ years, HIL is amongst the largest operative names in the building materials and solution industry. With a strong focus on quality, strength and reliability, HIL has built the nation with a widespread dealer network, loyal stockists, dedicated employees and repeat customers.

The philosophy of HIL, "**Together, We Build**", has helped it to create not only a global benchmark of success with highly sustainable, excellence-oriented performance but also a thriving world for citizens.

Revenue from Operations (₹ In million)

14% ↑ Y-O-Y

11191	12786
2016-17	2017-18

EBIDTA (₹ In million)

41% ↑ Y-O-Y

1040	1470
2016-17	2017-18

*excludes other income

PAT (₹ In million)

48% ↑ Y-O-Y

546	808
2016-17	2017-18

Finance Cost (₹ In million)

25% ↓ Y-O-Y

52	39
2016-17	2017-18

CK BIRLA GROUP

About HIL Limited

Our vision

To sustain our domestic market leadership position and become a global provider of Building Products and Solutions. We are simultaneously committed towards supporting Green Building & Habitats by supplying environment-friendly products, and following green and safe practices.

Mission

- To enhance long-term shareholder value
- To make environmental friendly products that both meet and exceed customer expectations
- To establish a corporate culture that drives engagement, learning, teamwork, adaptability, improvement and innovation
- To meet high standards in corporate social responsibility, safety, health and environmental practices

Values

- Moral & Ethical Principles
- Care & Respect
- Apolitical & Non- Bureaucratic
- Fair & Transparent
- Integrity & Trust
- Responsibility & Accountability

The cover design showcases the ideology of the theme for this year’s report. The building blocks showcase the growth philosophy at HIL. Each block, when put together, helps build a sustainable and profitable organisation.

HIL today

The Company has evolved over the years to become a one-stop shop for building products, growing from just one manufacturing facility in 1949 to 22 manufacturing facilities in 2018.

With an aptly capable management team, assisted by an equally capable 4400+ workforce, HIL today stands as a trusted custodian and is regarded as a benchmark company in the Indian building material solutions industry.

Innovation

Launched next generation, revolutionized cement based roofing product (non-asbestos) under the brand name 'Charminar Fortune' through in-house Research & Development.

#1

Market leader in Fibre Cement Sheet, Fly-Ash Blocks, Sandwich Panels & Thermal Insulation sheets selling under its iconic brands 'Charminar' and 'Birla Aerocon'.

Largest

in the industry to have 22 manufacturing facilities across India

CK BIRLA GROUP

Who we are

With a rich legacy of 70+ years, HIL is one of the most respected and largest business entities in the building materials industry having pan India presence with 22 state of the art manufacturing facilities. Supported by a strong and widespread distribution network of 2500+ loyal stockists/distributors and 5500+ dealers, serviced through 8 sales offices and 40 sales depots, HIL provides quality products and solutions in a timely manner.

What we do

HIL offers a wide range of building material solutions for homes, offices and retail establishments. Backed by expertise in supplying high-quality products HIL has introduced new age Building Solutions which has contributed towards developing a better world.

Products we offer

Roofing Solutions

CHARMINAR

Major products	Manufacturing facilities	Capacity per annum
Fibre Cement Sheets	6	1078000 MT
Coloured Steel sheets	2	27600 MT

Green Roofing Solutions

Charminar Fortune

Major products	Manufacturing facilities	Capacity per annum
Next Gen non-asbestos corrugated roofing sheets	1	33600 MT

Building Solutions

BIRLA® AEROCON BUILDING SOLUTIONS

Major products	Manufacturing facilities	Capacity per annum
Sandwich Panels	2	78000 MT
Fly-Ash Blocks	4	8.25 lacs CuM
Boards	1	54000 MT
Dry Mix	1	72000 MT

Plumbing Solutions

BIRLA™ AEROCON PIPES AND FITTINGS

Major products	Manufacturing facilities	Capacity per annum
CpVC & UpVC Pipes & Fittings	2	7555 MT
SWR Pipes and Fittings	2	5220 MT

Thermal insulation

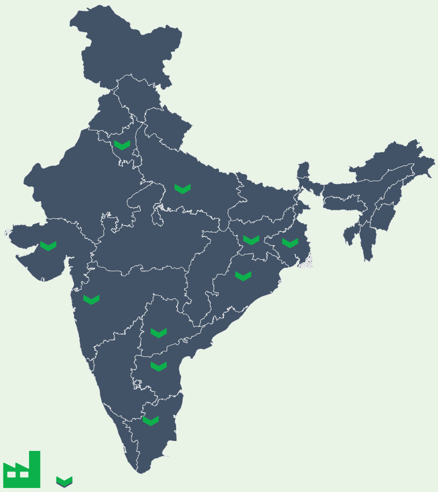
HYSIL
Calcium Silicate Insulation

Major products	Manufacturing facilities	Capacity per annum
Calcium Silicate Insulation	1	4800 MT

Wind Power

Particulars	Number of Turbines	Capacity
Captive consumption/ Sale to State Electricity Board	6	9.35 MW

HIL's reach



Sales Offices

Bangalore
Chennai
Delhi
Hyderabad
Kolkata
Mumbai
Noida
Raipur

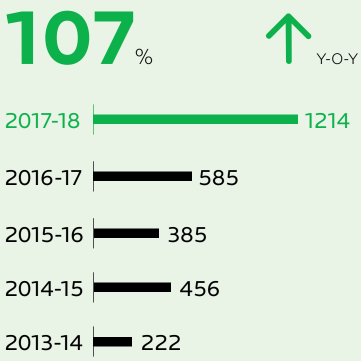
Manufacturing Facilities

Balasore - AC Sheets
Faridabad - AC Sheets
Jasidih - AC Sheets
Kondapally - AC Sheets
Satharia - AC Sheets
Wada - AC Sheets
Kondapally - Next Gen Sheets
Balasore - Coloured Steel Sheets
Wada - Coloured Steel Sheets
Jhajjar - Fly Ash Blocks
Chennai - Fly Ash Blocks
Golan - Fly Ash Blocks
Timmapur- Fly Ash Blocks
Faridabad - Sandwich panels
Timmapur - Sandwich panels
Faridabad - Pipes & Fittings
Golan - Pipes & Fittings
Timmapur- Pipes & Fittings
Hyderabad -Boards
Jhajjar - Dry Mix Products
Dharuhera - Thermal Insulation

Where we are listed

HIL's shares are listed and actively traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India.

Market Capitalisation (₹ in crores)



Our Business Model

HIL has created a business model which facilitates to report a better business performance each year while contributing to national, economical, social and sectoral development. It continuously strives to innovate and bring new Building Solutions which contribute to business growth as well as progress of community.

Inputs

Equity:

₹5661 million

Interest-bearing debts:

NIL

Cash & Cash Equivalents:

₹1315 million

Presence in PAN India with

22 **manufacturing facilities**

Key relationships

- Customers
- Renowned companies
- Distributors
- Sales agents
- Dealers
- Employees

4400 **+ employees, professionals and associates across India**

In-house **R&D unit**

9 **patents filed in last 3 years.**

Total raw material purchased:

₹5713 million

Business activities

Sustainable products and solutions:

- Unique product development strategy based on expertise and application knowhow, makes HIL a complete solutions provider in the building materials category.
- Continuous product improvements to develop eco-friendly products which have better application.
- Introduction of Kaizen and TPM related processes leading to higher productivity in manufacturing.
- Ensuring safety and security at workplace for all employees across the organisation.
- Strong process control with high quality-check parameters and round the clock monitoring.

Operation excellence in procurement and supply chain:

- By achieving economies of scale HIL ensures optimum cost of production
- Sustainability in sourcing raw materials with efficient supply chain management
- Ensure wide spread product presence with a deep rooted distribution network
- Efficient procurement of higher quality raw material enables HIL to save time, cost and resources.

Product development strategy

- High thrust on R&D to develop new generation products
- Technological upgradation across all manufacturing facilities.

Branding

- Highlighted the brand synergies by associating with two time IPL winning team Chennai Super Kings (CSK) and cemented its positioning as a champion brand .

Prudent Financial Management

- Aggressive focus on optimization of working capital
- Continued focus on Cost Reduction

People and integrity

- Transparent and fearless culture
- Strict compliance to HIL's Code of Conduct and Corporate Governance.
- Continuous employee engagement and Leadership development programs.

Giving back to community

- Active participation towards developing a stronger India through various CSR initiatives.

Outputs

Sustainable and durable products and solutions

- CHARMINAR

  Fibre cement sheets and Coloured steel sheets

- Fortune

  Next gen Non Asbestos Cement Sheets

- BIRLA AEROCON

  Fly-Ash Blocks, Sandwich Panels, Boards, CpVC, UpVC & SWR Pipes & Fittings, Dry Mix Products

- HYSIL Calcium Silicate Insulation

  Calcium silicate insulation

Maintained Market Leadership position in Fibre Cement Sheet, Fly-Ash Blocks, Sandwich Panels & Thermal Insulation.

Capacity Utilization

Roofing Solution Business

65%

Building Solution Business

90%

Achievements

Customers

- Trusted product quality, optimum customer satisfaction and product yield optimization
- Strong brand recall
- Efficient Processes and Energy utilization
- Only Company in the industry to have Environment, Health and Safety wing to monitor health of each and every employee.

Shareholders

- ₹ 643.3 million paid in dividends in the last five years

HIL's strength resides in its healthy balance sheet with prudent policy of reinvesting operational surplus in asset building and growing **liquidity reinvested into company's reserves**

What makes HIL Unique

HIL emerged as one of the most exciting stories in building material solutions industry in 2017-18.

Since inception HIL has always tried to make a mark for itself by creating a path of its own rather than following others' footprints.

HIL embarked on the journey of becoming a complete building materials and solutions Company with a commitment to provide high quality yet affordable products and solutions to every citizen of the country.

With a clear focus on building **One HIL** Team and product innovation, supported by widespread dealer network, HIL showcased strong traction with profitable growth across all business parameters and cemented its place as the preferred building material solution provider.

70+ years

Of rich industry experience

₹ 5661 million

Net worth as on March 31, 2018

4400+

Employees
As on March 31, 2018

Pioneer

HIL is the first company in India to manufacture autoclaved flat sheets and sandwich panels

Superbrand

HIL's Charminar and Birla Aerocon have been recognised as superbrands

First

HIL is the first company in the industry to have an in-house state-of-the-art research & development centre

Only

Company in the industry to have environment, health and safety wing

8%

CAGR growth in revenue in the last five years

Largest

Roofing Solutions manufacturing capacity in India

ED

HIL is the pioneer in India to set-up an engineering division (ED) to develop in-house state-of-the-art capability to manufacture plant and machinery

CK Birla
Chairman

Chairman's Message

Dear Shareholders,

It is indeed a privilege to announce that today the Company is poised very well within its industry space. The transformation of the Company over the years has been on the foundation of our impeccable values, that we at CK Birla Group cherish. We are pleased to announce that this year the Company has bounced back to growth path. Favourable monsoons, higher disposable rural income and overall commitment from our loyal dealers and committed employees have helped us deliver a well deserved performance for fiscal 2017-18.

Our topline (revenue) growth of 14% and bottomline (PAT) growth of 48% is a result of resilient efforts put in by our entire team across operations. I am extremely optimistic of '**Charminar Fortune**', our newly launched innovative roofing solution product to become the game changer in the industry. We are also aggressive and optimistic for our Building Solutions segment, which we expect to grow in double digits in the coming years.

The positive reforms by the Government to focus on the housing sector will

"Our topline (revenue) growth of 14% and bottomline (PAT) growth of 48% is a result of resilient efforts put in by our entire team across operations."

fuel our future growth. With schemes like 'housing for all', the company is positioned well to take the leap forward. We are extremely enthusiastic about the future as the Company is fully equipped in terms of capacity, experience and reach to seize all the opportunities. Our Company has always been driven by strong corporate governance, which has enabled us to accomplish our goals and also create value among our stakeholders over the years.

In future, we are determined to keep up with this pace of good performance, to inspire confidence among our stakeholders. I am confident that the Company will continue to be the leader in Roofing Solutions and gain momentum in building products which will together help build a stronger HIL, and shall continue to deliver value for stakeholders.

CK Birla
Chairman

From the MD and CEO's Desk

Dear HIL Family,

It's an absolute pleasure to present to you HIL's performance during FY 2017-18. Building on the success of last year, in 2017-18 we continued to improve our profitability and deliver value to our stakeholders. A favourable industry scenario, coupled with the seamless execution of our strategic plans led to visible growth in terms of revenues, profits as well as margins. Led from the front by my outstanding leadership team, HIL continued to move up the value chain by honing its capabilities, roping in new customers and extending the pipeline of our products.

In a bid to widen our Brand reach, we got associated with the two-time IPL champions, the Chennai Super Kings. Our customer-centric approach enabled us to capitalise on incipient market trends and carve out a larger slice of the market pie. Consequently, we managed to outpace the sectoral growth rate and deliver result. In the fiscal gone by, we reported a 41% y-o-y growth in terms of EBIDTA and 48% y-o-y growth in terms of PAT.

Net interest bearing debt on the Company's books continued to be zero for the second consecutive year in line with our strategy of maintaining a lean balance sheet and prudent financials. Aggressive drive in optimisation of Working Capital resulted in our net working capital coming down to 4% of our total revenues compared to 12% in the previous year. A large portfolio, populated by numerous value-added products bolstered operating margins by 2% during the year under review.

We had an eventful start to the year, as we commenced the commercial production of Next Gen non-asbestos corrugated roofing sheets (Green Roofing Solution) at our Kondapally plant. This ensured that HIL continues to hit the right milestones at the right time and de-risk itself for future. Branded as **Charminar Fortune**, this new range from HIL is expected to change the way Roofing Solutions have been perceived in the world. Buoyed by the addition of this product to our basket, we are now able to offer durable, eye-catching alternatives to our institutional customers.

The introduction of this product was not an immediate response to market realities. It was backed by in-depth analysis of macroeconomic parameters and unaddressed sectoral requirements coupled with cutting-edge R&D to come up with a perfect product. **Charminar Fortune** is expected to provide dimensional stability, low drying shrinkage and superior resistance to heat, sound, termites and fire, and hence

Dhirup Roy Choudhary
Managing Director & CEO

we feel it is the apt extension of our market-leading brand Charminar, which has been bestowed with the consumer Superbrand award for the third year running.

During the fiscal gone by, our building solution products and plumbing solution products (Pipes and Fittings) continued to find new takers within the communities of architects, builders, developers and interior designers. Ably supported by a reinforced distribution and marketing network, our Building Solutions segment and Plumbing Solutions reported strong numbers. We also embarked on strengthening our relationships with each and every member of the sectoral value chain – from plumbers to real estate honchos.

With a scale-up of our plumbing solution (Pipes and Fittings) output on the cards, we are undertaking dedicated marketing exercises that will lend a shot in the arm to our brand equity. In line with our expansion strategy, we focused on increasing the number of offerings in the Pipes and Fittings segment and leveraged B2B and B2C channels so as to promote our products. Furthermore, we feel that our association with Chennai Super Kings would give us the right kind of exposure as the team is being captained by one of the most adored and iconic cricketers of the present era, Mahendra Singh Dhoni.

I would like to take this opportunity to thank my colleagues who have contributed significantly to the success of the Company. It is this spirit of innovation bolstered by entrepreneurial skills and unflinching ambition that has enabled us to develop through collaboration and build a network that makes the whole so much greater than the sum of its parts. Finally, on behalf of the Board, I would like thank the stakeholders of HIL for their continued support and would look forward to revitalising our existing relationships and building new ones during the years that lie ahead.

Dhirup Roy Choudhary
Managing Director & CEO

> Branded as Charminar Fortune, this new range from HIL is expected to change the way Roofing Solutions have been perceived in the world.

Strategic Framework

We have embarked on a path towards excellence where we have developed a focused strategy to build a sustainable enterprise. The foundation to the strategic framework is 'capitals' that define our achievements, operations and future goals. These capitals are defined by the International Integrated Reporting Council (IIRC) and showcase the value-creation by us for our stakeholders.

Manufactured Capital

Our manufactured capital comprises our manufacturing facilities, equipment and our dealer network. With multiple manufacturing facilities across the country and a strong dealer network, we have been successful in reaching out to customers till the last mile.

We strengthened our product visibility with enhanced branding at our dealer and retailer stores . Our supply chain remains a key competitive advantage in our growing market leadership. We ensured faster delivery of our products, maintaining adequate inventory levels and meeting customer demands.

Our expansion into building and Plumbing Solutions has been further accelerated with our products finding greater acceptance in the market place. Our investments in capacity expansion have helped 'Birla Aerocon' Building Solutions record ₹3998.58 million sales in the current fiscal.

136%

Growth in gross block from ₹ 5981.55 million in FY14 to ₹ 8152.16 million in FY18

2500+

Stockists / Distributors as on March 31, 2018

5500+

Dealer / sub-dealer network as on March 31, 2018

₹**667.8** million

Invested in expansion of Building Solutions in last 3 years

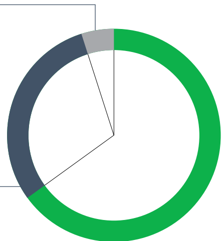
₹**554** million

Invested in expansion of Plumbing Solutions in last 3 years

Revenue mix 2017-18

5%
Plumbing Solutions and others

30%
Building Solutions



65%
Roofing Solutions

Human Capital

At HIL, we believe one of our main reasons for successfully executing our business strategies over the years is our people, especially in a competitive business landscape like ours. It is our people and their strength to adapt to changing business environment with ease that has enabled HIL to deliver consistently over the years.

At HIL, we constantly strive to attract, develop and retain the right mix of talented people for the continued success and growth of the Company. We always try to ensure that our diverse workforce enjoys a safe and engaging working environment, thus helping HIL emerge as a preferred employer.

To implement our strategy, at HIL, we ensure that we have the right mix of committed people, a strong leadership bench and the indispensable competencies in place to implement our strategy. This is achieved by focusing on our culture and commitment to people.

No. of employees

Create a safe place to work

At HIL, safety is our priority across the organisation. We continuously develop safety awareness programs to prevent incidents and mitigate health and safety risks. In line with this tenet, over the years, the Company has invested a lot in different types of safety training programs and has also allocated dedicated resources to further enhance HIL's safety practices.

Employee development initiatives

At HIL, we try to make sure that each one of our employees grow in their career along with the organisation, thus helping us build an organisation for tomorrow through collective effort. In line with this tenet, HIL aims to offer its employees the right mix of opportunities and challenges in a global and diverse working environment. In our endeavour to be an inspiring company, we create a result-oriented and collaborative culture which empowers our employees to solve the challenges of tomorrow.

In line with this strategy, we launched 'MyHR Connect' portal in 2016 to be transparent and fair to every employee of HIL.

An engaged workforce is the cornerstone for becoming the employer of choice. We conducted 'Josh' initiatives towards strengthening employee engagement. This included birthdays, festival celebrations, painting competitions, sports events, social cause (like blood donation camps) and corporate events.

At HIL, we are confident that our employees are our key assets. Thus we would continue to invest in them to retain our competitive edge.

Through these strategies and initiatives we look to attract the best because we know that it is their skills, knowledge and contribution that would drive our business forward.

CK BIRLA GROUP

Financial Capital

Creating a healthy balance sheet

Net worth (₹ million)

12% ↑ Y-O-Y

2017-18	5661.25
2016-17	5035.22
2015-16	4671.99

PAT margin (%)

100 bps ↑ Y-O-Y

2017-18	6
2016-17	5
2015-16	4

EBIDTA Margin (%)

200 bps ↑ Y-O-Y

2017-18	13
2016-17	11
2015-16	10

Working Capital (Ratio)

800 bps ↓ Y-O-Y

2017-18	4
2016-17	12
2015-16	17

Numbers reflecting our growth over the last decade

Enabling consistent and focused shareholders value creation.

₹ 108.21

Basic EPS in 2017-18

₹ 18.86

Basic EPS in 2007-08.

Enabling consistent and largely debt-neutral capacity growth.

₹ 664.7 million

Debt in 2017-18

₹ 908.0 million

Debt in 2007-08

Enabling the benefits of consistent financial conservatism and reflecting a strong Balance Sheet

0.12 times

Debt-equity in 2017-18

0.6 times

Debt-equity ratio in 2007-08.

Enhancing shareholder's value

Revenue (₹ million)

14% ↑ Y-O-Y

2017-18	13022.41
2016-17	11416.84
2015-16	11084.95

ROCE (%)

500bps ↑ Y-O-Y

2017-18	18
2016-17	13
2015-16	10

RoE (%)

300bps ↑ Y-O-Y

2017-18	14
2016-17	11
2015-16	8

PAT (₹ million)

48% ↑ Y-O-Y

2017-18	807.55
2016-17	546.21
2015-16	396.62

*Figures for 2015-16 pertain to iGAAP
#Figures for 2016-17 & 2017-18 pertain to Ind AS

Social, Natural & Relationship Capital

HIL encompasses all aspects of sustainability approach of doing business. It ensures that social and environmental implications are integrated into the Company's strategy, operations and decision – translating our ambitions for holistic sustainable development into concrete actions and clear responsibilities.

During the year we undertook several initiatives wherein we contributed to development of people and society within the regions we operate. We renovated a government primary school in Faridabad providing the students with a better place to learn. We conducted a Dengue Awareness and Preventive Medicine programme in Chennai, educating them about the disease and its ill-effects. We held a sanitisation camp at Manav Kaylan Trust, Golan to help people understand the benefits of sanitisation. We actively promoted the governments mission of 'Swachh Bharat Abhiyan' wherein we constructed 26 individual home toilets at Kondapally, Faridabad and Kannigapier.

₹ **24.2** million

Amount spent in community development in 2017-18

Drinking water & sanitation facility at Chennai

Public toilet at Kondapally

RO water plant at Golan

Infrastructure

- Construction of a hall in Kondapally village for development activities like pension mela, polio drive, shelter for poor, etc.
- Construction of RO plant shed at Shanti Nagar.
- Set up a drinking water facility for people in nearby villages.

Medical

- Undertook a drive to promote health including preventive care for Retinal cell therapy project for prevention and cure of retinal disease.

Environment

- Development of green belt in Satharia.

Education

- Development of a school in Faridabad with new benches, building repair, computers and library.
- Developed government school, JSD Santhali Village School in Jaisidi.
- Sponsored education for girl students in Hyderabad.
- Contributed school bags along with books and stationery in Jhajjar.
- On going support to students at round table Government high school in Hyderabad which has shown significant results during the year.

Health & Sanitation

- Constructed public toilets in Kondapally, provided support for construction of individual home toilets in some of the backward areas.
- To support sanitation in schools we provided funds for sanitation facility in Government schools, Buhari schools, Government girls schools, and Dharuhera Swatch Barath Toilets. We also provided support for construction of toilets in KVP High School and drinking water facility in Government Hospital.
- Undertook Angawadi construction for sanitation facilities.

Commencement of school construction work at Golan

Intellectual Capital

Research and Development is a critical enabler for growth and a key differentiator for HIL.

R&D plays an important role in ensuring high product quality gets delivered consistently.

R&D team of HIL endeavours to make existing products better and develop niche products through continuous process development.

New product development and launches coupled with product upgradation year after year has ensured HIL's consistent addressing of the changing demand pattern of its customers.

Charminar Fortune – the future of Roofing Solutions

With the endeavour of providing products as per the market demand, the in-house R&D team developed its patented, and the world's first autoclaved Next Gen non-asbestos corrugated roofing sheets – Charminar Fortune.

- High durability
- Sound and noise insulation
- Better thermal comfort
- High wind resistance
- Eco - friendly
- Multiple lengths and colors

₹**52** million

Invested in R&D in last five years

9

Patents filed in last three years

16 people

R&D team

Our Brands in Focus

HIL has strong established brands, namely Charminar, Birla Aerocon and Hysil which are well known in the markets they operate in. Continuous brand building is done throughout the year to grow the brand awareness and relevance.

With the strategic tie up with champion team of the most popular T20 cricket format in India, Chennai Super Kings, HIL gave thrust to its business and brand visibility across touchpoints.

Its leading brand Aerocon was renamed Birla Aerocon last year to highlight the trust associated with the brand and its products.

Awards & Accolades

HIL has been synonymous with trust and performance for decades. Our recognition by leading institutions is a validation of our commitment towards quality and innovation, which has helped build our market leadership.

Awarded "India's Most Trusted brand 2017" in Building Material category by IBC Infomedia (IBC Corp USA)

Awarded "Asia's most trusted brand 2016" in Building Products category

Charminar UNNATI was adjudged the winner in the category "Best use of Relationship marketing in a loyalty program"

Received Certificate of Appreciation & Memento from the Commercial taxes Department of Telangana facilitating effective implementation of GST

Kondapally unit received Best Management Award from Govt. of Andhra Pradesh

NAMC Silver Award for manufacturing excellence at Faridabad Unit

Awarded "India's Best Company of the year 2017" in Building Products category by IBC Infomedia (IBC Corp USA)

Satharia & Kondapally units bagged TPM Category A award & Balasore unit bagged TPM Category B award


T
O
G
E
T
H
E
R
,


W
E


B
U
I
L
D
.


HIL

Corporate Information

Board of Directors	Mr. CK Birla	Chairman
	Mr. Dhirup Roy Choudhary	Managing Director & CEO
	Mr. Desh Deepak Khetrapal	Non-Executive Director
	Mrs. Gauri Rasgotra	Independent Director
	Mr. P Vaman Rao	Independent Director
	Mr. Yash Paul	Independent Director
Key Managerial Personnel	Mr. KR Veerappan	Chief Financial Officer
	Mr. G Manikandan	Company Secretary & Financial Controller

Bankers

State Bank of India
HDFC Bank
The Hongkong and Shanghai Banking Corporation Limited

Statutory Auditors

M/s. B S R & Associates LLP Chartered Accountants

Solicitors

Khaitan & Company

Registered Office Address

Office 1 & 2, 7th Floor, SLN Terminus, Near Botanical Garden, Gachibowli, Hyderabad-500032, Telangana, India
www.hil.in

Corporate Identification Number: L74999TG1955PLC000656

Directors' Report

Dear Members

This year marks the 71st year of the Company since incorporation and we take pride in being the market leader in the Building Material Segment with range of products available under the brands **'Charminar', 'Charminar Fortune', 'Birla Aerocon'** and **'HYSIL'.**

Your Board of Directors are pleased in presenting their report and the Audited Financial Statements of the Company (**'the Company'** or **'HIL'**) for the year March 31, 2018.

Financial Results

(₹ in lacs)

Particulars	2017-18	2016-17
Revenue	134868	126797
Earnings Before Interest, Depreciation & Tax	17068	12653
Less : Interest	387	518
Depreciation	4690	4095
Profit Before Tax and Exceptional items	11991	8039
Less : Exceptional items	0	688
Profit before Tax	11991	7351
Less : Taxes	3915	1889
Profit for the year	8075	5462
Other Comprehensive Income – net of tax	-57	-44
Total Comprehensive Income for the year	**8018**	**5418**

Note: The financial statements for the year ended March 31, 2018 are prepared under Ind AS (Indian Accounting Standards) and accordingly previous year numbers are re-casted in accordance with the provisions of Ind AS for comparative information.

Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs ('MCA') vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards ('Ind AS') applicable to certain class of companies Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 read with the rules made thereunder. For your Company, the said new accounting standards are applicable from April 1, 2017 with a transition date of April 1, 2016. The impact on account of the transition is disclosed as part of notes to financial statements.

Revenue

Your Company, after witnessing 2 years of de-growth, is back to growth trajectory in the current year and delivered a good performance both in quantitative and qualitative terms wherein all the business verticals outperformed over last year numbers. The net revenue from operations on a standalone basis has increased to ₹1325.05 Crore from ₹1245.42 Crore in the previous year registered a growth of 6.4%. Our Roofing Segment has contributed to ₹856.70 Crore and Building Solutions has contributed to ₹399.86 Crore.

Profit Before Tax

During the year under review, your Company has reported a Profit Before Tax (PBT) of ₹119.91 Crore before considering other comprehensive income/expenditure as against ₹73.51 Crore reported in previous year thus registering a growth of 63%, mainly driven by cost saving initiatives taken across the Company.

Net Worth

The net worth as at March 31, 2018 improved to ₹566.12 Crore as against ₹503.52 Crore as on March 31, 2017. There is no long term interest bearing debt as on March 31, 2018.

The earnings per share grew by 48%, i.e ₹108.21 as on March 31, 2018 as against ₹73.19 as on March 31, 2017. While the book value per share as at March 31, 2018 was at ₹759/- as against ₹675/- as on March 31, 2017.

Credit Rating

During the year under review, ICRA upgraded the Company's long term rating to **'ICRA AA-/Stable'** and retained the short term rating at **'ICRA A1+'**.

Dividend

During the year under review, the Board of Directors declared an interim dividend of ₹10.00 per equity share (100% of the paid-up value). Your directors are pleased to recommend a final dividend of ₹12.50 per equity share (125% 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 2017-18 works out to be ₹22.50 per equity share (225 % of the paid-up value) as against the total dividend of ₹20.00 per equity share (200% of the paid-up value) declared in the previous year.

The total dividend outgo would amount to ₹20.21 Crore (Including Corporate Dividend Tax) and the Company has transferred ₹10.00 Crore to General Reserves out of the profits for the year.

Liquidity

Exceptional focus and aggressive drive on working capital management during the year helped your Company to be debt-free for the second consecutive year and maintain sufficient cash to meet our operational and strategic requirements.

Share Capital

The paid up Equity Share Capital as on March 31, 2018 was ₹7.49 Crore. During the year under review, the Company has neither issued any shares with differential voting rights nor sweat equity.

Listing with Stock Exchanges

The Equity Shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. The annual listing fees for the financial years 2017-2018 and 2018-2019 has been paid to these exchanges.

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. 7 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 March 31, 2018.

State of Company's Affair

A focused approach and unique strategy adopted by the Company for each business division with an objective to achieve higher growth and profitability, furthered by various initiatives like expanding product capacities, launching of new products, cost optimization along with implementation of Goods and Service Tax (GST) by the Government; all contributed to an impressive performance by your Company both in terms of revenue and profitability.

Roofing Solutions:

Your Company continues to enjoy its leadership position and trust in the roofing industry, which helped the business to grow stronger, even in the highly competitive / price sensitive market. Goods and Service Tax implemented by the Central Government, effective July 1, 2017 reduced the tax rates to 18% which helped the Industry to grow as the product became more competitive to the end consumers. Enhanced Customer centric approach, focus on high potential geographies, marketing initiatives, cost optimisation and superior quality than its peers, continue to help your Company to overcome most of the challenges. The Coloured Steel Sheets continue to synergise with the existing retail network of your Company.

'Charminar Fortune' is a new addition to your Company's Roofing Solutions segment during the year; Next Gen non-asbestos corrugated roofing sheets in this industry. It has excellent load bearing capacity, thermal resistance, sound proofing, fire resistance and a life of many decades. This advanced research-based, green Roofing Solution has been developed in-house by your Company and we are confident that this will be a game changer in the industry and will take your Company to newer heights in the years to come.

Overall the roofing business ended the year with a growth of 6% in quantity terms over previous year and we continue to consolidate our position in the industry.

Building Solutions

In line with our evolving business strategies, we have re-branded '**AEROCON** as **BIRLA AEROCON'** during the year. This re-branding exercise started paying off as the brand have demonstrated strong PULL factor in the market. Your Company continued its position as a comprehensive solution provider in building materials category by offering all relevant products under one roof.

