

NEAPS/BSE ONLINE

31st August, 2021

**The Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers,
1st Floor, New Trading Ring
Rotunda, Dalal Street,
Mumbai – 400001**

**Listing Department
National Stock Exchange of India Limited
Plot No. C/1, Block-G
Exchange Plaza, 5th Floor,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051**

Dear Sir/Madam,

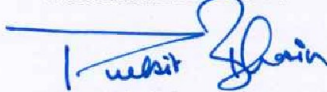
Sub: Annual Report for the Financial Year 2020-21 of the Company along with the Notice of 61st Annual General Meeting

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for the Financial Year 2020-21 along with the Notice of 61st Annual General Meeting, being sent to the shareholders of the Company, in accordance with the Circular No. 20/2020 dated 5th May, 2020 read with Circular No. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 read with Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 issued by the Securities and Exchange Board of India.

The Annual Report of the Company for the Financial Year 2020-21 along with the Notice of 61st Annual General Meeting is also available on the website of the Company i.e. www.hsilgroup.com.

You are requested to take above information on record.

For **HSIL Limited**



(Pulkit Bhasin)

Company Secretary

Name: Pulkit Bhasin

Address: 301-302, 3rd Floor, Park Centra, Sector-30, NH-8, Gurugram-122001

Membership No.: 27686

Enclosed as above

HSIL Limited

Corporate Office: 301-302, 3rd 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



HSIL

PACKAGING EXCELLENCE GEARED FOR GROWTH

SOMANY IMPRESA
GROUP COMPANY

ANNUAL REPORT 2020-21

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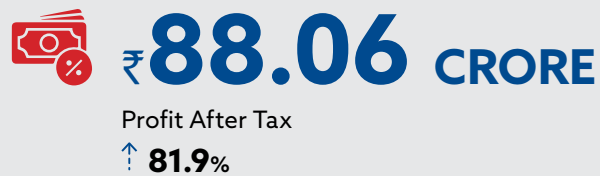
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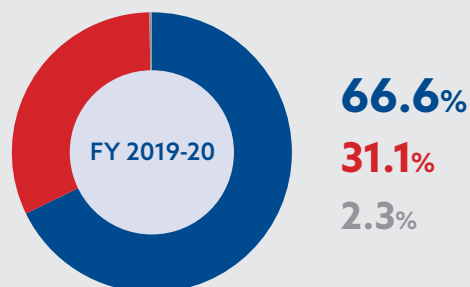
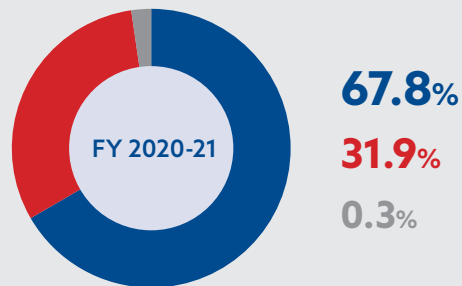
To learn more about the
Company, visit:
<https://www.hsilgroup.com>

PERFORMANCE SNAPSHOT

FY 2020-21



REVENUE BREAK-UP



- Packaging Products
- Building Products
- Others

Note: The revenue breakup is calculated without taking inter-segment revenue elimination into account.

PACKAGING EXCELLENCE

GEARED FOR GROWTH

In our six-decades-long journey, if there is anything that we have carried like a badge of honour, it is our core value of excellence. For us, it is both our ultimate goal and an indistinguishable part of our corporate identity, which we have painstakingly crafted over the years through our learnings. Each product that we manufacture is branded by this marker. Each action that we take – to meet customer needs, to create value for our stakeholders or to bring meaningful change in the lives of our communities – is underpinned by this conscious quest for quality and excellence.

This pursuit of excellence has kept us agile, inquisitive, and responsive. It has made us pioneers in technology adoption, product innovation and forerunners in implementing affirmative process change to mitigate environmental impact.

As we move into a new normal occasioned by a life-changing global phenomenon, we enter the fray as a confident market player. Our unceasing ambition to get better at everything we do, inspired by our core value, has moulded us into an organisation that is geared for change, ever ready to lead from the front.



Company Profile

Resonating innovation and excellence

We, at HSIL, stand for long-term thinking and planning, continuity of values and goals, great relationships with customers and suppliers, as well as a workplace that is employee-oriented.

We develop cost-efficient and cutting-edge products aligned to the current and future needs of our customers. We focus on performance with an equal emphasis on fulfillment of our corporate social responsibility.

Leveraging our rich manufacturing legacy along with innovation capabilities, the Company has emerged as the **second-largest glass container manufacturer** in India with the capability of using diverse fuel options and product applications across downstream sectors.

The first company in the country to manufacture and introduce vitreous china sanitaryware, HSIL is known for its quality excellence and product performance in the sanitaryware and faucets space.

Our Company is divided into two product divisions – **Packaging and Building Products**.

Under our Packaging Products Division, we manufacture, market and distribute **glass containers, PET bottles and products and counterfeit-resistant security caps and closures**. Aligned with our goal of being the first-choice partner for Indian alco-bev and pharmaceutical industries, we have been working on

broadening the range of primary packaging products to better serve our clients' needs. Under our Building Products Division, we manufacture **sanitaryware, faucets and plastic pipes and fittings**.

At HSIL, we have proactively invested in eco-friendly technologies and processes that protect the environment and reduce our carbon footprint. Our plastic pipes and fittings and counterfeit-resistant security caps and closures manufacturing plants at Telangana have received platinum rating by the **Indian Green Building Council (IGBC)**. Most of our plants have achieved higher standards in waste and water management through **zero-liquid discharge**. Our commitment to the environment is further strengthened by our conscious efforts to embed elements of sustainability in our factory design. We have invested in waste recycling and energy conservation measures as well. Our investments in solar power generation plants help us harness renewable resources and reduce our carbon footprint.

Committed to a culture of excellence, we are constantly striving to provide customers bespoke products. Our products come with numerous certifications such as IAMPO, BIS, CE, DMF, ISO 9001: 2008, ISO 9001:2015, ISO 15378:2011 and ISO 15378:2017, which speak volumes about our emphasis on quality.





Snapshot of Business Divisions

Our engines of growth

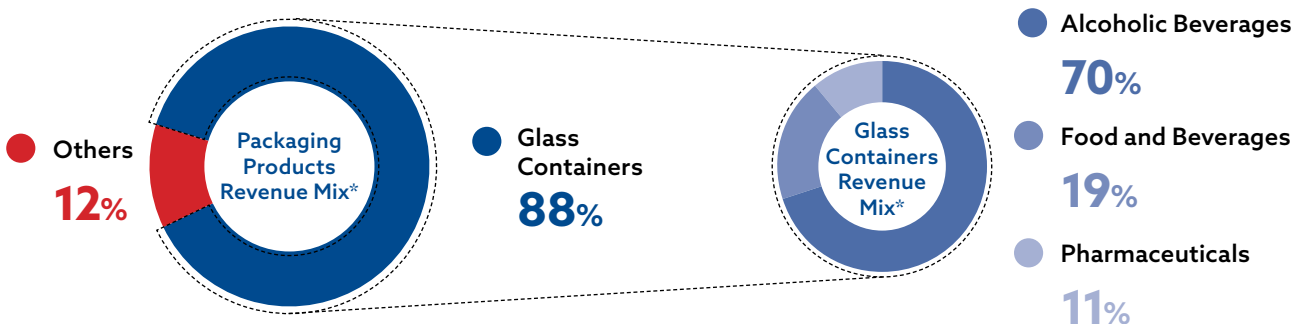
Our consistent investments equip our business segments to cater to evolving consumer demands while remaining relevant across cycles.

PACKAGING PRODUCTS DIVISION



Glass containers

HSIL is the second largest manufacturer of glass containers in India with two state-of-the-art manufacturing plants in Telangana, catering to the needs of a broad range of industries such as alco-bev, pharmaceutical, Food and Beverages (F&B), non-alcoholic beverages amongst others. Driven by growing customer demands, we continuously invest in our people and use cutting-edge technology to create new milestones in quality and design.



*FY 2020-21



PET bottles and products

Our PET bottles and products business help us widen our offerings and cater to the substitute market as well through products manufactured at our plants located in Telangana, Karnataka and Uttarakhand. We partner with our customers to successfully create products to meet their expectations.



Security caps and closures

The counterfeit-resistant security caps and closures business is aligned with our glass containers business, especially in the alco-bev sector. At our state-of-the-art facility in Telangana, we manufacture secure packaging solutions to thwart the risk of tampering. Our sustainable manufacturing practices have set a new benchmark in the industry. We have the first IGBC platinum-rated facility in the Indian caps and closures market.

BUILDING PRODUCTS DIVISION



Sanitaryware and faucets

HSIL is one of the most trusted, largest sanitaryware and one of the leading faucet manufacturers in India. Our sanitaryware products are manufactured at our state-of-the-art plant at Haryana and Telangana. We have two plants in Rajasthan for faucets manufacturing.



Plastic pipes and fittings

The plastic pipes and fittings business has emerged as a key growth driver. Our offerings include UPVC, CPVC, PVC and SWR range of pipes and fittings as well as newly-launched column pipes. We have a strategic 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 offer best-in-class products in the Indian market.

Our plant in Telangana is platinum rated by IGBC, making ours the only plant in the plastic pipes and fittings industry in India to accomplish this coveted feat.

Chairman's Message

There are no shortcuts to excellence

Dear Shareholders,

We are in the midst of a global pandemic that has impacted millions of people, resulted in the loss of hundreds of thousands of lives, and caused deep disturbance across the globe. No business, whether big or small, has been able to avoid the impact of the sweeping pandemic and the subsequent lockdowns which crippled global trade in FY 2020-21, the residual fallout of which continues to impinge on global supply chains.

The pandemic tested the resilience of business models of corporates across the globe. Many went for a complete overhaul, while others opted for short interventions. But only those with a robust core and agile enough to recalibrate could withstand the far-reaching impact of the pandemic. The other thing that emerged out of the pandemic was the opportunity to rethink and rejig, examine opportunities to reallocate resources in areas that would allow maximum growth, adopt new technologies and look closely at sustainability practices.

THE PANDEMIC EFFECT

For us, at HSIL, we rediscovered the strengths of our employees. It was their hard work and dedication, along with our longstanding relationship with institutional customers, and suppliers, that saw us through one of the most difficult challenges to our business.

By the beginning of FY 2020-21, we were aware that the COVID-19

pandemic would have an unsettling impact. Despite the Government of India implementing a number of measures to limit the spread of the disease, most non-essential businesses were shut down. Our operations too were affected, both directly and indirectly, as many of our suppliers suspended their operations. However, our glass manufacturing plants were categorised under 'essential category' and were operational, albeit at a lower capacity utilisation.

Throughout the rapidly evolving situation, our primary concern was, and it still is, the health and safety of our workforce. We have taken multiple steps across our plants and offices to protect our employees, their families, and the communities in which we operate. We have also initiated a programme to inoculate our employees and their families, reinforcing our commitment of prioritising the health and well-being of our people. And I am proud to say today that we have managed to pull through the crisis together. We have not only posted strong results but have also emerged with a new sense of purpose.

PERFORMANCE OVERVIEW

We have demonstrated a strong financial performance during the year – including solid fundamentals, growth, and increased shareholder value – which you will see reflected throughout this report. The growth was volume-driven, with the Packaging Products business contributing more than 65% of the



For us, excellence is a journey without full stop. During a difficult year, it was our sustained commitment to excellence, be it in operations, in cost optimisation or technology adoption, that helped us withstand the challenges.

revenues on the back of the strong demand for our glass containers across multiple segments.

Our flexible business model, higher operational efficiencies and better product mix made it possible for us to continue to operate profitably through these difficult and uncertain times. We delivered strong annual growth despite the losses incurred from the lockdown in Q1 FY 2021 as we continued focusing on our operational excellence.

SUSTAINABILITY FOCUS

Dedicated to improving our environment, social and governance (ESG) performance, and setting benchmarks for the industry, we are reducing our carbon footprint across operations and ensuring sustainability across the life cycle of our products.

Sustainability is an integral part of everything we do. We have deployed various sustainability programmes to reduce emissions, save energy and 'revaluate' waste. Our motto is to deliver exceptional business results to all our stakeholders while advancing a positive environmental and social impact. Our unwavering commitment to governance excellence, compliance, and ESG performance is overseen by our Board of Directors.

EMPOWERING OUR PEOPLE

We provide a work environment that is inclusive, enabling and collaborative. The reason we were able to work efficiently during the pandemic is because we invested time in charting clear goals and strategies for our Company and empowered our people to make decisions. At the same time, we spent time and resources on coaching, recognising merit and hard work and adopting digital tools that would enhance collaboration.

In the days ahead, we will continue to provide our people with the moral boost necessary to take the lead in fulfilling goals.

GIVING BACK TO OUR COMMUNITIES

Since the beginning of our journey, we've been an ally for our communities in their times of need, including during health crises and natural disasters. During the year, we undertook several initiatives to promote various campaigns under healthcare, hygiene and sanitation, education, skill development, amongst others. Acutely aware of how the pandemic was impacting the education of school children, particularly those who belong to underprivileged communities and had no way to catch up on the classes that had shifted online, we ran the 'Phone Uthao, Class Chalao' campaign. Under this campaign, we provided students with smartphones to help them bridge the digital divide.

We also partnered with a leading non-profit organisation committed to the welfare of underprivileged children to drive the campaign, which ensured continuity in learning at home.

SUSTAINING OUR EXCELLENCE

For us, excellence is a journey without full stop. During this difficult year, it was our sustained commitment to excellence, be it in operations, in cost optimisation or technology adoption, that helped us withstand the challenges. Our single-minded focus on quality and getting better at everything we do has helped us deliver robust returns to our stakeholders. This quest for excellence will continue, and I am sure, it will propel the Company onto a trajectory of higher growth, and thus sustain its ability to deliver excellent returns.

I take this opportunity to thank our employees, the Board of Directors, bankers and lenders, government authorities and most importantly, our shareholders, who have been part of this exciting journey. I am hopeful that they will continue to repose their trust in us.

Warm regards,

Dr Rajendra Kumar Somany
Chairman and Managing Director



Vice-Chairman and Managing Director's Message

Demonstrating resilience



“

We are among the handful of companies in the world which have the flexibility to use any type of fuel such as natural gas, coal gas, LPG, furnace oil as well as pet coke and others.



₹ **298** CRORE

Net cash flow from operations
FY2020-21

Dear Shareholders,

FY 2020-21 was an unusual and an uncertain year, given the COVID-19 pandemic and the ensuing lockdown. It tested the agility of our business model and its ability to transform with the rapidly evolving external realities. But we have once again proved that we are indefatigable when pitted against challenges. It was a year that tested us on many fronts, but one that showed the true strength of the Company, and our business model to better position ourselves for the future. We continued working on strengthening our business foundation despite the plethora of challenges that the pandemic brought to the fore.

We anticipate further uncertainties in the future and are preparing ourselves to tackle the same.

Amid the restrictions that curtailed both social and economic activities, our first quarter was severely impacted. We concentrated on ensuring the health and well-being of our employees while focusing on operational leanness and protecting the cash flow at the same time.

The tenacity and the strength of our operating model have helped us not only in turning a tight corner with remarkable agility but also in sustaining a strong growth momentum. We closed the year on a positive note, registering sequential growth that offset the revenue loss suffered in the first quarter, and appreciably improving margins over the last year. Our clear strategic direction is evident from the progress of our greenfield projects, the technological advancements we continue to make as well as our keen attention to imbuing sustainability into every stage of our business process. With our strong growth focus, we remain well-positioned to make use of every opportunity that comes our way and deliver sustained value to all our stakeholders.

DEMONSTRATING ROBUSTNESS

Despite the COVID-19 related challenges, we maintained our topline. The total income of the Company stood at ₹ 1,881 crore in FY 2020-21 against ₹ 1,879 crore in FY 2019-20. EBITDA for FY 2020-21 stood at ₹ 308 crore with margins improving to 16.4% as compared to 15.5% the previous year. Net profit stood at ₹ 88 crore with a margin enhancement to 4.7% in FY 2020-21 as compared to 2.6% in FY 2019-20. We were able to deliver results owing to our steady focus on operational excellence, cost rationalisation and improved product mix.

Our exploration of new revenue streams, introduction of new products, adoption of new technologies that improve efficiencies resulted in a strong net cash flow from operations of ₹ 298 crore (excluding one time income tax refund of ₹ 51 crore) in FY 2020-21, registering a growth of 179% y-o-y. On the back of sustained profitability, we were able to repay a total debt (net of proceeds) of ₹ 93 crore even as we utilised cash of ₹ 78 crore towards the buyback of shares and incurred a capex of ₹ 170 crore.

BACKED BY STRONG DIVISIONAL PERFORMANCE

The Packaging Products Division revenue in FY 2020-21 was ₹ 1,259 crore and its contribution to the total revenue for the year was 68%.

We are investing continuously in technology in line with our customer requirements and providing them with cutting-edge products to meet their growing requirements. Our investment in three high-technology Narrow Neck Press and Blow (NNPB) machines with advanced controls helped us produce lighter bottles,

catering to the preferences of the beer industry.

Over the years, we have built a strong product portfolio and an improved product mix, which have helped in strengthening our realisations. We have also continued to make strong progress on our plans to use alternative fuel for our glass containers plants. The conscious decision to utilise the best available fuel has enabled us to consistently improve and maintain margin profile despite significant volatility in fuel prices. We are among the handful of companies in the world which have the flexibility to use any type of fuel such as natural gas, coal gas, LPG, furnace oil as well as pet coke and others.

Our entry into the high-margin specialty glass segment is expected to further strengthen our presence in the glass packaging segment. The segment growth is supported by focused marketing strategies and advertisements by high-end perfumery, liquor, and cosmetics companies as well as the rising trend of online shopping which, we believe, will propel the growth of this segment across the country. We are investing ₹ 220 crore to set up a greenfield facility to



Vice-Chairman and Managing Director's Message

manufacture pharmaceutical vials as well as specialty glass containers for perfumes, cosmetics, and spirits. This includes a 150 tonnes per day furnace with five manufacturing lines. Our specialty glass packaging facility at Bhongir is nearing completion and is likely to be commissioned in 2022.

For the year, our Building Products Division revenue stood at ₹ 593 crore. Judicious and sustained investment in innovation has ensured that we are always future ready. This has helped us reinvent our processes for the use of alternative materials to enhance the attractiveness of our bathware products. The business is witnessing strong growth on the back of the government's impetus to infrastructure, revival of the real estate industry, together with the emphasis on sanitation and water supply under several government schemes. The business witnessed a pickup in demand with the gradual opening up of the economy. We continue to move forward with our focus on introducing automation in business processes, reducing wastage, exploring the possibility of strategic tie-ups, capacity enhancement, and adoption of measures to increase overall efficiencies.

“

We are investing ₹ 220 crore in setting up a greenfield facility to manufacture pharmaceutical vials as well as specialty glass containers for perfumes, cosmetics and spirits

Under our Plastic Pipes and Fittings business, we launched a slew of SKUs to create a wide product portfolio for the diverse needs of our customers including our patented column pipes. We are in the process of increasing the production capacity at our plastic pipes and fittings plant in Sangareddy, Telangana to augment production from the current 30,000 tonnes to 48,000 tonnes by Q2 FY23. The strategy is in sync with the growing demand for our CPVC pipes and fittings and recently introduced UPVC column pipes products despite the ongoing pandemic. The ₹ 100 crore investment is a strategic decision to make our production facility more robust and manage demands in the new normal. It is also a testament to our commitment to customer-centricity and our vision for the future.

ENVIRONMENTAL STEWARDSHIP

Sustainability is not only entrenched in the values of our Company but also the foundation for long-term corporate success. Our motto is

to deliver exceptional business results to all our stakeholders, while advancing a positive environmental and social impact. Our expert teams across our manufacturing plants continue to ensure reduced reliance on finite natural resources and achieve the best results at the lowest total cost. Across our manufacturing plants, we are working on reducing water consumption, carbon emissions and waste stream, and supporting a safe, diverse and inclusive workforce.

We continue to optimise energy consumption in our plants and maintain our commitment to adopting and investing in environment-friendly technology and initiatives with the aim of embedding sustainability into our DNA. Besides improving processes and plant efficiencies, we are also focusing on developing products which are environmentally responsible.

Our glass containers plant at Bhongir has a rooftop and





11.5 MW

Solar power plant at our Bhongir unit



100%

Wastewater treated in our security caps and closures plant

ground-mounted solar power plant with an installed capacity of 11.5 MW. The system is 'On-Grid', that is, connected directly to the grid. We adopt a holistic approach in the development of our sustainable products. Greendrop Glassware, our B2C glass bottles uses Germ Guard technology to manufacture anti-bacterial food storage glass jars and water bottles.

Our security caps and closures plant has converted empty rooftop space to produce solar power of around 375 kWp to help reduce the plant's carbon footprint. We have an on-site sewage treatment plant to treat 100% of the wastewater generated to make the facility a zero discharge manufacturing plant. For our unwavering commitment to product innovation, the plant was awarded 'Excellence in Product Innovation' by the Federation of Telangana Chambers of Commerce and Industry- FTCCI Excellence Awards 2019.

A large number of our sanitaryware and faucets products are certified as green products on account of their lower water usage. At our plastic pipes and fittings plant, we have taken various initiatives to reduce GHG emissions such as carbon offset through on-site solar PVs. We will continue to focus on responsible manufacturing while ensuring strong ESG governance.

GEARED FOR GROWTH

I am excited about the future prospect of the Company, which is fully aligned to meet the changing market needs as well as the changing preferences of our customers given our strong innovation emphasis. We are present in fundamentally strong categories which have a robust growth outlook and we are constantly exploring newer ventures to create maximum value for our stakeholders. Our investments in digitalisation and automation to enhance process automation and

strengthening of product portfolio will drive steady growth for the Company in the coming years.

I take this opportunity to thank the entire medical fraternity and frontline workers for their relentless support to people across the world. I also thank the Government of India, and our people without whose dedication and support we would not have been able to sail through such a difficult year.

I also thank our investors and stakeholders for their unstinted support. We will continue to be a lean and agile organisation, act according to the strategic priorities we have set for ourselves and remain a sustainable and profitable business. We look towards the future with great confidence.

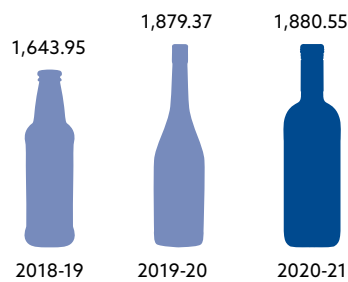
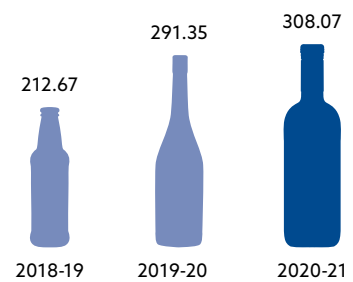
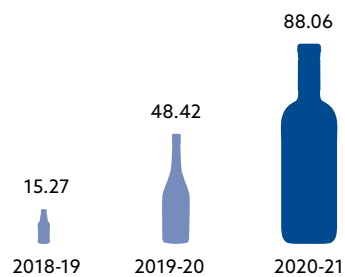
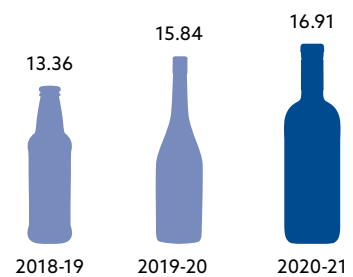
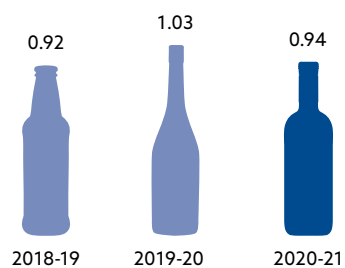
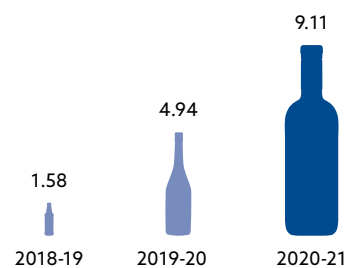
Warm regards,

Sandip Somany
Vice Chairman and Managing Director

Key Performance Indicators

Consistency in our growth trajectory



Total Income (₹ in crore)↑ **6.9% CAGR****EBITDA** (₹ in crore)↑ **17.0% CAGR****Profit After Tax** (₹ in crore)↑ **78.1% CAGR****EBITDA Margin** (%)**107bps*****Debt Equity Ratio** (in times)**Return on Net Worth** (%)**417bps***

* y-o-y growth

Note: Figures for FY 2018-19 are restated figures post scheme of arrangement which was effective from 1 April 2018

Business Model

Making our business future-ready

At HSIL, our focus has been to offer quality products and sustain a profitable business so that we can maximise the value created for our stakeholders. We have created an efficient business model that leverages our inherent strengths, competitive advantages and allows us to work on our strategic priorities.

