

NEAPS/BSE ONLINE

28<sup>th</sup> August, 2020

The Corporate Relationship Dept.,  
BSE Ltd.,  
Phiroze Jeejeebhoy Towers,  
1<sup>st</sup> Floor, New Trading Ring  
Rotunda, Dalal Street,  
Mumbai - 400 001

The Secretary,  
National Stock Exchange of India Ltd.,  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G-Block  
Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400 051

Dear Sir/Madam,

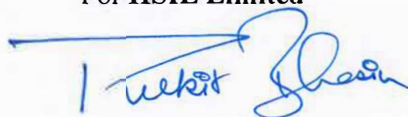
**Sub: Annual Report for the Financial Year 2019-20 of the Company along with Notice of 60<sup>th</sup> Annual General Meeting**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the Financial Year 2019-20 along with Notice of 60<sup>th</sup> Annual General Meeting to be held on Saturday, 19<sup>th</sup> September, 2020 at 11:00 A.M. (IST) through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM') in accordance with the Circular Nos. 14/2020, 17/2020 and 20/2020 dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 respectively issued by Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 issued by the Securities and Exchange Board of India.

Please take the above on your record.

Kindly acknowledge the receipt.

For HSIL Limited



(Pulkit Bhasin)  
Company Secretary

Name: Pulkit Bhasin  
Address: 301-302, 3<sup>rd</sup> Floor, Park Centra, Sector-30, NH-8, Gurugram-122001  
Membership No. 27686

Enclosure as above

HSIL Limited

Corporate Office: 301-302, 3<sup>rd</sup> Floor, Park Centra, Sector-30, NH 8, Gurugram, Haryana-122 001, India. T. +91 124 477 9200  
Registered Office: 2, Red Cross Place, Kolkata-700001, West Bengal, India. T. +91 33-22487407/5668

hsilinvestors@hsilgroup.com | www.hsilgroup.com | CIN: L51433WB1960PLC024539





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### FY 2019-20 HIGHLIGHTS

**₹ 1,859.07 CRORE**

Revenue from operations

↑ 16%

**₹ 291.35 CRORE**

EBITDA

↑ 37%

**₹ 48.42 CRORE**

PAT

↑ 217%





## PURPOSE

When an organisation aligns around a common purpose, great things happen. At HSIL, we find purpose in our strive to enrich the lives of customers and grow profitably and sustainably; and this purpose guides every decision we make and is reflective of who we are.

## PERFORMANCE

We are steadily enhancing our performance across key focus areas by building scale, adopting green technologies, introducing cutting-edge innovative products and implementing best practices across our manufacturing facilities.

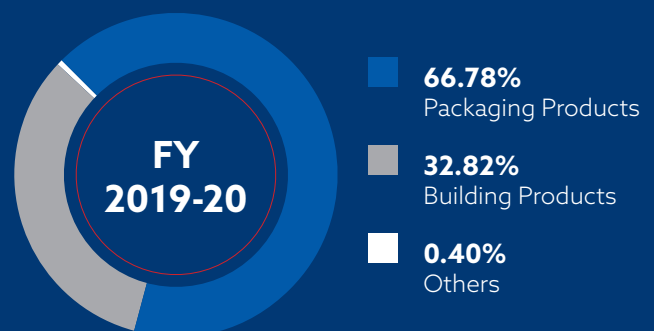
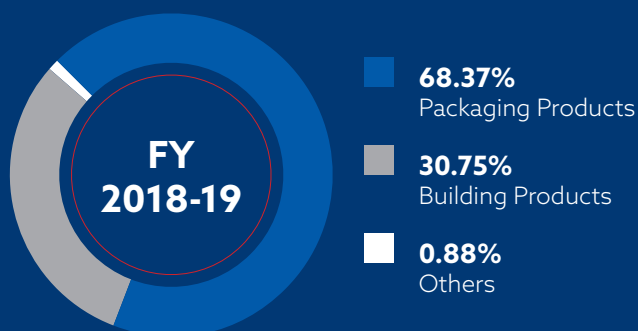
## QUALITY

On the path to enduring growth, we are actively working to further improve quality and efficiency in our operations. We are exploring areas where digitalisation can help us achieve greater safety and increase productivity of our teams, while reducing operational costs. In doing so, we are also increasingly emphasising the reduction, reuse and recycling of resources and contributing to a more sustainable world.

Grounded in the three tenets of purpose, performance and quality, the pursuit of excellence is a way of life for us. It provides the firepower to our ambition to excel every day, delight our customers for decades and add new chapters to our legacy.

With the global pandemic impacting lives, livelihoods and businesses, a new normal is now upon us and as a leaner, more agile and flexible organisation, we are confident that HSIL will not just survive, but also thrive. We are committed to strengthen our business continuity plan, engage more with customers and business partners to craft strategies for the future; and above all, support the communities we work with in the best way we can.

## REVENUE BREAK-UP



## Welcome to Our World

**We are active in two distinct divisions: manufacturing, marketing and distribution of Packaging Products; and manufacturing of Building Products. We are the pioneers of quality vitreous china sanitaryware production in India.**

HSIL was founded in 1960 as Hindusthan Twyford Limited, in technical collaboration with Twyford, United Kingdom to establish the first vitreous china sanitaryware manufacturing company in India. Our Company structure<sup>1</sup> today, provides a stable foundation and strong platform for continued long-term and sustainable growth in a market in transition. Through our business divisions, we provide products that help make people's lives more comfortable and convenient.

Excellence isn't just a fixed goal at HSIL. It's a continuous quest to improve ourselves and our performance. And we strongly believe that our Company can be a force for good. By using our scale and leadership, we work to create value and make a difference for our customers and other stakeholders.

<sup>1</sup>Note: Demerged the marketing and distribution of our Consumer Products and Retail divisions, to Somany Home Innovation Limited (SHIL), as a scheme of arrangement. Further, the marketing and distribution of Building Products have been demerged and vested to Brilloca Limited, a wholly-owned subsidiary of SHIL.





# Welcome to Our World

## Introducing our business divisions



### PACKAGING PRODUCTS

We manufacture and market various packaging products, including glass containers and Polyethylene Terephthalate (PET) bottles and products and security caps and closures. These products cater to various industries like alcoholic and non-alcoholic beverages, fast-moving consumer goods, retail, pharmaceuticals and edible oil amongst other.

We have two glass container facilities at Hyderabad and Bhongir in Telangana, one crushing plant (mines) facility at Motighanapur, three PET bottles and products facilities at Selaqui in Uttarakhand, Dharwad in Karnataka and Sangareddy in Telangana, and one security caps and closures facility at Sangareddy in Telangana. Each plant is equipped with cutting-edge technologies and implements advanced quality management processes like Six Sigma, Total Productive Maintenance, Kaizen, Total Quality Management – helping deliver world-class products, optimise costs and achieve consistent quality.



### BUILDING PRODUCTS

Our Building Products division primarily comprises the manufacturing of sanitaryware, faucets and plastic pipes and fittings.

We are one of India's leading manufacturer of state-of-the-art sanitaryware and faucets, whereas in the plastic pipes and fittings segment, we are creating a niche for ourselves with our quality products. Each business segment is driven by innovation and aesthetically distinctive and functionally advanced products. Our product lines are in sync with emerging technologies, customer aspirations and demands.

We have two sanitaryware plants at Bahadurgarh in Haryana and Bibinagar in Telangana, two faucet plants at Kaharani and Bhiwadi (under temporary shutdown) in Rajasthan and one plastic pipes and fittings plant at Sangareddy in Telangana. Complementing our manufacturing plants, our in-house R&D team helps inject a higher degree of innovation in our products.



### MISSION

Helping our customers adopt a comfortable, luxurious and sustainable lifestyle while fostering innovation has been our aim at HSIL.



### CORE PURPOSE

Passionately strive to enrich customers' quality of life, thereby enhancing stakeholder's value.



## CORE VALUES

### People Excellence

#### Performance Excellence

- › Teamwork to enable people to succeed beyond their capabilities
- › Recognising and rewarding team performance
- › Promoting cross-functional teams

#### Respect for Individual

- › A culture of trust and openness
- › Nurturing high performance in teams

#### Core Purpose and Values

- › Learning for sustained competitive advantage
- › Developing personally and professionally

### Business Excellence

#### Performance Excellence

- › Passionately committed to exceed our goals
- › Maintain relentless focus on business objectives
- › Strive to raise the performance in the businesses

#### Operational Excellence

- › Strive for consistent and assured performance
- › Setting benchmarks in operational processes

#### Customer Centricity

- › Provide best-in-class experience to our customers
- › Doing right for our internal and external customers

### Leadership Excellence

#### Innovation

- › Foster innovation in our processes and products to create and deliver value
- › Creativity and informed risk-taking

#### Agility

- › Embracing change and adapting rapidly
- › Respond quickly and effectively to seize opportunities



# Chairman's Statement

## DEAR SHAREHOLDERS,

In my last letter to you, I had dwelt extensively on how the relentless pursuit of excellence has been a value multiplier for us for over six decades. This year too, I intend to reiterate on the same guiding philosophy and inspiration. You may ask, why is that so? My simple answer is that as a company, we follow an abiding commitment to excellence.

Our strategies over the years may differ, as the macro environment suggests, but the commitment to excellence remains enduring. At HSIL, we are crafting an inspiring legacy of excellence, which when looked at a granular level translates into an urgent call to ceaseless action, innovation and forward movement.

We know our journey will seldom be smooth sailing; there will always be unpredictable storms trying to deflect our course. We are operating in a sluggish macroeconomic environment, where global growth prospects will continue to remain fragile to downside risks. Headwinds, however, can be best addressed by concerted efforts and measured optimism. Measured because we must constantly assess where our Company is heading towards, or if there is a need for course correction; and optimism, along with dynamism is the only Holy Grail to move forward.

We are all aware that the COVID-19 outbreak has impacted global economies and businesses in a manner that we have not seen before. There are going to be further hurdles in the coming few months, before the economy reboots and revives itself. We wholeheartedly welcome the Government of India's economic stimulus package of ~₹ 20 lakh crore to help support businesses and the lives and livelihoods of millions of people, especially the disadvantaged sections of society. I must also praise the Reserve Bank of India's (RBI's) role in enhancing the liquidity in the economy through aggressive interest rate cuts and temporary moratorium on loans to help cushion the hardship faced by citizens and small businesses.

Although the nation-wide lockdown has impacted our businesses, we are keeping a close watch on the evolving scenario, and I can assure you that based on current market conditions, the Company currently has enough liquidity within its undrawn banking limits to service its debt and other financing arrangements.

Other than the sudden COVID-19 challenge, the financial year 2019-20 was a rather satisfying year for us. Our customer centricity continued to be the cornerstone of our success during the reporting period. We delivered value with speed and cost-efficiency, along with sustainable resource management.

At HSIL, sustainability and operational priorities are closely interwoven. Our manufacturing capabilities remain best-in-class and can match efficiency benchmarks of any advanced country of the world. We are consistently working on surpassing our quality benchmarks, incorporating global best practices in manufacturing and upskilling our team members.

Most of you are already aware that our plastic pipes and fittings and counterfeit-resistant security caps and closures manufacturing plants at Telangana comply with green building norms and have received the platinum rating by the Indian Green Building Council (IGBC). Our plants have achieved a very high watermark benchmark in terms of manufacturing capabilities, waste management and water management (zero-water discharge). You will be glad to know that we have embedded sustainability even in our factory design. Our other measures comprise ensuring energy and water conservation with process waste being collected and reused.

As you know, our demerger was a strategic move to enhance capabilities, create future-focused institutions of excellence and unleash stakeholder value. The aim is to accomplish the next orbit of growth. Following the demerger which got approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26 June 2019, HSIL is now manufacturing and selling Packaging Products, which offer a comprehensive basket (glass containers, PET bottles and products and security caps and closures); and also houses the manufacturing of Building Products businesses (sanitaryware, faucets and plastic pipes and fittings).

Our Packaging Products division saw encouraging growth on the back of growing sales volume and pricing, while effectively managing costs. Through pricing, product innovation and ongoing efficiency efforts, we could offset higher-than-expected raw material and logistics cost. At the heart of our success is our value proposition – the best results at the lowest total cost and environmental impact for our customers. During FY 2019-20, we witnessed growth across both our packaging and plastic pipes and fittings manufacturing businesses, along with better realisations.

Going forward, we see significant opportunities for our Packing Products businesses to create value for our discerning customers by offering efficient packaging solutions aligned to their needs. In the Building Products manufacturing businesses, our focus remains relentless on achieving optimum utilisation of capacities and better efficiencies. We will continue to invest to deliver more value to our customers and communities and sharpen our focus on our core businesses.

Our core purpose is to passionately strive to enrich the customers' quality of life; and over the years we have evolved a talented team of highly motivated go-getters, who continue to deliver on our purpose, keeping the customer at the heart of all initiatives. We are investing proactively in nurturing our talent pool and enabling them to shoulder more responsibilities and embrace a greater measure of challenges. Our people provide us with the best competitive advantage; and we will continue to sharpen the skills of our human assets, as we equip ourselves for the third decade of the twenty-first century.

Holistic excellence cannot flourish without the participation of the community. Our approach is participatory growth that takes into account the interests and addresses the concerns of community stakeholders. We are committed to community welfare and undertake various programmes around hygiene and sanitation, healthcare, skill development, women empowerment, education and disaster management.

Before I conclude, it is pertinent to mention that our initiatives for decades have made us an even more efficient, effective company for the long term, and improved our profitability curve and growth potential. Over the years, we have accomplished many milestones, but the journey continues. HSIL's message is simple: Excellence can't wait. HSIL celebrates excellence every day, and I am happy to know that we remain a company that our shareholders, customers, our team, can count on, today and in the years to come.

Thank you for your trust.

Warm regards,

**DR. RAJENDRA KUMAR SOMANY**

*Chairman and Managing Director*



## Vice-Chairman and Managing Director's Insight



"We continue to be an agile, profitable, and sustainable business, and with your trust and support we will scale new heights in the years ahead."

### DEAR SHAREHOLDERS,

We are prepared to confront challenges and seek opportunities with more resilience and tenacity, as the operating scenario continues to be uncertain. I will reiterate what I had said in my last year's address to you that we see adversity as a 'positive harbinger of change' that motivates us to try harder, think smarter and drive 360-degree innovation across products and services, processes, customer engagements and relationships with all stakeholders, encapsulating our 'excellence every step of the way' philosophy.

We are confident that our 60 years-rich legacy, technology-enabled expertise and focus on sustainable business practices will hold us in good stead, despite headwinds. We are now consolidating our capabilities and gradually taking the Company to its next growth phase. FY 2019-20 too saw us putting significant emphasis on rationalising our cost structure and enhancing liquidity to generate strong cash flow in the business.

### COMBATING HEADWINDS RELENTLESSLY

Our revenue from operations for FY 2019-20 stood at ₹ 1,859 crore vis-à-vis ₹ 1,605 crore in FY 2018-19, despite the COVID-19 outbreak during in the last quarter of FY 2019-20, vindicating yet again the fact that our unwavering focus on excellence is helping us enhance our financial performance. Our continued emphasis on operational excellence and resilience against headwinds is reflected in the strong financial results we achieved for our shareholders. Despite challenges, our EBITDA for the year stood at ₹ 291 crore compared to ₹ 213 crore in FY 2018-19, reflecting a growth of ~37%. Our growth in EBITDA, demonstrates our capability to create margin-accretive products that are industry leading. I should also emphasise that our net profit during the reporting year stood at ₹ 48.42 crore, compared to ₹ 15.27 crore last year, which reflects our emphasis on streamlining operations, controlling costs, seeking new revenue streams and launching margin-accretive products.

Although our overall performance during the reporting year was impacted owing to industry volatility, economic headwinds and tepid consumer confidence – further exacerbated by COVID-induced nation-wide lockdown and consequent disruption in supply chain – we continue to focus on creating sustained value for stakeholders with a long-term vision. This, we are doing by strengthening our R&D initiatives, manufacturing capabilities and supply chain – the reliable conduits of our core competitiveness and customer value creation. Also, engaging more with customers and business partners, and finding innovative ways of working and learning from each other's experiences and insights remain our priority.

In an increasingly volatile context and constantly shifting consumer behaviour and intensifying competition, we are continuously adapting and transforming to stay ahead of our game. Our core values continue to anchor our overarching culture and operations. We are committed to sharpen our strategies to achieve stable financial outcomes for our shareholders, while continuing to invest in our future. Going forward, our demerger will help us further streamline our capabilities and focus more on future priorities.

We will continue to focus more on developing and supporting indigenous talent and skills in our business ecosystem as well as in our community outreach. Our people are at the heart of everything we do. The diversity of their expertise and professional background helps enrich our culture and brings greater agility and adaptability in an increasingly volatile context.

## DIVISIONAL PERFORMANCE

Our Packaging Products division saw robust demand, and our revenues during the year grew by over 13% to ₹ 1,242 crore in FY 2019-20. We undertook significant modernisation and cost reduction measures during the reporting year. We also explored new export markets to widen our geographic presence and expanded our product portfolio. We introduced a new brand in the B2C space, Greendrop Glassware, the bottles under the brand are free from BPA, toxins, chemicals and lead, making them the safest and most durable choice for consumers.

In the PET bottles and products segment, we are strengthening our market reach and offering innovative products to diverse industries. We forayed into the flavoured drink market and have designed innovative Child Resistant Caps (CRC) which are well received by the market.

Our security caps and closures segment is progressing well through better capacity utilisation, addition of more export markets and innovative offerings. Our sustainable manufacturing practices have set a new benchmark in the industry, as we have the first IGBC platinum-rated facility in the Indian caps and closures market.

Our Building Products division saw over 24% revenue growth in FY 2019-20, which stood at ₹ 610 crore. Following the demerger, we now manufacture and sell the building products on contract basis. This strategy has enabled us to build on our legacy of excellence and unlock

enhanced value for all stakeholders. We are focusing on robotics and automation to reduce the level of human intervention; and enhance quality and consistency of our Building Products. We will continue to strengthen our product portfolio and maintain our leading position in the segment.

We ventured into the plastic pipes and fittings segment in FY 2018-19, as it is a natural extension of our portfolio of bathroom product streams from 'front of wall' to 'behind the wall. To ensure product and technological dominance in the markets in which we operate, we entered into an alliance with Japan's Sekisui Chemical Co. Ltd., a 70-year-old ~US\$10.43 billion turnover company, for the supply of Chlorinated Polyvinyl Chloride (CPVC) resin to ensure we offer best-in-class products in the Indian market. The plant complies with the green building norms laid down by the IGBC and is the first platinum-rated green plant in this sector. Our commitment to environment conservation continues to be an integral part of our strategy.

## COMMITTED TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The COVID-19 pandemic has brought to the fore with unambiguous clarity the relevance of ESG in the way we all look at business operations. ESG needs to be an integral part of the value creation model of all businesses in the post-COVID-19 era. We have integrated ESG in our day-to-day operations with focus on reducing our environment footprint by optimising the utilisation of resources, caring for the health and safety of our people and supporting community wellbeing through transparent and ethical business practices. And in all that we do, we are guided by our strong culture of governance.

## EXCELLENCE IS A MOVING TARGET

We have the right leadership to inculcate our culture of excellence in our teams and handhold our colleagues to achieve their full potential. Excellence for us is a moving target, and we are committed to our legacy of excellence, no matter what the challenges are.

Amidst the escalating global health crisis, we are doing our best to support our people, business partners, customers and communities in the best way we can. We are resuming operations post-lockdown in a phased manner by observing all safety protocols mandated by the Government of India and other state Governments. I thank everyone working on the ground for their unfailing commitment and professionalism. With the support of all stakeholders, we will continue to drive our strategic priority with enhanced focus. We continue to be an agile, profitable, and sustainable business, and with your trust and support we will scale new heights in the decades ahead.

Warm regards,

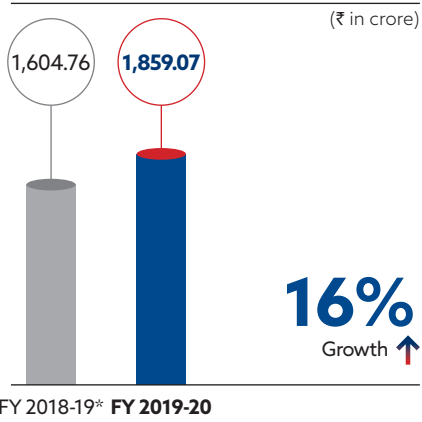
### SANDIP SOMANY

*Vice-Chairman and Managing Director*

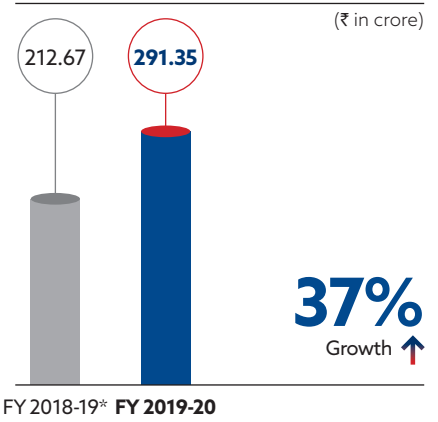
## Our Scorecard



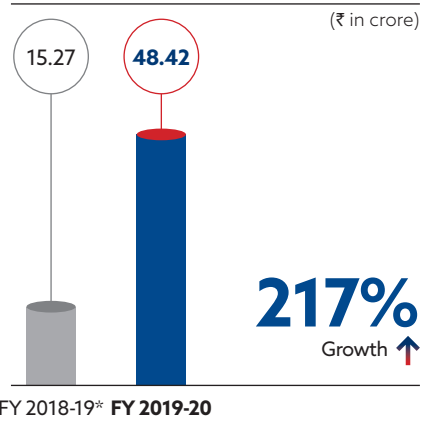
**Revenue from operations**



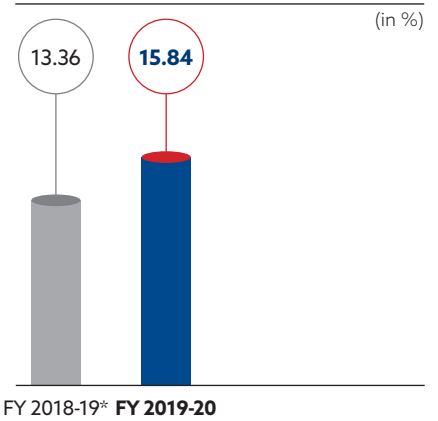
**EBITDA**



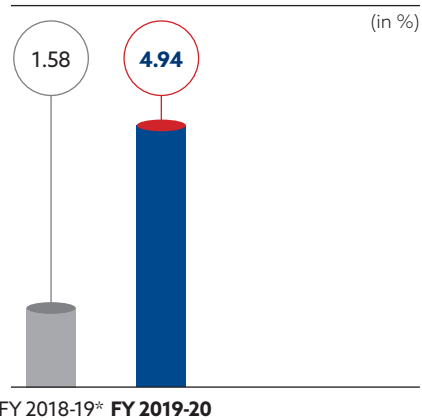
**Profit after tax**



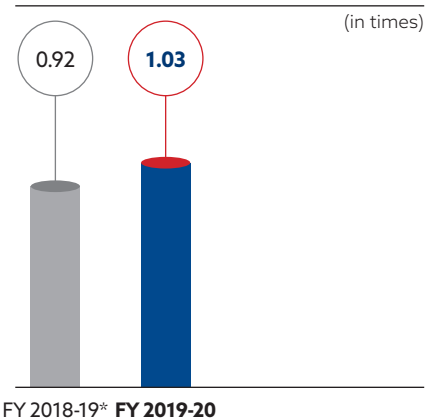
**EBITDA margin**



**Return on net worth**



**Debt/Equity ratio**



\*Figures for FY 2018-19 are restated figures post scheme of arrangement which was effective from 1 April 2018.



# Excellence is Our Value Proposition

We continue to enrich each of our businesses on the back of our quality, customer centricity, decades-rich expertise and unwavering focus on sustainable operations. Our focus on innovation and technology adoption provides us with significant competitive advantages.

## WHAT WE DEPEND ON



### Purpose-driven people

Our team works relentlessly to create sustainable value for all our stakeholders. Our success is rooted in the exceptional commitment of our employees, who live by and embody the Company's values and culture each day.



### Natural resources

Raw material, such as energy, minerals and water are essential to the manufacturing of our products.



### Financial resources

We have a strong balance sheet, underpinned by a prudent mix of debt and equity. Our net worth of ₹ 979.11 crore as on 31 March 2020 is a testament of our robust finances.



### Intangible assets

R&D capabilities and intellectual property, such as patents, trademarks and know-how, along with our rich industry experience, in both the businesses enable us to identify emerging industry trends. This provides us the early-mover advantage, helping us stay ahead of the curve.



### Tangible assets

Our strong base of 11 state-of-the-art manufacturing plants imbibe sustainable operating processes to create highly complex world-class products. We also have other physical assets, such as logistics and office facilities.



### Suppliers

We source the material required to make up our products and the services required to support our businesses from a wide network of supplier partners.



### Quality management

Our highly qualified and experienced management team provides effective guidance to steer the Company in the right direction. This provides us with a competitive edge in the industry.



### Robust governance framework

Our transparent and responsible governance and strong internal controls ensure that we not only comply with the relevant rules and regulations, but also safeguard the interests of all our stakeholders.



## VALUE CREATED

### Innovation

Since inception, we have been among the pioneers in numerous products and processes, considered as benchmarks in the industries we operate in. Our focus is to indulge in blue-sky thinking and push the edge of the innovation envelope as much as we can, in line with and often exceeding customer expectations.

### Manufacturing

We manufacture world-class products in Packaging and Building Products divisions. Our manufacturing processes help reduce water and energy usage; and our bathware products are designed to help save water. Our products cater to various segments and address varied preferences of customers.

### Execution

Our operating strategies are designed to remove bottlenecks, so that execution can happen in a seamless manner.

### Marketing

We market our products across India to various globally acclaimed institutional clients. Our well-diversified presence helps us mitigate risks of over-concentration on any region. This large pool of institutional clients helps us mitigate seasonality.



### World-class products

We have a comprehensive product range spanning two distinct business divisions. Our products improve people's sense of wellbeing and add value to everyday life.



### Top-line and bottom-line growth

- › Total income: ₹ 1,879.37 crore
- › EBITDA : ₹ 291.35 crore
- › Net profit: ₹ 48.42 crore



### Shareholder and investor returns

- › Earnings per share: ₹ 6.69
- › Dividend per share: ₹ 3
- › Market capitalisation as on 31 March 2020: ₹ 291.72 crore



### Intellectual capital

With our technical capabilities and research talent, we are able to develop newer SKUs and industry-first products. Impressive brand portfolio, including brands like AGI glaspac (glass packaging), Greendrop Glassware (glass packaging), Garden Polymer (PET packaging) and AGI Clozures (security caps and closures)



### Human capital

We provide an enabling environment to our workforce that is fair, transparent and collaborative. We continually train and upskill them to stay ahead of the trends shaping the industry. We foster a culture of meritocracy that empowers employees to realise their professional potential.



### Community welfare

We organise several interventions in the community where we operate, specifically in the domains of healthcare, hygiene and sanitation, education, women empowerment, skill development, disaster relief and road safety.



### Environmental impact

We generate and use solar power in our manufacturing facilities. Our plants are zero liquid discharge and focus on substantial reduction in water usage.

**Note:** All figures are as of FY 2019-20.



# Glimpse into Our Operations

## Packaging Products

₹ 1,241.51 CRORE

Revenue

↑ 13%

₹ 153.46 CRORE

EBIT

↑ 71%

67%

Share in  
total revenue

Our Packaging Products comprises three diverse segments: glass containers packaging, PET bottles and products, and counterfeit-resistant security caps and closures. The glass packaging segment maintained its leading position, despite an overall slowdown in the market. Our PET

segment garnered good traction, with new products and segments being introduced. Additionally, cost reduction and green energy initiatives have been undertaken with a captive renewable power plant becoming operational at Dharwad, Karnataka. The security caps and closures facility is gaining

momentum as the market begins to acknowledge the benefits of counterfeit-resistant security caps and closures. On the whole, we were able to augment profitability and enrich our product portfolio during FY 2019-20.

## PRODUCTS AND FACILITIES

### AGI glaspac

#### Products

- › Bottles
  - Soft drink
  - Beer
  - Liquor
  - Wine
  - Pharma
  - Chemicals
  - Olive oil
  - Retail
  - Fast-moving consumer goods
- › Food jars

#### Industries served

- › Beverages
  - › Liquor
  - › Wine
  - › Beer
- › Pharmaceuticals
- › Food

#### Facilities

Sanathnagar, Hyderabad, Telangana

Bhongir, Telangana

#### Capacities

**650 TONNES**

Per day

**950 TONNES**

Per day

### Garden Polymers

- › PET bottles
- › High Density Polyethylene (HDPE) bottles
- › Polypropylene (PP) products

- › Alcoholic beverages
- › Wine
- › Liquor
- › Pharmaceuticals
- › Personal care
- › Agro chemicals
- › Dairy
- › Polyvinyl Chloride (PVC) cistern and seat covers

Selaqui, Uttarakhand

Dharwad, Karnataka

Sangareddy, Telangana

**2,569 TONNES**

Per annum

**5,284 TONNES**

Per annum

**2,313 TONNES**

Per annum

### AGI Clozures

- › Security caps and closures

- › Alcoholic beverages
- › Wine
- › Liquor

Sangareddy, Telangana

**780 MILLION**

Pieces per annum (small caps)

**132 MILLION**

Pieces per annum (large caps)

# Glimpse into Our Operations

## OPERATIONAL HIGHLIGHTS, FY 2019-20

We were able to successfully command premium pricing, despite low cost of operations, on account of our long-standing relationships with customers. We also explored new local and export markets, widening our reach and diversifying our revenue streams.

### Technological upgradation

- › Spiral classifier implemented to remove light-weight particles from cullet
- › Upcoming end-of-line Robotic Packing Automation (RPA)
- › Upcoming state-of-the-art dry and fully automated cullet sorting system

### Cost optimisation

- › Substantial value saving through import substitution for machine parts
- › On track to achieve the glass cost reduction goal by implementing weight reduction measures

### Innovative product development

- › Special wellness offering, Greendrop Glassware introduced
- › 96 new products developed
- › 53 new products commercialised
- › India's first anti-bacterial glass bottle and jars
- › Internal embossing glass bottles
- › Anti-depression (negative ion) glass bottles

### Sustainable manufacturing

- › Zero liquid discharge plants
- › 8.5 MW rooftop and ground-mounted solar power plants with estimated energy generation of 12,264 MWh
- › Electrostatic precipitator to lower sulphur oxide and nitrogen oxide content in flue gas
- › Natural gas supply in both the glass container facilities in Hyderabad and Bhongir
- › Effluent treatment to reuse water
- › Substantial reduction in water usage

### Digitalisation of processes

#### › Electronic library facility

That can access any article on any device, facilitating retrospective filtering and searchability, including multiple file access and saving for later access.

#### › E-tenders

That allow vendors to submit online or manual tenders helping accelerate the procurement



## INDIA'S FIRST

Anti-bacterial glass bottles and jars developed

## A new eco-friendly wellness offering **Greendrop**



Conceptualised by AGI glaspac, HSIL's Packaging Products division, **Greendrop Glassware** a brand to support the 'Save the Earth' campaign, while giving a niche, upmarket and a premium feel to the consumers' homes and health for their families. Our range currently offers transparent, coloured and printed glass water, milk, juice bottles and food storage jars in various sizes to meet varied customer's requirements. Greendrop Glassware is committed to address environmental and health issues by promoting 'glass packaging' which is an environment-friendly product as an alternative to single-use plastic, which is hazardous and hinders environmental balance.

Greendrop Glassware uses the Germ Guard technology to manufacture anti-bacterial food storage glass jars and water bottles. Germ Guard is a nano-technology based anti-microbial composite, which inhibits and destroys the growth of deadly bacteria, fungus and molds and is suitable for use on tableware and cookware.

### Features of Germ Guard technology:

- › Inorganic in nature
- › Highly safe and non-toxic
- › Heat stability up to 1300°C
- › Destroys 99.99% bacteria
- › Permanent anti-microbial activity
- › Non-corrosive

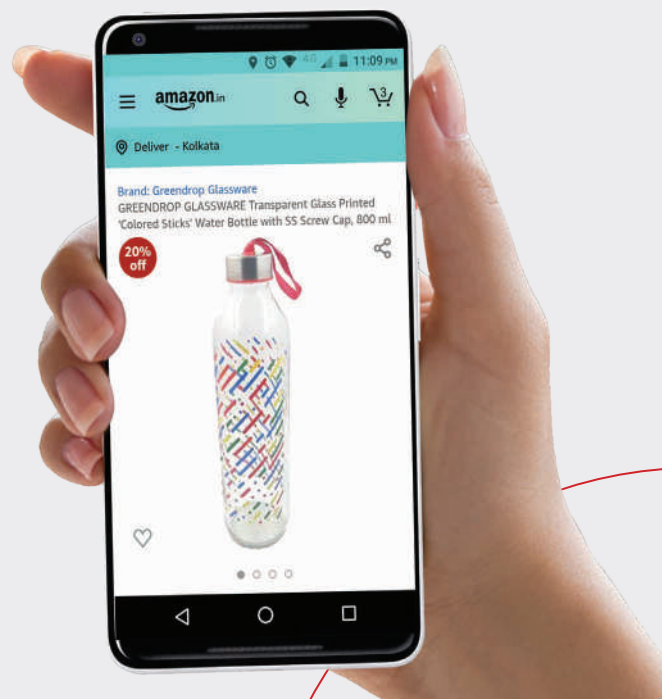
Greendrop Glassware is available online on major online e-commerce platforms such as Amazon, Flipkart, Paytm Mall, Snapdeal and we are working with other online marketplaces for launching the brand shortly.



Our offline presence has begun, and expansion is underway. We are introducing our range in hypermarkets and supermarkets along with appointing dealers and distributors for penetration in the general market.

One of the most eco-friendly packaging material, glass is endlessly recyclable, keeping it in use and

out of landfills. Recycling glass decreases the raw material used, saves precious natural resources, reduces the demand for energy consumption and reduces carbon emissions. Further, solarised coloured bottles are considered beneficial in chromo/colour therapy and helps many digestive disorders.



# Glimpse into Our Operations

## MARQUEE INSTITUTIONAL CLIENTS



BRANDS WE CATER



# Glimpse into Our Operations

## AWARDS AND ACCOLADES

- › Double Gold at SIP Awards, California for Labrodog and Three Monkeys Whiskey
- › Recognised as Strategic Partner and Most Innovative Designs by ABInBev
- › Bhongir plant secured 5-star rating at CII – SR EHS Excellence Awards, 2019
- › Hyderabad plant awarded 4-star rating at CII – SR EHS Excellence Awards, 2019
- › Nestle India awarded 'Valued Supply Partner' and membership of the 'Golden Circle'
- › 'A' category supplier by GSK Pharma



## CERTIFICATIONS

- › DMF – Quality Assurance for supply to US pharmaceutical market
- › ISO 15378:2011 and 2017 – Quality Management System to provide primary packaging material for medicinal products
- › FSCC 22000 – Food Safety System
- › ISO 9001:2008 and 2015 – Quality Management System
- › ISO 14001:2015 – Environment Management System
- › OHSAS 18001: 2007 – Occupational Health and Safety Management System

## INHERENT STRENGTHS

### Impressive scale

- › One of the leading manufacturer of glass containers in India
- › Comprehensive manufacturing capabilities

### Unmatched experience

- › 40+ years

### Exclusive product range

- › Glass packaging range of 5 ml to 4,000 ml
- › PET range of 10 ml to 10 litres
- › Wide array of designs, textures, colours, shapes and sizes
- › Value-added facilities like printing and hot foiling in the security caps and closures

## Levelling up

Our PET bottles and products manufacturing facilities are well equipped with best-in-class machinery, advanced laboratories, powered by automation and robotics, current Good Manufacturing Practices (cGMP) and clean rooms.



## Going green

Our security caps and closure plant is certified with the 'Green Company' IGBC platinum rating, making us one of the very few companies in India to accomplish this coveted feat.



## STRATEGIC OUTLOOK

### Continually innovating in glass products

The global glass bottles and containers market is valued at ~US\$70 whereas the Indian container glass market is valued at US\$1.5 billion and estimated to be growing at an annual rate of 6-8%. However, Indian per capita consumption for glass packaging (1.8kg) is much lower compared to other nations. Our market share in India is currently estimated to be ~17%. We are making efforts through innovation to preserve and enhance our market share. We intend to bring in more standardisation in products with robotics and automation,

some of which have been piloted and are expected to be ramped up in the coming year. We will continue to innovate a new range of premium products, catering to niche segments such as health and wellness.

### Strengthening collaboration for the development of PET products

The market size is estimated to be 2 MTPA for PET-based rigid packaging and is estimated to be growing at an annual rate of 8%. We believe innovative product development strategy in the PET segment will help us further grow this segment. We intend

to strengthen collaboration with other players, to develop innovative packaging solutions. For instance, we developed a new innovative packaging for Araldite, in collaboration with Huntsman.

### Enhancing capacity utilisation in security caps and closures

The segment being new to the HSIL businesses, our utilisation levels in FY 2019-20 is on rise. We intend to increase the capacity utilisation in FY 2020-21 with additional customers being added to our portfolio.



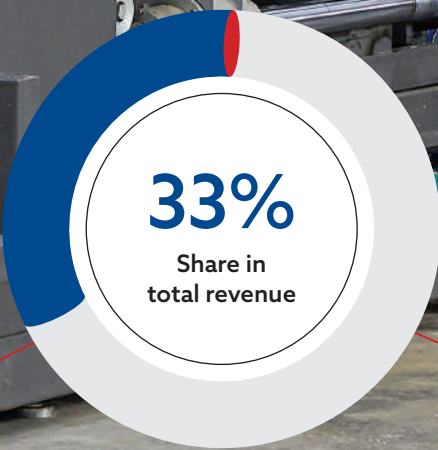
# Glimpse into Our Operations

## Building Products

₹ 610.16 CRORE

Revenue

↑ 24%



The Building Products division is involved in the manufacture of sanitaryware, faucets and plastic pipes and fittings, driven by consistent innovation. We are using reliable raw material and state-of-the-art technologies, supported by clearly defined processes and stringent quality control systems to produce

industry-leading products. Our numerous quality certifications are a testament to our quality focus. We are constantly endeavouring to improve the existing process, reduce wastages, maximise productivity through the use of scientific processes and continuous learning. These concerted efforts help us earn and sustain industry recognition.

Following the demerger, products of Building Products division are sold to institutional customers as a part of the Company's strategic move to unlock value for shareholders. We sell to large institutional customers on contract manufacturer arm's length basis.

## PRODUCTS AND FACILITIES

### Sanitaryware

#### Products

- › Water closets
- › Wash basins
- › Pedestals
- › Squatting pans
- › Urinals
- › Cisterns
- › Bidets

#### Facilities

Bahadurgarh, Haryana

Bibinagar, Telangana

#### Capacities

**UP TO 2 MILLION**

Pieces per annum

**UP TO 2.2 MILLION**

Pieces per annum

### Faucets

- › Showers
- › Bathroom and kitchen faucets
- › Accessories

Kaharani, Rajasthan

Bhiwadi, Rajasthan

**3.7 MILLION**

Pieces per annum

**0.5 MILLION**

Pieces per annum  
(under temporary shutdown)

### Plastic pipes and fittings

- › Chlorinated PVC
- › Unplasticised PVC
- › PVC
- › Soil-Waste-Rain (SWR)

Sangareddy, Telangana

**30,000 TONNES**

Per annum

## Glimpse into Our Operations

### Closer look at our plastic pipes and fittings segment

We have an agreement with the ~US\$10 billion Japanese conglomerate Sekisui Chemical Co. Ltd. for the supply of NSF-certified CPVC compound, Durastream, to provide quality piping solutions to cater to varied market requirements.

Our products are manufactured in line with the Indian Standards Institution and other international standards. The production facility in Sangareddy is equipped

with top-notch pipe extrusion and supported by a team of highly experienced professionals. The machinery and equipment incorporate the latest technologies, which enhance the Company's competitiveness in the market. As a result, the plant is capable of supplying a large number of plastic water pipes and other related products.

Further, our products undergo quality testing to ensure they

sustain different water pressures. We redefine the quality standards periodically, to help us deliver valued products to last-line users. Our wide range plumbing solutions are used in transportation of portable water, gases, distribution lines, electrical/telecom ducting, chemicals, sewerage/drainage lines, waste disposal, borewells, irrigation and sprinkler systems.



### OPERATIONAL HIGHLIGHTS, FY 2019-20

#### Upping the excellence quotient with technology

- › Effectively combined robotics and other advanced technologies
- › Plastic pipes and fittings production completely automated, except loading/unloading
- › Implemented Computer Numerical Control (CNC) for consistency in quality and enhanced precision across production
- › New innovative SKUs in the CPVC and SWR segments

#### Rising productivity levels

- › Enhanced plastic pipes' utilisation levels
- › Linked pay to performance in factories, leading to productivity increment in plastic pipes and fittings

#### Caring for the environment

- › Strengthened the effluent treatment process
- › Upgrading all the plants to zero liquid discharge

## Harnessing the power of automation

Our plastic pipes and fitting plant in Sangareddy is a fully automated facility compliant with the IGBC and GreenCo norms. The plant is designed to eliminate the use of artificial lighting during daytime (7.00 am to 5.30 pm). More than 90% of motors installed in the factory are of IE3 efficiency class. We use water at different temperatures in various processes, with 100% wastewater being reused in landscaping, through the soil biotechnology-based sewage treatment plant. This plant is designed by IIT Mumbai.

We also have in place Cooling Technology Institute (CTI)-certified cooling towers in our pipe unit to reduce energy consumption. We also use 100% Chlorofluorocarbon (CFC)-free Heating, Ventilation and Air-Conditioning (HVAC) equipment, and low-thermal conductivity is ensured through high performance and toughened Double Glazing Unit (DGU) glass.

## Towards water positivity

We installed water and air treatment facilities like metal recovery filtration, multi-effect evaporator and three-stage RO filter to reuse 90% of water in the manufacturing process, at the faucets plant in Kaharani.

## Inspiring recognition

Our plastic pipes and fittings plant is certified with the 'Green Company' IGBC platinum rating, and the manufacturing process is GreenCo platinum-certified, making us one of the very few companies in India to accomplish this coveted feat. In fact, we are the only company in plastic pipe manufacturing companies in India to have both these certifications.

## INHERENT STRENGTHS

### Impressive scale

- › Market leaders in the sanitaryware and faucet space
- › Vast manufacturing capacities to cater to the rising demand of our products

### Vast experience

- › 60+ years of experience in the sanitaryware industry
- › Pioneers of vitreous china sanitaryware in India

### Exclusive product range

- › Diverse market segments of mass, premium, super premium and luxury categories

### Consistent pursuit of excellence

- › Challenging the status quo and embracing innovation

## STRATEGIC OUTLOOK

### Consolidating market dominance

We will continue to sustain market leadership in the sanitaryware and faucets segments by manufacturing exceptionally designed products and innovative solutions. In addition to it, to enhance manufacturing plants, we will facilitate debottlenecking of existing facilities and improvise quality and consistency with precision, through the use of sunrise platforms and technologies.

### Leveraging value creation opportunities

We have implemented a business optimisation programme, under which we will execute on our strategy to drive the full potential of our businesses, leverage opportunities across our Company and actively manage our portfolio to drive value.



# Anatomy of Operational Excellence

**At HSIL, we believe that institutions that thrive in this era will have a transformational purpose, one that connects the Company to its broader role in society.**

We have thrived for nearly six decades, through many challenges. It takes a special company, with a unique culture, to demonstrate a propensity to excel, time after time. One of the reasons this is made possible is the continuing endeavour to step up our efficiency curve, as our business evolves to new orbits of innovation, growth and sustainability. By ensuring our people, processes and plants are aligned to our purpose and geared to deliver better value to stakeholders.



## SHARPENING MANUFACTURING EXPERTISE

Our asset base is strong with cost-competitive integrated facilities spread across India. Our strategically planned and standardised processes help us significantly raise our productivity and efficiency levels and stay ahead of the curve in this dynamic business environment.

We have some of the most advanced and best-in-class equipment, complete with round-the-clock maintenance, to minimise wastages, plug leakages and put waste to productive use to enhance manufacturing. We perform comprehensive benchmarking against global standards and adopt an effective and systematic approach to quality assurance through timely identification of trends.

To realise the target of dispatching zero defect products from the plant, we regularly revisit processes, improve them and consistently adhere to them in a disciplined manner. Moreover, digitalisation projects and new technologies support our divisions and functions to optimise sourcing, production and supply chain, operational efficiency, customer experience and data and analytics.

## EVERYBODY HOME SAFE, EVERY DAY

Our goal is to be an accident-free workplace. Safety gears, warning signs and safer machines – all help make a workplace safer but ultimately, it is the people who create a strong safety culture. Safety management at HSIL is based on internationally acclaimed practices, but our processes go beyond these requirements.

We encourage a company-wide safety culture, meaning that everyone is responsible for making every workday healthy and safe – from our top management and throughout the Company. Responsibility for implementing each tool and programme lies with every individual. Our units report periodically on safety performance data, including incidents, safety observations and related statistics. We also monitor the number of safety incidents among on-site and logistics contractors. Not just that, we continually train our operational teams on the subject of safety, in order to raise awareness and further our safety procedures, competencies and emergency preparedness.



## MAKING MORE FROM LESS

Caring for the planet has taken on an even greater relevance in these challenging times. We have a clear commitment to the environment; and we continue to work on progressively reducing the environmental impact of our activity, whether it is energy, water or waste. To accomplish this, various measures have been activated throughout the production chain, following the 3R principle of Reduce, Reuse and Recycle.

### Energy

We have designed all our facilities, especially shop floors to ensure that no artificial lighting is required during daytime. LED lighting is extensively used, and periodic upkeep of equipment is prioritised to reduce energy usage. We are increasingly improving the share

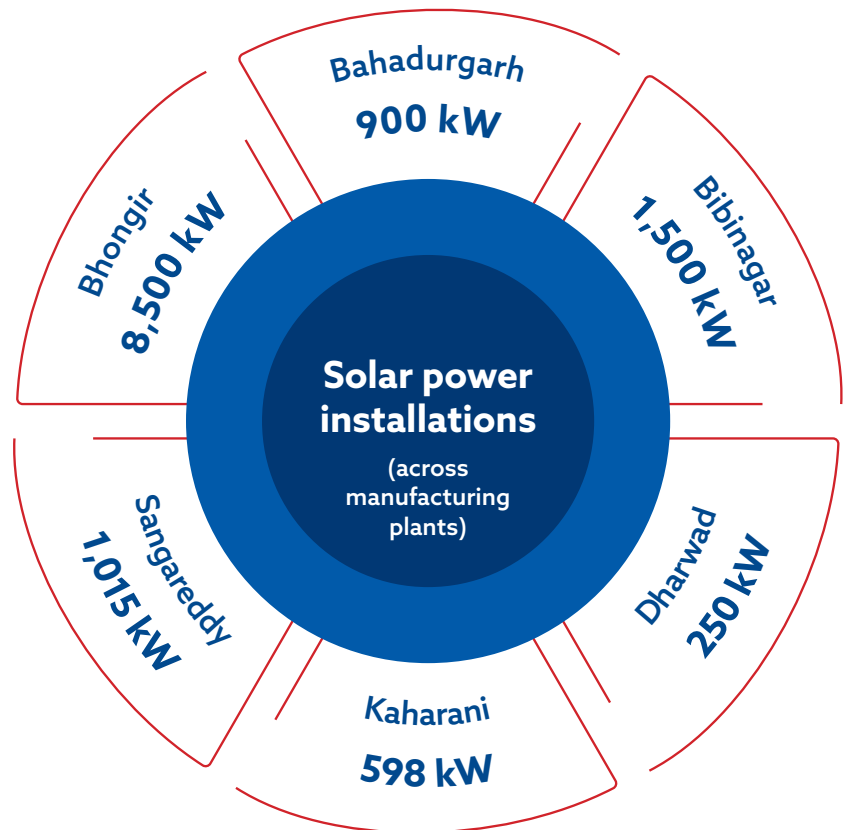
of renewable power in our overall energy consumption, with the help of on-site rooftop solar power plants. Any power generated is effectively used for own consumption within the plants.

### Water

We harvest rainwater to conserve groundwater and maintain ecological balance.

### Waste

We have effluent treatment and sewage treatment plants at our facilities, to allow us to reuse the treated wastewater. We also use advanced equipment and treatment processes like High Rate Solid Contact Clarifier (HRSCC), RO systems and sludge handling and dewatering systems to ensure the robustness of our operations. As a result of our efforts, all 11 plants are now zero liquid discharge.



# Committed to Good Corporate Citizenship

We have designed various welfare programmes to serve the communities where we operate with a long-standing focus on sustainability and stewardship. With a purpose-driven approach of 'enhancing stakeholder value', we endeavour to enrich all, especially the marginalised sections of society. We also support social development programmes of NGOs.



## HYGIENE AND SANITATION

The Government of India's flagship programmes like Swachh Bharat Abhiyan and National Rural Drinking Water Programme are welcome initiatives that need to be driven with more focus on outcomes.

At HSIL, we believe, access to basic hygiene and sanitation is important for the development of a country. We, therefore, work on enhancing sanitation facilities through our CSR activities.

During the year, we distributed 8,000 dustbins in Sangareddy, Telangana. This contribution to the Government of India's Swachh Bharat Mission (Gramin) programme will support in the implementation of solid waste management, helping the gram panchayats of the region maintain cleanliness.

We also helped in developing the sanitation infrastructure of Rotary Diagnostic Centre (Delhi) and Bansuri Charitable Society's 'Shad Centre' (Delhi) by providing them various sanitaryware and faucets products.

## SKILL DEVELOPMENT

India needs to equip its talent pool with the right skills to better navigate economic headwinds and grow sustainably. At HSIL, we are cognisant of the gap that exist between the demand and supply of skilled manpower. Thus, we are helping the country's youth master job-oriented competencies, which will help them participate in wealth creation for the nation.

We have three skill development programmes.

### Kaushal Vridhi

Our skill enhancement programme, Kaushal Vridhi, provides sanitaryware and faucet industry skills to the villagers of Bahadurgarh in Haryana and Kaharani in Rajasthan. This is a cyclical project that helps villagers learn contemporary skills.

### Kushal Vikas

We continued with our computer training programme, Kaushal Vikas, in Bahadurgarh (Haryana). This initiative provides basic computer skills to the participants.

### Recognitions of Prior Learning

We start contributions in 'Recognitions of Prior Learning (RPL)' project two years ago through a third-party agency and helped 1,500+ plumbers to train, upskill and get certified. Our RPL curriculum is designed to offer excellence in vocational proficiency and help reduce the skill deficit. The programme, backed by holistic skill development for the plumbing community, this year we have contributed for 6,000 plumbers to train, upskill and get certified.

## HEALTHCARE

There is a significant demand-supply mismatch of medical and healthcare facilities, despite the Government of India's dedicated efforts towards 'Health for All'. This scenario is likely to change soon, as the Government of India has prioritised healthcare with flagship initiatives like Ayushman Bharat and other schemes like allowing 100% FDI in healthcare projects under some stipulations.