Wet-Walling Solutions

Wet-Walling category consists of '**Fly Ash Blocks'**, an eco-friendly building material, **"Birla Aerocon Block Jointing Mortar"**, **"Birla Aerocon wall putty"** and **"Birla Aerocon Readymix Plaster"**. All Products together offers a complete range of solutions to the stakeholders in the Building Material industry.

Fly Ash Blocks continues to enjoy its leadership position in the construction industry in view of its superior quality and latest technology driven manufacturing processes. During the year under review, Fly Ash Blocks has achieved a growth of 5% in quantity terms over previous year. Fly Ash Blocks along with Birla Aerocon Block Jointing Mortar, Birla Aerocon wall putty and Birla Aerocon Readymix Plaster continue to be a preferred choice among the builders.

Dry-Walling Solutions

Dry-Walling category consists of 'Panels', 'Boards' and 'Smart bond' under the brand name **'BIRLA AEROCON'**. Panels & Boards continue to be the preferred choice of the Architects and Designers. With strong sales force and better relationship with external stakeholders backed by premium brand, this product category registered a growth of 12% in quantity terms during the year under review as compared to previous year. Your Company continues to maintain its preferred position in this category.

Government push towards creating "Smart Cities" offers great potential to your Company in Tier 2 & Tier 3 cities. Accordingly sales force augmentation is planned to derive maximum benefit from these segments. Unique concept selling approach, supported by the strong brand recall differentiates **'BIRLA AEROCON'** from other players in the industry.

Thermal Insulation

Thermal Insulation business under the brand **HYSIL**, has reported a growth of 61% in quantity terms due to enhanced sales efforts and improved demand from industrial domestic and overseas customers for their new projects. Key driver for volume growth in this business will mainly depend on new capacity creation in the form of brown field or new green field projects by Industries.

Plumbing Solutions

During the year under review, the Pipes & Fittings business registered a growth of 34% in revenue terms as compared to previous year. The said growth was mainly driven by expanding the dealer base, well planned marketing activities and quality centric approach. The business realized the need for enhancing the product range to expand further. In this direction, your Company has invested sizeable amount in establishing capacity for launching new product categories. As a first step your company has set up a facility for manufacture of **"SWR (Soil, Waste & Rain) Pipes and Pressure Pipes"** at its plant located at **Faridabad, Haryana** with an annual capacity of 2160 MT and also at its plant located at **Golan, Gujarat** with an annual capacity of 3060 MT. These products are marketed under the brand **' Birla Aerocon'**. Your company also is in the process of setting up CpVC and UpVC Pipes & Fittings facility at the Golan during the year 2018-19 which will further support the growth of this business.

Your Company believes that with this augmentation of the portfolio, relationships with the trade channel, plumbers, influencers and builders/developers will improve considerably thus in turn resulting in improved performance of this division.

Branding

As part of brand promotion activity, your Company has associated with the Indian Premier League (IPL) by partnering with Chennai Super Kings (CSK), which is making a comeback after two years. On account of this engagement, all the CSK players' uniforms will carry **"HIL"**, **"Charminar"** and **"Birla Aerocon"** brands endorsed.

With this association, the Company aims to boost HIL brand visibility as well as its reach amongst its consumers, dealers and influencers. The Company's caption **"HIL - Together We Build"** is a game-changer towards strengthening the brand's commitment and supporting its vision of building a dream nation with its innovative products. While quality of products is a prerequisite for progressive growth for HIL, it will be driven by diversification and enhancement of its products. The association will highlight HIL as a one-stop shop solution provider for all building requirements for modern construction.

Awards

India's Best Company of the Year

Your Company was bestowed with the prestigious title of **"India's Best Company of the Year – 2017"** as well as **"India's Most Trusted Brand of the Year – 2017"** by IBC INFOMEDIA (A Division of International Brand Consulting Corporation, New Jersey, USA). This selection was based on overall market share, innovation, work place culture, leadership, business ethics, Governance, Corporate Social Responsibility and such other factors.

Excellence in Operational Manufacturing

In our continuous drive to excel in our manufacturing capabilities and as a result of various actions taken towards the same, your Company was bestowed with most prestigious award for **"Excellence in Operational Manufacturing"** for three of its roofing manufacturing facilities from JIPM, Japan. The plants located at Kondapally, Andhra Pradesh and Sathariya, Uttar Pradesh challenged the '**TPM Excellence Award'** under Category A and Balasore Plant at Odisha challenged the same award under Category B.

The awards are also a testament to the dedication of the personnel associated with the respective facilities towards production excellence.

Best Management Award

The labour department of Government of Andhra Pradesh has awarded the roofing manufacturing plant at Kondapally, Andhra Pradesh with the '**Best Management Award for 2017'**. This acknowledges the excellent management practices, harmonious industrial relation and industrial productivity of your Company.

Goods and Service Tax Facilitation Award

The Commercial Taxes Department, Telangana felicitated your Company a Certificate of Appreciation & Memento, acknowledging the efforts in terms of assisting the department for testing the migration activities to Goods and Service Tax and also for extending requisite support to small traders in that range.

NAMC Award

The Roofing plant at Kondapally, Andhra Pradesh has bagged the prestigious '**Gold Award'** from The National Awards for Manufacturing Competitiveness (NAMC) during the year. This signifies the quality oriented approach of your Company adopted for manufacturing the products.

Unnati

Charminar UNNATI, a programme run by your Company for customer loyalty rewards was adjudged the winner of **Best use of relationship marketing in a loyalty program – B2B segment.**

Management Discussion & Analysis Report

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

Directors' & Key Managerial Personnel

Pursuant to the provisions of Section 149 & 184 of the Companies Act, 2013 and under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Mr. P Vaman Rao (DIN: 00069771), Mr. Yash Paul (DIN: 00580681) and Mrs. Gauri Rasgotra (DIN: 06862334), Independent Directors of the Company have submitted a declaration that each of them meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and SEBI Regulations and there has been no change in the circumstances which may affect their status as an Independent Director during the year.

In accordance to provisions of Section 152 of the Companies Act, 2013 and pursuant to Articles of Association of the Company, Mr. CK Birla (DIN: 00118473) Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

On recommendation of the Board, the members at their Annual General Meeting held on July 18, 2017 has appointed Mr. Dhirup Roy Choudhary (DIN: 07707322) as Managing Director & CEO (Key Managerial Personnel) for a period of 5 years w.e.f January 16, 2017.

For Director seeking re-appointment at the ensuing Annual General Meeting of the Company the particulars as required to be disclosed in accordance with Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is included in the notice of the ensuing Annual General Meeting forming part of this Annual Report.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Dhirup Roy Choudhary, Managing Director & CEO, Mr. KR Veerappan, Chief Financial Officer and Mr. G Manikandan, Company Secretary & Financial Controller are the Key Managerial Personnel of the Company and during the year there was no change in the Key Managerial Personnel.

Board & Committees

Board Meetings

During the year four meetings of Board of Directors of the Company were convened and held in accordance with the provisions of the Companies Act, 2013. The date(s) of the Board Meeting, attendance by the directors are given in the Corporate Governance Report forming part of this annual report. 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.

Committees of the Board

Audit Committee

Audit Committee of the Company meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. During the year four meetings of the Committee were held, the details along with the composition of the Audit Committee as required under the provisions of Section 177(8) of the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this 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 of the 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 are given in the Corporate Governance Report which forms part of this annual report. During the year under review, the Board has accepted all the recommendations of the Nomination and Remuneration cum Compensation Committee.

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, the Directors individually and the Committees of the Board.

A structured questionnaire was circulated after taking into consideration the inputs received from Directors, covering aspects of the Board's functioning such as adequacy of the Composition of the Board and its Committees, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of the Individual Directors including the Chairman of the Board. The Directors' performance was evaluated on parameters such as level of engagement and contribution in safeguarding the interest of the Company etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. Further the performance evaluation of the Chairman and Non Independent Directors was carried out by the Independent Directors.

Familiarisation Programme for Directors

In addition to giving a formal appointment letter to the newly appointed Director on the Board, a detailed induction plan covering the role, function, duties, responsibilities and the details of compliance requirements expected from the director under the Companies Act, 2013 and relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 were given and explained to the new Director.

During the year there were no new directors appointed and there was no change in composition of the Board.

Corporate Social Responsibility Committee (CSR)

Corporate Social Responsibility Committee of the Company meets the requirements of Section 135 of the Companies Act, 2013. The details of the composition of the Corporate Social Responsibility Committee as required under the provisions of Section 135 of the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this annual report.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the brief outline of the Corporate Social Responsibility ('CSR') policy of the Company and the initiatives undertaken by the Company on the CSR activities during the year are given in **Annexure (II)** to this report in the format prescribed in the Companies (Corporate

Social Responsibility) Rules, 2014. The said policy is available on the Company's website "**http://hil.in/investors/codes-policies**".

As per the provisions of Section 135 of the Companies Act, 2013, 2% of average Net Profits of the Company for the immediately preceding three financial years calculated as per Section 198 of the Companies Act, 2013 works out to ₹1.49 Crore and the Company has spent ₹2.42 Crore on CSR activities in the areas of healthcare, education and others.

Stakeholders Relationship Committee (SRC)

The Stakeholders Relationship Committee of the Company meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. During the year four meetings of the Committee were held, the details along with the composition of the Committee as required under the provisions of Section 178 of the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this annual report. During the year under review, the Board has accepted all the recommendations of the Committee.

Extract of Annual Return

Pursuant to the provisions of Section 92 of the Companies Act, 2013 and rules framed thereunder, the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure (III)** and forms part of this report.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134(3)(c) and 134(5) 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 state that:

I. In preparation of the Annual Accounts for the year ended March 31, 2018 all the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and Companies Act, 2013 have been followed and there were no material departures.

II. We have adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended March 31, 2018.

III. We 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 March 31, 2018 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 adhering best corporate practices. The report on Corporate Governance for the year ended March 31, 2018 pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is annexed herewith as **Annexure (IV)**. The Certificate from the Auditors of the Company M/s. B S R & Associates LLP Chartered Accountants, [ICAI Firm Registration Number: 116231W/W-100034] regarding compliance of conditions of Corporate Governance is attached to the report of Corporate Governance forming part of this annual report.

Policies

Vigil Mechanism

Pursuant to the requirement laid down in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Company has a Whistle Blower Policy as part of its Vigil Mechanism 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. 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 on the following link **http://hil.in/investors/codes-policies/**.

All the complaints received under Vigil Mechanism Policy were investigated thoroughly and detailed update including action taken, if any, on the same were presented to the Audit Committee and Statutory Auditors of the Company.

Remuneration Policy

Company has framed and adopted the Nomination & Remuneration Policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and fixing their remuneration and other entitlements. The Nomination & Remuneration Policy is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligation and Disclosure) Requirements, 2015 and the same is provided in the Corporate Governance Report. The Nomination & Remuneration Policy is also posted in the Investors section of the Company's website www.hil.in on the following link **http://hil.in/investors/codes-policies/**.

Sexual Harassment Policy

Diversity and Inclusion is one of the major thrust of your Company this year and provides an equal opportunity to all; it has been an endeavour of the Company to support women professionals through a safe, healthy and conducive working environment by creating and implementing proper policies to tackle issues relating to safe and proper working conditions. As per 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 the said Policy.

Related Party Transactions

The Company is having a robust process in identifying and monitoring of related parties transactions. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions entered or transacted by the Company with Related Parties, Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

In line with the provisions of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Power) Rules, 2014, omnibus approval for entering into the transactions at arm's length with the related parties has been obtained from the Audit Committee. The said transactions with related parties are routine and repetitive in nature.

A summary statement of the transactions entered into with the related parties pursuant to the omnibus approval so granted are reviewed and approved by the Audit Committee and the Board of Directors on quarterly basis. The requisite details of the related party transactions entered into during the financial year are provided as **Annexure (V)** to this report.

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 and None of Directors are relatives to each other.

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 process, procedures and related roles and responsibilities.

During the year, the Board reviewed the elements of risk and the steps taken to mitigate the risks and in the opinion of the Board there are no major elements of risk, which has the potential of threatening the existence of the Company.

Other Policies

The Company has also adopted the following policies, as required by Companies Act, 2013 and SEBI Regulations and the same are available on the website of the Company (www.hil.in/investors/ policies/)

- Dissemination of Material Events Policy
- Documents Preservation Policy
- Monitoring and Reporting of Trading by Insiders
- Code of Practices and Procedures for Fair Disclosures

Internal Financial Controls

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 ('SOPs'), authorization and approval procedures.

3. The internal financial controls of the Company are adequate to ensure 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; and

5. Systems to ensure compliances with prevalent laws and statutory compliances are in place.

Auditors

Statutory Auditors

As per Section 139 of the Companies Act 2013, M/s. B S R & Associates LLP Chartered Accountants, (ICAI Firm Registration Number: 116231W/W-100024) have been appointed as Statutory Auditors for a period of five years i.e from conclusion of 70th Annual General Meeting (held on July 18, 2017) till the conclusion of the 75th Annual General Meeting, subject to ratification every year.

Resolution for ratifying the appointment of M/s. B S R & Associates LLP Chartered Accountants, (ICAI Firm Registration Number: 116231W/W-100024) as the Statutory Auditors is included in the notice of the ensuing Annual General Meeting.

Internal Auditors

The Company has an in-house internal audit team, which monitors the effectiveness of the internal control systems. It reports to the Managing Director about the adequacy and effectiveness of the internal control system of your Company. Your Company also obtains the services of M/s. Ernst and Young, LLP, Chartered Accountants and other reputed Chartered Accountants to audit specific locations and processes for the year 2017-18.

The recommendations of the internal audit team on improvements in the operating procedures and control systems were also presented to the Audit Committee for strengthening the same.

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 specified products 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 March 31, 2019 at a remuneration of ₹7 lacs. Members are requested to ratify the remuneration payable to the Cost Auditors for the year 2018-19 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 March 31, 2017 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, Company Secretaries to undertake the secretarial audit of the Company. The secretarial audit report issued by M/s. P.S. Rao and Associates, Company Secretaries for the financial year ended March 31, 2018 is given in the **Annexure (VI)** attached hereto and forms part of this Report. The report does not contain any qualifications, reservations or adverse remarks.

Joint Ventures and Consolidated Financial Statements

Your Company holds 33% of the share capital in Supercor Industries Limited ("Supercor"), a company incorporated under the laws of Nigeria. The State Government of Bauchi, Nigeria and other shareholders hold remaining 67% of the share capital in Supercor.

Due to severe cash crisis, Supercor suspend the operations since November, 2015 and the Company had initiated and filed winding petition for recovery of dues from "Supercor Industries Limited", Nigeria in the year 2016. In view of the above, Company is not in a position to obtain any information/ financials from the JV entity and hence consolidation of financial statements become practically impossible.

Based on the previous approval of the Board, the Company has filed an application with Register of Companies under Section 129, 459 of the Companies' Act, 2013 informing the financials for the year 2017-18 will be prepared and presented at the ensuing Annual General Meeting on standalone basis due to non-availability of financials from Supercor and seeking exemption from consolidating the financial statements of the Supercor with the financial Statements of the Company through e-Form GNL 1 Vide SRN No. G77528024 and the said form taken on record by MCA.

As per the provisions of Companies Act, 2013 read with applicable accounting standards (Ind AS), Company is presenting the financial statements for the year March 31, 2018 on standalone basis and suitable note for non-consolidating the accounts of JV is incorporated vide note no 44(b) to the financial statements.

Information required pursuant to Section 129(3) of the Companies Act, 2013 a statement containing salient features of the Subsidiaries/ Joint Ventures of the Company is provided in Form AOC-1 attached as **Annexure (VII)** to this report.

Employee Stock Options

The Company has an operative Employees Stock Option Scheme 2015 (ESOS-2015) which provides for grant of Stock Options to eligible employees of the Company.

Nomination & Remuneration cum Compensation Committee of the Board of Directors inter alia, administers and monitors the Employees' Stock Option Scheme of the Company in accordance with the Securities and Exchanges Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"). During the year, the members at their 70th Annual General Meeting held on July 18, 2017 has amended the scheme, wherein "Clause 3.1.13(1)" was inserted.

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 in **Annexure (VIII)** to this report, "35600" options granted to one eligible employee during the year from the existing pool account.

Certificate from M/s. B S R & Associates LLP Chartered Accountants, (ICAI Firm Registration Number: 116231W/W-100024), Statutory Auditors of the Company confirming that the scheme has been implemented in accordance with the SEBI Regulations will be placed at the forthcoming Annual General Meeting of the Company for inspection by the members.

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 (IX)** to this report.

Human Capital and Industrial Relations

Your Company believes that its greatest assets is its human capital and hence it places a very high importance to Employee development, retention and engagement. HIL management is progressively working to build a culture which encourages open, fearless and transparent communication. The recruitment process is totally aligned to attract the best talent available. Significant emphasis is being placed in bringing in diversity at the workplace. In its endeavor to become a paperless organization, many of the key Human Resources verticals such as Performance Management, Employee Services etc., have now been automated.

In the last 12 months, significant initiatives were undertaken to enhance Employee Connect across all locations of the organization. These includes top management making regular visits to work locations and addressing employees in person, Managing Director & CEO reaching out to employees, all at the same time, through video and audio conferencing system and several small group meetings to improve employee engagement. In addition, numerous initiatives such as festival celebration, sports events, health care activities etc., have been undertaken to ensure that the organization provides a positive work environment to your employees. These initiatives resulted in achieving an employment satisfaction score of 74% as against 50% in 2015-16.

The Company's management firmly believes that a strong and stable industrial relation is key to the success of your organization. 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 rigorous labour law compliance mechanism is in place to help the organization run its businesses in the most ethical and efficient manner.

As on March 31, 2018, the Company had 1562 employees.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in the **Annexure (X)** attached hereto and forms part of this 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 March 31, 2018 to which the financial statements relates and the date of signing of this report.

Investor Education And Protection Fund (IEPF)

In terms of Section 123, 124 and 125 of the Companies Act, 2013, the unclaimed dividends and shares wherein the dividends were unclaimed for a period of seven consecutive years (Final Dividend for the year 2009-10, Interim Dividend for the year 2010-11) has been transferred to the IEPF Fund/Suspense account respectively. The details of shares transferred is available in the website of the Company.

Further, as per the provisions of Section 125, the share(s) wherein the dividend is unclaimed for a period of consecutive seven (07) years will be transferred to the suspense account as prescribed by the IEPF Rules, therefore the shareholders whose dividends are unclaimed for seven consecutive years from 2011-12 (list of the shareholders along with the unclaimed dividend details are available on the website of the Company www.hil.in/investors) are requested to claim their unclaimed dividend at the earliest.

Shareholders are requested to write to the Company or RTA for claiming their unclaimed dividends.

Acknowledgments

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 to all the employees for their commitment and contribution towards achieving the goals of the Company.

On behalf of the Board of Directors

CK Birla
Chairman
DIN: 00118473

Place: New Delhi
Date : April 26, 2018

Annexure(s) to the Directors' Report

Annexure- I: Management Discussion & Analysis Report

Global Economy Overview

The major drivers of growth in global economy are growth in emerging markets and developing economies. Some of the regions driving the growth are emerging areas of Asia, Europe, and Russia. The global economy is estimated to grow at a rate of 3.1% in 2018. The growth will be much stronger than in 2017 mainly due to continuous recovery in investment, manufacturing and trade.

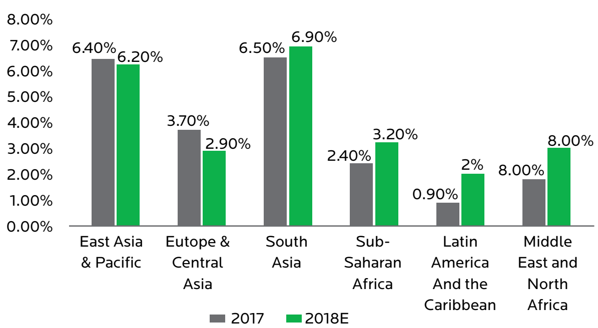
With BREXIT coming up in 2019, the central banks in UK and Europe are withdrawing their post-crisis accommodation. This furthered by investments stabilizing, the growth in advanced economy is expected to be around 2.2% in 2018. In USA, with the inflation reaching the Federal Reserve's target rate of 2%, the FED is planning to reduce its balance sheet to bring it to a level of $2.5 billion.

A steadfast in the commodity prices is expected to benefit the commodity-exporting developing economies. Crude oil prices increased in 2017, despite a further rebound in USA RIG Counts and growing efficiency gains in shale oil production. Since June 2017 oil prices have recovered and are currently hovering at around US$67 per barrel. Metals prices rose sharply, on the back of China's strong demand and supply restrictions. Agricultural commodity prices, which stabilized in 2017, are anticipated to make only marginal gains in 2018 as global stocks remain at multi-year highs.

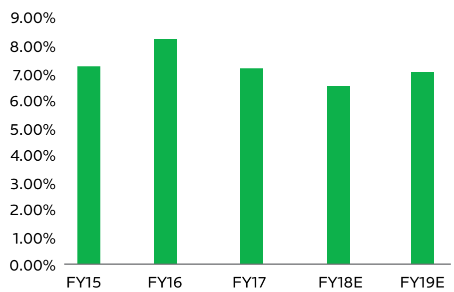
Indian Economy Overview

Indian economy which is mainly driven by the agriculture and manufacturing sector until a few years back, is today one of the fastest growing economies of the world. The economy is structured by various Government reforms such as 'Make in India', 'Digital India', 'Smart City project', 'Skill India and Standup India'. In the first quarter of the last fiscal year, the GDP of the country was at a three year low of 5.7%, but this soon recovered in the second quarter as the GDP growth rate bounced back to 6.3%. Indian economy is reaching new heights with the improvement in both World Bank's ease of doing business ranking and in the World Economic Forum's Index of manufacturing.

India is likely to overtake the major emerging market economies and record higher growth rates in the years to come. The country is expected to grow at 6.5% in FY18 and then register a higher growth rate of 7% to 7.5% in FY19. The FDI inflow into the country increased to $60 billion in 2016-17 from $36 Billion in 2013-14. The fiscal deficit of the country was at ₹6.77 lac Crore between April 2017 and January 2018. This is mainly due to increase in expenditure of various reforms and simultaneous reduction in revenue due to Goods and Service Tax. Despite various challenges coming in its way of growth, the country is expected to overtake Japan to be the third largest economy by 2028. India is also anticipated to surpass France and UK to become the 5th largest economy by 2019.



(E denotes expected)



(E denotes expected)

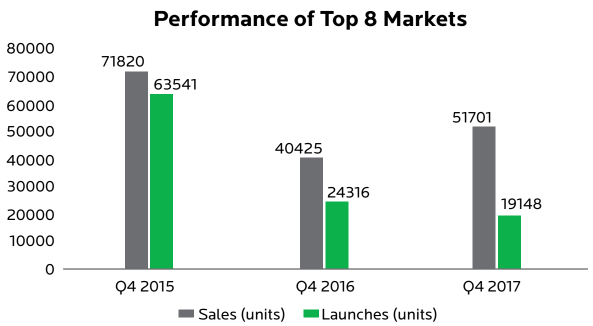
The country had seen a good rainfalls in 2016 and 2017 which resulted in high production of foodgrains - 275.11 million tonnes in 2016-17 and estimated at 277.49 MT (all time record) in 2017-18. Bringing good news for farm sector, the India Meteorological Department (IMD) predicted 'normal' monsoon for the year 2018-19 which suggests maximum probability (42%) for normal rainfall and low probability (14%) for deficient rainfall. This further augurs well for the rural economy and higher disposable income at their end.

Real Estate Industry Overview

The real estate industry is the second-largest generator of direct employment, the first being agriculture. It has a larger multiplier effect, as it affects more than 250 ancillary sectors. The real estate prices have undergone a rough journey but they have stabilized henceforth. In larger cities, the market for Indian real estate looks very bullish for the next five years.

The demonetisation base effect posed a real challenge for the real estate market in 2017. The sales volume went down by 62% from the peak of 2011. It recorded a seven-year low sales volume with 7% decline as against 2016. Bangalore registered a drop of 34%, while Mumbai and NCR markets dipped by 19% and 21%. Hyderabad recorded the lowest rate of home launches in a decade. There was a decline in the weighted average prices by an average of 3% across cities, with Pune registering the highest drop of 7%, followed by Mumbai at 5%.

The effects of demonetization on the residential real estate market are gradually waning as housing sales across the top eight property markets for the third quarter of FY18 have surged to 51701 apartments, with a 28% increase over the last year. However, the total sales for the second half of 2017 across key markets like the Mumbai Metropolitan Region, National Capital Region, Bangalore, Pune, Chennai and Hyderabad fell by 2% compared to the last year, to 107316 units. It implies that although the effects of demonetisation are dwindling, the market hasn't entirely revived.



(E denotes expected)

Residential Real Estate

Construction during the first three months slowed down because of demonetization of last fiscal year but picked up in the second quarter. The residential sales saw a healthy growth during the second quarter of FY18, boosted by affordable housing. The Goods & Services Act is also expected to have a major impact on their business by bringing in more transparency into the sector. The residential market may not witness a sparkling revival in 2018, but it's expected that the recovery and growth from here onward will be well-grounded and backed by stronger market fundamentals than ever before.

Commercial Real Estate

Supply of premium office space fell nearly 50% in the first half of this year across eight major cities, as compared to the same period last year, which is why all markets are experiencing a slowdown. The highest decline was witnessed by Mumbai at 72%, followed by Pune at 45% and Bangalore at 23% in the first half of 2017-18. Nevertheless, the demand and supply is likely to regain its pace as the geo-political tensions and economic upheavals across the globe are expected to stabilize.

Outlook

Real Estate industry is expected to grow at 5-6 % CAGR between FY 2017-20 Cement consumption is expected to grow by 5.0-5.5 percent in FY18 on the back of increased spends on roads and railways, push towards affordable housing by central Government and materialisation of pent-up demand.

Initiatives by the Government and others

Real Estate Act

The Real Estate (Regulation and Development) Act, 2016 was approved by the President on March 25, 2016, makes the registration of all projects obligatory with a clear deadline, instills confidence in buyers by empowering them to cancel booking and get refunds and calls for penal action for non-delivery etc. The implementation of RERA had adversely impacted new launches in last 6 months, as the industry still deals with the lasting effects of demonetization. As the un-certainity still looming around in the Real Estate Industry which will have an impact on our business in the near time. However we expect the Real Estate Industry to overcome this challenge, Real Estate Act will help the industry by way of consolidation and bring transparency in the years to come which will in turn benefit your Company as well.

Smart City Project

The Smart Cities Mission was launched by Honorable Prime Minister Narendra Modi in 2015 with a total budget of 98000 Crores. Through this initiative, the Government has a mission to develop 100 cities all over the country by making them sustainable and citizen-friendly. The central and the state governments would be aiding the cities financially between 2017 and 2022, so that the results start to show from 2022. As a result, this Smart City Project is a huge opportunity for the real estate companies. On June 22, 2017, Union Minister Venkaiah Naidu announced the names of 30 more cities which were to be added to the list of smart cities, thus making it a total of 90 cities till now.

Building Material Industry

The building material industry is always changing. It is fragmented with a huge number of unorganized players responding only to local demand, so that they can avoid large transportation costs. The unorganized segment has a high market share of about 50% to 70% in the building materials sector. In the past five years the building material industry grew at a CAGR of 12%. The different segments of the industry are Cement, Structural Steel, Bricks, Paints, Plumbing, PVC, Ceramic tiles, Plywood, Laminates and Lighting.

After the implementation of GST, the building material players across various sub-segments registered a substantial decline in volumes due to destocking by trade channel in June. However, the new tax regime will help in consolidation of market and build transparency at each stage, thereby supporting the organized sector.

With slower capacity additions and revival in demand, capacity utilizations are expected to increase in FY19. The building material industry is also expected to experience a rise in demand as from both new and old projects in India. The building material industry has an abundance of growth potential which is expected to continue into 2018-19. With the market unfolding and expanding in the recent years, this industry will continue to make its presence known. Also, the building materials industry will get a boost with Government focusing on infrastructure development, rural electrification as well as housing and roads.

Roofing Industry

The growth in the construction industry is currently one of the main drivers of the roofing industry. Moreover, the growing and consistent development in the rural economy is further boosting the demand for this market. Out of 21 Crore houses in rural area, about 54% of the houses are not built properly. The significant deficit of well-constructed cemented houses offers an extremely good opportunity of sustained growth of both new age construction practices and building products.

Loan waiver

So far, three major states-Uttar Pradesh (UP), Punjab and Maharashtra-have announced large-scale farm debt waivers. The cumulative debt relief announced by the three states amounts to around ₹77000 Crore or 0.5% of India's 2016-17 GDP. This initiative of the Government would help the farmers to divert their income from paying heavy interest to build pucca houses.

Minimum support prices (MSP)

Following consecutive years of low crop prices which led to farmer protests in several states, Government on budget day announced that they will fix minimum support prices (MSP) at 50% over costs; ceding to a major demand of farmer organizations. To help farmers receive better prices for their harvest, the budget also promised to create an "institutional mechanism" which will forecast future prices and demand, develop policies for use of futures and options, expand use of warehouse depository systems and take decisions relating to exports and imports. This will help the poor farmers to improve their standard of living and the demand for convenient roofing product would increase.

Credit linked subsidy scheme (CLSS)

CLSS comes under the Pradhan Mantri Awas Yojana (PMAY)-Housing for All (Urban) by 2022 scheme and is for the beneficiaries of Economically Weaker Section (EWS), Low Income Group (LIG) and Middle Income Group (MIG). On November 17, 2017, the Government has increased the carpet size for the MIG-I and MIG-II from 90 square meters to 120 square meters and 110 square meters to 150 square meters respectively. The Government's decision to provide interest subvention of 3% and 4% for loans of up to ₹12 lac and ₹9 lac, respectively under the Pradhan Mantri Awas Yojana is expected to boost low-income housing in peripheral areas of urban localities across the country. In rural areas a 3% subvention will be given on loans of up to ₹2 lac to build and expand existing houses. The Central Government has also decided to increase the number of homes to be built in rural areas under the Pradhan Mantri Awas Yojana by 33%.

Fibre cement sheet market overview

Fibre Cement Sheets is an oligopoly market with the top four players collectively controlling two-third of the market. There are 17 players in this industry with about 63 manufacturing units.

Cement fibre sheets, being predominantly used in rural market, has its fortunes closely linked with the rural economy. Branding and distribution reach are key parameters in the business.

The fibre cement sheets industry is cyclical in nature, with March and June quarters being the best quarters for the industry historically. The September and December quarter are weak quarters for the sector.

The overall roofing industry was valued at ₹42000 Crore in 2017-18 and is expected to grow at 6%-8% depending on GDP growth, rural incomes and abundant monsoons. The reduction in GST rate for roofing products from 28% to 18% has made cement asbestos sheets price competitive as compared to metal sheets which are still at their pre-GST level of 18%. In India, almost 60% of rural population use thatched roof/tiles for their shelters. Thatched roofs need regular replacement and tiled roofs need continued maintenance. Therefore, whenever the economic conditions improve, the first choice of the rural poor is to replace the roof over their head with the affordable and relatively durable products i.e. cement asbestos sheets.

Company Overview

Your Company has emerged out to be one of the market leaders in the building products industry. The Company through various expansions and capital expenditure has grown to be a multi-product and multi-location Company. Your Company is known for employing R&D experts to develop technologies and processes that continuously redefines the industry standards, and leads to solutions that are cost effective and environmental friendly. Our state of the art R&D Centre at Hyderabad is one of its kind in India which boasts of having a full-fledged pilot plant in place for fibre cement Roofing Solutions.