OUR ENABLERS



Legacy and position

Leveraging our rich legacy and decades of experience, we have emerged as the second largest glass container manufacturer in the country with the capability of using recycled glasses, and one of the most sought after manufacturer of packaging and building products in the industry



Manufacturing footprint

We have 11 state-of-the-art manufacturing facilities equipped with world-class technology and equipment, spread across the country



Quality management

We have strong R&D and quality assurance teams, consistently ensuring we provide our customers with quality products. Our certifications validate our sharp focus on excellence through a robust quality management system



Diverse employee base

We have a strong and diverse talent pool comprising people from various fields of expertise and sectors, coming together to build a strong and diversified culture with cross-learning abilities



Intellectual expertise

Our R&D capabilities, coupled with our emphasis on compliance and strong governance that ensures timely filing of patents and trademarks, help us stay ahead of the curve at all times and address the latest trends in the market



Suppliers

Our select base of supplier-partners helps us source quality materials at the right price and right time. Our business partners are selected after careful validation as per our laid down criteria



Robust governance framework

Our robust governance framework ensures transparency and accountability. We have in place a strong internal control system that ensures conformance to the applicable laws and regulations



Environment footprint

Our conscious efforts in reducing our environmental footprint include investments in solar power plants, green manufacturing units, recycling waste and conservation of finite resources

OUR VALUE-CREATION PROCESS



Innovation

Continuous innovation helps us stay ahead of our competition and create benchmarks in the segments we operate in



Manufacturing

We deploy cutting-edge technology for manufacturing our products efficiently while conserving natural resources. We work towards continuous improvement of our processes to achieve greater efficiency



Execution

We devise our strategies for seamless execution by removing operational bottlenecks. We have continuous monitoring systems to identify deviation and take agile response, including cost control measures



Marketing

Our products are seamlessly marketed across the country to renowned international clients, derisking us from dependence on individual clients

VALUE CREATED



Financial

Despite a challenging year owing to the pandemic, we reported stable revenue backed by robust EBITDA growth in FY 2020-21

Top-line and bottom-line growth

- Total income: ₹ 1,880.55 crore
- EBITDA: ₹ 308.07 crore
- Net profit: ₹ 88.06 crore

Shareholder and investor returns

- Earnings per share: ₹ 12.71
- Dividend per share: ₹ 4
- Market capitalisation as on 31 March 2021: ₹ 992.46 crore
- Successful completion of buyback programme



Intellectual

During the year, we launched several new products that cater to evolving customer needs

- Glass container segment developed 93 new products and commercialised 59 new products to strengthen the product portfolio
- Designed 150+ new PET products and 29 new products commercialised
- Developed 15 new SKUs under the sanitaryware product portfolio
- Developed 15 new products under the faucets product portfolio
- Increased the total number of SKUs from 1,000 to 1,100 in FY 2020-21 for plastic pipes and fittings business



Employee

We foster a culture of equality and strongly promote career growth, helping us strengthen our employee base with a strong retention rate



World-class products

Our state-of-the-art manufacturing process ensures production of a wide range of products including touchless and tankless products, benchmarked with global quality standards and exceeding the expectation of our customers



Environment

During the year, we continued to make strong progress on our plans to mitigate climate risk and positioned the Company for success in a lower-carbon energy future



Community

Our spending included contributions to non-profit organisations and investments in social and economic projects through collaboration with other organisations in the community where we operate

Business Review

Our strategy to forge ahead

Our sustained commitment to excellence has naturally endowed us with capabilities and growth levers that equip us to face the challenges of a rapidly changing industry. We will continue to propel ourselves forward on the strength of our manufacturing excellence, innovation drive and strong leadership.

PACKAGING PRODUCTS DIVISION



₹ **1,259** CRORE

Revenue from operations



₹ **196** CRORE

EBIT

AGI GLASPAC

Products

- › Containers and bottles
 - Soft drink
 - Beer
 - Liquor
 - Wine
 - Pharma
 - Chemicals
- › Food jars
 - Retail
 - Fast-moving consumer goods

Industries served

- › Beverages
- › Liquor
- › Wine
- › Beer
- › Pharmaceuticals
- › Cosmetic
- › Personal Care

Facilities

Bhongir,
Telangana

Sanathnagar,
Hyderabad,
Telangana

Capacities

950 TONNES
Per day

650 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

Sangareddy,
Telangana

Dharwad,
Karnataka

2,569 TONNES
Per annum

2,313 TONNES
Per annum

5,284 TONNES
Per annum

AGI CLOZURES

- › Counterfeit-resistant security caps and closures

- › Alcoholic beverages
- › Wine
- › Liquor

Sangareddy,
Telangana

780 MILLION
Pieces per annum (small caps)

132 MILLION
Pieces per annum (large caps)



Business Review

GLASS CONTAINERS

With an in-house design facility, mould manufacturing and ACL (Applied Ceramic Labeling) facilities, AGI Glaspac has fully integrated operations. We are focusing on R&D in the areas of inputs, processes, metallurgy and products using both in-house and external capabilities and support from across the world. Given our strategic focus on improving our manufacturing excellence, we undertook a host of initiatives in FY 2020-21 in the glass containers business.

Technology upgradation

- Increased line 13 and 16 LEHR's tunnel height to enable the production of wine and beer bottles
- Invested in three high-technology Narrow Neck Press and Blow (NNPB) machines with advanced controls, helping us manufacture lightweight NNPB bottles, especially for our beer industry clients. The technology helps reduce bottle weight by a third without compromising on quality or performance
- Commenced work on the greenfield facility at Bhongir to produce 150 tonnes per day of

specialty glass at an investment of ₹ 220 crore

Process improvement

- We commissioned a 'pick and placer' machine at Line 11, NHW 3 for manpower optimisation
- Our process-strengthening initiatives included investments to use multiple fuel systems like furnace oil, LPG, coal gas, natural gas and pet coke, among others to cushion risks arising from fuel price volatility. We are one of the few companies in the world to achieve this feat
- We also strengthened processes for recycling glass bottles while using different materials to achieve weight reduction

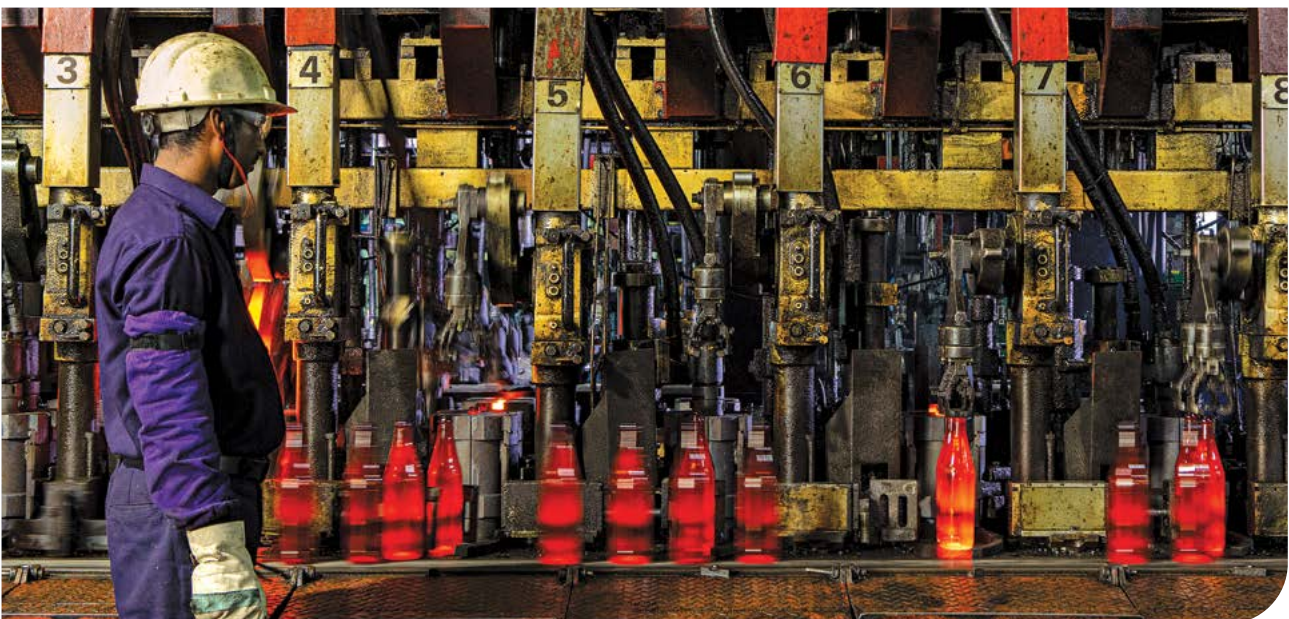
Market expansion

- We have embarked on exploring newer geographies to widen our reach. We have already expanded our reach in distant markets like Canada, USA and Australia, increasing the proportion of export volumes in our total sales volumes



USE, RECYCLE, REUSE

Glass production is a material-intensive process. With an increasing number of alco-bev brands joining the fray, glass demand is expected to increase. Bottles used by most brands contain a small percentage of recycled glass, usually coming from waste produced in the large-scale manufacturing process itself. However, our new bottles are made using significant percentage of recycled materials. The energy required to melt this glass is less than that required to convert raw material into glass. This results in lower CO₂ emissions and reduced extraction of virgin materials.



PET BOTTLES AND PRODUCTS

Our PET bottles and products business help us tap into the substitute market of glass containers and ensure that we capitalised on the opportunities offered.

During the year, we undertook the following initiatives.

Certification

Our Selaqui plant got SADEX and SMETA certified.

New product development

- We designed 150+ new products
- Commercialised 29 new products

Operational achievements FY 2020-21

Ensured the highest-ever average production.



SECURITY CAPS AND CLOSURES

Our foray into the business has helped us position the Company as a one-stop solution provider for our packaging business. The business is engaged in the manufacture of tamper-proof security caps and closures. During the year, we undertook the following initiatives:

New product development

- We tapped the large bottle segments of 750 ml, 1 litre as well as 2 litre, which is expected to strengthen our capacity utilisation

New market development

- We started exploring new markets in India through trials with renowned alco-bev players
- During the year, we got empanelled with one of the largest liquor players in India and collaborated with a renowned company for the introduction of T-cork closures and stoppers for their super premium brands

Business Review

MARQUEE INSTITUTIONAL CLIENTS



BRANDS WE CATER TO



Business Review

CORE STRENGTHS



Scale: With a manufacturing scale of 1,600 TPD, we are the second largest glass manufacturer in India and this helps us enjoy economies as well as the trust of our customers for seamless supply of quality products



Experience: Unmatched experience of 40+ years



Range: Wide range of products starting from 5 ml to 4,000 ml, helping cater to a wide variety of downstream users of glass containers; PET bottle range includes 10 ml to 10 litres. The products are available in different designs, shapes, colours and textures



Value-addition: In-house facilities like printing and hot-filing for value addition in the counterfeit-resistant security caps and closures business



Product design: Our products are designed to match the diverse requirements of our customers



Supply chain and logistics: We have invested in creating a strong supply chain that helps us achieve seamless manufacturing and service our customers on time

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
- FSSC 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



AWARDS

- AGI Glaspac-Hyderabad Unit won the Best Safety Systems Excellence Awards from FICCI
- AGI Clozure won 'Excellence in Product Innovation' Award from the Federation of Telangana Chambers of Commerce and Industry- FTCCI Excellence Awards-2019



STRATEGIC OUTLOOK

Driven by the demand from several downstream sectors, glass consumption is robust in India. The low per capita consumption provides a strong growth opportunity for the sector going ahead. Growing environmental concerns that are giving rise to the use of glass packaging in the food and beverages industry are driving the demand for glass packaging solutions. We have been consistently investing in technology and processes to service the growing demand for glass packaging in the country. The state-of-the-art technology used in the production of packaging products helps us cater to a diverse base of downstream sectors that require specialised glass and PET packaging products. We are continuously exploring new markets and customer segments to diversify our base.

The sustained growth of alco-bev and pharmaceutical industries are expected to create a favourable environment for the growth of our glass containers business. Our focus will remain on innovation and continuous launch of new products to stay ahead of competition. Further, the use of anti-counterfeit security caps and closures technologies gaining traction with the alco-bev industry, we are positioned attractively in the industry among our clients.

We are also rapidly moving towards premium products which would help in strengthening our market position and expanding our margins. With the commissioning of the new facility, we will manufacture high-quality specialty glass which will cater to diverse industries, such as sparkling wine, pharmaceuticals and cosmetics.



Business Review

BUILDING PRODUCTS

 **₹ 593 CRORE**
Revenue from operations

SANITARYWARE			
Products		Facilities	Capacities
› Water closets	› Urinals	Bahadurgarh, Haryana	UPTO 2 MILLION Pieces per annum
› Wash basins	› Cisterns		
› Pedestals basins		Bibinagar, Telangana	UPTO 2.2 MILLION Pieces per annum
› Squatting pans			
FAUCETS			
› Showers		Kaharani, Rajasthan	3.7 MILLION Pieces per annum
› Bathroom and kitchen faucets			
› Accessories		Bhiwadi, Rajasthan	0.5 MILLION Pieces per annum (under temporary shutdown)
PLASTIC PIPES AND FITTINGS			
› Chlorinated PVC	› Soil-Waste-Rain (SWR)	Sangareddy, Telangana	30,000 TONNES Per annum
› Unplasticised PVC	› Column Pipes		
› PVC			

SANITARYWARE

Supported by our rich industry experience, we have emerged as one of the most renowned and respected manufacturers of sanitaryware in India.

Process improvements

- Air nozzles have been replaced with self-automised nozzles to optimise and reduce the use of compressed air
- Installed UPS for robotic glazing system, ensuring enhanced process consistency
- Installed automatic raw material batching system to eliminate manual errors, ensuring improvement of slip quality

New product development

- Focused on new SKUs to cater to changing market trends and demands
- Developed 15 new SKUs under the sanitaryware product portfolio
- Channelised our R&D efforts towards identification of the right alternate materials to create new body mixes and glaze mixes to optimise cost



FAUCETS

We are the second largest faucet manufacture in India. We undertook various initiatives to improve our manufacturing capability.

New product development

We developed 15 new products.

Efficiency improvement

- We installed eight spindle peeling machines to increase productivity and process efficiency and an automatic buffing machine to further increase productivity
- We installed variable frequency drives in auto polishing machines to ensure lesser use of power and increased process efficiency
- Our robust process control led to a drop in the rejection rate in the manufacturing process
- We have equipped our plants with the most advanced X-ray thickness meter for measuring plating thicknesses and ensuring consistency in product quality



PLASTIC PIPES AND FITTINGS

We undertook numerous initiatives to enhance our manufacturing abilities.

New product development

We increased total size of SKUs from 1,000 in FY 2019-20 to 1,100 in FY 2020-21 to provide increased choice to our customers.

Efficiency improvement

- We enhanced technology use for better performance and efficient utilisation of power and continued our journey towards cost optimisation and better resource utilisation
- We entered into strategic tie-ups to ensure efficient sourcing of materials and improved control on quality

- We are increasing extrusion lines and injection moulding machine to enhance capacity.

Further investments are being made in a new facility for capacity expansion



Business Review

CORE STRENGTHS



Scale: Leading player in the sanitaryware and faucets segment with manufacturing capacities that help us enjoy economies of scale and effectively cater to the growing demand



Expansion: We are quickly ramping up our capacities to meet the growing demand for our products



Experience: More than six decades of relevant industry experience; pioneers of vitreous china sanitaryware in India



Range: Vast range of products catering to various price points and customer requirements



Innovation-led: We are driven by the strong zeal to challenge the conventional and continuously introduce new products



Product design: We work closely with our clients to manufacture and develop products aligned to their specific requirements



₹100 CRORE

Investment to expand the current capacity of our plastic pipes and fittings plant at Sangareddy in Telangana

STRATEGIC OUTLOOK

To stay relevant in the market and stay ahead, our R&D team is constantly using latest technologies to build new products and strengthen the product portfolio. The aim is not only to develop relevant and new designs that serve multi-fold purposes, but also manufacture sustainable products while minimising process loss, debottlenecking and increasing efficiencies. We are also investing continuously to improve product quality with the aim to emerge as a centre for manufacturing excellence.

Under our plastic pipes and fittings business, we are in the process of investing ₹ 100 crore in the Sangareddy plant to augment the production capacity to serve the requirements of a growing customer base, optimise lead-time, and consistently meet future demand. We have commenced the construction and the work is progressing as per schedule.

Our PVC range of pipes and fittings are lead-free and we are undertaking extensive research to help us move towards a completely lead-free product range.

SCALING OUR INFRASTRUCTURE

Glass containers

At HSIL, we are committed to investing in the business through timely expansions to meet the growing market demand. During the year, we continued with our expansion plans. We chalked out investments to the tune of ₹ 220 crore in AGI Glaspac to manufacture specialty glass at a new greenfield facility in Bhongir, Telangana. The high-quality specialty glass products will cater to industries such as pharmaceuticals including vials, perfumery, cosmetics, and high-end liquor.

Plastic pipes and fittings

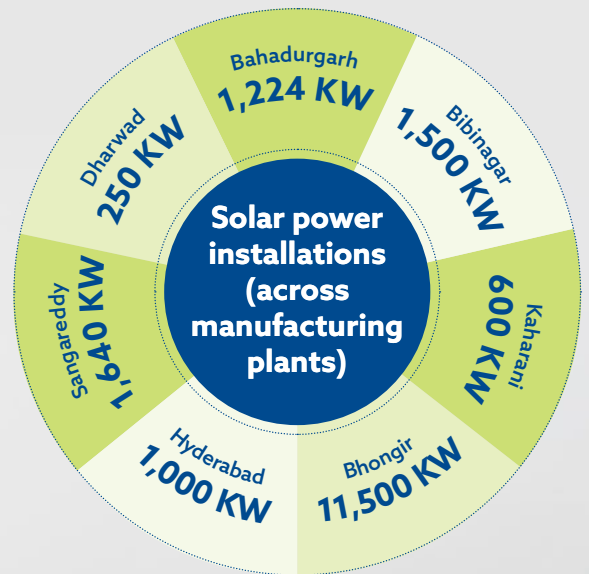
We also undertook another investment of ₹ 100 crore to expand the current capacity of our plastic pipes and fittings plant at Sangareddy in Telangana. Our plastic pipes and fittings business is on an accelerated growth chart despite the ongoing pandemic, and there has also been a significant increase in the demand for our CPVC and UPVC pipes and fittings, PVC, SWR and column pipes. This expansion will help us augment production from the current 30,000 tonnes to 48,000 tonnes by Q1 FY 23.



Growing ESG Focus **Environment**

Managing our carbon footprint

At HSIL, we understand that sustained business growth is linked to being environmentally and socially responsible, and requires the highest level of corporate governance. We are now looking at all our functions and processes through the ESG lens, refashioning our systems and processes where necessary and mapping the impact we create on the environment and on society. Adhering to HSIL's sustainability goals, our processes deliver consistent high quality, guarantee a high level of work safety in production and ensure minimum impact on the environment.





GLASS CONTAINERS

- Increased our access to solar power at both plants from 8.5 MW to 12.5 MW
- Replaced Centac 2 and Centac 5 Air ends from 3 stages to 2 stages for energy conservation and optimum efficiency
- Changed conventional HPSV/ fluorescent lamps with energy-efficient LED lights
- Commissioned 10 feet energy-efficient Lehr for Line 11



PET CONTAINERS

- Moving to source wind power energy for Dharwad Plant



SECURITY CAPS AND CLOSURES

- Decreased water wastage in hot well and cold well tank area
- Automation of pumps for maintaining the water levels to eliminate any chance of overflow, thereby saving water
- Reduced the running hours of the five thousands litres RO plant and reduced rejected water wastage by 3,500 litres/hour
- 100% usage of STP water output for factory gardening purpose through efficient sprinkling discharge
- 100% rainwater harvesting, with rainwater collection ponds
- An extensive green area of 80,000 sq. ft. contributes to the reduction of the greenhouse effect



SANITARYWARE

- Installed pressure switches in the de-dusting booths to automatically control the exhaust blowers and ensure optimised power consumption
- Substituted the high-energy consuming self-priming pumps with low-energy consuming sludge pumps
- Replaced capacitors with advanced energy-efficient capacitors to reduce energy wastage
- Installed energy-efficient exhaust fans in cast shops
- Changed the existing ceiling fans with energy-efficient fans
- Installed advanced robotic glazing system with vision cameras, which has helped us reduce the glaze wastages from processes



FAUCETS

- Installed motion sensors in conference room and toilets to save electricity
- Established Ozonator unit at the sewage treatment plant, enabling the reuse of treated water
- Installation of transparent solar glass in factory building to use sunlight without increasing temperature for human comfort
- Set up water flow meters at every consumption point for better monitoring and control of water



PLASTIC PIPES AND FITTINGS

- Reducing GHG emissions such as carbon offset through on-site solar photovoltaic (PVs)
- Sourcing power from our captive solar power generation unit of 640 kWh to reduce dependence on fossil-fuel based power

Growing ESG Focus Social (Employees)

Empowering our people

We continue to invest in upgrading the knowledge base and skillset of our people through comprehensive training and career development opportunities. Our compensation and reward programmes are best in class and equitable.

We believe in promoting diversity and equality and the philosophy has been ingrained across all our people processes, including recruitment, promotional practices, training and development and total rewards.

We believe in empowering our people, which aligns the organisational goals with the personal goal of each employee and helps them grow both professionally and personally. We have designed our training and development programmes to sharpen leadership capabilities and create a pipeline of future leaders to take on key leadership roles.

We aim at providing an enabling work environment that encourages equality and inclusivity. We invest continuously in developing the skillset of our employees and help them progress in their career paths.

During FY 2020-21, we undertook a number of initiatives to further strengthen our HR related policies and activities.

In response to the COVID-19 pandemic, we aligned our processes and systems to protect the interests of our employees. These included facilitating remote working for employees. We ensured stringent safety measures for our field staff and factory workers.

We kept them engaged and communicated with them frequently. Despite the pandemic, we kept our recruitment process activated for key roles. Recruitment was done online and new joinees were onboarded through a virtual mode.



During the pandemic, we shifted the learning programmes and trainings to the virtual platform to ensure continuity.

We also introduced new benefits to help our employees balance work and personal responsibilities while they continued to work from home. We supported our teams through pay protection and healthcare coverage.

We focused on strengthening our employees and processes alike so that we could emerge out of the pandemic stronger.

In order to increase efficiencies, we undertook business excellence initiatives such as Kaizen and Six Sigma. We also upgraded our performance management system during the year while strengthening our learning management system. We also devoted keen attention to talent retention and employee engagement during the fiscal.

In order to make ourselves an 'employer of choice', we continue to invest in systems and processes that foster growth and creativity.

The total workforce stood at 2,800+ at the end of 31 March 2021.





Growing ESG Focus **Social (Communities)**

Sustainability and stewardship – our mantra for social responsibility

Our welfare programmes are designed to serve communities in the short, medium and long term, building their resilience and capabilities steadily. We run our community initiatives with a purpose-driven approach, which focuses on enhancing stakeholder value, in concurrence with various social development programmes. We institutionalised the HSIL Corporate Social Responsibility Foundation to steward our community initiatives.

HEALTHCARE

We organised **Free Mobile Health Services** for the less privileged and low-income people in the villages near Bahadurgarh (Haryana) and Kaharani (Rajasthan) in collaboration with PHD Rural Development Foundation (PHDRDF). The programme focuses on primary preventive, clinical and diagnostic medical care through health camps. We provided two fully equipped ambulance vans for these health camps.

Through our foundation HSIL Corporate Social Responsibility Foundation ("Foundation"), we also undertook other social welfare activities, including education, healthcare, skill development and water conservation. Some of them are detailed here:

- Contributed to Shri Ram Krishna Sewa Sadan for rebuilding the Centre for Chemotherapy and Nuclear Medicine in their Cancer Hospital in Saharanpur, Uttar Pradesh
- Donated more than 2,700 PPE kits, including face masks, face shields, gloves, eye goggles, shoe covers and disposable bags to various hospitals, Trusts etc. across the country
- Continued to deliver primary healthcare service, 'Swastha Sampada' to the villagers in the vicinity of our manufacturing units at Kaharani (Rajasthan), Bahadurgarh (Haryana), Bibinagar and Bhongir (both in Telangana)



HYGIENE AND SANITATION

We are actively working towards providing safe and hygienic sanitation facilities in government schools, institutions and communities close to our manufacturing plants to ensure young adults, especially menstruating girls, can continue their education without interruption.

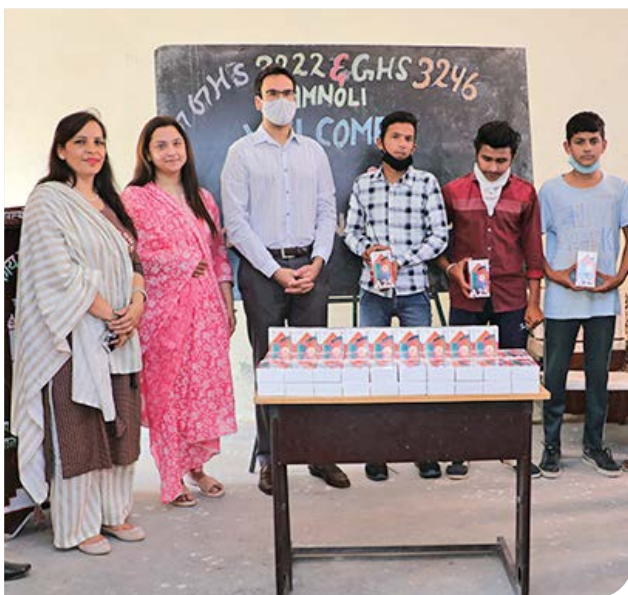
In association with PHDRDF, we undertook the construction, refurbishment, repair of toilets in various schools and communities near the villages of Bahadurgarh. This initiative will help reduce the incidence of tropical diseases that cause suffering among millions, promote dignity and enhance safety.

During the year, we continued to address the issue of potable water. We have installed Reverse Osmosis (RO) technology at Village Asoda, in Bahadurgarh. This will enable villagers to access safe and clean drinking water.

EDUCATION

We partnered with My Anchor Foundation (a non-profit organisation) through our Foundation to digitally empower students of rural and government schools. Our objective was to start smartphone libraries to increase educational reach. We donated smartphones to school principals for setting up these smartphone libraries, where they can use the phones on a rotational basis reach a significantly higher number of students.

We also provided desks and chairs and contributed towards the installation of solar power systems in various government schools for promoting education in nearby villages of Bahadurgarh.



SKILL DEVELOPMENT

We are actively working to enhance vocational skills in the community. We partner with Indian Plumbing Skills Council (IPSC) through our Foundation to provide free training for specific job roles as per National Skill Qualification Framework (NSQF) to independent plumbers.