We deliver a recurring primary healthcare service, 'Swastha Sampada' to the villagers in the vicinity of our manufacturing units at Kaharani (Rajasthan), Bahadurgarh (Haryana), Bibinagar and Bhongir (Telangana).

## WOMEN EMPOWERMENT

At HSIL, we are enabling women to earn sustainable livelihood through our 'Project Samarth' that trains women in tailoring. This programme has been operational for more than six years in Bahadurgarh, Haryana.

## EDUCATION

Education and literacy help a society grow and improve the overall quality of life. Our recurring literacy programme 'Prathamik Saksharata Kendra' provides basic education to the villagers in Bahadurgarh, Haryana. During the year, we also supported infrastructure development in Sanskar Pratishtha - a school for the differently abled - to help students and teachers have access to better facilities.

## DISASTER MANAGEMENT

Natural catastrophes wreak havoc in the lives of people, displacing them and destroying infrastructure. During FY 2019-20, the cyclone Fani has resulted in a significant loss of lives and property.

At HSIL, we contributed towards rebuilding infrastructure and rehabilitating displaced people, in the aftermath of cyclone Fani's devastation and provided monetary aid to Odisha State Disaster Management Authority (OSDMA) and Odisha Chief Minister's Relief Fund.

## PROMOTION OF ROAD SAFETY

Road safety measures like installation of CCTV cameras have the potential to save lives by allowing timely interventions by traffic control rooms in case of accidents. We installed CCTV cameras near Sanathnagar, Hyderabad, Telangana, India to provide road safety for the villagers.



## Board of Directors



**Dr. Rajendra Kumar Somany**  
Chairman and  
Managing Director



**Sandip Somany**  
Vice-Chairman and  
Managing Director



**Sumita Somany**  
Non-Executive  
Non-Independent Director



**G. L. Sultania**  
Non-Executive  
Non-Independent Director



**V. K. Bhandari**  
Independent Director



**N. G. Khaitan**  
Independent Director



**Anil Wadhwa**  
Independent Director



**Rakesh Sarin**  
Independent Director



**Himalyani Gupta**  
Independent Director

### Dr. Rajendra Kumar Somany

- › Commerce graduate from St. Xavier's College, Calcutta University
- › Provides strategic direction and vision to the Company
- › Extensive 65-years work experience
- › Active member of Rotary for past 58 years
- › Bestowed upon with degree of 'Doctor of Philosophy in Management' by KEISIE International University (KIU), South Korea
- › Presented with 'Lifetime Achievement Honour' by Washroom & Beyond, reputed trade magazine
- › Presented with 'Lifetime Achievement Award' and 'Vishwakarma Award' by Indian Plumbing Association (IPA)
- › Conferred with 'Lifetime Achievement Award' by ACETECH
- › Conferred with 'Lifetime Achievement Honour' by World Consulting and Research Corporation (WCRC)
- › Conferred with 'Lifetime Achievement Award' at India's Most Admired Brand's event hosted by White Page International
- › Presented with 'Trailblazer of Sanitaryware Award' at World Business Conclave, Hongkong
- › Conferred with 'Lifetime Achievement Honour' by PHD Chamber, a proactive National Apex Chamber
- › 'World Leader Businessperson' recognition by the World Confederation of Business
- › Assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry and instrumental in aligning the Indian Standards with European counterparts
- › Executive Board member and Senior Fellow member of Indian Green Building Council (IGBC)
- › Chairman of Indian Plumbing Skills Council (IPSC)
- › Former Chairman of Council of Indian Employers
- › Former President of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India
- › Founder President of Bahadurgarh Chamber of Commerce and Industry
- › Fellow member of Chartered Management Institute
- › Fellow member of Institute of Directors
- › Fellow member of Institute of Materials, Minerals and Mining, UK (IOM<sup>3</sup>)
- › Life Fellow of the All India Management Association
- › Emeritus member of American Ceramic Society
- › Chairman of Corporate Affairs Committee and CSR Committee of the Company

### Sandip Somany

- › Commerce graduate and a diploma holder in Ceramic Manufacturing Technology from the US
- › 35-years work experience in the ceramics and glass industry
- › Former President of PHD Chamber of Commerce and Industry (PHDCCI)
- › Past-President of International Chamber of Commerce - (headquartered in Paris) India Chapter
- › Currently on the Board and the immediate Past-President of Federation of Indian Chambers of Commerce and Industry (FICCI)
- › Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA)
- › Member of the Governing Council of All India Glass Manufacturer's Association
- › Member of Corporate Affairs Committee and CSR Committee of the Company

### Sumita Somany

- › Commerce graduate
- › Member of CSR Committee and Nomination and Remuneration Committee of the Company

### G. L. Sultania

- › Commerce graduate, Fellow Chartered Accountant, Fellow Company Secretary and consultant by profession
- › Possesses vast knowledge and experience of Financial Restructuring, Corporate Laws and Legal Compliance
- › General Member of Association of Corporate Advisers & Executives
- › Member of Stakeholders' Relationship (Shareholders'/ Investors' Grievance) Committee of the Company

### V. K. Bhandari

- › Fellow Chartered Accountant with over 38 years of experience in the Banking Industry
- › Former General Manager of the Central Bank of India and had been the Head of Credit, Credit Monitoring, Treasury, Investment, Funds Management, Merchant Banking and International Banking Divisions
- › Chairman of the Company's Audit Committee
- › Member of Stakeholders Relationship (Shareholders'/ Investors' Grievance) Committee and Nomination and Remuneration Committee of the Company

## Board of Directors

### N. G. Khaitan

- › Attorney-at-Law and a Notary Public appointed by the Government of India
- › Practises in the Hon'ble Calcutta High Court and in the Hon'ble Supreme Court of India
- › Senior partner at Khaitan & Co., one of the leading law firms in India
- › Awarded Bell Chamber's Gold Medal by the Incorporated Law Society, Calcutta High Court, for standing first in all the Law examinations
- › President of the Indian Council of Arbitration, New Delhi
- › Vice President of Bharat Chamber of Commerce
- › Executive Committee member of the Federation of Indian Chambers of Commerce and Industry (FICCI), New Delhi
- › Executive Committee member of two leading schools in Kolkata
- › Chairman of the Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee and Nomination and Remuneration Committee of the Company
- › Member of Audit Committee of the Company

### Anil Wadhwa

- › Ex-Member of the Indian Foreign Services
- › Served as Indian Ambassador to Poland, Lithuania, Sultanate of Oman, Thailand, Italy and San Marino over the course of 38 years
- › Specialised in disarmament and economic relations
- › Served as Chairman of the Board of World Food Programme (WFP)
- › Permanent Representative of India to the Food and Agriculture Organisation (FAO) and the International Fund for Agricultural Development (IFAD)
- › Served as Secretary (East) in the Ministry of External Affairs in New Delhi from 2014 to 2016 looking after South-East Asia, Australasia and Pacific, Gulf and West Asian regions
- › Partner in an LLP-India Pathfinders Strategic Advisers
- › Member of Audit Committee and CSR Committee of the Company

### Rakesh Sarin

- › Chemical Engineer and distinguished alumni of IIT BHU, London Business School & Saïd Business School, Oxford
- › 43 years of experience in the field of distributed energy, policy advocacy and development of large renewable energy platform
- › Currently engaged in consulting with corporates, business houses and large international funds to provide advisory and mentorship
- › Possesses strong business insights of energy sector
- › Global business leader at the helm operations of large corporations as CEO and Director on the Board of various companies
- › Member of Audit Committee, Nomination and Remuneration Committee and Corporate Affairs Committee of the Company

### Himalyani Gupta

- › Advocate with over 30 years of experience
- › Standing Counsel for the Union of India in the Hon'ble Supreme Court of India
- › Senior Founding Partner in UHV International Partners, a leading Delhi-based law firm
- › Rendered legal and advisory services to various Indian and foreign corporate clients and is on the recommended lawyer list for the Embassy of Argentina in India
- › Possesses immense exposure in handling litigations of national importance, which led to passing of landmark judgments in the field of Constitutional law
- › Member of Audit Committee and Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee of the Company



# MANAGEMENT DISCUSSION AND ANALYSIS



## Prelude

As the third decade of the 21<sup>st</sup> century dawns on us, businesses need to acknowledge and equip themselves for a new era of transformation. According to the World Bank, developing economies are fast catching up with developed economies in the ease of doing business. Interestingly, businesses in the developing world are growing in scale, in global integration and are fast moving up the ladder of customer-centricity, innovation and technology adoption. They are crafting new pathways of excellence and value creation to make their presence felt in the global marketplace.

Excellence needs to be viewed through the long-term lens of value creation for all businesses. The year 2020 brings unprecedented times for businesses across the world, with the outbreak of the COVID-19 pandemic. Businesses worldwide, including India, have been affected due to large-scale lockdowns. However, proactive measures have been taken by the Government of India to contain the contagion and bring the economy back on track, including a special relief package focused on the poor and small businesses. Prime Minister Shri Narendra Modi also focused on providing impetus to the domestic industry with the new mantra of making India 'atmanirbhar' (self-reliant) and urged people to become more vocal about locally produced goods. The pandemic has caused significant disruptions in the way businesses operate by making way for a socially distant world in the short-term. However, in the long-term, businesses that adapt to the new normalcy will thrive, while others may not. The post-COVID-19 world will accelerate some existing trends and create new ones, and all business models will have to evolve in order to grow and thrive.

Our businesses were also impacted by the lockdown. The Packaging Products division operated at reduced capacity, since both the supply chain and distribution networks were disrupted by the lockdown. In building materials manufacturing, all major activities came to a standstill.

The markets are expected to take a while to recover and return to normalcy, as the entire economy has been severely affected by the coronavirus outbreak.

We believe that 'change is the new constant' and are confident to unlock more value for all our stakeholders with a sound, purpose-led, performance-driven and efficiency-oriented business model, furthering our legacy of excellence.

# Global Economy



## OUTLOOK

As per the April 2020 estimates of the International Monetary Fund, global GDP grew by 2.9% in 2019, slightly lower than the 2018 growth of 3.6%. The US-China trade wars, protectionism and auto industry slowdown in the Euro area on account of new emission standards were some of the major causes of the slow growth.

As the global economy was beginning to return to the path of growth with Phase-I signing of the US-China trade agreement and the fading of the Brexit uncertainty, when the deadly contagion struck. The COVID-19 pandemic has turned out to be a crisis like no other. The scale of the outbreak, the level of containment measures required and the cumulative losses – to life, health and the economy – have triggered a global recessionary trend.

The growth trajectory of the global economy depends to a large extent on recovery from the COVID-19. The International Monetary Fund (IMF) predicts a negative trajectory for 2020 for majority economies of the world. World trade is expected to decline between 13% and 32% in 2020.

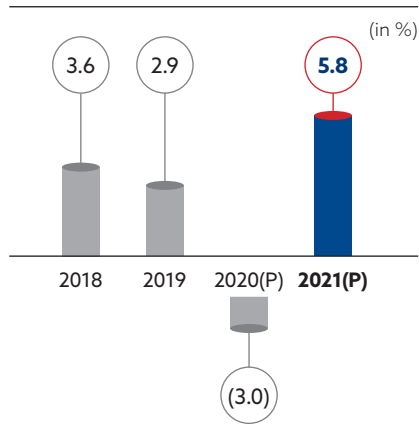
The IMF expects global growth to sharply contract to -3% in 2020 due to the economic disruption caused by the pandemic. While the advanced economies are expected to contract by -6.1%, the emerging market and developing economies are expected to contract by -1%.

With the baseline assumption of timely recovery from the COVID-19 by H2 of 2020, the recovery in 2021 is projected to be a V-shaped one, with world output growing by 5.8%. The advanced and emerging market and developing economies are expected to rise by 4.5% and 6.6%, respectively, in 2021.

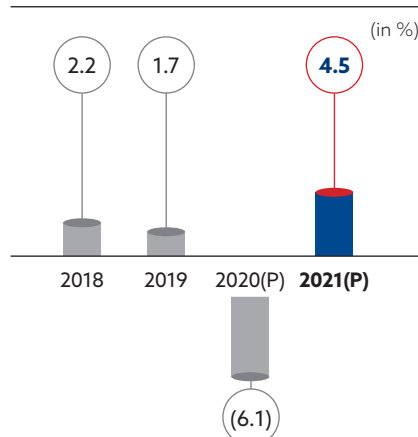
### Region-wise growth estimates

Region	2018	2019	2020 (P)	2021 (P)
World	3.6	2.9	(3.0)	5.8
Advanced market economies	2.2	1.7	(6.1)	4.5
Emerging markets and developing economies	4.5	3.7	(1.0)	6.6
Association of South East Asian Nations (ASEAN)	5.3	4.8	(0.6)	7.8
US	2.9	2.3	(5.9)	4.7
Euro area	1.9	1.2	(7.5)	4.7
UK	1.3	1.4	(6.5)	4.0
China	6.7	6.1	1.2	9.2
Japan	0.3	0.7	(5.2)	3.0
Russia	2.5	1.3	(5.5)	3.5

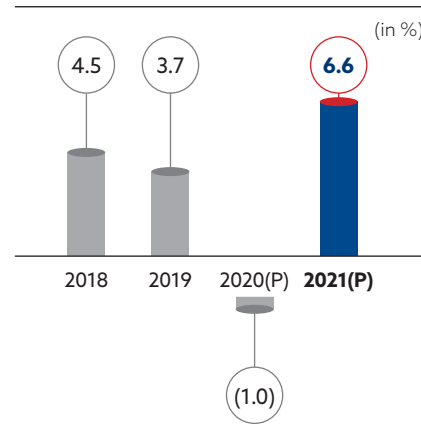
### World output



### Advanced economies



### Emerging market and developing economies

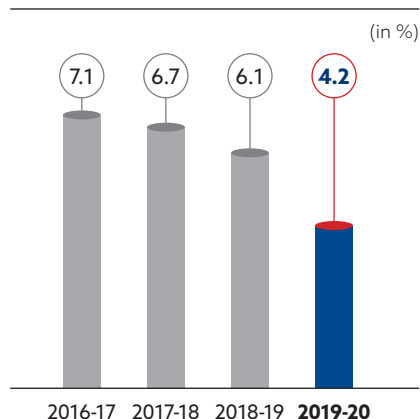


Source: International Monetary Fund, April 2020; World Trade Organisation

## Indian Economy

India witnessed a cyclical slowdown in FY 2019-20, as growth slipped to 4.2% from 6.1% in FY 2018-19. During the first nine months of the fiscal, the Indian economy suffered a slowdown in domestic consumption demand, decline in manufacturing and investments amid the growing global trend of protectionism.

### India GDP growth



While the slowdown seemed to have bottomed out around Q4 FY 2019-20 and growth seemed to return, the deadly pandemic hit India. The government had to undertake some of the most unprecedented measures, including a country-wide lockdown for approximately two months. A country of 1.3 billion came to a standstill in the largest lockdown in history.

The general consumer price index (CPI) moved up to 5.91% in March 2020, compared to 2.86% in March 2019. The inflationary trend was most witnessed in food and beverages, which increased by 7.82%, followed closely by 6.59% for fuel and light, whereas the consumer food price index (CFPI) moved up from 135.9 in March 2019, to 147.8 in March 2020, as per the National Statistical Office press release dated 13 April 2020.

India made significant progress during the past few years, which is reflected in its improving global positioning. It ranked 63<sup>rd</sup> in the World Bank's ease of doing business ranking, a jump from 77<sup>th</sup> position last year. In global innovations ranking, it moved to 52<sup>nd</sup> position from 57<sup>th</sup> in 2018. And in Logistics Performance, its position improved from 55<sup>th</sup> in 2018 to 44<sup>th</sup> this year.

### INDIA'S POSITION IN WORLD RANKINGS

 **63<sup>RD</sup>** POSITION

World Bank's Ease of Doing Business Index

↑ from 77<sup>th</sup>

 **52<sup>ND</sup>** POSITION

Global Innovation Index

↑ from 57<sup>th</sup>

 **52<sup>RD</sup>** POSITION

Resolving Insolvency Index

↑ from 108<sup>th</sup>

 **44<sup>TH</sup>** POSITION

Logistics Performance Index

↑ from 55<sup>th</sup>



## INITIATIVES TAKEN IN THE PRE-COVID SCENARIO

The government was proactively decisive and introduced a host of measures, including corporate rate cuts, continued rationalisation of the Goods and Services Tax (GST) rate structure, speeding insolvency proceedings and sectoral reforms for auto, real estate, housing and export industries.

During FY 2019-20, India announced its target of becoming a US\$5 trillion economy by FY 2024-25. To achieve this ambitious target, the National Infrastructure Pipeline (NIP) was announced in the Union Budget 2020-21, with a spending commitment of US\$1.4 trillion over the same period. The NIP will create jobs, enhance ease of living and provide equitable access to infrastructure. ~42% of the projects by value are under implementation, 32% are at the conceptualisation stage and the rest are under development.

The core sectors to benefit from the NIP are energy (24% of the total spending), followed by roads (19%), urban infrastructure (16%) and railways (13%), while other sectors like irrigation, rural infrastructure and so on, stand to receive single digit allocation from the pipeline. The US\$5-trillion economy will make India a global economic powerhouse moving it from the 7<sup>th</sup> to 3<sup>rd</sup> position in terms of current dollar exchange rate.

With inflation staying within its comfort range for the larger part of the year, the Reserve Bank of India (RBI) monetary policy remained largely accommodative, instituting a cumulative 135 basis point cut in policy rates in 2019. Furthermore, to improve the economy, the RBI conducted Operation Twist, which involved simultaneous purchase and sale of government securities. This move of the RBI was aimed at lowering longer-term yields and aid in boosting the economy by reducing the cost of funds for borrowers. Additionally, the RBI implemented other measures like Cash Reserve Ratio (CRR) exemption, external benchmarking of interest rates and long-term repo operations to infuse liquidity in the market.

## SPECIAL MEASURES TO MITIGATE COVID-19 IMPACT

To provide a fillip to the domestic industry and cushion the impact of the COVID-19 pandemic, the Government of India has called for the 'Aatmanirbhar Bharat Abhiyan' or 'Self-Reliant India Movement'. The movement is anchored on the five pillars i.e. Economy, Infrastructure, Technology, Vibrant Demography and Demand. A comprehensive economic package of ~₹ 20 lakh crore, equivalent to ~10% of India's GDP, was laid down by the government to set this movement in motion. Key highlights of the economic reforms are listed here.:

### Liquidity infusion and other relief measures by the RBI

The prime measures introduced by the RBI to infuse liquidity in the system are policy rate cuts, reduction in CRR, increase in marginal standing facility, reverse repo rate cut, long-term repo operations, widening of policy corridor, raising of advance limits of states and overdraft limits, special refinance facilities for National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and special liquidity facilities for mutual funds, apart from moratorium on terms loans and working capital interest and additional repayment time to real estate companies for loans from Non-Banking Financial Companies (NBFCs).

### Pradhan Mantri Garib Kalyan Package

The government's Garib Kalyan package included a host of monetary and non-monetary measures for the vulnerable sections of the society, including food security and direct benefit transfers, insurance cover for the healthcare workers, increased wages for the Mahatma Gandhi Employment Guarantee Act (MGNREGA) workers, packages for construction workers by state governments, Employee Provident Fund (EPF) credit to low-income wage earners, premature withdrawal of EPF, collateral-free lending for women self-help groups and supplementing of medical testing and screening.

### MSME and industry-specific measures

The government focused specifically on reviving the Micro, Small and Medium Enterprise (MSME) segment with some innovative measures, such as collateral-free automatic loans for businesses, subordinate debt and equity infusion in MSMEs. In fact, the definition of MSMEs was changed to widen its reach. There is a disallowance of global tenders up to a pre-defined limit to provide a boost to domestic enterprises. Additional support through EPF contributions, special liquidity schemes for NBFCs/Housing Finance Companies (HFCs)/Micro Finance Institutions (MFIs), partial guarantee schemes for NBFCs, liquidity injection in power Distribution Companies (DISCOMs), relief to contractors and extension of registration and completion dates of real estate projects under Real Estate (Regulation and Development) Act are some of the initiatives for MSMEs and industries.

### Other measures

Other measures included emergency health response package, relaxation of various statutory compliances, including extensions of timeline for deposit of various direct and indirect taxes, faster disposal of pending refunds and relaxation of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) norms.



## OUTLOOK

The IMF projects India's GDP to grow by 1.9% and 7.4% in FY 2020-21 and FY 2021-22, respectively, due to the great lockdown following the COVID-19 pandemic and subsequent recovery supported by the synchronised efforts from the government and the RBI.

The fallout from COVID-19 is being compared to the Great Depression of 1930. The pandemic is expected to induce demand side issues for all key sectors. According to a KPMG report, 'Potential impact of COVID-19 on the Indian economy', the housing and

other real estate segments are expected to see a muted demand due to the lockdowns, and a majority of the action will be missing till H2 of FY 2020-21. This will adversely affect the building materials sector. However, the packaging materials business is expected to witness demand, as consumers will over-stock commodities, giving fillip to FMCG sales and in turn packaging.

Economists expect global economic growth to gradually gain momentum, driven by investments and increased consumption.

## MACRO DEMAND DRIVERS

### Urbanisation

India's urbanisation has been different from most of the other countries; it is neither concentrated in a few cities nor dispersed. The World Economic Forum (WEF) predicts that by 2030, 40% of Indians will be urban residents. It will be the rise of many cities that will account for a large part of this. The top nine metros and 31 boom towns will be significantly richer than other cities. Small urban and developed rural towns will also prosper.

### Consumer spending

The rapidly urbanising cities and towns in India are increasing consumption power. Be it air travel, smartphones, automobiles or online shopping, Indians are splurging more, in turn fuelling the economic growth. The WEF estimates that India will experience a 4x rise in consumption by 2030. The new Indian consumers are armed with higher disposable incomes as well as aspirations.

## Macro demand drivers

### Digital access

With the advent of democratised internet access, intelligent products, and networked cities, the profile of India's young and connected consumers will be much diverse than any other country. The next decade will unlock a tremendous user base for consumption via mobile-first digital platforms.

### Demographics

The Union Budget acknowledges that India will have the largest working-age population by 2030. During the time, India will add ~90 million young households, which are likely to spend more than the preceding generations.

Source: Second Advanced Estimates of GDP, CSO - February 2020; International Monetary Fund, April 2020

# Packaging Products

## INDUSTRY REVIEW

### Glass containers

The global glass bottles and containers market was valued at US\$64.6 billion in 2019 and is estimated to grow at 4.20% CAGR over 2020-25, to reach US\$79.36 billion by 2025. The growing demand for non-toxic packaging, and growth of alcoholic beverage and beer consumption, have resulted in augmenting the glass bottles packaging market growth.

Additionally, the inherent characteristic advantages of glass such as hygiene, aesthetic appeal, durability and the capability to preserve the aroma, strength, and flavour of the product makes it the most favourable option for packaging.



In terms of market share, Europe continues to be the largest market for glass bottles and containers. However, the Asia Pacific region is expected to register a significant growth compared to other markets due to the increasing demand of glass bottles and containers in pharmaceutical and chemical industries. These markets prefer glass packaging, owing to the inert nature of glass bottles. China, India, Japan and Australia among others are the prominent countries majorly contributing to the growth of the Asia-Pacific glass packaging market.

India's glass container market is expected to grow at 6.8% CAGR during 2020-25. The low per capita consumption in the Indian market provides significant growth opportunities, in addition to rising consumerism, disposable incomes and urbanisation. Moreover, the supportive macro trends like growing alcohol and beer consumption and plastic ban in certain states are further going to strengthen the demand.

Source: Research & Markets; Mordor Intelligence

### **PET bottles and products**

Polyethylene Terephthalate (PET) is a form of polyester capable of being shaped into different packaging, depending on the user's requirements. Owing to its durability, resistance to microbes, moisture, solvents and alcohol, and multiplicity of usage, it has emerged as a packaging material of choice for businesses, especially in the food and beverages, personal care and pharmaceuticals segments.

Growing consumer awareness for packaged products, rising western influence, increasing consumption of carbonated beverages and ready-to-eat foods by young people further influence the use of PET packaging. The global PET packaging market was valued at US\$63.8 billion in 2018; and is expected to grow at 4.8% CAGR during 2019-24, to reach US\$84.5 billion by 2024 (Source: IMARC Research). The beverage industry in India is primarily dominated by PET bottles, which hold a larger market share in beverage packaging in comparison to glass and plastic bottles. According to the Federation of Indian Chambers of Commerce & Industry (FICCI), Indians consume 11 kg of plastic per year in comparison to 109 kg by an average American, and this figure is further expected to rise in the coming years.

Source: IMARC Group; Mordor Intelligence

### **Security caps and closures**

The global caps and closures market in 2018 was valued at US\$41.17 billion. Going forward, it is expected to reach US\$58.5 billion by 2026. The principal growth driver for the market is the continuous demand of the bottled drinks and beverages market. Apart from the usual growth of plastic caps and closures, the demand for security caps and closures is much higher, due to the abundance of counterfeit goods in the market. Companies are increasingly turning conscious of piracy and counterfeiting, as in the long run it impacts brand reputation and has other financial implications.

Source: Reports & data

### **Growth propellers**

#### **Growing preference for spirits**

India's alcoholic drinks market grew by over 8.09% to US\$48.86 billion in 2019. It is expected to grow at 6.8% CAGR between 2020 and 2023. With rising aspirations, affluence, changing lifestyles, participation of more women in social gatherings and casual drinking, the consumption of alcohol in India is likely to grow. The expanding consumption rates act as vital growth drivers for our products.

Source: Statista; Community Against Drunken Driving (CADD) survey

#### **Expanding beer market including craft beers**

The demand for beer has been rising alongside growing inclination of the masses towards improved tastes of beer varieties. Craft beer is becoming extremely popular among young consumers owing to the availability of a variety of flavours, including malted barley, chestnut, and others. India's beer market grew by 9.5% in 2019 to US\$14.19 billion. The gradual acceptance of beer as a social drink, rising disposable incomes and preferences of the young consumer are also driving the growth of the beer market in India. It is projected to grow at 7.4% CAGR between 2020 and 2023.

Source: Statista and Business Wire

#### **Growing pharmaceutical sector**

India's pharmaceuticals industry is the largest provider of generic drugs globally, supplying over 50% of the world's vaccine requirements, fulfilling over 40% of the generic demand in the US market and over 25% of all medicine requirements of the UK. The export market in FY 2018-19 is valued at US\$19.14 billion and US\$13.69 billion in FY 2019-20 (up to January 2020).

The Indian pharmaceutical sector is expected to grow to US\$100 billion by 2025. The government's initiatives for the sector, including the 'Pharma Vision 2020', and higher budget allocation, coupled with increased R&D spending by companies and higher Foreign Direct Investment (FDI) inflows are important growth drivers for this sector. The expanding pharma sector has widened the demand for our packaging products.

Source: India Brand Equity Foundation (IBEF)

#### **Rising domestic consumption**

The fourth largest industry in the Indian economy – the fast-moving consumer goods (FMCG) industry – is a significant contributor to the growth of glass and PET packaging. The retail market size in India is expected to grow from US\$840 billion in 2017 to US\$1.1 trillion by 2020, with modern trade growing at a rate of 20-25%, boosting the revenue of FMCG companies. As the FMCG industry grows, the demand for our packaging materials is also expected to rise.

Source: IBEF

**Higher usage of glass packaging**

With the governments becoming increasingly environment-conscious, their efforts on the ban of single-use plastics have precipitated well and have made consumers also care for the environment, leading to lesser use of plastic packaging materials. This, in turn, has increased the demand for glass containers. Glass packaging is finding an increased usage in the food packaging industry for factors such as their ability to preserve the aroma, taste and flavour, over and above the aesthetics and environmental benefits.

These factors are encouraging increased usage of glass and promoting it as a preferred packaging material.

**Increased product security with counterfeit-resistant products**

Counterfeiting and product piracy are increasingly becoming harmful – both for the companies and consumers alike. Companies are thus investing significantly to guard against this menace. Counterfeiting is rampant across beverage, alcohol, pharmaceuticals, oil and lubricant sectors, leading to adverse consequences. Counterfeit-resistant security caps and closures, with features like improved sealing, ease of use and multiple design possibilities at moderate rates offer an effective solution to these problems.

**BUSINESS REVIEW**

Our Packaging Products division comprises three segments, namely glass containers (including specially coloured glass and Greendrop Glassware – our consumer bottles business), PET bottles and products and counterfeit-resistant security caps and closures. During FY 2019-20, we introduced Greendrop Glassware, our new wellness, eco-friendly offering in the consumer bottles segment. We are one of the leading container glass manufacturers in India with a strong market share. We currently have two glass manufacturing facilities at Hyderabad and Bhongir in Telangana with a combined daily production capacity of 1,600 tonnes. We manufacture lightweight glass bottles using narrow neck press and blow technology on several lines.

Currently, we offer customised products and solutions in PET through our three state-of-the-art facilities at Selaqui in Uttarakhand, Sangareddy in Telangana and Dharwad in Karnataka with a combined annual production capacity of 10,166 tonnes. To strengthen our capacity utilisation and achieve backward integration, we forayed into manufacturing seat covers and PVC cisterns.

Our venture into the security caps and closures business, in synergy with our existing packaging products, is aligned with the market requirements to counter pirated products and provide patented, anti-counterfeiting solutions. The manufacturing of security caps and closures in the state-of-the-art plant at Sangareddy in Telangana commenced in 2018 and aids in preventing counterfeit liquor and edible oils.

**KEY HIGHLIGHTS OF FY 2019-20**



**AGI glaspac**

**Glass containers segment**

- › 96 new products developed
- › 53 new products commercialised
- › On track to achieve our glass reduction objective by various weight reduction measures
- › Spiral classifier - innovative technology to remove light-weight particles from cullet, operational at Hyderabad plant
- › Started using 8.5 MW rooftop and ground-mounted solar power plants
- › Installed Effluent Treatment Plant (ETP), reducing water usage, promoting reuse of water and ensuring zero liquid discharge
- › Explored new export markets for enhancing global prominence and reach
- › Achieved value savings through import substitution for machine parts
- › Installed Electrostatic Precipitator (ESP) to achieve reduction of Sulphur Oxide and Nitrogen Oxide (SOx and NOx) levels from flue gas system
- › Initiated towards digitisation and IoT and now we have an electronic library offering and e-tenders

**Garden Polymers**

**PET bottles and products segment**

- › Entered the flavoured drink market
- › Developed new innovative packaging for a leading adhesive company in collaboration with a global chemicals company
- › Introduced innovative designs for Child-Resistant Caps (CRC), which were well received by the market

**AGI Clozures**

**Security caps and closures segment**

- › Enlisted business with all key spirit manufacturers in the country and overseas market
- › 375 kW solar plant operational
- › Differentiation with value-added facilities like printing and hot foiling
- › Introduced high tech laser printing



## Introducing our new healthy, eco-friendly offering

### Greendrop Glassware®

With a new and exquisite range of water, juice, milk bottles and food storage jars, **Greendrop Glassware** offers a range of glass tableware and kitchenware helping consumers to eliminate harmful chemicals present in other storage containers and live healthier lives. We also help in eradicating pollution from the use of non-recyclable materials for storage as glass is 100% recyclable.



## OUTLOOK



India's packaging industry underwent numerous changes across all the consuming sectors in FY 2019-20, with environmental discussions gaining traction due to high reliance on plastic packaging in pharmaceuticals, greater demand for rigid packaging with rising modern trade, Food Safety and Standards Authority of India (FSSAI) regulations in the food and beverage sector that replaced the 2011 regulations to make packaging tamper-proof by delivery apps after a tampering mishap at a food delivery app went viral. The overall packaging industry is expected to grow at a steady pace, with newer regulations and stringent norms, and increased emphasis on environmental responsibility, clean and safe packaging solutions across all sectors.

With the growing demand of the pharmaceutical sector and the rise of online businesses in the retail and food and beverage sector, packaging is receiving renewed attention from all sectors. We, as one of the leaders in glass, PET and caps and closures business, intend to craft world-class products, customised to the requirements of our customers, and furthering our decades-long legacy of excellence, innovation and customer centricity. We plan to continue our focus on innovation, better capacity utilisation, cost optimisation and adding scale, where and as necessary, in a sustainable manner across all our manufacturing processes in order to add further value for our stakeholders. We will continue to use our market expertise to identify and deliver, making use of the most valuable growth opportunities.

# Building Products

## INDUSTRY REVIEW

### Sanitaryware

India ranks second in the world in the sanitaryware industry, which in 2018 was estimated to be ₹ 4,800 crore. The market growth has been flat for over a few months now. However, higher disposable incomes, better standards of living and increasing preference for premium products mean that despite the slump, demand is going to revive for sanitaryware products.

This past year, large sanitaryware producers focused on the young brand-conscious consumers, with emphasis on design, quality and ease of use, leveraging innovation and technology. At the same time, focus sharpened on hygiene in both urban and rural areas. The trend of moving towards branded products is expected to pick up momentum, amid growing awareness for sanitation.



### Faucets

The faucets market in India is valued at ~₹ 9,000 crore. The industry is scaling up and is expected to outpace the sanitaryware industry growth.

Dynamism in the home-buying pattern and rapid urbanisation, combined with nuclearisation paves the way for an evolving market. A higher preference for premium bathrooms and functional kitchens generates higher demand for faucets that are contemporary in design and innovative in function. Organised players, constituting more than 50% of the market, tend to gain from this transition. Other factors that enhance demand include supportive government policies and higher upgrade renovation spends.

### Plastic pipes and fittings

A growing plastic piping industry is vital to India's infrastructural development and within this segment, Polyvinyl Chloride (PVC) pipes are one of the most versatile plastic pipes. The size of the PVC market is estimated to be ₹ 31,500 crore and the unplasticised PVC (UPVC) accounts for a major share of this market. Chlorinated PVC (CPVC) pipes, however, are fast gaining ground on account of their high temperature applications.

The organised sector constitutes 70% of the PVC market in India. With experts anticipating both urban and rural areas in India to suffer from water scarcity, there is likely to be a greater demand for scientific water management systems. Consequently, major players in India's PVC pipes market are now devoting efforts in cost-effective, time-saving technologies that will help draw and transport water.

Source: Elara Securities

### Growth propellers

#### Government initiatives

The government's steady efforts to set up clean drinking water systems and public sanitation facilities are important drivers for the growth and scalability of the sanitaryware industry. The Union Budget 2020-21 has allocated ₹ 30,478 crore for the Jal Shakti Ministry. The Jal Jeevan Mission, which is geared to ensure water security across India, was allocated ₹ 11,500 crore for the year 2020-21 in the budget. ~₹ 12,294 crore has been earmarked for 'Swachh Bharat Abhiyan' that was kickstarted in 2014 to discourage open defecation. Moreover, stricter implementation of the GST will enhance growth prospects for organised players.

#### Building new India

The government's push for projects such as 'Smart Cities' and 'Affordable Housing for All' through the Pradhan Mantri Awas Yojana, together with the transition from joint to nuclear families, is further driving the demand for building materials.

#### Greater replacement demand

With higher focus on home renovation by India's brand-conscious citizens, replacement cycles are shortening. At 10-12% of the total demand, it is expected to be a major growth driver going forward.

Source: ICICI Securities



### More spending power

India's per-capita monthly income is estimated to have grown by 6.8% to ₹ 11,254 during FY 2019-20. Rising spending power continues to support the business's growth. Aspiring consumers, with their growing appetite for an aspirational lifestyle, are willing to pay a premium for products that reside at the higher end of the spectrum.

Source: Ministry of Statistics and Programme Implementation

### Emergence of smart bathrooms

Today's consumers are significantly adopting the concept of a smart bathroom with modern and smart accessories. Internet of Things (IoT) and the concept of internet-supported intelligent devices have succeeded in the expansion of smart toilets and bathrooms. The availability of smart residence gadgets at economical prices is additionally boosting the growing requirement for smart showers.

## BUSINESS REVIEW

We sustain our legacy of excellence by innovating around customer's requirements. Over the decades, we have played a pioneering role in the sanitaryware and faucet manufacturing and continue to be a leading presence in this segment. We work closely with our research and development team to introduce products that we think are 'industry musts'.

Our Building Products division offers a wide range of extraordinary products across sanitaryware, faucets and plastic pipes and fittings segments.

To enhance our relevance as a complete bathroom solutions provider, we tapped into the plastic pipes and fittings segment (comprising PVC, CPVC, UPVC and Soil-Waste-Rain or SWR) a couple of years ago. As a part of this segment, we offer solutions to the building construction domain for potable water transportation, water harvesting, underground drainage and sanitation applications.



## KEY HIGHLIGHTS OF FY 2019-20

**Sanitaryware and faucets segment**

- › Developed 53 new Stock Keeping Units (SKUs)
- › Installed robotic system to increase efficiency and consistency that further enhance the quality of the products
- › Set up pressure casting machines for wash basins, increasing productivity in terms of effective space utilisation, and lowering dependence on manual labour
- › Installed additional equipment in faucet plant to reduce process losses, thus aiding in cost saving during FY 2019-20
- › Commissioned Computer Numerical Control (CNC) machines in various processes like grinding, low-pressure die-casting, turning and testing. These CNC machines improve the accuracy of processes and consistency of output
- › At Bibinagar plant, partial conversion of energy source in processes from Liquefied Petroleum Gas (LPG) to natural gas during FY 2019-20; we expect to fully convert to natural gas by the end of FY 2020-21. In addition to it, process wastage reduced during place together in the same line benefiting with improved cost structure
- › At Bahadurgarh plant, production of critical design SKUs increased substantially

**Plastic pipes and fittings segment**

- › Introduced 43 innovative SKUs; new ranges introduced in the CPVC and SWR products
- › We received the Indian Green Building Council (IGBC) platinum rating for our entire manufacturing process in FY 2019-20; we are the 8<sup>th</sup> company in India to receive this coveted certification
- › Completely automated the entire manufacturing process, except for loading/unloading of pipes
- › Minimal waste generating manufacturing process

**OUTLOOK**

During FY 2019-20, we at HSIL have undertaken numerous modernisation and technology upgradation measures. The automation and robotics-oriented approach was piloted across some of our facilities, to improve consistency and enhance the quality of our offerings. Now that we have successfully piloted these projects and have our learnings in place, we intend to mainstream automation across all our facilities.

In the plastic pipes and fittings segment, we expect to enhance our utilisation levels to industry-best levels within the next 2-3 years.

We expect business uncertainty to prevail in the markets at least up to H1 FY 2020-21, led by the impact of the COVID-19 pandemic. Businesses will start recovering and gaining pace from Q3-Q4 FY 2020-21, as we hope the fear of the contagion to fade away with proper management and advances in medicine.

**IMPACT OF COVID-19 PANDEMIC**

The outbreak of COVID-19 has caused global widespread economic disruptions leaving uncertainties with respect to severity and its impact on businesses, which currently cannot be reasonably ascertained. The Company has up to the date of approval of financial results, evaluated and factored in to the extent possible likely material events and circumstances arising from COVID-19 pandemic and their impact on carrying value of its Assets & Liabilities as at 31 March 2020. Based on current indicators of future economic conditions, the Company expects to recover carrying amount of its Assets as on 31 March 2020. The impact of any future events and developments emerging out of COVID-19, if any, and occurring after the balance sheet date and relating to the Assets & Liabilities of the Company as on 31 March 2020 will be recognised prospectively. Considering current market scenario and the Company's quality product portfolio, brand image, long-standing relationships and goodwill with its customers, suppliers and other stakeholders, the Company expects that the business operations, cash flows, future revenue, assets and liabilities will sustain going forward.

## People at HSIL

We have created an inclusive and diverse work culture with shared values and a common purpose. Our people's hard work, dedication and entrepreneurial spirit sit at the heart of our business. On 31 March 2020, the total workforce strength stood at 2,891.

Our HR strategy and roadmap seeks to provide an enabling environment where our colleagues can enjoy work, feel encouraged and are supported to grow. This is achieved through our culture of collaboration, which gives every individual a sense of purpose and an opportunity to thrive. We help our people to develop their expertise, knowledge and skillsets, and amplify their contribution and impact.

With a view to make processes more transparent and data-driven, we launched a range of new tools this year. Some of these are:

- › **Human Resource Management (HRM) software:** We launched the HRM system, integrating all our people processes online. The digital tool's artificial intelligence drives faster processing and data sharing, and greater engagement, resulting in higher productivity, lower employee turnover, reduced costs and lower risk of non-compliance and policy violation. With the right communication and regular training camps, we enabled a seamless shift to the software. Over time, the software's in-built analytics component is expected to help us make informed decisions about our teams
- › **Performance Management (PM) software:** Another powerful tool, the PM system selects high-potential and high-performing employees to strengthen our talent pipeline and succession planning
- › **Learning Programs for Accelerated Development (L-PAD):** The online portal for e-learning, L-PAD helps employees learn on the go and at their own pace. Employees can gradually complete professional training courses, fulfil their learning ambitions and progress in their careers. With a cloud-based learning management dashboard, these courses can be accessed from anywhere, any time and on any device – effectively letting employees take control of their own learning curve

As the business transforms, we are evolving our culture to ensure that we continue to attract the best people possible to build their careers at HSIL. Thus we are implementing more employee-centric activities and engagement programmes to ensure a great, safe, inclusive and diverse place to work for our people.



# Risk Management



We at HSIL relentlessly focus on managing a risk-optimised business. Our risk management framework identifies and assesses risks and monitors the effectiveness and efficiency of risk mitigation and control measures. The major risks identified by businesses are systematically addressed through appropriate mitigating measures.



### RISK APPETITE

We review and validate our risk appetite at regular intervals. This is integrated into our overall risk management framework to support better decision-making and prioritisation.

**Our risk appetite is driven by the following concerns:**

#### Growth ambition



We operate in a competitive, dynamic sector and aggressively pursue growth opportunities. This entails calculated risk-taking and mitigation.

#### Compliance



Abiding by relevant legislations as well as our business principles is a habit that is embedded in our culture and underpins our strategy.

#### Brand



We strive to protect the value and reputation of the brand, prioritise the interests and safety of our customers and employees, and support responsible growth.

#### Efficiency



We seek to continuously improve our operational efficacy to enhance our competitiveness.

### RISK FRAMEWORK

Our risk framework is structured around the following categories of risk:



**Strategic**



**Business**



**Operational**

Here, we report the principal risks, which we believe are likely to have the greatest current or near-term impact on our business.

Our senior executives of various functional units are responsible for tracking and monitoring the key risks for the divisions periodically and implementing suitable mitigation plans proactively. During FY 2019-20, we expanded the scope and coverage of the risk framework across the Company.





## STRATEGIC RISKS

Lack of business decisions or failed decisions may pose a strategic risk to the Company. Strategic risk is often a primary factor in determining a company's worth, particularly if the company experiences a sharp decline in a short period of time. We have tried to evaluate relevant factors and their mitigation measures for what may be categorised as strategic risks.

RISK FACTORS	IMPACTS	MITIGATION MEASURES
<b>Economic uncertainties</b>	A slowdown of the Indian economy may lead to a fall in demand for our products	India continues to be an attractive investment destination among the emerging economies, driven by demand factors such as growing consumer affluence, the government's infra push, and rapid urbanisation. However, there has been moderation in growth estimates. Our business diversification into varied sectors has ensured that there is no overdependence on any specific sector, safeguarding us from any sudden industry shocks.
<b>Volatility in real estate industry</b>	A slowdown in the growth of real estate in the nation could impact our sales and revenue	The implementation of the Real Estate (Regulation and Development) Act ensures the elimination of dubious players. Also, the demand for affordable and middle-income housing is expected to drive growth both in the metros and Tier-II cities in the coming years. Moreover, we are not completely dependent on any one sector for revenue.
<b>Rising competition and entry of multinational players</b>	Increase in competition can lead to lower sales and market share. Similarly, the entry of global players with an extensive market reach can disrupt the sectoral equilibrium	We have been in the industry for six decades and our high-quality and innovative products, cost-effective production, experience, timely delivery, diversified business, have enabled us to succeed in this competitive market.
<b>Inability to gauge preferences</b>	In a dynamic market environment, where preferences evolve fast, inability to gauge customer's preferences can dent our market share	To grow our wide range of products, we are constantly seeking feedback for innovations in each product segment from our institutional customers. This helps us unveil new products to cater to evolving end users' aspirations.
<b>Dependence on a few customers</b>	An excessive dependence on a few clients can affect sales	We have a loyal customer base across different industries mainly comprising institutional customers. Our Company has always focused on building long-term and rewarding association with clients across industries.
<b>Geo-political risks</b>	Geo-political factors may have an impact on the smooth running of businesses	Our diverse product offerings in different industries and reach in different markets help us mitigate any kind of over-dependence on any product or market.
<b>Regulatory risks</b>	Any changes in the regulatory scenario may affect business adversely	We have a multi-channel distribution network helping us mitigate any kind of regulatory risks. For example, if the PET segment faces any regulatory hindrance, due to environmental factors, our glass packaging is well poised to capture the lost market-share
<b>Tariff wars</b>	Any trade row between exporting partner countries may impact our business	Exports contribute a very small part of the overall revenues. Hence, impact of tariff war, if any, may not significantly affect our revenues



## BUSINESS RISKS

Any uncertainty causing an organisation to generate inadequate profits or even losses are termed as business risks. Our risk management team has tried to evaluate the relevant applicable business risks and mitigation measures.

RISK FACTORS	IMPACTS	MITIGATION MEASURES
<b>Unorganised sector</b>	Low-priced products from unorganised players can erode our market share	Threat from the unorganised sector is gradually being mitigated with industry consolidation following GST implementation. Besides, our innovative products cater to a wide spectrum of discerning consumers with varied aspirations.

RISK FACTORS	IMPACTS	MITIGATION MEASURES
<b>Lack of innovation</b>	Inability to remain relevant in the market through the identification of current trends and breakthrough innovations	We keep ourselves abreast of the latest trends through thorough market research and regular feedback from institutional customers. Our talented R&D team is working relentlessly to leverage advanced technologies and unveil innovative products in line with consumer requirements.
<b>Lack of prominence</b>	Ineffective marketing and distribution can hinder sales and business growth	Strengthening the distribution network is a continuous exercise that we conduct. As a premium B2B player, we constantly focus on growing our institutional customers
<b>Team of go-getters</b>	Low employee competencies and inadequate experience could impact our growth	We have a stringent hiring process and have ensured that there are qualified and competent personnel at key positions for hassle-free execution. Also, we encourage our employees through various engagement programmes and organise industry-specific training regularly. Employees are rewarded with attractive rewards and remuneration programme for exemplary performance.
<b>Working capital management</b>	Inability to meet short-term liquidity requirements can impact growth and profitability	We always strive to improve our working capital requirements by optimising inventory and receivables cycle and extending our payables cycle.
<b>Threat from PET packaging</b>	Rising demand for PET packaging could hurt the sales of glass container business	Our glass business is seeing a steady rise in sales due to various eco-friendly measures being undertaken in the world. Besides, our presence in the PET segment ensures any loss of sales in the glass segment is met by the PET segment.
<b>Quick product turnover</b>	Fast product turnover burdens the inventory excessively	Our robust inventory management ensures there is appropriate mapping of SKUs for gradual phasing-in and phasing-out. Comprehensive analytics is employed in planning the timely replacement of SKUs so as not to impact revenue generation.
<b>Interest rate, commodity price recession risk</b>	Any adverse movements in interest rates or commodity price recession may impact business revenues	We review our short-term and long-term interest rates at regular intervals to ensure the cost effectiveness. The Company has policies in place to manage its exposure to fluctuation in the prices of key raw materials.



### OPERATIONAL RISKS

Ineffective procedures, systems or policies may result in operational risks. These risks are identified and mitigated by our risk management committee.

RISK FACTORS	IMPACTS	MITIGATION MEASURES
<b>Inadequate raw material availability</b>	Inability to source regular supply of raw materials at optimum price can adversely affect operations	Strong relationships with multiple vendors for procuring our raw materials help us avoid dependence on a few. Besides, we engage with our vendors repeatedly to plan our raw material inventory pipeline.
<b>Quality issues</b>	Lowering or variation in product quality can affect sales and cause customer attrition	We do not compromise on product quality and thus have aligned quality checks across our manufacturing chain with global standards. Following manufacture, our products undergo a series of quality checks to ensure we have low rejection rates and minimal customer complaints.
<b>Operational bottlenecks</b>	Constant disruption in operations could hamper production	Our state-of-the-art facilities with global manufacturing practices, along with automation help improve processes and product quality
<b>Credit standing</b>	Inadequate funds may impact the daily operations of the Company	Enduring lender relationships and a high credit profile have ensured that funds are readily available to the Company at competitive costs.

RISK FACTORS	IMPACTS	MITIGATION MEASURES
<b>Rising costs structure</b>	Inability to achieve higher cost efficiency may affect profitability	We adopt best practices and standards across our manufacturing facilities and have increased operating efficiency through product planning, increased utilisation rates and reduced production cost across our manufacturing facilities. Also, we conduct detailed reviews to identify areas where we can reduce our raw material and energy costs, without compromising output quality.
<b>Product failure and differentiations</b>	Any adverse market reaction to any of our products leading to its failure may affect the revenues	We cater to a multi-industry, multi-product clientele. Our range of products is quite vast, and failure of any single product or a single range may not be able to materially affect the revenues of overall business. Our R&D initiatives are relentlessly focused on developing innovative products, as per consumer preferences.
<b>Health &amp; safety risks</b>	Any unfortunate incident may lead to loss of life and/or economic losses	Our focus on employees' health, safety and wellbeing help us mitigate most of the risks in the manufacturing and operational situation. Additionally, our plants and products have received various certifications and accolades for leadership in EHS activities.
<b>Loss of key managerial personnel (KMP)</b>	Any loss of KMP may adversely impact the business	Our pay and rewards and recognition structure ensure competitive remuneration to our key managerial personnel, keeping them well motivated.
<b>Loss of suppliers</b>	Any loss of suppliers may disrupt the normal business environment for the Company	We have harmonious and long-term relations with all our suppliers and our vendors help in maintaining these relationships. Additionally, we maintain relations with multiple vendors, so as to mitigate the risk of over-dependence on any single vendor.
<b>Currency fluctuations risk</b>	Any extreme fluctuations in currencies we do business in may impact our revenues and/or profits	We regularly enter into a wide variety of derivative instruments like forward contracts, future contracts, etc. to hedge our foreign exchange position. Additionally, some of our foreign exchange positions act as a natural hedge to protect our financial position from foreign exchange risk

## INTERNAL CONTROLS

The internal control systems are commensurate with the size, scale and complexity of the operations of the Company. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with the applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation, and ensuring compliance with corporate policies. The Company uses SAP, a well-accepted enterprise resource planning (ERP) system, to record data for accounting, consolidation, and management information purposes and connects to different locations for efficient exchange of information.

The Audit Committee of the Board of Directors, comprising Independent Directors, reviews the effectiveness of the internal control system across the Company, including the annual plan, significant audit findings and recommendations, adequacy of internal controls and compliance with accounting policies and regulations.

## INTERNAL FINANCIAL CONTROLS

The Company has in place an adequate Internal Financial Controls framework. It has documented Risk and Control Matrices (RACM) covering all activities, and all controls are tested for design and operating effectiveness as part of its Internal Financial Control reporting framework. The financial controls are evaluated for both design and operating effectiveness by an external consulting firm of repute.