Your Company is known for three brand, namely, Charminar, Birla Aerocon and HYSIL. Charminar, a most trusted brand in Asia, is the Roofing Solutions brand of the Company and continues to be the market leader. The Company has innovated a non asbestos cement based product under the brand name Charminar Fortune to cater to the growing need of Institutional segment which is an Asbestos free revolutionized roofing product in this industry. It has excellent load bearing capacity, thermal resistance, sound proofing, fire resistance and a life of many decades. This advanced research-based, green Roofing Solution has been developed in-house by your Company and we are confident that this will be a game changer in the industry and will take your Company to newer heights in the years to come.

Birla Aerocon, also a most trusted brand in Asia, includes Fly Ash Blocks, Wall Putty, Boards & Panels polymer products such as Pipes and Fittings. HYSIL, a durable industrial thermal insulation, is used in energy-intensive industries.

In addition to state-of-art-manufacturing and R&D facilities, HIL commands a highly proficient management team and employees combined with highly loyal stockiest and customers who have taken HIL brand from strength to strength over the last 7 decades. HIL being a customer-centric company believes in delivering quality products to enhance customer experience.

Product Portfolio

Roofing Solutions

Roofing Solutions contribute around 65% to the company's revenue. HIL's Roofing Solutions includes Fibre Cement Sheets, Colored Steel Sheets and Next Gen non-asbestos corrugated roofing sheets, which is a new addition to this vertical. The commercial production of Non-Asbestos Cement Corrugated sheet under the brand **'Charminar Fortune'** at Kondapally plant was commenced in December 2017. This we believe is the revolutionary product, which will be a game changer in the industry.

The fibre cement sheet (under the flagship brand 'Charminar') is a composite building and construction material, which is used mainly in roofing applications. Fibre cement sheet is known for its strengths and durability. These sheets are utilized in setting up industrial buildings, warehouses, sheds, verandahs, houses, amongst others. The brand was awarded 'Superbrand' status for the third consecutive year in its segment.

The colored steel sheets offered by HIL is of high premium quality, easy to install and durable in nature. These are highly tensile and light weight sheets which can resist any weather condition. They give instantaneous artistic appeal to buildings. They are also used in the construction of industrial buildings, warehouses, sheds, verandas, houses, etc. The colored steel sheets offer wide range of features ranging from stronger base metal, thicker paint coating on top and bottom surface and deep-rooted corrosion resistance with zinc coating.

Next Gen non-asbestos corrugated roofing sheets under the brand **'Charminar Fortune'**. It has excellent load bearing capacity, thermal resistance, sound proofing, fire resistance and a life of many decades.

Building Solutions

Under the Building Solutions the Company provides a complete value add to the customers rather than just the products. The revenue from Building Solutions has been growing at a steady pace for the last 4 years.

The Building Solution business broadly classified into two, viz., Wet Walling and Dry Walling Solutions. Wet walling category predominantly consists of Fly Ash Blocks and allied dry mix products like Wall Putty, Mortar etc.

Fly Ash Blocks marketed under the brand **'Birla Aerocon'**, are manufactured using latest technologies. The Company has a capacity utilization of 90% in this category. These blocks can serve as a perfect substitute for clay bricks, concrete and hollow blocks. Fly Ash Blocks are strong and light in weight material that saves around 30% of construction time.

With Goods & Service Tax, Real Estate Regulatory Authority and demonetization the real estate industry has witnessed a slowdown, which has impacted the said business. As the industry regularizes, we expect consolidation and transparency in this industry which will augment growth to pick up and benefit branded players like your Company.

Dry Walling category consists of Sandwich Panels, Boards and Smart Bond. Sandwich Panels & Boards marketed under the brand "Birla Aerocon" is a substitute of drywall for fast-track construction. Sandwich panel are made up of two cement facing sheets strengthened by fibre on either side of a lightweight concrete core. The core is made of Portland cement, binders, siliceous and micaceous material aggregate. The Panel is pre-cured, simple to install and it saves up to 80% of the construction time. These panels are used for building partitions, pre-fabricated structures and mezzanine floors.

Plumbing Solutions

Your Company has committed capital expenditure in its Pipes and Fittings business in order to increase its capacity to 16000 metric tonnes over a period of time. The Company, under **'Birla Aerocon'** brand offers wide range of products which includes CpVC, UpVC and SWR Pipes and Fittings. These products are eco-friendly, superior in quality, and are technologically advanced products. The unique characteristics of Birla Aerocon Pipes & Fittings are Trufit technology which makes it suitable for leak-proof applications. CpVC is used in the distribution of potable water, managing corrosive fluid in the industry and fire suppression systems. During the year, your Company has successfully launched SWR Pipes & Fittings in the Faridabad and Golan plants. The highly strong, firm and cost-friendly features of SWR pipes make it suitable to be used in sewage lines and exterior drainage pipes.

Wind Power

With the existing capacity of 9.35MW located at Gujarat, Tamil Nadu and Rajasthan states, helps your Company to reduce its carbon foot print by using this alternative energy. The captive power generated from Gujarat and Tamil Nadu units have helped to cut down power costs at our manufacturing facilities in the respective states.

Research and Development (R & D)

Your Company has a state of art research centre situated at Hyderabad. The research center of HIL is the largest one of its kind in India in this industry. The research activities of HIL has helped the company to successfully obtain registration of 22 patents in 7 countries. The company has an advanced and well-equipped R&D facility. The R&D activities are managed by well experienced professionals in this industry who with their rich expertise bring lot of value to the Company's products thereby helping your Company to maintain market leadership. The R&D facility has also been recognized by Department of Scientific and Industrial Research (DSIR). Through its R & D activities the Company has successfully developed and acquired patent for **'Charminar Fortune'**.

Branding

As your Company continues its march to achieve next level of growth, it took special efforts to widen its brand recall. The Company partnered with Chennai Super Kings (CSK), a two time IPL Champion. This association resonates the legacy of HIL as a brand and the success of CSK as a team in the IPL. The Company expects positive traction with the association and a wider brand reach with several branding collaterals throughout the campaign.

Environment, Health & Safety

Your 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.

Risk Mitigation

Economy Risk

With new infrastructure projects coming up by both Government and private players, the building materials and roofing industry will grow. Even in time of an economic slowdown, the industry may face a slow growth but it will not have any adverse effect. To overcome this risk, HIL is aggressively working towards broadening the product basket. In this direction, Next Gen non-asbestos corrugated roofing sheets under **'Charminar Fortune'** and **'Birla Aerocon'** SWR Pipes and Fittings are two new entrants to the product basket.

Quality Risk

Quality commands high respect among the customer community and it is need of the hour for any company to sustain its position.

At HIL quality is embedded into all the spheres of business. The main themes of quality centre are "Customer Centricity, Operational Excellence, Capability Building and Technological Innovations". These themes help us not only to sustain the Quality standards but also helps us to remain ahead of competition.

Environment Risk

HIL has initiated an Environment cum Health Surveillance Programs in all its units on par with ILO guidelines and is manned by expert professionals to implement. Its aim is to maintain hazard free work environment, minimise waste generation and total recycling of waste generated and zero discharges into the environment. Thus causing NO extra burden to the environment by our industrial activity. Health-wise attaining a "Healthy Worker Effect" is our aim. Your Company aims at safe work place targeting zero incidents (accidents).

Startup Risk

The number of years a company has been in a particular industry is important to understand the market dynamics and changing customer behavior. Adequate experience is necessary to identify the right opportunities at right time.

Your Company being in this industry for seven decades understood the market dynamics at right opportunity and positioned itself to overcome the situation / challenge. This helped the company to be a market leader in in Fibre Cement Sheets, Fly Ash Blocks, Sandwich Panels & Thermal Insulation.

Industry Risk

The business of a particular industry may be such that, the product or service may run into obsolesce. Seven decades legacy and experience of your Company is in a business of fibre cement sheet and Roofing Solutions has allowed your Company to be fully capable to manage the risk associated with this industry. As new projects will come up, the industry in which HIL operates will get a boost in demand.

Productivity Risk

A company may face productivity risk which will not only reduce the efficiency but it will also increase the cost of production. Your Company has successfully implemented Total Productive Maintenance (TPM) in most of its facilities. This helps the company in attaining operational efficiency and achieve optimum utilization of various resources.

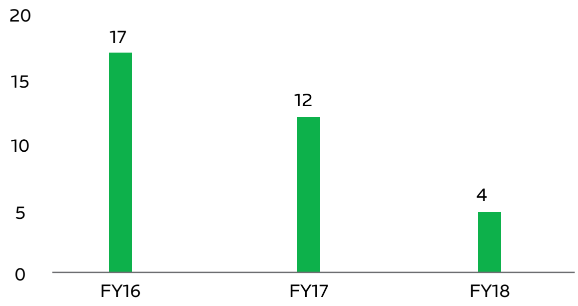
Technology Risk

Your Company has state-of-the-art manufacturing facilities spread across India. The company produces and serves best quality products to its customers. The facilities of HIL is equipped with latest machines and equipment. Your company continuously working towards enhancing its technology at every stage of its operation.

Outlook

With a revenue growth rate of 14% your Company, through its efficiency and experience, has bounced back to growth path after a gap of 2 years. Your Company will continue to make a focused investment in branding in coming years. With a move to streamline the company's operations and make it more efficient, your company has aggressively reduced its working capital significantly from 17% in FY 16 to 4% of sales in FY 18 which is the lowest ever working capital in its history. We are confident of continuing our focus towards cost optimization, working capital management and efficiency improvement in all parameters.

Working Capital (in %)



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.

Annexure (II): Annual Report on Corporate Social Responsibility (CSR) activities (Pursuant to Section 135 of the Companies Act, 2013 and Rules made thereunder)

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 healthcare, education, 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: ₹**7427.90** lacs

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

The Company is required to spend: ₹**148.56** lacs towards CSR.

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year is ₹**242.15** lacs (represents an amount of ₹**148.56** lacs required to be spent for the financial year 2017-18, ₹**39.55** carried forward amount for the financial year 2014-15 and balance ₹**54.03** lacs voluntarily spent by the Company).

b) Amount Unspent, if any: Nil

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

Sl. No	Sector	Budget allocated	Projects/Activities	Locations Districts (State)	Amount Outlay (budget) Project or Programme wise	Amount Spent on the Project or Programme	Cumulative expenditure upto reporting period	Amount spent: Direct or through implementing agency*
1	Schedule VII (i, ii & iii) Eradicating Hunger, Poverty, Promoting Health Care, Sanitation, Swachh Bharat, Drinking Water, Promoting Education, Vocational Skills and Development of livelihood	243.00	Development of Livelihood, education and eradicating hunger & malnutrition at villages	Delhi	100.00	100.00	100.00	Vanvasi Raksha Parivar Foundation, Cultural Society for Tribal (Trust/ Society)
			Promoting Health including preventive care for Retinal Cell Therapy Project for prevention and cure of retinal disease	Hyderabad	75.00	75.00	175.00	Hyderabad Eye Institute (Trust of LV Prasad Eye Institute)
			Providing "Aahaar" to poor people under Govt scheme	Balasore	5.00	5.00	180.00	Company with help of District Collector
			Drinking water provision to near villages (Naraharipur, Somnathpur, Badagaon)	Balasore	1.00	1.09	181.09	Company
			Development of a school with new benches, building repair, computers & library	Faridabad	5.00	4.99	186.08	Company
			Development of Govt School, JSD Santhali Village School	Jasidhi	5.00	5.00	191.08	Company
			Green belt development	Satharia	1.00	1.18	192.26	Company and SIDA Authorities
			Support towards Malnutrition and Hunger eradication Drive	Wada	3.00	4.00	196.26	Samarthan Trust
			Sponsoring Education of Girls Students	Hyderabad	5.00	5.18	201.44	Company (CSS Girls High School)
			On-going support to students at Round Table Government High School	Hyderabad	1.00	1.00	202.44	Abhaya Foundation
			Sanitation Facility at Government Schools, Buhari School	Golan	1.50	1.50	203.94	Company / Manav Kalyan Trust
			School bags with books & Stationery	Jhajjar	1.50	1.75	205.69	Company
			Sanitation Facility at Govt Girls schools, Dharuhera -Swatch Barath Toilets	Dharuhera	3.00	3.29	208.98	Company
			Toilets in KVP High School and Drinking water facility in Government Hospital	Chennai	1.00	0.84	209.82	Company
			Construction of Toilets, Kondapally (Public)	Kondapally	10.00	10.20	220.02	Company
			RO Plant Shed at Shanthi Nagar	Kondapally	1.00	1.43	221.45	Company
			Anganwadi construction for Sanitation Facilities	Kondapally	2.00	2.00	223.45	Company
			Construction of Individual Home Toilets in back ward areas	Kondapally	18.00	14.77	238.21	Company
			Construction of Hall in village for development activities like pension mela, polio drive, shelter for poor etc.	Kondapally	4.00	3.93	242.15	Company

c) Manner in which the amount spent during the financial year is detailed below: (Contd...)

Sl. No	Sector	Budget allocated	Projects/Activities	Locations Districts (State)	Amount Outlay (budget) Project or Programme wise	Amount Spent on the Project or Programme	Cumulative expenditure upto reporting period	Amount spent: Direct or through implementing agency*
2.	Schedule VII (X) Rural Area Development	2.00	-	-	-	-	242.15	Spent on other activities
	Total	245.00			245.00	242.15		

*Details of the Implementing Agencies

Note: A few of the projects undertaken in the table above are multi-year projects

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.

CK Birla
Chairman-Board of Directors
DIN 00118473

Desh Deepak Khetrapal
Chairman CSR Committee
DIN 02362633

Date : April 26, 2018

Annexure (III): Extract of Annual Return

EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2018
[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	Company Limited by Shares Public – Non Government Company
Address of the Registered Office and contact details	L7 Floor, SLN Terminus, Sy. No.133, Gachibowli, Hyderabad -500032, Telangana. Tel: 040-30999122/176/189
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Venture Capital and Corporate investments Private Limited. 12-10-167, Bharat Nagar, Hyderabad – 500018 Tel: 040-23818475 / 76 Contact Person: Mr. Prasad Tel: 040 23818475 / 476 Email: info@vccipl.com

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	23953	62%
02	Fly Ash Blocks	23954	12%

*based on Net Turnover

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
01	Supercor Industries Limited, 5 Ashaka Close, Industrial Estate, 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 (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoter and Promoter Group										
1 Indian										
(a)	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	0	0	0	0	-
(e)	Any Other (specify)	0	0	0	0	0	0	0	0	-
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	593	486	1079	0.01	165932	300	166232	2.23	(2.22)
(b)	Financial Institutions/ Banks	10855	4525	15380	0.21	10733	4329	15062	0.20	0.01
(c)	Central Government/ State Government(s)	314416	0	314416	4.21	314416	0	314416	4.21	0.00
(d)	Alternate Investments Funds	0	0	0	0.00	183995	0	183995	2.47	(2.47)
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	-
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	-
(g)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	-

i. Category-wise Share Holding (Contd..)

Category code	Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(h)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	-
(i)	Foreign Portfolio Investors – Corporate (FPI)	185000	0	185000	2.48	221657	0	221657	2.97	(0.49)
(j)	Foreign Bodies Corporate	122000	0	122000	1.63	122000	0	122000	1.63	0.00
(k)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	-
	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	-
Sub-Total (B)(1)		**632864**	**5011**	**637875**	**8.54**	**1018733**	**4629**	**1023362**	**13.71**	**(5.17)**
2 Non-Institutions										
(a)	Bodies Corporate	573760	2122	575882	7.72	846061	1790	847851	11.36	(0.38)
(b)	Individuals –									
I	Individual shareholders holding nominal share capital up to ₹1 lac	2288204	113948	2402152	32.19	2092060	92208	2184268	29.27	1.11
II	Individual shareholders holding nominal share capital in excess of ₹1 lac	509008	0	509008	6.82	195399	29	195428	2.62	1.43
(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	163542	0	163542	2.19	18344	0	18344	0.25	1.64
(d2)	NRI	114792	0	114792	1.54	111247	0	111247	1.49	0.03
(d3)	Trust	100	0	100	0.00	3500	0	3500	0.05	(0.05)
(d4)	OCBs	0	0	0	0.00	0	0	0	0.00	-
(d5)	GDR	0	0	0	0.00	0	0	0	0	-
(d6)	IEPF Authority	0	0	0	0.00	19351	0	19351	0.26	(0.26)
Sub-Total (B)(2)		**3649406**	**116070**	**3765476**	**50.46**	**3285962**	**94027**	**3379989**	**45.30**	**5.16**
Total Public Shareholding (B) = (B1 +B2)		**4282270**	**121081**	**4403351**	**59.01**	**4304695**	**98656**	**4403351**	**59.01**	**-**
TOTAL (A) + (B)		**7341482**	**121081**	**7462563**	**100.00**	**7363907**	**98656**	**7462563**	**100.00**	**-**
(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)		**7341482**	**121081**	**7462563**	**100.00**	**7363907**	**98656**	**7462563**	**100.00**	**-**

ii. Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to 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	14.40	-	1074634	14.40	-	-
CK Birla	51376	0.69	-	51376	0.69	-	-
Gwalior Finance Corporation Limited	96200	1.29	-	96200	1.29	-	-
Hitaishi Investments Limited	67066	0.90	-	67066	0.90	-	-
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	-	-
Total	**3059212**	**40.99**	**-**	**3059212**	**40.99**	**-**	**-**

iii. Change in Promoters' Shareholding

	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
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		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the Year (April 1, 2017 to March 31, 2018)	
		No. of Shares at the beginning April 1, 2017	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Governor Of Andhra Pradesh	305552	4.09	01-Apr-17			Nil Movement during the year	
				31-Mar-18			**305552**	**4.09**
2	Hardik Bharat Patel & Minal Bharat Patel	225951	3.03	01-Apr-17				
				07-Apr-17	140000	Purchase	365951	4.90
				14-Apr-17	40000	Purchase	405951	5.44
				16-Jun-17	200	Purchase	406151	5.44
				23-Jun-17	-17770	Sale / Transfer	388381	5.20
				30-Jun-17	-2525	Sale / Transfer	385856	5.17
				07-Jul-17	-10139	Sale / Transfer	375717	5.03
				21-Jul-17	-11521	Sale / Transfer	364196	4.88
				28-Jul-17	-15859	Sale / Transfer	348337	4.67
				04-Aug-17	-3994	Sale / Transfer	344343	4.61
				01-Sep-17	-19000	Sale / Transfer	325343	4.36
				08-Sep-17	-2521	Sale / Transfer	322822	4.33
				15-Sep-17	-21335	Sale / Transfer	301487	4.04
				06-Oct-17	-1478	Sale / Transfer	300009	4.02
				13-Oct-17	-50049	Sale / Transfer	249960	3.35
				20-Oct-17	-2811	Sale / Transfer	247149	3.31
				27-Oct-17	-8097	Sale / Transfer	239052	3.20
				01-Dec-17	-239052	Sale / Transfer	0	0.00
				12-Jan-18	360	Purchase	360	0.00
				16-Mar-18	35992	Purchase	36352	0.49
				23-Mar-18	-7500	Sale / Transfer	28852	0.39
				31-Mar-18			**28852**	**0.39**
3	Hypnos Fund Limited	180000	2.41	01-Apr-17				
				07-Apr-17	-140000	Sale / Transfer	40000	0.54
				07-Apr-17	-40000	Sale / Transfer	0	0.00
				31-Mar-18			**0**	**0.00**

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 (April 1, 2017 to March 31, 2018)	
		No. of Shares at the beginning April 1, 2017	% of total shares of the Company				No. of Shares	% of total shares of the Company
4	Finquest Securities PVT. LTD.	89513	1.20	01-Apr-17				
				07-Apr-17	-89513	Sale / Transfer	0	0.00
				16-Jun-17	800	Purchase	800	0.01
				23-Jun-17	4200	Purchase	5000	0.07
				30-Jun-17	-3225	Sale / Transfer	1775	0.02
				21-Jul-17	4680	Purchase	6455	0.09
				28-Jul-17	157	Purchase	6612	0.09
				18-Aug-17	-5830	Sale / Transfer	782	0.01
				01-Sep-17	-11	Sale / Transfer	771	0.01
				08-Sep-17	1734	Purchase	2505	0.03
				15-Sep-17	1079	Purchase	3584	0.05
				06-Oct-17	-2106	Sale / Transfer	1478	0.02
				29-Dec-17	354	Purchase	1832	0.02
				05-Jan-18	25483	Purchase	27315	0.37
				12-Jan-18	6535	Purchase	33850	0.45
				31-Mar-18			**33850**	**0.45**
5	Minal Bharat Patel	86528	1.16	01-Apr-17				
				07-Apr-17	104733	Purchase	191261	2.56
				18-Aug-17	2002	Purchase	193263	2.59
				13-Oct-17	-182000	Sale / Transfer	11263	0.15
				01-Dec-17	-11263	Sale / Transfer	0	0.00
				16-Mar-18	16706	Purchase	16706	0.22
				23-Mar-18	-15953	Sale / Transfer	753	0.01
				31-Mar-18			**753**	**0.01**
6	Acira Consultancy Private Limited	84000	1.13	01-Apr-17				
				09-Mar-18	-84000	Sale / Transfer	0	0.00
				31-Mar-18			**0**	**0.00**
7	M. G.Shares And Stocks PVT. LTD.	70000	0.94	01-Apr-17				
				28-Apr-17	-26000	Sale / Transfer	44000	0.59
				12-May-17	-4000	Sale / Transfer	40000	0.54
				19-May-17	-40000	Sale / Transfer	0	0.00
				31-Mar-18			**0**	**0.00**
8	Asif Alladin & Aamir Alladin	64140	0.86	01-Apr-17		Nil Movement during the year		
				31-Mar-18			**64140**	**0.86**
9	R. R. Bamfield Investments LTD.	61000	0.82	01-Apr-17		Nil Movement during the year		
				31-Mar-18			**61000**	**0.82**
10	EDZER LTD	61000	0.82	01-Apr-17		Nil Movement during the year		
				31-Mar-18			**61000**	**0.82**

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

Sl. No.	Name	Shareholding Date		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the Year (April 1, 2017 to March 31, 2018)	
		No. of Shares at the beginning April 1, 2017	% of total shares of the Company				No. of Shares	% of total shares of the Company
11	Finquest Financial Solutions PVT. LTD.	0	0	01-Apr-17				
				13-Oct-17	232000	Purchase	232000	3.11
				12-Jan-18	-122643	Sale / Transfer	109357	1.47
				02-Feb-18	20000	Purchase	129357	1.73
				16-Mar-18	12237	Purchase	141594	1.90
				23-Mar-18	213000	Purchase	354594	4.75
				31-Mar-18			**354594**	**4.75**
12	Sundaram Alternative Opportunities Fund - Nano Cap Series I	0	0	01-Apr-17				
				12-Jan-18	87807	Purchase	87807	1.18
				19-Jan-18	44029	Purchase	131836	1.77
				02-Feb-18	4945	Purchase	136781	1.83
				06-Feb-18	1399	Purchase	138180	1.85
				09-Feb-18	405	Purchase	138585	1.86
				31-Mar-18			**138585**	**1.86**
13	Tata Mutual Fund- Tata Equity P/E Fund	0	0	01-Apr-17				
				05-Jan-18	42959	Purchase	42959	0.58
				12-Jan-18	36000	Purchase	78959	1.06
				26-Jan-18	15000	Purchase	93959	1.26
				09-Mar-18	2198	Purchase	96157	1.29
				16-Mar-18	3761	Purchase	99918	1.34
				31-Mar-18			**99918**	**1.34**
14	Vibgyor Investors And Developers PVT LTD	0	0	01-Apr-17				
				30-Jun-17	15373	Purchase	15373	0.21
				07-Jul-17	24126	Purchase	39499	0.53
				11-Jul-17	2501	Purchase	42000	0.56
				14-Jul-17	2000	Purchase	44000	0.59
				21-Jul-17	16000	Purchase	60000	0.80
				04-Aug-17	10000	Purchase	70000	0.94
				31-Mar-18			**70000**	**0.94**
15	Shri Jagannath Educational Institute	50000	0.67	01-Apr-17		Nil Movement during the year		
				31-Mar-18			**50000**	**0.67**
16	Rukmani Birla Educational Society	47482	0.64	01-Apr-17		Nil Movement during the year		
				31-Mar-18			**47482**	**0.64**

V. Shareholding of Directors & Key Managerial Personnel

For Each of the Director and KMP	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (March 31, 2018)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. CK Birla, Chairman	51376	0.69	51376	0.69
Mr. Dhirup Roy Choudhary, Managing Director & CEO	-	-	-	-
Mr. Desh Deepak Khetrapal, Non-Executive Director	-	-	-	-
Mr. P Vaman Rao, Independent Director	-	-	-	-
Mr. Yash Paul, Independent Director	-	-	-	-
Mrs. Gauri Rasgotra, Independent Director	-	-	-	-
Mr. KR Veerappan, Chief Financial Officer	-	-	-	-
Mr. G Manikandan, Company Secretary & Financial Controller	-	-	-	-

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	7193.69	-	-	7193.69
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**7193.69**	**-**	**-**	**7193.69**
Change in Indebtedness during the financial year				
Addition	1355.81	-	-	1355.81
Reduction	1872.25	-	-	1872.25
Net Change	**(516.44)**	**-**	**-**	**(516.44)**
Indebtedness at the end of the financial year				
i) Principal Amount	6677.25	-	-	6677.25
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**6677.25**	**-**	**-**	**6677.25**

Note: Previous year figures are restated as per the provisions of Ind AS

VI. Remuneration of Directors and Key Managerial Personnel

a) Remuneration of Managing Directors, Whole-Time Directors and/or Managers

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Mr. Dhirup Roy Choudhary (Managing Director & CEO)
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	226.31
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- Others, specify	-
5	Others, please specify	-
	-Employer's contribution to PF	8.41
Total (A)		**234.72**
Ceiling Limit as per the Act (5% of Profit as calculated under Section 198)		**555.18**

b) Remuneration of Other Directors

(₹ in lacs)

Sl. No	Name of Directors	Category	Particulars of Remuneration			Total Amount
			Sitting Fees	Commission Payable	Other, please specify	
1	Mr. CK Birla	Chairman	3.00	60.00	-	63.00
2	Mr. Desh Deepak Khetrapal	Non-Executive Director	9.50	22.50	-	32.00
3	Mr. P Vaman Rao	Independent Director	10.00	8.00	-	18.00
4	Mr. Yash Paul	Independent Director	11.50	8.00	-	19.50
5	Mrs. Gauri Rasgotra	Independent Director	9.00	8.00	-	17.00
Total (B)			**43.00**	**106.50**	**-**	**149.50**
Ceiling Limit as per the Act (1% of Profit as calculated under Section 198)(For payment of Commission)				**111.37**		

c) Remuneration to Key Managerial personnel other Than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Mr. KR Veerappan Chief Financial Officer	Mr. G Manikandan Company Secretary & Financial Controller	Total Amount (₹ in Lacs)
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	135.03	44.52	179.55
	(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	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
5	Others, please specify	-	-	-
	- Employer's PF Contribution	6.01	2.05	8.06
Total (C)		**141.04**	**46.57**	**187.61**

Note: The remuneration of KMP is disclosed on payment basis.

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					
	Penalty					
	Punishment			None		
	Compounding					
B	DIRECTORS					
	Penalty					
	Punishment			None		
	Compounding					
C	OTHER OFFICERS IN DEFAULT					
	Penalty					
	Punishment			None		
	Compounding					

Annexure (IV): Corporate Governance Report

Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") read with Schedule V thereto, compliance with the requirements of Corporate Governance is set out below:

1. Corporate Governance Philosophy

The Company is committed to the highest standards of Corporate Governance and practices such that the affairs of the Company are managed in such a way, which ensures accountability, fairness and transparency to the core of its sense and constitute a strong foundation to meet its stakeholders' aspirations, societal expectations and healthy growth. HIL Limited (HIL or Company) lays its foundation on the strong Corporate Governance systems, policies and framework, which enables the Board and Management to achieve the goals and objectives effectively for the benefit of the Company and its Shareholders including Customers, Creditors and Employees. 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 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 Directors representing a judicious mix of in-depth knowledge, specialized skills and rich experience.

As of March 31, 2018 the Board comprises of Six (6) Directors, viz. 1 (One) Non-Executive Promoter Chairman, 1 (One) Managing Director & CEO, 1 (One) Non-Executive & Non Independent Director and 3 (Three) Non-Executive Independent Directors including one Woman Director.

During the year, more than 50% of the total strength of the Board comprises of Non-Executive Directors with the Managing Director & CEO 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 March 31, 2018, the attendance of the Directors at the Board Meetings held during the financial year 2017-18 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(1)	Directorships in other Public Companies(2)	Chairman(3)	Member (3)	Board Meetings	Last Annual General Meeting (July 18, 2017)
Mr. CK Birla	Promoter Chairman Non-Executive	8	7	-	-	3	Yes
Mr. P Vaman Rao	Director Non-Executive & Independent	1	-	-	-	4	Yes
Mr. Yash Paul	Director Non-Executive & Independent	-	-	-	-	4	Yes
Mr. Desh Deepak Khetrapal	Director Non-Executive & Non- Independent	3	3	-	3	4	Yes
Mrs. Gauri Rasgotra	Director Non-Executive & Independent	1	1	-	2	3	No
Mr. Dhirup Roy Choudhary	Managing Director & CEO	-	-	-	-	4	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 excluding 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).

- 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.
- 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.
- The composition of the Board is in conformity with the Regulation 17(1) of SEBI (LODR) Regulations.
- Mr. CK Birla holds 51376 equity shares representing 0.69%, apart from Mr. CK Birla, none of the Directors hold shares in the Company.
- During the financial year 2017-18, information as specified in Part A of Schedule II to the Regulations such as annual operating budgets, capital budgets, financial results of the Company, foreign currency exposures on quarterly basis and such other information as and when applicable were placed before the Board for its consideration.
- The senior management personnel confirmed that they don't have any personal interest in respect of all material financial and commercial transactions entered into by the Company, which may have a potential conflict with the interest of the Company at large.

(b) Board Meetings and Procedures

During the year under review, Four Board Meetings were held (as detailed below) and 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.

Date of Board meeting	Board Strength	No of Directors Present
April 27, 2017	6	5
July 18, 2017	6	5
October 30, 2017	6	6
January 24, 2018	6	6

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 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, capital budgets, 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 meeting for implementation of the said decisions.

(c) Independent Directors' 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.

The Independent Directors met on October 30, 2017 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, Board of Directors as a whole and also evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, 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. 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 Independent Directors and one Non-Executive Director 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, four Audit Committee Meetings were held on April 27, 2017, July 18, 2017, October 30, 2017 and January 24, 2018 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:

Sl. No.	Name of the Director	Category	No. of meetings held during the year of his/her membership	No. of Meetings attended
1	Mr. Yash Paul	Chairman	4	4
2	Mr. P Vaman Rao	Member	4	4
3	Mr. Desh Deepak Khetrapal	Member	4	4
4	Mrs. Gauri Rasgotra	Member	4	3

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 July 18, 2017.

Company Secretary acts as a Secretary to the Audit Committee.

Statutory Auditors, Head of Internal Audit, External Internal Auditors, Managing Director & CEO and Chief Financial Officer are permanent invitees to the Committee and they 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 & Remuneration cum Compensation Committee

(a) Composition and Attendance

The Nomination & Remuneration Cum Compensation Committee comprises of three Non-Executive Directors out of which two are Independent. During the year under review, one meeting of the Nomination & Remuneration Cum Compensation Committee was held on April 27, 2017.