Under the Recognition of Prior Learning (RPL) programme, they are assessed and subsequently felicitated with a certificate recognising their skills. The programme helps plumbers in improving their workmanship and increasing their earning potential. After the completion of the training, each plumber received a Govt. of India-IPSC-NSDC Certificate, which is a formal recognition of their skills. We trained ~1,000 plumbers across the country during the year and till date have helped 8,400+ plumbers train, upskill and get certified.

KAUSHAL VRIDHI

We continued our skill enhancement programme, Kaushal Vridhi, to provide sanitaryware and faucets industry skills to the villagers of Bahadurgarh in Haryana and Kaharani in Rajasthan. This is a cyclical project that helps villagers learn contemporary skills.

ENVIRONMENTAL SUSTAINABILITY, ECOLOGICAL BALANCE AND ANIMAL WELFARE

A healthy environment is key to economic development and growth. During the year, we focused on maintaining the ecological balance near our operational facility in Bahadurgarh and planted 200 trees in Kasar village near it.

We believe animals have as much right to the earth's resources as humans. Thus we are working to ensure their welfare with our contribution towards the construction of a cow shed at Godhan Sewa in Asoda village near our Bahadurgarh unit.

Note: Due to the pandemic, we are unable to start various recurring programmes such as Basic Literacy Centre (Prathamik Saksharata Kendra), Kushal Vikas (Skill Development-Computer Learning Centre) and Samarth (Cutting and Tailoring for Women) which help the community to get basic vocational education and training that also enhances women's empowerment.

Growing ESG Focus **Governance**

Excellence driven by leadership

At HSIL, we benchmark our governance framework with industry-best practices. Our idea of good governance is to promote transparency, accountability, awareness and equity in all aspects of our operations.

We have a strong governance structure in place, which is centred around an effective Board of Directors and Committees. The senior management reports to the Board of Directors on a periodic basis about the various risks identified. The Board maintains oversight, supervises the functions and ensures seamless operation of the business.

BOARD OF DIRECTORS

We have nine Board members, including five Independent Directors. Our Board has a diversified skillset and expertise in the fields of sales and marketing, business management, leadership and governance, legal and regulatory matters, finance, accounts and risk management and relevant technologies. The Board, with the majority of its Independent Directors, meets every quarter to review the organisation's performance.



Dr. Rajendra Kumar Somany
Chairman and Managing Director

Since: 09.01.1988
(Associated with the Company since 01.10.1965)

- Commerce graduate from St. Xavier's College, Calcutta University
- Provides strategic direction and vision to the Company
- Extensive 66-years work experience
- Active member of Rotary for the past 59 years
- Bestowed 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 'Lifetime Achievement Award' by ACETECH
- Conferred 'Lifetime Achievement Honour' by World Consulting and Research Corporation (WCRC)
- Conferred '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 '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 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 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 (IOM³)
- 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
Vice-Chairman and
Managing Director

Since: 12.09.1995
(Associated with the Company since
01.10.1985)

- Commerce graduate and a diploma holder in Ceramic Manufacturing Technology from the US
- 36-years work experience in the ceramics and glass industry
- Past President of PHD Chamber of Commerce and Industry (PHDCCI)
- Past President of International Chamber of Commerce (headquarters in Paris) India Chapter
- 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 Manufacturers' Association
- Chairman of Risk Management Committee of the Company
- Member of Corporate Affairs Committee and CSR Committee of the Company



Sumita Somany
Non-Executive
Non-Independent Director

Since: 29.05.2014

- Commerce graduate
- Possesses rich and varied experience in consumer behaviour, their buying patterns and related fields
- Under her leadership, EVOK business grew from start to upto ₹ 100 crore
- Possesses expertise in community services
- Member of CSR Committee and Nomination and Remuneration Committee of the Company



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

Since: 09.01.2006

- 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
Independent Director

Since: 17.01.2004

- Fellow Chartered Accountant with over 39 years of experience in the banking industry
- Former General Manager of the Central Bank of India and former 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



N. G. Khaitan
Independent Director

Since: 29.06.1996

- Attorney-At-Law and a Notary Public appointed by the Government of India
- Practices in Calcutta High Court and 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
- Former Vice President of the Agri-Horticultural Society of India
- 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 and Risk Management Committee of the Company



Anil Wadhwa
Independent Director

Since: 18.03.2020

- Ex-member of the Indian Foreign Services
- Served as Indian Ambassador to Poland, Lithuania, Sultanate of Oman, Thailand, Italy and San Marino in 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 Food and Agriculture Organisation (FAO) and International Fund for Agricultural Development (IFAD)
- Served as 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
- Partner in an LLP-India Pathfinders Strategic Advisers
- Member of Audit Committee and CSR Committee of the Company



Rakesh Sarin
Independent Director

Since: 18.03.2020

- A Chemical Engineer and distinguished alumni of IIT BHU, London Business School and Saïd Business School, Oxford
- 44 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 of operations of large corporations as CEO and Director on the Board of various companies
- Member of Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Affairs Committee of the Company



Himalyani Gupta
Independent Director

Since: 18.03.2020

- Advocate with over 31 years of experience
- Standing Counsel for Union of India in the Hon'ble Supreme Court of India
- Senior Founding Partner in UHV International Partners, 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 litigation of national importance which led to the 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

There is no escaping the fact that emerging markets, as the rest of the world, are facing an unprecedented health and economic crisis, with potentially extreme economic and social consequences. The impact of the COVID-19 pandemic is all-pervasive and making itself felt on demand and consumer confidence, disrupting global value chains, trade, financial, transport and tourism linkages while setting back major advances in education, labour and gender rights.

A crisis of this magnitude always produces lasting changes. As we look around, we can see that happening. Companies are beginning to reassess their growth opportunities, some are reconfiguring their business model and reallocating capital more effectively. In other words, they are recalibrating their strategy to secure their future growth. Companies have become more agile and are constantly reviewing their plans to transform their operating model to create a more sustainable future.

At HSIL, we have also made swift changes in our way of functioning in purview of the unique challenges posed by the circumstances, but without losing sight of our long-term focus on delivering excellence. This has been at the centre of our efforts at improving productivity across all levels. At HSIL, we also focused on collaborative efforts to emerge

stronger out of the pandemic, on the back of innovation and strong focus on the health and safety of our employees. We resumed operations post the lockdown in absolute compliance with government guidelines and ensured a safe working environment for our employees. Through product and process innovation, and an unflinching focus on quality, ethical management and our social responsibility, we have been able to ensure business continuity as well as create value for all our stakeholders.

Despite a muted first quarter owing to the nationwide lockdown, this year we maintained our revenues on the back of improved realisations and better products in our Packaging Products Division. Our EBIT margins also improved substantially owing to better product mix and steady focus on operational excellence, which helped optimise cost. During the year, we continued our product and process innovation, developing new products and investing in high-end technologies to give us better control over the manufacturing process and deliver superior products to our customers. Fully aligned with the growth potential of our valued customers, we are well-positioned to drive revenue growth and cash flows and foray into another year of stellar service and performance.

Management Discussion and Analysis

Global economy

The year 2020 was marked by a once-in-a-century crisis caused by the COVID-19 pandemic that forced most of the countries to close their borders to control the spread of the coronavirus. This marked the beginning of an economic slowdown that saw global trade and supply chain structure undergo massive disruption and the manufacturing sector coming to a standstill across almost all countries.

Global trade volumes of goods and services contracted by ~8.5% in 2020. As a result, global output is estimated to have contracted by 3.3% in 2020, the sharpest since the Great Depression. Developed countries were the worst hit, with the advanced economies contracting by ~4.7%, as many countries in Europe and several states of USA adopted strict lockdown measures early on during the outbreak.

With the beginning of vaccine roll-outs across the world by the end of 2020 and the lockdown being lifted in a phased manner across various countries, the world economy started to rebound supported by major fiscal stimuli from governments and central banks in several countries.



OUTLOOK

The stronger than expected economic recovery in the second half of 2020 is expected to drive a positive global output growth at 6% in 2021 and 4.4% in 2022. In line with global output recovery, global trade volumes are expected to grow by about 8.4% in 2021. The approval of multiple vaccines at the end of 2020 and the subsequent launch of vaccination drive are aiding an optimistic recovery. Besides, a global fiscal support of close to US\$ 12 trillion, extensive rate cuts, liquidity injections, and asset purchases by various central banks could drive expectation of a faster recovery from the pandemic and generate stronger consumption, investment appetite and boost employment. However, surging infections in some countries may threaten the pace of recovery.

(Source: World Economic Outlook – April 2021, World Bank, World Economic Situations and Prospects 2021)

REGION-WISE GROWTH ESTIMATES (%)

Region	2019	2020 (P)	2021 (P)
World	2.8	-3.3	6
Advanced Market Economies (AMEs)	1.6	-4.7	5.1
Emerging Markets and Developing Economies (EMDEs)	3.6	-2.2	6.7
Association of South East Asian Nations (ASEAN)	4.8	-3.4	4.9
US	2.2	-3.5	6.4
Euro Area	1.3	-6.6	4.4
UK	1.4	-9.9	5.3
China	5.8	2.3	8.4
Japan	0.3	-4.8	3.3
Russia	2.0	-3.1	3.8

(Source: IMF)

The major economies across the world saw a slowdown in economic activity leading to a contraction of GDP during 2020 by as much as 9.9% for countries like the UK. However, some of the countries like China saw an early recovery from the pandemic and actually recorded a y-o-y growth in the GDP quantum, pulling the global economy from further downfall.

Indian economy

FY 2020-21 began amidst a nationwide lockdown announced on March 25, 2020 to contain the spread of the virus. The lockdown continued for most of the first two months of the first quarter of the financial year, amid widespread disruptions in trade and market linkage, bringing the economy to a standstill. This led to an economic contraction of 23.9% during the first quarter.

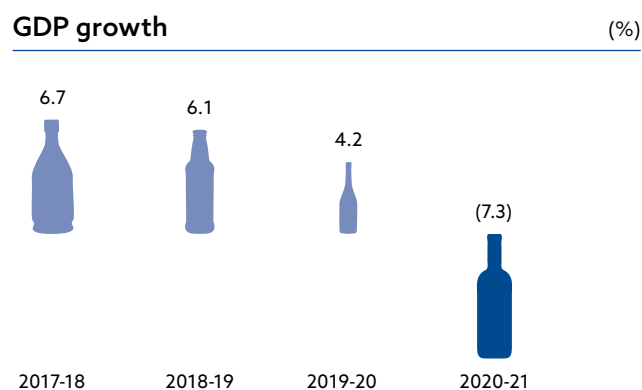
Post the lifting of the lockdown restrictions, the economy is gradually picking up pace on the back of various financial stimuli provided by the government. During FY 2020-21, the Government of India provided two specific financial stimuli – ₹ 20 trillion of COVID relief package and ₹ 2.65 trillion of comprehensive financial package. The financial stimulus of ₹ 2.65 trillion was under the AtmaNirbhar Bharat 3.0, under which the Finance Ministry focused on 12 key areas of financial support:

- AtmaNirbhar Bharat Rozgar Yojana
- Emergency credit line guarantee scheme for MSMEs
- Production linked incentive worth ₹ 1.46 trillion to 10 champion sectors
- Additional outlay under PMAY (urban) of ₹ 18,000 crore
- Support for construction and infrastructure by relaxation of earnest deposit money and performance security on government tenders
- Providing income tax relief for developers and home buyers
- Creating a platform for infra debt financing by undertaking ₹ 6,000 crore equity investment in debt
- Investing ₹ 65,000 crore for supporting subsidised agricultural fertilisers
- Boosting rural employment by investing ₹ 10,000 crore in PM Garib Kalyan Rozgar Yojana
- Investments to drive exports
- Capita and industrial stimulus of ₹ 10,200 crore
- R&D grant for COVID vaccine

In order to revive the economy, the government undertook direct cash transfers, following it up with a special economic stimulus package equivalent to 10% of India's GDP. To ensure basic necessities for migrant labourers, the government announced the 'One nation, one ration card' scheme, with the help of which, beneficiaries could claim their rations from anywhere in the country. The Reserve Bank of India also came up with a host of measures, among them a two-time policy rate cut, opening up many channels to increase liquidity in the system, and the announcement of moratorium and deferment of loan repayments.

However, considerable downside risks remain. Despite a speedy recovery in the second half of FY 2020-21, the Indian economy is estimated to contract by 8%. The fiscal deficit for FY 2020-21 is estimated at 9.5%. On account of increasing food prices, the consumer price inflation of India stood at 6.2% for FY 2020-21 compared to 4.8% in FY 2019-20. India's annual GDP is contracted by 7.3% in FY 2020-21.

INDIA'S GDP TRAJECTORY



Doing business at ease

The World Bank has released the 17th annual report on 'Ease of Doing Business 2020' to 'Compare Business Regulation in 190 Economies' where India ranked 63rd. The Government's 'Make in India' campaign with focus on attracting foreign investment, boosted the private sector (especially manufacturing) and enhanced India's overall competitiveness.

Management Discussion and Analysis



OUTLOOK

India had taken proactive measures to ensure the containment of the virus to attain economic normalcy. Lockdown restrictions had been lifted in the second half of the year and there was a pick-up in demand as well. However, the second wave of the virus towards the end of FY 2020-21, instilled fear among the population. Full or partial lockdowns have been imposed across states. Despite the surge in COVID-19 cases across the country, the IMF has raised its growth forecast of the Indian economy to 9.5% for FY 2021-22 and 8.5% for FY 2022-23.

This optimism is being driven by India's focus on normalising economic activities, coupled with the quick roll-out of the vaccine. The approval of the production-linked incentives for 10 major sectors will also help India attract investments, thereby catalysing its journey towards becoming a major global player. According to the Reserve Bank of India, consumer sentiment is recovering, which is expected to drive the manufacturing, services and infrastructure sectors in the next financial year. The government's fiscal stimulus under AtmaNirbhar 2.0 and 3.0 schemes are also expected to drive public investment, although private investment remains sluggish amid the current low-capacity utilisation. Besides these, favourable demography, an expanding population and urbanisation are projected to drive the India growth story in the foreseeable future.

(Source: Bloomberg, IMF)

MACRO DEMAND DRIVERS



RISE IN POPULATION

The population of India stood at 1.38 billion in 2020, accounting for 17.7% of the total world population, and is expected to increase to 1.64 billion by 2050, thus driving consumption in the economy.



URBANISATION

The rate of urbanisation in India stood at 35% in 2020, growing at 50 bps y-o-y, thus, driving consumption of utility-driven products across the country.



DIGITALISATION

With the increasing penetration of internet across the country, the demand for smart and intelligent utility-driven products has been increasing sharply. There has been a shift in consumption moving to the organised sector with the growing use of digitisation. The foreseeable future holds immense potential for consumption through mobile-first digital platforms.



Packaging Products Division



INDUSTRY REVIEW

Glass containers

The global glass bottles and containers market size stood at US\$ 58.64 billion in 2020, and is expected to reach US\$ 78.41 billion by 2026, growing at a CAGR of 4.18% between 2021 and 2026. The industry is seeing a spike in demand from the food and beverages and pharmaceutical sectors post-pandemic on the back of increased demand for food jars, medicine, and beverage bottles. Demand for glass packaging for cosmetics and perfumes also remains strong. The global dairy industry has been witnessing a backward shift from plastic to glass bottles following a shift in consumer preference for environment-friendly milk packaging and increased emphasis on health and hygiene.



SECOND LARGEST

Glass container company in the country

One of the biggest contributors of glass containers is the food and beverages sector that is led by USA, Canada, Japan, China and Europe. The total sales of this sector is estimated at US\$ 7.2 billion in 2020 and is expected to reach US\$ 8.5 billion in 2027, clocking a CAGR of 2.4%.

The alco-bev (excluding beer) sector is another big consumer of the glass packaging industry, which is also expected to grow to US\$ 27.2 billion by 2027, at a CAGR of 3.6% between 2021 and 2027. Beer remains one of the key consumers of glass bottles and is expected to report a growth of 5.2% during 2021-2026.

The glass packaging market size in USA is estimated to be US\$ 13.7 billion in 2020. Similarly, the market in countries such as Japan and Canada is expected to grow at a CAGR of 0.8% and 2.3%, respectively between 2021 and 2027.

The Asia-Pacific region is expected to register a significant growth compared to other nations, driven by an increase in demand for the pharmaceutical industry, which prefers glass packaging because of the inert nature of glass bottles. China, India, Japan, and Australia among others are the prominent nations majorly contributing to the growth of the Asia-Pacific glass packaging market.

In India, over the past few years, there has been a growing trend to reuse glass packaging solutions, especially bottles. As Indian consumers are focused on health, they are showing preference for glass packaging over other options, as glass prevents leaching from its surface.

Considering its wide range of benefits, glass packaging is on the rise for both cosmetics and fragrance, industries India is one of the fastest-growing markets for cosmetic consumption and production.

Glass packaging is one of the primary packaging materials used in the pharmaceutical industry as it is non-porous, impermeable and hygienic and has the ability to limit alkalinity. Glass packaging manufacturers and suppliers are trying to shift their base to India, China and Brazil in the foreseeable future due to the increasing opportunities provided by the pharmaceutical industry in these countries, especially in the generic drugs sector.

Management Discussion and Analysis

The Indian glass container market possesses ample headroom for growth, as reflected in an estimated CAGR of 6.78% between 2021 and 2026. The key growth drivers include low per capita glass consumption, reasonable prices of glass containers, strong and sturdy nature of packaging, and the high sustainability quotient of the form of packaging.

(Source: Reportlinker, Research and Markets)

PET bottles and products

Over the years, growing environmental consciousness and consumer advocacy have seen brand owners and national governments restrict the use of single-use plastic in packaging. This negative sentiment is seeing retailers and brand owners look for recyclable polymer packaging, leading to increasing demand for it across the world.

The global PET packaging market was estimated at US\$ 64.5 billion in 2020, and is projected to reach US\$ 82.9 billion by 2027, growing at a CAGR of 3.6% between 2021 and 2027. Of this, the bottles and jars segment is expected to contribute US\$ 29.4 billion in 2027, growing at a CAGR of 4% during the same period. The bags and pouches segment is expected to grow at a CAGR of 4.4% between 2021 and 2027.

The PET packaging market in USA was estimated at US\$ 17.4 billion in 2020, accounting for a market share of ~27%. China is also projected to reach a market size of US\$ 17.5 billion by 2027, growing at a CAGR of 6.6% between 2021 and 2027. Among other geographies,



the market in Japan and Canada is projected to grow at a CAGR of 1.1% and 2.7% respectively between 2021 and 2027.

India has one of the lowest per capita plastic consumption in the world, pegged at 13.6 kg compared to the global average of 30 kg in 2020, providing strong optimism for growth.

(Source: Businesswire)

Security caps and closures

The global plastic caps and closures market size was estimated at US\$ 44.3 billion in 2020, and is projected to reach US\$ 57 billion by 2025, growing at a CAGR of 5.2% between 2021 and 2025. The security caps and closure market is experiencing growth owing to the growing need for convenience and the concerns of the alco-bev sector for security and safety of products. In addition to it, decreasing package size, product differentiation and branding have had a major role to play in helping the market grow.

The Asia Pacific market is expected to contribute the highest towards the growth of the global security caps and closures market. This growth in the APAC market is attributable to the rising demand for caps and closures from the alco-bev sector. In addition to it, counterfeiting, piracy and smuggling cause losses to alco-bev manufacturers in terms of reduced sales, lower profits, brand value, reputation impairment, consumer distrust and much more.

Growth propellers

- **Rise in alcohol (excluding beer) consumption:** Indian alcohol consumption was estimated at 6.5 billion litres in 2020 from about 5.4 billion litres in 2016. The revenue from whiskey segment stood at US\$ 18,791 million in 2020 and is expected to grow at a CAGR of 8.5% between 2021 and 2023. This indicates the prospects of growth for the packaging industry in the foreseeable future
- **Growth in the beer market:** In terms of volume, the Indian beer market stood at 5,533.73 million litres in 2020 and is expected to reach 9,004.74 million litres by 2025, growing at a CAGR of about 10.2% between 2021 and 2025. Growing social acceptability and an expanding beer market on the back of differentiated preferences (for example craft beer) are driving the market growth. This naturally translates into a growth of the glass container packaging market in India
- **Growing pharmaceutical sector:** India's pharmaceutical industry was valued at US\$ 41 billion in 2020, and is projected to reach US\$ 65 billion by 2024 and US\$ 120-130 billion by 2030. This growth is largely attributable to India's position as a global leader in the generic drugs market. Further, COVID-19

has presented both a challenge and an opportunity for India to leverage its position as the generic drugs leader, catering to increasing global needs. During April-October, 2020, India's pharmaceutical exports stood at US\$ 11.1 billion compared to US\$ 9.4 billion in the corresponding period in the previous financial year, registering a y-o-y growth of 18%

- **Demand from FMCG sector:** The Fast-Moving Consumer Goods (FMCG) sector is the fourth largest sector in India, with household and personal care accounting for 50% of the total FMCG sales in India. The pandemic affected the FMCG market in the first quarter of FY 2020-21, but the third quarter ended on an improved note, with the sector clocking a growth of 1.6% over the corresponding year in the previous financial year. This recovery in demand is also aided by the rising popularity of easy-to-cook and readily consumable food products in fast-paced urban dwellings, thus driving the demand for the packaging industry
- **Countering piracy:** Counterfeit products are harmful to consumers and for the brand image. The increase in counterfeit products across the beverage, alcohol, pharmaceuticals, oil and lubricant sectors is alarming. This has resulted in greater focus and increased investments in better packaging for security caps and closures, with secure sealing at reasonable rates for an effective solution to the problem
- **Preference for glass packaging:** Growing environmental consciousness against single-use plastic packaging is also driving up demand for glass packaging, which has found increased usage

in the food industry for its ability to preserve taste and flavour

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.

We are the second largest glass container company in the country and have retained market lead through the right product mix, innovation, emphasis on quality and improved designs and differentiated products based on colour, shape, and size. This has also helped us generate consistent revenues for the Company, while attracting a larger and newer consumer base.

We offer customised PET bottles and packaging containers to our customers from three plants across northern and southern India. PET packaging can be substituted with glass packaging, helping us ensure either of the two of these products are always in demand, driving topline at an organisational level.

Our security caps and closures business enjoys synergy with the glass containers business as they have common customers, mostly from the alco-bev sector to counter pirated products and provide patented, anti-counterfeiting solutions. The security caps and closures division has witnessed an incremental demand over the last few years, ensuring the glass containers in which they are used are protected from the challenges of piracy and counterfeiting.



Management Discussion and Analysis

KEY HIGHLIGHTS OF FY 2020-21



Glass containers

- Our revenue growth was largely driven by improvement on account of improved realisations and better product mix
- Investment in process optimisation for recycling glass bottles
- Capability created to use multiple fuel systems like LPG, furnace oil, coal gas, natural gas and pet coke, among others to cushion risks arising from fuel price volatility
- Developed 93 new products and commercialised 59 new products to strengthen the product portfolio

PET bottles and products

- Designed >150 new products and 29 new products commercialised
- Received SADEX/SMETA certification for Selaqui plant

Security caps and closures

- Tapped the large bottle segments of 750 ml and 1 litre, driving topline and bottomline
- Focused on enhancing capacity utilisation by readjusting our liquor industry portfolio; started tapping into the 2-litre category to drive volume growth
- Received the prestigious award for 'Excellence in Product Innovation' by the Federation of Telangana Chambers of Commerce and Industry-FTCCI Excellence Awards-2019



EXCELLENCE IN PRODUCT INNOVATION AWARD

From Federation of Telangana Chambers of Commerce and Industry-FTCCI Excellence Awards-2019



OUTLOOK

To further maximise the potential of the packaging sector in India, the government has been continuously consulting industry experts. For instance, Packaging Industry Association of India (PIAI) has been asked to formulate policies and guidelines that are expected to augment India's export potential in the international market. Substantial investments in the food processing, personal care, and pharmaceuticals end-user industries are creating scope for expansion of the packaging market.

Under our glass containers segment, we are in the process of investing ₹ 220 crore to manufacture specialty glass at a greenfield facility in the existing Bhongir plant. It will have a manufacturing capacity of 150 TPD and include one new furnace with five manufacturing lines spread across 15 acres. The unit will also focus on exports to USA, Australia, and a few European countries. The specialty glass products will cater to industries such as pharmaceuticals, including vials, perfumery, cosmetics and high-end liquor. Our foray into production of specialty glass will further strengthen our footprint in the premium glass packaging segment. Also, the growth of the food and beverages sector and pharmaceuticals bode well for sustained growth of glass packaging. This coupled with our long-term association with customers and supply chain partners, will continue to help us generate steady orders and retain our growth momentum.

For our PET, we are collaborating with leading FMCG and pharmaceuticals companies to develop products with multiple use. We are also focusing on mechanisation and automation along with several cost reduction initiatives to further improve efficiency in our operations across all plants.

For our security caps and closures, we intend to increase our capacity utilisation in 2021-22. We also intend to multiply our revenues over the next three years on the back of capacity enhancements, strategic tie-ups and improved asset sweating. We have successfully associated ourselves as key suppliers to leading domestic and global brands. The security caps and closures have received good acceptance in the market owing to enhanced security features and unique aesthetics. Our aggressive marketing strategy in the African market has helped us garner good traction as we are steadily penetrating deeper into the market.

Building Products Division

INDUSTRY REVIEW

Sanitaryware

With an installed capacity of 40 million+ pieces per annum, India is the second largest sanitaryware producer in the world after China. The Indian sanitaryware market stood at US\$ 665.36 million in 2020, and is expected to reach US\$ 1,074.71 million by 2027, at a CAGR of 7.38% between 2021 and 2027. Easy availability of raw materials and skilled labour have made India a preferred manufacturing hub for sanitary products. Urbanisation, greater emphasis on health and hygiene, improved standards of living and a growing young clientele allow the sanitaryware market good headroom for growth.

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. The industry has been growing over the years on the back of favourable government policies, rapid urbanisation, nuclearisation and aspirational living. The increasing demand for premium bathrooms and functional kitchens translates into increasing demand for products that are innovative and contemporary in design.