In our view, the Internal Financial Controls are adequate and are in line with best practices applicable to organisations of a similar size, nature and complexity.

## RISK MANAGEMENT

The Company has a robust risk management framework which identifies and assesses strategic, operational, financial and compliance risks and monitors the effectiveness and efficiency of risk mitigation and control measures. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.



# Analysis of Financial Statements

## FINANCIAL HIGHLIGHTS

(₹ in lakh)

BALANCE SHEET	2015-16	2016-17	2017-18	2018-19*	2019-20
Equity Share Capital	1,445.97	1,445.97	1,445.97	1,445.97	1,445.97
Reserve and Surplus	61,376.91	68,451.04	72,585.11	58,174.29	59,651.87
Share Premium	45,497.87	45,497.87	45,497.87	36,812.98	36,812.98
Business Reconstruction Reserve	30,419.59	29,608.83	29,398.19	29,177.01	27,776.99
Loan Fund *	64,157.30	74,099.96	1,09,562.20	88,845.92	1,00,628.23
Deferred Tax Liability	20,759.32	20,768.33	21,154.21	22,689.16	23,634.83
Other Long Term Liabilities (excluding trade deposits and Deferred government grant)	82.74	1,216.74	897.86	878.96	937.66
Long Term Provision	781.14	957.37	1,021.38	608.64	802.29
<b>Total</b>	<b>2,24,520.84</b>	<b>2,42,046.11</b>	<b>2,81,562.79</b>	<b>2,38,632.93</b>	<b>2,51,690.82</b>
Net Block (tangible and intangible including goodwill)	1,51,374.35	1,52,327.77	1,68,106.85	1,84,235.55	1,81,968.18
Capital Work-in-Progress (including capital advances)	8,197.36	20,726.86	23,781.09	11,670.38	3,299.81
Investments	3,261.91	3,503.53	3,455.34	2,007.13	1,173.12
Other non-current assets (including current tax)	7,839.60	11,624.82	9,343.11	12,636.27	10,981.45
<b>Current Assets</b>					
Inventories	49,005.54	49,249.68	56,429.93	29,066.50	40,797.54
Sundry Debtors	38,757.49	39,717.19	51,408.55	32,312.82	29,303.69
Cash and Bank	1,882.98	3,281.62	5,975.07	3,933.68	4,749.68
Other Current Assets	5,050.34	6,774.95	10,990.76	7,958.25	14,565.30
<b>Current Liabilities</b>					
Trade payables	15,360.23	19,660.37	21,736.61	18,571.87	19,522.30
Other Current Liabilities (other than current maturities of long term borrowings)	25,168.69	25,201.61	25,865.74	25,847.68	14,633.05
Short-term provisions	319.81	298.33	325.56	768.10	992.60
<b>Net Current Assets (working capital)</b>	<b>53,847.62</b>	<b>53,863.13</b>	<b>76,876.40</b>	<b>28,083.60</b>	<b>54,268.26</b>
<b>Total</b>	<b>2,24,520.84</b>	<b>2,42,046.11</b>	<b>2,81,562.79</b>	<b>2,38,632.93</b>	<b>2,51,690.82</b>

\* Loan Fund = Non-current borrowings + Current borrowings + Trade Deposits + Deferred government grant + Current Maturities of long term borrowings - Current investments in mutual fund - Fixed deposit receipts.

#Note on restated financials: The Board of Directors of the Company in its meeting held on 10 November 2017 had approved a Composite Scheme of Arrangement under sections 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company (the "Resulting Company 1" or "SHIL") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors (the "Scheme"). The Scheme provided for demerger of (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of the Company into Resulting Company 2. The Scheme was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26 June 2019, certified copy of the order dated 22 July 2019 was filed with Registrar of Companies, West Bengal on 5 August 2019 and accordingly the Scheme has come into effect. The Scheme is effective from the Appointed Date i.e. 1 April 2018. Accordingly, due effect of the Scheme has been incorporated with effect from the Appointed Date. The Ind AS financial statements of the Company for the year ended 31 March 2019 were approved by shareholders in its annual general meeting held on 2 September 2019 and subsequently to give effect of the Scheme, the comparative financial statements for the quarter and year ended 31 March 2019 have been restated.

(₹ in lakh)

STATEMENT OF PROFIT & LOSS	2015-16	2016-17	2017-18	2018-19 <sup>#</sup>	2019-20
Gross Sales	2,05,489.91	2,19,803.48	2,25,284.77	1,59,199.35	1,83,950.22
Less: Excise Duty	14,974.01	15,492.15	3,500.03	-	-
Net Sales	1,90,515.90	2,04,311.33	2,21,784.74	1,59,199.35	1,83,950.22
Other Income	6,853.58	3,641.40	4,137.82	5,195.65	3,986.88
<b>Total Income</b>	<b>1,97,369.48</b>	<b>2,07,952.73</b>	<b>2,25,922.56</b>	<b>1,64,395.00</b>	<b>1,87,937.10</b>
Purchase of Traded Goods	40,551.39	43,940.06	54,683.70	-	4,602.94
Power and Fuel	23,248.41	24,528.80	28,097.13	34,920.39	35,228.03
Raw Material consumed, Manufacturing, Administrative and Other Expenses (including change in inventories)	75,082.21	81,466.12	84,044.39	88,106.69	96,222.64
Employee Cost	24,744.64	28,633.03	30,887.11	20,100.58	22,748.30
<b>Total Expenses</b>	<b>1,63,626.65</b>	<b>1,78,568.01</b>	<b>1,97,712.33</b>	<b>1,43,127.66</b>	<b>1,58,801.91</b>
EBITDA	33,742.83	29,384.72	28,210.23	21,267.34	29,135.19
Depreciation and Amortisation	11,443.31	11,083.31	11,403.99	13,130.72	14,287.64
EBIT	22,299.52	18,301.41	16,806.24	8,136.62	14,847.55
Finance Costs	4,104.72	3,335.86	5,575.92	5,897.59	7,347.63
PBT before Exceptional Items	18,194.80	14,965.55	11,230.32	2,239.03	7,499.92
Exceptional Items	-	-	(654.15)	-	-
Profit before tax	18,194.80	14,965.55	10,576.17	2,239.03	7,499.92
Income Tax	3,351.62	4,889.31	2,788.64	869.87	1,294.15
MAT credit entitlement				(497.04)	(1,294.15)
Deferred Tax	3,215.06	(224.84)	311.45	339.17	2,658.31
Profit After Tax	11,628.12	10,301.08	7,476.08	1,527.03	4,841.61
Cash Profit	26,286.49	21,159.55	19,191.52	14,499.88	20,493.41

## RATIO ANALYSIS

(₹ in lakh)

KEY PERFORMANCE INDICATORS	2015-16	2016-17	2017-18	2018-19 <sup>#</sup>	2019-20
Networth *	1,08,320.75	1,15,394.88	1,19,528.95	96,433.24	97,910.82
Capital Employed **	2,23,656.96	2,39,872.00	2,79,643.55	2,37,145.33	2,49,950.87
Average Capital Employed	2,27,065.29	2,31,764.48	2,59,757.78	2,58,394.44	2,43,548.10
Average Loan Funds	70,305.91	69,128.63	91,831.08	99,204.06	94,737.08
Cash Profit	26,286.49	21,159.55	19,191.52	14,499.88	20,493.41
Net Domestic Turnover	1,76,676.41	1,90,383.22	2,07,303.99	1,42,751.81	1,67,502.68
Export Turnover	13,839.49	13,928.11	14,480.75	16,447.54	16,447.54
Dividend (%)	200.00	200.00	200.00	150.00	150.00
Market Price - (₹) (End of year at NSE)	278.30	349.85	371.20	250.50	40.35
Total Dividend Payout (including Dividend Distribution Tax)	3,045.50	3,480.57	3,480.57	3,486.30	2,615.40
Retained Earnings	8,582.62	6,820.51	3,995.51	(1,959.27)	2,226.21

\* Networth = Equity Share Capital + Other Equity - Miscellaneous Expenses - Business Reconstruction Reserve

\*\* Capital Employed = Networth + Loan Funds + Deferred Tax Liability + Business Reconstruction Reserve

# The figure are post Scheme of Arrangement.

<b>BALANCE SHEET RATIOS</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19<sup>#</sup></b>	<b>2019-20</b>
Return on Networth (%)	10.73	8.93	6.25	1.58	4.94
Return on Average Capital Employed (%)	9.82	7.90	6.47	3.15	6.10
Debt Equity Ratio (net)	0.59	0.64	0.92	0.92	1.03
Debtors Cycle (Days)	69	66	83	74	58
Inventory Cycle (Days)	94	88	93	67	81
Net Current Assets Turnover (Days)	103	96	127	64	108
Turnover/Net Current Assets	3.54	3.79	2.88	5.67	3.39
Turnover/Inventory	3.89	4.15	3.93	5.48	4.51
Turnover/Capital Employed	0.85	0.85	0.79	0.67	0.74
Turnover/Net Block	1.26	1.34	1.32	0.86	1.01
Net Block/Capital Employed	0.68	0.64	0.60	0.78	0.73
Working Capital/Capital Employed	0.24	0.22	0.27	0.12	0.22

<b>STATEMENT OF PROFIT &amp; LOSS RATIOS</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19<sup>#</sup></b>	<b>2019-20</b>
Domestic Sales/Turnover	92.74	93.18	93.47	89.67	91.06
Export Sales/Turnover	7.26	6.82	6.53	10.33	8.94
Excise/Turnover	7.86	7.58	1.58	-	-
<b>MARGINS (%)</b>					
EBITDA Margin (net sales)	17.71	14.38	12.72	13.36	15.84
EBIT Margin (net sales)	11.70	8.96	7.58	5.11	8.07
Pre Tax Profit Margin @	9.55	7.32	5.06	1.41	4.08
PAT Margin	6.10	5.04	3.37	0.96	2.63
<b>EXPENSES (%)</b>					
Goods Purchase for Resale/Total Expenses	24.78	24.61	27.66	-	2.90
Power & Fuel/Total Expenses	14.21	13.74	14.21	24.40	22.18
Manufacturing, Administrative and Other Expenses/Total Expenses	45.89	45.62	42.51	61.56	60.60
Employee Cost/Total Expenses	15.12	16.03	15.62	14.04	14.32
Interest Cover (times)	8.22	8.81	5.06	3.61	3.97
Cost of Debt (%)	5.84	4.83	6.07	5.94	7.76
<b>PER SHARE DATA (₹)</b>					
EPS (Face Value ₹ 2/-)	16.08	14.25	10.34	2.11	6.69
CEPS (Face Value ₹ 2/-)	36.36	29.27	26.55	20.06	28.35
Book Value (₹)	149.83	159.61	165.33	133.39	135.43

@ Before exceptional items

# The figure are post Scheme of Arrangement.

## Change in Key Financial Ratios

	2018-19 #	2019-20	Change over previous year %
<b>(i) Debtors Turnover (days)</b>	74	58	(22%)
1. Trade Receivables/Sale of goods*365			
2. Trade Receivables includes the amount of Goods & Service Tax.			
<b>(ii) Inventory Turnover (days)</b>	67	81	21%
Inventories/Sale of goods*365			
<b>(iii) Interest Coverage Ratio (times)</b>	3.61	3.97	10%
EBITDA/Finance cost			
<b>(iv) Current Ratio (times)</b>	1.17	1.45	24%
(Total Current assets/ Total current liabilities (including Short Term borrowings and Current maturities of long term borrowings)			
<b>(v) Total Debts to Equity Ratio (times)</b>	0.92	1.03	12%
(Non-current borrowings including Current maturities of long term borrowings + Current Borrowings + Deferred Govt. Grant /Net worth*)			
* Networth = Equity Share Capital + Other Equity - Miscellaneous Expenses - Business Reconstruction Reserve			
<b>(vi) Operating Profit Margin (%)</b>	13.36	15.84	19%
EBITDA/Sale of goods			
<b>(vii) Net Profit Margin (%)</b>	0.96	2.63	174%
Profit for the year / Sale of goods			
<b>Reason for changes:</b>			
Improved due to increase in Profit for the year			

**Note: We have incorporated the reasons for changes, where ever significant changes in key financial ratios are 25% or more compared to the previous financial year.**

<b>Details of any change in Return on Net Worth</b>			
<b>Return on Net Worth (%)*</b>	1.58	4.94	213%
Profit for the year / Networth			
<b>Reason for changes:</b>			
Improved due to increase in Profit for the year			
* Networth=Equity Share Capital + Other Equity - Miscellaneous Expenses - Business Reconstruction Reserve			

#Note on restated financials: The Board of Directors of the Company in its meeting held on 10 November 2017 had approved a Composite Scheme of Arrangement under sections 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company (the "Resulting Company 1" or "SHIL") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors (the "Scheme"). The Scheme provided for demerger of (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of the Company into Resulting Company 2. The Scheme was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26 June 2019, certified copy of the order dated 22 July 2019 was filed with Registrar of Companies, West Bengal on 5 August 2019 and accordingly the Scheme has come into effect. The Scheme is effective from the Appointed Date i.e. 1 April 2018. Accordingly, due effect of the Scheme has been incorporated with effect from the Appointed Date. The Ind AS financial statements of the Company for the year ended 31 March 2019 were approved by shareholders in its annual general meeting held on 2 September 2019 and subsequently to give effect of the Scheme, the comparative financial statements for the quarter and year ended 31 March 2019 have been restated.

## CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives and predictions may be forward looking statements within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategies it devises for the future. The Company does not undertake the responsibility to update these statements.

# Directors' Report

## Dear Members,

Your Directors are pleased to present the sixtieth Annual Report and the Company's audited financial statements for the financial year ended 31 March 2020.

## FINANCIAL RESULTS

The Company's financial performance, for the year ended 31 March 2020 is summarised below:

Particulars	(₹ in lakh)	
	2019-20	2018-19*
Revenue from Operations	1,85,907	1,60,476
Add: Other Income	2030	3,919
<b>Total Income</b>	<b>1,87,937</b>	<b>1,64,395</b>
<b>Profit before tax</b>	<b>7,500</b>	<b>2,239</b>
Less: Tax expenses	2,658	712
<b>Profit after tax (i)</b>	<b>4,842</b>	<b>1,527</b>
Other Comprehensive Income (net of tax)	(749)	(868)
<b>Total Comprehensive Income</b>	<b>4,093</b>	<b>659</b>
Add: balance brought forward (ii)	44,406	46,365
<b>Amount available for appropriation [(i) + (ii)]</b>	<b>49,248</b>	<b>47,892</b>
<b>APPROPRIATIONS:</b>		
Dividend paid on equity shares (for previous financial year)	2,169	2,892
Tax on Dividend paid	447	594
<b>Balance carried forward</b>	<b>46,632</b>	<b>44,406</b>

(Figures have been rounded off)

\*Note on restated financials: The Board of Directors of the Company in its meeting held on 10 November 2017 had approved a Composite Scheme of Arrangement under sections 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company (the "Resulting Company 1" or "SHIL") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors (the "Scheme"). The Scheme provided for demerger of (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of the Company into Resulting Company 2. The Scheme was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26 June 2019, certified copy of the order dated 22 July 2019 was filed with Registrar of Companies, West Bengal on 5 August 2019 and accordingly the Scheme has come into effect. The Scheme is effective from the Appointed Date i.e. 1 April 2018. Accordingly, due effect of the Scheme has been incorporated with effect from the Appointed Date. The Ind AS financial statements of the Company for the year ended 31 March 2019 were approved by shareholders in its annual general meeting held on 2 September 2019 and subsequently to give effect of the Scheme, the comparative financial statements for the quarter and year ended 31 March 2019 have been restated.

## OPERATIONAL REVIEW

Your Company reported a good performance during FY 2019-20 across key business divisions. Your Company ended the year with revenue from operation of ₹ 1,85,907 lakh over previous year corresponding figure of ₹ 1,60,476 lakh, representing a growth of 16%. This resulted in EBITDA of ₹ 29,135 lakh in FY 2019-20, representing a growth of around 37%.

### A. Packaging Products Division (PPD)

The revenue from operations for FY 2019-20 was ₹ 1,24,151 lakh, higher by 13% over the previous year's revenue from operations of ₹ 1,09,715 lakh. EBIT before unallocable expenditure increased by 71%. The division posted strong sales growth at the back of various initiatives, which are as under:

### AGI Glass: Glass containers

- › Introduced 161 new product designs, conducted pilot trials for 94 new products and commercialised 57 new products to cater to extensive requirements of existing and new customers.
- › Value savings through import substitution for machine parts.

### Garden Polymers: PET Bottles and Products

- › Developed and commercialised bottles and caps for Adhesive, Flavoured Milk, and Mouth Wash bottles to expand our reach.
- › Developed CRC Cap for HDPE Tablet Bottles which is well received by the market.

**AGI Clozure: Security Caps and Closures**

- › Business enlisted with Radico Khaitan, Diageo, United Spirits.
- › Worked extensively to enhance customer base in India and also introduced our products in international markets such as Zambia, Kenya, Malaysia and Mauritius.

**B. Building Products Division (BPD)**

The Building Products Division revenue from operations for FY 2019-20 was ₹ 61,016 lakh, higher by 24% over the previous year's revenue of ₹ 49,354 lakh. The key initiatives undertaken during the year for better operational performance are:

**Sanitaryware and Faucets**

- › Developed 53 new SKUs during this financial year.
- › At Bibinagar plant, we undertook partial conversion of energy source in processes from LPG to Natural Gas during FY 2019-20. We expect to fully convert to Natural Gas by the end of FY 2020-21. In addition to it, process wastage reduced during FY 2019-20. All these initiatives undertaken has resulted in improved cost structure.

**Plastic Pipes & Fittings**

- › Entire range of CPVC Pipes and Fittings was certified by National Sanitation Foundation (NSF).
- › Introduced 43 innovative SKUs.

**SCHEME OF ARRANGEMENT**

During the year under review, the Hon'ble NCLT, Kolkata Bench approved the Composite Scheme of Arrangement (Demerger) between the Company, Somany Home Innovation Limited (SHIL) and Brillocca Limited (Brillocca) and their respective shareholders and creditors pursuant to the provisions of the Companies Act, 2013 on 26 June 2019. The said Scheme was made effective on 5 August 2019 (w.e.f. the Appointed Date i.e. 1 April 2018 as per the said Scheme). The BPDMD undertaking (as defined in the Scheme) was transferred to Brillocca and CPDM Undertaking and Retail Undertaking (as defined in the Scheme) was transferred to SHIL.

**MATERIAL CHANGES AND COMMITMENTS**

The outbreak of COVID-19 pandemic has caused global widespread economic disruptions leaving uncertainties with respect to severity and its impact on businesses, which currently cannot be reasonably ascertained. The Company has up to the date of approval of financial results, evaluated and factored into the extent possible likely material events and circumstances arising from COVID-19 pandemic and their impact on carrying value of its Assets and Liabilities as at 31 March 2020.

Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of its Assets as on 31 March 2020. The impact of any future events and developments emerging out of COVID-19 pandemic, if any, and occurring after the balance sheet date and relating to the Assets and

Liabilities of the Company as on 31 March 2020 will be recognised prospectively.

Considering the current market scenario and Company's quality product portfolio, brand image, long-standing relationships and goodwill with its customers, suppliers and other stakeholders, the Company expects that the business operations, cash flows, future revenue, assets and liabilities will sustain going forward.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

Subsequent upon effectiveness of Composite Scheme of Arrangement between the Company, SHIL and Brillocca and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013, the investments of the Company were transferred to SHIL and Brillocca respectively and resultantly, the Company has no subsidiaries.

However, the approved policy for determining material subsidiaries may be accessed on the Company's website at the link: <http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Material-Subsidiary-Policy-Version-III.pdf>

**DIVIDEND**

Your Directors have recommended a dividend of ₹ 3/- (i.e. 150%) per equity share (last year ₹ 3/- (i.e. 150%) per equity share) on equity shares of ₹ 2/- each for the financial year ended 31 March 2020, absorbing ₹ 2,169 lakh. The dividend payout is subject to approval of members at the ensuing Annual General Meeting of the Company.

The dividend will be paid to members whose names appear in the Register of Members as on 11 September 2020 and in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on 10 September 2020.

**TRANSFER TO RESERVES**

The Board proposes not to transfer any amount out of the profit for the year under review to the general reserve.

**DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and as such no amount of principal or interest was outstanding as on the Balance Sheet date.

**AUDITORS AND AUDITORS' REPORTS****Statutory Auditors**

At the 57th Annual General Meeting (AGM) of the Company held on 3 August 2017, the Shareholders approved the appointment of M/s. Lodha and Co, Chartered Accountants, as Statutory Auditors of the Company having Firm's Registration No. 301051E to hold the office till the conclusion of the 62nd Annual General

Meeting subject to ratification of the appointment by the Shareholders, at every AGM. As per the notification issued by Ministry of Corporate Affairs (MCA) dated 7 May 2018 for The Companies (Amendment) Act, 2017 and Companies (Audit and Auditors) Amendment Rules, 2018, the appointment of Statutory Auditors is not required to be ratified at every AGM, therefore no resolution for such ratification is taken in the Notice of the ensuing AGM.

The Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and therefore do not require any further comments.

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Companies Act, 2013 and the rules made thereunder.

#### Secretarial Auditor

The Board had appointed M/s. DMK Associates, Company Secretaries, New Delhi, (Ms. Monika Kohli, Practising Company Secretary CP No.4936) to conduct Secretarial Audit for the FY 2019-20, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form No. MR - 3 for the FY 2019-20 is enclosed as Annexure A to this Report. The Secretarial Audit Report does not contain any observation or adverse remark.

#### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed in sub section (3)(m) of Section 134 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 are enclosed as Annexure B to this Report.

#### SHARE CAPITAL

During the year under review, the Company did not issue equity shares. The paid-up Equity Share Capital as on 31 March 2020 was ₹ 1,445.97 lakh.

#### EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, the extract of the Annual Return in Form No. MGT - 9 is enclosed as Annexure C to this Report.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors in terms of Section 134(3)(c) of the Companies Act, 2013 ("Act") state that:

- a) in the preparation of the annual accounts for the year ended 31 March 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, had been followed and there are no material departures from the same;
- b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020 and of the profit of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a 'going concern' basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Practising Company Secretary confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

#### CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The disclosure in Form No. AOC-2 is enclosed as Annexure D to this Report.

During the year, the Company entered into Related Party Transactions with Brilloca Limited (a related party), which exceeded the amount prescribed under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and was considered material in accordance with the policy of the Company on Materiality of Related Party Transactions. The aforesaid transaction was approved by Shareholders of the Company through Postal Ballot by way of an ordinary resolution on 19 December 2019.

The Policy on Materiality of Related Party Transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Related-Party-Transactions-Policy-Version-IV.pdf>.

Your Directors draw attention of the members to Note No. 50 to the financial statements which set out related party disclosures.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has a Corporate Social Responsibility Committee in place as per the provisions of Section 135 of the Companies Act, 2013. As on 31 March 2020, the Committee consisted of Mr. Salil Kumar Bhandari, Chairman, Dr. Rajendra Kumar Somany, Mr. Sandip Somany and Ms. Sumita Somany as other members of the Committee.

Subsequent upon resignation of Mr. Salil Kumar Bhandari on 1 April 2020 as Director of the Company, the CSR Committee was re-constituted on 31 May 2020 with Dr. Rajendra Kumar Somany as its Chairman and Mr. Sandip Somany, Ms. Sumita Somany and Mr. Anil Wadhwa as its other members.

The Company's Corporate Social Responsibility Policy (CSR Policy) duly approved by the Board, indicates the activities to be undertaken by the Company to fulfil the expectation of our Stakeholders and to continuously improve our social, environmental and economical performance while ensuring sustainability and operational success of our Company. The Company would also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

The guiding principles for all CSR initiatives of the Company are as follows:

- › Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects;
- › Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting; and
- › Creating opportunities for employees to participate in socially responsible initiatives.

The CSR Policy may be accessed on the Company's website at the link: [http://hsilgroup.com/wp-content/themes/hindware/pdf/investor-relations/corporate-social-responsibility/CSR\\_Policy\\_HSIL.pdf](http://hsilgroup.com/wp-content/themes/hindware/pdf/investor-relations/corporate-social-responsibility/CSR_Policy_HSIL.pdf).

The Annual Report on CSR activities for the FY 2019-20 is enclosed as Annexure E to this Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company,

Mr. Girdhari Lal Sultania, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

As Mr. Sultania will attain the age of 75 years in the month of October, 2020, it is proposed to continue to avail services of Mr. Sultania as Non-executive Non-Independent Director of the Company by way of Special Resolution pursuant to Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The present term of Dr. Rajendra Kumar Somany as Chairman and Managing Director of the Company will expire by efflux of time on 8 January 2021. The Board is seeking Shareholders' approval at ensuing Annual General Meeting (AGM) for re-appointment of Dr. Rajendra Kumar Somany, as Chairman and Managing Director of the Company for a further period of 3 consecutive years, commencing from 9 January 2021 upto 8 January 2024.

The Board of Directors, by way of passing resolutions by circulation, appointed Mr. Anil Wadhwa, Ms. Himalyani Gupta and Mr. Rakesh Sarin as Additional Directors designated as Independent Directors in terms provisions of the Companies Act, 2013, on Board of the Company w.e.f. 18 March 2020. The notice of the ensuing AGM proposes Ordinary Resolutions for appointment of aforesaid Directors to be appointed as Independent Directors of the Company for term of five consecutive years and forms part of the Annual Report.

Profiles of aforesaid Directors are given in the Statement under Section 102 of the Companies Act, 2013 to the Notice of the ensuing AGM of the Company.

Mr. Sandeep Sikka and Ms. Payal M. Puri resigned from their offices of Chief Financial Officer and Company Secretary of the Company respectively on 16 September 2019. The Board of Directors in their meeting held on 17 September 2019 appointed Mr. O.P. Pandey as Chief Financial Officer and Mr. Pulkit Bhasin as Company Secretary and Compliance Officer of the Company.

During the year, Dr. Rainer S. Simon tendered his resignation as Independent Director of the Company with effect from 17 December 2019. Mr. Salil Kumar Bhandari and Mr. Ashok Jaipuria tendered their resignation as Independent Directors of the Company with effect from 1 April 2020 and 27 May 2020 respectively.

## DISCLOSURE UNDER SECRETARIAL STANDARDS

The Directors state that the Company is complying with all the applicable Secretarial Standards on meetings of the Board of Directors.

## NUMBER OF BOARD MEETINGS

During the year under review, five Board Meetings were convened and held. For further details, please refer to the Report on Corporate Governance which is forming part of this Annual Report.



## AUDIT COMMITTEE

As on 31 March 2020, the Audit Committee consisted of Independent Directors namely Mr. V.K. Bhandari, Chairman, Mr. N.G. Khaitan, Mr. Salil Kumar Bhandari and Mr. Ashok Jaipuria, as other members of the Committee.

Subsequent upon resignations of Mr. Salil Kumar Bhandari on 1 April 2020 and Mr. Ashok Jaipuria on 27 May 2020 as Directors of the Company, the Audit Committee was re-constituted on 31 May 2020 with Mr. V.K. Bhandari as its Chairman and Mr. N.G. Khaitan, Mr. Anil Wadhwa, Ms. Himalyani Gupta and Mr. Rakesh Sarin as its other members.

For further details, please refer to the Report on Corporate Governance which is forming part of this Annual Report.

All the recommendations made by the Audit Committee were accepted by the Board.

## VIGIL MECHANISM (WHISTLE BLOWER)

The Company has in place a Whistle Blower Policy to establish a vigil mechanism for Directors/Employees and other stakeholders of the Company to report concerns affecting the smooth and efficient running of operations of the Company. This Policy documents the Company's commitment to maintain an open work environment in which employees, consultants and contractors are able to report instances of unethical or undesirable conduct, actual, suspected fraud or violation of the Company's Code of Conduct.

The Vigil Mechanism (Whistle Blower) Policy is available on Company's website at the link: <http://hsilgroup.com/wp-content/themes/hindware/pdf/Vigil-Mechanism-Policy-Version-IV.pdf>.

## NOMINATION AND REMUNERATION POLICY

The Company has in place a Nomination and Remuneration Policy for appointment of Directors, Key Managerial Personnel, Senior Management and fixation of their remuneration as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Remuneration Policy is available on Company's website at the link: <http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Nomination-and-Remuneration-Policy-Version-III.pdf>.

## DIVIDEND DISTRIBUTION POLICY

The Company has in place a Dividend Distribution Policy as per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy was adopted to set out the parameters that will be taken into account by the Board in determining the distribution of dividend to its Shareholders and/or retaining profit earned by the Company. The Policy is available on Company's website at [http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Dividend\\_Distribution\\_Policy.pdf](http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Dividend_Distribution_Policy.pdf).

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the notes to the Financial Statements (Please refer Note Nos. 7, 8 and 16).

## PARTICULARS OF EMPLOYEES

Information required as per Section 197(12) of the Companies Act, 2013 ("Act") read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure F to this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and 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 is provided in the Annual Report, which forms part of this Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

## INTERNAL CONTROLS

The internal control systems commensurate with the size, scale and complexity of the operations of the Company. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with the applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation, and ensuring compliance with corporate policies. The Company uses SAP - a well-accepted enterprise resource planning (ERP) system to record data for accounting, consolidation, and management information purposes and connects to different locations for efficient exchange of information.

The Audit Committee of the Board of Directors, comprising of Independent Directors, reviews the effectiveness of the internal control system across the Company including annual plan, significant audit findings and recommendations, adequacy of internal controls and compliance with accounting policies and regulations.

## INTERNAL FINANCIAL CONTROLS

The Company has in place an adequate Internal Financial Controls framework. The Company has documented Risk and Control Matrices (RACM) covering all activities and all controls are tested for design and operating effectiveness as part of its Internal Financial Control reporting framework. The financial controls are evaluated for both design and operating effectiveness by an external consulting firm of repute.

In our view, the Internal Financial Controls are adequate and are in line with best practices applicable to organisations of a similar size, nature and complexity.

## RISK MANAGEMENT

The Company has a robust Risk Management framework which identifies and assesses strategic, operational, financial and compliance risks and monitors the effectiveness and efficiency of risk mitigation and control measures. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.

## DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment, if any.

The Directors further state that during the year under review, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the Management.

## BOARD EVALUATION

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria and framework adopted by the Board. In addition, the performance of Board as a whole and Committees were evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive

Directors and Non-executive Directors. The evaluation process has been explained in the Corporate Governance Report section of the Annual Report.

## TRAINING OF INDEPENDENT DIRECTORS

The details of programmes conducted for familiarisation of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company etc. has been uploaded on the Company's website at the web link: <https://www.hsilgroup.com/training-of-directors/>.

For further details, please refer to the Report on Corporate Governance which is forming part of this Annual Report.

## GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Issue of Employees Stock Option to employees of the Company under any scheme.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future other than the order passed by Hon'ble NCLT, Kolkata Bench for approving the Composite Scheme of Arrangement between the Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors.

## ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for assistance and co-operation received from the financial institutions, banks, government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by all employees of the Company.

For and on behalf of the Board of Directors

Place: Gurugram  
Date: 10 June 2020

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director

## ANNEXURE A

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

To  
The Members,  
**M/s. HSIL LIMITED**  
CIN L51433WB1960PLC024539  
2, Red Cross Place,  
Kolkata-700001  
West Bengal

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31 March 2020 (Audit Period) 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 along with **Annexure 1** attached to this report:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB); **(No FDI and ECB were taken by the Company during the Audit Period)**
- 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended till date;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended till date;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
  - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

**vi. OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY AS IDENTIFIED BY THE MANAGEMENT**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>i. The Factories Act, 1948 and rules made thereunder,</li> <li>ii. The Payment of Wages Act, 1936 and rules made thereunder,</li> <li>iii. Minimum Wages Act, 1948 and the rules made thereunder,</li> <li>iv. Employees' State Insurance Act, 1948 and rules made thereunder,</li> <li>v. The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the rules made thereunder,</li> <li>vi. Payment of Bonus Act, 1965 and rules made thereunder,</li> <li>vii. The Payment of Gratuity Act, 1972 and rules made thereunder,</li> <li>viii. The Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder,</li> <li>ix. The Apprentice Act, 1961 and rules made thereunder,</li> <li>x. The Industrial Dispute Act, 1947 and rules made thereunder,</li> <li>xi. The Equal Remuneration Act, 1976 and rules made thereunder,</li> <li>xii. Trade Union Act, 1926 and rules made thereunder,</li> <li>xiii. The Employees Compensation Act, 1923 and rules made thereunder,</li> <li>xiv. Maternity Benefit Act, 1961 and rules made thereunder,</li> <li>xv. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder,</li> <li>xvi. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder,</li> <li>xvii. Hazardous and other Waste (Management and Transboundary Movement) Rules, 2016,</li> <li>xviii. Legal Metrology Act, 2009 and rules made thereunder,</li> <li>xix. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder,</li> </ul> | <ul style="list-style-type: none"> <li>xx. Personal Injuries (Compensation Insurance) Act, 1963,</li> <li>xxi. Custom Act, 1962,</li> <li>xxii. Petroleum Act, 1934 and rules framed thereunder,</li> <li>xxiii. Industrial Employment (Standing Orders) 1946,</li> <li>xxiv. Environment Protection Act, 1986 and rules made thereunder,</li> <li>xxv. Punjab Industrial Establishment (National, Festival, Casual and Sick Leave) Act, 1965 and rules made thereunder</li> <li>xxvi. Punjab Labour Welfare Fund Act, 1965,</li> <li>xxvii. Andhra Pradesh Labour Welfare Fund Act, 1987,</li> <li>xxviii. Employers Liability Act, 1938,</li> <li>xxix. Indian Contract Act, 1872,</li> <li>xxx. Income Tax Act, 1961 and Indirect Tax Laws,</li> <li>xxxi. Negotiable Instrument Act, 1881,</li> <li>xxxii. Indian Stamp Act, 1999,</li> <li>xxxiii. Child and Adolescent Labour (Prohibition and Regulation) Act, 1986 and rules made thereunder, and</li> <li>xxxiv. The Noise Pollution (Regulation and Control) Rules, 2000.</li> </ul> |
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We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.
- (ii) Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

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

Based on the information received and records maintained, we further report that:

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

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

2. Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings along with agenda and detailed notes on agenda 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.
3. Majority decision is carried through and recorded in the minutes of the Meetings. Further as informed, no dissent was given by any Director in respect of resolutions passed in the Board and Committee meetings.

Based on the compliance mechanism established by the Company and on the basis of the Compliance Certificate (s) issued by Chief Executive Officer and Chief Financial Officer of the Company and taken on record by the Board of Directors at their meeting (s), 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 audit period the Company has not incurred any specific event / action that can have major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines, standards etc. except as follows:

- a) The Composite Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013, between the Company, Somany Home Innovation Limited ("Resulting Company 1") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors ("Scheme"), on-going concern basis, has been approved by the National Company Law Tribunal, Kolkata Bench, the certified copy

of which was received by the Company on 24 July 2019 and the said order was filed by the Company with the Registrar of Companies, West Bengal in Form No. INC-28 on 5 August 2019.

- b) Pursuant to the Composite Scheme of Arrangement, the Demerged Undertakings – CPDM Undertaking (as defined in the Scheme) and the Retail Undertaking (as defined in the Scheme) shall stand demerged and transferred and be vested in Somany Home Innovation Limited ("SHIL"), on a going concern basis from the Appointed Date i.e. 1 April 2018. Further, the BPDM Undertaking (as defined in the Scheme) of the Company shall stand demerged and transferred and be vested in Brilloca Limited ("Brilloca") on a going concern basis from the Appointed Date i.e. 1 April 2018.
- c) In terms of the Scheme and post it has become effective from the Appointed Date 1 April 2018, all the subsidiaries stand transferred to Somany Home Innovation Limited (SHIL) & Brilloca Limited and the Company does not have any subsidiary.
- d) Pursuant to the Composite Scheme of Arrangement, the Members of the Company were allotted shares of Somany Home Innovation Limited ("SHIL") on 23 August 2019 in ratio of 1:1 i.e. one equity share of ₹ 2/- each of SHIL for every one equity share of ₹ 2/- of the Company held by such Member in the Company on the Record Date i.e. 20 August 2019.
- e) Special Resolution under Section 13 of the Companies Act, 2013 was passed by the Members through postal ballot dated 19 December, 2019 for insertion of clause 30 after the existing clause 29 of Object Clause of the Memorandum of Association of the Company.

For **DMK ASSOCIATES**  
COMPANY SECRETARIES

**(MONIKA KOHLI)**

B. Com (H), FCS, LL.B. I.P.  
PARTNER

FCS No. 5480, C P No. 4936  
UDIN: F005480B000326427

Date: 08 June 2020  
Place: New Delhi

## ANNEXURE 1

To  
The Members,  
**M/s. HSIL LIMITED**  
CIN L51433WB1960PLC024539  
2, Red Cross Place,  
Kolkata-700001  
West Bengal

**Sub: Our Secretarial Audit for the Financial Year ended 31 March 2020 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. We believe that the processes and practices, we followed provide a reasonable basis our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Wherever 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 the Management. Our examination was limited to the verification of the 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.
7. As per the information provided by the Company, there are certain disputes / cases filed by or against the Company, which are currently lying pending with the various Courts. However as informed these cases have no major impact on the Company.

For **DMK ASSOCIATES**  
COMPANY SECRETARIES

**(MONIKA KOHLI)**

B. Com (H), FCS, LL.B. I.P.  
PARTNER

FCS No. 5480, C P No. 4936  
UDIN : F005480B000326427

Date : 08 June 2020  
Place : New Delhi

## ANNEXURE B

### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### (A) CONSERVATION OF ENERGY

##### (i) The steps taken or impact on conservation of energy

The plants have continued their ongoing efforts for conservation of energy. Close monitoring of power & fuel consumption is done to minimise the wastage & ensure optimum utilisation of energy. For optimal energy efficiency, maintenance of equipment & machineries is carried out as per schedule. Any deviation in performance is thoroughly investigated for appropriate corrective/preventive actions.

##### a) Building Products Division

Some of the initiatives taken during the year towards energy, environment and water conservation are as under:

##### (i) Sanitaryware and Faucets Plants

- › Installation of Robotic Glazing System in sanitaryware plant for space saving & lower utilisation of energy in some process being done manually.
- › Installed one 11 KW variable speed drive enabled compressor for night shifts for localised use avoiding running of large compressor.
- › Installed low-pressure compressor to be used for the areas where low air pressure is required, optimising use of energy.
- › Installed 250 KVA UPS on tunnel kiln in sanitaryware plant for avoiding tripping due to electricity failures resulting in saving of fuel & electricity.
- › Installed one energy efficient large size ball mill for energy saving.
- › Ball mill lining changed from Felsite to Alumina for reducing the grinding hours & improving the product quality.
- › Installed large capacity energy efficient Turbo blunger for power saving.
- › Installed energy efficient exhaust fans in cast shops resulting into better environment control and electricity saving.
- › Installed one fully automatic CNC foot grinding machine for product quality improvement and higher output.
- › Use of LED lights in place of conventional ones.
- › Reorganisation of cast shops for lower energy consumption.

- › Introduction of pressure casting system for space and energy saving.
- › Replacement of old CI plate filter press with higher efficiency PP plate filter press.
- › For water conservation, the Company carried out products design improvement to use less water. Across the wide range of products for sanitary ware and faucet, the Company's 43 products are stars rated by IAPMO and 145 products are certified by CII as Green Products for excellent water saving designs.

##### (ii) Pipes Business

- › The Company has ensured every equipment procured in the factory comes with IE3 efficiency class motor. This enforcement on suppliers has yielded in to having around 90% of the motors of IE3 or above class.
- › The Company has designed the building with natural lighting from the roof. This design will help the Company to not use any electrical lighting in day time.
- › 100% LED lighting used which has resulted in more than 50% energy saving.

##### b) Packaging Products Division (Glass and Plastic Products)

As a part of energy conservation, following initiatives were taken:

- › Installation of Energy Efficient Vacuum Pump for F#4.
- › Replacement of internal cooler with external cooler in IR#3.
- › Installation of Bell mouths in Mould cooling blowers.
- › Installation of LED lights.
- › Installation of enthalpy based temperature controller for pump house cooling towers.
- › Reduction in idle running of equipments and arresting compressed air leakages.
- › Removal of IGV dampers and modification of bird screen in mould cooling blowers.
- › Utilisation of chilled water from compressed air dryers to pump house cooling towers.
- › Transformer voltage optimisation.
- › Conducted Detailed Energy Audit by M/s. CII & Fan audits by M/s. Howden, M/s. Reitz.

- › Conducting awareness and trainings on energy conservation.

**(ii) The steps taken by the Company for utilising alternate sources of energy**

**a) Building Products Division**

**(i) Sanitaryware and Faucets**

- Installation of solar power plants at Bahadurgarh Sanitaryware Plant (Plant 1) - 1220 kWp,

Bibinagar Sanitaryware Plant (Plant 2) - 1500 kWp and at Kaharani Faucets Plant - 598 kWp.

**(ii) Pipes Business**

Installation of roof top solar panels of 640 KWH.

**b) Packaging Products Division**

As a part of utilisation of renewable energy, we are under progress for installing 2.9 MWp ground mount solar power plants.

**(iii) The capital investment on energy conservation equipments:**

(₹ in lakh)

S. No.	Capital Equipment	Capital investments on energy conservation equipments	Energy saving / annum (units in KWH)	Financial saving
<b>(a) Building Products Division</b>				
<b>Sanitaryware: Bahadurgarh Plant (Plant 1)</b>				
1	Installation of VSD enabled low pressure compressor	4.50	12359	0.88
2	Installation of big size energy efficient ball mill	50.00	29635	2.11
3	Installation of large capacity energy efficient turbo blunger	10.00	80337	5.72
4	Replacement of old CI plate filter press with higher efficiency PP plate filter press	18.00	7022	0.50
5	Replacement of existing old exhaust fans with energy efficient fans in cast shop	10.00	15449	1.10
<b>Sanitaryware: Bibinagar Plant (Plant 2)</b>				
1	Installation of new LED tube lights in place of conventional lights	2.00	93440	7.38
2	Conversion of portable air compressor to screw compressor	5.30	26718	2.11
3	Conversion of reciprocating vacuum pump to lobe vacuum pump	1.34	1642	0.13
<b>Faucets: Kahrani Plant (Plant 3)</b>				
1	1122- Electrical Advancement (Power factor Incentive and Voltage Rebate)	-	308731	23.15
2	1122- LED Tube Light	-	24000	1.80
<b>Pipes Business</b>				
Pipes Business has not replaced any equipment for energy conservation. These all were built in to the factory design and equipment specifications. IE3 motors and LED lighting was part of the design.				
Savings on different heads have yielded below amounts since start of the plant.				
1. On account of IE3 motors - ₹ 30.00 lakh till date.				
2. On account of LED lighting - ₹ 31.04 lakh				
3. On account of Roof Top Solar - ₹ 38.00 lakh				
<b>(b) Packaging Products Division</b>				
<b>Bhongir Plant</b>				
1	Installation of Energy Efficient High Capacity Vacuum Pump	120	130465	7.37
2	Replacement of External Cooler in IR#3	36	420000	23.73
3	2.9 MWp Solar Power Plant	73.20	3960320	87.52

**(B) TECHNOLOGY ABSORPTION**

**(i) The efforts made towards technology absorption**

The Company has been making continuous efforts to absorb the latest technological developments and has taken following steps:

**a) Building Products Division**

**i) Sanitaryware and Faucets**

- › Innovative designs for water efficient product development, process improvement for consistency in the quality & yield of product, minimising the process losses, cost effective

local raw material development, glaze development with matt finish are the focus areas for R&D work.

- › To further strengthen the capabilities, advanced version of following instruments is introduced in sanitaryware plant R&D centre.

- Simultaneous TG-DTA/DSC Apparatus for thermal analysis of material.

- Latest Netzsch Dilatometer for checking of Thermal expansion body & glaze.



- Stereo Zoom Microscope for Micro analysis .
- Endurance Test Machine for testing of seat cover strength.
- Life cycle test machine for seat cover.
- › For faucets plant, installation and commissioning of dual head low pressure die casting technology is done, which is first of its kind in India. With this latest technology, Company could increase 30% production using the same space and manpower.
- › For the exposure of concerned personnel to the latest technology, advanced skills, upgraded systems & innovative product designs, time to time visits to the plants in different countries are organised. They look into the possibilities of developing these indigenously to have easy availability, save on cost & time.

**ii) Pipes Business**

- › Pipes business has sourced one more Belling/ Socketing machine from Turkey and has been installed and running successfully.
- › Installed one more 2500 kva transformer backed up with 1250 kva DG set to cater enhanced installed machineries.

**b) Packaging Products Division**

The Company has made various efforts to absorb the latest technological developments and has taken following steps:

1. Overseas glass process experts have been engaged to train our technical personnel in production and furnace area.
2. In-house development cell has been formed to focus on local development of spares and sub-assemblies required glass product equipment.

3. Action to establish R&D centre has been initiated to improve the productivity of the mould shop and explore the development of products required for value addition.
4. Deputing concerned personnel to relevant seminars, symposiums and workshops to upgrade skills and knowledge.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution**

**a) Building Products Division**

**i) Sanitaryware and Faucets**

- › Development of improved designs water efficient products. Introduction of automated feature in some of the products.
- › Cost, energy saving due to introduction of latest technologies & enhanced productivity.

**ii) Pipes Business**

- › Introduced Column Pipes in the market. Installed 8 CNC machines for the same.
- › Installed 2 belling machines with auto pipe lifting mechanism to save on manpower.
- › Developed in house pipe lifting mechanism on one line to save on manpower.
- › Installed 120 ton X 2 silos for PVC raw material storage with automation to enhance storage and operational efficiency.
- › Installed 10 ton capacity calcium silo to improve manpower utilisation and reduce wastage.

**b) Packaging Products Division**

1. Import substitution of spares for IS machines and in hot end.
2. Improvement in operational efficiency.
3. In house repair shop set up resulting in repair cost reduction.