The composition of the Nomination & Remuneration Cum Compensation Committee and the attendance at its meeting is as follows:

Sl. No.	Name of the Director	Category	No. of meetings held during the year of his/her membership	No. of Meetings attended
1	Mr. Yash Paul	Chairman	1	1
2	Mr. Desh Deepak Khetrapal	Member	1	1
3	Mrs. Gauri Rasgotra	Member	1	1

(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; and
- 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

Nomination & Remuneration Cum Compensation 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 & 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 & 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 & Remuneration Cum Compensation Committee as per the Remuneration Policy of the Company, within the limits fixed and approved by the shareholders in the general meetings. The remuneration of the Non-Executive Directors comprises of sitting fees and commission, if any. The Non-Executive Directors are paid sitting fees of ₹100000/- for each meeting of the Board & Audit Committee and ₹50000/- other Committee meetings attended by them during the year and reimbursement of expenses incurred (on actual basis) towards attending the meetings.

The Nomination & Remuneration Policy of the Company is available at the website of the Company at www.hil.in/investors.

The remuneration paid/payable to each of the Directors for the financial year ended March 31, 2018 is as under:

Name of Director	Tenure	Remuneration for the financial year ended March 31, 2018 (₹ in lacs)				
		Sitting Fee	Salary & Perquisites	Performance Pay[7]	Commission	Total
Mr. CK Birla	NA	3.00	-	-	60.00	63.00
Mr. P Vaman Rao	5	10.00	-	-	8.00	18.00
Mr. Yash Paul	5	11.50	-	-	8.00	19.50
Mr. Desh Deepak Khetrapal	NA	9.50	-	-	22.50	32.00
Mrs. Gauri Rasgotra	5	9.00	-	-	8.00	17.00
Mr. Dhirup Roy Choudhary	5	-	234.72	62.30	-	297.02

Notes:

1. The Members, at the Annual General Meeting held on July 28, 2016 approved the payment of remuneration by way of commission to the Non-Executive Directors of the Company for each financial year commencing from April 1, 2016. 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 March 31, 2018, 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 and commission if any, 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 Annual General Meeting as required under Regulation 36 of SEBI (LODR) Regulations are provided in the Notice convening Annual General Meeting.
6. There are no payments made to Non-Executive Directors apart from sitting fee and Commission, if any approved by the Board.
7. Includes performance variable pay and one time award as per Company Policy.

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 April 27, 2017, July 18, 2017, October 30, 2017 and January 24, 2018. The composition of the Committee and the attendance of each Member of the Committee at the meetings were as follows:

Sl. No.	Name of the Director	Category	No. of meetings held during the year of his/her 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	3

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

Mr. G Manikandan, Company Secretary is the Compliance Officer of the Company and all investor complaints, which cannot be settled at the level of the Compliance Officer, are placed before the Committee for final settlement.

(c) **Shareholders Complaints and Redressed**

During the year 2017-18, all requests received from the shareholders were attended on time and the following queries/ requests/complaints were received and resolved in the prescribed time:

Nature of Communication	As on April 1, 2017	Received during the year	Resolved during the year	As on March 31, 2018
Non-Receipt of Dividend Warrants	NIL	5	5	NIL
Non-Receipt of Share Certificates on transfer	NIL	NIL	NIL	NIL
Non-Receipt of Annual Report	NIL	19	19	NIL
Non-Receipt of Exchanged Share/ Split Share/Bonus Share Certificate	NA	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 May 8, 2014 considered and constituted the Corporate Social Responsibility (CSR) Committee.

The Terms and Reference of the Committee are as follows:

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy;

(b) recommend the amount of expenditure to be incurred on the activities as specified in Schedule VII of the Companies Act, 2013;

(c) monitor the Corporate Social Responsibility Policy of the Company from time to time;

(d) to do such act as specifically prescribed by Board and

(e) to carry out such other functions, and is empowered to act as required, in terms of Companies Act, 2013 read with rules framed thereunder, 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 April 27, 2017 and January 24, 2018. The composition of the Corporate Social Responsibility (CSR) Committee and the attendance of each Member of the Committee at the meetings were as follows:

Sl. No.	Name of the Director	Category	No. of meetings held during the year of his membership	No. of Meetings attended
1	Mr. Desh Deepak Khetrapal	Chairman	2	2
2	Mr. Yash Paul	Member	2	2
3	Mrs. Gauri Rasgotra	Member	2	2

3.5 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:

i. 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.

ii. 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.

iii. 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

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

Financial Year Ended	Day	Time
March 31, 2017	July 18, 2017	3.00 P.M.
March 31, 2016	July 28, 2016	3.00 P.M.
March 31, 2015	July 30, 2015	3.00 P.M.

(b) The details of Special Resolution(s) passed at the last three Annual General Meetings are as follows:

In the Annual General Meeting held on July 30, 2015	• To consider and appoint Mr. Prashant Vishnu Vatkar (DIN: 07139685) as a Director of the Company. • To create, offer, issue and allot options under Employee Stock Option Scheme (ESOS 2015).
In the Annual General Meeting held on July 28, 2016	None
In the Annual General Meeting held on July 18, 2017	• Appointment of Mr. Dhirup Roy Choudhary (DIN:07707322) as Managing Director & (CEO) of the Company. • To approve modifications of HIL Employee Stock Option Scheme, 2015 (ESOS 2015).

(c) Postal Ballot : Nil during the year.

(d) During the financial year there were no Extraordinary General Meetings held.

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 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 said Code is available on the website of the Company **http://hil.in/investor-relations/policies/**.

All the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2018. A declaration to this effect signed by Managing Director & CEO 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 **http://hil.in/investor-relations/policies/**.

All the complaints received under Vigil Mechanism Policy were investigated thoroughly and detailed update including action taken, if any, on the same was presented to the Audit Committee and Statutory Auditors of the Company.

(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. Dhirup Roy Choudhary, Managing Director & CEO and Mr. KR Veerappan, Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended March 31, 2018. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on April 26, 2018.

(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.

(h) Compliance Certificate of conditions of Corporate Governance

The Certificate from M/s. B S R & Associates LLP [ICAI Firm Registration Number 116231W / W-100024], Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance for the financial year ended March 31, 2018 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.

(j) **Risk Management**

During the year, the risk assessment parameters were reviewed and modified, wherever needed. Board reviewed the element of risks and the steps taken to mitigate the risks. In the opinion of the Board, there were no major elements of risk which has the potential of threatening the existence of the Company.

6. Means Of Communication

- Website: The Company's website 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.
- Annual Report: Annual Report containing inter alia 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.
- Designated Exclusive Email ID: The Company has designated E-mail Id 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. General Shareholder's Information:

Date, time and Venue of AGM	Monday, August 6, 2018 at 3.00 PM Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad
Financial year	April 1, 2017 to March 31, 2018
Book Closure	From July 31, 2018 to August 6, 2018 (both days inclusive)
Dividend Payment Date	Will be credited or dispatched by August 10, 2018 Interim dividend declared during the year 2017-18 was paid on February 9, 2018.
Listing on Stock Exchanges	1) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400001 2) National Stock Exchange of India Limited. 'EXCHANGE PLAZA' 5th Floor, Plot #C/1, G-Block, Bandra-Kurla Complex, Bandra (E), MUMBAI – 400051
Stock Code	BSE Limited : 509675 / HIL National Stock Exchange of India Ltd. : HIL
Listing Fees	The Listing fee for the year 2017-2018 and 2018-19 has been paid to both the above said Stock Exchanges.
E-voting facility	Open Date: August 1, 2018 @ 9:00 AM Close Date : August 5, 2018 @ 5:00 PM Cut off Date for e-voting : July 30, 2018
Address for Correspondence	Mr. G Manikandan Company Secretary & Financial Controller HIL Limited, 7th Floor, SLN Terminus, Survey No.: 133, Beside Botanical Gardens, Gachibowli, Hyderabad- 500032. Tel: 91 40 30999000, 30999189 (D) Email: cs@hil.in

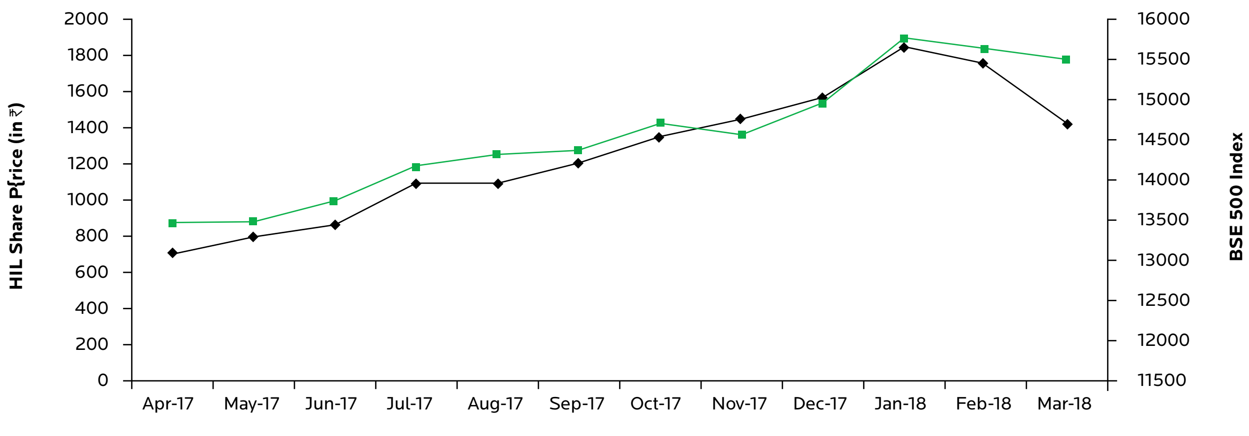
Market Price Data

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2017-18 at the BSE Limited and the National Stock Exchange of India Limited were given below:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Ltd., (NSE)			BSE 500 Index	
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded	High	Low
Apr-17	888.00	789.00	210956	888.00	786.20	763605	13053.04	12616.53
May-17	868.40	743.00	63923	868.00	741.00	385215	13288.81	12781.06
Jun-17	990.00	791.10	103314	990.00	788.00	456931	13431.53	13052.34
Jul-17	1175.00	986.30	124754	1180.00	971.20	596310	13947.56	13211.19
Aug-17	1249.00	926.60	89513	1250.00	940.65	409226	13968.92	13245.92
Sep-17	1274.95	1100.00	54983	1274.90	1101.15	270429	14216.92	13427.95
Oct-17	1425.00	1218.05	65408	1424.00	1211.05	364213	14522.24	13684.23
Nov-17	1371.00	1180.00	39538	1370.00	1180.00	214096	14741.48	14164.90
Dec-17	1550.00	1213.55	58370	1550.00	1210.20	235633	15015.22	14207.77
Jan-18	1895.00	1485.00	240423	1900.00	1489.20	558265	15660.94	14837.22
Feb-18	1835.50	1500.00	54746	1839.90	1520.10	241848	15450.21	14209.33
Mar-18	1742.60	1485.10	23570	1771.45	1480.00	202902	14727.78	13856.31

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

HIL Share Price and 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 March 31, 2018

Sl. No.	Range	No. of Shares	% to Capital	No. of Shareholders	% to Total
1	1 to 500	986948	13.23	15031	94.50
2	501 to 1000	310390	4.16	402	2.53
3	1001 to 2000	294198	3.94	206	1.30
4	2001 to 3000	207934	2.79	82	0.53
5	3001 to 4000	148125	1.98	42	0.26
6	4001 to 5000	140801	1.89	31	0.19
7	5001 to 10000	385138	5.16	53	0.33
8	More than 10000	4989029	66.85	58	0.36
	TOTAL	**7462563**	**100.00**	**15905**	**100.00**

Shareholding Pattern as on March 31, 2018

Category of Shareholder	No. of Shares	Percentage
Promoters and Person Acting in Concert	3059212	40.99
Mutual Funds	166232	2.23
Banks, Financial Institutions, Insurance Companies Including A.P. State Govt. & Foreign Body Corporate	635473	8.52
Foreign Institutional Investors /Foreign Portfolio Investors	221657	2.97
Corporate Bodies	869695	11.65
Indian Public	2379696	31.89
NRI's/OCB's	111247	1.49
IEPF Authority	19335	0.46
TOTAL	7462563	100

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

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on March 31, 2018, 98.68% of the Company's Equity Shares are in dematerialised form.

Locations

S. No	State	Location
Manufacturing Facilities		
1	Telangana	Hyderabad, Sanatnagar - 500018
2	Telangana	Thimmapur, Mahboobnagar District - 509325
3	Andhra Pradesh	Vijayawada, Plot No.289, IDA, Kondapally - 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	Odisha	Balasore, IDCO, Plot No. 72, ND Centre, Somanathpur – 756019
12	Gujarat	Golan, Village, Valod Taluka, Tapi District – 394640
Wind Mills		
13	Gujarat	3.60 MW (2x1.80 MW) at Kutch Dist,
14	Tamil Nadu	1.25 MW near Coimbatore, Tirupur Dist.
15	Rajasthan	2.50 MW (2x1.25 MW) at Jodhpur Dist.
16	Rajasthan	2.00 MW at Jaisalmer Dist.

8. Other Information/Requirements:

(a) Financial Calendar

The financial year covers the period starting from April 1, and ending on March 31. The tentative dates of meeting of Board of Directors and Audit Committee for consideration of financial results during the financial year ending March 31, 2018 are as follows:

Board Meeting for consideration of unaudited quarterly results for the financial year 2018-19	Within forty five days from the end of the quarter, as stipulated under the SEBI Regulations.
Board Meeting for consideration of audited results for the current financial year 2018-19	Within sixty days from the end of the last quarter, as stipulated under the SEBI Regulations.
Annual General Meeting for adoption of Annual Accounts for the year 2018-19	On or before September 30, 2019*

Note: The dates and time lines indicated are tentative and subject to actual due dates as per the provisions of Companies Act, 2013 and SEBI Regulations.

* Indicative dates and actual date can vary.

(b) Unclaimed Shares [Other than shares wherein the dividend is unclaimed]

There are no Unclaimed Shares of the Company and Company is not required to transfer any shares to suspense account.

(c) Transfer of Unclaimed Dividends and Shares therein

During the year under review, an amount of ₹1072138/- (Final unclaimed dividend –₹555568/- and Interim unclaimed dividend – ₹516570/-) pertaining to unpaid/unclaimed dividend (Final Divided 2009-10 and Interim Divided 2010-11) has been transferred to Investor Education and Protection Fund (IEPF) on 15.09.2017 and 15.03.2018.

Following table gives information relating to due dates for transfer of dividends to IEPF:

Financial Year	Interim /Final	Date of Declaration	Due date / cut off date to transfer to IEPF
2010-11	Final	21-Jul-11	18.08.2018
2011-12	Interim	24-Jan-12	21.02.2019
2011-12	Final	20-Jul-12	18.08.2019
2012-13	Interim	24-Jan-13	22.02.2020
2012-13	Final	30-Jul-13	27.08.2020
2013-14	Final	18-Jul-14	15.08.2021
2014-15	Interim	16-Sep-14	14.10.2021
2014-15	Final	30-Jul-15	22.08.2022
2015-16	Interim	04-Feb-16	04.03.2023
2015-16	Final	28-Jul-16	26.08.2023
2016-17	Interim	16-Jan-17	14.02.2024
2017-18	Final	18-Jul-17	16.08.2024
2017-18	Interim	24-Jan-18	22.02.2025

As per the provisions of Section 124 of the Companies Act, 2013 the Company is under process to transfer the shares wherein the dividends are unclaimed for seven consecutive years i.e from Interim Dividend 2010-11 and the same shall be transferred to IEPF Suspense Account (as notified by IEPF Authority) as per the IEPF Rules 2016.

Members who have not yet encashed their dividend from the financial year 2010-11 final dividend, onwards are requested to make their claims without any delay to Registrar and Share Transfer Agents (RTA) of the Company for claiming the unclaimed/ unpaid dividends.

During the year, the Company has transferred the following shares, wherein the divided is unclaimed for a period of seven consecutive years, to IEPF Suspense Account as per provisions of Section 124 & 125 of the Companies Act, 2013 read with the rules made thereunder.

Divided Account	No. of Shares	Transfer Date
Interim Dividend - 2009-2010 Final Dividend 2009-2010	19351	November 17, 2017
Interim Dividend 2010-2011	1880	March 22, 2018

A list of above shareholders, who's shares are transferred to IEPF is available in the website and Members are requested to claim the same by filing the required form with IEPF Authority, you may write to Registrar & Share transfer agent for the same.

(d) Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, conversion date and likely impact on equity

As on March 31, 2018, a total of 84200 Options were outstanding (Including Options transferred back to the pool on account of resignations/cessations) under "HIL Employee Stock Option Scheme 2015". Each Option is convertible into one equity share of ₹10/- each. The Company had not issued any GDRs/ ADRs/ Warrants etc. during the year 2017-18.

(e) Commodity Price Risk or Foreign Exchange Risk and hedging activities

During the year 2017-18, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in note 34(a) of the notes forming part of the financial statements.

(f) Register e-mail address

To contribute towards greener environment, the Company proposes to send documents like Shareholders Meeting Notice/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report or any other document, to Members in electronic form at e-mail address provided by them and/ or available to the Company by the Depositories.

Members who have not yet registered their e-mail address (including those who wish to change their already registered e-mail address) may get the same registered/updated either with their depository participants or by writing to the Company.

(g) Compliance with Non Mandatory Requirements

- The Board – The Chairman of the Company is a Non- Executive Director and does not maintain the Chairman's office at the Company's expenses.

- Separate posts of Chairman and CEO – The Company has a separate CEO.
- Shareholders Rights –As per requirements, the financial results were made available on the Company's website www.hil.in.
- Audit Qualifications – There were no qualifications by the Auditors on the financial statements of the Company.
- Reporting of Internal Auditor – The Audit Committee discusses the presentations, observations, comments and recommendations made by the Internal Auditor.

Declaration by the Managing Director

I, Dhirup Roy Choudhary, Managing Director & CEO, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2017-2018.

Place: New Delhi
Date: April 26, 2018

Dhirup Roy Choudhary
Managing Director & CEO
DIN - 07707322

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 31 March, 2018 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 financial year.

b. Significant changes in accounting policies during the financial year 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

Dhirup Roy Choudhary
Managing Director & CEO
DIN - 07707322

Place: New Delhi
Date: April 26, 2018

DETAILS OF DIRECTORS AS REQUIRED UNDER REGULATIONS 36 OF SEBI (LODR) REGULATIONS

Name	Mr. Chandra Kant Birla
Date of Birth	09-01-1955 / 63 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	1. Orient Paper & Industries Limited 2. National Engineering Industries Limited 3. Birlasoft (India) Limited 4. Neosym Industry Limited 5. AVTEC Limited 6. Birla Brothers Pvt. Limited 7. Orient Cement Limited 8. Orient Electric Limited 9. Birlasoft Inc., USA 10. Birlasoft (U.K.) Limited, London 11. ASS AG, Switzerland
Memberships/ Chairmanships of Committees other than HIL Limited	NIL
Shareholding in the Company	51376 Equity Shares

Independent Auditor's Certificate on the Corporate Governance Report

To
The Members of HIL Limited

1 This Certificate is issued in accordance with the terms of our engagement letter dated April 16, 2018.

2 HIL Limited ('the Company') requires Independent Auditor's Certificate on Corporate Governance as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period April 1, 2017 to March 31, 2018.

Management responsibility

3 The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for ensuring that the Company complies with the requirements of Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period April 1, 2017 to March 31, 2018. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance report and applying an appropriate basis of preparation.

Auditor's Responsibility

4 Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the period April 1, 2017 to March 31, 2018.

5 We have examined the compliance of the conditions of Corporate Governance by the Company for the period April 1, 2017 to March 31, 2018 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Ind AS financial statements of the Company.

6 We conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates issued for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

8 In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of the Schedule V of the Listing Regulations, as applicable.

9 We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on Use

This Certificate is issued solely for the purpose of complying with Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period April 1, 2017 to March 31, 2018 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership Number: 061272

Place: New Delhi
Date: April 26, 2018

Annexure (V): 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.

1. 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.

2. 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 were at arms' length basis:

Sl. 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	Orient Cement Limited (Director is a Director of the Company and holds more than 2% of the Share Capital)	1. Sale and Purchase of Goods 2. Reimbrusment of Maintenance charges 3. Receipt of Rent & property Tax	April 1, 2017 to March 31, 2018	1) Sales : ₹19.08 lakhs 2) Purchases : ₹15.35 Lakhs 3) Receipt of Rent & Property Tax: ₹ 61.63 lakhs Total : ₹96.06 lakhs	NA	Nil
2	Orient Paper & Industries Limited (Director is a Director of the Company and holds more than 2% of the Share Capital)	1. Sale and Purchase of Goods 2. Reimbursement of Maintenance charges 3. Receipt of Rent & property Tax	April 1, 2017 to March 31, 2018	1) Sales : ₹4.12 lakhs 2) Purchases : Nil 3) Receipt of Rent & Property Tax: ₹49.76 lakhs Total : ₹53.88 lakhs	NA	Nil
3	Orient Electric Limited - Earlier division of Orient Paper & Industries Limited (Director is a Director of the Company and holds more than 2% of the Share Capital)	Sale and Purchase of Goods	April 1, 2017 to March 31, 2018	1) Sales : Nil 2) Purchases : ₹24.98 lakhs Total : ₹24.98 lakhs	NA	Nil

Note:

1. As per the provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, none of the above mentioned transactions were material in nature and all the transaction are in accordance with the omnibus approval of the Audit Committee granted on July 18, 2017 and January 24, 2018. Advances paid have been adjusted against billings, wherever applicable.

Annexure (VI): Secretarial Audit Report

Form No. MR-3

[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 March 31, 2018

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 authorized 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 March 31, 2018 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 March 31, 2018 according to the provisions of:

    I. The Companies Act, 2013 ('the Act') and the amendments 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; and

    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 and Other Wastes (Management

and Transboundary Movement) Rules, 2016 under the Environment (Protection) Act, 1986.

4. We have also examined compliance with the applicable clauses of the following:

   a. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

   b. Secretarial Standards issued by the Institute of Company Secretaries of India and notified under the Act.

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 were no changes in the composition of the Board of Directors during the period under review.

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.

Further the Company has informed us that the Company is not in a position to obtain any information/financials of the Overseas Joint Venture Company, Supercor Industries Limited, Nigeria, which has stopped its operations since November 2015 due to severe cash crisis and none of the employees have resumed their office. In view of the above, consolidation of financial statements become practically impossible and the Company has filed e-form GLN-1 vide SRN G77528024 with ROC in this regard.

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report;

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

Mohit Gurjar
Company Secretary
M. No 20557
C P No: 20557

Place: Hyderabad
Date: April 26, 2018

ANNEXURE A

To,
The Members,
HIL Limited
Hyderabad

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Mohit Gurjar
Company Secretary
M. No 20557
C P No: 20557

Place: Hyderabad
Date: April 26, 2018

Annexure (VII): Report on Subsidiaries & Joint Ventures

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

1. Names of subsidiaries which are yet to commence operations: Not Applicable

2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

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 Ventures	Supercor Industries Limited, Nigeria
1	• Last audited Balance Sheet Date	December 31, 2015
	• Latest Balance Sheet	Refer note no. 38 to Notes to Accounts.
2	Shares of Joint Ventures held by the company on the year end	
	• Number	4125000 Equity Shares of Naira 1/- each:
	• Amount of Investment in JV	142.60 Lacs
	• Extent of Holding	33%
3	Description of how there is significant influence	There is no significance influence
4	Reason why the associate/joint venture is not consolidated	Refer note no. 38 to Notes to Accounts
5	Net worth attributable to shareholding as per latest Balance Sheet	Refer note no. 38 to Notes to Accounts
6	Profit/Loss for the year	Refer note no. 38 to Notes to Accounts
	• Considered in Consolidation	
	• Not Considered in Consolidation	

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

Annexure (VIII): Disclosure of ESOSs

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	ESOP Scheme was approved on July 30, 2015 and modified on July 18, 2017
02	Total number of options granted	84200 (Grant-1 dated August 17, 2015) 35600$ (Grant-2 dated July 27, 2018) $ allotted out of the pool account, wherein 62250 Options granted to employee(s) were transferred back to the pool.
03	Vesting Requirements	- 40% of the Granted Options on completion of 3 years from the date of Grant. - 60% of the Granted Options on completion of 4 years from the date of Grant.
04	The pricing formula/Exercise Price	Fair Value and the Options have been granted at 620/- per option (Exercise Price).
05	Maximum Term of Options Granted	4 years
06	Options Vested up to March 31, 2018	Nil
07	Options exercised up to March 31, 2018	Nil
08	Options lapsed up to March 31, 2018	62250 Options granted to an employee(s) were transferred back to the pool due to cessation of employees (i.e 50850 in 2017 and 11400 in 2018). Company has allotted 35600 options during the year out of the pool account.
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	Mr. Dhirup Roy Choudhary, Managing Director & CEO : 35600 Mr. KR Veerappan, Chief Financial Officer : 11600
12	Total number of options in force as at March 31, 2018	57550 granted to Employees and 26650 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	Mr. Rajive Prakash Upadhyay: 10350
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

S. No	Description	HIL ESOS 2015
15	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Ind AS(Ind AS 33)	There were no shares granted during the year on account of exercise of options granted and Diluted Earning Per Share is ₹108.01
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.
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.
- 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.
- 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 7.30%.
- Expected Life: The exercise period given for the option granted is 4 year from date of vesting.
- 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 (IX):

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 2017-18, percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2017-18:**

Sl. No	Name of the Director/KMP (Designation)	Remuneration for FY 2017-18[&] (₹ in lacs)	Ratio of remuneration to the median remuneration of the employees	% increase in remuneration in the FY 2017-18
1	Mr. CK Birla (Chairman)	63.00	17.03	85%
2	Mr. P Vaman Rao (Independent Director)	18.00	4.86	6%
3	Mr. Yash Paul (Independent Director)	19.50	5.27	-3%
4	Mrs. Gauri Rasgotra (Independent Director)	17.00	4.59	17%
5	Mr. Desh Deepak Khetrapal (Non-Executive Director)	32.00	8.65	3%
6	Mr. Dhirup Roy Choudhary (Managing Director & CEO)^	234.72	63.44	NA^
8	Mr. KR Veerappan (Chief Financial Officer)	141.04	38.12	20%
9	Mr. G Manikandan (Company Secretary & Financial Controller)	46.57	12.59	15%

^ Comparison is not given as employed for part of the previous year.

[&] Includes Sitting Fees and Commission payable for the year 2017-18 for Directors other than Managing Director & CEO and remuneration for KMP does not include the provisions made towards Gratuity, leave benefits. Variable pay for KMPs has been shown on payment basis.

2. The median remuneration of employees of the Company during the financial year 2017-18 was ₹3.70 lacs against the median remuneration of ₹3.47 lacs during the previous year signifying an increase of 6.33% in the financial year.

3. As on March 31, 2018, there were 1562 permanent employees on the rolls of Company.

4. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 9.74% whereas the percentage increase in the managerial remuneration in the last financial year i.e. 2017-18 was 10.07%.

5. Particulars of employees as required under Rule 5(2) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014

5(a) Particulars of Top 10 Employees* in terms of remuneration drawn during the year:

Sl. No	Name & Designation of the employee	Remuneration paid in FY 2017-18 (₹ in lacs)	Qualification and age (in years)	Date of commencement of employment and total experience (in years)	Last employment
1	Mr. Dhirup Roy Choudhary – Managing Director & CEO	₹234.72	BE (Electrical & Electronics) MDP (IIM-A) (49 yrs)	16-Jan-17 (26 yrs)	Metrod Holding Berhad (Bagri Group of Companies, UK)
2	Mr. Karuppan Chetty Veerappan - Chief Financial Officer	₹141.04	B.Com (Hons), ACA (51 yrs)	6-Feb-14 (28 yrs)	Global Green Company Ltd
3	Mr. Rajiv Prakash Upadhyay - COO (Building Solution Business)	₹128.70	BE, ME (Engineering) & GMP (46 yrs)	20-Mar-14 (22 yrs)	Jindal Architecture Ltd
4	Mr. T E S Varadhan - Group CFO	₹101.52	B Com, ACA, AICWA (62 yrs)	01-May-06 (38 yrs)	Hindustan Motors Ltd
5	Mr. Jhunjhunwala P K - Head Imports	₹72.40	B Com, FCA (64 yrs)	15-Jan-77 (41 yrs)	NA
6	Mr. Gaurav Kant Bhatnagar -VP Roofing Business	₹69.48	B Arts, PGDBM (46 yrs)	20-Mar-14 (28 yrs)	121 Analytics
7	Dr. Vivek Chandra Rao S P - Head - Occupational Health	₹61.08	MBBS, PGDM (65 yrs)	28-Jul-1980 (38 yrs)	NA
8	Mr. Jayakrishnan N K - Sales Head - Dry walling & Wet walling Sales	₹47.48	B.E (58 yrs)	08-May-2000 (34 yrs)	ISGEC
9	Dr. D Satyanarayana - Head - Research & Development	₹47.40	M.Sc, PhD. (54 yrs)	06-Oct-2012 (24 yrs)	Kemrock Industries & Exports Limited
10	Mr. G Manikandan - Company Secretary & Financial Controller	₹46.57	ICWAI, ACS, PGDBA (47 yrs)	07-May-2008 (27 yrs)	Sundaram Brake Linings Ltd.

* Employees who are on rolls as on March 31, 2018 are shown, for details of employees who resigned, please refer below.

5(b) There are no employees drawing a remuneration of ₹1.02 Crore or above during the year [apart from details disclosed in 5(a) above]

5(c) Particulars employees drawing a remuneration of ₹8.50 lacs per month or above for the part of the year [apart from the details of employees mentioned in table 5(a)]

Sl. No	Name & Designation of the employee	Remuneration paid in FY 2017-18 (₹ in lacs)	Qualification and age (in years)	Date of commencement of employment and total experience (in years)	Last employment
1	Hemchandra Peruvelli - CHRO	₹50.81	PGD PM & IR (46 yrs)	04-Sep-2017 (22yrs)	Ali Bin Ali Group (Qatar)
2	V Jayachandran – COO – Roofing Business	₹50.51	B.Tech (Electronics) (48yrs)	08-Apr-2017 (24 yrs)*	Garuda Foods

* Date of cessation

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

Notes:

1. All appointments of the employees referred in 10 above are contractual and terminable by notice on either side.
2. 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 and gratuity provision.
3. None of the employees mentioned above is related to any director of the Company.
4. 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.

5) Employees mentioned above are neither relatives of any directors or managers of the Company, nor hold 2% or more of the paid up capital of the Company as per Clause (iii) of sub rule (2) of Rule no 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

6) The remuneration not include the provisions made towards Gratuity, leave benefits, as they are paid as per the Company's policy. Variable pay has been shown on payment basis.

Annexure (X):

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 optimise 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 modernised 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 capacity wind turbine generators installed in Gujarat, Tamil Nadu and Rajasthan. The energy generated from these projects is partly used for captive consumption at the Company's Fly Ash 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 optimise usage of energy.

III. Capital investment on energy conservation equipment:

No specific expenditure exclusively on energy conservation (apart from above) has been incurred. The steps taken for utilising alternate source of energy is continuously being upgraded to improve the overall performance of the Company.

(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 four patent applications in India and one PCT application filed this financial year.