Plastic pipes and fittings

The Indian Plastic pipes and fittings market is expected to register 15% CAGR during FY 2017-18 to FY 2025-26. The domestic plastic pipes industry size is estimated at ~₹ 315 billion and the organised players account for ~60% of the market share. The increasing demand for PVC pipes has largely been due to their functional benefits. Being lightweight with a smooth surface, they allow a faster flow of water, generating lesser friction compared to pipes made from cast iron and concrete. The rising demand for PVC pipes from agriculture, automotive, building and construction, electrical, and other end-use industries is expected to propel the growth of the PVC pipes market in the short and long term.

The market is moving towards PVC pipes that are compatible with hot and cold water and are more durable as compared to GI pipes. In addition, PVC pipes are excellent chemical-resistant pipes. They are also unaffected by chlorine, if present in the water supply.

Growth propellers

- **Demography:** The median age of India for 2020 stood at 28.4 years, which validates that India is one of the youngest countries. Millennials are increasingly showing a preference for improved standards of living, and premium sanitaryware products

- **Increasing urbanisation:** The rate of urbanisation in India is expected to reach 40% by 2030. The demand for building products has been rising in urban locales with the constant migration of people in search of a better life and livelihood
- **Government impetus:**
 - The project pipeline of *National Infrastructure Pipeline (NIP)* has been expanded from 6,835 projects in December 2019 to 7,400 projects in the Union Budget 2021-22. Of this, 217 projects worth ₹ 1.10 lakh crore have been completed, driving the building material market in the country
 - The Smart Cities mission saw a 20% growth in the budget outlay of FY 2021-22 compared to the actual outlay for FY 2019-20, pegged at ₹ 13,750 crore, leading to increased demand for building materials
 - *Atal Mission for Rejuvenation and Urban Transformation (AMRUT)* was started by the Government of India to provide basic household infrastructure and amenities, especially to the poor and the disadvantaged. Under this initiative, states across India have completed 2,854 projects worth ₹ 11,110 crore, and contributed to the growing demand for affordable and quality building materials
 - The government initially extended the buying of affordable housing units under the *Credit Linked Subsidy Scheme (CLSS)* for the middle-income group with an annual income of ₹ 6-18 lakh till 31 March 2021 from March 2020. This is expected to benefit ~2.5 lakh middle income families in the near future and would lead to an investment of ₹ 70,000 crore in the housing sector. The government has further extended the buying of affordable housing units under CLSS till 31 March 2022
 - Under the government's *Jal Jeevan Mission*, the proportion of households with tap water connection has increased from ~16% in August 2019 to ~38% in

Progress: Households provided with tap water supply (lakh)



Source: Ministry of Jalshakti

Management Discussion and Analysis

April 2021, driving the pipes and fittings demand across the country. Government sanitation programmes such as the Swachh Bharat Abhiyan has also contributed to the growing demand in this segment

- **Technological innovation:** The advent of nanotechnology has revolutionised the sanitaryware industry by increasing the shelf life of building materials and making them dirt- and bacteria-resistant. Such products are gaining traction across clinics, hospitals, laboratories and food processing plants, where hygiene plays a crucial role. A better in-store experience for consumers, which is now a major focus area for distributors, is enhancing choice, and thereby demand

BUSINESS REVIEW

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

On the back of our rich experience of decades, we have emerged as one of the leading players in the sanitaryware and faucet manufacturing sector. This rich experience, coupled with our legacy and our focus on research and development, we have launched many sustainable and pioneering products in the industry, over the years.

Further, to emerge as a complete bathroom solutions provider, we forayed into the manufacturing of plastic pipes and fittings segment (comprising PVC, CPVC, UPVC and Soil-Waste-Rain or SWR). The wide range plumbing solutions are used in the transportation of potable water, waste disposal, home plumbing, borewells, irrigation and sprinkler systems. The Company has an agreement with the ~US\$ 18 billion Japanese conglomerate Sekisui Chemical Co. Ltd. for the sourcing of NSF-certified CPVC compound, Durastream, to provide quality piping solutions to cater to varied market requirements. The products are manufactured in line with the Indian Standards Institution and other international standards.



KEY HIGHLIGHTS OF FY 2020-21

**Sanitaryware**

- Achieved significant cost reduction by wastage control, sharper focus on alternate raw materials and other cost saving measures
- R&D initiatives undertaken to identify the right alternate materials to create new body mixes and glaze mixes, where the recovery of glaze increased from 80% to 95%, reducing wastage and increasing efficiencies
- Increased automation helped us overcome the challenge of availability of skilled manpower and increased overall efficiency by 2% during the financial year

Faucets

- Invested in automation of grinding and polishing department by installing sophisticated machines that reduced overall production costs while helping in manufacturing of improved quality products
- Better process control led to drop in the rejection rate in the manufacturing process

Plastic pipes and fittings

- Extrusion lines and injection moulding machines to enhance capacity. A new facility is being developed for further capacity enhancement
- Increased total size of SKUs from 1,000 to 1,100 in FY 2020-21 by introducing new moulds at consistent intervals
- Strategic tie-ups to ensure efficient sourcing of materials and improved control on quality

**OUTLOOK**

We have a commitment to quality, cost efficiency and customer satisfaction, which have helped us to remain one of the largest manufacturers of sanitaryware in India. We research to continuously improve our products. Through the implementation of new technology and innovation we have been able to manufacture industry-leading products and create an efficient manufacturing supply chain platform.

We strive to further increase our focus on automation across the casting and glazing units. Increasing investment in automation and consistent debottlenecking of processes are expected to help us reach better capacity utilisation across all our plants.

For the faucet segment, our focus would continue to be on increasing efficiencies and reducing costs. To achieve this, we intend to invest consistently in automation to mitigate the challenges from the unavailability of skilled manpower.

Under our plastic pipes and fittings segment, we will make an additional investment of ₹ 100 crore at the Sangareddy plant to augment the production capacity from the current 30,000 tonnes to 48,000 tonnes by Q2 FY23. The strategic investment will help us cater to the requirements of a growing customer base, optimise the lead-time, and consistently meet the future demands from various markets. We will continue to retain our focus on product innovation to add value to our product portfolio. We will also strive to sustain our focus on increasing efficiencies across the plant.



1,100 SKUs

Portfolio for our plastic pipes and fittings business



48,000 MT

Our expected capacity at Sangareddy plant after an additional investment of ₹ 100 crore

Management Discussion and Analysis

People at HSIL

At HSIL, we retain our competitive edge not only because of our operational excellence but also because of a diverse talent pool that brings together experience across various sectors. We leverage domain knowledge of our people to create the building blocks of a world-class company. On the back of various initiatives that help our people learn from each other and develop their true potential, we provide a work environment that is fair and inclusive. We have over 2,800 permanent employees as on 31 March 2021.



Risk management

We have a robust risk management process that helps us identify, treat and mitigate the risks our business is exposed to both in the internal and external environment where we operate. The risk management framework, which is regularly monitored by the top management of the Company, has helped us to always stay ahead of the curve. This was no different for the year under review, when the pandemic created its own challenges for us across the value chain.

Risk management framework



Risk appetite

We undertake and validate our risk appetite periodically and integrate into our broad risk management structure, enabling effective decision making.

Key factors driving risk appetite



GROWTH AMBITION

The dynamic nature of the business environment necessitates calculated risk taking and mitigation



COMPLIANCE

The application of legislations and business principles are integral to our business culture and strategy



BRAND

We take concerted efforts to protect our brand identity, the interests and safety of our employees and drive sustainable growth



EFFICIENCY

Improvement of operational safety is our key priority and drives our competitiveness

Our Risk Management Committee comprises senior members of the Board who maintain regular oversight on the process. The risks identified by the Committee are classified under strategic, business and operational risks. The Committee is responsible for monitoring the key risks under each of the three risk classifications and provide mitigation measures.

RISK MANAGEMENT PILLARS



Management Discussion and Analysis

STRATEGIC RISKS

RISKS	IMPACTS	MITIGATION MEASURES
Economic unpredictability	A slowdown of the Indian economy may lead to a fall in demand for our products	India has been adversely impacted by the pandemic and has seen a major economic slowdown in FY 2020-21. However, there have been moderations in the de-growth estimates and the country is expected to bounce back in FY 2021-22
Downstream demand risk	The volatility in the real estate industry impacts the demand of our products	With government initiatives and relief measures to boost demand in the real estate sector, the latter is slowly seeing a rebound. Our business diversification has ensured that there is no overdependence on any specific sector
Growing competition and the entrance of multinational players	With rising competition and increased number of players in the sector, our market share can be adversely impacted	On the back of our decades-old industry experience together with our superior quality products and tight control on costs, we have retained our dominant position in the market. Further, the risk of lower pricing offered by unorganised players has been addressed with the introduction of GST
Inability to understand customer preferences	Inability to stay relevant and service customers with design and product innovation can impact our ability to generate profit	We strive to consistently diversify our product portfolio by adding new product ranges and keep adding SKUs segments, catering to a varied range of customer requirements with continuous feedback from our institutional customers. We also conduct in depth R&D, helping us introduce new products constantly
Customer concentration	Excessive dependence on few customers can impact profitability	We have a diverse client base. However, we also focus on maintaining long-standing relationships with our institutional customers on the back of a client-centric approach and the strength of our product portfolio
Inability to adhere to the regulatory requirements	Any change in regulations can impact our operations	In our approach to remain people-centric and responsible, we comply with all regulatory norms which are applicable to us, ranging from those relevant to the welfare of our people to conservation of the natural environment
Geo-political risks	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
Tariff wars	Any disruption in trade relationships between exporting partner countries may adversely impact our business	Exports account for a small part of the overall revenues. Hence, tariff war, if any, may not significantly affect our revenues
Pandemic risk	Social and economic disruption caused by the onset of the pandemic may affect business functions	With the nation-wide vaccination going at accelerated pace, it is expected that the population will achieve immunity soon, driving normalcy

BUSINESS RISKS

RISKS	IMPACTS	MITIGATION MEASURES
Low inventory movement	Low inventory movement burdens the inventory excessively	We implemented a strong inventory management system which helps in effectively mapping SKUs for phased phasing-in and phasing-out. We leverage comprehensive analytics to schedule the timely substitution of SKUs
Lack of innovation	Inability to stay competitive in the market by identifying new developments and advanced technologies	We stay on top of the emerging developments by conducting extensive market analysis and receiving frequent inputs from institutional customers. Our R&D team is working non-stop to take advantage of emergent technologies and introduce new products that meet customer needs
Unorganised sector	Low-cost offerings from unorganised competitors have the potential to 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
Inadequate distribution channel	Ineffective marketing and distribution can hinder sales and business growth	We are currently working on a business to business (B2B) model. We have been constantly innovating and strengthening our institutional customers, ensuring better product quality and lesser turnaround time for our institutional customers
Managing working capital	Inability to meet short-term liquidity requirements can impact growth and profitability	Despite a liquidity crunch across the country, we optimised our inventory and receivable cycles and achieved an improved cash flow
Employee skill development	A team with low employee competencies and inadequate experience could impact growth	We have institutionalised a strong hiring process and have a robust employee engagement framework in place, which have resulted in a higher retention rate. Our focus is on sharpening employee skills through well-designed training programmes to strengthen organisational productivity
Substitution risk	PET and glass containers can be substituted with each other and this may affect the performance of either of these business segments	We are positioned in a way that we offer a one-stop solution to our customers and allow them to choose from PET to glass packaging, thus assuring them choice while sustaining our revenues
Interest rate and commodity price volatility	Any adverse movement in interest rates or commodity price recession may impact business	To ensure affordability of raw materials, we meticulously plan our inventory levels. We also keep a tab on the short and long-term interest rates to retain our competitive advantage
Currency risk	Fluctuation in the price of foreign currencies impact our profitability	To reduce our exposure to fluctuation, we invest in derivative instruments like forward and options contracts in order to hedge our foreign exchange position in accordance with board approved policy

Management Discussion and Analysis

OPERATIONAL RISKS

RISKS	IMPACTS	MITIGATION MEASURES
Inadequate raw material supply	Inability to source regular supply of raw materials at an optimum price can adversely affect operations	We have fortified our relationships with multiple vendors to ensure that we are not dependent on only a small pool of suppliers. We have also undertaken various vendor engagement initiatives during FY 2020-21 and ensured a planned inventory at all times
Concerns over quality	Lowering or varying product quality may have a negative impact on revenue and lead to customer churn	We ensure multiple rounds of quality checks at different levels across our value-creation process, ensuring low rejection rate and superior product quality
Constraints in operation	Constant disruption in operations could hamper production	Our constant debottlenecking of operations and increasing automation across various units have helped us mitigate this operational risk
Cost control	Inability to control costs would impact profitability	We undertake various cost-moderating initiatives to improve our control on manufacturing costs. During the year under review, we used alternate materials, alternate fuel and automation to moderate costs
Health and safety risk	Any accident or loss of life can hamper operations	We conduct EHS training for the employees working at our plants to ensure their security and full compliance with employee health and safety standards
Product failure and lack of differentiations	Inability to attract favourable market reaction for our products may lead to loss of revenues	We cater to diverse industries with multiple products. We have a wide product portfolio, and the failure of any single product or a single range may not materially affect the overall revenues. We have a consumer-focused R&D centre, working relentlessly on developing innovative and relevant products
Loss of key managerial personnel (KMP)	Any loss of KMP may adversely impact the business	Our pay and rewards and recognition structure ensures competitive remuneration to our key managerial personnel, keeping them well motivated
Loss of suppliers	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

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. We use SAP, a well-accepted Enterprise Resource Planning (ERP) system, to record data for accounting, consolidation, and management of information 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

We have in place an adequate Internal Financial Controls framework. We also have documented Risk and Control Matrices (RACM) covering all activities, and all controls are tested for design and operating effectiveness as part of our 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

We have 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	2018-19[^]	2019-20	2020-21
Equity Share Capital	1,445.97	1,445.97	1,293.99 [#]
Reserve and Surplus	58,174.29	59,651.87	66,384.84
Share Premium	36,812.98	36,812.98	28,973.00
Business Reconstruction Reserve	29,177.01	27,776.99	26,703.97
Loan Fund *	88,845.92	1,00,628.23	90,507.46
Deferred Tax Liability	22,689.16	23,634.83	25,626.47
Other Long Term Liabilities (excluding trade deposits and Deferred government grant)	878.96	937.66	997.96
Long Term Provision	608.64	802.29	883.82
Total	2,38,632.93	2,51,690.82	2,41,371.51
Net Block (tangible and intangible including goodwill)	1,84,235.55	1,81,968.18	1,83,133.34
Capital Work-in-Progress (including capital advances)	11,670.38	3,299.81	3,052.21
Investments	2,007.13	1,173.12	1,112.33
Other non-current assets (including current tax)	12,636.27	10,981.45	9,722.30
Current Assets			
Inventories	29,066.50	40,797.54	43,613.81
Sundry Debtors	32,312.82	29,303.69	31,729.85
Cash and Bank	3,933.68	4,749.68	2,340.66
Other Current Assets	7,958.25	14,565.30	10,897.73
Current Liabilities			
Trade payables	18,571.87	19,522.30	23,012.71
Other Current Liabilities (other than current maturities of long term borrowings)	25,847.68	14,633.05	20,355.85
Short-term provisions	768.10	992.60	862.16
Net Current Assets (Working Capital)	28,083.60	54,268.26	44,351.33
Total	2,38,632.93	2,51,690.82	2,41,371.51

* 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.

[#] Pursuant to the Buyback Offer dated 21st September 2020 which was approved by the Board of Directors on 21 September 2020 to buyback Equity Shares at ₹ 105.00 per Equity Share ("Maximum Buyback Price") payable in cash for an aggregate amount of ₹ 7,000 lakh, the Company, has bought back 75,99,014 Equity Shares upto period ended 31 December 2020. As a result, the Paid-up Capital of the Company stands reduced from ₹ 1,445.93 lakh to ₹ 1,293.95 lakh.

[^] 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	2018-19 [#]	2019-20	2020-21
Gross Sales	1,59,199.35	1,83,950.22	1,82,235.79
Less: Excise Duty	-	-	-
Net Sales	1,59,199.35	1,83,950.22	1,82,235.79
Other Income	5,195.65	3,986.88	5,819.60
Total Income	1,64,395.00	1,87,937.10	1,88,055.39
Purchase of Traded Goods	-	4,602.94	1.32
Power and Fuel	34,920.39	35,228.03	28,900.19
Raw Material consumed, Manufacturing, Administrative and Other Expenses (including change in inventories)	88,106.69	96,222.64	1,06,063.95
Employee Cost	20,100.58	22,748.30	22,282.85
Total Expenses	1,43,127.66	1,58,801.91	1,57,248.31
EBITDA	21,267.34	29,135.19	30,807.08
Depreciation and Amortisation	13,130.72	14,287.64	12,136.49
EBIT	8,136.62	14,847.55	18,670.59
Interest	5,897.59	7,347.63	7,188.04
PBT before Exceptional Items	2,239.03	7,499.92	11,482.55
Exceptional Items	-	-	-
Profit before tax	2,239.03	7,499.92	11,482.55
Income Tax	869.87	1,294.15	2,137.66
MAT credit entitlement	(497.04)	(1,294.15)	(531.54)
Earlier year income tax	-	-	(1,471.48)
Deferred Tax	339.17	2,658.31	2,541.95
Profit After Tax	1,527.03	4,841.61	8,805.96
Cash Profit	14,499.88	20,493.41	21,481.38

RATIO ANALYSIS

(₹ in lakh)

KEY PERFORMANCE INDICATORS	2018-19 [#]	2019-20	2020-21
Networth *	96,433.24	97,910.82	96,651.83
Capital Employed **	2,37,145.33	2,49,950.87	2,39,489.73
Average Capital Employed	2,58,394.44	2,43,548.10	2,44,720.30
Average Loan Funds	99,204.06	94,737.08	95,567.85
Cash Profit	14,499.88	20,493.41	21,481.38
Net Domestic Turnover	1,42,751.81	1,67,502.68	1,70,878.48
Export Turnover	16,447.54	16,447.54	11,357.31
Dividend (%)	150.00	150.00	200.00
Market Price - (₹) (End of year at NSE)	250.50	40.35 [^]	153.60
Total Dividend Payout (including Dividend Distribution Tax)	3,486.30	2,615.40	2,587.90
Retained Earnings	(1,959.27)	2,226.21	6,218.06

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

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

[#] The figures are post Scheme of Arrangement

[^] Share Price at the end of FY 2018-19 comprised entity before the Scheme of Arrangement whereas Share Price from FY 2019-20 onwards comprised HSIL Limited Standalone entity pursuant to the Scheme of Arrangement

BALANCE SHEET RATIOS	2018-19[#]	2019-20	2020-21
Return on Networth (%)	1.58	4.94	9.11
Return on Average Capital Employed (%)	3.15	6.10	7.63
Debt Equity Ratio (net)	0.92	1.03	0.94
Debtors Cycle (Days)	74	58	64
Inventory Cycle (Days)	67	81	87
Net Current Assets Turnover (Days)	64	108	89
Turnover/Net Current Assets	5.67	3.39	4.11
Turnover/Inventory	5.48	4.51	4.18
Turnover/Capital Employed	0.67	0.74	0.76
Turnover/Net Block	0.86	1.01	1.00
Net Block/Capital Employed	0.78	0.73	0.76
Working Capital/Capital Employed	0.12	0.22	0.19

STATEMENT OF PROFIT & LOSS RATIOS	2018-19[#]	2019-20	2020-21
Domestic Sales/Turnover	89.67	91.06	93.77
Export Sales/Turnover	10.33	8.94	6.23
Excise/Turnover	-	-	-
MARGINS (%)			
EBITDA Margin (net sales)	13.36	15.84	16.91
EBIT Margin (net sales)	5.11	8.07	10.25
Pre Tax Profit Margin [®]	1.41	4.08	6.30
PAT Margin	0.96	2.63	4.83
EXPENSES (%)			
Goods Purchase for Resale/Total Expenses	-	2.90	0.00
Power & Fuel/Total Expenses	24.40	22.18	18.38
Manufacturing, Administrative and Other Expenses/Total Expenses	61.56	60.60	67.45
Employee Cost/Total Expenses	14.04	14.32	14.17
Interest Cover (times)	3.61	3.97	4.29
Cost of Debt (%)	5.94	7.76	7.52
PER SHARE DATA (₹)			
EPS (Face Value ₹ 2/-)	2.11	6.69	12.71
CEPS (Face Value ₹ 2/-)	20.06	28.35	31.01
Book Value (₹)	133.39	135.43	139.55

[®] Before exceptional items

[#] The figures are post Scheme of Arrangement

Changes in key financial ratios:

Particulars	2019-20	2020-21	Change over previous year %
(i) Debtors Turnover (days)	58	64	10%
1. Trade Receivables/Sale of goods*365			
2. Trade Receivables includes the amount of Goods & Service Tax.			
(ii) Inventory Turnover (days)	81	87	7%
Inventory/Sale of goods*365			
(iii) Interest Coverage Ratio (times)	3.97	4.29	8%
EBITDA/Finance cost			
(iv) Current Ratio (times)	1.45	1.34	(8%)
(Total Current assets/Total current liabilities (including Short Term borrowings and Current maturities of long term borrowings)			
(v) Total Debts to Equity Ratio (times)	1.03	0.94	(9%)
(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			
(vi) Operating Profit Margin (%)	15.84	16.91	7%
EBITDA/Sale of goods			
(vii) Net Profit Margin (%)	2.63	4.83	84%
Profit for the year/Sale of goods			
Reason for change:			
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.

Details of any change in Return on Net Worth

Return on Net Worth (%)*	4.94	9.11	84%
Profit for the year/Networth			
Reason for changes:			
Improved due to the increase in Profit for the year			
* Networth=Equity Share Capital+Other equity - Miscellaneous Expenses - Business Reconstruction Reserve			

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 sixty first Annual Report and the Company's audited financial statements for the financial year ended 31 March 2021.

FINANCIAL RESULTS

The Company's financial performance, for the year ended 31 March 2021 is summarized below:

Particulars	₹ in lakh)	
	2020-21	2019-20
Revenue from Operations	1,85,259	1,85,907
Add: Other Income	2,796	2,030
Total Income	1,88,055	1,87,937
Profit before tax	11,483	7,500
Less: Tax expenses	2,677	2,658
Profit after tax (i)	8,806	4,842
Other Comprehensive Income (net of tax)	(56)	(749)
Total Comprehensive Income	8,750	4,093
Add: balance brought forward (ii)	46,632	44,406
Amount available for appropriation [(i) + (ii)]	55,438	49,248
APPROPRIATIONS:		
Dividend paid on equity shares	2,169	2,169
Tax on Dividend paid	-	447
Balance carried forward	53,269	46,632

(Figures have been rounded off)

OPERATIONAL REVIEW

Your Company reported an excellent performance despite muted first Quarter due to nation-wide COVID induced lockdown during FY 2020-21 across key business divisions. Your Company ended the year with revenue from operation of ₹ 1,85,259 lakh over previous year corresponding figure of ₹ 1,85,907 lakh. This resulted in EBITDA of ₹ 30,807 lakh in FY 2020-21, representing a growth of around 5.7%.

A. PACKAGING PRODUCTS DIVISION (PPD)

The revenue from operations for FY 2020-21 was ₹ 1,25,870 lakh as compared to FY 2019-20 revenue from operations of ₹ 1,24,151 lakh. This resulted in EBIT of ₹ 19,643 lakh in FY 2020-21, representing a growth of around 28%. Despite COVID and the lockdown, our EBITDA grew on account of improved realisations, better product mix, and increasing demand of glass containers from beer, and food and beverage industry. Some of the key highlights are as follows:

AGI Glass: Glass Containers

- Commenced work on the greenfield facility in FY 2020-21 at Bhongir to produce 150 tonnes per annum of specialty glass at an investment of ₹ 220 crore
- Developed 93 new products and commercialised 59 new products to enhance the offering
- Investment in process optimisation through recycling and reusing glass bottles
- Used multiple fuel systems available - LPG, furnace oil, coal gas, natural gas and pet coke, among others - to cushion risks from the volatility of fuel prices
- Explored new export markets like Canada, USA and Australia for enhancing global prominence and reach

Garden Polymers: PET Bottles and Products

- Over 150 new products designed and 29 new products commercialised
- Selaqui Plant is now SADEX/SMETA certified

Security Caps and Closures

- Tapped to cater to the needs of the larger bottle segments of 750 ml and 1 litre volume, which has in turn contributed adequately to topline and bottomline growth
- Explored new markets in northern India through trials with renowned alco-beverage players
- Focused on enhanced capacity utilisation by readjusting our portfolio for the liquor industry; started tapping into the 2 litre category to drive volume growth

B. BUILDING PRODUCTS DIVISION (BPD)

The Building Products Division revenue from operations for FY 2020-21 was ₹ 59,270 lakh, as against previous year revenue of ₹ 57,987 lakh. The key initiatives undertaken during the year for maintaining operational performance are:

Sanitaryware

- R&D initiatives undertaken to identify the right alternate materials to create new body mixes and glaze mixes, where the recovery of glaze increased from 80% to 95%, reducing wastage and increasing efficiencies

- Developed 15 new SKUs in the sanitaryware product portfolio
- Increased automation helped us overcome the challenge of availability of skilled manpower and increased overall efficiency by 2% during the financial year

Faucets

- Developed 15 new product
- Better process control led to drop in the rejection rate in the manufacturing process

Plastic Pipes and Fittings

- A new facility is being developed for further capacity enhancement
- Increased total size of SKUs to 1,100 from 1,000 in FY 2019-20 by introducing new moulds at consistent intervals

MATERIAL CHANGES AND COMMITMENTS

The outbreak of the COVID-19 Pandemic and declared lockdowns 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 statements evaluated and factored into the extent possible likely material events and circumstances arising from COVID-19 Pandemic and its impact on carrying value of its Assets and Liabilities as of 31 March 2021. Based on current indicators of future economic conditions, the Company expects to recover carrying amount of its Assets as of 31 March 2021. 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 of 31 March 2021 will be recognized prospectively.