**(iii) In case of imported technology (imported during last three years reckoned from the beginning of the financial year)**

Details of technology imported	Technology import from	Year of import	Status of implementation/ absorption, in case fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
<b>A. Building Products Division (Sanitaryware Plant 1 and 2)</b>				
Replacement of old reciprocating type compressors with new screw type energy efficient compressor with variable speed drive	Atlas Copco-Belgium	2018	Fully Absorbed	-
Installation of Robotic Glazing System	Kawasaki, Japan	2018	Fully Absorbed	-
Installation of new screw type energy efficient compressor with VFD	Atlas Copco-Belgium	2019	Fully Absorbed	-

Details of technology imported	Technology import from	Year of import	Status of implementation/ absorption, in case fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
Installation of Robotic Glazing system	Whitech Italy	2019	Under implementation	Due to Covid-19 lockdown, commissioning is pending.
Installation of New Shuttle Kiln	Keramischer Ofenbau, Germany	2017	Fully Absorbed	-
<b>Building Products Division (Faucets Plant 3)</b>				
Low Pressure Die Casting Machine	Italy	2018	Fully Absorbed	-
SPM (Machining)	China	2018	Fully Absorbed	-
Fibre Base Laser Marking Machine	China	2018	Fully Absorbed	-
Dual Head Low Pressure Die Casting Machine	Italy	2019	Fully Absorbed	-
Tumbler Machine	China	2019	Fully Absorbed	-
8 Spindle Peeling Machine	China	2019	Not implemented	Due to Covid-19 lockdown, installation & commissioning is pending.
<b>Pipes Business</b>				
Online Socketing / Belling Machines	Turkey	2018	Fully Absorbed	-
High Output Pelletizing Line	Germany	2019	Fully Absorbed	-
CPVC Extruders	Austria	2018-2019	Fully Absorbed	-
Air-Cooled Screw Chiller 55TR	Trane India Limited, USA	2017	Fully Absorbed	-
Water Cooled Screw Chiller 80TR	Trane India Limited, USA	2017	Fully Absorbed	-
Online Socketing / Belling Machines	Turkey	2020	Fully Absorbed	-
RPVC Extruder TTS-108 Output up to 700kg per hour for RPVC Pipes along with equipments	Theysohn Extrusion Technik GmbH, Austria	2019	Fully Absorbed	-
CPVC Extruder TTS-88 Output 50-350 kg per hour for CPVC Pipes along with equipments	Theysohn Extrusion Technik GmbH, Austria	2019	Fully Absorbed	-
<b>B. Packaging Products Division (Bhongir Plant)</b>				
Coal Gas Plant for clean energy	China	2019-20	Fully Absorbed	-
Gas Cleaning plant for furnace flus gases	Germany	2019-20	Fully Absorbed	-
Fore hearth boosting system	Germany	2018-19	Fully Absorbed	-
Modification in Rebuild of Furnace	SORG, Germany	2018-19	Fully Absorbed	-
F #5 Chequer replacement	USA	2018-19	Fully Absorbed,	-
			For enhancing furnace life	
F#4 Rebuild	Germany	2018-19	Fully Absorbed,	-
			Furnace height increased by 800mm and flue gas duct design changed to control flue gas temp	
57 IS machine major renovation	China	2018-19	Fully Absorbed	-
<b>Packaging Products Division (Hyderabad Plant)</b>				
Sheppe Transfer Wheel	UK	2017	Fully Absorbed	-
Section Boxes for 13 M/C	Italy	2017	Fully Absorbed	-
Timing System ADV 1000 for 13 M/C	Italy	2017	Fully Absorbed	-
Section Boxes for M/C 27	China	2018	Fully Absorbed	-
Stacker and Ware Transfer for 26 M/C	China	2018	Fully Absorbed	-
Timing System for M/C 26	China	2018	Fully Absorbed	-
Timing System for 29 M/C	China	2019	Fully Absorbed	-
3000 RPM Blower for 25 I/S Machine	Germany	2019	Fully Absorbed	-

**(iv) Expenditure incurred on Research and Development**

	(₹ in lakh)	
<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
Capital Expenditure	-	-
Recurring Expenditure	218.31	112.45
<b>Total</b>	<b>218.31</b>	<b>112.45</b>
Total R&D expenditure as a % of total building product revenue	0.36	0.23

**(iv) Foreign Exchange Earnings and Outgo**

	(₹ in lakh)	
<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
Earning in foreign currency	3,472	6,670
Outgo of foreign currency	33,258	48,609
- Raw material, spare part and others	30,225	38,195
- Capital Equipment	3,033	10,414

## ANNEXURE C

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on financial year ended 31 March 2020**

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

**I REGISTRATION & OTHER DETAILS**

i	CIN	L51433WB1960PLC024539
ii	Registration Date	8 February 1960
iii	Name of the Company	HSIL Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office & Contact details	2, Red Cross Place, Kolkata - 700001, West Bengal Phone: +91-33-22487407/5668
vi	Whether listed company	Yes
vii	Name, Address & Contact details of the Registrar & Share Transfer Agent, if any	Maheshwari Datamatics Private Limited 23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001 Phone: +91-33-2248 2248, 2243 5029 Fax: +91-33- 2248 4787 Email: mdpldc@yahoo.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company is as under:

S. No.	Name and description of main products/services	NIC Code of the products /services	% to total turnover of the Company
1	Glass Containers	23103	60.42%
2	Pipes	22209	12.38%
3	Sanitaryware	23922	10.98%

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

S. No.	Name and Address of the company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
		None			

**IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)****(i) Category-wise Shareholding**

Category of Shareholders	No of Shares held at the beginning of the year [As on 01.04.2019]				No of Shares held at the end of the year [As on 31.03.2020]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	6077719	0	6077719	8.41	6077719	0	6077719	8.41	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	29295100	0	29295100	40.52	32895100	0	32895100	45.50	4.98
e) Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(1)</b>	<b>35372819</b>	<b>0</b>	<b>35372819</b>	<b>48.93</b>	<b>38972819</b>	<b>0</b>	<b>38972819</b>	<b>53.91</b>	<b>4.98</b>
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No of Shares held at the beginning of the year [As on 01.04.2019]				No of Shares held at the end of the year [As on 31.03.2020]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>35372819</b>	<b>0</b>	<b>35372819</b>	<b>48.93</b>	<b>38972819</b>	<b>0</b>	<b>38972819</b>	<b>53.91</b>	<b>4.98</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	13136514	0	13136514	18.17	4393026	0	4393026	6.08	-12.09
b) Banks/Financial Institutions	84860	14299	99159	0.14	153571	14299	167870	0.23	0.10
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	159859	500	160359	0.22	159859	500	160359	0.22	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)									
Alternate Investment Funds	1928001	0	1928001	2.67	1920000	0	1920000	2.66	-0.01
Foreign Portfolio Investors	2881573	0	2881573	3.99	1853823	0	1853823	2.56	-1.42
Provident Funds/Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total(B)(1)</b>	<b>18190807</b>	<b>14799</b>	<b>18205606</b>	<b>25.18</b>	<b>8480279</b>	<b>14799</b>	<b>8495078</b>	<b>11.75</b>	<b>-13.43</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	2550262	3562	2553824	3.53	3894839	3562	3898401	5.39	1.86
ii) Overseas	0	0	0	0.00	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	10019339	690939	10710278	14.81	11049590	611084	11660674	16.13	1.31
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3175636	0	3175636	4.39	7543879	0	7543879	10.43	6.04
c) Others (Specify)									
Non Resident Indians	1616740	3920	1620660	2.24	1351458	3713	1355171	1.87	-0.37
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Custodian of Enemy Property	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	207	0	207	0.00	207	0	207	0.00	0.00
Clearing Members	148984	0	148984	0.21	97449	0	97449	0.13	-0.07
Trusts	100	0	100	0.00	600	0	600	0.00	0.00
Foreign Bodies-D R	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0.00	0.00
NBFCs registered with RBI	263234	0	263234	0.36	300	0	300	0.00	-0.36
Employee Trusts	0	0	0	0.00	0	0	0	0.00	0
Domestic Corporate Unclaimed Shares Account	0	0	0	0.00	0	0	0	0.00	0
Investor Education and Protection Fund Authority	245047	0	245047	0.34	271817	0	271817	0.38	0.04
<b>Sub-total(B)(2)</b>	<b>18019549</b>	<b>698421</b>	<b>18717970</b>	<b>25.89</b>	<b>24210139</b>	<b>618359</b>	<b>24828498</b>	<b>34.34</b>	<b>8.45</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>36210356</b>	<b>713220</b>	<b>36923576</b>	<b>51.07</b>	<b>32690418</b>	<b>633158</b>	<b>33323576</b>	<b>46.09</b>	<b>-4.98</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>71583175</b>	<b>713220</b>	<b>72296395</b>	<b>100.00</b>	<b>71663237</b>	<b>633158</b>	<b>72296395</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

S. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2019)			Shareholding at the end of the year (As on 31.03.2020)			% change in share holding 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	
1	Dr. Rajendra Kumar Somany	3410000	4.72	-	3410000	4.72	-	-
2	Mr. Sandip Somany	2283563	3.16	-	2187731	3.03	-	(0.13)
3	Ms. Divya Somany	146912	0.20	-	146912	0.20	-	-
4	Ms. Sumita Somany	161000	0.22	-	161000	0.22	-	-
5	Mr. Shashvat Somany	76244	0.11	-	76244	0.11	-	-
6	Somany Impresa Ltd. (Formerly Paco Exports Ltd.)	29295000	40.52	-	32895000	45.50	-	4.98
7	Sandip Somany HUF	0	0.00	-	95832	0.13	-	0.13
8	Matterhorn Trust	100	0.00	-	100	0.00	-	-
	<b>Total</b>	<b>35372819</b>	<b>48.93</b>	<b>-</b>	<b>38972819</b>	<b>53.91</b>	<b>-</b>	<b>4.98</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S. No.	Particulars	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1</b>	<b>DR. RAJENDRA KUMAR SOMANY</b>				
	a) At the beginning of the year	3410000	4.72	3410000	4.72
	b) Date wise increase/decrease in Promoters Shareholding during the year			-	-
	c) At the end of the year			3410000	4.72
<b>2</b>	<b>MR. SANDIP SOMANY</b>				
	a) At the beginning of the year	2283563	3.16	2283563	3.16
	b) Date wise increase/decrease in Promoters Shareholding during the year				
	06/03/2020 - 95832 Inter-se Shares Transfer			2187731	3.03
	c) At the end of the year			2187731	3.03
<b>3</b>	<b>MS. DIVYA SOMANY</b>				
	a) At the beginning of the year	146912	0.20	146912	0.20
	b) Date wise increase/decrease in Promoters Share holding during the year			-	-
	c) At the end of the year			146912	0.20
<b>4</b>	<b>MS. SUMITA SOMANY</b>				
	a) At the beginning of the year	161000	0.22	161000	0.22
	b) Date wise increase/decrease in Promoters Shareholding during the year			-	-
	c) At the end of the year			161000	0.22
<b>5</b>	<b>MR. SHASHVAT SOMANY</b>				
	a) At the beginning of the year	76244	0.11	76244	0.11
	b) Date wise increase/decrease in Promoters Shareholding during the year			-	-
	c) At the end of the year			76244	0.11
<b>6</b>	<b>SOMANY IMPRESA LTD. (FORMERLY PACO EXPORTS LIMITED)</b>				
	a) At the beginning of the year	29295000	40.52	29295000	40.52
	b) Date wise increase/decrease in Promoters Shareholding during the year				
	05/07/2019 - 300000 Shares Purchase			29595000	40.94
	14/02/2020 - 3300000 Shares Purchase			32895000	45.50
	c) At the end of the year			32895000	45.50

S. No.	Particulars	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>7</b>	<b>SANDIP SOMANY HUF</b>				
	a) At the beginning of the year	-	-	-	-
	b) Date wise increase/decrease in Promoters Shareholding during the year				
	06/03/2020 - 95832 Inter-se Shares Transfer			95832	0.13
	c) At the end of the year			95832	0.13
<b>8</b>	<b>MATTERHORN TRUST</b>				
	a) At the beginning of the year	100	0.00	100	0.00
	b) Date wise increase/decrease in Promoters Shareholding during the year			-	-
	c) At the end of the year			100	0.00

**(iv) Shareholding Pattern of Top Ten Shareholders (Other Than Directors, Promoters & Holders of GDRs & ADRs)**

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>DHOOT INDUSTRIAL FINANCE LIMITED *</b>				
	a) At the beginning of the year	-	-	-	-
	b) Date wise increase/decrease in Shareholding during the year				
	09/08/2019 - 96662 Shares Purchase			96662	0.13
	16/08/2019 - 78338 Shares Purchase			175000	0.24
	27/09/2019 - 75000 Shares Purchase			250000	0.35
	30/09/2019 - 26900 Shares Purchase			276900	0.38
	04/10/2019 - 48100 Shares Purchase			325000	0.45
	11/10/2019 - 7123 Shares Purchase			332123	0.46
	18/10/2019 - 50000 Shares Purchase			382123	0.53
	25/10/2019 - 101505 Shares Purchase			483628	0.67
	01/11/2019 - 2000 Shares Purchase			485628	0.67
	08/11/2019 - 183910 Shares Purchase			669538	0.93
	15/11/2019 - 21171 Shares Purchase			690709	0.96
	22/11/2019 - 20208 Shares Purchase			710917	0.98
	06/12/2019 - 27500 Shares Purchase			738417	1.02
	27/12/2019 - 11384 Shares Purchase			749801	1.04
	31/12/2019 - 50000 Shares Purchase			799801	1.11
	03/01/2020 - 5976 Shares Purchase			805777	1.11
	10/01/2020 - 142563 Shares Purchase			948340	1.31
	24/01/2020 - 50000 Shares Purchase			998340	1.38
	c) At the end of the year			998340	1.38
<b>2</b>	<b>ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MANUFACT #</b>				
	a) At the beginning of the year	1027078	1.42		
	b) Date wise increase/decrease in Shareholding during the year				
	13/09/2019 - 222000 Shares Transfer			805078	1.11
	20/09/2019 - 65488 Shares Transfer			739590	1.02
	27/09/2019 - 441699 Shares Transfer			297891	0.41
	30/09/2019 - 47891 Shares Transfer			250000	0.35
	c) At the end of the year			250000	0.35
<b>3</b>	<b>FAERING CAPITAL INDIA EVOLVING FUND</b>				
	a) At the beginning of the year	750000	1.04		
	b) Date wise increase/decrease in Shareholding during the year				
	c) At the end of the year.			750000	1.04

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
<b>4</b>	<b>HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES FUND-1140D NOVEMBER 2017 (1)</b>				
	a) At the beginning of the year	5013460	6.93		
	b) Date wise increase/decrease in Shareholding during the year				
	24/05/2019 - 19000 Shares Transfer			4994460	6.91
	31/05/2019 - 54400 Shares Transfer			4940060	6.83
	05/07/2019 - 110450 Shares Transfer			4829610	6.68
	20/12/2019 - 202750 Shares Transfer			4626860	6.40
	03/01/2020 - 228500 Shares Transfer			4398360	6.08
	17/01/2020 - 3100 Shares Transfer			4395260	6.08
	24/01/2020 - 520000 Shares Transfer			3875260	5.36
	07/02/2020 - 34000 Shares Transfer			3841260	5.31
	14/02/2020 - 1277000 Shares Transfer			2564260	3.55
	21/02/2020 - 130000 Shares Transfer			2434260	3.37
	28/02/2020 - 37000 Shares Transfer			2397260	3.32
	20/03/2020 - 194500 Shares Transfer			2202760	3.05
	c) At the end of the year			2202760	3.05
<b>5</b>	<b>RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA CAPITAL BUILDER FUND IV - SERIE #</b>				
	a) At the beginning of the year	3041238	4.21		
	b) Date wise increase/decrease in Shareholding during the year				
	05/04/2019 - 67640 Shares Transfer			2973598	4.11
	10/05/2019 - 296642 Shares Purchase			3270240	4.52
	17/05/2019 - 25000 Shares Purchase			3295240	4.56
	23/08/2019 - 471571 Shares Transfer			2823669	3.91
	30/08/2019 - 1087 Shares Transfer			2822582	3.90
	06/09/2019 - 24952 Shares Transfer			2797630	3.87
	13/09/2019 - 76885 Shares Transfer			2720745	3.76
	08/11/2019 - 257142 Shares Transfer			2463603	3.41
	15/11/2019 - 11300 Shares Transfer			2452303	3.39
	22/11/2019 - 347134 Shares Transfer			2105169	2.91
	29/11/2019 - 239158 Shares Transfer			1866011	2.58
	06/12/2019 - 198704 Shares Transfer			1667307	2.31
	13/12/2019 - 238489 Shares Transfer			1428818	1.98
	27/12/2019 - 94071 Shares Transfer			1334747	1.85
	17/01/2020 - 71636 Shares Transfer			1263111	1.75
	24/01/2020 - 562939 Shares Transfer			700172	0.97
	07/02/2020 - 100799 Shares Transfer			599373	0.83
	14/02/2020 - 599373 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00
<b>6</b>	<b>SUNDARAM MUTUAL FUND A/C SUNDARAM EMERGING SMALL CAP - SERIES I</b>				
	a) At the beginning of the year	3903407	5.40		
	b) Date wise increase/decrease in Shareholding during the year				
	23/08/2019 - 186328 Shares Transfer			3717079	5.14
	20/09/2019 - 313977 Shares Transfer			3403102	4.71
	27/09/2019 - 145093 Shares Transfer			3258009	4.51
	30/09/2019 - 18905 Shares Transfer			3239104	4.48
	04/10/2019 - 74994 Shares Transfer			3164110	4.38
	11/10/2019 - 12279 Shares Transfer			3151831	4.36
	18/10/2019 - 428019 Shares Transfer			2723812	3.77
	25/10/2019 - 708854 Shares Transfer			2014958	2.79
	01/11/2019 - 191551 Shares Transfer			1823407	2.52
	29/11/2019 - 52505 Shares Transfer			1770902	2.45



S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
	13/12/2019 - 1518 Shares Transfer			1769384	2.45
	20/12/2019 - 170000 Shares Purchase			1939384	2.68
	07/02/2020 - 330000 Shares Transfer			1609384	2.23
	14/02/2020 - 330000 Shares Purchase			1939384	2.68
	06/03/2020 - 1118 Shares Transfer			1938266	2.68
	20/03/2020 - 2000 Shares Purchase			1940266	2.68
	c) At the end of the year			1940266	2.68
<b>7</b>	<b>DIMENSIONAL EMERGING MARKETS VALUE FUND #</b>				
	a) At the beginning of the year	455349	0.63		
	b) Date wise increase/decrease in Shareholding during the year				
	12/04/2019 - 2594 Shares Purchase			457943	0.63
	19/04/2019 - 2618 Shares Purchase			460561	0.64
	06/09/2019 - 44018 Shares Transfer			416543	0.58
	13/09/2019 - 10345 Shares Transfer			406198	0.56
	20/09/2019 - 14801 Shares Transfer			391397	0.54
	27/09/2019 - 24262 Shares Transfer			367135	0.51
	18/10/2019 - 258651 Shares Transfer			108484	0.15
	25/10/2019 - 25376 Shares Transfer			83108	0.12
	01/11/2019 - 83108 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00
<b>8</b>	<b>PADMA JITENDRA PAREKH *</b>				
	a) At the beginning of the year	0	0.00		
	b) Date wise increase/decrease in Shareholding during the year				
	18/10/2019 - 700000 Shares Purchase			700000	0.97
	01/11/2019 - 120000 Shares Purchase			820000	1.13
	c) At the end of the year			820000	1.13
<b>9</b>	<b>MAURYAN FIRST #</b>				
	a) At the beginning of the year	403001	0.56		
	b) Date wise increase/decrease in Shareholding during the year				
	08/11/2019 - 67241 Shares Transfer			335760	0.46
	15/11/2019 - 42768 Shares Transfer			292992	0.41
	22/11/2019 - 16735 Shares Transfer			276257	0.38
	06/12/2019 - 76459 Shares Transfer			199798	0.28
	27/12/2019 - 147433 Shares Transfer			52365	0.07
	31/12/2019 - 52365 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00
<b>10</b>	<b>ELLIPSIS PARTNERS LLC *</b>				
	a) At the beginning of the year	0	0.00		
	b) Date wise increase/decrease in Shareholding during the year				
	14/02/2020 - 700000 Shares Purchase			700000	0.97
	c) At the end of the year			700000	0.97
<b>11</b>	<b>ABAKKUS GROWTH FUND-1 #</b>				
	a) At the beginning of the year	1525000	2.11		
	b) Date wise increase/decrease in Shareholding during the year				
	03/05/2019 - 56000 Shares Purchase			1581000	2.19
	24/05/2019 - 25000 Shares Purchase			1606000	2.22
	14/06/2019 - 54000 Shares Purchase			1660000	2.30
	02/08/2019 - 10000 Shares Purchase			1670000	2.31
	15/11/2019 - 570000 Shares Transfer			1100000	1.52
	22/11/2019 - 1000000 Shares Transfer			100000	0.14
	29/11/2019 - 100000 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
<b>12</b>	<b>ABAKKUS EMERGING OPPORTUNITIES FUND-1 *</b>				
	a) At the beginning of the year	0	0.00		
	b) Date wise increase/decrease in Shareholding during the year				
	05/07/2019 - 131834 Shares Purchase			131834	0.18
	12/07/2019 - 8024 Shares Purchase			139858	0.19
	19/07/2019 - 10000 Shares Purchase			149858	0.21
	26/07/2019 - 30042 Shares Purchase			179900	0.25
	02/08/2019 - 55100 Shares Purchase			235000	0.33
	16/08/2019 - 15000 Shares Purchase			250000	0.35
	15/11/2019 - 370000 Shares Purchase			620000	0.86
	22/11/2019 - 1000000 Shares Purchase			1620000	2.24
	29/11/2019 - 300000 Shares Purchase			1920000	2.66
	c) At the end of the year			1920000	2.66
<b>13</b>	<b>SUNDARAM INDIA MIDCAP FUND #</b>				
	a) At the beginning of the year	383031	0.53		
	b) Date wise increase/decrease in Shareholding during the year				
	08/11/2019 - 179456 Shares Transfer			203575	0.28
	20/12/2019 - 203575 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00
<b>14</b>	<b>MUKUL AGRAWAL *</b>				
	a) At the beginning of the year	100000	0.14		
	b) Date wise increase/decrease in Shareholding during the year				
	31/05/2019 - 18000 Shares Transfer			82000	0.11
	16/08/2019 - 118000 Shares Purchase			200000	0.28
	24/01/2020 - 204575 Shares Purchase			404575	0.56
	14/02/2020 - 200000 Shares Purchase			604575	0.84
	21/02/2020 - 363425 Shares Purchase			968000	1.34
	c) At the end of the year			968000	1.34
<b>15</b>	<b>ASHISH DHAWAN *</b>				
	a) At the beginning of the year	297796	0.41		
	b) Date wise increase/decrease in Shareholding during the year				
	03/05/2019 - 79451 Shares Transfer			218345	0.30
	10/05/2019 - 218345 Shares Transfer			0	0.00
	06/03/2020 - 224534 Shares Purchase			224534	0.31
	13/03/2020 - 145325 Shares Purchase			369859	0.51
	20/03/2020 - 310141 Shares Purchase			680000	0.94
	c) At the end of the year			680000	0.94
<b>16</b>	<b>MANAV GUPTA</b>				
	a) At the beginning of the year	1130494	1.56		
	b) Date wise increase/decrease in Shareholding during the year				
	26/07/2019 - 27150 Shares Purchase			1157644	1.60
	27/09/2019 - 101242 Shares Purchase			1258886	1.74
	c) At the end of the year			1258886	1.74

\*Not in the list of Top 10 shareholders as on 01.04.2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2020.

# Ceased to be in the list of Top 10 shareholders as on 31.03.2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2019.

**(v) Shareholding of Directors & Key Managerial Personnel (KMP) :**

S. No	For Each of the Directors & KMP	Share holding at the beginning of the year (As on 01.04.2019)		Cumulative Share holding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1</b>	<b>Dr. Rajendra Kumar Somany - Chairman and Managing Director</b>				
	At the beginning of the year	3410000	4.72	3410000	4.72
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			3410000	4.72
<b>2</b>	<b>Mr. Sandip Somany - Vice Chairman and Managing Director</b>				
	At the beginning of the year	2283563	3.16	2283563	3.16
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)				
	06/03/2020 - 95832 Inter-se Shares Transfer			2187721	3.03
	At the end of the year			<b>2187731</b>	<b>3.03</b>
<b>3</b>	<b>Ms. Sumita Somany - Director</b>				
	At the beginning of the year	161000	0.22	161000	0.22
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			161000	0.22
<b>4</b>	<b>Mr. Girdhari Lal Sultania - Director</b>				
	At the beginning of the year	705	0.00	705	0.00
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)				
	13/12/2019 - 50000 Shares Purchase			50705	0.07
	At the end of the year			50705	0.07
<b>5</b>	<b>Mr. Ashok Jaipuria - Director</b>				
	At the beginning of the year	25000	0.03	25000	0.03
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			25000	0.03
<b>6</b>	<b>Mr. Salil Kumar Bhandari -Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			-	-
<b>7</b>	<b>Mr. V.K.Bhandari - Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			-	-
<b>8</b>	<b>Mr. Nand Gopal Khaitan - Director</b>				
	At the beginning of the year	132	0.00	132	0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			132	0.00

S. No	For Each of the Directors & KMP	Share holding at the beginning of the year (As on 01.04.2019)		Cumulative Share holding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
<b>9</b>	<b>Mr. Anil Wadhwa - Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			-	-
	At the end of the year			-	-
<b>10</b>	<b>Mr. Rakesh Sarin - Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			-	-
	At the end of the year			-	-
<b>11</b>	<b>Ms. Himalyani Gupta - Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			-	-
	At the end of the year			-	-
<b>12</b>	<b>Mr. Om Prakash Pandey - Chief Financial Officer (KMP)*</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			-	-
	At the end of the year			-	-
<b>13</b>	<b>Mr. Pulkit Bhasin - Company Secretary (KMP)*</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			-	-
	At the end of the year			-	-

\*Appointed as Key Managerial Personnel w.e.f. 17 September 2019.

1. Dr. Rainer S. Simon resigned as Director w.e.f. 17 December 2019. He did not hold equity shares of the Company from 1 April 2019 till 17 December 2019.
2. Mr. Sandeep Sikka and Ms. Payal M. Puri resigned as Chief Financial Officer and Company Secretary respectively w.e.f. 16 September 2019. They did not hold equity shares of the Company from 1 April 2019 till 16 September 2019.

## V INDEBTEDNESS

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

(₹ In lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	84,267.41	3,246.90	-	87,514.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	576.36	-	-	576.36
<b>Total (i+ii+iii)</b>	<b>84,843.77</b>	<b>3,246.90</b>	<b>-</b>	<b>88,090.67</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	3,13,429.24	8,213.56	-	3,21,705.80
Reduction	3,01,162.30	8,547.63	-	3,09,709.93
<b>Net Change</b>	<b>12,329.94</b>	<b>-334.07</b>	<b>-</b>	<b>11,995.87</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	96,597.35	2,912.83	-	99,510.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	441.47	-	-	441.47
<b>Total (i+ii+iii)</b>	<b>97,038.82</b>	<b>2,912.83</b>	<b>-</b>	<b>99,951.65</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole Time Director and/or Manager

(₹ In lakh)

S. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Dr. Rajendra Kumar Somany	Mr. Sandip Somany*	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	351.27	193.06	544.33
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1.16	1.94	3.10
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission^			
	- as % of profit	-	16.79	16.79
	- others (specify)	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>352.43</b>	<b>211.79</b>	<b>564.22</b>
	<b>Ceiling as per the Act (@ 10% of net profits as per section 197 computed in the manner laid down in section 198 of the Companies Act, 2013)</b>			<b>704.86</b>

\* Mr Sandip Somany was paid salary for the period 01.04.2019 -31.10.2019 in terms of provisions of the Companies Act, 2013 read with Schedule V thereto.

### B. Remuneration to other Directors

(₹ In lakh)

S. No	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. Ashok Jaipuria #	Mr. Salil K Bhandari	Mr. V. K. Bhandari	Mr. N. G. Khaitan	Dr. Rainer S. Simon	
1	<b>Independent Directors</b>						
	(a) Fee for attending board and committee meetings	-	1.30	1.00	0.70	-	3.00
	(b) Commission^	10.32	10.32	10.32	10.33	7.34	48.63
	(c) Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>10.32</b>	<b>11.62</b>	<b>11.32</b>	<b>11.03</b>	<b>7.34</b>	<b>51.63</b>
	<b>Independent Directors</b>						
		Mr. Anil Wadhwa\$	Ms. Himalyani Gupta\$	Mr. Rakesh Sarin\$			
	(a) Fee for attending board and committee meetings	-	-	-			-
	(b) Commission^	0.40	0.40	0.40			1.20
	(c) Others, please specify	-	-	-			-
	<b>Total (2)</b>	<b>0.40</b>	<b>0.40</b>	<b>0.40</b>			<b>1.20</b>
2	<b>Other Non executive Directors</b>						
		Ms. Sumita Somany	Mr. G. L. Sultania				
	(a) Fee for attending board and committee meetings	0.65	0.60				1.25
	(b) Commission^	10.33	10.33				20.66
	(c) Others, please specify	-	-				-
	<b>Total (3)</b>	<b>10.98</b>	<b>10.93</b>				<b>21.91</b>
	<b>Total (B)=(1+2+3)</b>						<b>74.74</b>
	<b>Total Managerial Remuneration (A+B) (excluding sitting fees)</b>						<b>638.96</b>
	<b>Overall Ceiling as per the Act (@ 11% of net profits as per section 197 computed in the manner laid down in section 198 of the Companies Act, 2013)</b>						<b>775.34</b>

# Mr. Ashok Jaipuria relinquished his entitlement of the sitting fee.

\$ Appointed as Directors w.e.f. 18 March 2020.

^The commission is for the FY 2019-20 and shall be paid during the FY 2020-21.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD \***

(₹ In lakh)

S. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Ms. Payal M. Puri (Company Secretary) \$	Mr. Sandeep Sikka (Chief Financial Officer) \$	Mr. Pulkit Bhasin (Company Secretary) #	Mr. O. P. Pandey (Chief Financial Officer) #	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	28.07	90.65	6.28	51.95	176.95
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	0.32	0.06	12.74	13.12
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission as % of profit	-	-	-	-	-
	others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total</b>	<b>28.07</b>	<b>90.97</b>	<b>6.34</b>	<b>64.69</b>	<b>190.07</b>

\* Remuneration is calculated on paid basis and as per Income Tax Act, 1961.

\$ Resigned as KMP w.e.f. 16 September 2019.

# Appointed as KMP w.e.f. 17 September 2019.

**VII PENALTIES/PUNISHMENT/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)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

There were no penalties/punishments/compounding of offences during the financial year ended 31 March 2020.

## ANNEXURE D

## FORM NO. AOC-2

**Form for 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 arm's length transactions under third proviso thereto**

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

**1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:**

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

**2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS:**

(a)	(b)	(c)	(d)	(e)	(f)
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Brilloca Limited - Company under common control	Sale of Goods	On-going	As per agreement executed between the parties. Amount not exceeding ₹ 900 crores plus applicable Goods and Service Tax.	4 November 2019	Nil
Brilloca Limited - Company under common control	Contract of Services	On-going	As per agreement executed between the parties. Amount not exceeding ₹ 25 crores plus applicable Goods and Service Tax.	4 November 2019	Nil
Brilloca Limited - Company under common control	Rent of Premises	On-going	As per agreement executed between the parties. Amount not exceeding ₹ 10 crores plus applicable Goods and Service Tax.	4 November 2019	Nil
Mr. G.L.Sultania - Non-executive Non-Independent Director	G.L. Sultania & Co. towards professional services	Consultancy Agreement for a period of 3 years with effect from 1 April 2017 to 31 March 2020	Professional services from M/s. G.L.Sultania & Co., in respect of Income Tax Law, Corporate Law, SEBI Rules, Listing Provisions etc. from time to time at consideration of ₹ 12.50 Lakh per annum plus taxes as applicable	18 May 2017	Nil

For and on behalf of the Board of Directors

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director

## ANNEXURE E

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-2020

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	Please refer Corporate Social Responsibility section in this Report and also in Corporate Governance Report. For detailed CSR Policy please refer Company's website at the link : <a href="http://hsilgroup.com/wp-content/themes/hindware/pdf/investor-relations/corporate-social-responsibility/CSR_Policy_HSIL.pdf">http://hsilgroup.com/wp-content/themes/hindware/pdf/investor-relations/corporate-social-responsibility/CSR_Policy_HSIL.pdf</a>
2. The Composition of the CSR Committee	Please refer Corporate Social Responsibility section in this Report and also in Corporate Governance Report.
3. Average net profit of the company for last three financial years	₹ 12,726.51 lakh
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 254.53 lakh
5. Details of CSR spent during the financial year	
(a) Total amount to be spent for the financial year;	₹ 254.53 lakh (The Company has spent ₹ 254.77 lakh during financial year 2019-2020)
(b) Amount unspent, if any;	NIL

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

S. No.	CSR project or activity identified	Sector in which the projects are covered (clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹ In lakh)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In lakh)	Cumulative expenditure upto the reporting period (₹ In lakh)	Amount spent: Direct or through Implementing Agency
(i)	Basic Literacy Centre (Prathamik Saksharata Kendra)	Clause no. (ii) promoting education and employment enhancing vocation skills especially among children, women.	Bahadurgarh (District- Jhajjar) Haryana	1.83	1.83	1.83	Through HSIL Corporate Social Responsibility Foundation
(ii)	Kushal Vikas (Skill Development- Computer Learning Centre)	Clause no. (ii) promoting education, including special education and enhancing vocation skills especially among children, women.	Bahadurgarh (District- Jhajjar) Haryana	4.07	4.07	4.07	Through HSIL Corporate Social Responsibility Foundation
(iii)	Skill Enhancing Vocational Training (Kaushal Vridhi)	Clause no. (ii) promoting education, including special education and enhancing vocation skills.	Bahadurgarh (District- Jhajjar) Haryana	45.44	45.44	45.44	Through HSIL Corporate Social Responsibility Foundation
(iv)	Samarth (Cutting Tailoring for Women)	Clause no. (ii) promoting education, including special education and enhancing vocation skills especially among children, women.	Bahadurgarh (District- Jhajjar) Haryana	2.70	2.70	2.70	Through HSIL Corporate Social Responsibility Foundation
(v)	Swastha Sampada (Health Care- OPD Facility)	Clause no. (i) promoting health care including preventive health care.	Bahadurgarh (District- Jhajjar) Haryana	31.57	31.57	31.57	Through HSIL Corporate Social Responsibility Foundation
(vi)	Swastha Sampada (Health Care)	Clause no. (i) promoting health care including preventive health care.	Kaharani, Bhiwadi, Rajasthan	20.02	20.02	20.02	Through HSIL Corporate Social Responsibility Foundation
(vii)	Skill Enhancement (Kaushal Vridhi) leading to employment opportunity	Clause no. (ii) promoting education, including special education and enhancing vocation skills.	Kaharani, Bhiwadi, Rajasthan	52.83	52.83	52.83	Through HSIL Corporate Social Responsibility Foundation
(viii)	Swastha Sampada (Health Care)	Clause no. (i) promoting health care including preventive health care.	Bibinagar, (District- Nalgonda) Telangana	23.50	23.50	23.50	Through HSIL Corporate Social Responsibility Foundation



S. No.	CSR project or activity identified	Sector in which the projects are covered (clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹ In lakh)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In lakh)	Cumulative expenditure upto the reporting period (₹ In lakh)	Amount spent: Direct or through Implementing Agency
(ix)	Swastha Sampada (Health Care)	Clause no. (i) promoting health care including preventive health care.	Bhongir, Telangana	12.16	12.16	12.16	Through HSIL Corporate Social Responsibility Foundation
(x)	Project Recognitions of Prior Learning (RPL)	Clause no. (ii) promoting education, including special education and enhancing vocation skills.	PAN India	30.00	30.00	30.00	Through HSIL Corporate Social Responsibility Foundation
(xi)	Providing sanitaryware, faucets, bathroom accessories, fitting and tiles to "Shad Centre for Special Children" for upliftment of differently abled section of society	Clause no. (i) promoting health care including preventive health care and sanitation.	New Delhi	4.00	1.49	1.49	Through HSIL Corporate Social Responsibility Foundation
(xii)	Providing sanitaryware products to Rotary Diagnostic Center at Sanatan Dharam Mandir	Clause no. (i) promoting health care including preventive health care and sanitation.	New Delhi	0.27	0.13	0.13	Through HSIL Corporate Social Responsibility Foundation
(xiii)	Contribution to HSIL Corporate Social Responsibility Foundation for providing emergency aid to the victims affected by cyclone "FANI"	Clause no. (xii) includes relief, rehabilitation and reconstruction activities as part of disaster	Odisha	11.00	11.00	11.00	Through HSIL Corporate Social Responsibility Foundation
(xiv)	Distribution of 8000 Dustbins	Clause no. (i) promoting health care including preventive health care and sanitation.	Hyderabad	4.48	4.48	4.48	Through HSIL Corporate Social Responsibility Foundation
(xv)	Contribution to "Sanskar Pratishtan" for expansion of building and infrastructure of residential school for mentally challenged children	Clause no. (ii) promoting education, including special education and enhancing vocation skills.	Ambadvet, Near Pirangut, Pune	5.00	5.00	5.00	Through HSIL Corporate Social Responsibility Foundation
(xvi)	Installation of CCTV cameras	Clause no. (x) rural development projects	Hyderabad	7.80	7.80	7.80	Through HSIL Corporate Social Responsibility Foundation
(xvii)	Contribution to Calcutta Centre Mahavir Seva Sadan towards cost of 30 artificial legs for physically challenged person	Clause no. (i) promoting health care including preventive health care.	Kolkata	0.75	0.75	0.75	Through HSIL Corporate Social Responsibility Foundation
<b>TOTAL</b>				<b>257.42</b>	<b>254.77</b>	<b>254.77</b>	

6. During the year, the Company has spent ₹ 254.77 lakh towards CSR activities, which is more than two per cent of the average net profit of the last three financial years.
7. We hereby affirm that the CSR Policy, as approved by Board of Directors, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with CSR objectives and Policy of the Company.
8. The Company formed a CSR Foundation i.e. "HSIL Corporate Social Responsibility Foundation" and contributes to the said Foundation towards various CSR activities stated above.

Place : Gurugram  
Date : 10 June 2020

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director of the Company and  
Chairman of CSR Committee

## ANNEXURE F

## DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(i) The ratio of the remuneration of each Director to the median remuneration of the employee of the Company for the financial year:

Name of the Directors	Ratio to median remuneration*
<b>Executive Directors</b>	
Dr. Rajendra Kumar Somany	213.64
Mr. Sandip Somany	155.91
<b>Non-executive Directors</b>	
Ms. Sumita Somany	5.99
Mr. Vijay Kumar Bhandari	6.12
Mr. Ashok Jaipuria <sup>§</sup>	5.75
Mr. Nand Gopal Khaitan	6.01
Mr. Girdhari Lal Sultania	5.97
Dr. Rainer Siegfried Simon <sup>§</sup>	5.75
Mr. Salil Bhandari <sup>§</sup>	6.23
Mr. Anil Wadhwa <sup>#</sup>	N.A.
Ms. Himalyani Gupta <sup>#</sup>	N.A.
Mr. Rakesh Sarin <sup>#</sup>	N.A.

\*Remuneration is calculated on paid basis and as per the Income Tax Act, 1961

<sup>§</sup>Resigned as Directors

<sup>#</sup>Appointed as Directors w.e.f. 18 March 2020

(ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase/(decrease) in remuneration in the financial year*
Dr. Rajendra Kumar Somany, Chairman and Managing Director	8.87
Mr. Sandip Somany, Vice Chairman and Managing Director	(27.74)
Ms. Sumita Somany, Non-Executive Director	(0.74)
Mr. Vijay Kumar Bhandari, Independent Director	(1.02)
Mr. Ashok Jaipuria, Independent Director	(1.39)
Mr. Nand Gopal Khaitan, Independent Director	(2.22)
Mr. Girdhari Lal Sultania, Non-Executive Director	(1.34)
Dr. Rainer Siegfried Simon, Independent Director	(1.39)
Mr. Salil Kumar Bhandari, Independent Director	(1.00)
Mr. Anil Wadhwa, Independent Director <sup>#</sup>	N.A.
Ms. Himalyani Gupta, Independent Director <sup>#</sup>	N.A.
Mr. Rakesh Sarin, Independent Director <sup>#</sup>	N.A.
Mr. Sandeep Sikka, Chief Financial Officer <sup>^</sup>	N.A.
Ms. Payal M. Puri, Company Secretary <sup>^</sup>	N.A.
Mr. O. P. Pandey, Chief Financial Officer <sup>§</sup>	N.A.
Mr. Pulkit Bhasin, Company Secretary <sup>§</sup>	N.A.

\*Remuneration includes sitting fees and is calculated on paid basis and as per the Income tax act, 1961

<sup>#</sup>Appointed as Directors w.e.f. 18 March 2020

<sup>^</sup>Resigned as KMP w.e.f. 16 September 2019, therefore this information cannot be calculated

<sup>§</sup>Appointed as KMP w.e.f. 17 September 2019, therefore this information cannot be calculated

- (iii) The percentage decrease in remuneration in the median remuneration of employee in the financial year : **0.49%\***
- (iv) The number of permanent employees on the rolls of the Company as on 31 March 2020 : **2891\***
- (v) Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- (vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company:

There is an Average percentile decrease made in the salaries of the employees other than the managerial personnel in the last financial year: **9.27%\***

Percentile increase/(decrease) in the managerial remuneration of Dr. Rajendra Kumar Somany, Chairman and Managing Director and Mr. Sandip Somany, Vice Chairman and Managing Director was 8.87% and (27.74%)^ respectively.

The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

\*Subsequent to the effectiveness of the Composite Scheme of Arrangement between Company, Somany Home Innovation Limited and Brilloca Limited, employees have been transferred into Somany Home Innovation Limited and Brilloca Limited respectively.

^Mr Sandip Somany was paid salary for the period 01.04.2019 -31.10.2019 in terms of provisions of the Companies Act, 2013 read with Schedule V thereto.

# Report on Corporate Governance

## COMPANY PHILOSOPHY

HSIL defines Corporate Governance as a process of holding the balance between economic and social goals and also, between individual and communal goals. The Company believes that Corporate Governance is required to construct a corporate environment of awareness, transparency and honesty. It facilitates the Company to raise its long-term value which is seen in terms of its performance. Good governance recognises the diverse interests of shareholders, lenders, employees, government, etc. Your Company refers to a system of controlling and operating with an aim of achieving the strategic goals effectively and efficiently to satisfy all its shareholders, creditors, employees, customers and suppliers.

The Company's philosophy on Corporate Governance ensures: protection of the interest of shareholders; disclosure and transparency in business transactions; compliances of statutory and legal framework and ethical conduct of business.

Your Company has a well-composed Board which brings in the diverse range of expertise, perspective and knowledge into the Boardroom. The Board of Directors aligns the interests of the Board, Management, Shareholders and Stakeholders and responds to their duties and responsibilities with full regard to transparency and accountability.

### A. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-Executive professional Directors with considerable professional expertise and experience which provides leadership and guidance to the management thereby enhancing Stakeholders' value. As on 31 March 2020, the Board of Directors consisted of eleven Directors out of which seven (i.e. 63.64%) were Independent Directors, two (18.18%) were Non-Executive Non-Independent Directors and two (18.18%) were Executive Directors. The composition of the Company's Board is in conformity with the provisions of the Companies Act, 2013 ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

As on 31 March 2020, none of the Directors on the Company's Board was a Director in more than 10

Public Companies (including 7 Listed Companies), neither a Chairperson of more than 5 Committees nor a Member of more than 10 Committees in all the public companies in which they are Directors. Further, all the Directors have made necessary disclosures regarding their Directorships and Chairmanships/Committee Memberships in other Companies as per the requirement of Listing Regulations, Act and other applicable provisions, if any.

No Director is related to any other Director on the Board, except Dr. Rajendra Kumar Somany, Mr. Sandip Somany (Son of Dr. Rajendra Kumar Somany) and Ms. Sumita Somany (Wife of Mr. Sandip Somany).

The appointment of the Chairman and Managing Director and Vice Chairman and Managing Director including the tenure of their appointment and terms of their remuneration, are approved by the members at their general meetings.

Five Board meetings were held during 2019-20 and the gap between two meetings did not exceed 120 days. The dates, on which the Board meetings were held, are as follows:

03 May 2019, 06 August 2019, 17 September 2019, 04 November 2019 and 03 February 2020.

Dates for the Board meetings are decided well in advance to enable the Directors plan their schedules to facilitate participation in the meetings. The Agenda, along with the supporting documents, explanatory notes and information, as enumerated under Listing Regulations, are made available to the Board along with the notice of respective meetings in advance in order to enable them to make value addition and discharge their duties diligently during the meetings. The Board periodically reviews compliance reports of all laws applicable to the Company. The Company undertakes steps to rectify instances of non-compliance, if any.

The names and categories of the Directors on the Board, along with their attendance at the Board meetings held during the year ended 31 March 2020, and at the last Annual General Meeting, and the number of other Directorships and Chairmanships/Memberships of Committees held by them, are given below:

Name of the Director	No. of Board meetings attended during tenure	Whether attended the last AGM	No. of other Directorships*	Committee position of Companies**		No. of Equity Shares held
				Chairperson	Member	
<b>Executive</b>						
Dr. Rajendra Kumar Somany (Chairman and Managing Director) DIN: 00053557	5	Yes	2	Nil	Nil	34,10,000
Mr. Sandip Somany (Vice Chairman and Managing Director) DIN: 00053597	4	No	6	Nil	1	21,87,731
<b>Non-Executive and Non-Independent</b>						
Ms. Sumita Somany DIN: 00133612	4	No	1	Nil	Nil	1,61,000
Mr. G. L. Sultania DIN: 00060931	4	Yes	8	1	1	50,705
<b>Non-Executive and Independent</b>						
Mr. Ashok Jaipuria # DIN: 00214707	4	No	3	Nil	1	25,000
Mr. N. G. Khaitan DIN: 00020588	3	Yes	6	2	5	132
Mr. V. K. Bhandari DIN: 00052716	4	Yes	6	3	2	Nil
Mr. Salil Kumar Bhandari # DIN: 00017566	5	Yes	5	3	1	Nil
Dr. Rainer S. Simon DIN: 03543040 ^	1	No	1	Nil	Nil	Nil
Mr. Anil Wadhwa \$ DIN: 08074310	NA	NA	1	Nil	1	Nil
Ms. Himalyani Gupta \$ DIN: 00607140	NA	NA	-	Nil	Nil	Nil
Mr. Rakesh Sarin \$ DIN: 02082150	NA	NA	1	Nil	Nil	Nil

\*This includes Directorship in public limited companies (including subsidiaries of public limited companies) and excludes Directorship in this Company, associations, private, foreign and Section 8 companies.

\*\*Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee. This includes Chairmanships/Memberships in public limited companies (including subsidiaries of public limited companies) and excludes Chairmanships/Memberships in this Company, private, foreign and Section 8 companies.

# Mr. Salil Kumar Bhandari resigned as Director w.e.f. 1 April 2020 and Mr. Ashok Jaipuria resigned as Director w.e.f. 27 May 2020

\$ Appointed as Directors w.e.f. 18 March 2020

^ Resigned as Director w.e.f. 17 December 2019

#### Name of Listed Companies in which Directors hold Directorships other than HSIL Limited

S. No.	Name of Director	Name of the Listed Company	Category of Directorship
1.	Dr. Rajendra Kumar Somany	None	N.A.
2.	Mr. Sandip Somany	> JK Paper Limited > Somany Home Innovation Limited	Independent Director Non-Executive Chairman
3.	Ms. Sumita Somany	None	N.A.
4.	Mr. G. L. Sultania	> The United Provinces Sugar Company Limited	Independent Director
5.	Mr. Ashok Jaipuria	> Cosmo Films Limited > Somany Home Innovation Limited	Managing Director Independent Director
6.	Mr. N. G. Khaitan	> Somany Home Innovation Limited > Mangalam Cement Limited > Reliance Chemotex Industries Limited > India Power Corporation Limited (Formerly DPSC Limited) > JK Lakshmi Cement Limited > Chase Bright Steel Limited	Independent Director Independent Director Non-Executive Non-Independent Director Independent Director Independent Director
7.	Mr. V. K. Bhandari	> Jayant Agro-Organics Limited > Supershakti Metaliks Limited	Independent Director Independent Director

S. No.	Name of Director	Name of the Listed Company	Category of Directorship
8.	Mr. Salil Kumar Bhandari	> Somany Home Innovation Limited > Greenpanel Industries Limited	Independent Director Independent Director
9.	Mr. Anil Wadhwa	> Cosmo Films Limited	Independent Director
10.	Ms. Himalyani Gupta	None	N.A.
11.	Mr. Rakesh Sarin	None	N.A.

## CORE SKILLS / EXPERTISE / COMPETENCIES OF DIRECTORS\*

The existing Board of Directors of the Company comprises of appropriate skills/expertise/competencies in diversified domains for its effective functioning. Further, the Board has identified the skills/expertise/competencies of each Director in accordance with their rich and varied experience across different sectors, in the following manner:

Area of Expertise	Name of Directors								
	Dr. Rajendra Kumar Somany	Mr. Sandip Somany	Ms. Sumita Somany	Mr. Girdhari Lal Sultania	Mr. Nand Gopal Khaitan	Mr. Vijay Kumar Bhandari	Mr. Anil Wadhwa	Ms. Himalyani Gupta	Mr. Rakesh Sarin
Strategy	✓	✓	✓	-	-	-	✓	-	✓
Business Administration	✓	✓	✓	-	-	-	✓	-	✓
Management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓
Engineering & Manufacturing	✓	✓	-	-	-	-	-	-	✓
Sales & Marketing	✓	✓	-	-	-	-	-	-	✓
Community Services	✓	✓	✓	-	-	-	✓	-	-
Human Resources	-	✓	-	-	-	-	✓	-	-
Business Development	✓	-	✓	-	-	-	✓	-	✓
Finance	✓	✓	-	✓	✓	✓	-	-	-
Legal	-	-	-	✓	✓	✓	-	✓	-
Global Vision	-	-	-	-	-	-	✓	-	-
Government Relations	-	-	-	-	-	-	✓	-	-
Energy Sector	-	-	-	-	-	-	-	-	✓
Project Development	-	-	-	-	-	-	-	-	✓

\* The Skills/Expertise/Competencies of Dr. Rainer S. Simon, Mr. Salil Kumar Bhandari and Mr. Ashok Jaipuria are not mentioned in the above table as they ceased to be Directors as on date of this Report.

The Board confirms that the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

During the FY 2019-20, Dr. Rainer Siegfried Simon has resigned from the office of Independent Director of the Company w.e.f. 17 December 2019 due to his pre-occupation. Dr. Simon had confirmed that there were no other material reasons other than that mentioned by him.

Mr. Salil Kumar Bhandari and Mr. Ashok Jaipuria have resigned from the office of Independent Director of the Company w.e.f. 1 April 2020 and 27 May 2020 respectively due to their appointment as Independent Directors on the Board of Directors of Somany Home Innovation Limited. They had confirmed that there were no other material reasons other than that mentioned by them.

## B. COMMITTEES OF THE BOARD

The Board of Directors has constituted the following Committees for better governance with adequate delegation of powers to discharge the Company's requisite business:

- > Audit Committee
- > Corporate Affairs Committee

- > Corporate Social Responsibility Committee
- > Nomination and Remuneration Committee
- > Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee
- > Share Transfer Committee

The minutes of the meetings of all such committees are placed before the Board for discussion/noting.

Details of the composition, number of meetings held during the year, attendance of members and scope of the committees are as below:

### Audit Committee Composition

As on 31 March 2020, the Committee comprised of four Independent Directors. Further, the Committee was re-constituted on 31 May 2020. Mr. V. K. Bhandari, an ex-banker and financial expert, is the Chairman of the Committee. The quorum of the Committee is two members or one-third of the members, whichever is higher with at least two Independent Directors. The Chairman and Managing Director, Presidents of Divisions, Finance Head, Statutory Auditors and the Internal Auditors are invitees to the meetings of the Audit Committee. The business and operation heads are invited

to the meetings, as and when required. The Company Secretary acts as the Secretary to the Committee.

04 November 2019 and 03 February 2020. The Chairman of the Audit Committee also attended the Company's last Annual General Meeting.

### Meetings and Attendance

During the year, five meetings of the Audit Committee were held on 02 May 2019, 06 August 2019, 17 September 2019,

The following table summarises attendance of members of Audit Committee:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. V. K. Bhandari	Chairman	5	4
Mr. N. G. Khaitan	Member	5	3
Mr. Salil Kumar Bhandari *	Member	5	4
Mr. Ashok Jaipuria *	Member	5	3
Mr. Rakesh Sarin ^	Member	N.A.	N.A.
Mr. Anil Wadhwa ^	Member	N.A.	N.A.
Ms. Himalyani Gupta ^	Member	N.A.	N.A.

\* Mr. Salil Kumar Bhandari resigned as Director w.e.f. 1 April 2020 and Mr. Ashok Jaipuria resigned as Director w.e.f. 27 May 2020.

^ Appointed as Members w.e.f. 31 May 2020.

The Committee's existing composition meets with requirements of Section 177 of the Act and Listing Regulations. Members of the Audit Committee possess financial / accounting expertise / exposure.

### Scope of the Audit Committee

The Audit Committee, inter alia, supports the Board to ensure an effective internal control environment. The Committee discharges such duties and functions with powers generally indicated in Listing Regulations.

The scope of the Audit Committee is as follows:

### Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Terms of Reference

- › Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible;
- › Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
- › Approving payment to Statutory Auditors for any other services rendered by them;
- › Reviewing, with the Management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to, (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013; (b) Changes, if any, in accounting policies and practices and reasons for the same; (c) Major accounting entries involving estimates based on the exercise of judgment by Management; (d) Significant adjustments made in the Financial Statements arising out of audit findings; (e) Compliance with listing and other legal requirements relating to Financial Statements; (f) Disclosure of any related party transactions; and (g) Qualifications in the draft audit report, if any;
- › Reviewing, with the Management, the Quarterly Financial Statements before submission to the Board for approval;
- › Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, if any, and making appropriate recommendations to the Board to take up steps in this matter;
- › Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- › Approval or any subsequent modification of transactions of the Company with related parties;
- › Scrutiny of inter-corporate loans and investments;
- › Valuation of undertakings or assets of the Company, wherever it is necessary;
- › Reviewing, with the Management, the performance of Statutory and Internal Auditors and adequacy of the internal control system;
- › Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;



- › Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- › Reviewing reports of internal audit and discussing with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management's response on matters and follow-up thereon;
- › Reviewing reports of Cost Audit, if any, and discussion with Cost Auditors on any significant findings by them;
- › Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- › To review the functioning of the Vigil (Whistle Blower) Mechanism;
- › Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- › Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors, if applicable;
- › Evaluating Internal Financial Controls and Risk Management Systems and reviewing the Company's financial and risk management policies;
- › Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- › Reviewing the Management Discussion and Analysis of financial condition and results of operation;
- › Reviewing the statement of significant related-party transactions;
- › Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- › To review the appointment, removal and terms of remuneration of the Chief Internal Auditor;
- › To review the internal audit report relating to internal control weaknesses;
- › To review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and verify that the systems for internal controls are adequate and are operating effectively; and
- › To review the utilisation of loans and/or advances from/investment by the Company in its subsidiary companies exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

**Corporate Affairs Committee**

**Composition**

As on 31 March, 2020, the Company's Corporate Affairs Committee comprised of two Executive Directors and two Non-Executive Directors. Further, the Committee was re-constituted on 31 May 2020. Dr. Rajendra Kumar Somany, Chairman and Managing Director of the Company, is Chairman of the Committee. The quorum of the Committee is either two members or one-third of the total members, whichever is greater. The Company Secretary acts as the Secretary to the Committee.

**Meetings and Attendance**

The Corporate Affairs Committee met on eight occasions during 2019-20, on 17 April 2019, 26 July 2019, 30 August 2019, 23 September 2019, 25 October 2019, 03 December 2019, 18 December 2019 and 11 February 2020.