   The patents are entitled

   1. "Non asbestos sandwich prefabricated panels with improved wet strength and sound insulation and manufacturing process thereof"
   2. "A process for manufacturing asbestos fibre cement corrugated roofing sheets utilizing pulverized dry waste"
   3. "Light weight & high strength non-asbestos corrugated fibre cement roofing sheets by autoclave method" Indian and PCT application filed.
   4. "Light weight sandwich prefabricated panels using expanded clay aggregates and manufacturing process thereof.

b. Developed the technology to use 4% dry waste in corrugated sheets without affecting the quality

c. Commercialised Charminar Fortune (non-asbestos corrugated roofing sheets) meeting the requirement of IS 14871.

d. Commercialized new non-asbestos panels suitable for external applications.

e. Developed light weight non asbestos panels with 4 hour fire rating .

f. Commercialized 4 hour fire rated cement based new panel jointing compound.

g. Developed cost effective formulations for dry mix products like multi-purpose mortar and Tile adhesive Type 1 & 2.

h. Developing substitutes for raw materials to address issues of declining availability of raw material and also for cost savings.

i. Developing new mix of raw materials for better product attributes and lower costs.

j. Improving cost effectiveness and quality of products through new, improved manufacturing processes, productivity improvements.

k. Effective utilization of resources like energy, water and process waste materials.

l. 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	**2018-2019 (₹ in lacs)**
Capital	79.00
Recurring	329.87
Total	**408.87**
Total R&D expenditure as a Percentage of total net turnover	**0.31%**

(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:

Particulars	**2018-2019 (₹ in lacs)**
A Foreign Exchange Earned	
Export of Goods (FOB)	146.21
Others	-
Total	**146.21**
B Foreign Exchange Used	
Raw Materials, Components, Spares and Capital Goods (CIF)	16743.87
Others	134.45
Total	**16878.32**

Financial Statements

Independent Auditor’s Report

To the Members of HIL Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HIL Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the Ind AS financial statements in accordance with the Standards on Auditing 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

1. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated April 27, 2017 and May 5, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

   Our opinion is not modified in respect of this matter.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" 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, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   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 Ind AS financial statements- Refer Note 37 to the Ind AS 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However, amounts as appearing in the audited financial statements for the year ended March 31, 2017 have been disclosed.

for **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Vikash Somani
Partner
Membership No. 061272

Place: New Delhi
Date: April 26, 2018

Annexure A

to the Independent Auditor's Report on the Ind AS Financial Statements

With reference to the Annexure A referred to in Paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report of even date to the Members of the Company on the Ind AS financial statements for the year ended March 31, 2018, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified during the year and no material discrepancies were observed on such verification.

(c) According to the 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 respectively, title of which is not registered in the name of the Company. Also refer note 4(a) and 5(c) of the Ind AS financial statements.

ii. Physical verification of inventories, except goods-in-transit, have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventories as compared to book records were not material.

iii. 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 (the "Act"). Therefore, the provisions of sub-clause (a), (b) and (c) of clause 3(iii) of the said Order is not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of paragraph 3(iv) of the said Order is not applicable to the Company.

v. According to the information and explanations given to us, 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 Act, 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Goods and Service Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Goods and Service Tax, Cess and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the dues outstanding of Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value added tax on account of any dispute are as follows:

Statute/ Nature of dues	Amount in Rupees lacs*	Period to which the amount relates	Forum where dispute is pending
Sales tax/ Value added tax	103.10	1988-89, 1990-91, 1997-98, 2007-08	Supreme Court
	302.81	1981-82, 1985-86, 2001-02, 2002-03, 2011-12	High Court(s)
	63.70	1989-2006	Tribunal(s)
	2,744.86	1991-2017	Appellate Authority up to Commissioner's level
Excise duty (including service tax)	1.28	2007-08	High Court(s)
	1,265.75	2004-2017	CESTAT(s)
	1,647.72	2003-2017	Appellate Authority up to Commissioner's level
Income-tax	-	2005-06	High Court
	280.01	2008-09, 2009-10, 2010-11, 2012-13	Income-tax Appellate Tribunal
	938.97	2011-12, 2013-14, 2014-15	Appellate Authority up to Commissioner's level
Wealth tax	56.98	1993-94, 1994-95, 1995-96, 1996-97, 1997-98	Hon'ble High Court of Telangana and Andhra Pradesh

* The amounts disclosed are net of payments and include interest and penalties, wherever applicable.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company does not have any outstanding dues to debenture holders.

ix. In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised.

x. According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a Nidhi Company prescribed under Section 406 of the Act. Accordingly, the provisions of Clause 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions, have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in Section 192 of the Act.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of Clause 3(xvi) of the Order is not applicable to the Company.

for **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Vikash Somani
Partner
Membership No. 061272

Place : New Delhi
Date : April 26, 2018

Annexure B

to the Independent Auditor's Report of even date on the Ind AS Financial Statements of HIL Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HIL Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with the generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Vikash Somani
Partner
Membership No. 061272

Place : New Delhi
Date : April 26, 2018

Balance Sheet As at March 31, 2018

(₹ in lacs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I ASSETS				
Non-current assets				
(a) Property, plant and equipment	4	44972.24	46314.13	48064.72
(b) Capital work-in-progress		4903.05	686.00	1098.69
(c) Investment property	5	2100.68	2153.41	708.58
(d) Other intangible assets	6	2128.76	2302.51	2456.89
(e) Financial assets				
(i) Investments	7	37.00	176.60	173.60
(ii) Trade receivables	8	9.23	9.23	10.23
(iii) Loans	9	880.26	768.88	767.49
(iv) Other financial assets	10	180.42	18.11	50.11
(f) Non-current tax assets (net)		512.20	512.20	592.89
(g) Other non-current assets	11	1545.50	548.31	308.77
Total non-current assets		**57269.34**	**53489.38**	**54231.97**
Current assets				
(a) Inventories	12	18506.36	20620.45	22238.86
(b) Financial assets				
(i) Investments	7	12059.19	1806.37	-
(ii) Trade receivables	8	9965.67	8636.82	10131.77
(iii) Cash and cash equivalents	13	1094.24	906.95	294.43
(iv) Bank balances other than (iii) above	14	283.86	89.86	109.27
(v) Other financial assets	10	78.23	108.76	214.41
(c) Other current assets	11	2612.57	2386.51	3452.99
Total current assets		**44600.12**	**34555.72**	**36441.73**
TOTAL ASSETS		**101869.46**	**88045.10**	**90673.70**
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	748.98	748.98	748.98
(b) Other equity	16	55863.19	49603.11	45970.84
Total equity		**56612.17**	**50352.09**	**46719.82**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	6646.91	5897.02	6983.41
(b) Provisions	20	587.82	473.71	477.31
(c) Deferred tax liabilities (net)	32	3952.69	4538.41	4748.12
(d) Other non-current liabilities	21	450.49	-	-
Total non-current liabilities		**11637.91**	**10909.14**	**12208.84**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	-	210.26	7705.06
(ii) Trade payables	18	19630.49	13687.92	11923.73
(iii) Other financial liabilities	19	6086.46	7006.66	6904.59
(b) Other current liabilities	21	5714.49	5285.04	4397.65
(c) Provisions	20	944.90	236.96	225.09
(d) Current tax liabilities (net)		1243.04	357.03	588.92
Total current liabilities		**33619.38**	**26783.87**	**31745.04**
TOTAL EQUITY AND LIABILITIES		**101869.46**	**88045.10**	**90673.70**
Summary of significant accounting policies	3			

See accompanying notes to the financial statements

As per our Report of even date attached

For **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number : 116231W/ W-100024

For and on behalf of the Board of Directors of **HIL Limited**
CIN No.: L74999TG1955PLC000656

Vikash Somani
Partner
Membership No.: 061272

CK Birla
Chairman
DIN : 00118473

Dhirup Roy Choudhary
Managing Director & CEO
DIN : 07707322

KR Veerappan
Chief Financial Officer

G Manikandan
Company Secretary &
Financial Controller

Place: New Delhi
Date: April 26, 2018

Place: New Delhi
Date: April 26, 2018

Statement of Profit and Loss for the year ended March 31, 2018

(₹ in lacs)

		Notes	Year ended March 31, 2018	Year ended March 31, 2017
I	**REVENUE**			
	Revenue from operations	22	132504.56	124542.02
	Other income	23	2363.51	2255.06
	TOTAL REVENUE (I)		**134868.07**	**126797.08**
II	**EXPENSES**			
	Cost of materials consumed	24	56438.86	51659.78
	Purchases of stock-in-trade	25	3729.70	2602.81
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	2979.56	82.42
	Excise duty on sale of goods		4643.95	12628.71
	Employee benefits expense	27	10430.09	9548.59
	Finance costs	28	386.71	518.19
	Depreciation and amortisation expense	29	4690.04	4095.17
	Other expenses	30	39578.49	37622.07
	TOTAL EXPENSES (II)		**122877.40**	**118757.74**
III	**Profit before exceptional items and tax (I-II)**		**11990.67**	**8039.34**
IV	Exceptional items	51	-	688.05
V	**Profit before tax (III-IV)**		11990.67	7351.29
VI	Tax expense:			
	Current tax	32	4470.51	2075.15
	Deferred tax	32	(555.33)	(186.00)
VII	**Profit for the year (V-VI)**		**8075.49**	**5462.14**
VIII	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit or loss			
	(a) Remeasurements of defined benefit liability/ (asset)		(91.30)	(70.51)
	Income-tax relating to above item		31.60	24.40
			(59.70)	(46.11)
	(b) Equity investments through other comprehensive income- net change in fair value		3.50	3.00
	Income-tax relating to above item		(1.21)	(0.69)
			2.29	2.31
	Other comprehensive income for the year, net of income-tax		**(57.41)**	**(43.80)**
IX	**Total comprehensive income for the year (VII + VIII)**		**8018.08**	**5418.34**
X	Earnings per equity share (par value of ₹ 10 each):	35		
	Basic (in ₹)		108.21	73.19
	Diluted (in ₹)		108.01	73.19
	Summary of significant accounting policies	3		

See accompanying notes to the financial statements

As per our Report of even date attached

For **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number : 116231W/ W-100024

Vikash Somani
Partner
Membership No.: 061272

Place: New Delhi
Date: April 26, 2018

For and on behalf of the Board of Directors of **HIL Limited**
CIN No.: L74999TG1955PLC000656

CK Birla
Chairman
DIN : 00118473

Dhirup Roy Choudhary
Managing Director & CEO
DIN : 07707322

KR Veerappan
Chief Financial Officer

G Manikandan
Company Secretary &
Financial Controller

Place: New Delhi
Date: April 26, 2018

Cash Flow Statements for the year ended March 31, 2018

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
A.	**Cash flows from operating activities**		
	Profit for the year (before tax)	11990.67	7351.29
	Adjustments for:		
	Depreciation and amortisation expense	4690.04	4095.17
	Rental income from investment property	(616.74)	(581.21)
	Provision for doubtful receivables, advances and other assets (net)	(186.37)	716.43
	Liabilities no longer required written back	(112.58)	(151.93)
	Provision for diminution in value of investments	142.60	-
	Net gain on sale of property, plant and equipment	(854.39)	(998.32)
	Foreign exchange fluctuations, net	(31.80)	(204.20)
	(Gain) or loss on MTM forward contracts	(4.09)	(1.47)
	Net gain on sale of investments	(76.65)	(13.80)
	Employee stock compensation expense	38.36	10.29
	Finance costs	386.71	518.19
	Interest income	(66.97)	(40.76)
	Government grant	(56.36)	-
	Dividend income	(441.01)	(108.17)
	Operating profit before changes in assets and liabilities	**14801.42**	**10591.51**
	Changes in assets and liabilities:		
	Decrease in inventories	2114.09	1618.41
	(Increase)/ decrease in trade receivables and loans	(1253.86)	778.13
	Decrease in other financial assets	62.74	146.34
	(Increase)/ decrease in other assets	(458.19)	943.43
	Increase in trade payables	6086.95	2120.32
	(Decrease)/ increase in other financial liabilities	(26.96)	261.87
	Increase/ (decrease) in provisions	730.75	(62.23)
	Increase in other current liabilities	344.91	887.39
	Cash generated from operating activities	**22401.85**	**17285.16**
	Income-tax paid (net of refund)	(3664.11)	(2226.35)
	Net cash from operating activities (A)	**18737.74**	**15058.81**
B.	**Cash flows from investing activities**		
	Acquisition of property, plant and equipment	(8070.26)	(3558.03)
	Proceeds from sale of property, plant and equipment	986.00	1059.03
	Purchase of investments (net)	(10175.67)	(1792.57)
	Interest received	34.87	50.07
	Dividends received	441.01	108.17
	Bank balances not considered as cash and cash equivalents	(356.42)	1.41
	Rent received from long-term investment in properties	616.74	581.21
	Net cash used in investing activities (B)	**(16523.73)**	**(3550.72)**

Cash Flow Statements for the year ended March 31, 2018

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
C. Cash flows from financing activities*		
Repayment of long-term borrowings	(1086.85)	(1083.67)
Receipts of long-term borrowings	1328.69	-
(Repayment)/ proceeds from short-term borrowings (net)	(210.26)	(7494.80)
Finance costs	(263.73)	(519.33)
Dividend paid on equity shares	(1490.73)	(1493.93)
Tax on equity dividend paid	(303.84)	(303.84)
Net cash used in financing activities (C)	**(2026.72)**	**(10895.57)**
Net increase in cash and cash equivalents (A+B+C)	**187.29**	**612.52**
Cash and cash equivalents at the beginning of the year	906.95	294.43
Cash and cash equivalents at the end of the year	**1094.24**	**906.95**

* The changes in liabilities arising from financing activities are only due to changes arising from cash flows during the current as well as previous year.

Note:

a) The above cash flow statement has been prepared under the “Indirect Method” as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

	As at March 31, 2018	As at March 31, 2017
b) Cash and cash equivalents comprises of:		
Balances with banks:		
- In current accounts	1091.28	902.32
Cash on hand	2.96	4.63
Cash and cash equivalents as per balance sheet	**1094.24**	**906.95**

Summary of significant accounting policies (refer note 3)

See accompanying notes to the financial statements

As per our Report of even date attached

For **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number : 116231W/ W-100024

Vikash Somani
Partner
Membership No.: 061272

Place: New Delhi
Date: April 26, 2018

For and on behalf of the Board of Directors of **HIL Limited**
CIN No.: L74999TG1955PLC000656

CK Birla
Chairman
DIN : 00118473

Dhirup Roy Choudhary
Managing Director & CEO
DIN : 07707322

KR Veerappan
Chief Financial Officer

G Manikandan
Company Secretary &
Financial Controller

Place: New Delhi
Date: April 26, 2018

Statement of Changes in Equity for the year ended March 31, 2018

a. Equity share capital

(₹ in lacs)

	Amount
Balance as at April 1, 2016	748.98
Changes in equity share capital during 2016-17	-
Balance as at the March 31, 2017	**748.98**
Changes in equity share capital during 2017-18	-
Balance as at the March 31, 2018	**748.98**

b. Other equity

(₹ in lacs)

	Reserves and surplus					Items of OCI	Total
	Retained earnings	Share premium	General reserve	Capital redemption reserve	Shares options outstanding account	Equity investments through OCI	
Balance at April 1, 2016	8142.70	624.95	37100.00	35.00	45.34	22.85	45970.84
Total comprehensive income for the year ended March 31, 2017							
Profit for the year	5462.14	-	-	-	-	-	5462.14
Share based payment (refer note 41)	-	-	-	-	10.29	-	10.29
Other comprehensive income (net of tax)	(46.11)	-	-	-	-	2.31	(43.80)
Total comprehensive income	**5416.03**	**-**	**-**	**-**	**10.29**	**2.31**	**5428.63**
Transfer to general reserve	(1000.00)	-	1000.00	-	-	-	-
Dividend	(1492.52)	-	-	-	-	-	(1492.52)
Corporate dividend tax	(303.84)	-	-	-	-	-	(303.84)
Balance at March 31, 2017	**10762.37**	**624.95**	**38100.00**	**35.00**	**55.63**	**25.16**	**49603.11**
Balance at April 1, 2017	10762.37	624.95	38100.00	35.00	55.63	25.16	49603.11
Total comprehensive income for the year ended March 31, 2018							
Profit for the year	8075.49	-	-	-	-	-	8075.49
Share based payment (refer note 41)	-	-	-	-	38.36	-	38.36
Other comprehensive income (net of tax)	(59.70)	-	-	-	-	2.29	(57.41)
Total comprehensive income	**8015.79**	**-**	**-**	**-**	**38.36**	**2.29**	**8056.44**

Statement of Changes in Equity for the year ended March 31, 2018

b. Other equity (continued)

(₹ in lacs)

	Reserves and surplus					Items of OCI	Total
	Retained earnings	Share premium	General reserve	Capital redemption reserve	Shares options outstanding account	Equity investments through OCI	
Transfer to general reserve	(1000.00)	-	1000.00	-	-	-	-
Dividend	(1492.52)	-	-	-	-	-	(1492.52)
Corporate dividend tax	(303.84)	-	-	-	-	-	(303.84)
Balance at March 31, 2018	**15981.80**	**624.95**	**39100.00**	**35.00**	**93.99**	**27.45**	**55863.19**

As per our Report of even date attached

For **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number : 116231W/ W-100024

Vikash Somani
Partner
Membership No.: 061272

Place: New Delhi
Date: April 26, 2018

For and on behalf of the Board of Directors of **HIL Limited**
CIN No.: L74999TG1955PLC000656

CK Birla
Chairman
DIN : 00118473

Dhirup Roy Choudhary
Managing Director & CEO
DIN : 07707322

KR Veerappan
Chief Financial Officer

G Manikandan
Company Secretary &
Financial Controller

Place: New Delhi
Date: April 26, 2018

Notes to the Financial Statements for the year ended March 31st, 2018

1 Corporate information

HIL Limited (the 'Company') is a Company domiciled in India, with its registered office situated at SLN Terminus, Gachibowli, Hyderabad -500032, Telangana. The Company has been incorporated under the provisions of Companies Act, 2013 and its equity shares are listed on the National Stock Exchange (NSE) and BSE Limited in India.

The Company operations are classified into Roofing Solutions, Building Solutions and Others segments.

Roofing Solutions consists of manufacturing, selling and distribution of Fibre Cement Sheets, Colored Steel Sheets and Cement based Non-Asbestos Corrugated Sheets with manufacturing facilities located at Faridabad, Jasidih, Kondapally, Wada, Sathariya and Balasore.

Building Solutions broadly classified into Wet-Walling Solutions, Dry-Walling Solutions and Thermal Insulation , which includes manufacturing and distribution of Fly Ash Blocks, Smart Fix, Wall Putty, Smart Plaster, Smart Bond, Panels and Boards with manufacturing facilities located at Hyderabad, Thimmapur, Faridabad, Golan, Jhajjar and Dharuhera.

Other products manufactured and distributed by the Company are UpVC, CpVC, SWR pipes & fittings, Material Handling and Processing Plant and Equipment with manufacturing facilities at Hyderabad, Faridabad and Thimmapur. The Company also owns Wind Turbine Generators in Gujarat, Tamil Nadu and Rajasthan.

2 Basis of preparation

A. Statement of compliance

a) Financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provision of the Act under the historical cost convention on an accrual basis except for certain financial instruments which are measured at fair values, notified under the Act and Rules prescribed thereunder.

b) These are the Company's first financial statements prepared in accordance with Ind AS, and hence, Ind AS 101, First-time Adoption of Ind AS has been applied.

c) For all periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). An explanation on how the transition from previous GAAP to Ind AS has affected the reported balance sheet, statement of profit and loss and cash flows of the Company is provided in note 50.

d) The financial statements were authorised for issue by the Company's Board of Directors on April 26, 2018.

e) Details of the Company's accounting policies are included in note 3.

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lacs except share data or as otherwise stated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgment

In preparing these financial statements, Management has made judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Notes to the Financial Statements for the year ended March 31st, 2018

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 45 – leases: whether an arrangement contains a lease;
- Note 45 – lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 34 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 20 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 11 - impairment of non-financial assets;
- Note 49 - impairment of financial assets;
- Note 11 - determining the fair value less costs to sell off the non-current assets held for sale on the basis of significant observable inputs.

E. Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 5 - investment property;

Note 41 - share based payment arrangements;

Note 49 - financial instruments;

Note 11 - non-current assets held for sale.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS balance sheet at April 1, 2016 for the purposes of the transition to Ind AS, unless otherwise indicated.

a. Foreign currency transactions

Transactions in foreign currencies are translated into functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

- Foreign currency monetary items are translated in the functional currency at the exchange rate of the reporting date.
- Non-monetary assets and liabilities that are measured at fair value in a foreign currency are

Notes to the Financial Statements for the year ended March 31st, 2018

translated into the functional currency at the exchange rate when the fair value was determined.

- Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.
- Exchange differences are recognised in profit or loss in the period in which they arise, except exchange differences arising from the translation of the items which are recognised in OCI.

b. Financial instruments

i. Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Notes to the Financial Statements for the year ended March 31st, 2018

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. Changes in the fair value of any derivative instrument are recognised immediately in the statement of profit and loss and are included in other income or expenses.

c. Property, plant and equipment and capital work-in-progress

i. Recognition and measurement

Property, plant and equipment

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Capital work-in-progress

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as other non-current assets.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (see note 50).

iii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of the lease.

The estimated useful lives of items of property, plant and equipment are estimated by the Management, which are equal to the life prescribed under the Schedule II of the Act, except for following assets mentioned below which is based on technical evaluation and past experience:

Plant and machinery: 19 years as against 15 years

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

Wind power generation plant: 25 years as against 22 yeras

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.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

d. Intangible assets

i. Recognition

Service concession arrangements

The Company recognises an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognition of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measured at cost, less any accumulated amortisation and accumulated impairment losses.

Notes to the Financial Statements for the year ended March 31st, 2018

Others

Other intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

iii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

Asset	Years
- Service concession agreement	25
- Computer software	5

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Company is able to charge the public for the use of the infrastructure to the end of the concession period.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

e. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalisation 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment property recognised as at April 1, 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of such investment property.

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 property, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a transaction moving weighted average basis, and includes expenditure in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads on normal operating capacity.

Notes to the Financial Statements for the year ended March 31st, 2018

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net relisable value is made on an item-by-item basis.

g. Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- or the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company

Notes to the Financial Statements for the year ended March 31st, 2018

determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

h. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Share-based payment transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share option outstanding account reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Company providing 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.

iv. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of actuarial valuation using the projected unit credit method.

i. Revenue

i. Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or

Notes to the Financial Statements for the year ended March 31st, 2018

managerial involvement with, the goods, and the amount of revenue can be measured reliably.

ii. Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Company has fulfilled its obligations to supply the awards under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

iii. Rental income

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

j. Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

k. Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis.

l. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's balance sheet.

iii. **Lease payments**

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

m. Income-tax

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements for the year ended March 31st, 2018

n. **Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o. **Provision, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and continent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

p. **Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

q. **Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

Notes to the Financial Statements for the year ended March 31st, 2018

r. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

s. Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held for sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated.

t. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

u. Recent accounting pronouncements

Standards issued but not effective on Balance sheet date:

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions.Ind AS 115 is effective from annual periods beginning on or after April 1, 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

For the sale of goods, revenue is currently recognised when related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods.

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under Ind AS 115, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue

Notes to the Financial Statements for the year ended March 31st, 2018

is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the balance sheet.

For the loyalty programme operated by the Company, revenue is currently allocated between the loyalty programme and the goods using the residual value method i.e. consideration is allocated to the loyalty programme based on the fair value of the loyalty points and the remainder of the consideration is allocated to the goods. The amount allocated to the loyalty programme is deferred, and is recognised as loyalty points are redeemed or expire.

Under Ind AS 115, consideration will be allocated between the loyalty programme and the goods based on the irrelative stand-alone selling prices. As a consequence, a lower proportion of the consideration will be allocated to the loyalty programme, and therefore less revenue is likely to be deferred.

Ind AS 21, The effect of changes in foreign exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of transactions, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Ind AS 40, Investment property

The amendment explains that the transfer to, or from, investment property is made when there is an actual change of use, that is the asset meets or ceases to meet the definition of investment property and there is evidence of change in use. A change in management's intentions for the use of a property does not provide evidence of a change in use. The Company has evaluated the impact of this amendment and concluded that there shall be no impact on its financial statements.

Notes to the Financial Statements for the year ended March 31st, 2018

4. Property, plant and equipment

(₹ in lacs)

Particulars	Freehold land (refer note (a) below)	Leasehold land	Buildings (refer note (c) below)	Railway sidings	Plant and machinery (refer note (b) below)	Furniture and fittings	Office equipments	Vehicles	Total
A. Cost or Deemed cost (Gross carrying amount)									
As at April 1, 2016	2511.80	977.90	13142.15	0.63	30726.18	411.42	183.18	111.46	48064.72
Additions	-	-	1099.95	-	2415.28	22.64	24.53	56.72	3619.12
Deletions	-	-	(13.61)	-	(27.42)	(0.02)	(2.32)	(34.77)	(78.14)
Transferred to Investment property	-	-	(1503.42)	-	-	-	-	-	(1503.42)
As at March 31, 2017	**2511.80**	**977.90**	**12725.07**	**0.63**	**33114.04**	**434.04**	**205.39**	**133.41**	**50102.28**
Additions	-	-	291.77	-	2781.60	26.19	64.51	35.33	3199.40
Deletions	(2.96)	-	(85.31)	-	(443.62)	(0.01)	(1.34)	(5.12)	(538.36)
Reclassification to non-current assets held for sale	-	-	(6.49)	-	(346.33)	(2.08)	(1.51)	-	(356.41)
As at March 31, 2018	**2508.84**	**977.90**	**12925.04**	**0.63**	**35105.69**	**458.14**	**267.05**	**163.62**	**52406.91**
B. Accumulated depreciation									
For the year ended March 31, 2017	-	11.57	546.19	`	3099.57	53.31	60.28	34.66	3805.58
Deletions	-	-	(0.04)	-	(12.91)	-	(0.48)	(4.00)	(17.43)
As at March 31, 2017	**-**	**11.57**	**546.15**	**-**	**3086.66**	**53.31**	**59.80**	**30.66**	**3788.15**
For the year ended March 31, 2018	-	11.52	600.68	0.51	3627.87	58.79	68.69	24.42	4392.48
Deletions	-	-	(1.89)	-	(400.81)	-	(0.22)	(3.83)	(406.75)
Reclassification to non-current assets held for sale	-	-	(0.49)	-	(335.39)	(2.01)	(1.32)	-	(339.21)
As at March 31, 2018	**-**	**23.09**	**1144.45**	**0.51**	**5978.33**	**110.09**	**126.95**	**51.25**	**7434.67**
C. Net carrying amounts (A-B)									
As at April 1, 2016	**2511.80**	**977.90**	**13142.15**	**0.63**	**30726.18**	**411.42**	**183.18**	**111.46**	**48064.72**
As at March 31, 2017	**2511.80**	**966.33**	**12178.92**	**0.63**	**30027.38**	**380.73**	**145.59**	**102.75**	**46314.13**
As at March 31, 2018	**2508.84**	**954.81**	**11780.59**	**0.12**	**29127.36**	**348.05**	**140.10**	**112.37**	**44972.24**

Note:

a) Pending settlement of dispute regarding external development charges with Haryana Urban Development Authority, Faridabad, Freehold Land of the value of ₹ 1.27 lacs (March 31, 2017 and April 1, 2016: ₹ 1.27 lacs) is pending for registration in the Company's name.

b) Depreciation for the year ended March 31, 2018 includes accelerated depreciation aggregating to ₹ 625 lacs charged on certain plant and machineries of Fibre Cement Sheets business of Roofing Solutions segment whose balance useful life as re-estimated by the Management is Nil.

c) During the year ended March 31, 2017, a building premises was reclassified as investment property (refer note 5), because it was no longer used by the Company and it was decided that the building would be leased to third party.

d) Refer note 47 for details of assets held for Research and development.

e) Refer note 17 for details of assets pledged against borrowings.

Notes to the Financial Statements for the year ended March 31st, 2018

5. Investment property

(₹ in lacs)

A. Reconciliation of carrying amount	
Cost or deemed cost (gross carrying amount)	
Balance at April 1, 2016	708.58
Transfer from property, plant and equipment (refer note 4 (c))	1503.42
Balance at March 31, 2017	**2212.00**
Balance at April 1, 2017	2212.00
Additions	-
Balance at March 31, 2018	**2212.00**
Accumulated depreciation	
Depreciation for the year	58.59
Balance at March 31, 2017	**58.59**
Balance at April 1, 2017	58.59
Depreciation for the year	52.73
Balance at March 31, 2018	**111.32**
Net carrying amounts	
At April 1, 2016	708.58
At March 31, 2017	**2153.41**
At March 31, 2018	**2100.68**
Fair value	
At April 1, 2016	5032.50
At March 31, 2017	**7032.00**
At March 31, 2018	**7284.00**

Information regarding income and expenditure of investment property:

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Rental income derived from investment properties	616.74	581.21
Direct operating expenses (including repairs and maintenance)	-	-
Profit arising from investment properties before depreciation and indirect expenses	616.74	581.21
Less: Depreciation	52.73	58.59
Profit arising from investment properties before indirect expenses	564.01	522.62

B. Measurement of fair values

(i) Fair valuation

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2(E)).

Notes to the Financial Statements for the year ended March 31st, 2018

5. Investment property (continued)

(ii) Valuation technique

The Company follows discounted cash flows technique. The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacant periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants, if any. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

C. Investment property comprises

(i) The Company along with 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 (March 31, 2017: ₹ 427.60 lacs and April 1, 2016: ₹ 427.60 lacs) in the name of the Company is pending.

(ii) The Company has given the investment properties located in New Delhi and Hyderabad on operating lease to some parties. Certain lease agreements are cancellable and some are non-cancellable in nature. There are no contingent rents in the lease agreements. The lease terms are mainly for 3-9 years and are renewable at the option of the lessee. There are no restrictions imposed by lease agreements. Although there are sub-lease rights given to the lessees, there no sub-leases as on the reporting date.

D. Refer note 45 for details of minimum lease payments.

6. Other intangible assets

(₹ in lacs)

Reconciliation of carrying amount	Softwares	Service Concession	Total
Cost or deemed cost (gross carrying amount)			
Balance at April 1, 2016	458.95	1997.94	2456.89
Additions	76.62	-	76.62
Deletions	-	-	-
Balance at March 31, 2017	**535.57**	**1997.94**	**2533.51**
Balance at April 1, 2017	535.57	1997.94	2533.51
Additions	71.08	-	71.08
Deletions	-	-	-
Balance at March 31, 2018	**606.65**	**1997.94**	**2604.59**
Accumulated amortisation			
Amortisation for the year	124.32	106.68	231.00
Deletions	-	-	-
Balance at March 31, 2017	**124.32**	**106.68**	**231.00**
Balance at April 1, 2017	124.32	106.68	231.00
Amortisation for the year	153.70	91.13	244.83
Deletions	-	-	-
Balance at March 31, 2018	**278.02**	**197.81**	**475.83**
Net carrying amounts			
As at April 1, 2016	458.95	1997.94	2456.89
As at March 31, 2017	**411.25**	**1891.26**	**2302.51**
As at March 31, 2018	**328.63**	**1800.13**	**2128.76**

Notes to the Financial Statements for the year ended March 31st, 2018

7. Investments

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current			
Interest in joint venture			
Investment in equity instruments - unquoted- at cost less provision for other than temporary impairment			
Supercor Industries Limited, Nigeria: 4125000 equity shares of Naira 1 each fully paid	142.60	142.60	142.60
(March 31, 2017 and April 1, 2016 : 4125000 equity shares of Naira 1 each fully paid)			
Less: Provision for investment in joint venture	(142.60)	-	-
Total (A)	**-**	**142.60**	**142.60**
Refer note 44 for details of joint venture.			
Investment in equity instruments unquoted at FVOCI (refer note (a) below)			
Birla Buildings Limited - 5000 equity shares of ₹ 10 each fully paid	37.00	33.50	30.50
(March 31, 2017 and April 1, 2016: 5000 equity shares of ₹ 10 each fully paid)			
Total (B)	**37.00**	**33.50**	**30.50**
Investment in Government and trust securities at amortised cost			
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
Total (C)	**-**	**0.50**	**0.50**
Total (A+B+C)	**37.00**	**176.60**	**173.60**
Aggregate amount of unquoted investments	37.00	176.60	173.60
Aggregate amount of impairment in value of investments	142.60	-	-
Current			
Investments in mutual funds - quoted at FVTPL	12059.19	1806.37	-
Aggregate book value of quoted investments	12059.19	1806.37	-
Aggregate market value of quoted investments	12059.19	1806.37	-

Notes to the Financial Statements for the year ended March 31st, 2018

7. Investments (continued)

(a) Equity shares designated as at fair value through other comprehensive income

At April 1, 2016, the Company designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that the Company intends to hold long-term for strategic purposes.