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company had no subsidiaries during the year under review.

The policy for determining material subsidiaries as approved may be accessed on the Company's website at the link: [Policy on Material Subsidiaries](#).

DIVIDEND

Your Directors have recommended a dividend of ₹ 4/- (i.e. 200%) 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 2021, amounting to ₹ 2,587.90 lakh subject to deduction of income tax at source, as applicable. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to members whose names appear in the Register of Members as on 17 September 2021 and in respect of shares held in dematerialized 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 16 September 2021.

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 deposit 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 members approved the appointment of M/s. Lodha & 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 financial year 2020-21, 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 financial year 2020-21 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 the Companies (Accounts) Rules, 2014 are enclosed as Annexure B to this Report.

SHARE CAPITAL

During the year under review, the Company bought back an aggregate of 75,99,014 equity shares from open market through stock exchanges, utilizing a total of ₹ 63,92,66,829/- (excluding transaction costs), which represented approximately 91.32% of the Maximum Buyback Size of ₹ 70 crore. The price at which the equity shares were bought back was dependent on the price quoted on the stock exchanges. The equity shares were bought back by the Company at an average price of ₹ 84.12 per equity share.

Subsequent upon completion of buyback and pursuant to the provisions of the Companies Act, 2013 and SEBI (Buy-Back of Securities) Regulations, 2018, the paid-up equity share capital was reduced from ₹ 14,45,92,790 to ₹ 12,93,94,762 comprising of 6,46,97,381 equity shares of ₹ 2/- each as on 31 March 2021.

As a result of reduction in paid-up share capital of the Company, the shareholding of Somany Impresa Limited, a promoter company has increased from 45.50% to 50.84% without any absolute increase in number of shares held in the Company. Consequently, Somany Impresa Limited has become the holding company of the Company pursuant to the provisions of the Companies Act, 2013.

CREDIT RATINGS

During the year under review, the Company had received its credit ratings from CARE Ratings Limited. A detailed note on the credit ratings of the Company is provided in the Corporate Governance Report section of this Report.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Please refer IEPF section of Notice of ensuing AGM which forms part of this Annual Report.

ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, the Annual Return in prescribed format may be accessed on the Company's website i.e. <https://www.hsilgroup.com/investor-relations/>.

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 2021, 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 2021 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 Practicing 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 AOC-2 is enclosed as Annexure C to this report.

During the year, the Company entered into related party transactions 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 by way of an ordinary resolution passed in the Annual General Meeting held on 19 September 2020.

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: [Policy on Related Party Transactions](#).

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, comprising of Dr. Rajendra Kumar Somany, as Chairman and Mr. Sandip Somany, Mr. Anil Wadhwa and Ms. Sumita Somany as other members of the Committee.

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: [CSR Policy](#).

The Annual Report on CSR Activities for the financial year 2020-21 is enclosed as Annexure D to this report.

NUMBER OF BOARD MEETINGS

During the year under review, Six (6) Board Meetings were convened and held. For further details, please refer Report on Corporate Governance which is forming part of this Annual Report.

AUDIT COMMITTEE

The Audit Committee comprises of Independent Directors namely Mr. V.K. Bhandari as Chairman and Mr. N.G. Khaitan, Mr. Anil Wadhwa, Ms. Himalyani Gupta and Mr. Rakesh Sarin as other members.

For further details, please refer 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.

DISCLOSURE UNDER SECRETARIAL STANDARDS

The Directors state that the Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India. The details with respect to the composition, terms of reference, number of meetings held, etc. of the statutory committees of the Board of Directors are included in the Report on Corporate Governance, which forms part of the Annual Report.

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: [Vigil Mechanism \(Whistle Blower\) Policy](#)

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: [Nomination and Remuneration Policy](#)

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 members and/or retaining profit earned by the Company. The Policy is available on Company's website at the link: [Dividend Distribution Policy](#).

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 E 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 organization is committed to ensuring an effective internal control environment that provides, inter alia, an assurance on the orderly and efficient conduct of operations, security of assets, prevention and detection of frauds and errors, accurate and timely completion of accounting records and timely preparation of reliable financial information. The Company has an internal control system, commensurate with the size, scale and complexity of its operations. 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, adequacy of internal controls and compliance with accounting policies and regulations. The Company's internal control system is monitored by independent consultants and supplemented by in-house Internal Audit Division.

INTERNAL FINANCIAL CONTROLS

In line with best practices applicable to organizations of a similar size, nature and complexity, the Company's internal financial control framework has been designed through structured control risk assessments by way of documenting 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 defined and adequate Internal Financial Controls are evaluated from time to time for necessary improvement, if any, for both design and operating effectiveness by an external consulting firm of repute.

RISK MANAGEMENT

Risk can be viewed as a combination of the probability of an event occurring and the impact of its consequence. Events with a negative impact represent risks that can prevent value creation or erode existing value. The Company has adopted a Risk Management Policy which establishes various levels of accountability and overview within the Company. The Company has been taking necessary steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Audit Committee.

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

The Company has in place a Prevention of 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 constituted 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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Sumita Somany, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offered herself for re-appointment.

The present term of Mr. Sandip Somany as Vice Chairman and Managing Director of the Company will expire by efflux of time on 30 November 2021. The Board is seeking shareholder's approval at ensuing Annual General Meeting (AGM) for re-appointment of Mr. Sandip Somany, as Vice Chairman and Managing Director of the Company for a further period of 5 (Five) consecutive years, commencing from 1 December 2021 upto 30 November 2026. Profile of Mr. Sandip Somany is given in the Statement under Section 102 of the Companies Act, 2013 to the Notice of the ensuing AGM of the Company.

The Ministry of Corporate Affairs vide its notification dated 18 March 2021 introduced amendments by way of the Companies (Amendment) Act, 2020, in Sections 149 and 197 of the Companies Act, 2013 and Schedule V

thereto. Pursuant to these recently notified amendments, the Company may pay remuneration to its Independent Directors and Non – executive Directors upto the limits as prescribed in Schedule V of the Companies Act, 2013 in case of no profits or inadequate profits. To give effect to aforesaid recent amendments, it is required to supersede the existing resolution passed by the shareholders in its 58th AGM to enable the Company to pay such commission to Independent Directors and Non-executive Directors for each financial year for further period of Five (5) years commencing from 1 April 2021 to 31 March 2026 in case of no profits or inadequate profits.

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.

The Independent Directors of the Company are persons of integrity and comprise of appropriate skills/expertise/competencies (including proficiency) and have rich and varied experience in diversified domains for effective functioning of the Board of Directors of the Company.

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 familiarization 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 link: [Familiarisation Programme for Independent Directors](#).

For further details, please refer 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.
6. The Company is not required to maintain cost records as specified in section 148(1) of the Companies Act, 2013.
7. Neither any application is made nor any proceeding is pending against the Company under the Insolvency and Bankruptcy Code, 2016.
8. The Company has not defaulted in the repayment of loans to the Banks or Financial Institutions. Accordingly, disclosure relating to one-time settlement with the Banks or Financial Institutions is not required.

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 May 2021

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Annexure A

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

[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
West Bengal-700001

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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31 March 2021 (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 2021 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 and**

no ODI was given 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 Companies 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, 2018;

- (vi) **OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY AS IDENTIFIED BY THE MANAGEMENT**
- i. The Factories Act, 1948 and rules made thereunder;
 - ii. The Payment of Wages Act, 1936 and rules made thereunder;
 - iii. Minimum Wages Act, 1948 and the rules made thereunder;
 - iv. Employees' State Insurance Act, 1948 and rules made thereunder;
 - v. The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the rules made thereunder;
 - vi. Payment of Bonus Act, 1965 and rules made thereunder;
 - vii. The Payment of Gratuity Act, 1972 and rules made thereunder;
 - viii. The Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder;
 - ix. The Apprentice Act, 1961 and rules made thereunder;
 - x. The Industrial Dispute Act, 1947 and rules made thereunder;
 - xi. The Equal Remuneration Act, 1976 and rules made thereunder;
 - xii. Trade Union Act, 1926 and rules made thereunder;
 - xiii. The Employees Compensation Act, 1923 and rules made thereunder;
 - xiv. Maternity Benefit Act, 1961 and rules made thereunder;
 - xv. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder;
 - xvi. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder;
 - xvii. Hazardous and other Waste (Management and Transboundary Movement) Rules, 2016;
 - xviii. Legal Metrology Act, 2009 and rules made thereunder;
 - xix. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder;
 - xx. Personal Injuries (Compensation Insurance) Act, 1963;
 - xxi. Custom Act, 1962;
 - xxii. Petroleum Act, 1934 and rules framed thereunder;
 - xxiii. Industrial Employment (Standing Orders), 1946;
 - xxiv. Environment Protection Act, 1986 and rules made thereunder;
 - xxv. Punjab Industrial Establishment (National, Festival, Casual and Sick Leave) Act, 1965 and rules made thereunder;
 - xxvi. Punjab Labour Welfare Fund, 1965;
 - xxvii. Andhra Pradesh Labour Welfare Fund Act, 1987;
 - xxviii. Employers Liability Act, 1938;
 - xxix. Indian Contract Act, 1872;
 - xxx. Income Tax Act, 1961 and Indirect Tax Laws;
 - xxxi. Negotiable Instrument 1881;
 - xxxii. Indian Stamp Act, 1999;
 - xxxiii. Child and Adolescent Labour (Prohibition and Regulation) Act 1986 and rules made thereunder; and
 - xxxiv. The Noise Pollution (Regulation and Control) Rules, 2000
- 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 provision 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 Company Secretary 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:-

1. Special Resolution under Section 5 & 14 of the Companies Act, 2013 was passed by the members through postal ballot dated 15 June 2020 in substitution and to the entire exclusion of the existing Articles of Association of the company.
2. Ordinary Resolution under Section 188 of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was passed by the members in the Annual General Meeting of the Company held on 19 September 2020 for approval 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 up to a maximum aggregate value of ₹ 1,520 Crore plus applicable Goods and Service Tax during the financial year 2020-21 shall be in the ordinary course of business of the Company and at arm's length basis.
3. Board Resolution pursuant to Article no. 12 of Articles of Association and Section 68, 69 and 70 of the Act was passed on 21 September 2020 for approval of buyback of fully paid up equity shares of face value of ₹ 2/- (Rupees two) each from open market through

Stock Exchanges i.e. National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"), as prescribed under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and the Companies Act, 2013 at a maximum buyback price of ₹ 105.00 per Equity Share ("Maximum Buyback Price") payable in cash for an aggregate amount of ₹ 70,00,00,000 (Rupees Seventy crore) (hereinafter referred to as the "Maximum Buyback Offer Size") from the equity shareholders/beneficial owners of the equity shares of the Company (other than the promoters, the promoter group and persons in control of the Company) representing 7.19% of the aggregate of the total paid up equity share capital and free reserves (including securities premium) of the Company based on the audited standalone financial statements of the Company for last financial year ended on 31 March 2020, being less than 10% (ten percent) of the paid up equity share capital and free reserves of the Company.

Further, pursuant to the provisions of the Companies Act, 2013 and SEBI (Buyback of Securities) Regulations, 2018, the Board of Directors in their meeting held on 30 December 2020 passed a resolution regarding completion of buyback amounting of ₹ 63,92,66,829/- (Rupees Sixty Three Crore Ninety Two Lakh Sixty Six Thousand Eight Hundred and Twenty Nine only) (excluding Transaction Costs and Taxes) deployed for the buyback of 75,99,014 equity shares of the Company and representing 91.32% which is more than 50% of the amount earmarked for buyback i.e. the Maximum Buyback Offer Size and the closure of the buyback period with effect from closing hours of 31 December 2020 ("Closing Date") in compliance with the provisions of Buyback Regulations and the timelines set out in the pre buyback public announcement issued by the Company on 23 September 2020.

Subsequent to the buyback of equity shares and as a result of reduction in paid up share capital of the Company, the shareholding of Somany Impresa Limited (Promoter Group Company) has increased from 45.50% to 50.84% without any absolute increase in number of shares held in the Company. Consequently, Somany Impresa Limited has become the Holding company of the Company pursuant to the provisions of the Companies Act, 2013.

For **DMK ASSOCIATES**
COMPANY SECRETARIES

Date: 01.05.2021
Place: New Delhi

(MONIKA KOHLI)
B. Com (H), FCS, LL.B. I.P.
PARTNER
FCS 5480, C P 4936
UDIN: F005480C000224072
Peer Review No. 779/2020

ANNEXURE 1

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

Sub: Our Secretarial Audit for the Financial Year ended 31 March 2021 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.
8. Due to the outbreak of Covid-19, we had not verified the physical documents, however the Company has made available the documents/information electronically which we could not verify physically.

For **DMK ASSOCIATES**
 COMPANY SECRETARIES

Date: 01.05.2021
 Place: New Delhi

(MONIKA KOHLI)
 B. Com (H), FCS, LL.B. I.P.
 PARTNER
 FCS 5480, C P 4936
 UDIN: F005480C000224072
 Peer Review No. 779/2020

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 minimize the wastage and ensure optimum utilization 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 areas under:

(i) Sanitaryware and Faucets plants

- Air nozzles have been replaced with self-automized nozzles to optimize/reduce the use of compressed air
- Installed pressure switches in the de-dusting booths for automatic control of exhaust blowers and optimizing power consumption
- Installation of low-energy sludge pumps in place of high-energy self-priming pumps
- Replacement of capacitors with advanced Energy-efficient capacitors to reduce no-load losses and saves energy
- Installed Energy-efficient exhaust fans in cast shops
- Replacement of ceiling fans with Energy-efficient fans
- Installation and commissioning of advanced Robotic Glazing System with vision cameras. The system has minimized the glaze wastages and optimized use of space
- Installation of UPS for Robotic Glazing System for improving the process consistency
- Installation of the automatic raw material batching system to eliminate manual errors resulting in improvement of slip quality
- Reduction of RO water consumption by installing foot-operated valves in place of taps

- Installation and commissioning of 8- Spindles Peeling Machine to achieve higher productivity
- Installation and commissioning of Automatic Buffing Machine to achieve higher productivity
- Installed Motion Sensors in conference room and toilets to save electricity
- Installation of VFD units on Auto Polishing Machines
- Installation of Ozonator unit at STP of faucets plant enable reuse of the treated water
- Installation of Transparent Solar glass in factory building to use Sunlight without increasing temperature for human comfort
- Water Flowmeters installed on all consumption points for better monitoring and control

(ii) Pipes

- As a sustainable motive organisation, energy efficiency has been one of the top priorities for the management. All the Pipes division factory related activities are Energy-efficient like Production process, Machine efficiency, procurement of new machines
- 100% LED lighting used for factory lighting purpose which is resulting in minimum 50% energy saving every year
- While designing the factory building, we have taken measures to control the quantity of light being let in and its distribution throughout the shop floor without depending on the artificial lighting. On account of lighting we have saved around 9 lakh units till date

b) Packaging Products Division (Glass and Plastic Products)

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

- Reduction in natural gas consumption by process optimization
- Implementation of rain water harvesting system for conservation of water
- Water conservation through utilization of RO reject water for process application

- Installation of Energy-efficient BLDC fans for plant and colony
 - Reduction in voltage drops in booster transformer
 - Installation of bell mouths in mould cooling blowers
 - Reduction in idle running of equipments and arresting compressed air leakages
 - Conducting awareness and trainings on energy conservation
 - Replacement of old air compressors by highly energy efficient air compressors from 3 stage to 2 stage for energy conservation and optimum efficiency
 - Commissioned Pneumatic conveying system for ESP residual Lime to batch house for reuse. Elimination of losses and dust due to manual transfer
 - Line 13 and 16 LEHR's, tunnel height increased to enable production of wine and beer bottles
 - Commissioning of energy efficient Annealing LEHR
 - Replacement of conventional HPSV/ fluorescent lamps with Energy-efficient LED lights
 - Power saving by relay outing the shop floor, helping to optimise chiller temperature & reducing AHU load
 - Rationalising of DG electrical unit generation by adding smaller capacity DGS in synchronisation with production output requirements to reduce the fuel consumption
- (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**
- Installed capacity 640 KWH. This has yielded generation of 24 lakh units till date
- b) Packaging Products Division**
- As a part of utilization of renewable energy, the Packaging Products Division is under progress for installing 3.1 MWp Roof Top Solar power plants at various locations
 - Started to purchase electricity under group captive (wind power) from the generator

(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
(a) Building Products Division				
Sanitaryware: Bahadurgarh Plant (Plant 1)				
1	Installation of self automized nozzles	1.0	35000	2.50
2	Switched to advanced capacitors	0.5	12600	0.92
3	Optimization of power consumption in slip supply system by installing timers on agitators	0.5	150000	10.80
4	Replacement of existing ceiling fans with Energy-efficient fan	12.0	40000	2.90
Sanitaryware: Bibinagar Plant (Plant 2)				
1	Installed pressure switches in dedusting booths for automatic controlling of exhaust blowers optimizing power consumption	0.2	12900	1.1
2	Installation of a timer in stock arcs for optimization of power consumption	0.2	9000	0.76
3	Installed low-energy sludge pumps in place of high energy self-priming pumps	0.36	3350	0.28
4	Ball mill lining changed from felsite lining to alumina lining	21	61170	5.2
Faucets: Kaharani Plant (Plant 3)				
1	Installation of VFD on APM	1.0	28500	2.31

(₹ in lakh)

S.No. Capital Equipment	Capital investments on energy conservation equipments	Energy saving/ annum (units in KWH)	Financial saving	
Pipes				
Pipes business has not replaced any equipment. 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 - ₹ 55.00 lakh till date				
2. On account of LED lighting - ₹ 48.25 lakh				
3. On account of roof top solar - ₹ 70.10 lakh				
(b) Packaging Products Division (Glass and Plastic Products)				
1	Replacement of air compressors from 3 stage to 2 stage for energy conservation and optimum efficiency	145	365000	21.90
2	Energy efficient mould cooling blower	17	109500	6.57
3	Optimised the use of AHU	12.0	72000	5.04
4	Installation of sky tubes/LED	9.8	2800/5868	0.61
5	Replacements of optimised pumps	12.0	267142	18.70

(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**

- Continual adoption of innovative designs for developing new water-efficient products
- Process improvement for consistent quality.
- Improvement of throughout yield of products and minimizing the process losses
- Ongoing localization and development of cost-effective raw material alternatives
- An advanced version of the following instruments were installed in the sanitaryware plant R&D center to strengthen the capabilities further:
 - Simultaneous TG-DTA/DSC apparatus for Thermal analysis of material
 - Latest Netzsch Dilatometer for Checking of thermal expansion body & glaze
 - Stereo zoom microscope for microanalysis
 - Endurance test machine for testing of seat cover strength
 - Life cycle test machine for testing endurance of seat cover
- For faucets plant, installation and commissioning of dual-head low-pressure die-casting technology at the faucets plant which is the first of its kind in India resulting into productivity increase

- Installation and commissioning of an automatic polishing machine which is the first of its kind in India resulting in consistent product quality
- The most advanced X-ray thickness meter for measuring plating thicknesses to ensure consistent better product quality

ii) Pipes

- Robotic Insertion in IMM: Installed ROBOT for CPVC Brass elbow 3/4x1/2 mould with 16 cavities. Productivity has been increased by 55%. Cycle time has been reduced from 91 sec to 61 sec
- Capacity increase in Column Pipes: Increased CNC machines numbers from 08 to 21 numbers for Column Pipes
- Auto pipe lifting: Procured 2 new belling machines with auto pipe lifting mechanism to save manpower. This will increase auto lifting mechanism numbers from 2 to 4

b) Packaging Products Division

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

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

Pipes

- Unloading Efficiency: For unloading of RM Bags instead of forklifts we have installed SG crane with extended platform. This resulted in saving of around 9Ltrs of diesel per day by avoiding usage of forklift
- Mixing Upgradation: Installed 500kg batch mixer for compounding process which resulted in saving of around 1.12 lakh units with higher production capacity and better space utilisation

- Installed online grinder for grinding runner generated during IMM process: This resulted in avoiding forklift for carrying runner thus saving around 5Ltrs of diesel per day and also manpower and time. It has further resulted into on the spot recycling of usable process waste
- Sand filter installation done in the extrusion water receiving tank. Thus cleaning cycle has reduced to once in a month. This has resulted in 30 lakh Ltrs water saving per month
- VFD installation in cooling tower which has resulted in saving of around 27 lakh Ltrs water yearly
- Insulation: Extruder vacuum tanks have been insulated. Thus resulted in 2% reduction in chiller power consumption

b) Packaging Products Division

- Import substitution of spares for IS machines and in hot end
- Improvement in operational efficiency
- 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
A. Building Products Division (Sanitaryware Plant 1 and 2)				
Replacement of old reciprocating type compressors with a 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 the new screw-type energy-efficient compressor with VFD	Atlas Copco-Belgium	2019	Fully absorbed	-
Installation of Robotic Glazing system	Whitech, Italy	2020	Fully absorbed	-
B. Building Products Division (Faucets Plant 3)				
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	2020	Fully absorbed	-
6 Axis 4 Head Buffing Machine	China	2020	Fully absorbed	-
X-Ray Plating thickness instrument	USA	2020	Fully absorbed	-
C. Pipes				
Online Socketing/Belling machines	Turkey	2018	Fully absorbed	-
High Output Pelletizing Line	Germany	2019	Fully absorbed	-
CPVC Extruders	Theysohn Extrusion Technik GmbH, 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	-

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
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	-
D. Packaging Products Division (Bhongir Plant)				
Coal Gas Plant for clean energy	China	2019-20	Fully absorbed	-
Gas Cleaning plant for furnace flus gases	Germany	2019-20	Fully absorbed	-
Modification in Rebuild of Furnace	SORG, Germany	2018-19	Fully absorbed	-
Fore hearth Boosting system	Germany	2018-19	Fully absorbed	-
F#5 Chequer replacement	USA	2018-19	Fully absorbed	-
F#4 Rebuild	Germany	2018-19	Fully absorbed	-
57 IS Machine major renovation	China	2018-19	Fully absorbed	-
E. Packaging Products Division (Hyderabad Plant)				
Line-11 8Section 4-1/4"TG AIS NNPB Technology	Emhart Sanjin, (China)	2020	Fully absorbed	-
Line-17 8Section 4-1/4"TG E-MOC NNPB Technology	Bottero, Italy	2021	Fully absorbed	-
Line-11 Revimac, Ware Handling System	Revimac, Italy	2020	Fully absorbed	-
Line-17 Revimac Ware Handling System	Revimac, Italy	2021	Fully absorbed	-
Forehearth High-end Technology NNPB Line- 11 & 17	Emhart Sanjin, China	2020	Fully absorbed	-
Timing System for M/C 28 M/C- 28 Section Boxes RE conditioned (SHAMVIK)	Bottero, Italy	2021	-	Delayed due to Covid and non-availability of Machine. Planned in the month of May 2021.
Line-11 New 10FT LEHR	AMCET, India	2020	Fully absorbed	-
Line-11 Pick and Placer machine	Kasproc, India	2021	Fully absorbed	-
400 KW HP Energy efficient compressor	Ingersoll Rand, India	2020	Fully absorbed	-
New Mould Cooling Blower For Line - 11, 1200mm wc	Ritz, India	2020	Fully absorbed	-
F. Packaging Products Division (Garden Polymers)				
Injection moulds for Voila	Germany, Austria	2017-2020	Fully absorbed	-
Injection moulds for Schutz	Italy	2018-2020	Fully absorbed	-
IMM machines	Germany	2017	Fully absorbed	-
IMM machines	Canada	2018-19	Fully absorbed	-
Assembly machines	Italy	2017-19	Fully absorbed	-
Offset Machines	Italy	2017-19	Fully absorbed	-
Screen Printing machines	Italy	2019	Fully absorbed	-
Chillers	France	2017	Fully absorbed	-

(iv) Expenditure incurred on Research and Development

(₹ in lakh)

Particulars	2020-21	2019-20
Capital Expenditure	-	-
Recurring Expenditure	143.80	218.31
Total	143.80	218.31
Total R&D expenditure as a % of sanitaryware sales	0.86%	1.08%

(v) Foreign Exchange Earnings and Outgo

(₹ in lakh)

Particulars	2020-21	2019-20
Earning in foreign currency	2,965	3,472
Outgo of foreign currency	32,637	33,258
- Raw material, spare part and others	26,244	30,225
- Capital Equipment	6,393	3,033

Annexure C

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 arrangement 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 ₹ 1,450 crore plus applicable Goods and Service Tax.	10 June 2020	Nil
Brilloca Limited – Company under common control	Contract of Services	On-going	As per agreement executed between the parties. Amount not exceeding ₹ 50 crore plus applicable Goods and Service Tax.	10 June 2020	Nil
Brilloca Limited – Company under common control	Rent of Premises	On-going	As per agreement executed between the parties. Amount not exceeding ₹ 20 crore plus applicable Goods and Service Tax.	10 June 2020	Nil

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Annexure D

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-2021

1 Brief outline on CSR Policy of the Company

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: "[CSR Policy](#)"

2 Composition of CSR Committee

S.No	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Rajendra Kumar Somany	Chairman of the Committee and Chairman and Managing Director of the Company	5	5
2	Mr. Sandip Somany	Member of the Committee and Vice Chairman and Managing Director of the Company	5	4
3	Ms. Sumita Somany	Member of the Committee and Non-executive Non-Independent Director of the Company	5	5
4	Mr. Anil Wadhwa	Member of the Committee and Independent Director of the Company	5	5

3 Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

<https://www.hsilgroup.com/investor-relations/>

4 Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)

N.A.