The following table summarises the attendance details of the Members of the Corporate Affairs Committee:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Dr. Rajendra Kumar Somany	Chairman	8	8
Mr. Sandip Somany	Member	8	8
Mr. G. L. Sultania *	Member	8	Nil
Mr. Salil Kumar Bhandari *	Member	8	2
Mr. Rakesh Sarin ^	Member	N.A.	N.A.

\* Mr. Salil Kumar Bhandari resigned as Director w.e.f. 1 April 2020 and Mr. G. L. Sultania ceased to be member w.e.f. 31 May 2020.

^ Appointed as Member w.e.f. 31 May 2020.

**Scope of the Corporate Affairs Committee**

The Corporate Affairs Committee's terms of reference include providing authorisation to the Company's Executives on account of banking operations, taxation, corporate and financial management issues arising in the Company's day-to-day operations. The Committee's powers are revised from time to time by the Board of Directors to facilitate seamless operations of the Company.

**Corporate Social Responsibility (CSR) Committee**

**Composition**

As on 31 March 2020, the CSR Committee comprised of two Executive Directors, one Non-Executive Non-Independent Director and an Independent Director. Further, the Committee was re-constituted on 31 May 2020. Dr. Rajendra Kumar Somany, Chairman and Managing Director of the Company is Chairman of the Committee. The quorum of the Committee is either two members or one-third of the total members, whichever is greater. The Company Secretary acts as the Secretary to the Committee.

## Meetings and Attendance

The Corporate Social Responsibility Committee met four times on 03 May 2019, 06 August 2019, 04 November 2019 and 03 February 2020. The following table summarises the attendance details of the Members of Corporate Social Responsibility Committee:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. Salil Kumar Bhandari *	Chairman	4	4
Dr. Rajendra Kumar Somany #	Member	4	4
Mr. Sandip Somany	Member	4	4
Ms. Sumita Somany	Member	4	3
Mr. Anil Wadhwa ^	Member	N.A.	N.A.

\* Resigned as Director w.e.f. 1 April 2020

# Appointed as Chairman w.e.f. 31 May 2020

^ Appointed as member w.e.f. 31 May 2020.

## Scope of the Corporate Social Responsibility Committee

The Committee oversees the activities/functioning in identifying the area of Corporate Social Responsibility activities as specified in the Company's CSR Policy in accordance with schedule VII of the Act and execution of initiative as per pre-defined guidelines. The Corporate Social Responsibility Policy of the Company is available on its website [www.hsilgroup.com](http://www.hsilgroup.com).

## Nomination and Remuneration Committee

### Composition

As on 31 March 2020, the Committee comprised of four members, three of them being Independent Directors

and one Non-Executive Non-Independent Director. Further, the Committee was re-constituted on 31 May 2020. Mr. Nand Gopal Khaitan, Independent Director of the Company, is the Chairman of the Committee. The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one Independent Director in attendance. The Company Secretary acts as Secretary to the Committee.

## Meetings and Attendance

The Nomination and Remuneration Committee met four times on 03 May 2019, 17 September 2019, 03 February 2020 and 16 March 2020. The following table summarises the attendance details of the Members of Nomination and Remuneration Committee:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. Salil Kumar Bhandari *	Chairman	4	4
Ms. Sumita Somany	Member	4	2
Mr. Ashok Jaipuria *	Member	4	3
Mr. V.K. Bhandari	Member	4	3
Mr. N. G. Khaitan #	Member	N.A.	N.A.
Mr. Rakesh Sarin \$	Member	N.A.	N.A.

\* Mr. Salil Kumar Bhandari resigned as Director w.e.f. 1 April 2020 and Mr. Ashok Jaipuria resigned as Director w.e.f. 27 May 2020

# Appointed as Member and designated as Chairman w.e.f. 31 May 2020

\$ Appointed as Member w.e.f. 31 May 2020.

## Terms of Reference

The Nomination and Remuneration Committee is empowered to review and recommend to the Board of Directors, remuneration and commission of the Company's Executive Directors with the guidelines laid down under the statute. The scope of the Nomination and Remuneration Committee is as follows:

- › formulating criteria for determining qualifications, positive attributes and independence of Directors;
- › identifying and recommending individuals who are qualified to become Directors, and who may be appointed as Senior Management in accordance with the criteria laid down;

- › assisting the Management of the Company in formulating and periodically reviewing the familiarisation programs for Independent Directors, as may be required;
- › formulating criteria for evaluation of Independent Directors and the Board;
- › specifying the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

- › recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management, and while formulating such policy ensuring that (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality, required to run the Company successfully; (ii) the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks; and (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between the fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
  - › preparing a policy on diversity of the Board;
  - › recommending to the Board the re-appointment and removal of any individuals holding the office of a Director, Key Managerial Personnel or Senior Management, subject to the provision of the law and their service contract;
  - › determining whether the relevant Director has the requisite qualifications for practice of a profession in terms of section 197 of the Companies Act, 2013 in relation to payment of remuneration for services rendered by such Director;
  - › recommending to the Board, all remuneration, in whatever form, payable to Senior Management;
  - › undertaking such other functions as may be determined by the Board or required under the provisions of the Companies Act, 2013 or the Listing Regulations; and
  - › undertaking such other actions as may be necessary or appropriate for performance of the aforementioned functions.
- The Nomination and Remuneration Policy of the Company is available on the Company's website [www.hsilgroup.com](http://www.hsilgroup.com).

### Details of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the financial year 2019-20.

Amount (in ₹)

Name of Directors	Basic & Allowances	Perquisites	Commission (for the year 2018-19)	Contribution to PF	Sitting Fee	Total
Dr. Rajendra Kumar Somany	3,10,84,792	1,15,736	1,60,27,783	40,42,258	-	5,12,70,569
Mr. Sandip Somany*	1,75,00,000	1,94,069	2,28,79,767	18,06,000	-	4,23,79,836
Ms. Sumita Somany	-	-	15,62,362	-	65,000	16,27,362
Mr. V. K. Bhandari	-	-	15,62,363	-	1,00,000	16,62,363
Mr. Ashok Jaipuria <sup>#</sup>	-	-	15,62,362	-	-	15,62,362
Mr. N. G. Khaitan	-	-	15,62,362	-	70,000	16,32,362
Mr. G. L. Sultania	-	-	15,62,362	-	60,000	16,22,362
Dr. Rainer S. Simon	-	-	15,62,362	-	-	15,62,362
Mr. Salil Kumar Bhandari	-	-	15,62,363	-	1,30,000	16,92,363
<b>TOTAL</b>	<b>4,85,84,792</b>	<b>3,09,805</b>	<b>4,98,44,086</b>	<b>58,48,258</b>	<b>4,25,000</b>	<b>10,50,11,941</b>

<sup>#</sup> Mr. Ashok Jaipuria relinquished his entitlement of the sitting fee.

\*Mr Sandip Somany was paid salary for the period 01.04.2019-31.10.2019 in terms of provisions of the Companies Act, 2013 read with Schedule V thereto.

### Directors with materially significant, pecuniary or business relationship with the Company

The transactions with related parties are furnished in note no. 50 of financial statements, as stipulated under Accounting Standard (Ind AS) 24. Apart from related party transactions furnished in note no. 50, there are no transactions of material nature with Directors or their relatives and others, which may have potential conflict with the Company's interest. The Register of Contracts required to be maintained under Section 189(1) and Rule 16(1) of the Act, containing the details of the contracts, in which the Directors are concerned or interested, is placed at the meeting of the Board of Directors for their approval and noting, on a periodical basis.

During the year, no pecuniary or business relationship existed between the Non-Executive and Independent Directors and the Company. M/s. G. L. Sultania & Co., Proprietorship firm of Mr. G. L. Sultania, Non-Executive Non-Independent Director of the Company, was paid consultancy fees for rendering professional services,

which is approved by Audit Committee and Board of Directors and further by shareholders in the Annual General Meeting of the Company held on 3 August 2017.

With the applicability of the Act and Listing Regulations, transactions attracting provisions of Section 188 which are in ordinary course of business and are at arm's length have been entered into after being reviewed, scrutinized and approved by the Audit Committee and with approval of the Board.

No transactions which are not in ordinary course of business and are not at arm's length have been entered into with any related party.

The Company entered into Related Party Transaction with Brilloca Limited (a related party), which exceeded the limit prescribed under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and was considered material in accordance with the policy of the Company on materiality of related party

transactions. The aforesaid transaction was approved by Shareholders of the Company through Postal Ballot by way of an ordinary resolution on 19 December 2019.

The Related Party Transactions Policy of the Company is available on the Company's website [www.hsilgroup.com](http://www.hsilgroup.com).

### Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee

#### Composition

As on 31 March 2020, the Committee comprised of four members, three of them were Independent

#### Meetings and Attendance

Four meetings of the Committee were held on 02 May 2019, 06 August 2019, 04 November 2019 and 03 February 2020. The following table summarises the attendance details of the Members of the Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. N. G. Khaitan	Chairman	4	3
Mr. V. K. Bhandari	Member	4	4
Mr. G. L. Sultania	Member	4	4
Mr. Salil Kumar Bhandari *	Member	4	3
Ms. Himalyani Gupta ^	Member	N.A.	N.A.

\* Resigned as Director w.e.f. 1 April 2020

^ Appointed as Member w.e.f. 31 May 2020

### Scope of Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee

- › To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates etc.
- › To review measures taken for effective exercise of voting rights by shareholders.
- › To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- › To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

During the year, 20 complaints were received and duly resolved by the Company.

### Share Transfer Committee

#### Composition

The Committee comprises of three members. The Chairman of the Committee is Mr. G. L. Sultania, who is a Non-Executive Non-Independent Director, and other two members are the Company's Executives.

#### Meetings and Attendance

The Committee conducts monthly meetings for the approval of transfer of shares lodged with the Company.

Directors and one Non-Executive Non-Independent Director. Further, the Committee was re-constituted on 31 May 2020. The Chairman of the Committee is Mr. N. G. Khaitan. The quorum of the Committee is either two members or one-third of the total members, whichever is greater. The Company Secretary of the Company acts as the Secretary to the Committee and is also the Company's Compliance Officer.

As on 31 March 2020, no request for transfer of shares was pending. The Committee met 13 times during the year under review and all the members were present at the meetings.

### Scope of the Share Transfer Committee

The Board entrusts the Share Transfer Committee with the powers related to transmissions, consolidation, splitting and issue of share certificates, in exchange of sub-divided / consolidated and others and overseeing the performance of the Company's appointed Registrar and Share Transfer Agent.

## C. OTHER MEETING

### Independent Directors Meeting

During the year under review, the Independent Directors met on 03 February 2020 inter alia, to discuss:

- › Evaluation of the performance of Non-Independent Directors;
- › Evaluation of the Board of Directors as a whole;
- › Evaluation of the performance of the Chairman and Vice Chairman of the Company, taking into account the view of the Executive and Non-Executive Directors; and
- › The quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Except Mr. Ashok Jaipuria, all the Independent Directors were present at the meeting.

## D. GENERAL BODY MEETINGS

### Annual General Meeting

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2018-19	2 September 2019	11.30 a.m.	Sripati Singhania Hall, Rotary Sadan,
2017-18	6 September 2018	11.00 a.m.	94/2, Chowringhee Road, Kolkata -
2016-17	3 August 2017	11.00 a.m	700 020

### Eleven Special Resolutions were passed at the Annual General Meetings held during the last three financial years.

Date of Annual General Meeting	No. of Special Resolutions passed	Particulars
2 September 2019	6	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. Nand Gopal Khaitan as Independent Director</li> <li>2. Re-appointment of Mr. Vijay Kumar Bhandari as Independent Director</li> <li>3. Re-appointment of Mr. Ashok Jaipuria as Independent Director</li> <li>4. Re-appointment of Mr. Salil Kumar Bhandari as Independent Director</li> <li>5. Approval for continuation of payment of remuneration to Dr. Rajendra Kumar Somany, Chairman and Managing Director, who is a Promoter, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018</li> <li>6. Approval for continuation of payment of remuneration to Mr. Sandip Somany, Vice Chairman and Managing Director, who is a Promoter, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018</li> </ol>
6 September 2018	3	<ol style="list-style-type: none"> <li>1. Remuneration by way of Commission to Non-Executive Directors</li> <li>2. Increase in Borrowing Powers of the Board of Directors</li> <li>3. Approval for continuation of Directorship of Mr. Vijay Kumar Bhandari as an Independent Director of the Company</li> </ol>
3 August 2017	2	<ol style="list-style-type: none"> <li>1. Re-appointment of Dr. Rajendra Kumar Somany (DIN: 00053557) as Chairman and Managing Director</li> <li>2. Authorisation to enter into Consultancy Contract with M/s G. L. Sultania &amp; Co., Proprietor Mr. Girdhari Lal Sultania, Non-Executive Director</li> </ol>

### Extra Ordinary General Meeting

During the financial year 2019-20, no Extra Ordinary General Meeting was held.

### Postal Ballot

During the financial year 2019-20, the Company conducted Postal Ballot once, the results of which were declared on 20 December 2019. The Following two resolutions were passed by the above-mentioned Postal Ballot:

S. No.	Resolutions	Votes cast in favour		Votes cast against		Date of declaration of Results
		No. of votes	%	No. of votes	%	
1.	Alteration of Object Clause of the Memorandum of Association of the Company (Special Resolution)	4,97,86,573	99.99	3,428	0.01	20 December 2019
2.	Approval for Related Party Transactions with Brilloca Limited (Ordinary Resolution)	1,41,15,770	99.99	1,412	0.01	20 December 2019

Mr. Pravin Kumar Drolia, Practicing Company Secretary, Kolkata (FCS: 2366, CP: 1362), was appointed to act as Scrutinizer of the Company to conduct the Postal Ballot and remote e-voting process in a fair and transparent manner.

### Procedure for Postal Ballot(s)

In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013

read with related rules, the Company engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing remote e-voting facility to all its Members. The Members were provided with the option to vote either by physical ballot or e-voting.

The Company dispatched the postal ballot notice and forms along with postage prepaid business reply envelopes to all its Members whose names were appearing on the register of Members/list of

beneficiaries as on cut-off date. The postal ballot notice was sent to the email addresses of Members who have registered their email ids with their depository participants (in case of electronic shareholding)/the Company's Registrar and Share Transfer Agent (in case of physical shareholding). The Company also placed the notice on its website and published the same in the newspapers declaring the details of completion of dispatch and other requirement as mandated under the Act and applicable rules.

Voting rights were reckoned on the paid-up value of the shares registered in the name of the Members as on the cut-off date. Members who desired to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-voting and the Members who desired to exercise their votes by physical postal ballot form were requested to return the duly completed and signed form, to the Scrutinizer on or before the close of voting period.

The Scrutinizer submitted his reports to Mr. Girdhari Lal Sultania, Director of the Company after completion of the scrutiny and the consolidated results of the voting by postal ballot and remote e-voting and then Mr. Girdhari Lal Sultania announced the result on 20 December 2019. All the proposed resolutions were passed with requisite majority and the results of postal ballot were also displayed on the website of the Company i.e. www.hsilgroup.com, besides communicated to the stock exchanges. The date of declaration of the results by the Company was 20 December 2019 and the date of passing the resolution was 19 December 2019.

## E. DISCLOSURES

### Disclosure of Accounting Treatment

The Company followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

### Risk Management

The Company has a robust Risk Management framework which identifies and assesses strategic, operational, financial and compliance risks and monitors the effectiveness and efficiency of risk mitigation and control measures. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.

### Disclosure of Commodity Price Risks and Hedging Activities

Please refer Note No. 41 of the Financial Statements, which form part of the Annual Report.

### Strictures/Penalties

No strictures/penalties were imposed on the Company by Stock Exchanges or SEBI or any

statutory authority, or any matter related to capital markets during the last three years.

### Proceeds from Public Issues, Right Issues, Preferential Issues

During the financial year 2019-20, the Company did not raise capital through public, rights and/or preferential issue.

### Management

The Management Discussion and Analysis Report forms a part of the Annual Report and is in accordance with the requirements laid down in Regulation 34 of the Listing Regulations.

No material transaction was entered into by the Company with the Promoters, Directors or the Senior Management that may have a potential conflict with the Company's interest.

### Vigil Mechanism (Whistle Blower) Policy

The Company has put in place a mechanism for reporting illegal, unethical behavior, malpractice, impropriety, abuse, insider trading or wrongdoing. The Company has a Vigil Mechanism (Whistle Blower) Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct.

The email Id where employees can post their complaints / observations is "vigilmech@hindware.co.in". During the year under review, no employee was denied access to Audit Committee.

### Performance Evaluation

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, Chairman and Vice Chairman as well as the evaluation of the working of its Nomination and Remuneration Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Boards functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman, Vice Chairman and the Non-Independent Directors was carried out by the Independent Directors and the Directors expressed their satisfaction with the evaluation process.

### **HSIL Code of Conduct for the Prevention of Insider Trading**

The Company has revised its existing Code of Conduct for the Prevention of Insider Trading, in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

The Code of Conduct for Prevention of Insider Trading, inter alia, prohibits purchase/sale of Company's shares, while in possession of Company's unpublished and price-sensitive information and accordingly necessary procedures have been laid down for the Designated Persons and others as prescribed under the said code for trading in the Company's securities.

HSIL - Code of Practices and Procedures for Fair Disclosures is available on the Company's website [www.hsilgroup.com](http://www.hsilgroup.com).

### **Subsidiary Companies**

Subsequent upon effectiveness of Composite Scheme of Arrangement between the Company, Somany Home Innovation Limited ("SHIL") and Brillloca Limited ("Brilloca") and their respective Shareholders and Creditors under sections 230 to 232 of the Companies Act, 2013, the Company has no subsidiaries.

The policy on Material Subsidiaries is available on the Company's website at the link: <http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Material-Subsidiary-Policy-Version-III.pdf>.

### **Particulars of Director seeking Re-appointment**

Pursuant to provisions of the Act, Mr. G. L. Sultania shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

As Mr. Sultania will attain the age of 75 years in the month of October 2020, it is proposed to continue to avail services of Mr. Sultania as Non-executive Non-Independent Director of the Company by way of Special Resolution pursuant to Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The present term of Dr. Rajendra Kumar Somany as Chairman and Managing Director of the Company will expire by efflux of time on 8 January 2021. The Board is seeking shareholders' approval at ensuing Annual General Meeting for re-appointment of Dr. Rajendra Kumar Somany, as Chairman and Managing Director of the Company for a further period of three consecutive years, commencing from 9 January 2021 upto 8 January 2024.

For detailed particulars on the Director seeking re-appointment, please refer to Notice dated 10 June 2020 of the Annual General Meeting scheduled to be held on 19 September 2020.

### **Training of Independent Directors**

As per Regulation 25 (7) of Listing Regulations, the Company shall provide suitable training to the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company and any other relevant information, if any. The details of such training imparted are also required to be disclosed in the Annual Report.

The Company provides an orientation and business overview to all its new Directors and provides materials and briefing sessions periodically to all Directors which assist them in discharging their duties and responsibilities.

The details of programmes conducted for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <https://www.hsilgroup.com/training-of-directors/>.

Further, the Company issues a formal letter of appointment to Independent Directors outlining their roles, responsibilities, functions and duties as an Independent Director. The format of the letter of appointment is available on the Company's website at the link: <https://www.hsilgroup.com/appointment-letter-to-independent-directors/>.

### **Adoption of Mandatory and Non - Mandatory Requirements of Listing Regulations**

The Company has complied with all mandatory requirements of Listing Regulations. The Company has adopted following non-mandatory requirements of the Listing Regulations:

#### **Audit Qualification**

The Company is in the regime of unqualified financial statements.

#### **Reporting of Internal Auditor**

The Internal Auditor directly reports to the Audit Committee.

#### **Certificate from a Company Secretary in Practice**

The certificate from a Company Secretary in Practice, stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority, is enclosed to this Report.

**Deviations, if any, of mandatory recommendations by the Committees to the Board of Directors**

During the year, there was no instance wherein the Board of Directors of the Company did not accept any recommendation of the Committees.

**Details of total fees paid to Statutory Auditor**

The details of total fees for all services paid by the Company for the FY 2019-20, to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part, are as follows:

(₹ in lakhs)		
S. No.	Nature of Service	Amount
1.	Audit Fees	11.00
2.	Other Services	2.60
3.	Reimbursement of Expenses	7.70
<b>Total</b>		<b>21.30</b>

**Sexual Harassment of Women at Workplace**

The disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are mentioned in the Directors' Report which form part of this Annual Report.

**F. MEANS OF COMMUNICATION****Results**

The Quarterly, Half Yearly and Annual results are submitted to the Stock Exchange(s) in accordance with Listing Regulations. Further, the quarterly/half yearly/annual results in the prescribed format, are published within 48 hours in any prominent daily newspaper, such as The Financial Express and Ekdin vernacular newspaper. All vital information of the Company's performance, including Financial Results, Annual Reports of the last three years and Shareholding Pattern have been posted on the Company's website i.e. www.hsilgroup.com.

**News Releases, Presentations, among others**

Official news releases and official media releases etc. are displayed on the Company's website i.e. www.hsilgroup.com.

**Presentation**

The Company makes financial presentations to institutional investors, mutual funds and others who have invested or intends to invest in the Company's share capital and such presentations are available on the website of the Company.

**Website**

The Company's website i.e. www.hsilgroup.com contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

**Annual Report**

The Annual Report containing, inter alia, Audited Financial Statements, Directors' Report, Auditors'

Report, Business Responsibility Report, if applicable, and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website i.e. www.hsilgroup.com.

**NSE Electronic Application Processing System (NEAPS)**

The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, results and other requirement of Listing Regulations, media releases, among others are filed electronically on NEAPS, by the Company.

**BSE Corporate Compliance & Listing Centre (the 'Listing Centre')**

BSE's Listing Centre is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, results, media releases, among others are also filed electronically on the Listing Centre by the Company.

**SEBI Complaints Redress System (SCORES)**

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**Designated Exclusive Email-id**

The Company has designated the email-id hsilinvestors@hsilgroup.com exclusively for investor servicing.

**G. SHAREHOLDER INFORMATION****Company Registration Details**

The Company is registered with the Registrar of Companies, in the State of West Bengal, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L51433WB1960PLC024539.

**Contact Information**

Registered Office  
2, Red Cross Place  
Kolkata - 700 001  
Phone: +91 - 33 -2248 7407/5668  
email: hsilinvestors@hsilgroup.com

**Corporate Office**

301-302, Park Centra  
Sector-30, National Highway - 8  
Gurugram, Haryana -122001  
Phone: +91- 124-477 9200  
Email: pulkit.bhasin@hindware.co.in



**Plant locations**

Location	Address
Haryana	• Bahadurgarh, District Jhajjar -124507
Rajasthan	• G 470-471, Phase I, RIICO Industrial Area, Bhiwadi-301019 • Plot No. SPI - 254, RIICO Industrial Area, Kaharani, Bhiwadi - 301019
Telangana	• Glass Factory Road, Off Motinagar, P.B No. 1930, Sanathnagar, P.O. Hyderabad - 500 018 • Somanyapuram, Brahmanapally Village, Bibinagar, District Nalgonda -508126 • Glass Factory Road, Thukkapur Road, Bhongir, District Nalgonda - 508116 • Survey No. 208 to 218, Sitarampur, Patancheru (Mandal) Sangareddy Dist., Isnapur-502 307
Karnataka	• Garden Polymers, KIADB Industrial Area, Lakamhalli, Dharwad - 580004
Uttarakhand	• Khasra No.122, Pachwadoon, Mauja Central Hope Town, Pargana, Selaqui, Dehradun-248197

**Company Secretary**

Mr. Pulkit Bhasin

**Annual General Meeting**

The 60th Annual General Meeting is scheduled to be held on 19 September 2020 at 11:00 A.M. through Video Conferencing / Other Audio Visual Means.

**Financial Calendar**

The Company follows April to March as its financial year. The results for every quarter, beginning from April, will be declared within 45 days of the end of quarter, except for the last quarter, which will be submitted, along with the annual audited results within 60 days of the end of the last quarter, as permitted under the Listing Regulations.

**Date of Book Closure**

Friday, 11 September 2020 to Saturday, 19 September 2020.

**Dividend Payment Date**

On or before 29 September 2020.

**Monthly Stock Market Data**

Month	NSE High Price	NSE Low Price	BSE High Price	BSE Low Price
Apr-19	294.80	251.20	294.50	250.65
May-19	303.25	253.00	305.90	250.25
Jun-19	290.35	229.15	294.00	230.00
Jul-19	262.90	215.25	262.95	215.00
Aug-19*	238.00	43.00	237.95	43.55
Sep-19	52.80	40.50	53.00	40.45
Oct-19	48.85	38.70	49.00	38.10
Nov-19	59.90	44.75	59.95	44.70
Dec-19	53.85	43.10	53.90	43.00
Jan-20	61.85	47.95	61.85	48.05
Feb-20	66.20	47.65	66.10	47.80
Mar-20	55.25	32.70	55.40	34.70

**Listing on Stock Exchanges**

The Stock Exchanges, at which the Company's equity shares are listed, and the respective stock codes are:

National Stock Exchange of India Ltd. (NSE): HSIL  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Mumbai - 400 051,  
Maharashtra, India

BSE Ltd. (BSE): 500187  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001,  
Maharashtra, India

International Securities Identification Number (ISIN) of the Company's equity shares, having face value of ₹ 2 each, is INE 415A 01038.

Listing fees for the financial year 2020-21 have been paid to the Stock Exchanges.

**Registrar and Share Transfer Agent**

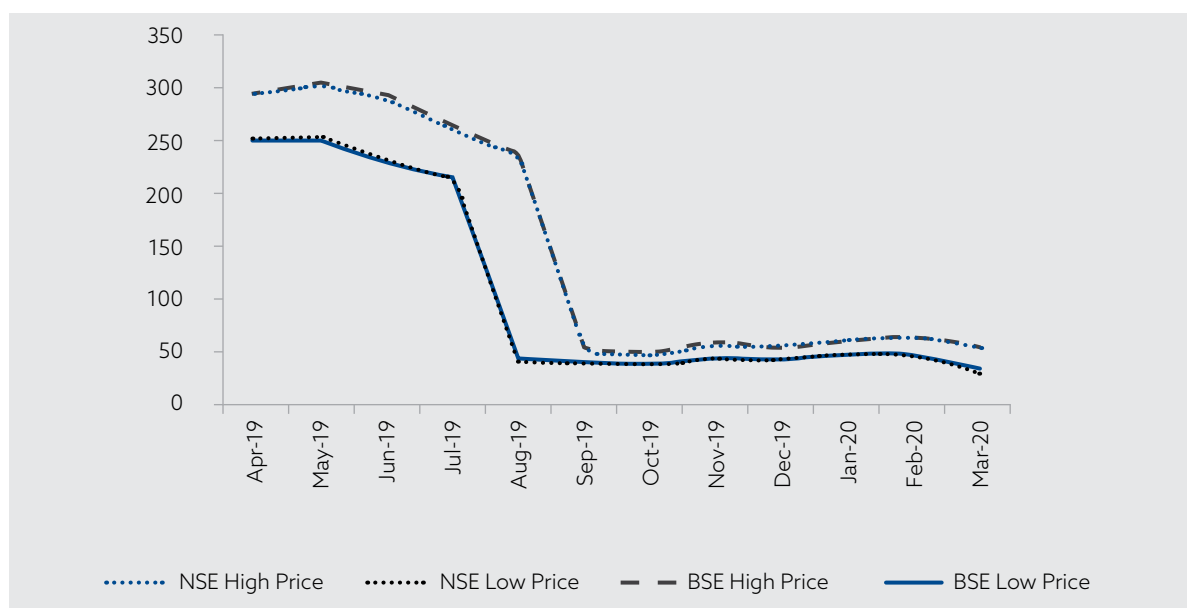
M/s. Maheshwari Datamatics Private Limited is the Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are: Maheshwari Datamatics Private Limited  
23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001  
Phone: +91-33- 2243 5809/2248 2248  
Fax: +91-33- 2248 4787  
Email: mdpldc@yahoo.com

**Share Transfer System**

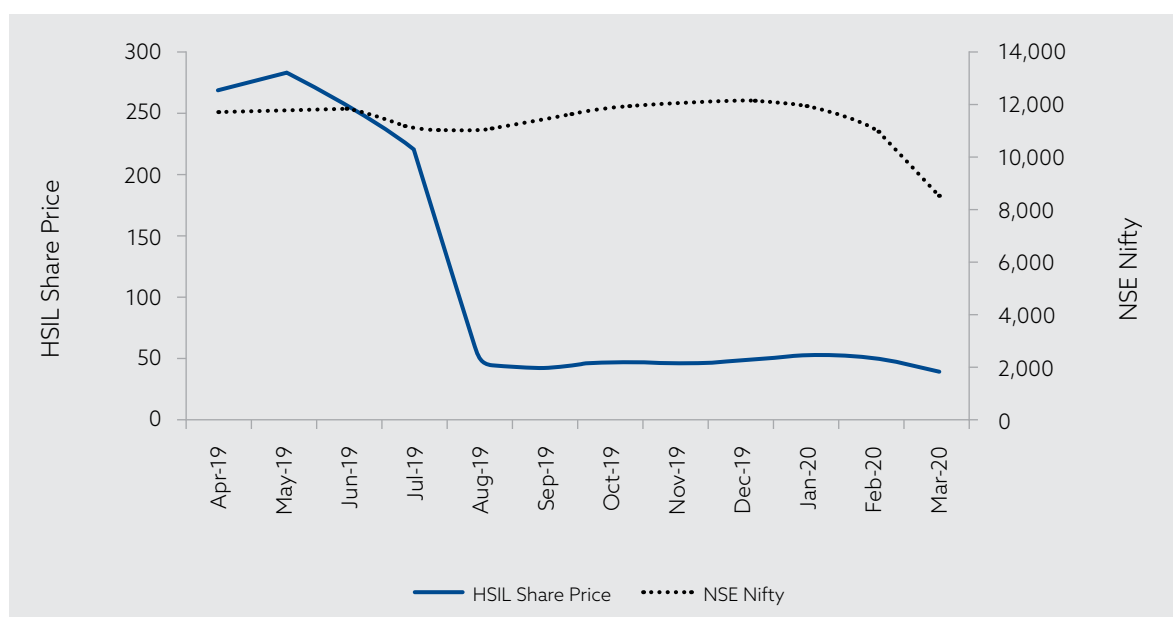
The Company has constituted a Share Transfer Committee to consider and approve applications for re-materialisation/transmission/transposition/internal transfer/issuance of duplicate certificates etc. for physical shares, if any received in future.

**Market Price Data**

Monthly stock market data of the Company's high-and-low prices of equity shares during FY 2019-20 and their performance, in comparison with the broad-based index, comprise:

**Monthly NSE and BSE prices of equity shares**

**Monthly closing price of HSIL shares on NSE and NSE Nifty**

Month	NSE	NSE Nifty
Apr-19	270.35	11748.15
May-19	283.95	11922.80
Jun-19	256.90	11788.85
Jul-19	221.45	11118.00
Aug-19*	45.00	11023.25
Sep-19	40.85	11474.45
Oct-19	48.00	11877.45
Nov-19	46.80	12056.05
Dec-19	48.60	12168.45
Jan-20	53.30	11962.10
Feb-20	52.00	11201.75
Mar-20	40.35	8597.75

**Monthly closing prices of HSIL shares on NSE and NSE NIFTY**


\*Subsequent to the effectiveness of Composite Scheme of Arrangement (Demerger) of the Company, the movement in the price of the shares from August 2019 onwards is on account of post demerger market value. Hence, the prices are not comparable.

**Distribution of Shareholding as on 31 March 2020**

Number of Shares held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Up to 500	27528	83.77	3095098	4.28
501-1,000	2695	8.20	2158475	2.99
1,001-2,000	1548	4.71	2283565	3.16
2,001-3,000	394	1.20	1009316	1.40
3,001-4,000	177	0.54	628857	0.87
4,001-5,000	117	0.36	552870	0.76
5,001-10,000	211	0.64	1572570	2.18
10,001 and above	193	0.59	60995644	84.37
<b>Total</b>	<b>32863</b>	<b>100.00</b>	<b>72296395</b>	<b>100.00</b>

**Category of Shareholders as on 31 March 2020**

Category	No. of Shares of ₹ 2 each	% of Total
Promoter	38,972,819	53.91
Mutual Fund/UTI	4,393,026	6.08
Alternative Investment Funds	1,920,000	2.66
Foreign Portfolio Investors	1,853,823	2.56
Financial Institutions/Banks	167,870	0.23
Insurance Companies	160,359	0.22
Foreign Institutional Investors	-	-
Foreign National	207	0.00
Domestic Companies/Bodies Corporate	3,898,701	5.39
Non-Resident Individual	1,355,171	1.87
Others	19,574,419	27.08
<b>Total</b>	<b>72,296,395</b>	<b>100.00</b>

**Dematerialisation of Shares**

Particulars of Shares	Shares of ₹2 each	
	Number	% of Total
Dematerialised Form		
National Securities Depository Ltd. (NSDL)	63,683,621	88.09
Central Depository Services (India) Ltd. (CDSL)	7,979,616	11.04
Physical Form	633,158	0.87
<b>Total</b>	<b>72,296,395</b>	<b>100.00</b>

**The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.**

**Disclosure in respect of equity shares transferred in the Company's unclaimed suspense account**

Details	No. of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 01 April 2019	Nil	Nil
Shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act, 2013	93	30,309
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 March 2020	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on 31 March 2020 shall remain frozen till the rightful owner of such shares claims the shares.

**Credit Ratings**

The Company has obtained the following credit ratings during the financial year:

S. No.	Name of Rating Agency	Instrument Type	Rating	Revision, if any
1.	CARE Ratings Limited	Long Term Bank Facilities	CARE A+; Stable (Single A Plus; Outlook: Stable) Reaffirmed	None Amount reduced from ₹ 1,309.40 Crore to ₹ 1,194.00 Crore
		Short Term Bank Facilities	CARE A1+ (A One Plus) Reaffirmed	None Amount reduced from ₹ 285 Crore to ₹ 200 Crore
		Commercial Paper	CARE A1+ (A One Plus) Reaffirmed	None Amount reduced from ₹ 300 Crore to ₹ 100 Crore

**H. CODE OF CONDUCT**

The Company's Board of Directors laid down and adopted a Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of your Company. The said Code of Conduct has also been posted on the Company's website. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for FY 2019-20.

A declaration signed by the Company's Chairman and Managing Director to this effect is enclosed at the end of this Report.

**I. CEO AND CFO CERTIFICATION**

The Certificate, as required under Regulation 17 (8) of the Listing Regulations, duly signed by the Vice Chairman and Managing Director and Chief Financial Officer, was placed before the Board, and the same is enclosed to this Report and forms part of the Annual Report.

**J. CERTIFICATION BY SECRETARIAL AUDITORS**

As required under Listing Regulations, M/s. DMK Associates, Company Secretaries, the Company's Secretarial Auditors, have verified the compliances of the Corporate Governance by the Company. We have obtained a Certificate affirming the compliance from M/s. DMK Associates, Company Secretaries, and the same is enclosed to this Report and forms a part of the Annual Report.

**Declaration by Chairman and Managing Director under Listing Regulations regarding adherence to the Code of Conduct**

In accordance with Listing Regulations, I hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective Code of Conduct, as applicable to them, for the year ended 31 March 2020.

Place: Gurugram  
Date: 10 June 2020

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director

## Certificate of Non-Disqualification of Directors

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To  
The Members of  
HSIL LIMITED  
2 RED CROSS PLACE,  
KOLKATA 700001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HSIL Limited** having **CIN: L51433WB1960PLC024539** and having Registered Office at 2 Red Cross Place, Kolkata 700001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial year ended on 31 March 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment
1	Rajendra Kumar Somany	00053557	09/01/1988
2	Sandip Somany	00053597	12/09/1995
3	Sumita Somany	00133612	29/05/2014
4	Girdhari Lal Sultania	00060931	09/09/2006
5	Vijay Kumar Bhandari	00052716	24/07/2004
6	Nand Gopal Khaitan	00020588	27/09/1996
7	Ashok Jaipuria	00214707	24/07/2004
8	Salil Kumar Bhandari	00017566	29/05/2012
9	Rainer S. Simon*	03543040	18/05/2011
10	Anil Wadhwa	08074310	18/03/2020
11	Himalyani Gupta	00607140	18/03/2020
12	Rakesh Sarin	02082150	18/03/2020

\*Dr. Rainer S. Simon ceased to be Independent director of the Company w.e.f. 17.12.2019 after the end of his first term.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DMK Associates**  
Company Secretaries

**CS MONIKA KOHLI**

B.Com (H), FCS, LL.B., IP

Partner

FCS NO. 5480

C. P. NO. 4936

UDIN : F005480B000326636

Place: New Delhi  
Date: 08 June 2020

## CEO/CFO Certification

To  
The Board of Directors

We hereby certify that:

- a) We have reviewed financial statements and cash flow statement of HSIL Limited ('the Company') for the year ended 31 March 2020 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the 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 the Company during the above said period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the 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, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the above said period;
  - ii. significant changes in accounting policies during the above said period and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud, of which we have become aware and the involvement therein, if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting

**Sandip Somany**  
Vice Chairman and Managing Director

**O.P. Pandey**  
Chief Financial Officer

Place: Gurugram  
Date: 10 June 2020

## Certificate on Corporate Governance

To  
The Members of  
**HSIL Limited**

1. We have examined the compliance of the conditions of Corporate Governance by HSIL Limited ("the Company") for the year ended 31 March 2020 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

### MANAGEMENT'S RESPONSIBILITY

2. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. This responsibility includes the designing, implementing and operating effectiveness of internal control to ensure compliance with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations.

### OUR RESPONSIBILITY

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

### OPINION

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of SEBI Listing Regulations during the year ended 31 March 2020.
6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DMK Associates**  
Company Secretaries

**CS MONIKA KOHLI**  
Partner  
FCS No. 5480  
C.P. No. 4936  
UDIN: F005480B000326671

Place: New Delhi  
Date: 08 June 2020

# Business Responsibility Report

The Business Responsibility Report (BRR) is one of the avenues to communicate the Company's obligations and performance to all its stakeholders. HSIL ensures its legacy of responsible business and keeping community as the ultimate purpose of its existence.

The four core pillars - Responsible Stewardship, Building Strong Relationships, Adding & Sharing Values and Strategic Communication are designed to support the long-term development, ensuring long lasting relationship and providing superior returns to all our stakeholders. HSIL has a Code of Conduct that every employee and business partner abide by.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs, India.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:** L51433WB1960PLC024539
- Name of the Company:** HSIL Limited
- Registered Address:** 2 Red Cross Place, Kolkata - 700001, West Bengal

- Website:** www.hsilgroup.com
- E-mail ID:** hsilinvestors@hsilgroup.com
- Financial Year Reported:** 1 April 2019 – 31 March 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

- 23922 - Sanitaryware
- 24320 - Faucets
- 23103 - Glass Containers
- 22203 - Pet bottles and Caps & Closures
- 22209 - Other plastic products i.e. PVC Pipes

- List three key products/services that the Company manufactures/provides (as in balance sheet):**

- Glass Containers
- Pipes
- Sanitaryware

- Total number of locations where business activity is undertaken by the Company:**

- Number of International Locations:** NIL
- Number of National Locations:** 11\* (Factories, including Corporate Office and Registered Office)

\*This does not include Warehouses, Depots, etc.

## 10. Markets served by the Company - Local / State / National / International:

LOCAL	STATE	NATIONAL	INTERNATIONAL
Yes	Yes	Yes	No

## SECTION B: FINANCIAL DETAILS OF THE COMPANY (₹ in lakh)

1	Paid up Capital (INR):	₹ 1,445.97 (1445.93+0.04 forfeited)
2	Total Income (INR):	₹ 1,87,937.10
3	Total profit after taxes (INR):	₹ 4,841.61
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	During the year under review, the Company has spent ₹ 254.77 lakh, which is more than 2% of average net profit of the Company during last 3 financial years.

5. List of activities in which expenditure in 4 above has been incurred:

S. No.	Projects
1	Sanitation and Safe Drinking Water Facility
2	Swastha Sampada(s) (Health Care)
3	Basic Literacy Centre (Prathamik Saksharata Kendra)
4	Kushal Vikas (Skill Development-Computer Learning Centre)
5	Skill Enhancing Vocational Training Centers (Kaushal Vridhi and Recognitions of Prior Learning)
6	Samarth (Cutting Tailoring For Women)
7	Contribution to HSIL Corporate Social Responsibility Foundation for providing emergency aid to the victims affected by cyclone "FANI"
8	Installation of CCTV cameras



Detailed information about Corporate Social Responsibility (CSR) activities of the Company is available as a part of Directors' Report which forms a part of the Annual Report. Refer to Annexure E of the Directors' Report.

**SECTION C: OTHER DETAILS**

**1. Does the Company have any Subsidiary Company/ Companies?**

The Company does not have any subsidiary as on 31 March 2020.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If Yes, then indicate the number of such Subsidiary Company(s).**

Not Applicable

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If Yes, then indicate the percentage of**

b) Details of the BR Head

S. No.	Particulars	Details
1.	DIN	00053557
2.	Name	Dr. Rajendra Kumar Somany
3.	Designation	Chairman and Managing Director
4.	Telephone number	+91-33-22487407
5.	E-mail ID	brr@hindware.co.in

**such entity/entities? [Less than 30%, 30-60%, More than 60%] -**

The Business Responsibility Policies are applicable to the Management and all the Employees of the Company. The Company encourages adoption of BR initiatives by its Business Partners. Based on dialogue with the suppliers and distributors of the Company, currently less than 30% of other entities participate in the BR initiatives of the Company.

**SECTION D: BR INFORMATION**

**1. Details of Director/Directors responsible for Business Responsibility**

- a) Details of the Director/Directors responsible for implementation of the BR policy/policies
  - › DIN : 00053557
  - › Name : Dr. Rajendra Kumar Somany
  - › Designation : Chairman and Managing Director

**2. Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)**

Principle 1:	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2:	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3:	Businesses should promote the well-being of all employees.
Principle 4:	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5:	Businesses should respect and promote human rights.
Principle 6:	Businesses should respect, protect and make efforts to restore the environment.
Principle 7:	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8:	Businesses should support inclusive growth and equitable development.
Principle 9:	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**a. Details of Compliance (Reply in Y/N)**

S. No.	Questions	Business Ethics	Sustainability	Employees' Well-being	Stakeholders' Welfare	Human Rights	Environ-ment	Regulatory Policy	Equitable Development	Customer Responsibility
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes, the policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.								

S. No.	Questions	Business Ethics	Sustainability	Employees' Well-being	Stakeholders' Welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
		P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?			<a href="http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Business-Responsibility-Policies.pdf">http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Business-Responsibility-Policies.pdf</a>						
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?			Yes, any grievances or feedback to the policies can be sent to <a href="mailto:brr@hindware.co.in">brr@hindware.co.in</a>						
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?*	Y	Y	Y	Y	Y	Y	Y	Y	Y

\*Through Internal Audits

**b. If answer to S. No. 1 against any principle, is 'No', please explain why:**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
1.	The Company has not understood the principles										
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles										
3.	The Company does not have financial or manpower resources available for the task				Not Applicable						
4.	It is planned to be done within the next 6 months										
5.	It is planned to be done within the next 1 year										
6.	Any other reason (please specify)										

**3. Governance related to BR**

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :**

The BR Head annually assesses the BR performance of the Company.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company publishes its Business Responsibility Report, whenever applicable to the Company under the appropriate laws, rules and regulations, which forms a part of Company's Annual Report. The same can be

accessed on Company's website at the link: <https://www.hsilgroup.com/annual-reports/>.

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

The Company's policies on Ethics, Transparency and Accountability, along with the Code of Conduct, is applicable to all individuals working in the Company. The Company encourages its business partners to follow the code.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Stakeholder	Complaints received during FY 19-20	Complaints Resolved during FY 19-20	Complaints Resolved (%)
Investors' Complaints	20	20	100
Consumers' Complaints*	Nil	Nil	Nil
<b>Total</b>	<b>20</b>	<b>20</b>	<b>100</b>

\*Subsequent upon effectiveness of the Composite Scheme of Arrangement between the Company, Somany Home Innovation Limited (SHIL) and Brilloca Limited (Brilloca) and their respective Shareholders and Creditors, the CPDM Undertaking and Retail Undertaking have been transferred to SHIL and BPDM Undertaking has been transferred to Brilloca. Accordingly, the consumer complaints shall also stand transferred in SHIL and Brilloca.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

We continued our efforts to focus on the development of products with improved designs for water usage efficiency. For sanitaryware, 93 products have received green pro certification by CII- Green Product and Services Council for excellent water saving. Three of these products certified as green products are as under:

- i. EWC WM Enigma Integrated Jet
- ii. EWC One pc Flora
- iii. EWC WM Lara

The Faucet division also worked on environmental sustainability & redesigned products which is proved by its 145 products getting certified as green products by CII for excellent water saving.

HSIL is the first and only Company to receive Green Pro Certification for these products categories.

In SWR range, we have added Multi Floor Trap with 50 mm water seal, only product available in market in this category. This product is useful in high-rise buildings.

Also we have introduced UPVC pipe in purple colour for distribution of Recycled (Reclaimed water).

The purpose is to have a separate colour code for the water line which is not used for potable water.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

> **Pipes Business**

Unit / kg for Pipes and Fittings production we need below resources

Electricity : 0.62 units kg

Fuel : 0.25 ltrs / Ton of production (standby DG set and for Forklifts)

> **Packaging Products Division**

Each MT of Glass Production requires the below resources:

Electricity : 406 Units

Fuels : 127 Kgs

**a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

> **Building Products Division**

For sanitaryware manufacturing, our R&D Department is regularly working on substituting raw materials which are near to plant locations. Plants have started reusing large part of process

rejection which results in lesser consumption of fresh inputs to save upon the input cost and also achieving environment protection.

For faucets more and more numbers of local vendors are being developed for components. Value engineering projects are also taken up to reduce input cost.

R&D Department in faucets plant is working on a project whereby reuse of some process waste will be possible.

› **Pipes Business**

In CPVC extrusion we have done in-house modification in the die head resulted into improved productivity by 10%.

› **Packaging Products Division**

Reduction of Raw material cost by developing local and alternative vendors, and value savings through import substitution for machine parts and reduction of packaging cost by redesigning and optimisation.

**b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

› **Building Products Division**

**Sanitaryware:** Each product when used in toilet saves around 65,000 liters of water per family (Average Family of 4 people) per year.

**Faucets:** Each product when used saves around 50,575 liters of water per family (Average family of 4 people) per year.

› **Pipes Business**

We have optimised pipe loading by telescoping loading which has improved truck load ability.

› **Packaging Products Division**

Fuel consumption for transporting lower volume of glass saved by reducing the bottle weight by 15% to 20% on certain specific segments. Installation of effluent treatment plant, reducing water usage and reuse of water and ensuring zero liquid discharge.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company has proper procedures in place for sustainable sourcing. It has long term understanding with most of its critical vendors and has made efforts to increase in house sourcing of quartz sand. It has also sourced indigenously, some of its imported components and raw materials. Vendor audit validation and assessment of their capability for

sustainable supply is part of vendor development process.

Our basic raw materials namely, CPVC, PVC and additives constitute 60% of the total inputs which are procured from sustainable sources including transportation. About 20% of our raw material constitutes, items like brass, O rings & other consumables. Another 10% constitutes trading items namely, adhesives, solvents, ball vales, end plugs & metal clamps which are also largely obtained from sources that are sustainable. The remainder 10% includes packing material like woven sacks, cartons, plastic covers, tapes etc.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

› **Building Products Division**

**Sanitaryware:** Most of our mineral raw materials are procured from the nearest areas to the manufacturing locations and these vendors are SMEs. Officials from our R&D team regularly visit the mines of our vendors to guide them for improving quality, reducing process wastages & for reuse of water used in washing. They also guide them in setting up test labs for carrying out tests at mine heads.

**Faucet:** For faucet manufacturing, many components are procured from small vendors located near the plant. Plant also reduced transportation cost due to reduction of distance from the nearby vendors. Our design team continuously helps small vendors in developing dies & tools so that their manufacturing process become more efficient there by making them competitive.

One of the packing materials which is paddy straw is procured from farmers and card board boxes are also procured from the local vendors.

› **Pipes Business**

We have developed a few local suppliers for items like packing material, trading items like end plugs & metal clamps by sensitizing them to our specific requirements and helping them to design the products to suit our specifications.

› **Packaging Products Division**

Except Soda Ash which is imported, all the raw materials (glass cullet, quartz sand, all card board packaging materials) are sourced from local suppliers. The fuels are sourced from the local suppliers both PSUs and private suppliers. Effort is being made to source the regular inputs and services from the local producers. The Company works with the local suppliers to increase their capability and productivity.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

› **Building Products Division**

- (i) For sanitaryware manufacturing, large part of such rejection is used by regrinding. In faucet plant, there is no wastage of metal as metal rejections are remelted & used.
- (ii) Further, in the faucet manufacturing process multiple re-use of packing material in various stages of manufacturing has been introduced to reduce wastage of packing material.

› **Pipes Business**

- i. Waste generated while processing is almost 100% recycled by regrinding and reprocessing. Negligible quantity goes as waste.
- ii. Waste water generated in the factory is 100% recycled using STP.
- iii. We have installed VFD's for cooling tower fans. Speed of the fan is controlled based on the water temperature. Resulted in at least 10% reduction in cooling tower water consumption and power consumption.

› **Packaging Products Division**

- i. Waste generated from glass bottle production (Rejections) during the manufacturing cycle is 100% reused which is >10%.

- ii. ESP (Electrostatic Precipitator) is being used to remove Sox and particulate matter from chimney flue gas. Waste collected through ESP plant is reused as raw material.
- iii. Effluents are treated and recycled, >10%.
- iv. Effluent treatment plant has been made operational thereby reducing water usage and reuse of water and ensuring zero liquid discharge > 10%.

**Principle 3: Businesses should promote the well-being of all employees**

1. Please indicate the Total number of employees – 2891 (permanent employees)
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis - 3560
3. Please indicate the Number of permanent women employees - 38
4. Please indicate the Number of permanent employees with disabilities - 2
5. Do you have an employee association that is recognised by management? - Yes
6. What percentage of your permanent employees is members of this recognised employee association? – 43%
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- (a) Permanent Employees: Building Products Division – 75%, Packaging Products Division – 57%.
- (b) Permanent Women Employees: Building Products Division - 75%, Packaging Products Division - 93%.
- (c) Casual/Temporary/Contractual Employees: Building Products Division –80%, Packaging Products Division – 98%.
- (d) Employees with Disabilities - Building Products Division - Nil, Packaging Products Division - 100%.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. **Has the Company mapped its internal and external stakeholders? Yes/No**  
Yes, the Company's key stakeholders include employees, suppliers, customers, business partners, regulatory agencies and local communities around its sites of operation.
2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders.**  
Yes, the Company has identified the disadvantaged, vulnerable and marginalised sections within the local communities around its sites of operation.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

During the year under review, the Company provided cutting and tailoring skills to the women of local community under its Corporate Social Responsibility activities. Apart from this, the programmes on Basic literacy, Computer learning centre and Healthcare are also organised by the Company on regular basis. Various other activities are covered under Principle 8.