	Investment in Birla Buildings Limited
Fair value at April 1, 2016	30.50
Dividend income recognised during 2016-17	0.25
Fair value at March 31, 2017	33.50
Dividend income recognised during 2017-18	0.38
Fair value at March 31, 2018	37.00

No strategic investments were disposed of during 2017-18 and 2016-17, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

8. Trade receivables

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current			
Secured, considered good	9.23	9.23	10.23
Unsecured, considered good	-	-	-
Doubtful	483.44	496.33	431.62
	492.67	**505.56**	**441.85**
Less: Allowance for bad and doubtful receivables	(483.44)	(496.33)	(431.62)
Total	**9.23**	**9.23**	**10.23**
Current			
Secured, considered good	1902.13	1950.10	2012.40
Unsecured, considered good	8063.54	6686.72	8119.37
Doubtful	830.72	1016.73	610.00
	10796.39	**9653.55**	**10741.77**
Less: Allowance for bad and doubtful receivables	(830.72)	(1016.73)	(610.00)
Total	**9965.67**	**8636.82**	**10131.77**

Refer note 17 for details of trade receivables pledged against borrowings.

9. Loans

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Security deposits			
Unsecured, considered good	880.26	768.88	767.49
Doubtful	25.00	25.00	25.00
	905.26	**793.88**	**792.49**
Less: Allowance for doubtful loans	(25.00)	(25.00)	(25.00)
Total	**880.26**	**768.88**	**767.49**

Notes to the Financial Statements for the year ended March 31st, 2018

10. Other financial assets

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current			
Unsecured, considered good			
Bank deposits with more than 12 months maturity *	180.42	18.00	-
Balances with post office in savings bank account	-	0.11	0.11
Other receivables	-	-	50.00
Total (A)	**180.42**	**18.11**	**50.11**
Doubtful			
Other receivables	649.58	681.71	602.45
	649.58	**681.71**	**602.45**
Less: Allowance for doubtful receivables	(649.58)	(681.71)	(602.45)
Total (B)	-	-	-
Total (A+B)	**180.42**	**18.11**	**50.11**

*Includes bank deposits held against bank guarantees amounting to ₹ 180.42 lacs (March 31, 2017: ₹ 18.00 lacs and April 1, 2016: Nil).

Current			
Unsecured, considered good			
Interest accrued on fixed deposits and security deposits	57.65	25.55	34.86
Derivative assets	4.09	-	-
Dividend receivable	-	9.01	9.01
Unbilled revenue	12.93	24.93	74.81
Insurance claim receivable	-	12.76	40.45
Other receivables	3.56	36.51	55.28
Total(A)	**78.23**	**108.76**	**214.41**
Doubtful			
Dividend receivable	9.01	-	-
Less: Allowance for doubtful receivable	(9.01)	-	-
Total (B)	-	-	-
Total (A+B)	**78.23**	**108.76**	**214.41**

11. Other assets

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current			
Unsecured, considered good			
Capital advances	940.26	192.40	75.91
Advances other than capital advances			
Balance with Government authorities	584.91	349.12	223.86
Prepayments	20.33	6.79	9.00
Total (A)	**1545.50**	**548.31**	**308.77**
Doubtful			
Advances other than capital advances			
Advance to suppliers	392.91	357.26	191.53
Less: Allowance for doubtful advances	(392.91)	(357.26)	(191.53)
Total (B)	-	-	-
Total(A+B)	**1545.50**	**548.31**	**308.77**

Notes to the Financial Statements for the year ended March 31st, 2018

11. Other assets (Continued)

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Unsecured, considered good			
Advances other than capital advances			
Advance to suppliers	696.73	786.07	1643.74
Advance to employees	61.01	66.07	114.82
Balance with Government authorities	1709.31	1370.22	1590.61
Prepayments	128.32	164.15	103.82
Others			
Non-current assets held for sale*	17.20	-	-
Total	**2612.57**	**2386.51**	**3452.99**

* Management committed to sell plant and machinery of one of the manufacturing facility within the Roofing Solution segment in October 2017 and certain buildings of unallocated segment in January 2018. Accordingly, that part of the facilities are presented as non-current assets held for sale. Efforts to sell the assets have started and sales are expected by May 2018.

12. Inventories

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Valued at lower of cost and net realisable value)			
i) In hand			
Raw materials	6709.75	5700.96	7768.34
Work-in-progress	347.47	292.05	270.37
Finished goods	9755.24	12563.64	12568.80
Stock-in-trade	174.71	232.35	312.99
Stores and spares	808.69	802.07	834.83
	17795.86	**19591.07**	**21755.33**
ii) In transit			
Raw materials	710.50	1029.38	483.53
Total	**18506.36**	**20620.45**	**22238.86**

Note: The write-down of inventories to net realisable value during the year amounted to ₹ 155.38 lacs (March 31, 2017: ₹ 146.93 lacs). The write-down are included in changes in inventories of finished goods and work-in-progress.

13. Cash and cash equivalents

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	2.96	4.63	5.05
Balances with banks			
- in current accounts	1091.28	902.32	155.65
Cheques, drafts on hand	-	-	133.73
Total	**1094.24**	**906.95**	**294.43**

Notes to the Financial Statements for the year ended March 31st, 2018

13. Cash and cash equivalents (continued)

Details of specified bank notes held and transacted during the period November 8, 2016 to December 30, 2016 is as under:

(₹ in lacs)

Particulars	Specified bank notes	Other denomination notes	Totals
Closing cash in hand as on November 8, 2016	4.84	6.61	11.45
Add: Permitted receipts	-	14.47	14.47
Less: Permitted payments	-	16.90	16.90
Less: Amount deposited in banks	4.84	-	4.84
Closing cash in hand as on December 30, 2016	**-**	**4.18**	**4.18**

Note: The term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

14. Other bank balances

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unpaid dividend accounts	91.65	89.86	91.27
Deposits with remaining maturity of less than 12 months *	192.21	-	18.00
Total	**283.86**	**89.86**	**109.27**

* It includes bank deposits held against bank guarantees amounting to ₹ 192.21 lacs (March 31, 2017: Nil and April 1, 2016: ₹ 18.00 lacs).

15. Share capital

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised share capital			
9500000 (March 31, 2017: 9500000 and April 1, 2016: 9500000) equity shares of ₹ 10 each	950.00	950.00	950.00
50000 (March 31, 2017: 50000 and April 1, 2016: 50000) preference shares of ₹ 100 each	50.00	50.00	50.00
Total	**1000.00**	**1000.00**	**1000.00**
Issued, subscribed and fully paid up capital			
7462563 (March 31, 2017: 7462563 and April 1, 2016: 7462563) equity shares of ₹ 10 each fully paid-up	746.26	746.26	746.26
Forfeited shares (amount originally paid-up)	2.72	2.72	2.72
Total	**748.98**	**748.98**	**748.98**

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

Equity shares	March 31, 2018		March 31, 2017	
	Number of shares	Amount ₹ In Lacs	Number of shares	Amount ₹ In Lacs
Shares outstanding at the beginning of the year	7462563	746.26	7462563	746.26
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**7462563**	**746.26**	**7462563**	**746.26**

Notes to the Financial Statements for the year ended March 31st, 2018

15. Share capital (continued)

(ii) Terms and rights attached to the 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.

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.

(iii) Particulars of shareholders holding more than 5% of total number of equity shares

Equity shares of ₹ 10 each, fully paid-up	March 31, 2018		March 31, 2017		April 1, 2016	
	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding
Central India Industries Limited	1074634	14.40	1074634	14.40	1074634	14.40
Orient Paper and Industries Limited	906360	12.15	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.

(iv) Shares reserved for issue under Option

For details of shares reserved for issue under Employee Stock Option (ESOS) plan of the Company, refer note 41.

16. Other equity

(A) Reserves and surplus

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(i) Securities premium account			
Balance at the commencement of the year	624.95	624.95	624.95
Add: Additions during the year	-	-	-
Total	**624.95**	**624.95**	**624.95**

Security premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(ii) General reserve			
Balance at the commencement of the year	38100.00	37100.00	37100.00
Add: Amount transferred from surplus balance in the statement of profit and loss	1000.00	1000.00	-
Total	**39100.00**	**38100.00**	**37100.00**

Notes to the Financial Statements for the year ended March 31st, 2018

(A) Reserves and surplus (continued)

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(iii) Capital redemption reserve			
Balance at the commencement of the year	35.00	35.00	35.00
Add: Additions	-	-	-
Total	**35.00**	**35.00**	**35.00**

Capital redemption reserve was created for redemption of preference shares and the balance represents the unutilised amount after complete redemption of the same.

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(iv) Share options outstanding account			
Balance at the commencement of the year	55.63	45.34	45.34
Add: Share based payment expenses	38.36	10.29	-
Total	**93.99**	**55.63**	**45.34**

The Company has estabilised an equity-settled share-based payment plan for certain categories of employees of the Company. Refer to note 41 for further details on this plan.

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(v) Retained earnings			
Balance at the commencement of the year	10762.37	8142.70	8142.70
Add: Surplus as per statement of profit and loss	8075.49	5462.14	-
Items of other comprehensive income directly recognised in retained earnings			
- Remeasurement of post employment benefit obligations, net of tax	(59.70)	(46.11)	-
Amount available for appropriations	18778.16	13558.73	8142.70
Less : Appropriations			
Interim dividend on equity shares (amount per share ₹ 10 (March 31, 2017: ₹ 10))	(746.26)	(746.26)	-
Transferred to general reserve	(1000.00)	(1000.00)	-
Final dividend on equity shares (amount per share ₹ 10 (March 31, 2017: ₹ 10))	(746.26)	(746.26)	-
Corporate dividend tax on equity shares	(303.84)	(303.84)	
Total appropriations	**(2796.36)**	**(2796.36)**	**-**
	15981.80	10762.37	8142.70
Total reserves and surplus (A)	**55835.74**	**48577.95**	**45947.99**

Notes to the Financial Statements for the year ended March 31st, 2018

(B)Other comprehensive income ('OCI')

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Equity investments through OCI			
Balance at the commencement of the year	25.16	22.85	22.85
Changes in fair value	2.29	2.31	-
Total other comprehensive income (B)	**27.45**	**25.16**	**22.85**
Total (A+B)	**55863.19**	**49603.11**	**45970.84**

Dividends

After the reporting dates, the following dividends on equity shares (excluding corporate dividend tax) were proposed by the Board of Directors subject to the approval at the Annual General Meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Dividend on equity shares (amount per share ₹ 12.50 (March 31, 2017: ₹ 10))	932.82	746.26	746.26
Corporate dividend tax	189.90	151.92	151.92

17. Borrowings

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current borrowings			
Secured			
Term loan from others			
- Interest free sales tax loan from a financial institution (refer note (a) below)	6300.06	5519.81	6311.81
Unsecured			
Deferred payment liabilities			
- Deferred sales tax loan (refer note (b) below)	346.85	377.21	671.60
Total	**6646.91**	**5897.02**	**6983.41**
Current borrowings			
Secured			
Loans repayable on demand			
From bank			
- Cash credit (refer note (c) below)	-	-	6632.69
From others			
- Financial institution (refer note (d) below)	-	210.26	303.30
Unsecured			
Loans repayable on demand			
From others			
- Buyers credit from banks (refer note (e) below)	-	-	769.07
Total	**-**	**210.26**	**7705.06**

Notes to the Financial Statements for the year ended March 31st, 2018

17. Borrowings (continued)

(a) Represents interest free sales tax loan taken from a financial institution and is repayable after 7 years from the date of its respective disbursment. The last installment is falling due in August 2024. As per the agreement, these loans are secured by way of first charge on its entire assets of Sathariya unit, first charge on plant and machinery of its Balasore unit and collateral security of Corporate office building of the Company located at Gachibowli, Hyderabad.

(b) Deferred sales tax loan was sanctioned towards the sales tax dues relating to Thimmapur, Kondapally and Chennai unit. The loans are interest free and repayable at the end of 8 to 14 years from the month of deferral. The repayment of the deferral scheme has already commenced for all units. The Company has paid the last installment for Chennai and Kondapally during the current year. Last installment for Thimmapur unit is due during 2023-24.

(c) 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 property, plant and equipment, both present and future, other than assets exclusively charged in favour of a financial institution for interest free sales tax loan as disclosed above. These borrowings carries interest Nil p.a. (March 31, 2017: 9.50% to 11.80% p.a. and April 1, 2016: 7.55% to 13.50%).

(d) Loan repayable on demand from a financial institution represents bill discounting facility availed from a NBFC towards discounting of receivable of one of the major customer. It carried interest @ 11.75% p.a.

(e) Buyers' credit facilities were used as an alternate for working capital loans and the same were availed against the import of raw materials. It carries interest rate linked to LIBOR of respective currency and effective rates were in the range of 0.53% to 1.20% p.a.

18. Trade payables

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total outstanding dues of micro and small enterprises (refer note 39)	2.69	6.01	1.63
Total outstanding dues of creditors other than micro and small enterprises	19627.80	13681.91	11922.10
Total	**19630.49**	**13687.92**	**11923.73**

19. Other financial liabilities

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long-term debt (refer note 17 (a) and (b) above)	30.34	1086.41	1083.69
Interest accrued but not due on borrowings	-	-	1.14
Capital creditors	487.58	322.45	480.95
Unpaid dividend	91.65	89.86	91.27
Sundry deposits	4737.99	4763.00	4671.09
Derivative liabilities	-	53.92	48.95
Other financial liabilities	738.90	691.02	527.50
Total	**6086.46**	**7006.66**	**6904.59**

Notes to the Financial Statements for the year ended March 31st, 2018

20. Provisions

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current			
Provision for employee benefits			
- Gratuity	130.98	94.73	241.03
- Compensated absences	456.84	378.98	236.28
Total	**587.82**	**473.71**	**477.31**
Current			
Provision for employee benefits			
- Compensated absences	42.68	49.66	33.60
- Employee related other costs (refer note 40)	75.09	88.11	100.69
Provision for litigations (refer note 40)	227.13	99.19	90.80
Provision for others (refer note 40)	600.00	-	-
Total	**944.90**	**236.96**	**225.09**

21. Other liabilities

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current			
Government grant	450.49	-	-
Total	**450.49**	**-**	**-**
Current			
Advance from customers	1221.60	1402.25	1291.94
Statutory liabilities	840.57	1986.96	1799.69
Government grant	84.55	-	-
Deferred revenue (refer note (i) below)	1293.78	750.90	467.01
Other liabilities	2273.99	1144.93	839.01
Total	**5714.49**	**5285.04**	**4397.65**

(i) Deferred revenue

The deferred revenue related to loyalty credits granted has been estimated with reference to the fair value of products for which they could be redeemed. This is because the fair value of loyalty credits is not directly observable. The fair value of the customers' right to buy products at a discount for which the loyalty credits can be redeemed takes into account the amount of discount available to customers that have not earned the loyalty credits and the expected forfeiture rate.

Notes to the Financial Statements for the year ended March 31st, 2018

22. Revenue from operations

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products (including excise duty)		
Finished goods	127729.94	121086.89
Traded goods	4285.15	2912.69
Sale of services		
Service concession arrangements	282.04	311.73
Other operating revenue		
Scrap sales	207.43	230.71
Total	**132504.56**	**124542.02**

The Company is liable to Goods and Service Tax ('GST') with effect from July 1, 2017. The revenues for the year ended March 31, 2018 is net of such GST. However, the revenues for the year ended March 31, 2017 are inclusive of excise duty.

23. Other income

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend income on equity securities - at FVOCI- investment held at reporting date	0.38	0.25
Dividend income on current investments - at FVTPL	440.63	107.92
Gain on sale of current investments, net	76.65	13.80
Interest income under the effective interest method on financial assets	66.97	40.76
Rental income		
From investment property	616.74	581.21
From others	16.18	14.78
Net gain on sale of property, plant and equipment	854.39	998.32
Liabilities no longer required written back	112.58	151.93
Foreign exchange fluctuations, net	31.80	204.20
Fair value gain/ (loss) on financial assets measured at fair value through profit and loss	4.09	1.47
Government grants	56.36	-
Miscellaneous income	86.74	140.42
Total	**2363.51**	**2255.06**

24. Cost of raw materials consumed

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Inventory of materials at the beginning of the year	6730.34	8251.87
Add: Purchases during the year	57128.77	50138.25
Less: Inventory of materials at the end of the year	7420.25	6730.34
Total	**56438.86**	**51659.78**

Notes to the Financial Statements for the year ended March 31st, 2018

25. Purchases of stock-in-trade

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Purchases of stock-in-trade	3729.70	2602.81

26. Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Inventories at the beginning of the year		
Finished goods	12563.64	12568.80
Stock-in-trade	232.35	312.99
Work-in-progress	292.05	270.37
(A)	**13088.04**	**13152.16**
Inventories at the end of the year		
Finished goods	9755.24	12563.64
Stock-in-trade	174.71	232.35
Work-in-progress	347.47	292.05
(B)	**10277.42**	**13088.04**
Changes in inventories (A-B)	2810.62	64.12
Add: Stocks of finished goods out of trial run production	168.94	18.30
Total	**2979.56**	**82.42**

27. Employee benefits expense

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	8955.23	8151.26
Contribution to provident and other fund (refer note 34)	512.73	497.56
Employee share-based payment expense - equity settled (refer note 41)	38.36	10.29
Gratuity expenses (refer note 34)	165.87	143.66
Staff welfare expenses	757.90	745.82
Total	**10430.09**	**9548.59**

28. Finance costs

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expenses on financial liabilities measured at amortised cost	43.38	-
Interest on income-tax	79.60	-
Interest on others	263.73	518.19
Total	**386.71**	**518.19**

Notes to the Financial Statements for the year ended March 31st, 2018

29. Depreciation and amortisation expenses

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 4)	4392.48	3805.58
Amortisation of intangible assets (refer note 6)	244.83	231.00
Depreciation on investment property (refer note 5)	52.73	58.59
Total	**4690.04**	**4095.17**

30. Other expenses

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores and spares	3097.55	3067.80
Power and fuel	5637.64	5108.70
Contract wages	3427.82	2838.96
Repairs and maintenance		
Plant and machinery (excluding stores and spares consumption)	830.09	772.60
Buildings	275.70	222.74
Others	1638.67	1518.44
Carriage outwards (net)	14543.14	13310.70
Packing expenses	680.55	570.23
Rent (refer note 45)	2367.06	2882.06
Rates and taxes	1792.18	553.12
Excise duty on increase/ (decrease) in inventories	(1861.23)	257.66
Insurance	74.94	80.80
Professional, consultancy and legal expenses (refer note (i) below)	1692.75	1235.99
Advertisement and sales promotion	1887.82	1100.13
Travelling and conveyance	1595.37	1325.72
Commission on sales	145.89	300.47
Directors' commission	106.50	70.00
Directors' fee	43.00	46.50
Donations	-	100.00
Provision for doubtful receivables, advances and other assets (net)	(186.37)	716.43
Provision for diminution in value of investments	142.60	-
Expenditure on corporate social responsibility (refer note 31)	242.15	159.78
Miscellaneous	1404.67	1383.24
Total	**39578.49**	**37622.07**

Notes to the Financial Statements for the year ended March 31st, 2018

(i) Payment to auditors (included in professional, consultancy and legal expenses)(exclusive of taxes)

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Statutory audit fee	35.00	42.00
Tax audit fee	5.00	8.00
Limited review of quarterly results	18.00	24.00
For other services		
For certification, income tax, company law matters, etc.	4.75	13.75
For reimbursement of expenses	1.58	1.07
Total	**64.33**	**88.82**

31. Details of corporate social responsibility expenditure

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
a) Gross amount required to be spent by the Company during the year	148.56	107.81
b) Amount spent during the year ended on March 31, 2018 (in cash):		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	242.15	-
c) Amount spent during the year ended on March 31, 2017 (in cash):		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	159.78

32. Income-tax

(A) Amount recognised in statement of profit and loss

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax	4470.51	1691.35
Taxes for earlier years	-	383.80
Deferred tax attributable to temporary differences	(555.33)	(186.00)
Tax expenses	**3915.18**	**1889.15**

(B) Amount recognised in other comprehensive income

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Deferred tax related to items recognised in OCI		
Deferred tax expense on remeasurements of defined benefit plans	(31.60)	(24.40)
Deferred tax benefit on fair value gain on investments in equity instruments through OCI	1.21	0.69
Income-tax income/ (expense) recognised in OCI	**(30.39)**	**(23.71)**

Notes to the Financial Statements for the year ended March 31st, 2018

32. Income-tax (continued)

(C) Reconciliation of effective tax rate

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax	11990.67	7351.29
Enacted tax rate in India	34.608%	34.608%
Tax using the Company's domestic tax rate	4149.73	2544.13
Reduction in tax rate		
Tax effect of:		
Non-deductible tax expenses	111.99	66.61
Tax exempt income	(152.62)	(41.31)
Rate difference	(45.52)	(91.70)
Tax incentives	(143.75)	(168.34)
Others	(4.64)	(36.44)
	3915.19	**2272.95**
Adjustments in respect of income-tax for earlier years	-	**(383.80)**
Income-tax recognised in the statement of profit and loss	**3915.19**	**1889.15**

The tax rate used for reconciliation above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian tax law.

(D) The major components of deferred tax (liabilities)/ assets arising on account of timing differences are as follows:

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended April 1, 2016
Deferred tax liabilities			
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in books of account	6763.57	6820.42	6320.29
Others	12.85	8.44	6.85
Total deferred tax liabilities (A)	**6776.42**	**6828.86**	**6327.14**
Deferred tax assets			
Allowable for tax purposes on payment basis	1746.91	1092.83	775.40
Provision for doubtful trade receivables	819.14	826.44	578.46
Voluntary early retirement scheme	206.04	318.40	194.63
Others	51.64	52.78	30.53
Total deferred tax assets (B)	**2823.73**	**2290.45**	**1579.02**
Net deferred tax (asset)/ liability (A-B)	**3952.69**	**4538.41**	**4748.12**

Notes to the Financial Statements for the year ended March 31st, 2018

32. Income-tax (continued)

(E) Movement in temporary differences:

	Balance as at April 1, 2016	Recognised in profit or loss during 2016-17	Recognised in OCI during 2016-17	Balance as at March 31, 2017	Recognised in profit or loss during 2017-18	Recognised in OCI during 2017-18	Balance as at March 31, 2018
Deferred tax liabilities							
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in books of account	6320.29	500.13	-	6820.42	(56.85)	-	6763.57
Other items	6.85	0.90	0.69	8.44	3.20	1.21	12.85
Total deferred tax liabilities (A)	**6327.14**	**501.02**	**0.69**	**6828.86**	**(53.65)**	**1.21**	**6776.42**
Deferred tax assets							
Allowable for tax purposes on payment basis	775.40	317.43	-	1092.83	654.08	-	1746.91
Provision for doubtful trade receivables	578.46	247.98	-	826.44	(7.30)	-	819.14
Voluntary early retirement scheme	194.63	123.77	-	318.40	(112.36)	-	206.04
Other items	30.53	(2.15)	24.40	52.78	(32.74)	31.60	51.64
Total deferred tax assets (B)	**1579.02**	**687.02**	**24.40**	**2290.45**	**501.68**	**31.60**	**2823.73**
Net deferred tax (asset)/ liability (A-B)	**4748.12**	**(186.00)**	**(23.71)**	**4538.41**	**(555.33)**	**(30.39)**	**3952.69**

33. Operating segments

A. Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments results are reviewed regularly by the Company's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Company's CEO reviews internal management reports on regular basis.

The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	Operations
Roofing Solutions	Manufacturing and distributing Fibre Cement Sheets and Colour Coated Sheets
Building Solutions	Manufacturing and distributing Fly Ash Blocks, Aerocon Panels, Thermal Insulation Products and Dry-mix.
Others	Pipes and Fittings, Wind Power, Material Handling and Processing Plant and Equipments

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Notes to the Financial Statements for the year ended March 31st, 2018

33. Operating segments (continued)

B. Information about reportable segments (continued)

(₹ in lacs)

S. No	Particulars	March 31, 2018	March 31, 2017
1	**Segment revenue**		
	(Revenue / Income from segments)		
(a)	Roofing Solutions	85670.28	83800.49
(b)	Building Solutions	39985.75	34801.00
(c)	Others	7114.51	6229.51
	Total	**132770.54**	**124831.00**
	Less: Inter segment revenue	265.52	288.58
	Revenue / Income from operations	132505.02	124542.42
2	**Segment results**		
	Profit before tax from segments		
(a)	Roofing Solutions	13129.87	9632.04
(b)	Building Solutions	1915.47	473.75
(c)	Others	706.77	180.49
	Total	**15752.11**	**10286.28**
	Less:		
	i) Interest	123.05	113.79
	ii) Other un-allocable expenditure net-off un-allocable income	3638.14	2821.49
	Total profit before tax	**11990.92**	**7351.00**
3	**Segment assets**		
(a)	Roofing Solutions	34364.13	38524.49
(b)	Building Solutions	30150.99	31514.76
(c)	Others	16064.58	8837.18
(d)	Unallocated	21289.49	9168.55
	Total assets	**101869.19**	**88044.98**
4	**Segment liabilities**		
(a)	Roofing Solutions	19863.62	17380.02
(b)	Building Solutions	8381.69	6450.59
(c)	Others	2706.36	1022.57
(d)	Unallocated	14304.49	12839.49
	Total liabilities	**45256.16**	**37692.67**

C. Geographical information

The geographical information analyses the Company's revenues and non-current assets by the Company's Country of Domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic market, regardless of where the goods were produced and segment assets presentation is based on the geographical location of the assets.

Revenue from external customers

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
India	131686.85	123517.66
Other countries	817.71	1024.36
Total	**132504.56**	**124542.02**

D. Major customer

Revenue from any customer of the Company's Roofing Solutions, Building Solutions and other segments does not exceed 10% of the total revenue reported and hence, the Management believes there are no major customers to be disclosed.

Notes to the Financial Statements for the year ended March 31st, 2018

34. Employee benefits

The Company has the following post-employment benefit plans:

a) Defined contribution plan

The following amount has been recognised as an expense in statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

(₹ in lacs)

	March 31, 2018	March 31, 2017
Contribution to provident fund	438.38	432.11
Contribution to employees state insurance schemes	38.42	28.38
Contribution to super annuation fund	35.93	37.07
Total	**512.73**	**497.56**

b) Defined benefit plan

In accordance with the 'The Payment of Gratuity Act, 1972' of India, the Company provides for Gratuity, the Employees' Gratuity Fund Scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such Gratuity Plan are determined by an actuarial valuation as at the end of the year and are charged to the statement of profit and loss. This defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The Gratuity plan managed by a trust is a defined benefit gratuity plan which is administered through Group Gratuity Scheme with Life Insurance Corporation of India (LIC). 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 Company has determined that, in accordance with the terms and conditions of the gratuity plan, and in accordance with statutory requirements (including minimum funding requirements) of the plan of the relevant jurisdiction, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit asset is necessary at March 31, 2018 (March 31, 2017: no decrease in defined benefit asset).

i) Reconciliation of the net defined benefit (asset)/ liability

The following tables summarises 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:

(₹ in lacs)

	March 31, 2018	March 31, 2017
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	1333.29	1558.54
Current service cost	158.83	135.64
Interest cost	99.12	119.92
Re-measurement (or actuarial) (gain) / loss arising from:		
- change in demographic assumptions	-	-
- change in financial assumptions	15.94	24.82

Notes to the Financial Statements for the year ended March 31st, 2018

34. Employee benefits (continued)

i) Reconciliation of the net defined benefit (asset)/ liability (continued)

(₹ in lacs)

	March 31, 2018	March 31, 2017
- experience variance (i.e. actual experience vs assumptions)	75.36	45.70
Benefits paid	(185.99)	(551.33)
Balance at the end of the year	**1496.55**	**1333.29**
Reconciliation of the present value of plan assets		
Balance at the beginning of the year	1238.56	1317.51
Interest income	92.08	101.38
Contributions paid into the plan	73.70	170.49
Benefits paid	(38.77)	(361.34)
Return on plan assets, excluding amount recognized in net interest expense	-	10.53
Balance at the end of the year	**1365.57**	**1238.56**
Net defined benefit asset (liability)	(130.98)	(94.73)
Expense recognised in statement of profit and loss		
Current service cost	158.83	135.64
Past service gain	-	-
Interest cost	7.04	18.55
Difference between actual return and interest income on plan assets- (gain)/loss	-	(10.53)
Interest income	-	-
Total	**165.87**	**143.66**
Remeasurements recognised in other comprehensive income		
Actuarial loss/ (gain) on defined benefit obligation	91.30	70.51
Total	**91.30**	**70.51**
Plan assets		
Plan assets comprises of the following:		
Fund managed by LIC	100%	100%

Notes to the Financial Statements for the year ended March 31st, 2018

34. Employee benefits (continued)

ii. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	March 31, 2018	March 31, 2017
Discount rate	7.30%	7.44%
Future salary growth	8.00%	8.00%
Attrition rate	5.00%	5.00%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields/ rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, senority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

iii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts shown below:

	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in the assumed discount rate	1389.08	1620.39	1242.35	1437.91
Effect of 1% change in the assumed salary growth rate	1618.31	1388.80	1436.37	1241.94
Effect of 1% change in the assumed attrition rate	1478.48	1518.99	1319.54	1350.05

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Expected contributions to the plan for the next annual reporting period

The Company expects to contribute a sum of ₹ 307.05 lacs to the plan for the next annual reporting period.