5 Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

S.No	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2017-2018	7,85,000	Not Applicable
2	2018-2019	4,65,000	
3	2019-2020	24,000	
	Total	12,74,000	

6 Average net profit of the company as per Section 135(5) ₹ 9,924.18 lakh

7 (a) Two percent of average net profit of the company as per section 135(5) ₹ 198.48 lakh

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years Nil

(c) Amount required to be set off for the financial year, if any Nil

(d) Total CSR obligation for the financial year (7a+7b+7c) ₹ 198.48 lakh

8 (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)	
	Total Amount transferred to Unspent CSR Account as per Section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)
₹ 1,99,05,404	NIL	NIL

(b) Details of CSR amount spent against ongoing projects for the financial year:

S.No. Project	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section	Mode of Implementation - Through Implementing Agency
				State	District					
1	2	3	4	5	6	7	8	9	10	11

NIL

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

S.No. Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Through Implementing Agency	
			State	District			
1	Skill Enhancing Vocational Training (Kaushal Vridhi)	Yes	Haryana	Bahadurgarh (District- Jhajjar)	32,23,372	No	HSIL Corporate Social Responsibility Foundation
2	Swastha Sampada (Health Care)	Yes	Haryana	Bahadurgarh (District- Jhajjar)	2,39,083	No	HSIL Corporate Social Responsibility Foundation
3	Swastha Sampada (Health Care)	Yes	Rajasthan	Kaharani, Bhiwadi, Rajasthan	1,50,601	No	HSIL Corporate Social Responsibility Foundation
4	Skill Enhancement (Kaushal Vridhi) leading to employment opportunity	Yes	Rajasthan	Kaharani, Bhiwadi, Rajasthan	14,05,062	No	HSIL Corporate Social Responsibility Foundation
5	Swastha Sampada (Health Care)	Yes	Telangana	Bibinagar, (District- Nalgonda) Telangana	12,49,457	No	HSIL Corporate Social Responsibility Foundation
6	Swastha Sampada (Health Care)	Yes	Telangana	Bhongir, Telangana	8,51,829	No	HSIL Corporate Social Responsibility Foundation

1	2	3	4	5		6	7	8
S.No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	District			
7	Contribution to Shri Ram Krishna Sewa Sadan Hospital	Clause no. (i) promoting health care including preventive health care	No	Uttar Pradesh	G.T Road, Deoband, Saharanpur, Uttar Pradesh	5,00,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
8	Promoting education of students by providing smart phones	Clause no. (ii) promoting education, including special education and enhancing vocation skills	Yes	PAN India	PAN India	17,20,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
9	Plantation of 200 trees in Park	Clause no. (iv) ensuring environmental sustainability, ecological balance and maintaining quality of Soil	Yes	Haryana	Village Kasar, Tehsil-Bahadurgarh, (District - Jhajjar), Haryana	20,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
10	Construction of Toilets in Park (Under Swachh Bharat Mission)	Clause no. (i) promoting health care including preventive health care and sanitation	Yes	Haryana	Village Kasar, Tehsil-Bahadurgarh, (District - Jhajjar), Haryana	2,00,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
11	Renovation of Toilets in Government school	Clause no. (i) promoting health care including preventive health care and sanitation	Yes	Haryana	Village Asoda, Tehsil-Bahadurgarh, (District - Jhajjar), Haryana	2,00,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
12	Providing Desk and Chairs for Government school	Clause no. (ii) promoting education, including special education and enhancing vocation skills	Yes	Haryana	Village Asoda, Tehsil-Bahadurgarh, (District - Jhajjar), Haryana	2,50,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
13	Installation of RO system for safe and clean water	Clause no. (i) promoting health care including preventive health care and sanitation	Yes	Haryana	Village Asoda, Tehsil-Bahadurgarh, (District - Jhajjar), Haryana	1,50,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
14	Installation of Solar System 8KW - Bahadurgarh	Clause no. (ii) Promoting education, including special education and enhancing vocation skills	Yes	Haryana	Gurukul Kanya, Tehsil-Bahadurgarh, (District - Jhajjar), Haryana	5,00,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
15	Proposal for Donating PPE Kits along with gloves, shoes and the shield to the frontline warriors in Hospital	Clause no. (i) promoting health care including preventive health care	Yes	PAN India	PAN India	11,25,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
16	Contribution for Conducting Mobile Health Camps including One time Ambulance Vans cost plus cost of Various Health Camps	Clause no. (i) promoting health care including preventive health care	Yes	Haryana and Rajasthan	Bhadurgarh and Kaharani	44,00,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455
17	Contribution for Construction/Renovation of Toilets in various Schools	Clause no. (i) promoting health care including preventive health care and sanitation	Yes	Haryana	Bahadurgarh (District- Jhajjar) Haryana	6,71,000	No	HSIL Corpoarte Social Responsibility Foundation CSR000003455

1	2	3	4	5		6	7	8
S.No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	District			Name CSR Registration number
18	Contribution for Construction/Renovation of Cow Shed	Clause no. (iv) ensuring environmental sustainability, ecological balance and animal welfare	Yes	Haryana	Godhan Sewa, Village Asoda, Tehsil-Bahadurgarh, (District - Jhajjar), Haryana	5,00,000	No	HSIL Corporate Social Responsibility Foundation CSR000003455
19	Project Recognitions of Prior Learning (RPL) for providing training to plumbers for uplifting their skills	Clause no. (ii) promoting education, including special education and enhancing vocation skills	Yes	PAN India	PAN India	21,00,000	No	HSIL Corporate Social Responsibility Foundation CSR000003455
20	Installation of Solar System of 8 KW at Government Girls Sr. Secondary School	Clause no. (ii) promoting education, including special education and enhancing vocation skills	Yes	Haryana	Village Asoda, Tehsil-Bahadurgarh, (District - Jhajjar), Haryana	4,50,000	No	HSIL Corporate Social Responsibility Foundation CSR000003455
Total						1,99,05,404		

Note: Basic Literacy Centre (Prathamik Saksharata Kendra, Kushal Vikas (Skill Development-Computer Learning Centre) and Samarth (Cutting Tailoring for Women) projects were approved by the CSR Committee. However, no amount was spent during the financial year due to COVID-19.

(d) Amount spent in Administrative Overheads Nil

(e) Amount spent on Impact Assessment, if applicable N.A.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ 1,99,05,404

(g) Excess amount for set off, if any

S. No	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per Section 135(5)	₹ 198.48 lakh
(ii)	Total amount spent for the Financial Year	₹ 199.05 lakh
(iii)	Excess amount spent for the financial year [(i)-(ii)]	₹ 0.57 lakh
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹ 0.57 lakh

9 (a) Details of Unspent CSR amount for the preceding three financial years:

S.No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount	Date of transfer	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
S.No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed/ Ongoing
NIL								

10 In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- | | | |
|-----|--|----------------|
| (a) | Date of creation or acquisition of the capital asset(s) | Not Applicable |
| (b) | Amount of CSR spent for creation or acquisition of capital asset | Not Applicable |
| (c) | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | Not Applicable |
| (d) | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) | Not Applicable |

11 Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5).

During the year, the Company has spent ₹ 199.05 lakh towards CSR activities, which is more than two percent of the average net profit of the last three financial years.

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

Annexure E

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 Companies Act, 2013 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**
Executive Directors	
Dr. Rajendra Kumar Somany	220.30
Mr. Sandip Somany	43.59
Non-executive Directors	
Mrs. Sumita Somany	5.38
Mr. Vijay Kumar Bhandari	6.04
Mr. Nand Gopal Khaitan	6.02
Mr. Girdhari Lal Sultania	5.31
Mr. Anil Wadhwa	1.81
Ms. Himalyani Gupta	1.58
Mr. Rakesh Sarin	1.63
Mr. Salil Kumar Bhandari (Resigned in FY 2020-21)*	4.33
Mr. Ashok Jaipuria (Resigned in FY 2020-21)*	4.31
Dr. Rainer Siegfried Simon (Resigned in FY 2019-20)*	3.05

* Commission for the FY 2019-20 was paid during the FY 2020-21.

(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	2.95
Mr. Sandip Somany, Vice Chairman and Managing Director	(75.36)
Mrs. Sumita Somany, Non Executive Director	(20.84)
Mr. Vijay Kumar Bhandari, Independent Director	(12.89)
Mr. Nand Gopal Khaitan, Independent Director	(11.59)
Mr. Girdhari Lal Sultania, Non Executive Director	(21.52)
Mr. Anil Wadhwa, Independent Director [^]	N.A.
Ms. Himalyani Gupta, Independent Director [^]	N.A.
Mr. Rakesh Sarin, Independent Director [^]	N.A.
Mr. O. P. Pandey, Chief Financial Officer [§]	N.A.
Mr. Pulkit Bhasin, Company Secretary [§]	N.A.

** Remuneration includes sitting fees and is calculated on paid basis and as per the Income Tax Act, 1961.

[^] Appointed as Directors w.e.f. 18 March 2020 therefore, this information cannot be calculated.

[§] % increase/(decrease) in remuneration in the FY 2020-21 cannot be ascertained and compared as the remuneration paid to them was for part of the previous FY 2019-20 and not for the full FY 2019-20 as they were appointed as KMP w.e.f. 17 September 2019.

- (iii) The percentage decrease in remuneration in the median remuneration of employee in the financial year: 11.86%
- (iv) The number of permanent employees on the rolls of the Company as on 31 March 2021: 2818
- (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:

There is an average percentile decrease made in the salaries of the employees other than the managerial personnel in the last financial year: 0.58%

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 2.95% and (75.36%) respectively.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

Report on Corporate Governance

COMPANY PHILOSOPHY

HSIL believes that good governance is beyond the realm of law. It stems from the mindset and culture of management and cannot be regulated only by legislation. Your Company understands that Corporate Governance is the interaction between stakeholders and management in shaping a company's performance and the way it is moving towards its goals. The primary objective of the Company is to enhance the value of shareholders along with the interest of the other stakeholders. Your Company pursues the business processes that are aimed at producing results which meet the needs of society and organisational prosperity while making strategic use of its available resources.

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

The Company recognizes the accountability of the Board and the impact of its decisions on its customers, dealers, employees, shareholders, and with every individual, who comes in contact with the Company. Your Company has a well-composed Board who brings in the diverse range of expertise, perspective and knowledge to the Boardroom. The Board of Directors aligns the interests of the Board, Management, Shareholders and Stakeholders and responds to their duties and responsibilities aligned to transparency and accountability.

A. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising of Executive and Non-executive professional Directors with considerable professional expertise and experience to provide leadership and guidance to the management thereby enhancing Stakeholders' value. As on 31 March 2021, the Board of Directors consisted of nine Directors out of which five (i.e. 55.56%) were Independent Directors, two (22.22%) were Non-executive Non-Independent Directors and two (22.22%) 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 2021, none of the Directors on the Company's Board was a Director in more than 10 public companies (including 7 listed companies), neither a chairman 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 the 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).

Appointment of the Chairman and Managing Director and Vice Chairman and Managing Director including the tenure of their appointment and terms of their remuneration is approved by the members.

Six Board meetings were held during FY 2020-21. The dates, on which the Board meetings were held, are as follows:

10 June 2020, 27 July 2020, 21 September 2020, 28 October 2020, 30 December 2020 and 28 January 2021.

The gap between two board meetings held on 03 February 2020 and 10 June 2020 respectively, exceeded period of 120 days due to challenges faced by the Company amidst lockdown restrictions due to the COVID-19 outbreak. The Ministry of Corporate Affairs and Securities and Exchange Board of India had also provided relaxations to the companies to conduct board meetings beyond a gap of 120 days through their respective circulars.

Dates for the Board meetings are decided well in advance to enable the Directors to 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 2021, and at the last Annual General Meeting, and the number of other Directorship and Chairmanship/ Membership 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 Directorship*	Committee position of Companies**		No. of Equity Shares held
				Chairperson	Member	
Executive						
Dr. Rajendra Kumar Somany (Chairman and Managing Director) DIN: 00053557	6	Yes	2	Nil	Nil	34,10,000
Mr. Sandip Somany (Vice Chairman and Managing Director) DIN: 00053597	6	Yes	5	Nil	2	21,87,731
Non-executive and Non - Independent						
Ms. Sumita Somany DIN: 00133612	5	No	1	Nil	Nil	1,61,000
Mr. G. L. Sultania DIN: 00060931	6	Yes	8	1	1	50,705
Non-executive and Independent						
Mr. N. G. Khaitan DIN: 00020588	6	Yes	6	2	5	132
Mr. V. K. Bhandari DIN: 00052716	6	Yes	6	3	2	Nil
Mr. Anil Wadhwa DIN: 08074310	6	No	1	Nil	1	Nil
Ms. Himalyani Gupta DIN: 00607140	6	No	Nil	Nil	Nil	Nil
Mr. Rakesh Sarin DIN: 02082150	6	No	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 Stakeholder Relationship (Shareholders'/Investors' Grievance) Committee. This includes Chairmanship/Membership in public limited companies (including subsidiaries of public limited companies) and excludes Chairmanship/Membership in this Company, private, foreign and Section 8 companies.

Name of Listed Companies in which Directors hold Directorship 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	Nil	N.A.
4.	Mr. G. L. Sultania	The United Provinces Sugar Company Limited*	Independent Director
5.	Mr. N. G. Khaitan	Somany Home Innovation Limited Mangalam Cement Limited Reliance Chemotex Industries Limited	Independent Director Independent Director Non-executive Non-Independent Director
		India Power Corporation Limited (Formerly DPSC Limited)	Independent Director
		JK Lakshmi Cement Limited	Independent Director
		Chase Bright Steel Limited	Independent Director
6.	Mr. V. K. Bhandari	Jayant Agro-Organics Limited Supershakti Metaliks Limited PHF Leasing Limited	Independent Director Independent Director Nominee Director
7.	Mr. Anil Wadhwa	Cosmo Films Limited	Independent Director
8.	Ms. Himalyani Gupta	Nil	N.A.
9.	Mr. Rakesh Sarin	Nil	N.A.

* Delisted from the Calcutta Stock Exchange Limited w.e.f. 1 April 2021 and became unlisted public company w.e.f. the said date.

CORE SKILLS/EXPERTISE/COMPETENCIES OF DIRECTORS

The existing Board of Directors of the Company have appropriate skills/expertise/competencies in diversified domains for the effective functioning of the Company. 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 Board confirms that the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

B. COMMITTEES OF THE BOARD

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

- Audit Committee
- Corporate Affairs Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship (Shareholders'/ Investors' Grievance) Committee
- Share Transfer Committee
- Risk Management 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 2021, the Committee comprised of five Independent Directors. 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, Vice Chairman and Managing Director, Presidents of Divisions, Finance Head, General Counsel, 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.

Meetings and Attendance

During the year, five meetings of the Audit Committee were held on 10 June 2020, 27 July 2020, 28 October 2020, 30 December 2020 and 28 January 2021.

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

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	5
Mr. N. G. Khaitan	Member	5	5
Mr. Rakesh Sarin	Member	5	5
Mr. Anil Wadhwa	Member	5	5
Ms. Himalyani Gupta	Member	5	4

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 internally 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; and
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 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 utilization 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 2021, the Company's Corporate Affairs Committee comprised of two Executive Directors and an Independent Director. 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 four occasions during FY 2020-21 on 29 June 2020, 10 August 2020, 29 October 2020 and 25 January 2021.

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	4	2
Mr. Sandip Somany	Member	4	4
Mr. Rakesh Sarin	Member	4	3

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 and other incidental matters 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 2021, the CSR Committee comprised of two Executive Directors, one Non-executive Non Independent Director and an Independent Director. 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 five times during FY2020-21 on 10 June 2020, 27 July 2020, 28 October 2020, 28 January 2021 and 03 March 2021. 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
Dr. Rajendra Kumar Somany	Chairman	5	5
Mr. Sandip Somany	Member	5	4
Ms. Sumita Somany	Member	5	5
Mr. Anil Wadhwa	Member	5	5

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.

Nomination and Remuneration Committee

Composition

As on 31 March 2021, the Committee comprised of four members, three of them being Independent Directors and one is Non-executive Non-Independent Director. 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 is 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 two times during the FY2020-21 on 10 June 2020 and 28 January 2021. 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. N. G. Khaitan	Chairman	2	2
Ms. Sumita Somany	Member	2	2
Mr. V.K. Bhandari	Member	2	2
Mr. Rakesh Sarin	Member	2	2

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 familiarization 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 the 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 individual 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 the 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 the performance of the aforementioned functions.

The Nomination and Remuneration Policy of the company is available on the Company's website www.hsilgroup.com.

Details of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the FY2020-21

Name of Directors	Basic & Allowances	Perquisites	Commission (for the year 2019-20)	Contribution to PF	Sitting Fee	Amount (in ₹)
						Total
Dr. Rajendra Kumar Somany*	40,885,484	7,493,038	-	4,402,258	-	52,780,780
Mr. Sandip Somany**	7,800,000	29,000	1,679,247	936,000	-	10,444,247
Ms. Sumita Somany	-	-	1,033,149	-	255,000	1,288,149
Mr. V. K. Bhandari [§]	-	-	1,033,149	-	415,000	1,448,149
Mr. N. G. Khaitan	-	-	1,033,149	-	410,000	1,443,149
Mr. G. L. Sultania	-	-	1,033,149	-	240,000	1,273,149

Amount (in ₹)

Name of Directors	Basic & Allowances	Perquisites	Commission (for the year 2019-20)	Contribution to PF	Sitting Fee	Total
Mr. Rakesh Sarin	-	-	39,519	-	350,000	389,519
Mr. Anil Wadhwa	-	-	39,519	-	395,000	434,519
Ms. Himalyani Gupta	-	-	39,519	-	340,000	379,519
Mr. Ashok Jaipuria [#]	-	-	1,033,149	-	-	1,033,149
Mr. Salil Kumar Bhandari ^{##}	-	-	1,033,149	-	5,000	1,038,149
Dr. Rainer Siegfried Simon ^{###}	-	-	731,108	-	-	731,108
TOTAL	48,685,484	7,522,038	8,727,806	5,338,258	2,410,000	72,683,586

* Dr. Rajendra Kumar Somany was paid leave encashment of ₹ 74 lakh which is included in perquisites.

** Mr. Sandip Somany was paid salary for the period 01.01.2021-31.03.2021 in terms of the provisions of the Companies Act, 2013 read with Schedule V thereto.

§ Mr. V. K. Bhandari was paid sitting fee of ₹ 5,000 during the financial year 2020-21, towards attending the Committee meeting held in March, 2020.

Mr. Ashok Jaipuria resigned on 27.05.2020. Commission paid to him for the Financial Year 2019-20, during the Financial Year 2020-21.

Mr. Salil Kumar Bhandari resigned on 01.04.2020. Commission paid to him for the Financial Year 2019-20, during the Financial Year 2020-21. Sitting fee of ₹ 5,000 paid during the financial year 2020-21, towards attending the Committee meeting held in March, 2020.

Dr. Rainer Siegfried Simon resigned on 15.12.2019. Pro-rata Commission paid to him for the Financial Year 2019-20, during the Financial Year 2020-21.

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. Khaitan & Co., LLP in which Mr. N. G. Khaitan, Independent Director of the Company, is a Partner was paid advisory/legal fees for rendering professional services, which is approved by the Audit Committee.

With the applicability of the Act and Listing Regulations, transactions attracting provisions of Section 188 which are in the 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 transactions with Brilloca Limited (a related party), which exceeded the limit prescribed under the provisions of Listing 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 by way of an ordinary resolution on 19 September 2020.

The Related Party Transactions Policy of the Company is available on the Company's website www.hsilgroup.com.

Stakeholders Relationship (Shareholders'/ Investors' Grievance) Committee

Composition

As on 31 March 2021, the Committee comprised of four members, three of them were Independent Directors and one Non-executive Non-Independent Director. 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.

Meetings and Attendance

During the year, four meetings of the Committee were held on 10 June 2020, 27 July 2020, 28 October 2020 and 28 January 2021. The following table summarises the attendance details of the Members of 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	4
Mr. V. K. Bhandari	Member	4	4
Mr. G. L. Sultania	Member	4	4
Ms. Himalyani Gupta	Member	4	3

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, general meetings 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, 7 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 the other two members are the Company's Executives.

Meetings and Attendance

The Committee conducts monthly meetings for the approval of transmission, if any, of shares lodged with the Company. As on 31 March 2021, no request for such transmission of shares was pending. The Committee met 10 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 & Share Transfer Agent.

Risk Management Committee

Composition

Pursuant to the notification dated 5 May 2021, the Securities and Exchange Board of India (SEBI), has issued SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 ("Amended Regulations"). As per the said Amended Regulations, top 1000 listed entities (by market capitalisation as on 31st March every year) are required to constitute the Risk Management Committee.

The Company has constituted its Risk Management Committee on 10 May 2021, comprising of four members, three of them being members of the Board, including two Independent Directors and one Executive Director. The remaining member of the Committee is a senior executive of the Company. Mr. Sandip Somany, Vice-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, including at least one member of the Board of Directors. The Company Secretary acts as the Secretary to the Committee.

Scope of the Risk Management Committee

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of Reference

- To formulate a detailed risk management policy that shall include:
 - a. a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cybersecurity risks or any other risk as may be determined by the Committee.
 - b. measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors;

- Monitoring and reviewing the Risk Management Plan; and
- Such other function(s) as the Board of Directors may deem fit.

C. OTHER MEETING

Independent Directors Meeting

During the year under review, the Independent Directors met on 28 January 2021 to, interalia 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 timeliness of the flow of information between the Company's Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

D. GENERAL BODY MEETINGS

Annual General Meeting

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2019-20	19 September 2020	11.00 a.m.	Through Video Conferencing/Other Audio Visual Means Deemed Venue for the meeting: Registered Office - 2, Red Cross Place, Kolkata - 700 001
2018-19	2 September 2019	11.30 a.m.	Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020
2017-18	6 September 2018	11.00 a.m.	Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020

Twelve Special Resolutions were passed at the Annual General Meetings held during the last three financial years

Date of Annual General Meeting	No. of Special Resolution passed	Particulars
19 September 2020	3	<ol style="list-style-type: none"> 1. Re-appointment of Dr. Rajendra Kumar Somany as Chairman and Managing Director and remuneration payable thereof 2. 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 3. Approval for continuation of Directorship of Mr. Girdhari Lal Sultania as Non-executive Non-Independent Director of the Company
2 September 2019	6	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Nand Gopal Khaitan as Independent Director 2. Re-appointment of Mr. Vijay Kumar Bhandari as Independent Director 3. Re-appointment of Mr. Ashok Jaipuria as Independent Director 4. Re-appointment of Mr. Salil Bhandari as Independent Director 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 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
6 September 2018	3	<ol style="list-style-type: none"> 1. Remuneration by way of Commission to Non-executive Directors 2. Increase in Borrowing Powers of the Board of Directors 3. Approval for continuation of Directorship of Mr. Vijay Kumar Bhandari as an Independent Director of the Company

Extra Ordinary General Meeting

During the financial year 2020-21, no Extra Ordinary General Meeting was held.

Postal Ballot

During the financial year 2020-21, the Company conducted Postal Ballot once, the results of which were declared on 15 June 2020. The following resolution was passed vide the above mentioned Postal Ballot:

S.No. Special Resolutions	Votes cast in favour		Votes cast against		Date of declaration of Results
	No. of votes	%	No. of votes	%	
1. Approval for adoption of amended and altered Articles of Association of the Company.	4,97,76,968	99.99	6,503	0.01	15 June 2020

Mr. Pravin Kumar Drolia, Practicing Company Secretary, Kolkata (FCS: 2366, CP: 1362), was appointed to act as Scrutinizer to conduct the remote e-voting process and physical postal ballot 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 facility of remote e-voting and postal ballot.

This Notice was only sent through email to all the Members who had registered their email addresses with the Company or Depository/Depository Participants and the physical Notice (along with postal ballot forms) and pre-paid business envelope through post was not sent to the Members for the aforesaid postal ballot pursuant to the MCA General Circulars No.14/2020 dated 8 April 2020 and No.17/2020 dated 13 April 2020 respectively on account of nationwide lockdown due to COVID-19 outbreak. The communication of assent/dissent of the Members took place through the remote e-voting system. However, in order to facilitate voting for the Members who were not able to access remote e-voting facilities, the Members were also given an option to cast their votes through physical ballots, as per the instructions provided in the Notice.

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 requirements 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 the 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 download the postal ballot form from www.hsilgroup.com and return the

duly completed and signed form, to the Scrutinizer on or before the close of the voting period.

The Scrutinizer submitted his reports after completion of the scrutiny and the consolidated results of the voting by postal ballot and remote e-voting. Thereafter, Mr. Girdhari Lal Sultania, Director of the Company, (authorized by the Chairman and Managing Director of the Company) announced the result on 15 June 2020. The proposed resolution was passed with the requisite majority and the results of postal ballot were also displayed on the website of the Company i.e. www.hsilgroup.com, besides being communicated to the stock exchanges. The date of declaration of the results by the Company was 15 June 2020 and the deemed date of passing the resolution was 14 June 2020.

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 that 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 to 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 2020-21, the Company did not raise capital through public, rights and/or preferential issue.

Management Discussion and Analysis

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 Board's 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 in place its 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.

Subsidiary Companies

During the Financial Year 2020-2021, the Company had no subsidiaries.

The policy on Material Subsidiaries is available on the Company's website at the link: [Policy of Material Subsidiaries](#)

Particulars of Director seeking re-appointment

Pursuant to provisions of the Act, Ms. Sumita Somany shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

The present term of Mr. Sandip Somany as Vice Chairman and Managing Director of the Company will expire by efflux of time on 30 November 2021. The Board is seeking shareholders' approval at ensuing Annual General Meeting for re-appointment of Mr. Sandip Somany, as Vice Chairman and Managing Director of the Company for a further period of five consecutive years, commencing from 1 December 2021 upto 30 November 2026.

For detailed particulars on the Director seeking re-appointment, please refer to Notice dated 10 May 2021 of the 61st Annual General Meeting scheduled to be held on 24 September 2021.