**Principle 5: Businesses should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company follows its Policy on Human Rights which are applicable to all employees in the Company. The Company encourages its Business Partners to follow the Policy. HSIL discourages dealing with any supplier/contractor if it is in violation of human rights and also prohibits the use of forced or child labour at all manufacturing units /with business associates.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaint was received pertaining to human rights violation during the reporting period.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment.**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

The policy related to Principle No. 6 covers all our manufacturing plants as well as major suppliers and contractors. We have installed organic waste convertor, which converts organic waste to manure for use in gardening. We have also started use of natural gas in one more plant.

We have installed 10 KL ETP for pre-treatment of concentrated effluent stream & precipitation of solid particles to improve the ultimate water quality.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

The Company is aware of environmental concerns and always strives to reduce the environmental impact:

› **Building Products Division**

The Company has already installed 3318 KW solar power generation system in its three plants. Effluent treatment plants and sewage treatment plants have also been working in the plants enabling reuse of water to a great extent. One of our plant is now zero liquid discharge plant.

› **Pipes Business**

Pipes Business has installed 640 kW roof top solar system.

Waste water generated in the plant is treated using STP and utilised for landscaping.

› **Packaging Products Division**

The Company has installed additional ESP to remove SOX and particulate matter from flue gas. The Company also has installed roof top and ground mounted solar plants for generating power without use of thermal or hydel sources. We have also started the use of natural gas as alternative to furnace oil etc. which is much more environment friendly.

Consistent efforts are also being made to develop and maintain green belts around the various plants and to use environment friendly products for daily use.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company is regularly working to assess potential environmental risk to a great extent and has shifted from oil firing equipments to firing by cleaner fuel which is natural gas/LPG/electricity. This has resulted in reduction of sulphur and CO emissions.

Developing more and more water saving products is continuous process in plants.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

› **Building Products Division**

The Company has installed all equipments required for meeting emission norms for air and water and have been regularly submitting test reports to the environmental authorities in the respective states. The Company also has rainwater harvesting systems in all plants. In faucet plant, we have installed 3rd stage RO and MEE (Zero Liquid Discharge).

› **Pipes Business**

We have provided 10 rain water harvesting pits to recharge the ground water. Bunds have been made in the natural path of storm water canal to collect rain water.

We have developed green belt of around 6 acres of land with varieties of native plants.

› **Packaging Products Division**

The Company has natural harvesting pits and rain water harvesting bunds made to collect the rain water, dust collectors provided to control the dust emissions in raw material handling plant, online continuous stack monitoring system provided

for our chimney, green belt developed at various locations with different varieties of plants.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

› **Building Products Division**

Yes, we have installed 3318 KW solar power generation systems and we have been regularly working and achieving reduction in power, fuel and water consumption per unit of production.

› **Pipes Business**

Pipes Business has installed 640 kW roof top solar system. This has helped us in reducing power consumption during day time.

Every equipment procured in Pipes Business comes with IE3 motors which are high energy efficient motors and give benefit of around 2% to 3% saving on energy.

› **Packaging Products Division**

The Company has installed 10 MW of Solar Power in roof top and ground mounted at two sites and is in the process of increasing the use of solar power by additional 3 MW at its various locations. During the year, the Company has tied up for procurement and use of environment friendly natural gas in its production process as a substitute to petroleum based inputs.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

› **Building Products Division**

We have installed effluent treatment plants, sewerage treatment plants and dust collections systems wherever required in the manufacturing process and are meeting all prescribed emission norms and required returns are filed with respective authorities in this respect.

› **Pipes Business**

We have no equipments which generate harmful emissions. Further, to contribute to the environment, we have installed STP for sewerage treatment thereby Not generating any effluents. Manufacturing area has been designed to ensure no lights are switched on during day time. Every light in the factory is of high efficient LED.

› **Packaging Products Division**

We have installed, Go Green gas-based AC's, LED Lighting under utilisation, Energy Efficient Motors, Heatless Vaporizers and waste generated by the Company are within the permissible limits.

**7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No, we do not have any unresolved show cause/legal notice from CPCB/SPCB as on end of the financial year.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- (a) PHD Chamber of Commerce and Industry
- (b) Federation of Indian Chambers of Commerce and Industry
- (c) Indian Plumbing Skills Council
- (d) Indian Council of Sanitaryware Manufactures
- (e) The All India Glass Manufactures' Federation
- (f) Merchant Chamber of Commerce and Industry, Kolkata

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

Issues from various States, where we have our plants and we get effected, because of change in applicable laws, we write to them to take up the matter with respective Government departments.

**Principle 8: Businesses should support inclusive growth and equitable development.**

**1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company undertakes the initiatives through the CSR Committee of the Board as per the CSR Policy of the Company. A brief outline of the policy for undertaking the CSR activities of the Company includes the following:

- › Promoting healthcare, water and sanitation programmes;
- › Promoting education, enhancing vocational skills and livelihood enhancement projects;
- › Rural development, social upliftment programs and promotion of art and culture; and
- › Relief, rehabilitation and reconstruction activities as part of disaster.

These projects are in accordance with schedule VII of the Companies Act, 2013 and rules made thereunder.

**2. Are the programmes/projects undertaken through inhouse team/own foundation/external NGO/government structures/any other organisation?**

The aforesaid projects have been carried out by the Company directly, through its own foundation and/or indirectly through implementing agencies. The details can be found in Annexure E of the Directors' Report which forms a part of the Annual Report.

**3. Have you done any impact assessment of your initiative?**

Yes, CSR committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

**4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.**

The Company spent an amount of ₹ 254.77 lakh on major community involvement projects. More information on CSR activities of the Company are disclosed in Annexure E of the Directors' Report which forms a part of the Annual Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms, monthly reports, and follow-up field visits are regularly carried out. The Company has engaged its employees to drive and monitor the CSR activities.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year: NIL. Please refer note given in point 2 of Principle 1 of this Report.**

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information).**

Our packaged products carry information as required under Legal Metrology Act, 2009 and related rules.

Besides this we also provide information related to product installation, do's and don'ts for product usage and terms for claiming benefits of warranty.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

A Dealer filed a case against the Company before Hon'ble Competition Commission of India (CCI) in the year 2013 for violation of certain provisions of the Competition Act, 2002 ("Competition Act"). The Hon'ble CCI vide its order dated 5 February 2014 found that no prima facie case was made out against the Company and closed the matter u/s 26 (2) of the Competition Act. The dealer preferred an appeal before the Hon'ble Competition Appellate Tribunal (COMPAT) against the said order and the Hon'ble COMPAT vide its order dated 7 July 2014 disposed off the appeal by giving liberty to the dealer to approach the Commission for any possible violations of the Competition Act. Subsequently the dealer filed the case for the second time before CCI wherein again Hon'ble CCI found that no prima facie case of contravention of the provisions of the Competition Act was made out against the Company. Thereafter the dealer filed appeal before Hon'ble COMPAT against the order of Hon'ble CCI and said appeal was dismissed by Hon'ble COMPAT vide order dated 29 November 2016. However, the said dealer has preferred an appeal before Hon'ble Supreme Court against the said Order of Hon'ble COMPAT and said appeal is subjudice.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

Subsequent upon effectiveness of the Composite Scheme of Arrangement between the Company, Somany Home Innovation Limited (SHIL) and Brilloca Limited (Brilloca) and their respective Shareholders and Creditors, the CPDM Undertaking and Retail Undertaking have been transferred to SHIL and BPDM Undertaking has been transferred to Brilloca. Accordingly, carrying out any customer survey is not applicable to the Company as on 31 March 2020.



# Independent Auditor's Report

To the Members of  
**HSIL Limited**

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### OPINION

We have audited the standalone financial statements of **HSIL Limited** ("the Company"), which comprise the Balance sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31st March, 2020, and its Profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTER

#### Attention is drawn to:

- (i) Note no. 53 regarding the utilisation of the Business Reconstruction Reserve ('BRR') to the extent of ₹1,400.02 lakhs which was created in accordance with a scheme of arrangement (the scheme) approved by Hon'ble High Court of Calcutta. During the year the Company has impaired goodwill related to a Business undertaking amounting to ₹ 1,400.02 lakhs and charged the same as exceptional item to statement of statement of Profit and Loss of that year, and withdrawn equivalent amount from BRR.
- (ii) Note no. 58 regarding COVID-19 related lock-down/restrictions, where management could perform year end physical verification of inventories at certain locations subsequent and near to year end. However, we could not been able to physically observe the verification of inventories that was carried out by the Management. Consequently, we have performed alternate procedures to audit the existence of Inventory as per the guidance provided by in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient audit evidence to issue our unmodified opinion on these Financial Statements.

Further opinion of the management on the carrying value of assets and liabilities and COVID-19 impact on the operation as stated in the said note.

Our opinion is not modified in respect of the above matters.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Description of Key Audit Matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment (as described in note no.5 of the financial statements)</p> <p>The Company had recognised goodwill on merger of Garden Polymers (P) Ltd (GPPL) in earlier year. Subsequent to adoption of Ind AS it was subject to impairment testing.</p> <p>In line with requirements of Ind AS-36 an impairment assessment being performed on yearly basis and the company has recognised impairment loss of ₹ 1,400.02 lakhs in financial year 2019-20 charged to BRR.</p> <p>(Refer note no. 5 to the financial statements)</p>	<p>Our response to the audit risk</p> <p>We evaluated the process by which management prepared its cash flow forecast and compared them against the latest Board approved plans and management approved forecasts. We evaluated the historical accuracy of the plans and forecasts. These procedures enabled us to determine the accuracy of the forecasting process and apply appropriate sensitivities to the cash flows.</p> <p>We assessed the appropriateness of independent valuer's / management adopted discount rates, future cash flows and long-term growth rates, specifically focusing on the CGUs identified opposite. We benchmarked assumptions against industry.</p> <p>Based upon our assessments described above, we challenged management on the appropriateness of its sensitivity calculations by applying our own sensitivity analysis to the forecast cash flows, long-term growth rates and discount rates to ascertain the extent to which reasonable adverse changes would, either individually or in aggregate, require an impairment of either the goodwill or indefinite life assets.</p> <p>Reviewing the appropriateness of discount rate through the use of our valuations specialists; We determined whether impairment charge were required, based on the results of our work has been made. Management has described the key sensitivities applied in the 'Goodwill and other intangible assets' note to the Financial Statements in note no. 5</p> <p>Based on independent valuation report impairment loss of ₹ 1,400.02 lakhs has been provided during the current year.</p>

#### Valuation of Financial Instruments

##### Valuation of financial instruments-Investments (held at fair value)

The company has investment in unlisted equity shares ₹ 1,165.48 lakhs (PY ₹1,999.49 lakhs) of APGPCL. The investment was made for specific purpose to meet certain criteria for power purchase. The said investment is measured at Fair Value through Other Comprehensive Income.

We have considered the valuation of financial instruments as key audit matter considering complexities and financial impact involved over financial statements.

Our audit procedures includes:

##### Control testing:

- We tested the design and operating effectiveness of key Controls.
- Controls over the validation, completeness, implementation and usage of valuation models.

##### Independent reperformance:

- Our own valuation specialists independently challenged management on the valuations where they were found outside our expected range.

##### Methodology choice:

- We evaluated the company management's sensitivity analysis around the key assumptions, to ascertain the extent of change in those assumptions that would be required for the investment to be impaired. In the context of observed industry practice, our own valuation specialists assisted us in challenging the appropriateness of significant models and methodologies used by an independent valuer in calculating fair values, risk exposures, completeness of risk factors, and in calculating FVAs.

#### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate

Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider

whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, 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) specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- › 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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- › Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial

statements of the financial year ended 31st March 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

### OTHER MATTER

- l) As stated in Note no. 55 of financial statements, figures for the year ended 31st March 2019 are restated audited figures after giving impact of the scheme approved by the Hon'ble NCLT Kolkata Bench on 26th June 2019 and effective from 1st April 2018 which has been approved by Board of Directors. The restated financial statements for the year ended 31st March 2019 are to be adopted by the shareholders.

Our opinion on above matters are not modified.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "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 (including the Statement of Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matter to be included in the Auditors' report under Section 197(16), as amended:

In our opinion and according to the information and explanation given to us, the managerial remuneration paid/provided during the current year by the Company is in accordance with the provisions of Section 197 of the Act.

- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 47 to the financial statements;
  - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**  
Chartered Accountants  
Firm's Registration Number: 301051E

**N.K.Lodha**  
Partner

Place: New Delhi  
Date: 10th June 2020

Membership No. 85155  
UDIN: 20085155AAAACD9627

## Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the HSIL Limited on the standalone financial statements for the year ended 31st March 2020, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.
- (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, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As per the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification. (v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at Balance Sheet date. (read with Note No. 4(6) of financial statements). (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (ii) As per the information and explanation given to us, the inventories of the Company (except stock lying with the third parties and goods in transit), have been physically verified by the management at reasonable intervals during the year. The discrepancies noticed on such physical verification of inventory as compared to book records were not material. (vii) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, Goods and Service Tax, custom duty, cess and other material statutory dues, with the appropriate authorities.
- (iii) According to the records and information and explanation made available 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'), hence other parts of this clause are not applicable. There were no undisputed statutory dues payable as at March 31, 2020 which were outstanding for a period of more than six months from the date they become payable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has b) According to the records and information & explanations given to us, there are no dues in respect of income tax or sales tax or service tax or entry tax or duty of custom or goods and services tax or duty of excise or Central Sales Tax or value added tax that have not been deposited with the appropriate authorities on account of any dispute except as given below:

Name of Statute	Nature of Due	Period	Amount involved (₹ in Lakhs)	Forum where matter is pending
The Central Excise Act, 1944	Excise Duty	1987-89	27.81	Commissioner of Central Excise, Rohtak
The Central Excise Act, 1944	Cenvat Credit	2007-08	11.09	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
The Central Excise Act, 1944	Service Tax Input Credit	2006-07	3.08	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	1999-2000	24.26	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
The Central Excise Act, 1944	Excise Duty	2010-11	9.71	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
The Central Excise Act, 1944	Excise Duty	2004-05 to 2005-06	14.98	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service Tax	MAR 06 - SEP 06	1.60	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

Name of Statute	Nature of Due	Period	Amount involved (₹ in Lakhs)	Forum where matter is pending
Finance Act, 1994	Service Tax	JUL 05 - MAR 06	0.01	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service Tax	2012-13 to 2014-15	130.39	Commissioner (Appeals) Jaipur
The Central Sales Tax Act	Sales Tax	2016-17	21.48	Deputy Commissioner (State Tax) LTU, Panjagutta , Hyderabad
Telangana Tax on Entry of Goods into Local areas Act, 2001	Entry Tax	2011-12 to 2016-17	1,926.66	Telangana High Court, Hyderabad
Telangana Tax on Entry of Goods into Local areas Act, 2001	Entry Tax	2012-13 to 2016-17	1,043.35	Telangana High Court, Hyderabad
Telangana Tax on Entry of Goods into Local areas Act, 2001	Entry Tax	2017-18	95.52	Telangana High Court, Hyderabad
Entry Tax Act, 2001	Entry Tax	2011-12 to 2016-17	52.59	The Appellate Dy. Comm. Rural Division , Hyderabad
GST Act 2017	Good and Service Tax	July-17 to Nov-17	107.66	Telangana High Court, Hyderabad
Income Tax Act, 1961	Income - Tax	Assessment Year 2012-13	3.84	Commissioner Income Tax (Appeals), Hubli
AP VAT Act	Value Added Tax	2011-12 & 12-13	3.75	Asst. Commissioner (CT) LTU, Nalgonda Division, Nalgonda.

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). On the basis of information and explanation given to us, term loans have been applied for the purposes for which they were obtained.

(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) On the basis of records and information and explanations made available and based on our examinations of the records of the company, the company has paid / provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related party transactions entered during the year, the company

has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no.50)

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under 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, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**

Chartered Accountants

Firm's Registration Number: 301051E

**N.K.Lodha**

Partner

Place: New Delhi

Date: 10th June 2020

Membership No. 85155

UDIN: 20085155AAAACD9627

# Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

## REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING 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 HSIL Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company 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 issued by the Institute of Chartered Accountants of India. 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 respective 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 Companies Act, 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the 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 internal financial controls system over financial reporting of the Company.

### 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 financial statements for external purposes in accordance with 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 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 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, to the best of our information and according to the explanations given to us, 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, 2020, 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 issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**

Chartered Accountants

Firm's Registration Number: 301051E

**N.K.Lodha**

Partner

Membership No. 85155

UDIN: 20085155AAAACD9627

Place: New Delhi

Date: 10th June 2020



# Balance Sheet

as at 31 March 2020

(₹ in lakh)

	Note	As at 31 March 2020	As at 31 March 2019 (Refer note 55)
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	1,80,668.53	1,81,506.22
(b) Capital work-in-progress		3,299.81	11,670.38
(c) Goodwill	5	1,073.02	2,473.04
(d) Other intangible assets	6	226.63	249.94
(e) Other intangible assets under development		-	6.35
(f) Financial assets			
(i) Investments	7	1,173.12	2,007.13
(ii) Loans	8	1,677.82	1,243.75
(iii) Other financial assets	9	83.61	27.93
(g) Income-tax assets (net)	10	6,012.27	6,789.41
(h) Other non-current assets	11	3,207.75	4,575.18
<b>Total non-current assets</b>		<b>1,97,422.56</b>	<b>2,10,549.33</b>
<b>2 Current assets</b>			
(a) Inventories	12	40,797.54	29,066.50
(b) Financial assets			
(i) Trade receivables	13	29,303.69	32,312.82
(ii) Cash and cash equivalents	14	2,494.05	3,550.82
(iii) Bank balances other than (iii) above	15	2,255.63	382.86
(iv) Loans	16	1.61	18.00
(v) Other financial assets	17	2,244.37	2,422.93
(c) Other current assets	18	7,664.27	5,517.32
(d) Asset held for sales		4,655.05	-
<b>Total current assets</b>		<b>89,416.21</b>	<b>73,271.25</b>
<b>Total assets</b>		<b>2,86,838.77</b>	<b>2,83,820.58</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	19	1,445.97	1,445.97
(b) Other equity	20	1,24,241.84	1,24,164.28
<b>Total equity</b>		<b>1,25,687.81</b>	<b>1,25,610.25</b>
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	72,869.68	70,323.13
(ii) Other financial liabilities	22	1,874.82	2,121.94
(b) Provisions	23	802.29	608.64
(c) Deferred tax liabilities (net)	24	23,634.83	22,689.16
(d) Other non-current liabilities	25	180.89	88.63
<b>Total non-current liabilities</b>		<b>99,362.51</b>	<b>95,831.50</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	26	20,872.84	15,198.89
(ii) Trade payables	27		
- Due to micro and small enterprise		1,093.70	2,034.00
- Due to others		18,428.60	16,537.87
(iii) Other financial liabilities	28	17,115.87	22,588.88
(b) Other current liabilities	29	3,284.84	5,251.09
(c) Provisions	30	992.60	768.10
<b>Total current liabilities</b>		<b>61,788.45</b>	<b>62,378.83</b>
<b>Total liabilities</b>		<b>1,61,150.96</b>	<b>1,58,210.33</b>
<b>Total equity and liabilities</b>		<b>2,86,838.77</b>	<b>2,83,820.58</b>

Notes 1 to 61 form an integral part of these financial statements.  
In terms of our report attached.

For **Lodha & Co**  
Chartered Accountants  
Firm Registration No.: 301051E

**N.K. Lodha**  
Partner  
M. No. 85155

Place: Delhi  
Date: 10 June 2020

**Sandip Somany**  
Vice Chairman and Managing Director  
DIN: 00053597

**Pulkit Bhasin**  
Company Secretary  
ACS No.: A27686

For and on behalf of the Board of Directors

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director  
DIN: 00053557

**Om Prakash Pandey**  
Chief Financial Officer

Place: Gurugram  
Date: 10 June 2020

# Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019 (Refer note 55)
I Revenue from operations	31	1,85,907.03	1,60,476.38
II Other income	32	2,030.07	3,918.62
<b>III Total income</b>		<b>1,87,937.10</b>	<b>1,64,395.00</b>
<b>IV Expenses</b>			
Cost of materials consumed	33	72,567.30	60,368.37
Purchases of stock-in-trade	34	4,602.94	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	35	(8,189.89)	726.56
Employee benefits expense	36	22,748.30	20,100.58
Finance costs	37	7,347.63	5,897.59
Depreciation and amortisation expense	38	14,287.64	13,130.72
Other expenses	39	67,073.26	61,932.15
<b>Total expenses</b>		<b>1,80,437.18</b>	<b>1,62,155.97</b>
<b>V Profit before exceptional items and tax</b>		<b>7,499.92</b>	<b>2,239.03</b>
<b>VI Exceptional items (refer note 5 and 53)</b>		(1,400.02)	(221.18)
Less: Transferred from Business Reconstruction Reserve (refer note 20 and 53)		1,400.02	221.18
<b>VII Profit before tax</b>		<b>7,499.92</b>	<b>2,239.03</b>
<b>VIII Tax expense</b>	40		
(1) Current tax		1,294.15	497.04
MAT credit entitlement		(1,294.15)	(497.04)
Earlier year income tax		-	372.83
(2) Deferred tax		2,658.31	339.17
<b>Total tax expense</b>		<b>2,658.31</b>	<b>712.00</b>
<b>IX Profit for the year</b>		<b>4,841.61</b>	<b>1,527.03</b>
<b>X Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plan		(316.73)	(93.33)
(b) Changes in fair value of equity instruments through other comprehensive income		(834.01)	(1,240.73)
(ii) Income-tax relating to these items		402.11	466.17
<b>Other comprehensive income, net of tax</b>		<b>(748.63)</b>	<b>(867.89)</b>
<b>XI Total comprehensive income for the year</b>		<b>4,092.98</b>	<b>659.14</b>
<b>XII Earnings per equity share (of ₹ 2/- each):</b>			
Basic and diluted (refer note 45)		6.69	2.11

Notes 1 to 61 form an integral part of these financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**  
Chartered Accountants  
Firm Registration No.: 301051E

**Sandip Somany**  
Vice Chairman and Managing Director  
DIN: 00053597

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director  
DIN: 00053557

**N.K. Lodha**  
Partner  
M. No. 85155

**Pulkit Bhasin**  
Company Secretary  
ACS No.: A27686

**Om Prakash Pandey**  
Chief Financial Officer

Place: Delhi  
Date: 10 June 2020

Place: Gurugram  
Date: 10 June 2020

# Cash Flow Statement

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before exceptional items and tax as per statement of profit and loss</b>	7,499.92	2,239.03
<b>Adjustments for:</b>		
Depreciation & Amortisation	14,287.64	13,130.72
(Gain)/Loss on disposal of property, plant & equipment	(295.00)	(496.35)
Provision for expected credit loss	223.84	49.06
Bad debts written off	-	34.07
Deferred government grant	(292.47)	(209.53)
Net Foreign Exchange (Gain)	2,613.20	637.53
Investment Income	-	(3.36)
Provision for doubtful advances	-	18.50
Sundry balances and liabilities no longer required, written back	(393.50)	(514.40)
Interest Income	(138.69)	(176.91)
Finance costs	7,347.63	5,897.59
<b>Operating Profit before Working Capital Changes</b>	<b>30,852.57</b>	<b>20,605.95</b>
<b>Working capital adjustments:</b>		
Decrease/ (Increase) in trade and other receivables	2,390.60	(9,327.50)
Decrease/ (Increase) in inventories	(11,731.04)	10.03
Decrease/ (Increase) in Other Assets	(903.22)	(2,520.41)
Increase/ (decrease) in trade and other payables	(9,500.84)	17,085.18
Increase/ (decrease) in Provision	101.42	738.40
	<b>11,209.49</b>	<b>26,591.65</b>
Income - tax paid	(533.40)	(1,630.93)
<b>Net cash flows generated from (used in) operating activities after exceptional items</b>	<b>10,676.09</b>	<b>24,960.72</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment to acquire financial assets	-	(4,800.00)
Proceeds on sale of financial assets	-	4,803.36
Interest Received	94.99	252.66
Amount advanced to related parties	18.00	(12.00)
Payment for property, plant and equipment	(13,324.44)	(29,989.81)
Proceeds from disposal of property, plant and equipment	3,651.25	1,307.46
Movement in other bank balances	(1,928.45)	(12.18)
<b>Net cash flows generated from (used in) investing activities</b>	<b>(11,488.65)</b>	<b>(28,450.50)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	5,676.95	24,211.70
Repayment of borrowings	(1,787.00)	(7,389.02)
Movement in short term borrowings (Net)	5,673.95	(13,805.31)
Taxes on dividend paid	(543.31)	(599.00)
Dividend paid	(2,075.37)	(2,882.74)
Interest Paid	(7,189.43)	(5,788.66)
<b>Net cash flows generated from (used in) financing activities</b>	<b>(244.21)</b>	<b>(6,253.03)</b>
Net increase (decrease) in cash and cash equivalents (A+B+C)	(1,056.77)	(9,742.81)
Cash and cash equivalents at the beginning of the year	3,550.82	13,293.63
<b>Cash and cash equivalents at year end (Refer Note 14)</b>	<b>2,494.05</b>	<b>3,550.82</b>

# Cash Flow Statement

for the year ended 31 March 2020

## The movement in liabilities from financing activities:

(₹ in lakh)

	As at 31 March 2019	Cash flows	Non-cash flow changes			As at 31 March 2020
			Foreign exchange	Transfer due to scheme*	Others	
Long term borrowings	72,315.42	3,597.48	2,431.97	-	292.47	78,637.34
Short term borrowings	15,198.89	5,673.95	-	-	-	20,872.84
<b>Total liabilities from financing activities</b>	<b>87,514.31</b>	<b>9,271.43</b>	<b>2,431.97</b>	<b>-</b>	<b>292.47</b>	<b>99,510.18</b>

## The movement in liabilities from financing activities:

(₹ in lakh)

	As at 31 March 2018	Cash flows	Non-cash flow changes			As at 31 March 2019
			Foreign exchange	Transfer due to scheme*	Others	
Long term borrowings	59,331.10	16,822.68	952.10	(5,000.00)	209.54	72,315.42
Short term borrowings	63,671.16	(13,805.31)	-	(34,666.96)	-	15,198.89
<b>Total liabilities from financing activities</b>	<b>1,23,002.26</b>	<b>(3,017.37)</b>	<b>952.10</b>	<b>(39,666.96)</b>	<b>209.54</b>	<b>87,514.31</b>

\*Transfer due to Scheme as on 1st April, 2018 (refer note no. 55)

### Notes:

- The Scheme is cash neutral, hence cash neutral items have not been considered/disclosed in this statement (read with note 55 and note 14)
- Previous year's figures have been re-grouped/ re-arranged wherever necessary.
- The Cash flow statement has been prepared under the Indirect method as set out in Indian Accounting Standard (Ind As 7) statement of Cash flows.

Notes 1 to 61 form an integral part of these financial statements.  
As per our report of even date.

For and on behalf of the Board of Directors

For **Lodha & Co**  
Chartered Accountants  
Firm Registration No.:301051E

**Sandip Somany**  
Vice Chairman and Managing Director  
DIN: 00053597

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director  
DIN: 00053557

**N.K. Lodha**  
Partner  
M. No. 85155

**Pulkit Bhasin**  
Company Secretary  
ACS No.: A27686

**Om Prakash Pandey**  
Chief Financial Officer

Place: Delhi  
Date: 10 June 2020

Place: Gurugram  
Date: 10 June 2020

# Statement of Changes in Equity

for the year ended 31 March 2020

## A. EQUITY SHARE CAPITAL

Particulars	Number of shares	Amount
<b>Issued and paid up capital</b>		
Balance as at 1 April 2018	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2019	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2020	7,22,96,395	1,445.97

## B. OTHER EQUITY

Particulars	Reserves and surplus				Other comprehensive income			Total	
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reconstruction reserve	Business reconstruction reserve	Retained earnings gain/(loss)	Actuarial - equity instruments		FVOCI
<b>Balance as at 31 March 2018 / 1st April 2018</b>	80.92	45,497.87	24,903.64	15.00	19,398.19	55,482.66	43.98	2,058.91	1,47,481.17
Transfer due to Scheme (refer note 5)	-	(8,684.89)	(2,449.08)	-	(0.00)	(9,117.35)	(7.23)	-	(20,258.55)
Cancellation of Investment pursuant to demerger Scheme	(10.00)	-	-	-	-	-	-	-	(10.00)
<b>Balance as at 1 April 2019</b>	70.92	36,812.98	22,454.56	15.00	19,398.19	46,365.31	36.75	2,058.91	1,27,212.62
Profit for the year	-	-	-	-	-	1,527.03	-	-	1,527.03
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	(60.71)	(807.18)	(867.89)	(867.89)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	1,527.03	(60.71)	(807.18)	659.14
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(3,486.30)	-	-	(3,486.30)
Less: Transfer to statement of profit and loss during the year (also refer note 5)	-	-	-	-	(221.18)	-	-	-	(221.18)
<b>Balance as at 31 March 2019</b>	70.92	36,812.98	22,454.56	15.00	19,177.01	44,406.04	(23.96)	1,251.73	1,24,164.28
Profit for the year	-	-	-	-	-	4,841.61	-	-	4,841.61
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	(206.05)	(542.58)	(748.63)	(748.63)
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(2,615.40)	-	-	(2,615.40)
Less: Transfer to statement of profit and loss during the year (also refer note 5)	-	-	-	-	(1,400.02)	-	-	-	(1,400.02)
<b>Balance as at 31 March 2020</b>	70.92	36,812.98	22,454.56	15.00	17,776.99	46,632.25	(230.01)	709.15	1,24,241.84

Notes 1 to 61 form an integral part of these financial statements. In terms of our report attached.

**For Lodha & Co**  
Chartered Accountants  
Firm Registration No.:301051E

**N.K. Lodha**  
Partner  
M. No. 85155

Place: Delhi  
Date: 10 June 2020

**Sandip Somany**  
Vice Chairman and Managing Director  
DIN: 00053597

**Pulkit Bhasin**  
Company Secretary  
ACS No.: A27686

For and on behalf of the Board of Directors

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director  
DIN: 00053557

**Om Prakash Pandey**  
Chief Financial Officer

Place: Gurugram  
Date: 10 June 2020

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## 1. CORPORATE INFORMATION

HSIL Limited (the 'Company') is a public limited company incorporated in India. The registered office of the Company is situated in Kolkata and the corporate office is in Gurugram. The Company is into the business of manufacturing and selling of Sanitary ware, faucets and pipes under Building products segment and Container Glass bottles, PET bottles and security caps and closure under Packaging products segment. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

## 2. APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD ("IND AS")

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

### 2.1 Recent accounting pronouncements

#### A. Application of New Accounting Pronouncements

The Company applied for the first-time amendments to the following standards from 1 April 2019.

##### i) Ind AS 116, Leases

Effective 1 April, 2019, the Company has adopted Ind AS 116 "Leases" and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method (simplified approach). On transition date i.e. 1 April 2019, the Company has recognised Right of Use Assets (ROU) and equivalent lease liability (adjusted by the amount of previously recognised prepayments relating to that lease). Accordingly, the comparatives for the year ended 31 March, 2019 have not been retrospectively adjusted.

##### ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

##### iii) Amendment to Ind AS 12, Income Taxes:

The amendment clarifies that an entity shall recognise income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. Further, Dividend Distribution Tax (DDT) is not applicable with effective from 1 April, 2020, hence Income tax consequences related to DDT no more payable by the Company from financial year 2020-21.

##### iv) Amendment to Ind AS 23, Borrowing Costs:

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company's existing policy is in line with these amendments and there is no effect on its Financial Statements.

#### B. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. Till the date of approval of this financial statements there is no such notification which is made applicable from 1 April, 2020.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 3.1 Statement of compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the financial statements for the year ended 31 March 2020 are prepared complying applicable Ind AS.

The financial statement of HSIL Limited as at and for the year ended 31st March, 2020 (including comparative) were approved and authorised for issue by the Board of Directors on 10 June 2020.

### 3.2 Historical cost convention

These financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

### 3.3 Business combinations

Business combinations involving entities under common control are accounted for using the pooling of interest's method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

### 3.4 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

### 3.5 Revenue recognition

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is recognised net of sales reductions such as discounts and sales incentives granted. This variable consideration is estimated based on the expected value of outflow.

#### Sale of products:

Revenue from the sale of products is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Sales-related warranties associated with the goods are integral to sales price and cannot be purchased separately, hence they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### Rendering of services:

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered.

#### Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established

### 3.6 Leases

The Company has adopted Ind AS 116-Leases w.e.f. 1 April, 2019, using the modified retrospective method (simplified approach). The Company has applied the standard to its lease contracts existing on the date of initial application (1 April, 2019). The Company recorded the lease liability at the present value of the future lease payments as on initial application date of standard i.e. 1 April 2019 and Right of Use Assets (ROU) with corresponding amount. Accordingly, previous period information has not been restated and no adjustment in retained earning has been made.

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is re-measured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## 3.7 Foreign currency transactions and translations

### Initial recognition

The Company's financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

### Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the

closing rate are recognised as income or expenses in the period in which they arise.

## 3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

## 3.9 Government grants

The Company received refundable government loans at below market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments. The benefit of below-market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. It is recognised as income when there is reasonable assurance that the Company will comply with all necessary conditions attached to the loans. Income from such benefit is recognised on a systematic basis over the period of the loan during which the Company recognises interest expense corresponding to such loans.

The Company is entitled to subsidies from government in respect of certain government schemes.

Income from subsidies is recognised on reasonable assurance and a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognised.

## 3.10 Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences.

### Defined contribution plans

The Company's contribution to provident fund and pension fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by



# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

the Central Government under Employees Provident Fund and Misc. Provisions Act, 1952 and short fall, if any, shall be made good by the Company.

In respect of certain employee's contributions are made to a trust administrated by the Company/employees.

## Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using 'the Projected Unit Credit method', with actuarial valuations being carried out at each Balance Sheet date. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

## Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

## Long-term employee benefits

Compensated absences which are allowed to be carried forward over a period in excess of 12 months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date out of which the obligations are expected to be settled.

## 3.11 Taxation

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

### Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognises MAT Credit as an asset, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement".

The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. The MAT Credit Entitlement is disclosed under the head 'Deferred tax liabilities (net)'.

### Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

## 3.12 Operating cycle

Based on the nature of products/activities of the Company and the normal time between purchase of raw materials and their realisation in cash or cash equivalents, the Company has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## 3.13 Operating expenses

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is usually when the related goods are sold.

## 3.14 (a) Property, plant and equipment

Freehold land is carried at historical cost except for certain class of land which had been revalued in financial year 2009-10 and 2011-12. All other items of Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation.

The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises the new part and is depreciated accordingly. Further, when major overhauling/ repair are performed, the cost associated with this

is capitalised, if the recognition criteria are satisfied, and is then depreciated over the remaining useful life of asset or over the period of next overhauling due, whichever is earlier. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## (b) Intangible assets

Intangibles are stated at cost less accumulated amortisation and impairment losses (if any). Cost related to technical assistance for new projects are capitalised.

## (c) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress includes capital inventory.

## 3.15 Depreciation and amortisation

Depreciation is charged on a pro-rata basis on the straight line method at rates prescribed in Schedule II to the Companies Act, 2013 and is charged to the statement of profit and loss. Freehold land is not depreciated.

The estimated useful life of the items of property, plant and equipment are as follows:

Asset class	Useful life
Property, plant and equipment	
Plant and machinery	7.5-25 years*
Buildings	10-60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer	3-6 years
Vehicles	8 years**
Intangible assets	
Technical know-how	10 years
Software	6 years

\* Furnaces, part of the glass plant of the Company, includes in plant and machinery, are depreciated over a life of 6.5 years which is different from life prescribed in Schedule II of the Act, based on independent chartered engineer certificate.

\*\* Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## 3.16 Impairment of property, plant and equipment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

## 3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

## 3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## 3.19 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

## 3.20 Provisions and contingencies

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an

outflow of resources would be necessitated in order to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes unless the outflow of resources is considered to be remote. Contingent assets are neither recognised nor disclosed in the financial statements.

## 3.21 Equity, reserves and dividend payments

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

## 3.22 Earnings per share

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

## 3.23 Fair value measurement

The Company measures financial instruments such as investments in mutual funds, investment in certain equity shares etc. at fair value at each balance sheet date.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- › Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- › Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- › Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 3.24 Financial instruments

### I. Financial assets

#### a. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

#### b. Subsequent measurement

##### (i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order 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.

##### (ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model

whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

##### (iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

#### c. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 41 details how the Company determines whether there has been a significant increase in credit risk.

#### d. Derecognition of financial assets

A financial asset is derecognised when:

- › The Company has transferred the right to receive cash flows from the financial assets or
- › Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial assets. Where the Company retains control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## II. Financial liabilities

### a. Initial recognition and subsequent measurement

All financial liabilities are recognised initially at fair value and in case of borrowings and payables, net of directly attributable cost.

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

### III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

### IV. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 3.25 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 42.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

### 3.26 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (i) Estimation of defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### (ii) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income - taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

which could lead to adjustment to the amounts reported in the financial statements.

## (iii) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain property, plant and equipment.

## (iv) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

## (v) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 42).

## (vi) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating

unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

### 3.27 Assets Held for Sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met:

- (i) decision has been made to sell,
- (ii) the assets are available for immediate sale in its present condition,
- (iii) the assets are being actively marketed and
- (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell.

Non-current assets held for sale are not depreciated or amortised.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Description of assets	(₹ in lakh)										
	Land - Freehold	Land - Leasehold	Right to Use - Land	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
<b>I. Gross block</b>											
<b>Balance as at 31st March 2018</b>	48,978.62	7,689.53	-	39,911.42	807.53	88,729.66	991.10	6,011.93	1,424.76	3,403.38	1,97,947.93
Transfer due to Scheme as on 1st April, 2018 (refer note no. 55)	-	-	-	-	(641.78)	(1,458.02)	(556.00)	(3,997.35)	(767.49)	(435.07)	(7,855.71)
Additions	71.97	10.22	-	6,241.46	-	28,068.29	133.11	239.44	65.10	1,519.66	36,349.25
Disposals/adjustment	(1.14)	-	-	(82.04)	-	(1,208.11)	97.41	(7.35)	(7.62)	(572.54)	(1,781.39)
<b>Balance as at 31 March 2019</b>	<b>49,049.45</b>	<b>7,699.75</b>	<b>-</b>	<b>46,070.84</b>	<b>165.75</b>	<b>1,14,131.82</b>	<b>665.62</b>	<b>2,246.67</b>	<b>714.75</b>	<b>3,915.43</b>	<b>2,24,660.08</b>
Reclassification pursuant to adoption of Ind AS 116	-	(7,699.75)	7,699.75	-	-	-	-	-	-	-	-
Additions	11.50	-	477.98	1,235.05	-	18,410.33	97.61	97.07	71.80	990.30	21,391.64
Disposals/adjustment	-	-	(6,612.48)	(82.25)	-	(8,539.42)	(68.68)	(19.87)	(141.65)	(861.71)	(16,326.06)
<b>Balance as at 31 March 2020</b>	<b>49,060.95</b>	<b>-</b>	<b>1,565.25</b>	<b>47,223.64</b>	<b>165.75</b>	<b>1,24,002.73</b>	<b>694.55</b>	<b>2,323.87</b>	<b>644.90</b>	<b>4,044.02</b>	<b>2,29,725.66</b>
<b>II. Accumulated depreciation and amortisation</b>											
<b>Balance as at 31st March 2018</b>	-	54.84	-	4,156.00	290.52	24,535.20	495.67	1,701.83	661.96	1,136.35	33,032.37
Transfer due to Scheme as on 1st April, 2018 (refer note no. 55)	-	-	-	(170.37)	(131.93)	(323.50)	(981.95)	(141.65)	(445.95)	(136.66)	(2,190.36)
Depreciation and amortisation charge for the year	-	91.64	-	1,682.45	1.49	10,371.79	100.58	242.97	109.33	681.87	13,282.12
Disposals/adjustment	-	-	-	(21.89)	(0.08)	(546.60)	13.26	(6.66)	(6.81)	(401.49)	(970.27)
<b>Balance as at 31 March 2019</b>	<b>146.48</b>	<b>-</b>	<b>5,816.56</b>	<b>5,816.56</b>	<b>121.56</b>	<b>34,228.46</b>	<b>286.01</b>	<b>956.19</b>	<b>318.53</b>	<b>1,280.07</b>	<b>43,153.86</b>
Reclassification pursuant to adoption of Ind AS 116	-	(146.48)	146.48	-	-	-	-	-	-	-	-
Depreciation and amortisation charge for the year	-	-	54.93	1,745.20	1.70	11,155.18	105.78	238.79	169.63	744.06	14,215.27
Disposals/adjustment	-	-	(145.75)	(8.05)	-	(7,408.85)	(68.68)	(22.66)	(138.72)	(519.28)	(8,312.00)
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>55.66</b>	<b>7,553.71</b>	<b>123.26</b>	<b>37,974.79</b>	<b>323.10</b>	<b>1,172.32</b>	<b>349.44</b>	<b>1,504.85</b>	<b>49,057.13</b>
<b>Net block (I-II)</b>											
<b>Balance as at 31 March 2020</b>	<b>49,060.95</b>	<b>-</b>	<b>1,509.59</b>	<b>39,669.93</b>	<b>42.49</b>	<b>86,027.94</b>	<b>371.45</b>	<b>1,151.55</b>	<b>295.46</b>	<b>2,539.17</b>	<b>1,80,668.53</b>
<b>Balance as at 31 March 2019</b>	<b>49,049.45</b>	<b>7,553.27</b>	<b>-</b>	<b>40,254.28</b>	<b>44.19</b>	<b>79,903.36</b>	<b>379.61</b>	<b>1,290.48</b>	<b>396.22</b>	<b>2,635.36</b>	<b>1,81,506.22</b>

**Note :**

- Refer note 21 and 26 for details of property, plant and equipment pledged as security by the Company.
- Capital work-in-progress mainly comprises of cost incurred on building, plant and equipments etc. which are currently under construction and borrowing cost capitalised ₹ Nil (previous year ₹ 300.24 lakh)
- In the current year ₹ Nil (previous year gain of ₹ 252.80 lakh) has been capitalised to the cost of property, plant and equipment on account of exchange differences arising from translation of long-term foreign currency monetary items.
- Building includes carrying amount of ₹ 6614.99 lakh (previous year ₹ 6863.84 lakh) constructed on leasehold land.
- Possession awaited of 2740 sq. mtr., part of land.
- Land having carrying value of ₹ 17191.01 lakh (previous year ₹ 17191.01 lakh), mutation is pending in the name of company.
- Borrowing cost capitalised ₹ Nil (previous year ₹ 418.31 lakh).

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 5 - GOODWILL

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Gross carrying value	1,073.02	2,473.04

### Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

(₹ in lakh)

Goodwill	Amount
<b>Balance as at 1 April 2018</b>	2,694.22
Impairment for the year	221.18
<b>Balance as at 31 March 2019</b>	<b>2,473.04</b>
Impairment for the year	1,400.02
<b>Balance as at 31 March 2020</b>	<b>1,073.02</b>

### Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill is allocated to the Garden Polymer of Packaging Product Division which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating segments.

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units ("CGU") is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been determined in light of the economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. (A reduction in the availability of credit has led to an increase in the cost of capital and therefore, the discount rate applied to future cash flows has increased.) Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Company has conducted a sensitivity analysis on the impairment test of CGU carrying value. Change in the discount rate and growth rate by +/- 1% points would not impact in carrying value of goodwill (with other factors remains constant).

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use is based on the following key assumptions :

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	13.0%	16.5%
Terminal value of growth rate	5%	5%

The estimated recoverable amount of goodwill related to unit Garden Polymer of Packaging Product Division was lower than the carrying amount at year end, consequently the company provided for impairment loss of ₹ 1400.02 lakh (Previous Year ₹ 221.18 lakh)



# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 6 - OTHER INTANGIBLE ASSETS

(₹ in lakh)

Description of assets	Technical know-how	Trade mark	Computer software	Total
<b>I. Gross block</b>				
Balance as at 31 March 2018	103.47	94.62	789.92	988.01
Transfer due to Scheme as on 1 April, 2018 (refer note no. 55)	-		(503.75)	(503.75)
Additions	-	44.25	2.06	46.31
Disposals	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>103.47</b>	<b>138.87</b>	<b>288.23</b>	<b>530.57</b>
Additions	-	39.90	9.16	49.06
Disposals	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>103.47</b>	<b>178.77</b>	<b>297.39</b>	<b>579.63</b>
<b>II. Accumulated amortisation</b>				
Balance as at 31st March 2018	63.94	0.07	426.93	490.94
Transfer due to Scheme as on 1 April, 2018 (refer note no. 55)			(290.41)	(290.41)
Amortisation charge for the year	21.19	18.76	40.15	80.10
Disposals	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>85.13</b>	<b>18.83</b>	<b>176.67</b>	<b>280.63</b>
Amortisation charge for the year	18.34	26.83	27.20	72.37
Disposals	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>103.47</b>	<b>45.66</b>	<b>203.87</b>	<b>353.00</b>
<b>Net block (I-II)</b>				
Balance as on 31 March 2020	-	133.11	93.52	226.63
Balance as on 31 March 2019	18.34	120.04	111.56	249.94

## NOTE 7 - NON CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
<b>A. Fair value through other comprehensive income (FVOCI)</b>				
<b>I. Quoted investments (fully paid up)</b>				
Investments in equity instruments				
Neycer India Limited (face value ₹ 10 each)	125	0.01	125	0.01
<b>Quoted investments (I)</b>		<b>0.01</b>		<b>0.01</b>
<b>II. Unquoted investments (fully paid-up)</b>				
Investments in equity instruments				
Andhra Pradesh Gas Power Corporation Limited (face value ₹ 10 each)	8,04,000	1,165.48	8,04,000	1,999.49
Indian Plumbing Skills Council (face value ₹ 10 each)	60,000	6.00	60,000	6.00
Swastik Sanitarywares Limited (face value ₹ 10 each)	50	0.01	50	0.01
<b>Unquoted investments (II)</b>		<b>1,171.49</b>		<b>2,005.50</b>
<b>Investments carried at FVOCI (AI+All)</b>		<b>1,171.50</b>		<b>2,005.51</b>
<b>Total investments carried at fair value [A]</b>		<b>1,171.50</b>		<b>2,005.51</b>
<b>B. Investments carried at amortised cost</b>				
<b>Unquoted</b>				
Government Securities				
National Savings Certificates*		1.62		1.62
<b>Total investments carried at amortised cost [B]</b>		<b>1.62</b>		<b>1.62</b>
<b>Total investments (A+B)</b>		<b>1,173.12</b>		<b>2,007.13</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 7 - NON CURRENT INVESTMENTS (CONTD.)

Particulars	(₹ in lakh)			
	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
<b>Other disclosures</b>				
Aggregate book value of quoted investments		0.01		0.01
Aggregate amount of market value of quoted investments		0.01		0.01
Aggregate amount of unquoted investments		1,173.11		2,007.12

\* Deposited with government authorities

## NOTE 8 - NON-CURRENT FINANCIAL ASSETS - LOANS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>(unsecured and considered good by the management)</b>		
Security deposits	1,677.82	1,243.75
	<b>1,677.82</b>	<b>1,243.75</b>

## NOTE 9 - NON-CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>(unsecured and considered good by the management)</b>		
<b>Other bank balances</b>		
- Fixed deposit with maturity more than 12 months	83.61	27.93
	<b>83.61</b>	<b>27.93</b>

## NOTE 10 - INCOME-TAX ASSETS (NET)

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
Advance income-tax (net)	6,012.27	6,789.41
	<b>6,012.27</b>	<b>6,789.41</b>

## NOTE 11 - OTHER NON-CURRENT ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>(unsecured and considered good by the management)</b>		
Capital advances	1,750.41	1,874.11
Prepaid expenses	345.07	323.43
Balances with government authorities	1,112.27	2,377.64
	<b>3,207.75</b>	<b>4,575.18</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 12 - INVENTORIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(As taken and certified by the management, valued at cost or net realisable value)*</b>		
Raw materials	10,135.38	6,539.51
Work-in-progress	2,574.11	2,417.98
Finished goods	24,547.52	16,387.87
Stock-in-trade of goods acquired for trading	15.85	-
Stores and spares	2,444.38	2,128.58
Loose tools	6.89	7.15
Packing material	644.78	1,097.71
Oil, fuel, lubricant and others	428.63	487.70
	<b>40,797.54</b>	<b>29,066.50</b>
<b>Included above, goods-in-transit:</b>		
Raw materials	1,057.81	-
	<b>1,057.81</b>	<b>-</b>

### Notes

\*Refer note 26 for information on inventory pledged as security by the Company.

## NOTE 13 - TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good*	29,303.69	32,312.82
Credit impaired	1,246.03	1,061.88
	<b>30,549.72</b>	<b>33,374.70</b>
Less: Provision for impairment/expected credit loss	1,246.03	1,061.88
	<b>29,303.69</b>	<b>32,312.82</b>

\* Includes ₹ 1761.82 lakh (previous year ₹ 265.50 lakh) receivable from Somany Home Innovation Limited and ₹ 1640.73 (previous year ₹ 8889.29 lakh) receivable from Brilloca Limited, post implementation of Scheme (Refer note 55).

### Movement in the allowance for credit impaired

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Balance at beginning of the year</b>	1,061.88	2,672.79
Transfer due to Scheme as on 1 April, 2018 (refer note 55)	-	(1,659.97)
Expected credit loss provided for during the year (refer note 39)	223.84	49.06
Amounts written back/written off during the year (net)	(39.69)	-
	<b>1,246.03</b>	<b>1,061.88</b>

## NOTE 14 - CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2019
Balances with banks	347.24	3,498.82
Cheques, drafts on hand	2,056.24	-
Cash in hand	90.57	52.00
	<b>2,494.05</b>	<b>3,550.82</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 15 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>Earmarked balances with banks</b>		
Unclaimed dividend accounts *	121.93	125.90
<b>Other bank balances</b>		
Held as margin money in fixed deposits	153.78	252.22
Fixed deposits with original maturity of more than three months but less than twelve months <sup>#</sup>	1,979.92	4.74
	<b>2,255.63</b>	<b>382.86</b>

### Note

\* Not due for deposit in the investor education and protection fund

<sup>#</sup>Includes ₹ 1000 lakh (previous year Nil) kept as lien with a bank against credit exposure on account of derivative/forward contract notional limit.

## NOTE 16 - CURRENT FINANCIAL ASSETS - LOANS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>(unsecured and considered good by the management)</b>		
Advance to body corporate	-	18.00
Other loans and advances	1.61	-
	<b>1.61</b>	<b>18.00</b>

## NOTE 17 - CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>(unsecured and considered good by the management)</b>		
<b>Derivatives instruments designated as hedges</b>		
- Foreign exchange forward contracts at fair value	2,138.57	1,328.46
<b>Other financial assets</b>		
- Interest accrued on deposits, loans and advances	105.80	62.10
Other Receivable*	-	1,032.37
	<b>2,244.37</b>	<b>2,422.93</b>

\* Includes ₹ Nil (previous year ₹ 140.02 lakh) receivable from Somany Home Innovation Limited, ₹ Nil (previous year ₹ 892.35 lakh) receivable from Brilloca Limited post implementation of Scheme (Refer note 55).