Maturity profile of the defined benefit obligation

Expected cash flows

(₹ in lacs)

Particulars	March 31, 2018	March 31, 2017
Within 1 year	195.79	256.70
2 to 5 years	594.50	525.10
6 to 10 years	649.50	515.80
More than 10 years	1647.48	1427.80

Notes to the Financial Statements for the year ended March 31st, 2018

35. Earnings per share ('EPS')

(₹ in lacs)

	March 31, 2018	March 31, 2017
(a) Net profit attributable to the equity shareholders	8075.49	5462.14
(b) Weighted average number of equity shares outstanding during the year	7462563	7462563
(c) Effect of potential equity shares on employee stock option outstanding	13788	-
(d) Weighted average number of equity shares outstanding for computing diluted earnings per share [(b) + (c)]	7476351	7462563
(e) Nominal value of equity shares (in ₹)	10.00	10.00
(f) Basic earnings per share (in ₹) [(a)/(b)]	108.21	73.19
(g) Diluted earnings per share (in ₹) [(a)/(d)]	108.01	73.19

36. Capital commitments

(₹ in lacs)

	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	1381.58	549.83

37. Contingent liabilities (not provided for) in respect of:

(₹ in lacs)

	March 31, 2018	March 31, 2017
(a) Demand raised by the Income-tax authorities, being disputed by the Company*	1942.93	1929.61
(b) Demands raised by sales tax authorities, being disputed by the Company**	2209.59	1628.36
(c) Demands (including penalties) raised by excise authorities, being disputed by the Company***	3002.00	2652.94
(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 High Court where Income-tax department has preferred appeals	596.26	596.26
(f) Other disputes****	Liability not ascertainable	Liability not ascertainable
(g) Demand for property tax, being disputed by the Company	561.86	561.86
(h) Other claims against the Company not acknowledged as debts *****	288.39	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 2014 -15. The tax demands are mainly on account of disallowance of the benefit on research & development expenses, depreciation expenses on Wind mill, other expenses not allowed and capital gain on relinquishment of right on leasehold land.

** 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.

**** Other disputes represent various civil matters against the Company with regard to environment pollution and various other matters 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 financial statements for the demand raised / show cause notice received as the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial statement.

Notes to the Financial Statements for the year ended March 31st, 2018

38. Related parties

A. List of related parties and nature of relationship

Name of the related party	Nature of relationship	Country	Holding as at March 31, 2018	Holding as at March 31, 2017
Supercor Industries Limited, Nigeria.	Joint Venture	India	33%	33%

Key Management Personnel

Name of the related party	Nature of relationship
Mr. CK Birla	Chairman
Mr. Dhirup Roy Choudhary	Managing Director and CEO (Joined on January 16, 2017)
Mr. Prashant Vishnu Vatkar	Managing Director (resigned effective September 20, 2016)
Mr. Desh Deepak Khetrapal	Non Executive Director
Mr. P. Vaman Rao	Independent Director
Mr. Yash Paul	Independent Director
Mrs. Gauri Rasgotra	Independent Director
Mr. KR Veerappan	Chief Financial Officer
Mr. G Manikandan	Company Secretary & Financial Controller

B. Transactions with related parties during the year ended

Related party	Nature of transactions	March 31, 2018	March 31, 2017
Non-Executive Directors and Independent Directors	Sitting fee and commission	149.50	116.50
Managing Director & CEO	Managerial remuneration*	297.02	57.96
	Share based payment	38.30	-
Managing Director	Managerial remuneration*	-	100.20
Chief Financial Officer	Managerial remuneration*	155.15	127.02
	Share based payment	10.08	11.91
Company Secretary & Financial Controller	Managerial remuneration*	47.12	41.56

C. Balances outstanding

Name of related party	Details	March 31, 2018	March 31, 2017
Joint Venture - Supercor Industries Limited	Dividend receivable on investments #	9.01	9.01
Non-Executive Directors and Independent Directors	Commission	106.50	70.00
Managing Director & CEO	Managerial remuneration*	71.05	8.75
	Share based payment	38.30	-
Chief Financial Officer	Managerial remuneration*	32.35	18.24
	Share based payment	29.43	19.35
Company Secretary & Financial Controller	Managerial remuneration*	6.57	5.02

During the year, the Company has made provision for the dividend receivable amounting to ₹ 9.01 lacs from Joint venture as the receipt of same is considered to be doubtful. Further, the Company has also made provision for value of investment in Joint venture in the books of account amounting to ₹ 142.60 lacs.

* As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance cost are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above.

Notes to the Financial Statements for the year ended March 31st, 2018

39. Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The information as required under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

(₹ in lacs)

		March 31, 2018	March 31, 2017
(a)	The principal amount remaining unpaid to any supplier as at the end of each accounting year (including ₹ Nil shown under capital creditors [March 31, 2017: ₹ 1.21 lacs)];	2.69	7.22
(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 amount 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 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

40. Other provisions

		Opening balance	Created during the year	Utilised during the year	Closing balance
(i)	For the year 2017-18				
	Provision for employee related other costs [refer note (a) below]	88.11	55.39	68.41	75.09
	Provision for litigations [refer note (b) below]	99.19	130.91	2.97	227.13
	Provision- others [refer note (c) below]	-	600.00	-	600.00
Total		**187.30**	**786.30**	**71.38**	**902.22**
(ii)	For the year 2016-17				
	Provision for employee related other costs [refer note (a) below]	100.69	45.31	57.89	88.11
	Provision for litigations [refer note (b) below]	90.80	9.20	0.81	99.19
Total		**191.49**	**54.51**	**58.70**	**187.30**

(a) The wage agreements at four of the manufacturing locations (March 31, 2017: at three) of the Company are pending as at March 31, 2018. 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.

(b) Provision for litigations represents provision towards potential liability against various ongoing indirect tax cases based on Company's internal assessment.

(c) Provision- others represents provision towards possible obligation against certain past events for which the expected outflow is certain.

Notes to the Financial Statements for the year ended March 31st, 2018

41. Share based payments

A. Description of share-based payment arrangements

At March 31, 2018, the Company has the following share-based payment arrangements:

Employee stock option scheme (equity-settled)

The Company provides share-based payment schemes to its eligible employees as identified in the "HIL Employees Stock Option Scheme 2015 (HIL ESOS)". 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 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. The relevant terms of the grant as mentioned in the ESOP scheme 2015 are as below;

	Grant – I	Grant – II
Date of grant	August 17, 2015	July 27, 2017
Number of options granted	21950	35600
Vesting period	40% - end of year 3	40% - end of year 3
	60% - end of year 4	60% - end of year 4
Exercise period	4 years from the respective date of vesting	4 years from the respective date of vesting
Exercise price (₹)	620.00	620.00
Weighted average market price (₹)	789.59	1091.02

B. Measurement of fair values

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans measured based on the Black Scholes valuation model are as follows:

As at March 31, 2018 (₹ in lacs)

	Grant I		Grant II	
	Tranche 1 August 17, 2018	Tranche 2 August 17, 2019	Tranche 1 July 27, 2020	Tranche 2 July 27, 2021
Fair value at grant date	341.69	341.69	563.45	563.45
Exercise price	620.00	620.00	620.00	620.00
Expected volatility (weighted average volatility)	37.66%	35.75%	33.04%	33.67%
Risk-free interest rate (based on Government bonds)	7.40%	7.40%	7.40%	7.40%
Time to maturity (in years)	4.00	5.00	6.00	7.00
Expected dividend yields	2.50%	2.50%	2.50%	2.50%

Notes to the Financial Statements for the year ended March 31st, 2018

41. Share based payments (continued)

B. Measurement of fair values (continued)

As at March 31, 2017	Grant – I	
	Tranche 1 August 17, 2018	Tranche 2 August 17, 2019
Fair value at grant date	341.69	341.69
Exercise price	620.00	620.00
Expected volatility (weighted average volatility)	33.24%	33.04%
Risk-free interest rate (based on Government bonds)	6.69%	6.69%
Time to maturity (in years)	5.00	6.00
Expected dividends yields	2.23%	2.23%

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. The weighted average remaining contractual life for the stock options outstanding is 6 years (March 31, 2017: 6 years).

C. Reconciliation of outstanding share options

The details of activity under "HIL ESOS" are summarised below:

	March 31, 2018 No. of Options	March 31, 2017 No. of Options
Outstanding at the beginning of the year	33350.00	84200.00
Granted during the year	35600.00	-
Cancelled during the year*	11400.00	50850.00
Exercised during the year	-	-
Outstanding at the end of the year	57550.00	33350.00

* cancelled stock options lies in pool account for future grants.

D. Expense recognised in statement of profit and loss

For details on the employee benefits expense, see note 27.

42. Particulars of hedged foreign currency as at the balance sheet date

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

Currency	Number of contracts	Buy Amount in US$	Purpose
As at March 31, 2018	6	1335094	For hedging of trade payables
As at March 31, 2017	15	3602133	For hedging of trade payables
As at April 1, 2016	10	3250000	For hedging of loans and trade payable

Notes to the Financial Statements for the year ended March 31st, 2018

43. Service concession arrangement

On March 21, 2011, the Company entered into a service concession agreement with Gujarat Urja Vikas Nigam Limited (the grantor) to provide the service of generation of electricity and selling the same to Grantor. The Power Plant was commissioned and available for use on April 18, 2011. Under the terms of the agreement, the Company will sell all available capacity of electricity generated from the 1.8 MW Wind power plant at Village Vandhiya, Gujarat for a period of 25 years at a fixed rate of ₹ 3.56 per kwh for delivered energy as certified by state electricity authority of Gujarat state load dispatch center ('SLDC'), starting from April 18, 2011 (commercial operation date). The Company will be responsible for any maintenance services required during the concession period. The Company does not expect major repairs to be necessary during the concession period.

On September 24, 2014, the Company entered into a service concession agreement with Ajmer Vidyut Vitran Nigam Limited (the grantor) to provide the service of generation of electricity and selling the same to Grantor. The Power Plant was commissioned and available for use on September 30, 2014. Under the terms of the agreement, the Company will sell all available capacity of electricity generated from the 2 MW Wind power plant at Village Rajgarh, district Jaisalmer for a period of 25 years at a fixed rate of ₹ 5.31 per kwh for the delivered energy conforming the standards as approved by Rajasthan Electricity Regulatory Commission ('RERC'), starting from September 30, 2014 (commercial operation date). The Company will be responsible for any maintenance services required during the concession period. The Company does not expect major repairs to be necessary during the concession period.

The Company recognised service concession arrangement with Gujarat Urja Vikas Nigam Limited and Ajmer Vidyut Vitran Nigam Limited under intangible asset model, on the basis that the Company will receive variable amount of revenue from the respective discoms in Gujarat and Rajasthan depending upon the actual amount of electricity generated and supplied to the respective discoms. The discoms has not assured any minimum amount of proceeds to the Company. The Company bears the demand risk and the right to receive cash from the Discoms is not unconditional i.e. it depends upon the actual amount of electricity generated and supplied to the discoms.

The service concession agreements with the Gujarat Urja Vikas Nigam Limited and Ajmer Vidyut Vitran Nigam Limited does not contain a renewal option. The standard rights of the grantor to terminate the agreement in both the arrangements include poor performance by the Company and the event of a material breach of the terms of the agreement by the Company. The standard rights of the Company to terminate the agreement in both the arrangements include failure of the grantor to make payment under the agreement and a material breach by the grantor of the terms of the agreement.

During the year, the Company has recorded revenue of ₹ 282.04 lacs (March 31, 2017: ₹ 311.73 lacs) on generation of power, and recorded profit of ₹ 182.29 lacs (March 31, 2017: ₹ 213.67 lacs).

Notes to the Financial Statements for the year ended March 31st, 2018

44. Interest in joint venture company

a) 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, 2017	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, 2017 and 2016 are as follows:

Proportion of Company's interest in a joint venture company

(₹ in lacs)

	December 31, 2017 (Unaudited)*	December 31, 2016 (Unaudited)*
Assets		
Fixed assets (net block)	-	-
Capital Work in Progress	-	-
Investments	-	-
Inventories	-	-
Trade receivables	-	-
Cash and bank balances	-	-
Other current assets, loans and advances	-	-
Deferred tax assets	-	-
Liabilities		
Borrowings	-	-
Current liabilities and provisions	-	-
Deferred tax liabilities	-	-
Income		
Revenue from operations	-	-
Other income	-	-
Expenses		
Raw materials consumed	-	-
Manufacturing and other expenses	-	-
Interest and financial charges	-	-
Depreciation expenses	-	-
Provision for tax	-	-
Proposed dividend	-	-
Contingent liabilities	-	-
Capital commitments	-	-

* Data not available refer note (b) below

Notes to the Financial Statements for the year ended March 31st, 2018

44. Interest in joint venture company (continued)

b) The Company holds 33% stake in Supercor Industries Limited ("Supercor") and its investment in Supercor as at March 31, 2018 amounts to Nil (after considering the provision for diminution in value of investments amounting to ₹ 142.60 lacs). Supercor suspended its operations from November 2015, none of the employees of Supercor are attending office and the power connection at the offices of Supercor has also been discontinued. On account of this reason, Supercor has been unable to prepare its year end accounts. Therefore, due to non-availability of any information from Supercor and the unusual circumstances mentioned above, which is beyond the control of the Company, the Company is unable to prepare consolidated financial statements as required under section 129(3) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. To this effect, the Company has made applications to the Ministry of Corporate Affairs on February 23, 2018 seeking specific exemption from the requirement to prepare consolidated financial statements, which has been approved. Further, the Company has also intimated to stock exchange on March 26, 2018 for its inability to prepare consolidated financial statements.

45. Leases

i. Operating lease in the capacity of lessor

The Company has given certain properties under non-cancellable operating leases to various parties. Following are the details of future minimum lease payments under the agreement:

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not later than one year	421.47	444.67	78.41
Later than one year and not later than five years	392.46	813.93	28.71
Later than five years	-	-	-

ii. Operating lease in the capacity of lessee

a) The Company has certain operating leases for office facilities and residential premises (cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of ₹ 446.00 lacs (March 31, 2017: ₹ 429.98 lacs) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

b) The Company has certain cancellable arrangements with the parties (which conveys a right to use an asset in return for a payment or a series of payments) identified to be in the nature of lease and have been classified as operating lease arrangements. Rental expense of ₹ 1921.06 lacs (March 31, 2017: ₹ 2452.08 lacs) in respect of obligation under operating leases have been recognised in the statement of profit and loss. It includes payment for non-lease elements in the arrangement as the same is impracticable to separate the payments reliably.

46. Capital management

The Company aims to maintain a strong capital base so as to maintain the confidence of investors, creditors and market and to sustain future development of the business.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, including interest-bearing loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the effective portion of cash flow hedges and cost of hedging, if any.

Notes to the Financial Statements for the year ended March 31st, 2018

46. Capital management (continued)

The Company 's adjusted net debt to equity ratio at the reporting dates were as follows:

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total liabilities	45257.29	37693.01	43953.88
Less: cash and cash equivalents	(1094.24)	(906.95)	(294.43)
Adjusted net debt (A)	**44163.05**	**36786.06**	**43659.45**
Total equity	56612.17	50352.09	46719.82
Adjusted equity (B)	**56612.17**	**50352.09**	**46719.82**
Adjusted net debt to adjusted equity ratio (A/B)	**0.78**	**0.73**	**0.93**

47. 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 ₹ 329.87 lacs (March 31, 2017: ₹ 280.56 lacs) and assets / equipments purchased for research activities of ₹ 79.00 lacs (March 31, 2017: ₹ 5.86 lacs and April 1, 2016: ₹ 6.93 lacs) disclosed under Property, plant and equipment.

48. Expenditure during construction period (included in capital work-in-progress)

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance brought forward	-	-
Expenditure incurred during the year		
Cost of material consumed	165.68	39.29
Employee benefits expense	55.73	2.43
Consumption of stores and spares	35.81	1.46
Power and fuel	37.87	2.65
Repairs and maintenance		
Plant and machinery (excluding stores and spares consumption)	6.26	-
Others	32.15	-
Rent	1.78	1.20
Rates and taxes	1.10	-
Insurance	5.29	-
Professional, consultancy and legal expenses	32.23	-
Travelling and conveyance	32.32	-
Carriage outwards	13.91	-
Miscellaneous expenses	29.43	12.55
Total expenditure during construction period	449.56	59.58
Less: Turnover	75.57	19.64
Less : Stocks of finished goods out of trial run production	168.94	18.30
Total	**205.05**	**21.64**
Allocated to property, plant and equipment	45.97	21.64
Balance carried forward	159.08	-

Notes to the Financial Statements for the year ended March 31, 2018

49. Financial instruments - fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

March 31, 2018

Particulars	Note	Carrying amount					Fair value			
		FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Derivative assets	10	4.09	-	-	-	4.09	-	4.09	-	4.09
Investments in mutual funds	7	12059.20	-	-	-	12059.20	12059.20	-	-	12059.20
Investments in equity instruments	7	-	37.00	-	-	37.00	-	-	37.00	37.00
Total		**12063.29**	**37.00**	**-**	**-**	**12100.29**	**12059.20**	**4.09**	**37.00**	**12100.29**
Financial assets not measured at fair value										
Investments in other securities	7	-	-	-	-	-				
Trade receivables	8	-	-	9974.90	-	9974.90				
Loans	9	-	-	880.26	-	880.26				
Other financial assets	10	-	-	254.56	-	254.56				
Cash and cash equivalents	13	-	-	1094.24	-	1094.24				
Other bank balances	14	-	-	283.86	-	283.86				
Total		**-**	**-**	**12487.82**	**-**	**12487.82**				
Financial liabilities measured at fair value										
Derivative liabilities	19	-	-	-	-	-	-	-	-	-
Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value										
Borrowings	17	-	-	-	6646.91	6646.91				
Trade payables	18	-	-	-	19630.49	19630.49				
Other financial liabilities	19	-	-	-	6086.46	6086.46				
Total		**-**	**-**	**-**	**32363.86**	**32363.86**				

The fair value of investments in other securities, trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

Notes to the Financial Statements for the year ended March 31, 2018

49. Financial instruments - fair values and risk management (continued)

A. Accounting classifications and fair values (continued)

March 31, 2017

Particulars	Note	Carrying amount					Fair value			
		FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Derivative assets	10	-	-	-	-	-	-	-	-	-
Investments in mutual funds	7	1803.77	-	-	-	1803.77	1803.77	-	-	1803.77
Investments in equity instruments	7	-	33.50	-	-	33.50	-	-	33.50	33.50
Total		**1803.77**	**33.50**	**-**	**-**	**1837.27**	**1803.77**	**-**	**33.50**	**1837.27**
Financial assets not measured at fair value										
Investments in other securities	7	-	-	143.10	-	143.10				
Trade receivables	8	-	-	8646.05	-	8646.05				
Loans	9	-	-	768.88	-	768.88				
Other financial assets	10	-	-	126.87	-	126.87				
Cash and cash equivalents	13	-	-	906.95	-	906.95				
Other bank balances	14	-	-	89.86	-	89.86				
Total		**-**	**-**	**10681.71**	**-**	**10681.71**				
Financial liabilities measured at fair value										
Derivative liabilities	19	53.92	-	-	-	53.92	-	53.92	-	53.92
Total		**53.92**	**-**	**-**	**-**	**53.92**	**-**	**53.92**	**-**	**53.92**
Financial liabilities not measured at fair value										
Borrowings	17	-	-	-	6107.28	6107.28				
Trade payables	18	-	-	-	13687.92	13687.92				
Other financial liabilities	19	-	-	-	6952.74	6952.74				
Total		**-**	**-**	**-**	**26747.94**	**26747.94**				

The fair value of investments in other securities, trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

Notes to the Financial Statements for the year ended March 31, 2018

49. Financial instruments - fair values and risk management (continued)

A. Accounting classifications and fair values (continued)

April 1, 2016

Particulars	Note	Carrying amount					Fair value			
		FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Derivative assets	10	-	-	-	-	-	-	-	-	-
Investments in mutual funds	7	-	-	-	-	-	-	-	-	-
Investments in equity instruments	7	-	30.50	-	-	30.50	-	-	30.50	30.50
Total		**-**	**30.50**	**-**	**-**	**30.50**	**-**	**-**	**30.50**	**30.50**
Financial assets not measured at fair value										
Investments in other securities	7	-	-	143.10	-	143.10				
Trade receivables	8	-	-	10142.00	-	10142.00				
Loans	9	-	-	767.49	-	767.49				
Other financial assets	10	-	-	264.51	-	264.51				
Cash and cash equivalents	13	-	-	294.43	-	294.43				
Other bank balances	14	-	-	109.27	-	109.27				
Total		**-**	**-**	**11720.80**	**-**	**11720.80**				
Financial liabilities measured at fair value										
Derivative liabilities	19	48.95	-	-	-	48.95	-	48.95	-	48.95
Total		**48.95**	**-**	**-**	**-**	**48.95**	**-**	**48.95**	**-**	**48.95**
Financial liabilities not measured at fair value										
Borrowings	17	-	-	-	14688.47	14688.47				
Trade payables	18	-	-	-	11923.73	11923.73				
Other financial liabilities	19	-	-	-	6855.64	6855.64				
Total		**-**	**-**	**-**	**33467.84**	**33467.84**				

The fair value of investments in other securities, trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

Notes to the Financial Statements for the year ended March 31st, 2018

49. Financial instruments - fair values and risk management (continued)

B. Measurement of fair values

i. Valuation techinque and significant unobservable inputs

Derivative assets/ liabilities: The fair value is determined using forward exchange rates at the reporting date.

Investment in equity instruments: The fair value is determined based on the average of value determined as per discounted cash flows approach and intrinsic value per share as on the reporting date.

ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2017-18 and no transfers in either direction in 2016-17.

iii. Level 3 fair values

Particulars	FVOCI Equity securities
Balance at April 1, 2016	30.50
Net change in fair value (unrealised)	3.00
Balance at March 31, 2017	**33.50**
Balance at April 1, 2017	33.50
Net change in fair value (unrealised)	3.50
Balance at March 31, 2018	**37.00**

Sensitivity analysis

For the fair values of FVOCI equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	OCI, net of tax	
Particulars	**Increase**	**Decrease**
2017-18		
Annual growth rate (2.5% movement)	10.04	(5.27)
2016-17		
Annual growth rate (2.5% movement)	9.00	(4.62)

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

a) liquidity risk

b) market risk

c) credit risk

Notes to the Financial Statements for the year ended March 31st, 2018

49. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i) Risk management framework

The Company's board of directors has overall responsibility for the estabilishment and deployment of risk management framework. The board of directors has adopted a Risk Policy, which empowers the managment to access and monitoring the risk managment parameters along with action taken and the same is updated to Board of Directors.

The Company's risk management policies are estabilished to identify and analyse the risks being faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company, through its training and managment standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framwork in relation to the risk faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk managment controls and procedures, the result of which are reported to the audit committee.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts reflect the principal amounts that are gross and undiscounted, and exclude the impact of netting agreements.

(₹ in lacs)

March 31, 2018	Contractual Cash flows				
	Carrying amount	Upto 1 year	1-2 Years	2-5 Years	More than 5 years
Non-derivative financial liabilities					
Interest free sales tax loan - secured	6300.06	-	1527.46	3992.35	1355.81
Sales tax deferment loan - unsecured	377.19	30.34	56.65	285.22	4.98
Trade payables	19630.49	19630.49	-	-	-
Capital creditors	487.58	487.58	-	-	-
Unpaid dividend	91.65	11.65	15.25	33.66	31.09
Security deposits	4737.99	4737.99	-	-	-
Other financial liabilities	738.90	738.90	-	-	-
Total	**32363.86**	**25636.95**	**1599.36**	**4311.23**	**1391.88**
Derivative financial liabilities					
Derivative liabilities	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Notes to the Financial Statements for the year ended March 31st, 2018

49. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

(₹ in lacs)

March 31, 2017	Contractual Cash flows				
	Carrying amount	Upto 1 year	1-2 Years	2-5 Years	More than 5 years
Non-derivative financial liabilities					
Interest free sales tax loan - secured	6311.81	792.00	-	2634.99	2884.82
Sales tax deferment loan - unsecured	671.62	294.42	30.34	209.61	137.25
Current borrowings	210.26	210.26	-	-	-
Trade payables	13687.92	13687.92	-	-	-
Capital creditors	322.45	322.45	-	-	-
Unpaid dividend	89.86	11.20	11.86	36.65	30.15
Security deposits	4763.00	4763.00	-	-	-
Other financial liabilities	691.02	691.02	-	-	-
Total	**26747.94**	**20772.27**	**42.20**	**2881.25**	**3052.22**
Derivative financial liabilities					
Derivative liabilities	53.92	53.92	-	-	-
Total	**53.92**	**53.92**	**-**	**-**	**-**

(₹ in lacs)

April 1, 2016	Contractual Cash flows				
	Carrying amount	Upto 1 year	1-2 Years	2-5 Years	More than 5 years
Non-derivative financial liabilities					
Interest free sales tax loan - secured	7039.81	728.00	792.00	1527.46	3992.35
Sales tax deferment loan - unsecured	1027.29	355.69	294.41	151.88	225.31
Current borrowings	7705.06	7705.06	-	-	-
Trade payables	11923.73	11923.73	-	-	-
Interest accrued but not due on borrowings	1.14	1.14	-	-	-
Capital creditors	480.95	480.95	-	-	-
Unpaid dividend	91.27	14.65	11.27	38.23	27.12
Security deposits	4671.09	4671.09	-	-	-
Other financial liabilities	527.50	527.50	-	-	-
Total	**33467.84**	**26407.81**	**1097.68**	**1717.57**	**4244.78**
Derivative financial liabilities					
Derivative liabilities	48.95	48.95	-	-	-
Total	**48.95**	**48.95**	**-**	**-**	**-**

iii) Market risk

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company uses derivatives to manage market risks.

Notes to the Financial Statements for the year ended March 31st, 2018

49. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

a) Foreign currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated. The functional currency for the Company is ₹. The currencies in which these transactions are primarily denominated is US dollars, Euros and Nigerian Naira. The Company does not enter into any derivative instruments for trading or speculative purposes.

Currency risks related to the principal amounts of the Company's US dollar trade payables, taken out by Company, have been fully hedged using forward contracts that mature on the same dates as the payables are due for repayment. These contracts are designated as derivatives.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The summary of data about the Company's exposure to unhedged currency risk (based on notional amounts) as reported to the management is as follows.

	As at March 31, 2018				As at March 31, 2017			As at April 1, 2016		
	Currency	Value in foreign currency	(₹ in lacs)	(₹ in lacs)	Value in foreign currency	Exchange Rate	₹ in lacs	Value in foreign currency	Exchange Rate	(₹ in lacs)
Trade payables	US$	(9326289)	65.18	(6078.88)	(3477609)	64.86	(2255.40)	(1849082)	66.25	(1225.02)
	Euro	-	-	-	(515)	69.34	(0.36)	(636)	75.42	(0.48)
Borrowings	US$	-	-	-	-	-	-	(160820)	66.25	(106.54)
Trade receivables	US$	51798	65.18	33.76	45987	64.86	29.82	12736	66.25	8.44
Dividend receivable	Nigerian	-	-	-	2598750	0.35	9.01	2598750	0.35	9.01
Cash and bank balances	US$	-	-	-	-	-	-	800	66.25	0.53
Interest accrued but not due	US$	-	-	-	-	-	-	(1725)	66.25	(1.14)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, US dollar, Euro or Nigerian Naira against all other currencies at March 31, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

		Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2018					
(1% movement)	US$	(60.45)	60.45	(39.53)	39.53
March 31, 2017					
(1% movement)	US$	(22.26)	22.26	(14.55)	14.55
	Euro	(0.00)	0.00	(0.00)	0.00
	Nigerian Naira	0.09	(0.09)	0.06	(0.06)

Notes to the Financial Statements for the year ended March 31st, 2018

49. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

b) Interest rate risk

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Variable rate borrowings including current maturities	-	210.26	7705.06
Total borrowings	-	**210.26**	**7705.06**

Sensitivity

	Impact on profit and loss		
Particulars	**March 31, 2018**	**March 31, 2017**	**April 1, 2016**
1% increase in interest rate	-	(2.10)	(77.05)
1% decrease in interest rate	-	2.10	77.05

The interest rate sensitivity is based on the closing balance of term loans from banks.

iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet it contractual obligations, and arises principally from the Company's receivables from customers.

Trade receivables :

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Company. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

Trade receivables	< 180days	>180 days	Provision	Total
March 31, 2018	9972.83	1316.23	(1314.16)	**9974.90**
March 31, 2017	8780.32	1378.79	(1513.06)	**8646.05**
April 1, 2016	10170.21	1013.41	(1041.62)	**10142.00**

The movement in the allowance for impairment in respect of trade receivables is as follows:

	March 31, 2018	March 31, 2017
Balance as at April 1	1513.06	1041.62
Amounts written off	-	-
Net remeasurement of loss allowance	(198.90)	471.44
Balance as at March 31	**1314.16**	**1513.06**

Notes to the Financial Statements for the year ended March 31st, 2018

50. Explanation of transition to Ind AS

As stated in the accounting policies set out in note 3, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in note 3 have been applied in preparing these financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Ind AS balance sheet on the date of transition i.e. April 1, 2016.

In preparing the Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property plant and equipment, capital work-in-progress and intangible assets

As per Ind AS 101 an entity may elect to:

i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to-

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); investment property that meets the recognition criteria in Ind AS 40, Investment property; and criteria in Ind AS 38 for revaluation (including the existence of an active market).

iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101, if any) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of capital work-in-progress, investment property and intangible assets also.

Notes to the Financial Statements for the year ended March 31st, 2018

50. Explanation of transition to Ind AS (continued)

A. Optional exemptions availed (continued)

2. Investment in Joint ventures:

If a first-time adopter measures such an investment at cost, it can measure that investment at one of the following amounts in its separate opening Ind AS balance sheet:

i) Cost determined in accordance with Ind AS 27

ii) Deemed cost, defined as

- Fair value determined in accordance with Ind AS 113 at the date of transition to Ind AS, or

- Previous GAAP carrying amount at the transition date.

A first-time adopter may choose to use either of these bases to measure investment in joint venture, where it elects to use a deemed cost. Accordingly, the Company has opted to carry the investment in joint ventures, at the Previous GAAP carrying amount at the transition date.

3. Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Company has elected to avail of the above exemption.

4. Designation of previously recognised financial instruments

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL).

The Company has opted to avail this exemption to designate investment in equity shares of Birla Buildings Limited at FVTOCI on the basis of facts and circumstances that existed at the transition date.

5. Appendix C to Ind AS 18, service concession arrangements (wind power plant)

As per Ind AS 101 an entity may elect to:

i) Apply Appendix C to Ind AS 18 retrospectively;

ii) If impracticable to determine fair value voluntary exemption to apply the following treatment

- recognise financial assets and intangible assets that existed at the date of transition to Ind AS;

- Use the previous GAAP carrying amount at that date and

- Test the financial and intangible assets recognised at that date for impairment.

The Company, considering the impracticability to determine fair value retrospectively after making every reasonable effort to do so, applied the Previous GAAP carrying value and re-classed it as Intangible asset.

Notes to the Financial Statements for the year ended March 31st, 2018

50. Explanation of transition to Ind AS (continued)

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.

b) Determination of the discounted value for financial instruments carried at amortised cost.

c) Impairment of financial assets based on the expected credit loss model.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

3. Government loans

The Company has applied the requirements in Ind AS 109, Financial Instruments, and Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to Government loan existed as at the date of transition to Ind AS i.e. April 1, 2016.