Training of Independent Directors

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

The Company provides 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 during the FY 2020-21, 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: [Familiarisation Programme for Independent 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: [Appointment Letter for 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 Director on the Board of Directors of the Company has been debarred or disqualified from being appointed or continuing as Director 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 2020-21, 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 lakh)
S.No.	Nature of Service	Amount
1.	Audit Fees	11.00
2.	Other Services*	10.10
3.	Reimbursement of Expenses	3.04
Total		24.14

* Other services include certification also which has been approved by the Audit Committee.

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 forms 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 (English daily) 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, 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 requirements 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
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, Lakamanhalli, Dharward - 580004
Uttarakhand	• Khasra No.122, Pachwadoon, Mauja Central Hope Town, Pargana, Selaqui, Dehradun-248197

Company Secretary

Mr. Pulkit Bhasin

Annual General Meeting

The 61st Annual General Meeting is scheduled to be held on 24 September 2021 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, are declared within 45 days of the end of quarter, except for the last quarter, which are submitted, along with the annual audited results within 60 days of the end of the last quarter, as permitted under the Listing Regulations. However, during the year under review, the financial results for the fourth quarter and year ended 31 March 2020 were filed with the stock exchanges beyond 60 days due to country wide lockdown due to COVID-19.

Date of Book Closure

Friday, 17 September 2021 to Friday, 24 September 2021

Dividend Payment Date

On or before 29 September 2021

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-400051 Maharashtra, India

BSE Ltd. (BSE): 500187 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 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 2021-22 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 5809/5029
Email: mdpldc@yahoo.com

Share Transfer System

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

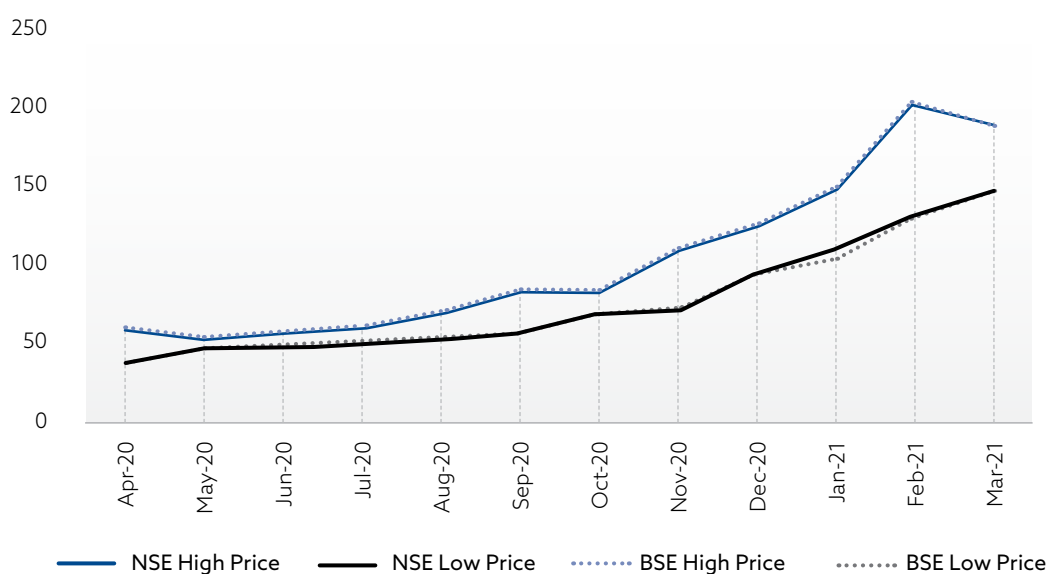
Market Price Data

Monthly stock market data of the Company's high-and-low prices of equity shares during 2020-21 and their performance, in comparison with the broad-based index, comprise:

Monthly Stock Market Data

Month	NSE High Price	NSE Low Price	BSE High Price	BSE Low Price
Apr-20	57.90	40.05	58.00	40.05
May-20	53.35	47.00	53.35	47.05
Jun-20	56.70	47.95	56.65	48.05
Jul-20	59.65	51.50	59.60	51.35
Aug-20	69.50	53.50	69.40	53.75
Sep-20	83.50	58.25	83.55	58.20
Oct-20	81.85	69.30	81.75	69.00
Nov-20	108.00	72.10	108.00	74.20
Dec-20	124.45	95.00	124.25	95.00
Jan-21	147.00	110.30	147.00	105.00
Feb-21	200.00	131.20	200.00	131.00
Mar-21	188.10	147.15	187.35	147.35

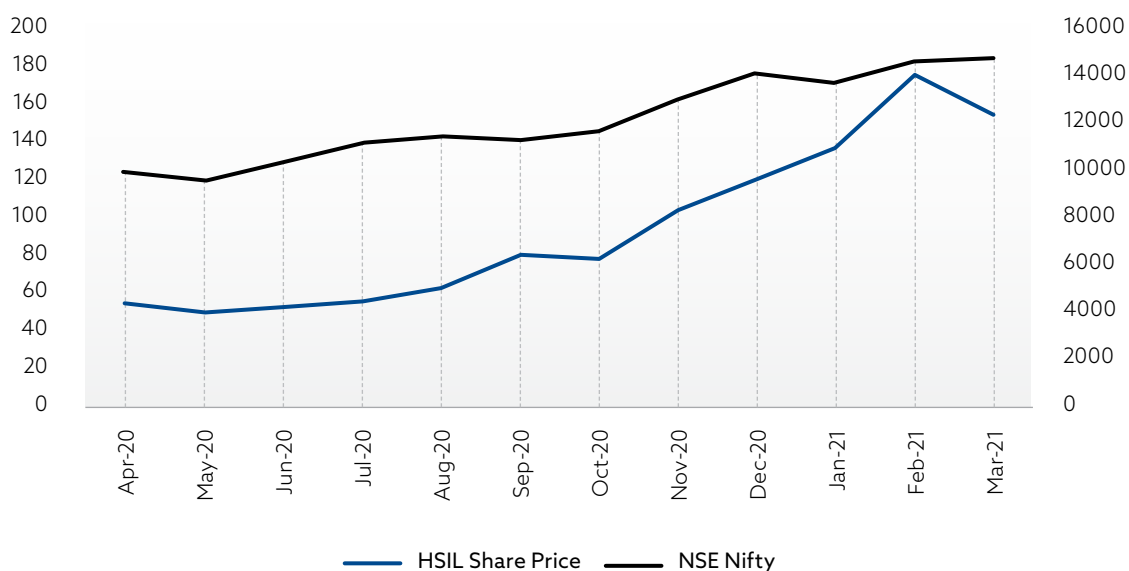
Monthly NSE and BSE prices of equity shares



Monthly closing price of HSIL shares on NSE and NSE Nifty

Month	NSE	NSE Nifty
Apr-20	53.50	9,859.90
May-20	48.90	9,580.30
Jun-20	52.45	10,302.10
Jul-20	55.05	11,073.45
Aug-20	62.50	11,387.50
Sep-20	79.75	11,247.55
Oct-20	77.50	11,642.40
Nov-20	103.00	12,968.95
Dec-20	118.70	13,981.75
Jan-21	135.05	13,634.60
Feb-21	174.35	14,529.15
Mar-21	153.60	14,690.70

Monthly closing prices of HSIL shares on NSE and NSE NIFTY



Distribution of Shareholding as on 31 March 2021

Number of Shares held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Up to 500	30178	87.82	31,54,288	4.88
501-1,000	2193	6.38	17,46,867	2.70
1,001-2,000	1035	3.01	15,48,425	2.39
2,001-3,000	332	0.97	8,50,565	1.31
3,001-4,000	147	0.43	5,17,217	0.80
4,001-5,000	126	0.37	5,93,787	0.92
5,001-10,000	208	0.60	15,22,488	2.35
10,001 and above	144	0.42	5,47,63,744	84.65
Total	34363	100.00	6,46,97,381	100.00

Category of Shareholders as on 31 March 2021

Category	No. of Shares of ₹ 2 each	% of Total
Promoter	38,972,819	60.24
Mutual Fund/UTI	182,452	0.28
Alternative Investment Funds	1,745,137	2.70
Foreign Portfolio Investors / Foreign Institutional Investors	3,146,110	4.86
Financial Institutions/Banks	15,986	0.02
Insurance Companies	160,359	0.25
Foreign National	207	0.00
Domestic Companies/Bodies Corporate	911,853	1.41
Non-Resident Individual	419,708	0.65
Others	19,142,750	29.59
Total	64,697,381	100.00

Dematerialization of Shares

Particulars of Shares	Shares of ₹ 2 each	
	Number	% of Total
Dematerialized Form		
National Securities Depository Ltd. (NSDL)	59,644,993	92.19
Central Depository Services (India) Ltd. (CDSL)	4,463,946	6.90
Physical Form	588,442	0.91
Total	64,697,381	100.00

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 2020	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 Act	68	32,567
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 March 2021	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on 31 March 2021 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	Nil Amount enhanced from ₹ 1,194.00 Crore to ₹ 1,205.50 Crore
		Short Term Bank Facilities	CARE A1+ (A One Plus) Reaffirmed	Nil Amount enhanced from ₹ 200 Crore to ₹ 230 Crore
		Commercial Paper*	Rating withdrawn w.e.f. 25 February 2021 at the request of the Company	NA

* The Company has not raised funds under the Commercial Paper issue and there is no outstanding under the said issue as on 31 March 2021.

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 www.hsilgroup.com. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for the FY 2020-21.

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 in 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 2021.

Place: Gurugram
Date: 10 May 2021

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 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 2021 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	Rakesh Sarin	02082150	18/03/2020
8	Himalyani Gupta	00607140	18/03/2020
9	Anil Wadhwa	08074310	18/03/2020

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 5480
C.P. 4936

Place: New Delhi
Date: 01.05.2021

UDIN: F005480C000224182
Peer Review No. 779/2020

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 2021 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; and
 - 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: 10.05.2021

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 2021 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 the SEBI Listing Regulations during the year ended 31 March 2021.
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
B.Com (H), FCS, LL.B., IP
Partner
FCS 5480
C.P. 4936

UDIN: F005480C000224149
Peer Review No. 779/2020

Place: New Delhi
Date: 01.05.2021

Business Responsibility Report

The Business Responsibility Report (BRR) is a disclosure of adoption of responsible business practices by the Company to all its stakeholders. Your Company ensures that it is not only responsible towards well being of its employees and to the extent of paying dividends to its investors but also extends its responsibility towards betterment of the stakeholders at large.

Your Company operates its business efficiently and responsibly; meets and exceeds legislation; and always considers its impact on people (the workforce, the community and society at large); and the environment. HSIL has a Code of Conduct that every employee and business partner abides 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

1. **Corporate Identity Number (CIN) of the Company:** L51433WB1960PLC024539
2. **Name of the Company:** HSIL Limited
3. **Registered Address:** 2, Red Cross Place, Kolkata - 700001, West Bengal
4. **Website:** www.hsilgroup.com
5. **E-mail ID:** hsilinvestors@hsilgroup.com
6. **Financial Year reported:** 1 April 2020 – 31 March 2021
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**
 - i. 23922 - Sanitaryware
 - ii. 24320 - Faucets
 - iii. 23103 - Glass Containers
 - iv. 22203 - Pet bottles and Caps & Closures
 - v. 22209 - Other plastic products i.e. PVC Pipes
8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**
 - i. Sanitaryware
 - ii. Faucets
 - iii. Glass Containers

9. The total number of locations where business activity is undertaken by the Company:

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

*This does not include Regional Offices, Stores, 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 (RUPEES IN LAKH)

1	Paid up Capital (₹):	₹ 1,293.95 lakh (excluding forfeited shares)
2	Total Income (₹):	₹ 1,88,055 lakh
3	Total profit after taxes (₹):	₹ 8,806 lakh
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	During the year under review, the Company has spent ₹ 199.05 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:

5.No. Activities as per Schedule VII of the Companies Act, 2013

1	Clause no. (i) promoting health care including preventive health care and sanitation
2	Clause no. (ii) promoting education, including special education and enhancing vocation skills especially among children and women
3	Clause no. (iv) ensuring environmental sustainability, ecological balance and maintaining quality of soil

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 D 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 2021.

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 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 the 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

- b) Details of the BR Head

S.No.	Particulars	Details
1.	DIN (if applicable)	00053557
2.	Name	Dr. Rajendra Kumar Somany
3.	Designation	Chairman and Managing Director
4.	Telephone number	+91-033-22487407
5.	E-mail ID	brr@hindware.co.in

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

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
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.								
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?	https://www.hsilgroup.com/investor-relations/								
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 brr@hindware.co.in								
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 audit

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 marginalized.

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.

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/investor-relations/>

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 20-21	Complaints Resolved during FY 20-21	Complaints Resolved (%)
Investors' Complaints	7	7	100
Consumers' Complaints	Nil	Nil	Nil
Total	7	7	100

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.

Building Products Division

• **Sanitaryware and Faucets**

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:

- EWC WM Enigma Integrated Jet
- EWC One pc Flora
- EWC WM Lara

The faucets business 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.

• **Pipes**

- CPVC Pipes
- UPVC Pipes
- SWR Pipes

The plant of Pipes business is ISO 9001:2005 certified. The Plastic piping systems are a sustainable and environmentally responsible choice by construction and agriculture industry because of the following major features which contribute to sustainability:

- lead free material
- low carbon footprint

- light weight and fuel-efficient transport (Telescopic)
- safe inert raw materials
- easy installation and long service life

Packaging Products Division

- Installed ESP to reduce air pollution
- Current solar power plant capacity is about 13.5 MW to increase the use of renewable energy
- Used natural gas in place of furnace oil to reduce environmental emissions

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Building Products Division

- *Pipes*

	Energy (units per Kg)		Water (Ltrs per Kg)	
	2019-20	2020-21	2019-20	2020-21
Finished	0.59	0.53	0.69	0.40
Good				

Packaging Products Division

Each MT of Glass Production requires the below resources:

Electricity: 385 Units

Fuels: 127 Kgs

a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Building Products Division

- *Sanitaryware and Faucets*

For sanitaryware manufacturing, the R&D Department is regularly working on substituting raw materials which are near plant locations. Plants have started reusing a large part of process rejection which results in lesser consumption of fresh inputs to save upon the input cost and also achieving environmental 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 costs. R&D Department in faucets plant is working on a project whereby reuse of some process waste will be possible.

- *Pipes*

- As part of the green initiatives, Pipes business always adopts energy and water efficiency initiatives in the manufacturing process
- STP treated water is used for the landscape purpose and capture 100% rainwater through RWH pits. Hence, resulting in zero discharge of water
- Adopting distributorship model to supply the finished products and also uses reverse logistics mechanism for container loads to minimise the CO₂ emissions for outbound logistics
- All the vehicles used for outbound transportation are BSIV Compliant

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 optimization.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Building Products Division

- *Sanitaryware and Faucets*

Sanitaryware: Each product when used in the 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*

There are no specific methods to capture this. Actual usage of products is varying from customer to customer. However, because of ease in jointing procedure, customers save their ownership cost and time during installation of pipes and fittings.

Packaging Products Division

Fuel consumption for transporting lower volumes of glass has been saved by reducing the weight of bottles by 15% to 20% on certain specific segments. An effluent treatment plant has been installed which aids in the reduction of water usage, reuse of water and ensuring zero liquid discharge.

Total electrical energy consumption increased by 1.5% over the previous year due to lower capacity utilisation due to COVID during 1st half of the year. However, various measures have been taken to reduce the plant electrical energy consumption like installation of energy-efficient air cooler for compressor, Bellmouth for cooling blowers,

reduction in compressed air leakages, reduction in losses in boosting transformers, LED lightings, etc. which have reduced the impact of the low draw in overall plant power consumption.

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 the vendor development process.

The majority of the Company's consumable raw materials and packaging materials are sourced locally without compromising on the quality expectations, so that carbon emissions are reduced during inbound transportation.

Raw material loading optimisation has been done by increasing the capacity of jumbo bags from 1000kgs/bag to 1500kgs/bag. This has increased load ability from 14MT per vehicle to 21MT per vehicle.

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 and Faucets**

Sanitaryware: Most of the mineral raw materials are procured from the nearest areas to the manufacturing locations and these vendors are SMEs. Officials from the R&D team regularly visit the mines of the vendors to guide them for improving quality, reducing process wastages & for re-use of water used in washing. They also guide them in setting up test labs for carrying out tests at mine heads.

Faucets: For faucets manufacturing, many components are procured from small vendors located near the plant. The transportation cost of the plant has been reduced due to reduction of distance from the nearby vendors. The design team continuously helps small vendors in developing dies & tools so that their manufacturing processes become more efficient thereby making them competitive.

One of the packing materials which is paddy straw is procured from farmers and cardboard boxes are also procured from the local vendors.

- **Pipes**

As a continuous process, the Company endeavours to develop local small scale vendors to source the locally available materials. These small vendors play an important segment in the supply base of the Company. Under the education and awareness, during the regular interactions with these vendors, the Company encourages and shares ideas with them to come up with new innovations and follow the sustainable guideline during their production processes and services. Also to increase their capacities, the Company supports with minimum order quantities.

Packaging Products Division

Except for soda ash which is imported, all the raw materials (glass cullet, quartz sand, all cardboard packaging materials) are sourced from local suppliers. The fuels are sourced from local suppliers both PSUs and private suppliers. The effort is being made to source regular inputs and services from the local producers. The Packaging Products Division of 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

- **Sanitaryware and Faucets**

For sanitaryware manufacturing, a large part of such rejection is used by regrinding. In the faucets plant, there is no wastage of metal as metal rejections are re-melted and used.

Further, in the faucets manufacturing process multiple re-use of packing material in various stages of manufacturing has been introduced to reduce wastage of packing material.

- **Pipes**

The Pipes business continuously strives towards decreasing the generation of waste during the process stages itself. Also, the Pipes business has systems in place for segregating the waste generated and ensuring efficient recycling of this waste. Whatever usable waste generated during the processing is 100% recycled by grinding and re-processed.

The Pipes business has in-house grinders to grind and re-use its own process wastes and also installed extruder/pelletizing machine for making granules.

Negligible non-usable waste is handed over to CPCB/SPCB authorised scrap vendors.

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 the ESP plant is reused as raw material
- iii. Effluents are treated and recycled >10%
- iv. The 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. - 2818 (permanent employees)
- 2. Please indicate the total number of employees hired on temporary/contractual/casual basis. - 4083
- 3. Please indicate the number of permanent women employees. - 13
- 4. Please indicate the number of permanent employees with disabilities. - 2
- 5. Do you have an employee association that is recognized by management? - Yes
- 6. What percentage of your permanent employees is members of this recognized employee association? - 21%
- 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 - 58%, Packaging Products Division - 78%
- (b) Permanent Women Employees: 100%
- (c) Casual/Temporary/Contractual Employees: Building Products Division - 90%, Packaging Products Division - 85%
- (d) Employees with Disabilities - NIL

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

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 marginalized stakeholders?

Yes, the Company has identified the disadvantaged, vulnerable and marginalized stakeholders 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 marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

During the year under review, the Company approved various programmes under Corporate Social Responsibility i.e. providing basic healthcare facilities, providing desks and chairs, RO System and Solar Systems to various schools, construction/renovation of toilets in various schools or in households, plantation of trees etc. which are helpful to various stakeholders of the local community.

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 is applicable to all employees in the Company. The Company encourages its business partners to follow the policy. The Company 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 6 covers all the manufacturing plants as well as major suppliers and contractors. For the sanitaryware plant, the Company has installed organic waste convertor, which converts organic waste to manure for use in gardening. The Company has also started the use of natural gas in one more plant.

For the faucets plant, the Company has installed 10 KL ETP for pre-treatment of concentrated effluent stream and 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

• **Sanitaryware and Faucets**

The Company has already installed a 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 the plants is now a zero liquid discharge plant.

• **Pipes**

The Pipes business always takes proper steps to address the environmental issues. As its commitment to mother earth and environment, the Company has adopted IGBC's Green Factory parameters and got Platinum Green Platinum Rating for the factory building. Further, as a step towards green initiative, the Company has also adopted GreenCo system for sustainable manufacturing process and achieved a Platinum rating and the following steps have been taken to reduce the environmental impact:

- Procured energy efficient equipments only
- Rooftop solar PV
- Minimising the use of DG sets
- 100% LED lighting

- Increased green cover within the factory
- Encouraged employees to use car pooling

Packaging Products Division

The Packaging Products Division of the Company has installed additional ESP to remove sox and particulate matter from flue gas. It has also installed rooftop and ground mounted solar plants for generating power without use of thermal or hydel sources. Further, the Packaging Products Division of the Company has 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 risks 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 a continuous process across all plants of the Company.

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

• **Sanitaryware and Faucets**

The sanitaryware business of the Company has installed all equipments required for meeting emission norms for air and water and regularly submit test reports to the environmental authorities in the respective states. It has also rainwater harvesting systems in all plants. In the faucets plant, the Company has installed 3rd stage RO and MEE (Zero Liquid Discharge).

• **Pipes**

For Pipes business the Company does not have any projects registered for clean development mechanism.

However, to reduce carbon emissions, the majority of the consumables and chemicals have been sourced locally within 200 km range so that the CO₂ emissions from transport can be reduced.

Packaging Products Division

The Packaging Products Division of the Company has natural harvesting pits and rainwater harvesting bunds to collect the rainwater, dust collectors provided to control the dust emissions in raw material handling plant, online continuous stack monitoring system provided for the 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

- **Sanitaryware and Faucets**

Yes, as already mentioned above, the Building Products Division of the Company has installed 3318 KW solar power generation systems and it has been regularly working and achieving reduction in power, fuel and water consumption per unit of production.

- **Pipes**

For reducing the negative environmental impact/carbon footprint, the Pipes business of the Company has installed roof top solar PV and which generated 888155 units in the year 2020-2021. Entire waste water generated is treated using STP. Drip irrigation system with sprinklers is used for minimum usage of water for up-keeping the landscaping. Other initiatives are as follows:

- All the process equipments are fitted with IE3 motors
- 100% LED lights both internal and external
- Harvesting natural day light
- 100% rainwater harvesting

Packaging Products Division

The Packaging Products Division of the Company has installed over 13.5 MW of solar power in rooftop and ground-mounted and is in the process of increasing the use of solar power by an additional 3 MW at its various locations. During the year, the Packaging Products Division of 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. To increase energy efficiency, the Packaging Products Division of the Company has conducted energy audits by CII and others and implemented the proposed initiatives. Further, this Division of the Company is using energy efficient LED lights, star rated other equipments like ACs, motors etc. in the plant.

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

- **Sanitaryware and Faucets**

For Sanitaryware and Faucets, the Company has 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**

The Pipes business regularly follows all the guidelines of local PCB and CPCB norms. All these emissions and waste generated are within the permissible limits. For the treatment of waste water generated, the Pipes business has soil biotechnology type STP within the boundaries and the treated water is used for the purpose of landscape watering and shop floor cleaning. There are no machines that generate harmful emissions.

Packaging Products Division

The emissions/waste generated by the Packaging Products Division of the Company is within permissible limits given by TSPCB. Hazard waste Form 4 is submitted to PCB on regular basis.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.**

The Company does 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:**

- PHD Chamber of Commerce and Industry
- Federation of Indian Chambers of Commerce and Industry
- Indian Plumbing Skills Council
- Indian Council of Sanitaryware Manufactures
- The All India Glass Manufactures' Federation
- 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 the Company has its plants and gets affected, because of change in applicable laws, the Company interacts with 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 programmes and promotion of art and culture;
- Relief, rehabilitation and reconstruction activities as part of disaster management; and
- Ensuring environmental sustainability, ecological balance and animal welfare.

These projects are in accordance with Schedule VII of the Companies Act, 2013 and rules made thereunder.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The aforesaid projects have been carried out by the Company directly, through its own foundation which coordinates with other implementing agencies. The details can be found in Annexure D of the Directors' Report which forms a part of the Annual Report.

3. Have you done any impact assessment of your initiative?

No, the Company has not done any impact assessment of its initiative. However, the CSR committee of the Company internally reviews and evaluates its initiatives at the end of each year to understand the efficacy of the programmes 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 has spent the majority amount on community development projects. More information on CSR activities of the Company is disclosed in Annexure D 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 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 the financial year:

Nil

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).

The packaged products of the Company carry information as required under Legal Metrology Act and related rules. Besides this, the Company also provides information related to product installation, do's and don'ts for product usage and terms for claiming benefits of the 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 the Hon'ble Competition Commission of India (CCI) in the year 2013 for violation of certain provisions of the 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 the Hon'ble CCI found that no prima facie case of contravention of the provisions of Competition Act was made out against the Company. Thereafter, the dealer filed an appeal before the Hon'ble COMPAT against the order of the Hon'ble CCI and said appeal was dismissed by

the Hon'ble COMPAT vide order dated 29 November 2016. However, the said dealer has preferred an appeal before the Hon'ble Supreme Court against the said Order of the Hon'ble COMPAT and said appeal is subjudice.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, the Packaging Products Division of the Company carried out the Consumer Satisfaction Survey and the results of the survey are satisfactory.

Independent Auditor's Report

To the Members of
HSIL Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HSIL Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows 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 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 2021, and profit and 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Act 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 ₹ 1,073.02 lakh, 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 ₹ 1,073.02 lakh and charged the same as exceptional item to Statement of Profit and Loss of that year, and withdrawn equivalent amount from BRR.

Our opinion is not modified in respect of the above matter.