## NOTE 18 - OTHER CURRENT ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>(unsecured and considered good by the management)</b>		
Prepaid expenses	400.62	363.54
Balances with government authorities	4,087.60	4,118.37
Others		
- Advance to suppliers	2,085.05	704.88
- Employee advances	48.86	68.04
- Other current assets	1,042.14	262.48
Doubtful advances	18.50	18.50
Less : Provision for doubtful advances	(18.50)	(18.50)
	<b>7,664.27</b>	<b>5,517.32</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 19 - EQUITY SHARE CAPITAL

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
<b>Authorised:</b>				
Equity shares of ₹ 2 each	<b>11,12,50,000</b>	<b>2,225.00</b>	<b>11,12,50,000</b>	<b>2,225.00</b>
<b>Issued:</b>				
Equity shares of ₹ 2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00
<b>Subscribed and fully paid:</b>				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Forfeited shares	-	0.04	-	0.04
	<b>7,22,96,395</b>	<b>1,445.97</b>	<b>7,22,96,395</b>	<b>1,445.97</b>

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Equity shares outstanding at the beginning of the year	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Add: Shares issued during the year	-	-	-	-
<b>Equity shares outstanding at the end of the year</b>	<b>7,22,96,395</b>	<b>1,445.93</b>	<b>7,22,96,395</b>	<b>1,445.93</b>

### (b) Terms and rights attached to equity shares

The Company has issued only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend 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 holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) List of shareholders holding more than 5% of the equity share capital of the Company as at: \*

Particulars	31 March 2020		31 March 2019	
	No. of shares	% of holding	No. of shares	% of holding
Somany Impresa Limited (Formerly Known as Paco Exports Limited)	3,28,95,000	45.50	2,92,95,000	40.52
HDFC Trustee Company Limited	22,02,760	3.05	50,13,460	6.93
Sundaram Mutual Fund	19,40,266	2.68	39,03,407	5.40

\* Information is furnished as per shareholder register as at the year end.

(d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and bought back during the last 5 years.

(e) The above figure of subscribed and paid up capital includes application and allotment money received on forfeited shares amounting to ₹ 0.04 lakh (Previous year ₹ 0.04 lakh).

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 20 - OTHER EQUITY

(₹ in lakh)

Particulars	Reserves and surplus					Other comprehensive income			Total
	Capital reserve	Securities premium	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
<b>Balance as at 31 March 2018 / 1 April 2018</b>	<b>80.92</b>	<b>45,497.87</b>	<b>24,903.64</b>	<b>15.00</b>	<b>19,398.19</b>	<b>55,482.66</b>	<b>43.98</b>	<b>2,058.91</b>	<b>1,47,481.17</b>
Transfer due to Scheme (refer note 55)	-	(8,684.89)	(2,449.08)	-	(0.00)	(9,117.35)	(7.23)	-	(20,258.55)
Cancellation of Investment pursuant to demerger Scheme	(10.00)	-	-	-	-	-	-	-	(10.00)
<b>Balance as at 1 April 2018</b>	<b>70.92</b>	<b>36,812.98</b>	<b>22,454.56</b>	<b>15.00</b>	<b>19,398.19</b>	<b>46,365.31</b>	<b>36.75</b>	<b>2,058.91</b>	<b>1,27,212.62</b>
Profit for the year	-	-	-	-	-	1,527.03	-	-	1,527.03
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	(60.71)	(807.18)	(867.89)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,527.03</b>	<b>(60.71)</b>	<b>(807.18)</b>	<b>659.14</b>
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(3,486.30)	-	-	(3,486.30)
Less: Transfer to statement of Profit and Loss during the year (refer note 5)	-	-	-	-	(221.18)	-	-	-	(221.18)
<b>Balance as at 31 March 2019</b>	<b>70.92</b>	<b>36,812.98</b>	<b>22,454.56</b>	<b>15.00</b>	<b>19,177.01</b>	<b>44,406.04</b>	<b>(23.96)</b>	<b>1,251.73</b>	<b>1,24,164.28</b>
Profit for the year	-	-	-	-	-	4,841.61	-	-	4,841.61
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	(206.05)	(542.58)	(748.63)
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(2,615.40)	-	-	(2,615.40)
Less: Transfer to statement of Profit and Loss during the year (refer note 5)	-	-	-	-	(1,400.02)	-	-	-	(1,400.02)
<b>Balance as at 31 March 2020</b>	<b>70.92</b>	<b>36,812.98</b>	<b>22,454.56</b>	<b>15.00</b>	<b>17,776.99</b>	<b>46,632.25</b>	<b>(230.01)</b>	<b>709.15</b>	<b>1,24,241.84</b>

### Nature and purpose of other reserves:

- Capital Reserve was created on amalgamation of certain entities/undertaking into the Company.
- Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.
- General Reserve includes a sum of ₹ 10,000 lakh (previous year ₹ 10,000 lakh) transferred from Business Reconstruction Reserve which cannot be used for issuance of bonus shares and distribution of dividend.
- Capital Redemption Reserve is created against redemption of preference shares of the Company.
- Business Reconstruction Reserve was created in accordance with a Scheme of arrangement approved by the Hon'ble High Court of Calcutta. This reserve can neither be utilised towards issuance of bonus shares nor towards distribution of dividend.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

- FVOCI equity instruments: The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- Dividend paid (including dividend distribution tax) during the year ended 31 March 2020 of ₹ 2,615.40 lakh (₹ 3/- per equity share of ₹ 2/- each) were approved for payment.

## NOTE 21 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Measured at amortised cost</b>		
<b>Secured:</b>		
Term loans from banks:		
Foreign currency loans	29,400.50	27,668.52
Rupee loans	46,324.01	41,400.00
	<b>75,724.51</b>	<b>69,068.52</b>
<b>Unsecured:</b>		
Deferred payment liabilities* #	2,912.83	3,246.90
	<b>2,912.83</b>	<b>3,246.90</b>
	<b>78,637.34</b>	<b>72,315.42</b>
Less: Current maturities of long term borrowing (refer note 28)	(5,767.66)	(1,992.29)
	<b>72,869.68</b>	<b>70,323.13</b>

\* Net of deferred government grant (refer note 22).

# Interest free and subsidised loan from state government.

Terms and conditions of outstanding borrowings are as follows:

(₹ in lakh)

Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Remarks
Secured loan from bank - foreign currency loans *	US Dollars	2024-25	14,323.32	13,834.26	Refer note 1 below
Secured loan from bank - foreign currency loans *	US Dollars	2026-27	15,077.18	13,834.26	Refer note 1 below
Secured loan from bank - rupee loans **	₹	2026-27	15,000.00	15,000.00	Refer note 2 below
Secured loan from bank - rupee loans **	₹	2026-27	10,000.00	10,000.00	Refer note 2 below
Secured loan from bank - rupee loans **	₹	2023-24	5,647.06	6,400.00	Refer note 3 below
Secured loan from bank - rupee loans **	₹	2027-28	10,000.00	10,000.00	Refer note 1 below
Secured loan from bank - rupee loans **	₹	2026-27	5,676.95	-	Refer note 1 below
Unsecured Loan from others - Deferred payment liabilities ***	₹	2029-30	2,912.83	3,246.90	Refer note 4 below

\* LIBOR - London Inter Bank Offer Rate : Interest rate ranging from 6 Months LIBOR+122bps to 135 bps.

\*\* MCLR - Marginal Cost of funds based Lending Rate : Interest rate ranging from MCLR +0 bps to 60 bps.

\*\*\* Interest rate ranging from 0 to 3%.

### Note:

- Loans are secured by way of hypothecation of first pari-passu charge on movable fixed assets (both present and future) pertaining to the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Further, this is secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties (both present and future) of glass plants of the Company situated at Sanathnagar and Bhongir in Telangana.

Term Loans aggregating to ₹ 14,323.32 lakh (previous year ₹ 13,834.26 lakh) are repayable in 9 half yearly installments from July 2020 to July 2024.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

Term Loans aggregating to ₹ 15,077.18 lakh (previous year ₹ 13,834.26 lakh) are repayable in 10 half yearly installments from December 2021 to June 2026.

Term Loans aggregating to ₹ 10,000 lakh (previous year ₹ 10,000 lakh) are repayable in total 32 quarterly installments from June 2020 to March 2028.

Term Loans aggregating to ₹ 5,676.95 lakh (previous year ₹ Nil) are repayable in total 10 half yearly installments from November 2021 to May 2026.

2. Loan is secured by first pari-passu charge on fixed assets of the Company located at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana.

Term Loans aggregating to ₹ 25,000.00 lakh (previous year ₹ 25,000.00 lakh) are repayable in total 14 half yearly installments from June 2020 to December 2026.

3. Loan is secured by first pari-passu charge by way of a mortgage over the immovable fixed assets (both present and future) of the sanitaryware plant of the Company situated at Bibinagar, Telangana.

Term Loans aggregating to ₹ 5,647.06 lakh (previous year ₹ 64,000 lakh) are repayable in total 15 equal quarterly installments from June 2020 to December 2026.

4. Deferred payment liabilities from others (unsecured) is in respect of value added tax and central sales tax liabilities pertaining to the years 1999-2000 to 2012-2013 and are repayable by the end of financial year 31 March 2030. The outstanding amount of deferred sales tax credit is subject to assessment by sales tax authorities.

Term Loans aggregating to ₹ 2,912.83 lakh (previous year ₹ 3,246.90 lakh) are repayable in yearly installments from June 2013 to March 2030.

5. The certain necessary steps and formalities in respect of modification of charges in pursuant to the Scheme are under process (refer note no. 55(c)).

## NOTE 22 - NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
Deferred government loan	1,118.05	1,331.61
Other deposits	756.77	790.33
	<b>1,874.82</b>	<b>2,121.94</b>

## NOTE 23 - NON-CURRENT LIABILITIES - PROVISIONS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>Provision for employee benefits</b>		
Long-term employee benefits (also refer note 44 (c))		
Provision for compensated absences	783.84	608.33
Provision for warranty	18.45	0.31
	<b>802.29</b>	<b>608.64</b>



# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## Details of movement in provision for warranty (including current portion)

Particulars	(₹ in lakh)
<b>Balance as at 1 April 2018</b>	401.81
Transfer due to Scheme (refer note no. 55)	(401.50)
Utilised during the year	-
	<b>0.31</b>
Less: Current liability (refer note 30)	-
<b>Balance as at 31 March 2019</b>	<b>0.31</b>
<b>Balance as at 1 April 2019</b>	0.31
Additional provisions recognised (included in Other expenses)	18.45
Utilised during the year	(0.31)
<b>Balance as at 31 March 2020</b>	<b>18.45</b>

### Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Company obligations for warranties under the local sale of goods. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on warranty period of certain products up to 12 years.

## NOTE 24 - DEFERRED TAX LIABILITIES (NET)

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax liability arising on account of:</b>		
Difference between book balance and tax balance of property, plant and equipment	28,718.69	26,719.42
	<b>28,718.69</b>	<b>26,719.42</b>
<b>Deferred tax asset arising on account of</b>		
Investments at fair value through OCI	617.31	325.87
Provision for doubtful debts, loans and advances	455.75	377.52
Provision for employee benefits	418.34	291.27
MAT Credit entitlement	1,791.19	497.04
Foreign exchange adjustments on external commercial borrowings	-	73.87
Carried forward Business losses	1,489.05	2,189.68
Others	295.84	275.00
	<b>5,067.48</b>	<b>4,030.26</b>
	<b>23,651.21</b>	<b>22,689.16</b>
Deffered tax adjustment due to Scheme	(16.38)	-
	<b>23,634.83</b>	<b>22,689.16</b>
<b>Reconciliation of Deferred Tax Assets/(Liabilities)</b>		
<b>Opening Balance</b>	<b>(23,186.20)</b>	(21,154.21)
Transferred due to Scheme of Arrangement (refer Note no. 55)	-	(2,158.99)
MAT Credit Entitlement	497.04	-
Net Deferred Tax Assets/(Liabilities)	(22,689.16)	(23,313.20)
Deferred Tax income/(expenses) recognised in Statement of Profit and Loss during the year	(2,658.31)	(339.17)
Deferred Tax income/(expenses) recognised in Other Comprehensive Income during the year	402.11	466.17
MAT Credit Entitlement recognised during the year	1,294.15	497.04
Other Adjustments (due to Scheme of Arrangement)	16.38	-
	<b>(23,634.83)</b>	<b>(22,689.16)</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 25 - OTHER NON-CURRENT LIABILITIES

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
Employee related payables	175.38	83.17
Other liabilities	5.51	5.46
	<b>180.89</b>	<b>88.63</b>

## NOTE 26 - CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
<b>Secured borrowings</b>		
From banks		
Cash credit - loans repayable on demand	2,372.84	674.06
Buyers credit	-	224.83
Working capital demand loan	18,500.00	14,300.00
	<b>20,872.84</b>	<b>15,198.89</b>

### Details of security and term of repayment of each type of borrowing:

#### Secured borrowings

##### Cash credit facilities :

- a) Cash credit facilities from banks is repayable on demand and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

##### Buyer's credit facilities :

- b) Buyer's credit facilities from banks is repayable within 12 months from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

##### Short term loan facilities :

- c) Working capital demand loan from banks repayable within 27 days to 31 days from disbursement and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.
- d) The interest rate for the above short term borrowings varies from 7.45% p.a. to 9.85% p.a.
- e) Certain necessary steps and formalities in respect of modification of charges in pursuant to the Scheme are under process (refer note no. 55(c)).

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 27 - TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
- Due to micro and small enterprises	1,093.70	2,034.00
- Other than micro and small enterprises	18,428.60	16,537.87
	<b>19,522.30</b>	<b>18,571.87</b>

### Disclosure under MSME Act, 2006

Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details as certified by the management are mentioned below:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Principal amount overdue remaining unpaid to any supplier	378.92	2,034.00
Interest due thereon remaining unpaid to any supplier	84.97	69.53
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
Interest accrued and remaining unpaid	84.97	69.53
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil

## NOTE 28 - CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (also refer note 21)	5,767.66	1,992.29
Interest accrued but not due on borrowings	441.47	576.36
Unclaimed dividend *	121.93	125.90
Earnest money deposits	27.47	90.02
Security deposits/retention money	372.11	53.68
Others		
Towards capital creditors	1,020.77	1,407.87
Employee related payables	1,910.70	2,019.46
Towards expenses payable **	4,859.69	14,755.58
Commission payable to directors	87.28	498.44
Gratuity payable (net of obligation)	510.07	166.68
Derivative payable (IRS)	951.04	380.49
Other payables	1,045.68	522.11
	<b>17,115.87</b>	<b>22,588.88</b>

\* Not due for deposit in investors education and protection fund.

\*\*Includes ₹ 905.16 lakh (previous year ₹ 9768.18 lakh) payable to Brilloca Limited, post implementation of Scheme. (Refer note 55)

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 29 - OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances received from customers	345.40	393.39
Employee related payables	6.88	56.71
Payable towards statutory dues	2,932.56	4,800.99
	<b>3,284.84</b>	<b>5,251.09</b>

## NOTE 30 - CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for compensated absences	178.36	131.87
Provision for rejection and breakage	814.24	636.23
	<b>992.60</b>	<b>768.10</b>

### Details of movement in provision for rejection and breakages

Particulars	As at 31 March 2020
<b>Balance as at 1 April 2019</b>	636.23
Additional provisions recognised (shown as net of revenue from operation)	321.02
Excess provision written back (refer note 31)	(143.01)
<b>Balance as at 31 March 2020</b>	<b>814.24</b>

## NOTE 31 - i) Revenue from operations

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of goods	1,83,950.22	1,59,199.35
Sale of services	77.26	35.26
Other operating revenue @	1,879.55	1,241.77
	<b>1,85,907.03</b>	<b>1,60,476.38</b>
<b>Segmentwise revenue information</b>		
a) Building products	61,016.43	49,353.86
b) Packaging products	1,24,151.33	1,09,715.07
c) Others	1,278.15	1,407.45
<b>Total</b>	<b>1,86,445.91</b>	<b>1,60,476.38</b>
Less : Inter segment revenue	(538.88)	-
<b>Total income from operations</b>	<b>1,85,907.03</b>	<b>1,60,476.38</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## ii) Unsatisfied Performance Obligation

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Aggregated amount of Transaction Price allocated to the contracts that are fully or partially unsatisfied at the end of the reporting period</b>		
i) Sale of goods	345.40	393.39

## iii) Reconciliation of contract price vis a vis revenue recognised in profit and loss statement is as follows:-

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Contract Price</b>	<b>1,86,309.18</b>	<b>1,61,017.98</b>
a) Sale of goods	1,84,352.38	1,59,740.95
b) Sale of services	77.26	35.26
c) Other operating revenue	1,879.55	1,241.77
Adjustment:-		
Discount/Rebate	402.16	541.60
<b>Revenue recognised in the statement of profit and loss account</b>	<b>1,85,907.03</b>	<b>1,60,476.38</b>
<b>@ Other operating revenues comprise of:</b>		
Export incentives	267.23	244.53
Sundry balances and liabilities no longer required, written back (also refer note no. 30)	393.50	514.40
Insurance claims received	11.45	13.85
Scrap sales	1,163.69	439.66
Miscellaneous receipts#	43.68	29.33
	<b>1,879.55</b>	<b>1,241.77</b>

#Includes subsidy from state and central government of ₹ Nil lakh (previous year ₹ 8.23 lakh).

## NOTE 32 - OTHER INCOME

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on financial assets	138.69	176.91
Rental income	913.43	990.26
Profit on sale of current investments (net)	-	3.36
Profit on sale of property, plant and equipment	300.08	512.78
Government grant	292.47	209.53
Management fee	147.00	59.02
Miscellaneous income*	238.40	1,966.76
	<b>2,030.07</b>	<b>3,918.62</b>

\*Miscellaneous income includes incentive from Government of ₹ 174.02 lakh (previous year ₹ 1869.04)

## NOTE 33 - COST OF MATERIALS CONSUMED

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening stock	6,539.51	5,466.58
Add: Purchases	76,163.17	61,441.30
Less: Closing stock	(10,135.38)	(6,539.51)
	<b>72,567.30</b>	<b>60,368.37</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 34 - PURCHASES OF TRADED GOODS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sanitaryware and other products	4,602.94	-
	<b>4,602.94</b>	<b>-</b>

## NOTE 35 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Inventories at the end of the year:</b>		
Finished goods	24,547.52	16,387.87
Work-in-progress	2,574.11	2,417.98
Stock-in-trade	15.85	-
	<b>27,137.48</b>	<b>18,805.85</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	16,387.87	17,011.25
Work-in-progress	2,417.98	2,375.44
Stock-in-trade	-	27,353.42
Stock in trade transfer due to Scheme (refer note 55)	-	(27,353.42)
	<b>18,805.85</b>	<b>19,386.69</b>
Change in stock	(8,331.63)	580.84
Stock transferred from capital work in progress to finished goods on account of capitalisation of furnace	141.74	145.72
	<b>(8,189.89)</b>	<b>726.56</b>

## NOTE 36 - EMPLOYEE BENEFIT EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	20,609.47	17,982.86
Contribution to provident funds and other funds (refer note 44)*	1,172.93	1,191.01
Staff welfare expenses	965.90	926.71
	<b>22,748.30</b>	<b>20,100.58</b>

\* Net of reimbursement received from the government under Pradhan Mantry Rojgar Protsahan Yojna scheme ₹ 38.81 lakh (previous year ₹ 62.66 lakh)

## NOTE 37 - FINANCE COST

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on financial liabilities	6,946.53	4,866.17
Other borrowing cost	401.10	1,031.42
	<b>7,347.63</b>	<b>5,897.59</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 38 - DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation and amortisation of Property, plant and equipments (refer note 4)	14,215.27	13,282.12
Amortisation of other intangible assets (also refer note 6)	72.37	80.10
Impairment of goodwill (refer note 5)	1,400.02	221.18
Transfer from business reconstruction reserve pursuant to the Scheme (refer note 53)	(1,400.02)	(221.18)
Depreciation/amortisation capitalised on assets involved in plant under construction	-	(231.48)
	<b>14,287.64</b>	<b>13,130.72</b>

## NOTE 39 - OTHER EXPENSES

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019*
Power and fuel	35,228.03	34,920.39
Consumption of stores and spares	6,652.52	5,873.39
Consumption of packing materials	10,474.20	10,222.45
Consumption of loose tools	54.75	54.79
Consumption of oil, fuel and lubricants	513.94	441.80
Repairs and maintenance:		
Buildings	584.98	377.86
Plant and machinery	2,755.23	
Less: Insurance claim \$	(922.17)	
Plant and machinery (net)	1,833.06	1,689.77
Others	108.42	265.76
Rent (including hire charges)	573.14	430.22
Rates and taxes	163.89	194.55
Director's sitting fees	4.25	4.20
Expenditure on ceramic and applied research centre (refer note 51)	218.31	112.45
Insurance	398.86	270.43
Travelling and conveyance	1,103.08	1,255.16
Commission on sales	52.94	69.89
Freight and forwarding charges	147.41	167.42
Advertisement and publicity	58.85	72.80
Transportation and forwarding	1,228.58	1,500.05
Sales promotion expenses	31.19	20.41
Other selling expenses	346.36	745.34
Provision for expected credit loss (refer note 13)	223.84	49.06
Provision for doubtful advances	-	18.50
Bad debts written off	39.69	
Less: Withdrawal from provision for expected credit loss	(39.69)	-
Corporate social responsibility expenditure (refer note 52)	254.77	310.25
Charity and donation	0.15	-
Loss on foreign exchange fluctuation	2,612.58	777.26
Loss on sale/disposal of property, plant and equipment	1,131.68	
Less : Insurance Claim \$	(1,126.61)	
Loss on sale/disposal of property, plant and equipment (net)	5.08	16.44
Management fee	1,977.74	689.27
Miscellaneous expenses	2,222.34	1,348.17
	<b>67,073.26</b>	<b>61,932.15</b>

\* Net of ₹ 428.65 lakh allocated (refer note no. 55)

\$ Read with note no. 54

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 40 - CURRENT TAX AND DEFERRED TAX

### (a) Income tax expense through profit and loss

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Current tax:</b>		
Current income tax charge (including Minimum alternate tax)	1,294.15	497.04
Earlier year income tax	-	372.83
	<b>1,294.15</b>	<b>869.87</b>
<b>Deferred tax:</b>		
In respect of current year origination and reversal of temporary differences	2,658.31	339.17
MAT credit entitlement	(1,294.15)	(497.04)
<b>Total tax expense recognised in profit and loss account</b>	<b>2,658.31</b>	<b>712.00</b>

### (b) Income tax on other comprehensive income

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Deferred tax</b>		
Re-measurement of defined benefit obligations	110.67	32.61
FVOCI financial assets	291.44	433.56
	<b>402.11</b>	<b>466.17</b>

### (c) Numerical reconciliation between average effective tax rate and applicable tax rate :

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.944% (31 March 2019: 34.944%) and the reported tax expense in the statement of profit and loss are as follows:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Profit before tax</b>	<b>7,499.92</b>	<b>2,239.03</b>
Domestic tax rate for the Company	34.944%	34.944%
Income tax of the Company at given tax rate	2,620.77	782.41
<b>Tax effect of :</b>		
- Net of non deductible expenses and income	118.75	108.41
- Exempt income	(26.88)	(28.38)
- Incentives and concessions	(38.14)	(19.65)
- Earlier year income tax	-	372.83
Others	(16.19)	(503.62)
<b>Income-tax recognised in statement of profit and loss</b>	<b>2,658.31</b>	<b>712.00</b>

(d) There is no change in statutory enacted income-tax rate during the financial year.



# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE - 41 FINANCIAL INSTRUMENTS AND RISK REVIEW

### Capital management

The Company manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 21 and 26 net of cash and cash equivalents as disclosed in note 14 and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors.

The following table summarises the capital of the Company

	(₹ in lakh)	
	31 March 2020	31 March 2019
<b>Equity *</b>	1,25,687.81	1,25,610.25
<b>Liquid assets (cash and cash equivalent and current investments) (a)</b>	2,494.05	3,550.82
Current borrowings (note 26)	20,872.84	15,198.89
Non- current borrowings (note 21 and 22)	73,987.74	71,654.74
Current maturities of non current borrowings (note 28)	5,767.66	1,992.29
<b>Total debt (b)</b>	<b>1,00,628.24</b>	<b>88,845.92</b>
<b>Net debt [c = (b) - (a)]</b>	<b>98,134.19</b>	<b>85,295.10</b>
<b>Total capital (equity+net debt)</b>	<b>2,23,822.00</b>	<b>2,10,905.35</b>
<b>Gearing ratio</b>		
Debt to equity	80%	71%
Net debt to equity ratio	78%	68%
*Equity balances also includes the business reconstruction reserve (₹ in lakh)	27,776.99	29,177.01

### Categories of financial instruments

#### Categories of financial assets/(liabilities)

		31 March 2020			31 March 2019		
Notes		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
<b>Financial assets measured at amortised costs</b>							
Trade receivable	13	29,303.69	-	-	32,312.82	-	-
Loans	8,16	1,679.43	-	-	1,261.75	-	-
Other financial assets	9,17	189.41	-	-	1,122.40	-	-
Cash and bank balances	14, 15	4,749.68	-	-	3,933.68	-	-
Investments	7	1.62	-	-	1.62	-	-
<b>Loans and other receivables</b>		<b>35,923.83</b>	-	-	<b>38,632.27</b>	-	-
<b>Financial assets measured at fair value</b>							
Investments	7	1,171.50	-	(834.01)	2,005.51	-	(1,240.73)
Derivative contracts	17	2,138.57	810.11	-	1,328.46	(236.29)	-
<b>Financial assets at fair value</b>		<b>3,310.07</b>	<b>810.11</b>	<b>(834.01)</b>	<b>3,333.97</b>	<b>(236.29)</b>	<b>(1,240.73)</b>
<b>Total financial assets</b>		<b>39,233.90</b>	<b>810.11</b>	<b>(834.01)</b>	<b>41,966.24</b>	<b>(236.29)</b>	<b>(1,240.73)</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

(₹ in lakh)

	Notes	31 March 2020			31 March 2019		
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
<b>Financial liabilities</b>							
<b>Financial liabilities measured at amortised cost</b>							
Current payables	26, 27, 28	56,559.97	-	-	55,979.15	-	-
Non-current payables	22	1,874.82	-	-	2,121.94	-	-
Non-current borrowings	21	72,869.68	-	-	70,323.13	-	-
<b>Financial liabilities measured at amortised cost</b>		<b>1,31,304.47</b>	<b>-</b>	<b>-</b>	<b>1,28,424.22</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities measured at fair value</b>							
Derivative liability (IRS) at fair value	28	951.04	570.55	-	380.49	(380.49)	-
<b>Financial liabilities at fair value</b>		<b>951.04</b>	<b>570.55</b>	<b>-</b>	<b>380.49</b>	<b>(380.49)</b>	<b>-</b>
<b>Total financial liabilities</b>		<b>1,32,255.51</b>	<b>570.55</b>	<b>-</b>	<b>1,28,804.71</b>	<b>(380.49)</b>	<b>-</b>
<b>Total financial assets/(liabilities)</b>		<b>(93,021.61)</b>	<b>239.56</b>	<b>(834.01)</b>	<b>(86,838.47)</b>	<b>144.20</b>	<b>(1,240.73)</b>

## Financial risk management objective

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

## Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments, financial guarantee and derivative financial instruments.

## Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

## Trade receivables

The Company extends credits to customer in normal course of the business. The Company considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Company monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at several jurisdiction and industries and operate in large independent markets. The Company also takes advances and security deposits from customers which mitigate the credit risk to an extent.

The average credit period taken on sales of goods is 45 to 90 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

Before accepting any new customer, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There is a customer who represent more than 10 per cent of total net revenue from operations during the year.

The Company does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

## Expected credit loss :

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Up to 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10 to 100
More than 3 years	100

## Ageing of past due trade receivables

Period	As at	
	31 March 2020	31 March 2019
Not due for payment	16,726.65	19,594.74
Up to 6 months	11,854.97	12,387.93
From 6 months to 1 year	863.11	431.81
From 1 year to 3 years	675.83	530.96
More than 3 years	429.16	429.26

(₹ in lakh)

## Ageing of impaired trade receivables

Period	As at	
	31 March 2020	31 March 2019
Up to 6 months	38.17	64.90
From 6 months to 1 year *	338.96	104.40
From 1 year to 3 years	439.74	463.32
More than 3 years	429.16	429.26

(₹ in lakh)

\* Based upon lifetime expected credit loss

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## Financial guarantee

The Company has not given any financial guarantee.

## Liquidity risk:

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due.

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

(₹ in lakh)

Particulars	As at 31 March 2020				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
<b>Financial liabilities</b>					
Borrowings - bank loans	Note 21,26,28	26,090.29	48,076.18	22,430.88	96,597.35
Borrowings - other loans	Note 21,22,28	550.21	1,357.85	2,122.82	4,030.88
Current payables	Note 27,28	30,870.51	-	-	30,870.51
Non-current payables	Note 22	-	-	756.77	756.77
<b>Total</b>		<b>57,511.01</b>	<b>49,434.03</b>	<b>25,310.47</b>	<b>1,32,255.51</b>

(₹ in lakh)

Particulars	As at 31 March 2019				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
<b>Financial liabilities</b>					
Borrowings - bank loans	Note 21,26,28	16,643.55	37,113.20	30,510.66	84,267.41
Borrowings - other loans	Note 21,22,28	547.63	1,568.66	2,462.23	4,578.52
Current payables	Note 27,28	39,168.46	-	-	39,168.46
Non-current payables	Note 22	-	-	790.32	790.32
<b>Total</b>		<b>56,359.64</b>	<b>38,681.86</b>	<b>33,763.21</b>	<b>1,28,804.71</b>

## Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including :

Forward foreign exchange contract to hedge the exchange rate risk arising on the export of its products.

Forward foreign exchange interest rate swap contract to hedge the exchange rate risk arising on translation of payment on interest.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## Currency risk

The Company undertakes various transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company transacts business primarily in Indian Rupee, USD, Euro and GBP. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the Company adopted a policy of selective hedging based on risk perception of the management. Foreign exchange hedging contracts are carried at fair value.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	(in lakh)	
		As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	9.37	18.75
Trade payables	USD	56.63	37.25
	EUR	3.66	2.66
	GBP	0.07	0.19
Borrowings	USD	390.00	403.25
Accrued interest	USD	4.06	4.87

Currency rate	(in ₹)	
	31 March 2020	31 March 2019
USD	75.3859	69.1713
EUR	83.0496	77.7024
GBP	93.0760	90.4756

Of the above foreign currency exposures, following exposures are not hedged:

Particulars	Currency	(in lakh)	
		As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	9.37	24.37
Trade payables	USD	56.63	34.90
	EUR	3.66	3.15
	GBP	0.07	0.19
Borrowings	USD	200.00	203.25
Accrued interest	USD	4.06	2.81

## Sensitivity analysis

The following table demonstrates the sensitivity of profit and equity in USD, Euro and GBP to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

Currency	Change in currency exchange rate	(₹ in lakh)	
		Effect on profit before tax 31 March 2020	Effect on profit before tax 31 March 2019
USD	5%	(1,663.46)	(1,475.50)
	-5%	1,663.46	1,475.50
EUR	5%	(15.19)	(10.32)
	-5%	15.19	10.32
GBP	5%	(0.34)	(0.86)
	-5%	0.34	0.86

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Company at the end of each reporting period.

## Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debts. Its objective in managing its interest rate risk is to ensure that it always maintain sufficient head room to cover interest payment from anticipated cash flows which is regularly reviewed by the board/nominated committee as well.

The following table demonstrates the sensitivity in the interest rate with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the interest rates is given below :

Particulars	Change in interest rate	Effect on profit before tax	
		31 March 2020	31 March 2019
Long term borrowings from bank	0.50%	(378.62)	(345.34)
	-0.50%	378.62	345.34

(₹ in lakh)

## Commodity risk

The Company is exposed to the movement in the price of key raw material and other traded goods in the domestic and international markets. The Company has in place policies to manage exposure to fluctuation the prices of key raw materials used in operations. The Company enter into contracts for procurement of raw material and traded goods, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

## NOTE 42 - FAIR VALUE MEASUREMENT

### Fair valuation techniques and inputs used

Financial assets/ financial liabilities	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique and key input
	31 March 2020	31 March 2019		
Foreign currency forward contracts	2,138.57	1,328.46	2	Market approach
Derivative payable (IRS)	951.04	380.49	2	Market approach

Financial assets	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2020	31 March 2019				
Non current investments	1,171.50	2,005.51	3	Discounted cash flow	1. Growth rate 2. Discount rate	Refer below

### Reconciliation of level 3 fair value measurements

Particulars	Fair value as at (₹ in lakh)	
	31 March 2020	31 March 2019
Opening balance	2,005.51	3,246.24
Gains or losses		
- in other comprehensive income	(834.01)	(1,240.73)
<b>Closing balance</b>	<b>1,171.50</b>	<b>2,005.51</b>

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## Sensitivity analysis of financial instruments having fair value hierarchy of level 3

(₹ in lakh)

Particulars	Movement unobservable input(s)	Effect on fair value taking movement of unobservable inputs isolation	
		31 March 2020	31 March 2019
Growth rate	5%	582.74	29.13
	-5%	(582.74)	(28.12)
Discount rate	5%	-	(120.69)
	-5%	-	138.15

\* In current year valuation is based upon market multiples of listed companies hence impact of discount rate is not given.

### Other financial instruments

The carrying amount of the financial assets and liabilities carried at amortised cost is considered a reasonable approximation of fair value.

## NOTE 43 - SEGMENT INFORMATION

### Identification of segment:

The company operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has accordingly identified to primary business segments i.e. building products and packaging products.

The activities of the company are primarily limited with in the Indian Territories having no variation in risk and returns. Consequently, information in respect of geographical segment in not given.

Unallocated items: The corporate and other segment includes general corporate income and expense items, which not not allocated to any business segment.

(₹ in lakh)

Particulars	Building Products Division (BPD)	Packaging Product Division	Others	Inter segment elimination	Unallocated	Total
<b>Segment revenue</b>						
For the year ended 31 March 2020	61,016.43	1,24,151.33	1,278.15	(538.88)	-	1,85,907.03
For the year ended 31 March 2019	49,353.86	1,09,715.07	1,407.45	-	-	1,60,476.38
<b>Other income</b>						
For the year ended 31 March 2020	1,630.88	369.87	14.92	-	14.40	2,030.07
For the year ended 31 March 2019	1,200.74	2,535.88	2.23	-	179.77	3,918.62
<b>Segment results</b>						
For the year ended 31 March 2020	1,985.73	15,346.35	117.35	-	(2,601.89)	14,847.54
For the year ended 31 March 2019	2,168.26	8,980.01	215.58	-	(3,227.25)	8,136.62
<b>Interest expenses</b>						
For the year ended 31 March 2020						7,347.63
For the year ended 31 March 2019						5,897.59
<b>Income tax (including deferred tax)</b>						
For the year ended 31 March 2020						2,658.31
For the year ended 31 March 2019						712.00
<b>Profit after tax</b>						
For the year ended 31 March 2020						4,841.61
For the year ended 31 March 2019						1,527.03
<b>Other information</b>						
<b>Segment assets</b>						
31 March 2020	1,08,752.42	1,65,576.69	2,141.66	-	10,368.00	2,86,838.77
31 March 2019	1,14,451.39	1,54,183.85	2,222.41	-	12,962.93	2,83,820.58
<b>Segment liabilities</b>						
31 March 2020	63,415.64	96,161.27	696.77	-	877.28	1,61,150.96
31 March 2019	61,295.78	95,830.84	525.32	-	558.39	1,58,210.33

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Building Products Division (BPD)	Packaging Product Division	Others	Inter segment elimination	Unallocated	Total
<b>Capital expenditure</b>						
For the year ended 31 March 2020	5,585.20	8,057.28	-	-	-	13,642.48
For the year ended 31 March 2019	7,528.79	21,296.10	578.69	-	1,185.93	30,589.51
<b>Depreciation and amortisation</b>						
For the year ended 31 March 2020	4,561.40	9,070.83	89.56	-	565.85	14,287.64
For the year ended 31 March 2019	3,553.03	8,879.72	88.71	-	609.26	13,130.72
<b>Other non-cash expenses</b>						
Provision for doubtful debts and advances						
For the year ended 31 March 2020	0.48	223.36	-	-	-	223.84
For the year ended 31 March 2019	18.50	49.06	-	-	-	67.56

Revenues from a customers of company's within India represents approximately ₹ 58,928.52 lakh (32.70%) {Previous year ₹ 56,042.27 lakh (34.92%)} of the company's total revenues within India.

## NOTE 44 - EMPLOYEE BENEFITS

### A. Defined contribution plan

The Company operates defined contribution retirement benefit plans for all eligible employees. The assets of the plans are held separately from those of the Companies in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company's contribution to Provident Fund and Superannuation Fund aggregating to ₹ 813.45 lakh (net of amount capitalised and reimbursement received from government) (previous year ₹ 602.95 lakh) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

### B. Defined benefit plans

#### Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company Scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity Scheme administered by the Birla Sun Life Insurance Company Limited.

Details of the Company's defined benefit plans are as follows:

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2020	31 March 2019
Current service cost	227.99	180.69
Net interest expense/(income)	6.52	(0.60)
Components of defined benefit costs recognised in profit or loss	234.51	180.09
<b>Re-measurement on the net defined benefit liability</b>		
Net actuarial (gain)/loss	250.35	116.13
Expected return on plan assets excluding interest income	66.38	(22.80)
Components of defined benefit costs recognised in other comprehensive income	316.73	93.33



# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2020	31 March 2019
<b>I. Net asset/(liability) recognised in the balance sheet as at 31 March</b>		
1. Present value of defined benefit obligation	2,311.48	1,851.76
2. Fair value of plan assets	1,801.41	1,685.08
3. Deficit	510.07	166.68
4. Current portion of the above	510.07	166.68
<b>II. Change in the obligation during the year ended 31 March</b>		
1. Present value of defined benefit obligation at the beginning of the year	1,851.76	2,157.84
2. Transfer pursuant to Scheme of arrangement *	-	(513.56)
3. Expenses recognised in the statements of profit and loss		
- Current service cost	227.99	180.69
- Interest expense	118.57	117.12
4. Recognised in other comprehensive income		
- Actuarial (gain)/loss arising from experience adjustments	48.01	95.92
- Actuarial (gain)/loss from financial assumptions	202.35	20.20
5. Benefit payments	(137.20)	(206.45)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>2,311.48</b>	<b>1,851.76</b>
* Refer note 55		
<b>III. Change in fair value of assets</b>		
1. Fair value of plan assets at the beginning of the year	1,685.08	2,032.75
Less: transfer pursuant to Scheme of arrangement*		(483.79)
2. Recognised in the statement profit and loss		
- Expected return on plan assets	112.05	117.72
3. Recognised in other comprehensive income		
- Actual return on plan assets in excess of the expected return	(66.38)	22.80
4. Contributions by employer (including benefit payments recoverable)	207.86	202.05
5. Benefit payments	(137.20)	(206.45)
<b>6. Fair value of plan assets at the end of the year</b>	<b>1,801.41</b>	<b>1,685.08</b>

#### IV. The major categories of plan assets

The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was informed by BSL that the planned assets are held in growth/fixed interest bonds.

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2020	31 March 2019
<b>V. Actuarial assumptions</b>		
1. Discount rate	6.65%	7.60%
2. Expected rate of increase in compensation level	6.50%	6.50%
3. Attrition rate	1.00%	1.00%
4. Expected rate of return on plan assets	6.65%	7.60%
5. Mortality table	IALM 2006-08	IALM 2006-08
6. Superannuation age	58	58

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## VI. Sensitivity analysis

(₹ in lakh)

Particulars	31 March 2020		31 March 2019	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
<b>Discount rate</b>	0.50%	(110.47)	0.50%	(81.12)
	-0.50%	120.22	-0.50%	87.90
<b>Expected rate of increase in compensation level</b>	0.50%	117.08	0.50%	86.27
	-0.50%	(108.59)	-0.50%	(80.51)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

## VII. Experience adjustments :

	Year ended				
	2019-20	2018-19	2017-18	2016-17	2015-16
1. Defined benefit obligation	2,311.48	1,851.76	2,157.84	1,968.57	1,796.49
2. Fair value of plan assets	1,801.41	1,685.08	2,032.75	1,889.66	1,625.38
3. Surplus/(deficit)	(510.07)	(166.68)	(125.09)	(78.91)	(171.11)
4. Experience adjustment on plan liabilities gain/(loss)	(48.01)	(95.92)	104.39	(36.17)	(46.99)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

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

\* Refer note 55

## C. Other long-term benefits - Compensated absences (unfunded)

(₹ in lakh)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Amounts recognised in the balance sheet</b>		
Non current (refer note 23)	783.84	608.33
Current (refer note 30)	178.36	131.87
	<b>962.20</b>	<b>740.20</b>
<b>Amounts recognised in the statement of profit and loss</b>		
Current service cost	121.35	100.77
Interest cost	56.63	49.22
Actuarial loss	168.24	106.44
<b>Total included in employee benefits expense</b>	<b>346.22</b>	<b>256.43</b>
<b>Reconciliation of opening and closing balances of benefit obligations</b>		
<b>Change in benefit obligation</b>		
Defined benefit obligation at the beginning of the year	740.20	945.13
Transfer pursuant to Scheme of arrangement*	-	(306.79)
Interest cost	56.63	49.22
Current service cost	121.35	100.77
Benefits paid	(124.30)	(154.57)
Actuarial loss	168.24	106.44
<b>Defined benefit obligation at the end of the year</b>	<b>962.12</b>	<b>740.20</b>

The average duration of remaining working life at the end of the reporting period is 16.02 years (previous year 15.94 years).

\* Refer note 55

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 45 - EARNINGS PER SHARE

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year attributable to owners of the Company (₹ in lakh)	4,841.61	1,527.03
Weighted average number of equity shares (nos.)	7,22,96,395	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	6.69	2.11

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

## NOTE 46 - ADOPTION OF IND AS 116 LEASES

The Company has adopted Ind AS 116 w.e.f. 1st April, 2019. The Company has paid lease rentals towards short term lease amounting to ₹ 573.14 lakh for the year ended 31st March, 2020.

## NOTE - 47 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Demands raised by the excise authorities against which appeals have been filed	91.19	203.35
b) Demands raised by the service-tax authorities against which appeals have been filed	141.06	5.60
c) Demands made by the sales tax authorities against which appeals have been filed	153.99	46.33
d) Demands raised by the income-tax authorities against which appeals have been filed	3.84	3.84
e) Demands raised by the sales tax authorities against which appeal filed (entry tax)	4,168.29	4,040.93
f) Claims against the Company not acknowledged as debts	529.59	2,639.09
g) Demand-cum-show cause notice raised by PF authorities	66.26	-

(₹ in lakh)

## NOTE - 48 CAPITAL AND OTHER COMMITMENTS

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	4,835.23	4,161.41
b) Export obligation under Export Promotion Capital Goods license of Export Import Policy	14,077.13	7,286.71
c) Bank guarantees outstanding (other than financial guarantee)	1,993.80	665.21

(₹ in lakh)

## NOTE - 49 PAYMENT TO STATUTORY AUDITORS (EXCLUDING GOODS AND SERVICE TAX)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditors *	11.00	18.00
Other services	2.60	18.12
For reimbursement of expenses	7.70	5.92
	<b>21.30</b>	<b>42.04</b>

(₹ in lakh)

\* including paid to auditors of demerged under taking.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 50 - RELATED PARTY TRANSACTIONS (READ WITH NOTE NO. 55)

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows"

### List of related parties

Relationship	Name of related party
Key management personnel (KMP)	<b>Executive directors</b>
	Dr. Rajendra Kumar Somany (Chairman & Managing Director)
	Mr. Sandip Somany (Vice Chairman & Managing Director)
	<b>Executives</b>
	Mr. Sandeep Sikka (ceased to be CFO w.e.f. 16 September 2019)
	Mr. Om Prakash Pandey (CFO) (w.e.f. 17 September 2019)
	Ms Payal M Puri (Ceased to be CS w.e.f. 16 September 2019)
	Mr. Pulkit Bhasin (CS) (w.e.f. 17 September 2019)
	<b>Non-executive directors</b>
	Mrs. Sumita Somany
	Mr. G.L. Sultania
	Mr. Ashok Jaipuria
	Mr. V.K. Bhandari
	Mr. N.G. Khaitan
	Mr. Salil Bhandari
Dr. Rainer Siegfried Simon (ceased to be w.e.f. 17th December, 2019)	
Ms. Himalyani Gupta (appointed as director from 18th March, 2020)	
Mr. Rakesh Sarin (appointed as director from 18th March, 2020)	
Mr. Anil Wadhva (appointed as director from 18th March, 2020)	
Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	Textool Mercantile Private Limited
	Khaitan & Co., LLP
	G.L. Sultania & Co.
Post employment benefit plan	Somany Provident Fund Institution

The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis.

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Transactions during the year</b>				
<b>Rent paid</b>				
Textool Mercantile Private Limited	-	-	1.54	2.44
<b>Payment for professional services (net of GST)</b>				
Khaitan & Co. LLP	-	-	0.48	0.51
G.L. Sultania & Co.	-	-	12.50	12.50
<b>Loan given</b>				
- Salary Advance	-	10.00	-	-
<b>Contribution made</b>				
- Somany Provident Fund Institution	-	-	302.16	397.44
<b>Remuneration to key management personnel *</b>				
Dr. Rajendra Kumar Somany	352.43	546.83	-	-
Mr. Sandip Somany	211.79	546.83	-	-
Mr. Sandeep Sikka (ceased to be CFO w.e.f. 16 September 2019) **	90.97	222.10	-	-

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Mr. Om Prakash Pandey (CFO)(appointed w.e.f. 17 September 2019)	64.69	-		
Ms Payal M Puri (ceased to be CS w.e.f. 16 September 2019)	28.07	56.59	-	-
Mr. Pulkit Bhasin (appointed w.e.f. 17 September 2019)	6.34	-		
<b>Commission and other payments to non-executive directors</b>	<b>74.74</b>	<b>113.56</b>	<b>-</b>	<b>-</b>

\* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on Company as a whole.

\*\* transferred pursuant to Scheme of Arrangement.

Details of transaction between the Company and its related parties are disclosed below:

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Balances outstanding at the year end</b>				
G L Sultania & Co. - Payable	-	-	1.35	-
Salary advance	-	6.67		
<b>Remuneration payable</b>				
Dr. Rajendra Kumar Somany	20.89	160.28	-	-
Mr. Sandip Somany	16.79	228.80	-	-
Non-executive directors	70.49	109.36	-	-
Mr. Sandeep Sikka (ceased to be CFO w.e.f. 16 September 2019)	-	6.78	-	-
Mr. Om Prakash Pandey (CFO w.e.f. 16 September 2019)	20.96	-	-	-
Ms Payal M Puri ((ceased to be CS w.e.f. 16 September 2019)	-	2.63	-	-
Mr. Pulkit Bhasin	1.02	-		

The remuneration and other transactions with members of key managerial personnel during the year was as follows:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-term employee benefits #	762.87	1,408.93
Post-employment benefits		
- Defined contribution plan \$	66.16	76.98
- Defined benefit plan *	-	-
- Other long-term benefits *	-	-
<b>Total</b>	<b>829.03</b>	<b>1,485.91</b>

# Including bonus, sitting fee, commission on accrual basis and value of perquisites.

\$ including provident fund, leave encashment paid and any other benefit.

\* As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## Disclosure pursuant to Regulation 34(3) read with Schedule V, part A, Clause 2(2A) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

Promoter/promoter group companies holding more than 10% of equity share capital of the Company:

(₹ in lakh)

Particulars	Nature of Transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Somany Home Innovation Limited</b>			
<b>Transaction during the year</b>	Loan Given	1.00	12.00
	Loan Repaid	19.00	-
	Interest Received	0.88	0.89
	Sale of Goods	4,463.10	1,205.79
	Rent received	146.57	81.00
	Management Fees received	32.00	59.01
<b>Outstanding balance as the end of the year (Loan)</b>		-	18.00
<b>Outstanding balance as the end of the year (Receivable)</b>		1,761.82	405.52

(₹ in lakh)

Particulars	Nature of Transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Brilloca Limited</b>			
<b>Transaction during the year</b>	Sale of Goods	58,928.52	56,042.27
	Rent received	745.31	893.00
	Management Fees received	115.00	209.00
	Management Fees paid	1,977.74	899.00
	Reimbursement of expense paid	0.87	104.00
<b>Outstanding balance as the end of the year (Receivable)</b>		735.58	13.46

## NOTE 51 - EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>(As certified by the management)</b>		
Salaries, wages and bonus	80.98	71.96
Contribution to provident and other funds	6.58	6.42
Others	130.75	34.07
	<b>218.31</b>	<b>112.45</b>

## NOTE 52 - CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms, with the provisions of the said Act, the Company was to spend a sum of ₹ 254.53 lakh (previous year ₹ 305.60 lakh) towards CSR activities during the year ended 31 March 2020. The CSR Committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the committee expects finalization of such proposals in due course. During the year ended 31 March 2020, the Company has contributed the following sums towards CSR initiatives.

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
	<b>Paid in cash</b>	<b>Paid in cash</b>
(i) On construction/acquisition of any asset	5.00	42.34
(ii) On purposes other than (i) above	249.77	267.91
	<b>254.77</b>	<b>310.25</b>

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 53

The Board of Directors of the Company has approved utilisation of Business Reconstruction Reserve (BRR) by ₹1400.02 lakh (Previous year ₹ 221.18 lakh) towards impairment of Goodwill relating to Packaging Product Division during the year ended 31st March 2020 shown under exceptional item. The aforesaid utilisation against BRR is as per the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta vide its order dated 26th March 2010.

## NOTE 54

Few production lines attached to one furnace at Company's Bhongir unit engaged in manufacturing of container glass, a part of Packaging Products Division, had a fire accident on night of 2nd January 2020. The unit is covered by insurance including Reinstatement Value ("RIV") & Loss of Profit ("LOP") clause and necessary preliminary surveys by insurance company have been conducted and the company has received an interim payment of ₹ 1200 lakh, against the insurance claim lodged during the ended 31st March 2020. During the financial year ended 31st March 2020, the estimated WDV value of one machinery fully damaged by the fire and cost of restoration of other machines totaling to ₹ 2048.78 lakh has been provided against claim receivable towards value of assets on RIV basis. The company has raised an interim claim towards LOP amounting to ₹ 766.22 lakh based on provisional assessment of LOP till 31st March 2020. The insurance company is in the process of assessing the total quantum of claims as stated above in line with underlying insurance policy. The company will recognize and adjust the balance value of claims, upon final agreement towards assessment & settlement of claims with Insurance Company. In the opinion of management there will not be any material adverse impact on this account on the state of affairs and profit of the company.