Notes to the Financial Statements for the year ended March 31st, 2018

50. Explanation of transition to Ind AS (continued)

C Reconciliation of equity

(₹ in lacs)

	Notes in F below	As at date of transition April 1, 2016			As at March 31, 2017		
		Previous GAAP	Adjustment on transition to Ind AS	Ind AS	Previous GAAP	Adjustment on transition to Ind AS	Ind AS
I ASSETS							
Non-current assets							
(a) Property, plant and equipment	3,11	50062.66	(1997.94)	48064.72	47771.40	(1457.27)	46314.13
(b) Capital work-in-progress		1098.69	-	1098.69	686.00	-	686.00
(c) Investment property	1	-	708.58	708.58	-	2153.41	2153.41
(d) Other intangible assets	3	458.95	1997.94	2456.89	411.25	1891.26	2302.51
(e) Financial assets							
(i) Investments	1, 2	852.48	(678.88)	173.60	2297.30	(2120.70)	176.60
(ii) Trade receivables		10.23	-	10.23	9.23	-	9.23
(iii) Loans		767.49	-	767.49	768.88	-	768.88
(iv) Other financial assets		50.11	-	50.11	18.11	-	18.11
(f) Non current tax assets (net)		592.89	-	592.89	512.20	-	512.20
(g) Other non current assets		308.77	-	308.77	548.31	-	548.31
Total non-current assets		**54202.27**	**29.70**	**54231.97**	**53022.68**	**466.70**	**53489.38**
Current assets							
(a) Inventories		22238.86	-	22238.86	20620.45	-	20620.44
(b) Financial assets							
(i) Investments	2	-	-	-	1803.77	2.60	1806.37
(ii) Trade receivables		10131.77	-	10131.77	8636.82	-	8636.82
(iii) Cash and cash equivalents		294.43	-	294.43	906.95	-	906.95
(iv) Bank balances other than (iii)above		109.27	-	109.27	89.86	-	89.86
(v) Other financial assets		214.41	-	214.41	108.76	-	108.76
(c) Other current assets		3452.99	-	3452.99	2386.51	-	2386.42
Total current assets		**36441.73**	**-**	**36441.73**	**34553.12**	**2.60**	**34555.72**
TOTAL ASSETS		**90644.00**	**29.70**	**90673.70**	**87575.80**	**469.30**	**8805.10**
II EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital		748.98	-	748.98	748.98	-	748.98
(b) Other equity	14	45257.67	713.17	45970.84	49392.23	210.88	49603.11
Total equity		**46006.65**	**713.17**	**46719.82**	**50141.21**	**210.88**	**50352.09**
Liabilities							
Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		6983.41	-	6983.41	5897.02	-	5897.01
(b) Provisions		477.31	-	477.31	473.71	-	473.71
(c) Deferred tax liabilities (net)	13	4621.64	126.48	4748.12	4432.59	105.82	4538.41
Total non-current liabilities		**12082.36**	**126.48**	**12208.84**	**10803.32**	**105.82**	**10909.14**
Current liabilities							
(a) Financial liabilities							
(i) Borrowings		7705.06	-	7705.06	210.26	-	210.26
(ii) Trade payables	4	11970.85	(47.12)	11923.73	13741.49	(53.57)	13687.92
(iii) Other financial liabilities	4, 5	7236.23	(331.64)	6904.59	7551.39	(544.73)	7006.66
(b) Other current liabilities	5	3930.65	467.00	4397.65	4534.14	750.90	5285.04
(c) Provisions	6	1123.28	(898.19)	225.09	236.96	-	236.96
(d) Current tax liability(net)		588.92	-	588.92	357.03	-	357.03
Total current liabilities		**32554.99**	**(809.95)**	**31745.04**	**26631.27**	**152.60**	**26783.87**
Total liabilities		**44637.35**	**(683.47)**	**43953.88**	**37434.59**	**258.42**	**37693.01**
TOTAL EQUITY AND LIABILITIES		**90644.00**	**29.70**	**90673.70**	**87575.80**	**469.30**	**88045.10**

Notes to the Financial Statements for the year ended March 31st, 2018

50. Explanation of transition to Ind AS (continued)

D Reconciliation of total comprehensive income for the year ended March 31, 2017

		For the year ended March 31, 2017		
	Notes in F below	Previous GAAP	Adjustment on transition to Ind AS	Ind AS
I REVENUE				
Revenue from operations	5,9,10	113081.65	11460.37	124542.02
Other income	2,4	2251.00	4.06	2255.06
TOTAL REVENUE (I)		**115332.65**	**11464.43**	**126797.08**
II EXPENSES				
Cost of materials consumed		51659.78	-	51659.78
Purchases of stock in trade	7	5819.62	(3216.81)	2602.81
Changes in inventories of finished goods, stock-in-trade and work in progress		82.42	-	82.42
Excise duty on sale of goods	9	-	12628.71	12628.71
Employee benefits expense	8	9619.08	(70.49)	9548.59
Finance costs		518.19	-	518.19
Depreciation and amortisation expense		4095.17	-	4095.17
Other expenses	5,7,10	35507.75	2114.32	37622.07
TOTAL EXPENSES (II)		**107302.01**	**11455.73**	**118757.74**
III Profit before exceptional items and tax (I-II)		8030.64	8.70	8039.34
IV Exceptional items		688.05	-	688.05
V Profit before tax (III-IV)		**7342.59**	**8.70**	**7351.29**
VI Tax expense				
Current tax		2075.15		2075.15
Deferred tax	13	(189.05)	3.05	(186.00)
		1886.10	**3.05**	**1889.15**
VII Profit for the year (V-VI)		**5456.49**	**5.65**	**5462.14**
VIII Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
(a) Re-measurements of defined benefit liability/(asset)	8	-	(70.51)	(70.51)
Income-tax relating to above item	13	-	24.40	24.40
		-	(46.11)	(46.11)
(b) Equity investments through other comprehensive income- net change in fair value	2	-	3.00	3.00
Income-tax relating to above item	13	-	(0.69)	(0.69)
		-	2.31	2.31
Other comprehensive income for the year, net of income tax		**-**	**(43.80)**	**(43.80)**
IX Total comprehensive income for the year(VII +VIII)		**5456.49**	**(38.15)**	**5418.34**

Notes to the Financial Statements for the year ended March 31st, 2018

E Reconciliation of cash flows for the year ended March 31, 2017

(₹ in lacs)

	For the year ended March 31, 2017		
	Previous GAAP	**Adjustment on transition to Ind AS**	**Ind AS**
Net cash generated from operating activities	15058.89	(0.08)	15058.81
Net cash used in investing activities	(3550.80)	0.08	(3550.72)
Net cash used in financing activities	(10895.57)	-	(10895.57)
Net increase in cash and cash equivalents	612.52	-	612.52
Cash and cash equivalents at the beginning of the year	294.43	-	294.43
Cash and cash equivalents at the end of the year	**906.95**	**-**	**906.95**

F Notes to reconciliation

1. Investment property

Based on Ind AS 40, the Company has reclassified certain property, plant and equipment to investment property. Under the previous GAAP, this was disclosed as an investment.

2. Fair valuation of investments

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries, associates and joint ventures as well as debt securities have been fair valued. The Company has designated investment in equity shares of Birla Buildings Limited designated as at fair value through other comprehensive income as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost. Under the previous GAAP, current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition April 1, 2016 and subsequently in the profit or loss for the year ended March 31, 2017.

3. Service concession arrangement- intangible asset model

In accordance with the para D22 of Ind AS 101, the Company recognised the intangible assets that existed at the transition date at previous GAAP carrying value. Under previous GAAP it was disclosed under Property, plant and equipment.

4. Derivatives

In accordance with Ind AS 109, derivative instruments have been measured at fair value using the mark-to-market method.

5. Customer loyalty programme

The Company grants credit points to the customers as part of a sales transactions which allows customers to accumulate the credit points and these points can be redeemed by the customers. Under the previous GAAP, the Company had created a provision towards its liability under the programme. Under Ind AS, sales consideration received has been allocated between the goods sold and the credit points granted. The consideration allocated to the customer credit points has been deferred and will be recognised as revenue when the reward points are redeemed or lapsed. Accordingly, the Company has recognised deferred revenue with corresponding adjustment to retained earnings.

Notes to the Financial Statements for the year ended March 31st, 2018

50. Explanation of transition to Ind AS (continued)

F Notes to reconciliation (continued)

6. Proposed dividend

Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

7. Lease arrangement

Under previous GAAP, arrangements that did not take the legal form of lease were accounted for based on the legal form of such arrangements e.g. job work arrangement. Under Ind AS, any arrangement (even if not legally structured as lease) which conveys a right to use an asset in return for a payment or series of payments are identified as leases provided certain conditions are met. In case such arrangements are determined to be in the nature of leases, such arrangements are required to be classified into finance or operating leases as per the requirements of Ind AS 17, Leases.

The Company has entered into certain job work arrangements which have been identified to be in the nature of lease and have been classified as operating lease arrangements.

8. Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP, the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on April 1, 2016 and as on March 31, 2017.

9. Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the statement of profit and loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended March 31, 2017. The total comprehensive income for the year ended and equity as at March 31, 2017 has remained unchanged.

10. Cash discount

Under previous GAAP, cash discount extended to the customers has been estimated at the inception and charged as an expense under the head Other expenses. Under Ind AS, cash discount extended to the customers shall be estimated at inception and adjusted from the transaction price as “Variable Consideration”. This has resulted in an decrease in the revenue from operations and expenses for the year ended March 31, 2017. The total comprehensive income for the year ended and equity as at March 31, 2017 has remained unchanged.

11. Reversal of revaluation reserve

Under previous GAAP, during the period ended March 31, 2017, the Company has reversed the revaluation reserve outstanding in the books amounting to ₹ 433.99 lacs in accordance with the revised Accounting Standard 10. Under Ind AS, the Company has elected the option of deemed cost as on the date of transition to Ind AS. This has resulted in reclassing the revaluation reserve outstanding as on the transition date to retained earnings. Accordingly, reversal of revaluation reserve under previous GAAP.

Notes to the Financial Statements for the year ended March 31st, 2018

50. Explanation of transition to Ind AS (continued)

F Notes to reconciliation (continued)

12. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

13. Deferred tax assets/ (liabilities)

The decrease/ (increase) in the deferred tax liabilities are on account of adjustments made on transition to Ind AS.

14. Retained earnings

Reconciliaton of total equity as at March 31, 2017 and April 1, 2016:

(₹ in lacs)

Particulars	As at March 31, 2017	As at April 1, 2016
Balance sheet		
Total equity as per previous GAAP	**50141.21**	**46006.65**
Fair valuation of forward contracts	(0.36)	(1.83)
Fair valuation of customer loyalty programme	(152.26)	(86.40)
Fair valuation of investment in mutual funds	2.60	-
Reversal of PPE-revaluation reserve	433.99	-
Proposed dividend	-	898.18
Fair valuation of investment in Birla Buildings Limited	32.70	29.70
Deferred taxes	(105.79)	(126.48)
Total equity	**50352.09**	**46719.82**

51. Exceptional items

During the previous year, with a view to rationalise the workforce at its Faridabad and Thrissur units, the Company had announced Voluntary Early Retirement Scheme (VERS). In response to the VERS, workmen opted for the same and an expenditure of ₹ 688.05 lacs on VERS was charged to the statement of profit and loss as an exceptional item.

As per our Report of even date attached

For **M/s. B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number : 116231W/ W-100024

Vikash Somani
Partner
Membership No.: 061272

Place: New Delhi
Date: April 26, 2018

For and on behalf of the Board of Directors of **HIL Limited**
CIN No.: L74999TG1955PLC000656

CK Birla
Chairman
DIN : 00118473

Dhirup Roy Choudhary
Managing Director & CEO
DIN : 07707322

KR Veerappan
Chief Financial Officer

G Manikandan
Company Secretary &
Financial Controller

Place: New Delhi
Date: April 26, 2018

Notice of the 71st Annual General Meeting

Notice is hereby given that the 71st Annual General Meeting of **HIL Limited** will be held on Monday, the **6th day of August, 2018,** at **3:00 PM** at **Asbestos Centre, Road No.13, Banjara Hills, Hyderabad, Telangana-500 034**, to transact the following business:

Ordinary Business

Item no. 1 : Adoption of Financial Statements

To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018, together with the statement of Profit & Loss and cash flow statement for the financial year ended on that date and the reports of the Board of Directors ("the Board") and Auditors thereon.

Item no. 2 : Declaration of Dividend

To declare final dividend of ₹ 12.50 per equity share and to confirm the interim dividend of ₹ 10.00 per equity share already paid for the financial year ended March 31, 2018.

Item no. 3 : Appointment of Mr. CK Birla (DIN 00118473) as a Director liable to retire by rotation

To appoint a director in place of Mr. CK Birla (DIN 00118473), who retires by rotation and, being eligible, seeks reappointment.

Item no. 4 : Take note of the term of appointment of Auditors

To ratify the appointment of Statutory Auditors and take note the change term as per the provisions of Section 139 of the Companies Act, 2013 read with the rules and amendments made thereunder and to authorize the Board of Directors to fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Section 139 and 142 and other applicable provisions of the Companies Act, 2013 read with the Companies Amendment Act, 2017 and the rules made thereunder, as amended from time to time, pursuant to the proposal of the Audit Committee of the Board and recommendation of the Board, consent of the members be and is hereby accorded to M/s. B S R & Associates LLP Chartered Accountants (ICAI Firm Registration Number: 116231W/W-100024) Statutory Auditors of the Company to hold office till the conclusion of the 75th Annual General Meeting to be held in year 2022 on a remuneration that may be determined by the Audit Committee/Board".

Special Business

Item no. 5 : To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2019

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 thereunder and subject to all other approvals, if any required, the Company be and is hereby authorized to pay an amount of ₹ 7.00 lakhs plus reimbursement of out-of-pocket expenses 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 March 31, 2019.

Item no. 6 : To make investments, or to give loans or to give guarantee(ies) or to provide security(ies) to other companies or body corporates upto ₹ 1000 Crores as per provisions of Section 186(3) of the Companies Act, 2013

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

"RESOLVED THAT in supersession of all earlier special resolution passed by the members, pursuant to Section 186 and all other applicable provisions of the Companies Act, 2013 and the rules framed thereunder and subject to such approvals, consents, sanctions and permissions as may be necessary and provisions of other applicable laws and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded, to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include, unless the context otherwise requires, any Committee of the Board) to (a) grant/give loans, from time to time, on such terms and conditions as it may deem expedient, to any person or other bodies corporate; (b) provide guarantee / security to secure any loan / obligations of any other person or bodies corporate; and (c) acquire by way of subscription, purchase or otherwise the securities of any other bodies corporate, in excess of limits prescribed under Section 186(2) of the Companies Act, 2013 (as amended from time to time) up to a maximum amount of ₹ 1,000 Crores (Rupees One Thousand Crores only), notwithstanding that the aggregate of loans and investments so far made and/or guarantees so far issued to entities other than wholly owned subsidiaries of the Company, along with the investments, loans, guarantee or security made or given in the future may exceed limits prescribed under Section 186 of the Companies Act, 2013 (as amended from time to time) and that the Board be and is authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution, and to settle any question or doubt that may arise in this regard."

Item no. 7 : To borrow funds upto ₹ 1000 Crores, from time to time for the business of the Company as per the Section 180(1)(c) of the Companies Act, 2013

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

"RESOLVED THAT in supersession of all earlier special resolution passed by the members and pursuant to Section 180(1)(c) and all other applicable provisions of the Companies Act, 2013 and the rules framed thereunder and subject to such approvals, consents, sanctions and permissions as may be necessary and provisions of other applicable laws and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded, to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include, unless the context otherwise requires, any Committee of the Board) to borrow periodically from any lender including without limitation [Banks and/or public financial institutions and/or any foreign financial institution(s) and/or foreign institutional investor(s) and/or bodies corporate(s) and/or eligible foreign lender(s) and/or debenture holders and/or any other person(s) or institution(s)] through term loans, working capital loans, fixed deposits, inter corporate loans, commercial papers, external commercial borrowings, debt instruments, bonds, debentures, (both convertible and non-convertible), floating rate notes, fixed rate notes, syndicated loans, whether from India or abroad, either in rupees or in such other foreign currencies as may be permitted by law from time to time, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business in terms of Section 180 of the Companies Act, 2013) may, at any time, exceed the aggregate of the paid-up share capital of the Company, its free reserves (as permitted by the Companies Act, 2013) and securities premium, subject to such aggregate borrowings not exceeding ₹ 1,000 Crores (Rupees One Thousand Crores only) and that the Board be and is hereby empowered and authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution including to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit."

Item no. 8 : To create security on the properties/assets of the Company, both present and future, in favour of lenders as per Section 180(1)(a) of the Companies Act, 2013

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

"RESOLVED THAT in supersession of all earlier special resolution passed by the members and pursuant to Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 and the rules framed thereunder and subject to such approvals, consents, sanctions and permissions as may be necessary and provisions of other applicable laws and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded, to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include, unless the context otherwise requires, any Committee of the Board) to sell, lease or otherwise dispose of, to mortgage, charge, hypothecate, pledge and/or other encumbrances from time to time, in addition to the existing encumbrances, on all or any part of, its movable and/or immovable, tangible and/or intangible properties/assets, both present and future and/or whole or substantially the whole of the undertaking(s) of the Company in such form, manner and time as the Board may deem fit, for securing any loans and/or borrowings and/or advances and/or guarantees and/or deferred payment scheme and/or security for debentures/bonds/other securities [including fully/partly convertible and/or non-convertible debenture and/or any other debts instruments/floating rate notes etc.,] and/or any financial assistance in Indian Rupee and/or foreign currency by the Company from any lender [including without limitation, any bank, public financial institutions, foreign institutional investors, bodies corporates, eligible foreign lenders, any other person(s) or institution(s)] together with interest, cost, charges, expenses and all other monies payable by the Company to the said lender(s), up to a value of and within the overall limits of ₹ 1,500 Crores (Rupees One Thousand Five Hundred Crores Only) and that the Board be and is authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution, and to settle any question or doubt that may arise in this regard.

Dated: **June 7, 2018**
Place : New Delhi

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

G Manikandan
Company Secretary &
Financial Controller
M. No. A36405

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. 4 to 8 of the accompanying Notice:

Item no. 4:

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

As per Section 139 of the Companies Act 2013, M/s. B S R & Associates LLP Chartered Accountants, (ICAI Firm Registration Number: 116231W/W-100024) has been appointed as Statutory Auditors for a period of five years i.e., from conclusion of 70th Annual General Meeting (held on July 18, 2017) till the conclusion of the 75th Annual General Meeting, subjective to ratification every year.

Ministry of Corporate Affairs vide the Companies Amendment Act, 2017 read with circular dated May 07, 2018 has amended Section 139 of the Companies Act, 2013 and omitted the requirement of yearly ratification of the Statutory Auditor.

In view of the above, based on the recommendation of the Audit Committee at their meeting held on April 26, 2018, Board of Directors at their meeting held on June 07, 2018 has recommended to the members to take note of the remaining term of the appointment of M/s. B S R & Associates LLP Chartered Accountants, (ICAI Firm Registration Number: 116231W/W-100024) as the Statutory Auditors of the Company till the conclusion of the 75th Annual General Meeting to be held in year 2022 on a remuneration that may be determined by the Audit Committee/Board".

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

The Board of Directors, in the interest of the Company, recommends the Ordinary Resolution set out at Item no.4 of the Notice for approval by the shareholders.

Item no. 5:

As per the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Board of Directors of your Company, at their meeting held on April 26, 2018, based on the recommendation of the Audit Committee, appointed M/s. S. S. Zanwar & Associates as Cost Auditors of the Company to conduct audit of cost records of the Company for the products covered under the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2018-19, at a remuneration of ₹ 7.00 lakhs 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 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 March 31, 2019.

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

The Board of Directors, in the interest of the Company, recommends the Ordinary Resolution set out at Item no.5 of the Notice for approval by the shareholders.

Item no. 6:

As per the provisions of as per Section 186 of the Companies Act, 2013 (the "Act")(including the amendments made thereunder) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (the "Rules") (as amended), prior approval of the members of the Company by means of a Special Resolution is necessary to give any loan, make investment or give guarantee or provide any security in connection with a loan to any other body corporate or person including subsidiary or joint venture entity (either in India or abroad) and/or for acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate including any subsidiary or joint venture entity (either in India or abroad), beyond the prescribed ceiling limits i.e sixty per cent of the aggregate of the paid-up capital, free reserves and securities premium account or, one hundred per cent of its free reserves and securities premium account, whichever is more.

In view of increased turnover and profitability during past years and that keeping in view the strategic plans and achieving long term business objectives, the Company may be required to give loan, guarantee or provide security during the course of business in the interest of Company and to take up various investment opportunities and explore the options for organic and in-organic growth to achieve the desired growth thereby creating shareholder value.

Board of Directors of the Company, at their meeting held on June 7, 2018 accorded its approval, subject to the consent of the members of the Company, to:
a) give any loan to any person or other body corporate;
b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and
c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate up to a maximum of ₹ 1,000 crores (Rupees One Thousand Crores Only) or in any other currency for an equivalent amount, notwithstanding that the aggregate of loans and investments so far made and/or guarantees so far issued to entities together with the loans, investments and/or guarantees made or given in the future shall exceed the ceiling limits as per Section 186 .

The investment(s), loan(s), guarantee(s) and security (ies), as the case may be, will be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant rules made thereunder and shall be subject to applicable laws and regulations.

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

The Board of Directors, in the interest of the Company, recommends the Special Resolution set out at Item no.6 of the Notice for approval by the shareholders.

Item no. 7 & 8:

Keeping in view, the Company's strategic plans and long term business objectives, including to explore options for organic and in-organic growth to achieve the desired growth thereby creating shareholder value and financial requirements (existing and future) to support its business operations, the Company needs additional funds from time to time, and the Company is desirous of raising finance from various Banks and/or Financial Institutions and/ or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital, free reserves and securities premium of the Company.

In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole or part of the undertaking of the Company.

As per the provisions of as per Section 180(1)(a) of the Companies Act, 2013 (the "Act")(including the amendments made thereunder) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (the "Rules") (as amended), prior approval of the members of the Company by means of a Special Resolution is necessary to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Under Section 180(1)(c) of the Companies Act, 2013 read with the rules, prior approval of the members of the Company by means of a Special Resolution is necessary to borrow monies, where the monies to be borrowed, together with the monies already borrowed by the Company will exceed the aggregate of the paid-up capital, free reserves and securities premium of the Company.

The Board of Directors at meeting held on June 07, 2018 accorded its approval under Section 180(1)(c) to, subject to the consent of the members of the Company, borrow funds in excess of the aggregate of the paid-up capital, free reserves and securities premium of the Company subject to the maximum borrowing limits not exceeding ₹ 1000.00 Crores (Rupees One Thousand Crores only).

In the same Board Meeting held on June 07, 2018, the Board of Directors accorded its approval under Section 180(1)(a), subject to the consent of the members of the Company, provide security (i.e to sell, lease or otherwise dispose of, to mortgage, charge, hypothecate, pledge and/or create other encumbrances from time to time, in addition to the existing encumbrances, on all or any part of, the Company's movable and/or immovable, tangible and/or intangible properties/ assets, both present and future and/or whole or substantially the whole of the undertaking(s) of the Company) subject to the maximum security provided not exceeding ₹ 1500.00 Crores (Rupees One Thousand Five Hundred Crores only).

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

The Board of Directors, in the interest of the Company, recommends the Special Resolution set out at Item no. 7 & 8 of the Notice for approval by the shareholders.

Dated: **June 7, 2018**
Place : New Delhi

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

G Manikandan
Company Secretary &
Financial Controller
M. No. A36405

NOTES:

1. The relative Explanatory Statements pursuant to Section 102(1) of the Companies Act, 2013 ("Act") setting out material facts concerning the special business to be transacted at the Annual General Meeting ('AGM') are annexed hereto.

2. 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 are also annexed.

3. 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.

4. 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.

5. 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.

6. Members/ proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

7. 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.

8. All relevant documents referred to in the accompanying Notice under Section 102 of the Act 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

9. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, July 31, 2018 to Monday, August 6, 2018** (both days inclusive), for annual closing and determining the entitlement of the shareholders to the final dividend for the year ended March 31, 2018.

10. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched by **Friday, August 10, 2018** 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 the 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 **Monday, July 30, 2018**.

11. 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 – 500018.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharat Nagar, Hyderabad – 500018.

13. The Securities and Exchange Board of India (SEBI) vide their Circular No. SEBI/HO/ MIRSD/ DOP1/ CIR/P/2018/73 dated 20.04.2018 has mandated that the following details of Shareholders must be updated with the Registrar and Share Transfer Agent (RTA) i.e **Folio No., DPID/Client ID, Name of the first securities holder, Payee details, Bank name, Bank account, Bank branch of the holder of securities, MICR number** and instructed the RTA's, Banks and Companies not to issue physical dividend warrants without bank details.

    Members are requested to avail the Electronic Clearing Service (ECS) facility for receiving dividend. Shareholders are requested to update the same with RTA and avoid withhold of dividends or transfer of dividends to Unpaid/ IEPF account.

14. 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.

15. 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.

16. 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.

17. Members holding shares in electronic form may submit the same to their respective depository participant.

18. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant rules issued thereunder, 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 - 500018. 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.

19. Copies of the Annual Report 2017-2018 are being sent by electronic mode only to 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 2017-2018 are being sent by the permitted mode.

20. 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 - 500018 and have it duly filled and sent back to them.

21. 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 - 500018 (email: info@vccilindia.com) Tel: 040-23818475/76; Fax: 040-23868024.

22. 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.

23. 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.

24. The Notice of the 71st 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.

25. Members may also note that the Notice of the 71st AGM and the Annual Report 2017-18 will be available on the Company's website **www.hil.in.**

26. The board of directors has appointed Mr. Mohit Gurjar, (CP No 18644, and Membership No 20557) of M/s. P.S. Rao & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.

27. The facility for voting, through polling paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.

28. 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.

29. All the Shareholders are informed that the shares, wherein the dividend(s) remains unclaimed from the financial year 2011-12 for a period of seven consecutive years, will be transferred to IEPF or IEPF Suspense Account and are requested to claim their unclaimed dividends by writing to the Company or RTA.

30. **The instructions for e-voting are as under:**

    a. In compliance with 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 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 71st 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).

    b. The facility for voting through ballot paper shall be made available at the AGM 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.

    c. 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.

    d. The remote e-voting period commences on **August 01, 2018 (9:00 am) and ends on August 05, 2018 (5:00 pm).** During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 30, 2018 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.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: **https://www.evoting.nsdl.com/** either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at **https://eservices.nsdl.com/** with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
b) For Members who hold shares in demat account with CDSL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members hold shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

   c) How to retrieve your ‘initial password’

      i. If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

      ii. If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:

   a) Click on **“Forgot User Details/Password?”** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **“Physical User Reset Password?”** (If you are holding shares in physical mode) option available on **www.evoting.nsdl.com**.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at **evoting@nsdl.co.in** mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box

8. Now, you will have to click on “Login” button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mohitkamdar@yahoo.co.in_with a copy marked to **evoting@nsdl.co.in**
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/Password?"** or **"Physical User Reset Password?"** option available on **www.evoting.nsdl.com** to reset the password
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of **www.evoting.nsdl.com** or call on toll free no.: 1800-222-990 or send a request at **evoting@nsdl.co.in**

TOGETHER, WE BUILD.

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)..

Email Id: .... Folio No./ DP id & Client Id: ....

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

1. Name: .... Email Id: ....

Address: ....

Signature: .... Or falling him

2. Name: .... Email Id: ....

Address: ....

Signature: .... Or falling him

3. Name: .... Email Id: ....

Address: ....

Signature: ....

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 71st Annual General Meeting of the Company at Asbestos Centre, Road No.13, Banjara Hills, Hyderabad – 50 034. Telangana at 3.00 pm on Monday, August 06, 2018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Resolution	Vote (Optional, See Note no 3 below)	
		For	Against
Ordinary Business			
1	Adoption of Financial Statements		
2	Declaration of Dividend		
3	Appointment of Mr. CK Birla (DIN 00118473) as a Director liable to retire by Rotation		
4	Take note of the term of appointment of Auditors		
5	To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2019		
6	To make investments, or to give loans or to give guarantee(ies) or to provide security(ies) to other companies or body corporates upto ₹ 1000 Crs as per provisions of Section 186(3) of the Companies Act, 2013		
7	To borrow funds upto ₹ 1000 Crs, from time to time for the business of the Company as per the Section 180(1)(c) of the Companies Act, 2013		
8	To create security on the properties/assets of the Company, both present and future, in favour of lenders as per Section 180(1)(a) of the Companies Act, 2013		

Signed this .... day of 2018

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

Notes:

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

INTENTIONALLY LEFT BLANK

TOGETHER, WE BUILD.

HIL Limited

(formerly Hyderabad Industries Limited)
Regd. Off: office No 1 & 2, L7 Floor, SLN Terminus, Survey no 133,
Near Botanical Gardens, Gachibowli, Hyderabad- 500032, Telangana
Tel: 040-30999000, Website: www.hil.in
CIN: L74999TG1955PLC000656

ATTENDANCE SLIP

Name and Address of the Shareholder(s):
(Including Joint holders, if any)

Registered Folio no. / DP ID & Client ID:

Number of Share held:

I / We hereby record my presence at the 71st Annual General Meeting of the Company held on Monday, August 6, 2018 at 3.00 pm at Asbestos Centre, Road No.13, Banjara Hills, Hyderabad – 500 034. Telangana or at any adjournment thereof in respect of such resolutions as mentioned in the Notice.

....

Name of the Registered Holder / Proxy /
Authorized Representative
(IN BLOCK LETTERS)

....

Name of the Registered Holder / Proxy /
Authorized Representative

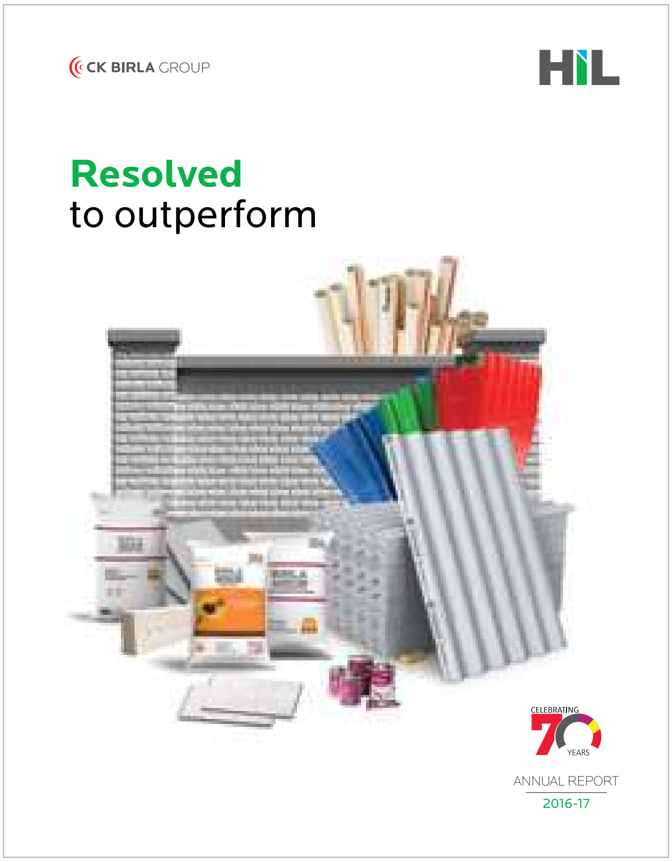
NOTE: Please fill up this attendance slip and hand it over at the entrance of the Meeting hall, members are requested to bring their copies of the Annual Report at the Annual General Meeting.

Route map 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.

NOTE

NOTE



Disclaimer

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forwardlooking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the abovementioned circumstances, we can provide no warranty regarding the correctness, completeness, and upto-date nature of information taken, and declared as being taken, from third parties, as well as for forwardlooking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

TOGETHER, WE BUILD.

HIL Limited
Office 1 & 2, SLN Terminus, 7th floor
Near Botanical Garden, Gachibowli, Hyderabad
500032, Telangana, India
+91 40 30999000 | www.hil.in

a K&A creation | www.kalolwala.co.in