## NOTE 55

(a) The Board of Directors of the Company in its meeting held on 10th November 2017 had approved a Composite Scheme of arrangement under section 230 to 232, read with section 66 and other applicable provisions of the Companies Act 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company (the "Resulting Company 1" or "SHIL") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors (the "Scheme"). The Scheme provided for demerger of (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of the Company into Resulting Company 2. The Scheme was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26th June 2019, certified copy of the order dated 22nd July 2019 was filed with Registrar of Companies, West Bengal on 5th August 2019 and accordingly the Scheme has come into effect. The Scheme is effective from the Appointed Date i.e. 1 April, 2018. Accordingly due effect of the Scheme have been incorporated with effect from the Appointed Date. The Ind AS financial statements of the Company for the year ended 31st March, 2019 were approved by shareholders in its Annual General Meeting held on 2nd September 2019 and subsequently to give effect of the Scheme, the comparative financial statements for the year ended 31st March, 2019 have been restated which was approved by the Board of Directors in their meeting held on 25th September 2019. The same are pending approval in the ensuing Annual General Meeting.

In terms of the Scheme and post it has become effective from the Appointed Date 1st April 2018, all subsidiaries of the Company stands transferred to SHIL & Brilloca Limited and as on 31st March 2020, the Company does not have any subsidiary. As the Company is not having investment in any subsidiary, joint venture and associate during the current and in previous year too due to Scheme, accordingly preparation of Consolidated Financial Statements is not applicable.

- (b) In terms of the Scheme, the equity investments of 5,00,000 equity shares of ₹ 2 each fully paid made by Company into SHIL stands cancelled, and existing shareholders of the Company (i.e. HSIL Limited) have been issued and allotted fully paid up one equity share of SHIL of face value of ₹2/- each for every one equity share held by them of the Company as on 20th August 2019 (Record Date).
- (c) The certain necessary steps and formalities in respect of transfers of properties, investments, trademark & licences, approvals and modification of charges in pursuant to the Scheme are under process.
- (d) Pursuant to the Scheme, the following assets and liabilities were transferred by the Company as on 1st April, 2018 (Appointed date)

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## Balance Sheet

as at 1 April, 2018

(₹ in lakh)

Particulars	Somany Home Innovation Limited	Brilloca Limited
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	2,620.21	3,045.14
(b) Capital work-in-progress	73.17	3,381.55
(c) Goodwill	-	-
(d) Other intangible assets	53.05	160.30
(e) Financial assets		
(i) Investments*	157.28	40.20
(ii) Loans	431.02	158.57
(iii) Other financial assets	-	-
(f) Income-tax assets (net)	-	-
(g) Other non-current assets	165.38	899.58
<b>Total non-current assets</b>	<b>3,500.11</b>	<b>7,685.35</b>
<b>Current assets</b>		
(a) Inventories	8,570.55	18,782.88
(b) Financial assets		
(i) Investments	-	-
(ii) Trade receivables	6,409.33	20,842.61
(iii) Cash and cash equivalents	4,799.85	5,425.21
(iv) Bank balances other than (iii) above	85.46	-
(v) Loans	-	-
(vi) Other financial assets	4.81	-
(c) Other current assets	1,551.88	2,852.70
<b>Total current assets</b>	<b>21,421.88</b>	<b>47,903.40</b>
<b>Total assets</b>	<b>24,921.99</b>	<b>55,588.75</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	-	-
(b) Share Suspense	1,445.93	-
(c) Other equity	8,643.39	10,169.23
<b>Total equity</b>	<b>10,089.32</b>	<b>10,169.23</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	1,500.00	3,500.00
(ii) Other financial liabilities	94.59	2,924.19
(b) Provisions	76.62	403.28
(c) Deferred tax liabilities (net)	(1,740.94)	(418.05)
(d) Other non-current liabilities	21.76	74.29
<b>Total non-current liabilities</b>	<b>(47.97)</b>	<b>6,483.71</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	9,018.66	25,648.30
(ii) Trade payables	2,643.96	4,235.18
(iii) Other financial liabilities	2,781.69	8,511.60
(b) Other current liabilities	383.80	364.55
(c) Provisions	52.53	176.18
<b>Total current liabilities</b>	<b>14,880.64</b>	<b>38,935.81</b>
<b>Total liabilities</b>	<b>14,832.67</b>	<b>45,419.52</b>
<b>Total equity and liabilities</b>	<b>24,921.99</b>	<b>55,588.75</b>

\* Investments represent investment in wholly owned subsidiaries transferred pursuant to Scheme of Arrangement.



# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 56 - FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in lakh)

Particulars	31 March 2020			31 March 2019		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
<b>Non current financial assets</b>						
Investments	1,171.50	-	1.62	2,005.51	-	1.62
Loans	-	-	1,677.82	-	-	1,243.75
Other financial assets	-	-	83.61	-	-	27.93
<b>Current financial assets</b>						
Trade receivable	-	-	29,303.69	-	-	32,312.82
Cash and cash equivalents	-	-	2,494.05	-	-	3,550.82
Bank balances other than cash and cash equivalents	-	-	2,255.63	-	-	382.86
Loans	-	-	1.61	-	-	18.00
Other financial assets	-	2,138.57	105.80	-	1,328.46	1,094.47
<b>Total financial assets</b>	<b>1,171.50</b>	<b>2,138.57</b>	<b>35,923.83</b>	<b>2,005.51</b>	<b>1,328.46</b>	<b>38,632.27</b>
<b>Non current financial liabilities</b>						
Non-current borrowings	-	-	72,869.68	-	-	70,323.13
Other financial liabilities	-	-	1,874.82	-	-	2,121.94
<b>Current financial liabilities</b>						
Current borrowings	-	-	20,872.84	-	-	15,198.89
Trade payables	-	-	19,522.30	-	-	18,571.87
Other financial liabilities	-	951.04	16,164.83	-	380.49	22,208.39
<b>Total financial liabilities</b>	<b>-</b>	<b>951.04</b>	<b>1,31,304.47</b>	<b>-</b>	<b>380.49</b>	<b>1,28,424.22</b>

## NOTE 57 - DIVIDEND

The Board of Directors have recommended a dividend of 150% i.e. ₹ 3/- (previous year ₹ 3/-) on equity share of ₹ 2/- each for the year ended 31st March 2020 subject to approval of shareholders in the ensuing Annual General Meeting.

## NOTE 58 - IMPACT OF COVID-19

COVID-19 pandemic has caused global widespread economic and business disruption leaving uncertainties with respect to its severity, which currently cannot be reasonably ascertained. The Company has evaluated and factored in to an extent possible, the likely impact that may result from COVID-19 pandemic and material events and circumstances up to the date of approval of these financial results, on the carrying value of its assets and liabilities as at 31st March 2020. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of any future events and developments, if any, occurring after the balance sheet date and relating to these assets and liabilities of the Company as on 31st March 2020, will be recognized prospectively. Further, considering quality product portfolio, brand image, long-standing relationships & goodwill with its customers, suppliers and other stakeholders, the Company's business operations, cash flows, future revenue, assets and liabilities will sustain going forward.

# Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

## NOTE 59 - ASSETS HELD FOR SALE

On 4th November 2019, the Board of Directors of the Company decided to surrender plot no. SP 5-165-168 situated at Ghilot Industrial Area, Rajasthan which was originally acquired for manufacturing of Sanitaryware.

Further another land situated at Jedcherla GIP, Mehboob Nagar District, Telangana which was acquired for setting up a manufacturing plant from Telangana State Industrial Infrastructure Corporation Limited (TSIICL). Subsequent upon allotment of aforesaid land by TSIICL, Board of Directors of the Company approved in its meeting held on 3rd February, 2020 to sale of aforesaid land to Hintastica Private Limited at a consideration of ₹ 622 lakh arrived at on the basis of the independent valuation report.

The total cost ₹ 4655.05 for above referred assets are classified as Assets Held for Sale as on 31 March 2020.

## Note 60 - GST

The annual return of GST for FY 2018-19 is under process of filing with statutory authorities. The management believes that there will not be any material impact over financial statements after financial submission/filing. The date of filing of GST returns are 30th September, 2020.

**Note 61** - Previous period figures have been regrouped /re-arranged wherever considered necessary to confirm to the current year's classification.

Notes 1 to 61 form an integral part of these financial statements.  
In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**  
Chartered Accountants  
Firm Registration No.:301051E

**Sandip Somany**  
Vice Chairman and Managing Director  
DIN: 00053597

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director  
DIN: 00053557

**N.K. Lodha**  
Partner  
M. No. 85155

**Pulkit Bhasin**  
Company Secretary  
ACS No.: A27686

**Om Prakash Pandey**  
Chief Financial Officer

Place: Delhi  
Date: 10 June 2020

Place: Gurugram  
Date: 10 June 2020

# HSIL

## HSIL Limited

CIN: L51433WB1960PLC024539

**Registered Office:** 2, Red Cross Place, Kolkata – 700 001, West Bengal, India

**Phone:** +91-33-2248 7407/5668,

**E-mail:** hsilinvestors@hsilgroup.com; **Website:** www.hsilgroup.com

## Notice

Notice is hereby given that the 60<sup>th</sup> Annual General Meeting of the Members of HSIL Limited will be held on Saturday, 19 September 2020 at 11.00 a.m. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following businesses:

### ORDINARY BUSINESS

**1. To consider and adopt:**

The audited financial statements of the Company for the financial year ended 31 March 2020, the reports of the Board of Directors and Auditors thereon.

**2. To declare Dividend on Equity Shares for the year ended 31 March 2020.**

**3. To appoint a Director in place of Mr. Girdhari Lal Sultania (DIN: 00060931) who retires by rotation and, being eligible, offers himself for re-appointment.**

modify the terms, conditions and stipulations of the said re-appointment provided, however, that the remuneration payable to Dr. Somany may exceed the limits specified in Regulation 17(6)(e) of the Listing Regulations and Schedule V to the said Act or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being in force.

### SPECIAL BUSINESS

**4. Re-appointment of Dr. Rajendra Kumar Somany as Chairman and Managing Director and remuneration payable thereof**

To consider and, if thought fit, to pass the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and provisions of Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof, for the time being in force) and recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, and subject to such other approvals and/or sanctions as may be necessary, consent of the Members of the Company be and is hereby accorded to the re-appointment of Dr. Rajendra Kumar Somany ("Dr. Somany") (DIN: 00053557) as Chairman and Managing Director of the Company for a further term of three (3) consecutive years, commencing from 9 January 2021 till 8 January 2024, whose office is liable to retire by rotation, on terms and conditions including remuneration by way of salary, commission, perquisites and/or allowances, contained in the draft Agreement to be entered into between the Company and Dr. Somany, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year, notwithstanding anything to the contrary herein contained, during his tenure, the existing remuneration shall be paid as minimum remuneration subject to the provisions of Part II of Schedule V of the Act or any amendments thereto.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

**5. Appointment of Mr. Anil Wadhwa as an Independent Director**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Act and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Anil Wadhwa (DIN: 08074310), who was appointed as an Additional Director designated as Independent Director of the Company by the Board of Directors with effect from 18 March 2020 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Act and who

has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from 18 March 2020.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

#### 6. Appointment of Ms. Himalyani Gupta as an Independent Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Act and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Ms. Himalyani Gupta (DIN: 00607140), who was appointed as an Additional Director designated as Independent Director of the Company by the Board of Directors with effect from 18 March 2020 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from 18 March 2020.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

#### 7. Appointment of Mr. Rakesh Sarin as an Independent Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Act and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Rakesh Sarin (DIN: 02082150), who was appointed as an Additional Director designated as Independent Director of the Company by the Board of Directors with effect from 18 March 2020 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from 18 March 2020.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

#### 8. Approval for Related Party Transactions with Brilloca Limited

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and rules made thereunder and other applicable provisions, if any, of the Act, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and approval of the Audit Committee, approval of Members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into material contract(s)/ arrangement(s)/ transaction(s) with Brilloca Limited, a related party as defined under the provisions of the Act and Listing Regulations, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 1,520 Crore plus applicable Goods and Service Tax during the financial year 2020-21, for the purposes as set out in the explanatory statement annexed hereto, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall

be in the ordinary course of business of the Company and at arm's length basis.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolution, the Board or any committee thereof be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits and the Board / committee is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution."

**9. Approval for re-appointment of M/s. G. L. Sultania & Co., Proprietorship firm of Mr. Girdhari Lal Sultania, Non-Executive Director, for availing professional advisory services by the Company**

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, and recommendation of Nomination and Remuneration Committee, Audit Committee and Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded to re-appoint M/s. G. L. Sultania & Co., Proprietorship Firm of Mr. G. L. Sultania, (DIN: 00060931) Non-executive Director of the Company, who possesses the requisite qualifications and rich and varied experience to provide professional services as Advisor/ Consultant to the Company for a further period of 3 years w.e.f. 1 April 2020 on payment of professional fees of upto ₹12,50,000/- per annum plus Goods and Service Tax as applicable, expenses on travelling, conveyance, lodging and boarding, reimbursement of incidental and out of pocket expenses, towards professional services rendered/to be rendered.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to enter into Consultancy Contract with M/s. G. L. Sultania & Co., for a further period of 3 years as aforesaid, on such terms as the Board of Directors may deem fit and to do all things and to take all incidental and necessary steps that may arise in the course of implementing this Resolution."

**10. Approval for continuation of Directorship of Mr. Girdhari Lal Sultania as Non-Executive Non-Independent Director of the Company**

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013, if any, (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force) and subject to such other laws, rules, regulations etc. as may be applicable in this regard and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of Board of Directors, consent of the Members be and is hereby accorded for continuation of the Directorship of Mr. Girdhari Lal Sultania (DIN: 00060931) as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** any Director or the Company Secretary of the Company be and are hereby authorized to take such steps as may be necessary for obtaining necessary approvals - statutory, contractual or otherwise, if any, in relation to the above and to settle all matters arising out of and incidental thereto and to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to the said resolution."

By order of the Board  
**For HSIL Limited**

Place : Gurugram  
Date : 10 June 2020

**(Pulkit Bhasin)**  
Company Secretary  
Membership No.: A27686

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts on special business under item. nos. 4 to 10, is annexed hereto.
2. In view of the current circumstances due to pandemic caused by COVID-19 prevailing in the country, requiring social distancing, and pursuant to General Circulars Nos. 14/2020, 17/2020 and 20/2020 dated 8 April 2020, 13 April 2020 and 5 May 2020 respectively issued by Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 issued by Securities and Exchange Board of India ("SEBI Circular"), the 60<sup>th</sup> Annual General Meeting ("AGM") of the Company is being conducted through VC/OAVM, which does not require the physical presence of members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company.
3. Pursuant to MCA Circulars, since the AGM is conducted through VC/OAVM, where physical presence of members has been dispensed with, there is no requirement of appointment of Proxies. Accordingly, the facility of appointment of proxies under Section 105 of the Companies Act, 2013 is not available for this AGM. However, in pursuance of Section 112 and 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-voting for participation and voting in the AGM through VC/OAVM.
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. M/s. Lodha & Co., Chartered Accountants, Firm Registration No. 301051E, were appointed as Statutory Auditors of the Company from conclusion of 57<sup>th</sup> Annual General Meeting till conclusion of 62<sup>nd</sup> Annual General Meeting of the Company, subject to ratification at every Annual General Meeting of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors. The Ministry of Corporate Affairs (MCA) vide its circular dated 7 May 2018 notified various sections of The Companies (Amendment) Act, 2017, thereby modifying Section 139 of the Act. Accordingly the requirement for ratification of appointment of Statutory Auditors by the shareholders at every Annual General Meeting has been omitted, hence no such resolution is proposed at this Annual General Meeting.
6. A copy of the financial statements of the Company for the financial year ended 31 March 2020 together with the Auditors' and Directors' Reports thereon are enclosed.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 11 September 2020 to Saturday, 19 September 2020 (both days inclusive). Dividend on Equity Shares, if declared at the meeting, will be paid to those shareholders whose names appear on the Company's Register of Members on Friday, 11 September 2020 and in respect of shares held in the dematerialised form, dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose as on close of business hours of Thursday, 10 September 2020. The dividend, if declared, shall be paid by Tuesday, 29 September 2020.
8. Dividend, if declared, at the Annual General Meeting will be credited to the Bank account of respective Shareholders through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) where such facility is available. Members holding shares in electronic mode are therefore requested to furnish their Bank particulars in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing the NECS / ECS facility, are requested to update their Bank particulars by sending it to the Company's Registrar and Share Transfer Agent, M/s. Maheshwari Datamatics Private Limited, directly for instant credit of dividend and other cash entitlements.

Shareholders of the Company are informed that pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the amount of dividend which remains unpaid/ unclaimed for a period of 7 consecutive years is required to be transferred to the 'Investor Education & Protection Fund' (IEPF) constituted by the Central Government. Accordingly, unpaid/unclaimed dividend upto the year 2011-2012 has been transferred to IEPF.

Shareholders who have not encashed their dividend warrant(s) for the year from 2012-2013 to 2018-2019 are requested to make claim with the Company immediately. Dividend declared by the Company for the financial year 2012-2013, remain unpaid/unclaimed is due for transfer on or after 4 November 2020 to IEPF. A statement containing names, last known addresses and unpaid dividend of such shareholders is available on the website of the Company i.e. [www.hsilgroup.com](http://www.hsilgroup.com).

Shareholders whose amount has been transferred to IEPF as above may claim refund from IEPF in accordance with provisions of the Act and rules made thereunder.

Further, pursuant to the provisions of Section 124 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed by the Shareholders for seven consecutive years, the Company is required to transfer such Equity Shares of the Shareholders to the Demat Account of the IEPF. The Company has sent a communication to all

Shareholders concerned and had also published a Notice in the leading Newspaper both in English and Vernacular paper, with respect to the formalities and process of such transfers. Accordingly, the Company has transferred 30,309 equity shares of ₹ 2/- each to IEPF in respect of the Shareholders whose dividend was not encashed for seven consecutive years from 2011-2012, data of which are available on the website of the Company. Similarly, the Company will transfer such shares to Demat account of IEPF Authority on which dividend for 2012-2013 will remain unencashed for seven consecutive years, as per the guidelines issued by the concerned authority(ies) from time to time.

9. Members holding shares in physical form and desirous of making a nomination or cancellation/variation in nomination already made in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit the prescribed Form No. SH.13 to the Registrar and Share Transfer Agent of the Company for nomination and Form No. SH.14 for cancellation/ variation as the case may be. Shareholders holding shares in demat form are also advised to avail nomination facility by submitting the prescribed form to their respective Depository Participants (DPs).
  10. As a part of 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the RTA in case the shares are held by them in physical form.
  11. Members of the Company who have multiple folios in identical name(s) are requested to apply for consolidation of such folio(s) and send the relevant Share Certificates to the Company's Registrar and Share Transfer Agent ("RTA") viz. M/s. Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, 5<sup>th</sup> Floor, Kolkata -700 001, for necessary endorsement thereon.
  12. In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report for the FY 2019-20 are being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for the FY 2019-20 are also available on the Company's website i.e. [www.hsilgroup.com](http://www.hsilgroup.com), websites of National Stock Exchange of India Limited and BSE Limited and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).
  13. Securities and Exchange Board of India ("SEBI") has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA of the Company for payment of dividend to Members electronically. The Company is continuing to extend the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through ECS/ NECS/Real Time Gross Settlement (RTGS)/Direct Credit, etc.
- As directed by SEBI, the Members holding shares in physical form are requested to submit particulars of their bank account alongwith the original cancelled cheque bearing the name of the Member to RTA/Company to update their Bank Account details for online payment of dividend as being declared by the Company.
- Members holding shares in demat form are requested to update their Bank Account details with their respective Depository Participant. The Company or RTA cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode.
- Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1 April 2020 and the Company is required to deduct income tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The Shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) by clicking on <http://mdpl.in/form/pan-update> and depositories (in case of shares held in demat mode) on or before Thursday, 10 September 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at applicable rates as mentioned in Finance Act, 2020.
14. No request for effecting transfer of shares in physical form is being processed w.e.f. 1 April 2019, in terms of Press Release No. 49/2018 dated 3 December 2018 of SEBI except in case of transmission, transposition of shares subject to necessary compliances.
  15. Keeping in view the current pandemic situation, in the event the Company is unable to pay the dividend to any Member directly in his bank account through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ DD to such Member, at the earliest once the normalcy is restored.
  16. As required under Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the relevant information in respect of Directors seeking appointment/re-appointment at the Annual General

Meeting is provided herein below and forms a part of this Notice.

17. For shareholders holding shares in physical form, please send all correspondence including requests for change of address etc. to RTA of the Company.
18. The Company has designated an exclusive e-mail ID "hsilinvestors@hsilgroup.com" for redressal of Shareholders' complaints / grievances.
19. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
20. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the AGM through VC/OAVM Facility.
21. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
22. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

#### THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins at 9:00 a.m. (IST) on Wednesday, 16 September 2020 and ends at 5:00 p.m. (IST) on Friday, 18 September 2020. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. on 10 September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The Members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC/ OAVM Facility but shall not be entitled to cast their vote again.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

#### For Shareholders holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders, if any) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR	
Date of Birth (DOB)	• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.



- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical Shareholders - Please visit <http://mdpl.in/form/email-update> and follow the registration process as guided thereafter. Post successful registration of the email address, the

Member would get soft copy of the Notice and the procedure for remote e-voting along with the User ID and the password to enable e-voting for this AGM. In case of any queries, the Member may write to Registrar and Share Transfer Agent of the Company at [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com).

2. For Demat Shareholders - Members shall register their email addresses, in respect of electronic holdings with their concerned Depository Participants by following due procedure as advised by them.

**INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM facility through the CDSL e-voting system. Members may access the same at <https://www.evotingindia.com> under Shareholders/Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholders/Members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their Name, DP ID and Client ID/Folio Number, PAN, Mobile Number at [hsilinvestors@hsilgroup.com](mailto:hsilinvestors@hsilgroup.com) by Wednesday, 9 September 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and questions depending on the availability of time for the AGM. The members are also requested to send their queries, if any, by Wednesday, 9 September 2020.

**INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall

be eligible to vote through e-voting system available during the AGM.

3. If any votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.
4. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Members and Custodians

1. Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
2. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
3. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
4. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
5. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have

issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

6. Alternatively, Non Individual Members are required to send the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [hsilinvestors@hsilgroup.com](mailto:hsilinvestors@hsilgroup.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-voting from the e-voting system, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

7. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e. 19 September 2020.

## EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4

The present term of Dr. Rajendra Kumar Somany as Chairman and Managing Director of the Company ("Dr. Somany") will expire by efflux of time on 8 January 2021. The Board of Directors at their meeting held on 10 June 2020, has recommended to re-appoint Dr. Somany as Chairman and Managing Director of the Company for a further period of three (3) consecutive years, commencing from 9 January 2021 upto 8 January 2024 on remuneration as recommended by the Nomination and Remuneration Committee. His appointment and remuneration fixed by the Board are in accordance with Section 197 of the Companies Act, 2013 ("the Act") read with Schedule V thereto and Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and are subject to the approval of the Shareholders for which purpose relevant resolution as set out under item no. 4 of the accompanying Notice is proposed.

The Board of Directors has recommended the following remuneration as recommended by the Nomination and Remuneration Committee payable to Dr. Somany with the power to the Board to make variation or increase therein as may be thought fit from time to time, during the tenure of his re-appointment which may exceed the limits laid down in the Act and Regulation 17(6)(e) of the Listing Regulations.

The abstract of terms and conditions of the re-appointment and remuneration payable to Dr. Somany, as embodied in the draft Agreement to be entered into by Dr. Somany with the Company for his re-appointment and remuneration payable to him, are as follows:

#### 1. Period of Appointment

Three years commencing from 9 January 2021 to 8 January 2024.

#### 2. Remuneration

- a) SALARY: ₹ 3,250,000/-p.m. (in the scale of ₹ 3,250,000/- - 250,000/- - ₹ 4,000,000/-)
- b) COMMISSION: At the rate of 4% of net profits of the Company for each financial year computed in the manner as laid down in Section 197 of the Companies Act, 2013.
- c) PERQUISITES: Dr. Somany will be entitled to the following perquisites in addition to his salary and commission restricted to an amount equal to the annual salary of Dr. Somany.

During the tenure of his re-appointment, the remuneration of Dr. Somany shall not exceed the ceiling of ₹ 9.50 crore per annum in any Financial Year.

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:

### CATEGORY - A

This will comprise of house rent allowance, leave travel concession, medical reimbursement, fees of clubs, personal accident insurance and such other benefits, facilities and allowances as may be available and allowed to Dr. Somany, as per rules of the Company. These may be provided for as under:

#### Housing Rent Allowance

₹ 3,50,000/- per month.

#### Medical Reimbursement

All medical expenses incurred for self and his family including Hospitalisation, Nursing Home and Surgical charges in India and/or Abroad or both subject to a ceiling of one month's salary in a year or three month's salary over a period of three years. Leave Travel Concession for Dr. Somany and his family once in a year incurred in accordance with the Rules of the Company.

#### Club Fees

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

Personal Accident Insurance of an amount, the annual premium of which does not exceed ₹ 10,000/- per annum for Dr. Somany.

#### Other Benefits and Allowances

Any other benefits, facilities and allowances as may be available and allowed to Dr. Somany, as per rules of the Company.

The value of the perquisites for the purpose of calculating the above annual ceiling shall be evaluated as per Income Tax Rules wherever applicable, otherwise at actual.

### CATEGORY - B

- i) Contributions to Provident Fund and Superannuation/ Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable shall be half a month's salary for each completed year of service.
- iii) Encashment of Leave at the end of the tenure will be permitted and will not be included in the computation of the ceiling on perquisites.

### CATEGORY - C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Dr. Somany. He shall also be provided with a Mobile, Laptop and internet connection for the purpose of the Company's business, which will also not form part of perquisites.

**Overall Remuneration**

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Chairman & Managing Director and Vice Chairman & Managing Director of the Company as calculated in accordance with Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may be for the time being in force.

**Minimum Remuneration**

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of office of Dr. Somany, the Company shall pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down under Section II of Part II of the amended Schedule V to the Companies Act, 2013 as may be for the time being in force.

**Sitting Fee**

Dr. Somany shall not, so long as he acts as the Whole-time Director, designated as the Chairman and Managing Director of the Company, be paid any sitting fee for attending any meeting of the Board or any Committee thereof.

**Other Terms**

Dr. Somany shall not, during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business or affairs of the Company or as to any trade secret or secrets, processes of the Company and shall, during the continuance of his employment hereunder, use his best endeavors to prevent any other person from doing so.

Dr. Somany hereby undertakes that so long as he functions as the Whole time Director, designated as Chairman and Managing Director of the Company, he shall not become interested or otherwise concerned directly or indirectly in any selling agency of the Company in future without the prior approval of the Central Government, if any.

The Board of Directors may, in their discretion, revise or modify any of the terms of appointment and remuneration from time to time pursuant to the provisions of the Companies Act, 2013 read with Schedule V thereto.

**Termination**

Notwithstanding anything contained in this Agreement, either party shall be entitled to determine this Agreement by giving six (6) months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever, to terminate the Agreement on giving to Dr. Somany six (6) months' salary as specified in Clause 2 (a) herein above in lieu of six months' notice required to be given under this Clause.

**Service of Notice**

Any notice to be given hereunder shall be sufficiently given or served in case of Dr. Somany by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in the case of the Company by being delivered at or sent by registered post addressed to its registered office, any such notice if so posted shall be deemed served on the day following that on which it was posted.

In pursuance of Section II of Part II of Schedule V of the Companies Act, 2013, following further information is given:

**1. General Information**

Nature of industry	Manufacturing of Sanitaryware, Faucets, Pipes, Container Glass, PET Containers and Caps & Closures		
Date or expected date of commencement of commercial production	8 February 1962		
In case of new Company, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
Financial performance based on given indicators	Financial year 2019-20 Gross Revenue : ₹ 1,85,907.03 Lakh Profit after Tax : ₹ 4,841.61 Lakh Rate of Dividend : 150 % i.e. ₹ 3/- on equity shares of ₹ 2/- each Earning per Share: ₹ 6.69		
Export performance and net foreign exchange earnings	The Company had exported products worth ₹ 3,037.76 Lakh during the financial year 2019-20. Foreign Exchange earned and used during financial year 2018-19 and 2019-20:		
		(₹ in Lakh)	
		2019-20	2018-19
	Foreign exchange earned :	3472.23	6670.00
	Foreign exchange used :	33258.50	48609.00
Foreign investments or collaborators, if any	The Company has no foreign subsidiaries		

**2. Information about the appointee:**

Background Details	<p>Dr. Rajendra Kumar Somany possesses an extensive 65 Years of working experience and provides the strategic direction and vision to the Company.</p> <p>He is an active member of Rotary for past 58 years. He is an Executive Board Member and Senior Fellow Member of Indian Green Building Council (IGBC), Chairman of Indian Plumbing Skills Council (IPSC). He assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry and instrumental in aligning the Indian Standards with European counterparts. He was the Chairman of Council of Indian Employers, President of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India.</p> <p>He is a founder President of Bahadurgarh Chamber of Commerce and Industry. He is a Fellow Member of Chartered Management Institute, Institute of Directors, Institute of Materials, Minerals and Mining, UK (IOM<sup>3</sup>) and Life Fellow of the All India Management Association. He is an emeritus member of American Ceramic Society. He is the Chairman of Corporate Affairs Committee and CSR Committee of the Company.</p>										
Past Remuneration	<p>The remuneration drawn by Dr. Somany during the past four years is as follows:</p> <table border="1" data-bbox="687 853 1441 992"> <thead> <tr> <th data-bbox="687 853 735 875">Year</th> <th data-bbox="1350 853 1441 875">₹ in Lakh</th> </tr> </thead> <tbody> <tr> <td data-bbox="687 882 767 904">2016-17</td> <td data-bbox="1366 882 1441 904">799.20</td> </tr> <tr> <td data-bbox="687 911 767 934">2017-18</td> <td data-bbox="1366 911 1441 934">554.55</td> </tr> <tr> <td data-bbox="687 940 767 963">2018-19</td> <td data-bbox="1366 940 1441 963">546.83</td> </tr> <tr> <td data-bbox="687 969 767 992">2019-20</td> <td data-bbox="1366 969 1441 992">352.43</td> </tr> </tbody> </table>	Year	₹ in Lakh	2016-17	799.20	2017-18	554.55	2018-19	546.83	2019-20	352.43
Year	₹ in Lakh										
2016-17	799.20										
2017-18	554.55										
2018-19	546.83										
2019-20	352.43										
Recognition or Awards	<ul style="list-style-type: none"> <li>• Bestowed upon with the Degree of "Doctor of Philosophy in Management" by the KEISIE International University (KIU), South Korea;</li> <li>• Presented with 'Lifetime Achievement' Honour by Washroom &amp; Beyond - reputed trade magazine;</li> <li>• Presented with 'Lifetime Achievement Award' and 'Vishwakarma Award' by Indian Plumbing Association (IPA);</li> <li>• Conferred with 'Lifetime Achievement Award' by ACETECH;</li> <li>• Conferred with "Life Time Achievement Honour" by World Consulting and Research Corporation (WCRC);</li> <li>• Conferred with "Life time Achievement Award" at India's Most Admired Brand's event hosted by White Page International;</li> <li>• Conferred with 'Lifetime Achievement Award' by PHD Chamber, a proactive National Apex Chamber;</li> <li>• Presented with 'Trailbrazer of Sanitaryware Award' at World Business Conclave, Hongkong;</li> <li>• 'World Leader Businessperson' recognition by the World Confederation of Business; and</li> <li>• Fellowship of Institute of Ceramics, U.K. and of the British Institute of Management.</li> </ul>										
Job Profile and his suitability	<p>He is the Chairman and Managing Director of the Company and devotes whole time attention to the management of the affairs of the Company and exercises powers under the supervision and superintendence of the Board of the Company.</p>										
Remuneration Proposed	As mentioned above										
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	<p>Considering the responsibility shouldered by him of the enhanced business activities of the Company and also considering the levels of remuneration in India and worldwide, the remuneration proposed is considered reasonable. Nomination and Remuneration Committee consisting of three Independent Directors, after elaborate discussion, have proposed the aforesaid remuneration.</p>										
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	<p>Does not have any pecuniary relationship with the Company except remuneration drawn as Chairman and Managing Director and as a Member to the extent of his shareholding in the Company.</p> <p>He is related to Mr. Sandip Somany, Vice Chairman &amp; Managing Director and Ms. Sumita Somany, Director of the Company.</p>										

### 3. Other Information

Reasons of loss or inadequate profits	There is profit, but as an abundant caution for payment of minimum remuneration to the Chairman and Managing Director in case of no profit or inadequate profit in any particular year, the information is provided to the Shareholders.
Steps taken or proposed to be taken for improvement	
Expected increase in productivity and profits in measurable terms	

#### General Information

The Board of Directors are of the view that it is in the interest of the Company to continue to avail the services of Dr. Somany as Chairman and Managing Director of the Company.

Approval of Members is sought for re-appointment of Dr. Somany as Chairman and Managing Director and for payment of remuneration including minimum remuneration.

#### Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out under item no. 4 of the accompanying Notice of 60<sup>th</sup> Annual General Meeting of the Company except Dr. Rajendra Kumar Somany, Mr. Sandip Somany and Ms. Sumita Somany being relatives of each other.

#### Inspection of Documents

The draft of the proposed Agreement to be entered into between the Company and Dr. Rajendra Kumar Somany is available for inspection by the Members of the Company on the Company's website i.e. [www.hsilgroup.com](http://www.hsilgroup.com). The Board recommends the Resolution under item no. 4 of the accompanying notice for approval of the Shareholders of the Company.

#### Item Nos. 5 to 7

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors, by passing the resolution by circulation, approved the appointment of Mr. Anil Wadhwa ("Mr. Wadhwa"), Ms. Himalyani Gupta ("Ms. Gupta") and Mr. Rakesh Sarin ("Mr. Sarin") as Additional Directors w.e.f. 18 March 2020 to hold office of Independent Directors pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of Association of the Company, who shall hold office upto the date of this Annual General Meeting and are eligible to be appointed as Directors of the Company.

The Company has received declarations from Mr. Wadhwa, Ms. Gupta and Mr. Sarin confirming that they meet the criteria of independence under the Act and Listing Regulations. Further, the Company has also received their consent to act as Directors in terms of section 152 of the Act and declaration that they are not disqualified from being appointed as Directors in terms of Section 164 of the Act. The Company has also received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from members proposing their candidature for the office of Director.

In the opinion of the Board of Directors, Mr. Wadhwa, Ms. Gupta and Mr. Sarin fulfil the conditions specified in the Act and Listing Regulations for their appointment as Independent Directors of the Company and are independent of the Management.

Copies of the draft letters for the appointment of Mr. Wadhwa, Ms. Gupta and Mr. Sarin as Independent Directors setting out the terms and conditions are available for inspection on the Company's website i.e. [www.hsilgroup.com](http://www.hsilgroup.com).

The Board, upon recommendation of Nomination and Remuneration Committee vide its meeting held on 16 March 2020, considers that their association would be of immense benefit to the Company taking into account the external business environment, their business knowledge, core skills and experience and it is desirable to avail the services of Mr. Wadhwa, Ms. Gupta and Mr. Sarin as Independent Directors, not liable to retire by rotation. Therefore, the Board recommends the resolutions set forth under item nos. 5 to 7 of the accompanying Notice for approval of the members.

Except Mr. Wadhwa, Ms. Gupta and Mr. Sarin being the appointees, and their relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at item nos. 5 to 7 of the accompanying Notice.

Brief Profiles of Mr. Wadhwa, Ms. Gupta and Mr. Sarin form part of this Notice. This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

#### Item No. 8

Brilloca Limited ("Brilloca") is a related party of your Company as defined under the Companies Act, 2013 ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Your Company entered into transactions with Brilloca to supply products manufactured by it, for further marketing and selling by Brilloca. Since Brilloca sources the products in large volumes, the supply of the products to Brilloca will result in volume advantage for your Company. Your Company is also proposing to enter into various other contract(s) / arrangement(s) / transaction(s) with Brilloca from time to time during the FY 2020-21. Such transaction(s) shall be in the ordinary course of business of the Company and at arm's length basis.

Pursuant to the provisions of Regulation 23 of the Listing Regulations, all material related party transactions shall require approval of Shareholders through ordinary resolution, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover as per last audited financial statements of the Company.

During the FY 2020-21, the total value of the proposed transaction(s) with Brilloca is likely to exceed the said threshold limit of 10% of the annual consolidated turnover of the Company as per its latest audited financial

statements. Accordingly, transaction(s) entered into with Brilloca comes within the meaning of material related party transaction(s) in terms of provisions of the Listing Regulations and the Act and rules made thereunder. The Audit Committee and Board of Directors in their respective meetings held on 10 June 2020 approved proposed related party transactions with Brilloca in accordance with the Company's Policy on Related Party Transactions. Hence, approval of the Shareholders is being sought for the said related party transaction(s) proposed to be entered into by your Company with Brilloca during the FY 2020-21.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transactions with Brilloca are as follows:

S. No.	Particulars	Remarks
1.	Name of the Related Party	Brilloca Limited
2.	Name of the Director or Key Managerial Personnel who is related, if any	Mr. Sandip Somany Mr. G. L. Sultania
3.	Nature of Relationship	Brilloca Limited is a wholly owned subsidiary of Somany Home Innovation Limited ("SHIL").  SHIL and your Company also have common directors and holding along with their relatives more than 2% of the paid-up share capital of your Company.  Brilloca, being wholly owned subsidiary of SHIL, is a related party of your company.
4.	Nature, material terms, monetary value and particulars of the contract or arrangement	1.Monetary value of proposed sale and purchase of products during Financial Year 2020-21 shall not exceed ₹ 1,450 Crore plus applicable Goods and Service Tax. 2.Monetary value of the proposed contract for services during Financial Year 2020-21 shall not exceed ₹ 50 Crore plus applicable Goods and Service Tax. 3.Rent of premises during Financial Year 2020-21 shall not exceed ₹ 20 Crore plus applicable Goods and Service Tax.
5.	Any other information relevant or important for the members to take a decision on the proposed resolution	The proposed transactions with Brilloca will facilitate optimum utilisation of the production facilities of products of your Company.

Except Mr. Sandip Somany and Mr. G. L. Sultania and their relatives, none of the other Directors and the Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution as set out at item no. 8 of the Notice. No related party will vote to approve the transaction, whether the entity is a related party to the transaction or not.

The Board is of the opinion that the aforesaid related party transactions are in the best interests of the Company and therefore, recommends the resolution under item no. 8 for approval of the Members as an Ordinary Resolution.

**Item No. 9**

Members of the Company by way of Special Resolution passed in the 57<sup>th</sup> Annual General Meeting held on 3 August 2017, had accorded its consent to the Board of Directors of the Company to enter into consultancy contract with M/s. G. L. Sultania & Co., Proprietorship Firm of Mr. Girdhari Lal Sultania ("Mr. Sultania"), Non-Executive Director of the Company, for a period of 3 years w.e.f. 1 April 2017. The said contract has expired on 31 March 2020.

Members are aware that Mr. Sultania has been associated with the Company as Director since 2006. He holds a Bachelor Degree in Commerce and is a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He is a consultant by profession and possesses vast knowledge and rich and varied experience of Financial Restructuring, Corporate Laws and Legal Compliance.

In accordance with the provisions of Section 197 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee, in their meeting held on 10 June 2020, expressed its opinion, as required under relevant provisions, that Mr. Sultania possesses the requisite qualification to render consultancy services.

The Nomination and Remuneration Committee has recommended and the Audit Committee and the Board of Directors have approved entering into the Consultancy Contract with M/s. G. L. Sultania & Co., Proprietorship Firm of Mr. Girdhari Lal Sultania, for a further period of 3 years commencing from 1 April 2020 to 31 March 2023.

Besides the payment of remuneration in the professional capacity, Mr. Sultania shall be entitled to receive sitting fees for attending the meetings of Board of Directors and committees thereof and commission as paid to all Non-Executive Directors of the Company as approved vide shareholder's resolution dated 6 September 2018.

The draft of the proposed Consultancy Contract is available for inspection on the Company's website i.e. www.hsilgroup.com.

Except Mr. Girdhari Lal Sultania and his relatives, deemed to be concerned or interested, none of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the proposed special resolution. The Board recommends the resolution set forth under item no. 9 of the accompanying Notice for approval of the Shareholders of the Company.

#### Item No. 10

Pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall not appoint any person or continue the Directorship of any person as a Non-Executive Director who has attained the age of 75 years unless a special resolution is passed in this regard.

Mr. Girdhari Lal Sultania ("Mr. Sultania") is a Non-Executive Non-Independent Director of the Company and will attain the age of 75 years in the month of October 2020.

Mr. Sultania holds a Bachelor Degree in Commerce and is a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India with around 50 years of experience. He is a consultant by profession and possesses vast knowledge and experience of Financial Restructuring, Corporate Laws, Legal Compliance and other related areas. He has been associated with the Company as a Non-Executive Non-Independent Director for more than 14 years and is a member of Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee of the Company.

Considering his rich and varied experience, continuous guidance and significant contribution towards growth of the Company, it is desirable to continue to avail services of Mr. Sultania as Non-Executive Non-Independent Director of the Company in the best interest of the Company. Accordingly, the Nomination and Remuneration Committee and the Board of Directors of the Company have recommended the continuation of Directorship of Mr. Sultania as a Non-Executive Non-Independent Director of the Company, who shall be liable to retire by rotation.

The Board recommends the Special Resolution set forth in Item no. 10 of the accompanying Notice for approval of the Members.

Except Mr. Girdhari Lal Sultania and his relatives, deemed to be concerned or interested, none of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the proposed Special Resolution.

### INFORMATION PURSUANT TO REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SS-2 OF ICSI REGARDING DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

#### Mr. Girdhari Lal Sultania

<b>Age</b>	74 years
<b>No. of Shares held</b>	50,705
<b>Qualification</b>	B.Com, F.C.A, F.C.S
<b>Brief Resume and Nature of his Expertise in specific functional areas</b>	Mr. Sultania is a qualified Chartered Accountant and Company Secretary. He has vast knowledge and experience of Financial Restructuring, Corporate Laws and Legal Compliance. He is General Member of Association of Corporate Advisers & Executives. He is member of Stakeholder Relationship (Shareholders' / Investors' Grievance) Committee of the Company.
<b>Name of other listed entities in which the Directorship is held</b>	The United Provinces Sugar Company Limited
<b>Chairman/Member of the Committees of Board of other listed companies</b>	<p><b>Member</b> <b>Audit Committee</b> 1. The United Provinces Sugar Company Limited</p> <p><b>Nomination and Remuneration Committee</b> 1. The United Provinces Sugar Company Limited</p> <p><b>Chairman</b> <b>Stakeholder Relationship Committee</b> 1. The United Provinces Sugar Company Limited</p>
<b>Relationships between directors inter se</b>	None



**Dr. Rajendra Kumar Somany**

<b>Age</b>	82 years
<b>No. of Shares held</b>	34,10,000
<b>Qualification</b>	Commerce Graduate from St. Xavier's College, Calcutta University
<b>Brief Resume and Nature of his Expertise in specific functional areas</b>	<p>Dr. Rajendra Kumar Somany possesses an extensive 65-years of working experience and provides the strategic direction and vision to the Company.</p> <p>He is an active member of Rotary for past 58 years. He is an executive Board Member and Senior Fellow Member of Indian Green Building Council (IGBC), Chairman of Indian Plumbing Skills Council (IPSC). He assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry and instrumental in aligning the Indian Standards with European counterparts. He was the Chairman of Council of Indian Employers, President of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India.</p> <p>He is a founder President of Bahadurgarh Chamber of Commerce and Industry. He is a Fellow Member of Chartered Management Institute, Institute of Directors, Institute of Materials, Minerals and Mining, UK (IOM<sup>3</sup>) and Life Fellow of the All India Management Association. He is an emeritus member of American Ceramic Society. He is the Chairman of Corporate Affairs Committee and CSR Committee of the Company.</p>
<b>Name of other listed entities in which the Directorship is held</b>	None
<b>Chairman/Member of the Committees of Board of other listed companies</b>	None
<b>Relationships between directors inter se</b>	He is related to Mr. Sandip Somany, Vice Chairman and Managing Director and Ms. Sumita Somany, Director of the Company.

**Mr. Anil Wadhwa**

<b>Age</b>	63 years
<b>No. of Shares held</b>	NIL
<b>Qualification</b>	Indian Foreign Service
<b>Brief Resume and Nature of his Expertise in specific functional areas</b>	<p>Mr. Wadhwa is an Ex- Member of the Indian Foreign Services. In the course of 38 years, he has served as Indian Ambassador to Poland, Lithuania, Sultanate of Oman, Thailand, Italy and San Marino. He was Secretary (East) in the Ministry of External Affairs in New Delhi from 2014-2016 looking after South-East Asia, Australasia and Pacific, Gulf and West Asian regions. He has also served as Chairman of the Board of World Food Programme (WFP) and a Permanent Representative of India to Food and Agriculture Organisation (FAO) and International Fund for Agricultural Development (IFAD). Ambassador Wadhwa specialized in disarmament and economic relations. He is currently a partner in an LLP-India Pathfinders Strategic Advisers. He is a member of Audit Committee and Corporate Social Responsibility Committee of the Company.</p>
<b>Name of other listed entities in which the Directorship is held</b>	Cosmo Films Limited
<b>Chairman/Member of the Committees of Board of other listed companies</b>	<p><b>Member</b> <b>Audit Committee</b> 1. Cosmo Films Limited</p> <p><b>HR, Nomination and Remuneration Committee</b> 1. Cosmo Films Limited</p>
<b>Relationships between directors inter se</b>	None

**Ms. Himalyani Gupta**

<b>Age</b>	65 Years
<b>No. of Shares held</b>	Nil
<b>Qualification</b>	Law Graduate
<b>Brief Resume and Nature of her Expertise in specific functional areas</b>	She is an Advocate with over 30 years of experience. She has been practicing law since 1991 and has been a Standing Counsel for Union of India in the Supreme Court. She is a Senior Founding Partner in UHV International Partners which is a leading Delhi based law firm established in 2001. She has rendered legal and advisory services to various Indian and Foreign Corporate Clients. She is a member of Audit Committee and Stakeholder Relationship (Shareholders'/Investors' Grievance) Committee of the Company.
<b>Name of other listed entities in which the Directorship is held</b>	None
<b>Chairman/Member of the Committees of Board of other listed companies</b>	None
<b>Relationships between directors inter se</b>	None

**Mr. Rakesh Sarin**

<b>Age</b>	64 Years
<b>No. of Shares held</b>	NIL
<b>Qualification</b>	Degree in Chemical Engineering
<b>Brief Resume and Nature of his Expertise in specific functional areas</b>	Mr. Rakesh Sarin is a Chemical Engineer and distinguished alumni of IIT BHU, London Business School & Said Business School, Oxford. He has over 43 years of experience in the field of distributed energy, policy advocacy and development of large renewable energy platform. While steering multi-billion dollar global companies, he has developed a wide network and gained strong business insights of Energy Sector as well as acquired valuable acumen to nurture cross cultural human capital. He is a global business leader and has been at the helm of operations of large corporation as CEO and Director on Board of Companies spanning across all the continents. He is currently engaged in consulting with corporates, business houses and large international funds to provide advisory and mentorship. He is a member of Nomination and Remuneration Committee, Audit Committee and Corporate Affairs Committee of the Company.
<b>Name of other listed entities in which the Directorship is held</b>	None
<b>Chairman/Member of the Committees of Board of other listed companies</b>	None
<b>Relationships between directors inter se</b>	None



# Corporate Information

## BOARD OF DIRECTORS\*

### Dr. Rajendra Kumar Somany

Chairman and  
Managing Director

### Mr. Sandip Somany

Vice-Chairman and  
Managing Director

### Ms. Sumita Somany

Non-Executive  
Non-Independent Director

### Mr. Girdhari Lal Sultania

Non-Executive  
Non-Independent Director

### Mr. Nand Gopal Khaitan

Independent Director

### Mr. Vijay Kumar Bhandari

Independent Director

### Mr. Anil Wadhwa

Independent Director

### Ms Himalyani Gupta

Independent Director

### Mr. Rakesh Sarin

Independent Director

## COMPANY SECRETARY

Mr. Pulkit Bhasin

## STATUTORY AUDITORS

M/s. Lodha & Co.,  
Chartered Accountants

## INTERNAL AUDITORS

M/s. D H Consultants Pvt. Ltd.

## REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001  
Tel: +91 33 2248 7407/5668  
Email: [hsilinvestors@hsilgroup.com](mailto:hsilinvestors@hsilgroup.com)

## CORPORATE OFFICE

301-302, Park Centra, Sector 30,  
National Highway 8,  
Gurugram - 122 001  
Tel: +91 12447 79200/201

## BANKERS

Axis Bank Ltd.  
Canara Bank  
Central Bank of India  
Citibank N.A.  
DBS Bank Ltd.  
HDFC Bank Ltd.  
Federal Bank Ltd.  
Standard Chartered Bank  
State Bank of India  
The Hongkong and Shanghai  
Banking Corporation Limited

## PLANT LOCATIONS

### PACKAGING PRODUCTS DIVISION

#### AGI Glaspac

Glass Factory Road, Off Motinagar,  
P.B. No. 1930, Sanathnagar P.O.,  
Hyderabad - 500 018, Telangana  
Tel: +91 4023 831771  
Fax: +91 4023 831787

Glass Factory Road,  
Bhongir - 508 116,  
Nalgonda District, Telangana  
Tel: +91 8685 246600

#### Garden Polymers

KIADB Industrial Area,  
Lakamanhalli,  
Dharwad - 580 004, Karnataka  
Tel: +91 836 2461390

Khasra No. 122,  
Pachwadoon, Mauja Central  
Hope Town, Pargana  
(Selaqui) Dehradun - 248  
197, Uttarakhand  
Tel: +91 135 2699150

Survey No.208 to 218, Sitarampur,  
Isnapur - 502 307,  
Patancheru (Mandal),  
Sangareddy Dist., Telangana  
Tel: +91 8455 225868

## AGI Clozures

Survey No. 208 to 218, Sitarampur,  
Isnapur - 502 307,  
Patancheru (Mandal),  
Sangareddy Dist., Telangana  
Tel: +91 8455 225511

## BUILDING PRODUCTS DIVISION

### Sanitaryware

Bahadurgarh - 124 507,  
Dist. Jhajjar, Haryana  
Tel: +91 1276-230485/6/7 &  
232226/7/8

### Somanyapuram

Brahmanapally Village, Bibinagar,  
Dist. Nalgonda - 508 126, Telangana  
Tel: +91 8685-279700, 279800

### Faucets

G 470-471, Phase I,  
RIICO Industrial Area,  
Bhiwadi - 301 019, Rajasthan

Plot No. SP1 - 254,  
RIICO Industrial Area,  
Kaharani, Bhiwadi - 301 019,  
Rajasthan  
Tel: +91 9116002242/43

### Plastic pipes and fittings

Survey No. 218/P, Sitarampur,  
Isnapur Village,  
Patancheru Mandal, Sangareddy  
Dist., Telangana - 502307  
Tel: + 91 8455-225500

\*As on date of this Report

## **HSIL LIMITED**

### **Registered Office**

2, Red Cross Place, Kolkata - 700 001  
Tel: +91 33 22487407/5668  
E-mail: [hsilinvestors@hsilgroup.com](mailto:hsilinvestors@hsilgroup.com)

### **Corporate Office**

301- 302, III Floor, Park Centra, Sector 30,  
N.H. 8, Gurugram, Haryana 122 001  
Tel: +91 124 4779200