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 year ended 31st March 2021. 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 ₹ 1,073.02 lakh in financial year 2020-21, and charged the same to Business Reconstruction Reserve ('BRR').</p> <p>(Refer note no. 5)</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 Cash Generating Units (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 the goodwill.</p> <p>Reviewing the appropriateness of discount rate through the use of our valuations specialists, we determined whether impairment charge required based on the results of our work, has been made. Management has described the key sensitivities applied in the Note No. 5 to the financial statements - 'Goodwill'.</p> <p>Based on independent valuation report, impairment loss of ₹ 1,073.02 lakh has been provided during the current year.</p>

Description of Key Audit Matter	How our audit addressed the key audit matter
Valuation of Financial Instruments	
Valuation of Financial Instruments - Investments (held at fair value)	Our audit procedure includes:
<p>The company has investment in unlisted equity shares of Andhra Pradesh Gas Power Corporation Limited (APGPCL) amounting to ₹ 1,104.23 lakh (PY ₹ 1,165.48 lakh) as on balance sheet date. (Refer note no. 7 to the financial statements)</p> <p>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.</p> <p>We have considered the valuation of financial instruments as key audit matter considering complexities and financial impact involved over financial statements.</p>	<p>Control testing:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of key Controls. Controls over the validation, completeness, implementation and usage of valuation models. <p>Independent performance:</p> <ul style="list-style-type: none"> Our own valuation specialists independently challenged management on the valuations where they were found outside our expected range. <p>Methodology choice:</p> <ul style="list-style-type: none"> 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 Fair Valuation Assessments (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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act 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 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 Act, 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.

Materiality is the magnitude of misstatements in the 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 financial statements.

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 for the financial year ended 31st March 2021 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 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 by the company to its directors for the year ended 31st March 2021 is in accordance with the provisions of Section 197, read with Schedule V to 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; and

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
ICAI Firm Registration Number: 301051E

N K Lodha
Partner

Place: New Delhi
Date: 10th May 2021

Membership Number: 85155
UDIN: 21085155AAAABX2455

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of the HSIL Limited on the financial statements as of and for the year ended 31st March 2021)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. with respect to the loans, investments, guarantees and security, wherever applicable.
- (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 the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and rules framed thereunder, 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(4) of the 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 to the company.
- (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 information and explanation given to us and on the basis of 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, duty of Customs, Cess and other material statutory dues, with the appropriate authorities. According to the information and explanations given to us, there is no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax, duty of Customs, Cess and other material statutory dues as at 31st March 2021, for a period of more than six months from the date they became payable except Tax Collected at Source (TCS) of ₹ 0.01 lakh, (since been deposited).
- (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 Act. Accordingly, the provisions of the clause 3(iii) of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, 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 (₹ in lakh)	Forum where matter is pending
The Central Excise Act, 1944	Excise Duty	1987-89	27.81	Commissioner of Central Excise, Rohtak
	Cenvat Credit	2007-08	11.09	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
	Service Tax Input Credit	2006-07	3.08	Commissioner (Appeals), Hubli
	Excise Duty	1999-20	24.26	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

Name of Statute	Nature of Due	Period	Amount (₹ in lakh)	Forum where matter is pending
	Excise Duty	2010-11	9.71	Assistant Commissioner, Central Excise, Hubli
	Excise Duty	2004-05 to 2005-06	14.98	Assistant Commissioner, Central Excise, Hubli
Finance Act, 1994	Service Tax	2012-13 to 2014-15	128.70	Custom, Excise & Service Tax Appellate Tribunal, Delhi
The Central Sales Tax Act and Value Added Tax Act	Sales Tax	2016-17	19.69	Deputy Commissioner(State Tax) LTU, Panjagutta, Hyderabad
	Sales Tax	2012-13	12.59	High Court Judicature of Telangana
	CST	2017-18	19.11	Government of Telangana Commercial Tax Department
	CST	2016-17	6.27	Commissioner Income Tax (Appeals), Hubli
	CST	2017-18	1.81	Commissioner Income Tax (Appeals), Hubli
AP VAT Act	VAT	2011-12 & 2012-13	3.75	Asst. Commissioner (CT) LTU, Nalgonda Division, Nalgonda
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
	Entry Tax	2012-13 to 2016-17	1,043.35	Telangana High Court, Hyderabad
	Entry Tax	2017-18	95.52	Telangana High Court, Hyderabad
Entry Tax Act, 2001	Entry Tax	2011-12 to 2016-17	52.59	Telangana High Court, 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

- (viii) According to the records of the company examined by us and the information and explanations given to us, 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 has not raised 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 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 as prescribed under section 406 of the Act. Accordingly, reporting under clause 3(xii) of the said order is not applicable.
- (xiii) As per the information and explanations and records made available to us 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 financial statements as required by the applicable Ind AS. (Refer Note no. 50 of the financial statements)
- (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 to the company.
- (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. Accordingly, clause 3(xvi) of the Order is not applicable to the company.

For **LODHA & CO.**
Chartered Accountants
ICAI Firm Registration Number: 301051E

N K Lodha
Partner

Place: New Delhi
Date: 10th May 2021

Membership Number: 85155
UDIN: 21085155AAAABX2455

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")

OPINION

We have audited the internal financial controls over financial reporting of HSIL Limited ("the Company") as of March 31, 2021 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 (hereinafter referred to as "the Act").

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, 2021, 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
ICAI Firm Registration Number: 301051E

N K Lodha
Partner

Place: New Delhi
Date: 10th May 2021

Membership Number: 85155
UDIN: 21085155AAAABX2455

Balance Sheet

as at 31 March 2021

(₹ in lakh)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	1,82,923.57	1,80,668.53
(b) Capital work-in-progress		3,052.21	3,299.81
(c) Goodwill	5	-	1,073.02
(d) Other intangible assets	6	209.77	226.63
(e) Financial assets			
(i) Investments	7	1,112.33	1,173.12
(ii) Loans	8	1,710.79	1,677.82
(iii) Other financial assets	9	23.34	83.61
(f) Income-tax assets (net)	10	2,208.29	6,012.27
(g) Other non-current assets	11	5,779.88	3,207.75
Total non-current assets		1,97,020.18	1,97,422.56
2 Current assets			
(a) Inventories	12	43,613.81	40,797.54
(b) Financial assets			
(i) Trade receivables	13	31,729.85	29,303.69
(ii) Cash and cash equivalents	14	373.58	2,494.05
(iii) Bank balances other than (ii) above	15	1,967.08	2,255.63
(iv) Loans	16	1.25	1.61
(v) Other financial assets	17	3,402.27	2,244.37
(c) Other current assets	18	7,494.21	7,664.27
(d) Asset held for sale		-	4,655.05
Total current assets		88,582.05	89,416.21
Total assets		2,85,602.23	2,86,838.77
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	19	1,293.99	1,445.97
(b) Other equity	20	1,22,061.81	1,24,241.84
Total equity		1,23,355.80	1,25,687.81
2 Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	67,539.71	72,869.68
(ii) Other financial liabilities	22	1,795.91	1,874.82
(b) Provisions	23	883.82	802.29
(c) Deferred tax liabilities (net)	24	25,626.47	23,634.83
(d) Other non-current liabilities	25	118.27	180.89
Total non-current liabilities		95,964.18	99,362.51
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	12,873.91	20,872.84
(ii) Trade payables	27		
- Due to micro and small enterprise		2,394.76	1,093.70
- Due to others		20,617.95	18,428.60
(iii) Other financial liabilities	28	22,188.71	17,115.87
(b) Other current liabilities	29	7,344.76	3,284.84
(c) Provisions	30	862.16	992.60
Total current liabilities		66,282.25	61,788.45
Total liabilities		1,62,246.43	1,61,150.96
Total equity and liabilities		2,85,602.23	2,86,838.77

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: New Delhi
Date: 10 May 2021

Place: Gurugram
Date: 10 May 2021

Statement of Profit and Loss

for the year ended 31 March 2021

(₹ in lakh)

Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
I Revenue from operations	31	1,85,259.48	1,85,907.03
II Other income	32	2,795.91	2,030.07
III Total income		1,88,055.39	1,87,937.10
IV Expenses			
Cost of materials consumed	33	72,823.79	72,567.30
Purchases of stock-in-trade	34	1.32	4,602.94
Changes in inventories of finished goods, stock-in-trade and work-in-progress	35	4,041.61	(8,189.89)
Employee benefits expense	36	22,282.85	22,748.30
Finance costs	37	7,188.04	7,347.63
Depreciation and amortisation expense	38	12,136.49	14,287.64
Other expenses	39	58,098.74	67,073.26
Total expenses		1,76,572.84	1,80,437.18
V Profit before exceptional items and tax		11,482.55	7,499.92
VI Exceptional items (refer note 53)		(1,073.02)	(1,400.02)
Less: Transferred from Business Reconstruction Reserve		1,073.02	1,400.02
VII Profit before tax		11,482.55	7,499.92
VIII Tax expense	40		
(1) Current tax		2,137.66	1,294.15
MAT credit entitlement		(531.54)	(1,294.15)
Earlier year income tax		(1,471.48)	-
(2) Deferred tax		2,541.95	2,658.31
Total tax expense		2,676.59	2,658.31
IX Profit for the year		8,805.96	4,841.61
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Re-measurements of the defined benefit plan		(13.60)	(316.73)
(b) Changes in fair value of equity instruments through other comprehensive income		(61.25)	(834.01)
(ii) Income-tax relating to these items		18.77	402.11
Other comprehensive income, net of tax		(56.08)	(748.63)
XI Total comprehensive income for the year		8,749.88	4,092.98
XII Earnings per equity share (of ₹ 2/- each):			
Basic and diluted (refer note 45)		12.71	6.69

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: New Delhi
Date: 10 May 2021

Place: Gurugram
Date: 10 May 2021

Statement of Cash Flows

for the year ended 31 March 2021

(₹ in lakh)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and tax as per statement of profit and loss	11,482.55	7,499.92
Adjustments for:		
Depreciation & Amortisation	12,136.49	14,287.64
(Gain)/Loss on disposal of property, plant & equipment	321.27	(295.00)
Provision for expected credit loss	743.46	223.84
Deferred government grant	(201.83)	(292.47)
Net Foreign Exchange (Gain)	(1,064.51)	2,613.20
Provision for doubtful advances	29.44	-
Sundry balances and liabilities no longer required, written back	(875.02)	(393.50)
Interest Income	(1,132.68)	(138.69)
Finance costs	7,188.04	7,347.63
Operating Profit before Working Capital Changes	28,627.21	30,852.57
Working capital adjustments:		
Decrease/ (Increase) in trade and other receivables	(5,149.29)	2,390.60
Decrease/ (Increase) in inventories	(2,816.27)	(11,731.04)
Decrease/ (Increase) in Other Assets	349.20	(903.22)
Increase/ (decrease) in trade and other payables	10,789.73	(9,500.84)
Increase/ (decrease) in Provision	(62.52)	101.42
	31,738.06	11,209.49
Income - tax paid	(1,959.94)	(533.40)
Income - tax refund earlier years	5,097.73	-
Net cash flows generated from (used in) operating activities after exceptional items	34,875.85	10,676.10
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment to acquire financial assets	(0.46)	-
Interest Received	1,138.53	94.99
Amount advanced to related parties	-	18.00
Payment for property, plant and equipment	(16,998.10)	(13,324.44)
Proceeds from disposal of property, plant and equipment	4,752.85	3,651.25
Movement in other bank balances	348.82	(1,928.45)
Net cash flows generated from (used in) investing activities	(10,758.36)	(11,488.65)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	4,323.05	5,676.95
Repayment of borrowings	(5,657.74)	(1,787.00)
Movement in short term borrowings (Net)	(7,998.93)	5,673.95
Buyback of equity shares	(151.98)	-
Premium and expenses on buyback of shares (refer note 19 & 20)	(6,317.10)	-
Tax on distributable profit (buyback)	(1,370.91)	-
- Principal payment of lease liability	(291.72)	-
- Interest paid on lease liability	(17.18)	-
Tax on dividend paid	-	(543.31)
Dividend paid	(2,175.05)	(2,075.37)
Interest Paid	(6,580.41)	(7,189.43)
Net cash flows generated from (used in) financing activities	(26,237.96)	(244.21)
Net increase (decrease) in cash and cash equivalents (A+B+C)	(2,120.47)	(1,056.77)
Cash and cash equivalents at the beginning of the year	2,494.05	3,550.82
Cash and cash equivalents at year end (Refer Note 14)	373.58	2,494.05

Statement of Cash Flows

for the year ended 31 March 2021

The movement in liabilities from financing activities:

	Non-cashflow changes				As at 31 March 2021
	As at 31 March 2020	Cashflows	Foreign Exchange	Others	
Long term borrowings	78,637.34	(1,334.69)	(787.15)	201.83	76,717.33
Short term borrowings	20,872.84	(7,998.93)	-	-	12,873.91
Total liabilities from financing activities	99,510.18	(9,333.62)	(787.15)	201.83	89,591.24

The movement is liabilities from financing activities:

	Non-cashflow changes				As at 31 March 2020
	As at 31 March 2019	Cashflows	Foreign Exchange	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
Total liabilities from financing activities	87,514.31	9,271.43	2,431.97	292.47	99,510.18

Notes:-

1. Previous year's figures have been re-grouped/ re-arranged wherever necessary.
2. 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: New Delhi
Date: 10 May 2021

Place: Gurugram
Date: 10 May 2021

Statement of Changes in Equity

for the year ended 31 March 2021

A. EQUITY SHARE CAPITAL

Particulars	₹ in lakh	
	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 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
Changes in equity share capital during the year [*]	(75,99,014)	(151.98)
Balance as at 31 March 2021	6,46,97,381	1,293.99

[Ⓐ] includes ₹ 0.04 lakh forfeited shares

^{*}Refer note no. 20

B. OTHER EQUITY

Particulars	Reserves and surplus					Other comprehensive income			Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve (CRR)	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2019	70.92	36,812.98	22,454.56	15.00	19,177.01	44,406.05	(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 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 (also refer note 5)	-	-	-	-	(1,400.02)	-	-	-	(1,400.02)
Balance as at 31 March 2020	70.92	36,812.98	22,454.56	15.00	17,776.99	46,632.25	(230.01)	709.16	1,24,241.84
Profit for the year	-	-	-	-	-	8,805.96	-	-	8,805.96
Payment of dividend	-	-	-	-	-	(2,168.89)	-	-	(2,168.89)
Buyback of equity shares [*]	-	(6,392.69)	-	151.98	-	-	-	-	(6,240.71)
Transaction cost related to buyback of equity shares [*]	-	(1,447.29)	-	-	-	-	-	-	(1,447.29)
Less: Transfer to statement of profit and loss during the year (also refer note 5)	-	-	-	-	(1,073.02)	-	-	-	(1,073.02)
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	(56.08)	(56.08)
Balance as at 31 March 2021	70.92	28,973.00	22,454.56	166.98	16,703.97	53,269.32	(230.01)	653.08	1,22,061.81

^{*}Pursuant to the open offer for buyback of 75,99,014 nos. equity shares of ₹ 2 each bought and paid up capital of the company stand reduced by ₹ 151.98 lakh and equal amount been transferred to CRR. (Refer note no. 20(8))

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: New Delhi
Date: 10 May 2021

For and on behalf of the Board of Directors

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Pulkit Bhasin
Company Secretary
ACS No.: A27686

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Om Prakash Pandey
Chief Financial Officer

Place: Gurugram
Date: 10 May 2021

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

1. CORPORATE INFORMATION

HSIL Limited (the 'Company') is a public limited company incorporated in India. The registered office of the Company is located in Kolkata and the corporate office is in Gurugram. The Company is engaged into the business of manufacturing and selling of Sanitaryware, Faucets and Pipes under Building Products segment and Container Glass bottles, PET bottles and Security Caps and Closures under Packaging Products segment. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

These financial statements were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 10th May 2021.

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 authorized 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 1st April 2020.

i. Amendments to Ind AS 1 and Ind AS 8, Definition of Material:

The amended definition states that, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements, nor is there expected to have any future impact to the Company.

ii. Amendments to Ind AS 107 and Ind AS 109, Interest Rate Benchmark Reform:

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are not expected to have a significant impact on the Company's financial statements.

iii. Amendment to Ind AS 116, Covid-19-Related Rent Concessions:

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

This amendment had no impact on the financial statements of the Company.

iv. Amendments to Ind AS 103, Business Combination:

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

B. Changes and revision in Schedule III

MCA issued notifications dated 24th March 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April 2021.

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 (as amended) and presentation requirement of Division II of the Schedule III of the Companies Act 2013. Accordingly, the financial statements for the year ended 31 March 2021 are prepared complying applicable Ind AS.

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. (refer accounting policy of financial instruments)

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

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

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 are recognized when the performance obligation towards customer have been made i.e. 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 recognized 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 recognized 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 recognized 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'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.

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.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

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 recognized 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 recognized on a systematic basis over the period

of the loan during which the company recognizes interest expense corresponding to such loans.

The company is entitled to subsidies from government in respect of certain government schemes.

Subsidies are recognized as income on a systematic basis over the periods in which the related costs for which it is intended to be compensated are expensed.

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 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

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

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 recognizes 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 recognizes 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 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.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

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

Intangible Assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. All other expenditure is expensed as incurred. The same are amortised over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any and are amortised over their respective individual estimated useful life on straight line method. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

(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	7.5-40 years*
Buildings	10-70 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, included 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.

** Temporary sheds, included in buildings, are depreciated over a smaller useful life than mentioned in above table depending on the actual use of the asset.

*** Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act, having residual value upto 10% at the end of the useful life of the asset.

3.16 Impairment of property, plant & equipment and intangible assets

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

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

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 & at bank 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 (net of tax credits where applicable), 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/

buyback of 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 current financial 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, buyback, 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.

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

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- **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. De-recognition 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.

II. Financial liabilities

a. Initial recognition and subsequent measurement

All financial liabilities are recognized initially at fair value and in case of borrowings and payables, net of directly attributable cost.

Financial liabilities are subsequently carried at amortized 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

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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 realization 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 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has mainly two operating/reportable segments: Building Products Manufacturing and Packaging Products segments. In identifying these operating segments, management generally follows the company's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources.

All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Company uses the same measurement policies as those used in its

financial statements. In addition, unallocated assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

3.27 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.

3.28 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.

3.29 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.

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(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 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.

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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Description of assets	Land - Freehold	Land - Leasehold	Right to Use - Land	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Gross block											
Balance as at 1 April 2019	49,049.45	7,699.75	-	46,070.84	165.75	1,14,131.82	665.62	2,246.67	714.75	3,915.43	2,24,660.08
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)
Balance as at 31 March 2020	49,060.95	-	1,565.25	47,223.64	165.75	1,24,002.73	694.55	2,323.87	644.90	4,044.02	2,29,725.66
Additions	-	-	478.52	540.03	-	12,907.00	65.37	435.92	106.62	302.45	14,835.91
Disposals/adjustment	(11.50)	-	52.75	438.57	-	7,837.86	32.05	(293.49)	102.46	(364.81)	7,793.89
Balance as at 31 March 2021	49,049.45	-	2,096.52	48,202.24	165.75	1,44,747.59	791.97	2,466.30	853.98	3,981.66	2,52,355.46
II. Accumulated depreciation and amortisation											
Balance as at 1 April 2019	-	146.48	-	5,816.56	121.56	34,228.46	286.01	956.19	318.53	1,280.07	43,153.86
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)
Balance as at 31 March 2020	-	-	55.66	7,553.71	123.26	37,974.79	323.10	1,172.32	349.44	1,504.85	49,057.13
Depreciation and amortisation charge for the year	-	-	114.78	1,421.49	1.70	9,443.39	110.55	236.86	144.56	602.45	12,075.78
Disposals/adjustment	-	-	37.13	63.40	-	8,161.32	108.72	(226.55)	151.73	3.24	8,298.99
Balance as at 31 March 2021	-	-	207.57	9,038.60	124.96	55,579.50	542.37	1,182.63	645.73	2,110.54	69,431.89
Net block (I-II)											
Balance as at 31 March 2021	49,049.45	-	1,888.95	39,163.64	40.79	89,168.09	249.60	1,283.68	208.25	1,871.12	1,82,923.57
Balance as at 31 March 2020	49,060.95	-	1,509.59	39,669.93	42.49	86,027.94	371.45	1,151.55	295.46	2,539.17	1,80,668.53

Note:

- Refer note 21 and 26 for details of property, plant and equipment pledged as security by the Company.
- Building includes carrying amount of ₹ 6,501.11 lakh (previous year ₹ 6,614.99 lakh) constructed on leasehold land.
- Possession awaited of 2740 sq. mtr., part of land.
- Land having carrying value of ₹ 17,191.01 lakh (previous year ₹ 17,191.01 lakh), mutation is pending in the name of company.

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NOTE 5 - GOODWILL

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Gross carrying value	-	1,073.02

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

Particulars	(₹ in lakh)	
	Amount	
Balance as at 1 April 2019	2,473.04	
Impairment for the year	1,400.02	
Balance as at 31 March 2020	1,073.02	
Impairment for the year (refer note 53)	1,073.02	
Balance as at 31 March 2021	-	

Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill is allocated to the Garden Polymer of Packaging Products 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	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Discount rate	16.1%	13.0%
Terminal value of growth rate	5%	5%

The estimated recoverable amount of goodwill related to unit Garden Polymer of Packaging Products Division was lower than the carrying amount at year end, consequently the company provided for impairment loss of ₹ 1,073.02 lakh (previous year ₹ 1,400.02 lakh).

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for the year ended 31 March 2021

NOTE 6 - OTHER INTANGIBLE ASSETS

(₹ in lakh)

Description of assets	Technical know-how	Trade mark	Computer software	Total
I. Gross block				
Opening balance as at 1 April 2019	103.47	138.87	288.23	530.57
Additions	-	39.90	9.16	49.06
Disposals/adjustment	-	-	-	-
Balance as at 31 March 2020	103.47	178.77	297.39	579.63
Additions	-	-	43.85	43.85
Disposals/adjustment	-	-	-	-
Balance as at 31 March 2021	103.47	178.77	341.24	623.48
II. Accumulated amortisation				
Opening balance as at 1 April 2019	85.13	18.83	176.67	280.63
Amortisation charge for the year	18.34	26.83	27.20	72.37
Disposals/adjustment	-	-	-	-
Balance as at 31 March 2020	103.47	45.66	203.87	353.00
Amortisation charge for the year	-	32.61	28.10	60.71
Disposals/adjustment	-	-	-	-
Balance as at 31 March 2021	103.47	78.27	231.97	413.71
Net block (I-II)				
Balance as at 31 March 2021	-	100.50	109.27	209.77
Balance as on 31 March 2020	-	133.11	93.52	226.63

NOTE 7 - NON CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
A. Fair value through other comprehensive income (FVOCI)				
I. Quoted investments (fully paid up)				
Investments in equity instruments				
Neycer India Limited (face value ₹ 10 each)	125	0.01	125	0.01
Quoted investments (I)		0.01		0.01
II. Unquoted investments (fully paid-up)				
Investments in equity instruments				
Andhra Pradesh Gas Power Corporation Limited (face value ₹ 10 each)	8,04,000	1,104.23	8,04,000	1,165.48
Vyshali Energy Pvt Ltd. (face value ₹ 10 each)	4,600	0.46	-	-
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
Unquoted investments (II)		1,110.70		1,171.49
Investments carried at FVOCI (AI+AII)		1,110.71		1,171.50
Total investments carried at fair value [A]		1,110.71		1,171.50
B. Investments carried at amortised cost				
Unquoted				
Government Securities				
National Savings Certificates*		1.62		1.62
Total investments carried at amortised cost [B]		1.62		1.62
Total investments (A+B)		1,112.33		1,173.12

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for the year ended 31 March 2021

NOTE 7 - NON CURRENT INVESTMENTS (CONTD.)

(₹ in lakh)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Other disclosures				
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		1,112.32		1,173.11

* Deposited with government authorities

NOTE 8 - NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at	As at
	31 March 2021	31 March 2020
(unsecured and considered good unless otherwise specified, as considered by the management)		
Security deposits	1,710.79	1,677.82
	1,710.79	1,677.82

NOTE 9 - NON-CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at	As at
	31 March 2021	31 March 2020
(unsecured and considered good by the management)		
Other bank balances		
- Fixed deposit with maturity more than 12 months [⊗]	23.34	83.61
	23.34	83.61

⊗ Lodged with Government departments / Court as security: ₹ 23.34 lakh (previous year ₹ 23.34 lakh)

NOTE 10 - INCOME-TAX ASSETS (NET)

(₹ in lakh)

Particulars	As at	As at
	31 March 2021	31 March 2020
Advance income-tax (net)	2,208.29	6,012.27
	2,208.29	6,012.27

NOTE 11 - OTHER NON-CURRENT ASSETS

(₹ in lakh)

Particulars	As at	As at
	31 March 2021	31 March 2020
(unsecured and considered good, unless stated otherwise, as considered by the management)		
Capital advances	4,531.10	1,750.41
Doubtful advances	5.09	-
Less: Provision for doubtful advances	(5.09)	-
Prepaid expenses	157.25	345.07
Balance with government authorities [⊗]	1,091.53	1,112.27
	5,779.88	3,207.75

⊗ deposits against demand under dispute

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NOTE 12 - INVENTORIES

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
(valued at cost or net realisable value, whichever is lower)		
Raw materials [@]	15,942.25	10,135.38
Work-in-progress	3,305.98	2,574.11
Finished goods	19,789.89	24,547.52
Stock-in-trade of goods acquired for trading	-	15.85
Stores and spares [@]	3,104.41	2,444.38
Loose tools	6.15	6.89
Packing material	768.67	644.78
Oil, fuel, lubricant and others	696.46	428.63
	43,613.81	40,797.54
@Included above, goods-in-transit:		
Raw materials	2,135.70	1,057.81
Stores and spares	73.13	-
	2,208.83	1,057.81

Refer note 26 for information on inventory hypothecated as security by the Company.

NOTE 13 - TRADE RECEIVABLES

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good *	31,729.85	29,303.69
Credit impaired	1,950.36	1,246.03
	33,680.21	30,549.72
Less: Allowance for credit impaired	1,950.36	1,246.03
	31,729.85	29,303.69

* from related parties

Includes ₹ 1,581.08 lakh (previous year ₹ 1,761.82 lakh) receivable from Somany Home Innovation Limited, ₹ 225.14 lakh (previous year ₹ 1,640.73 lakh) receivable from Brilloca Limited and ₹ 22.27 lakh (previous year Nil) receivable from Hintastica Private Limited.

Note: Trade receivables are hypothecated against the borrowings obtained by the Company as referred in note no. 26.

Movement in the allowance for credit impairment

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Balance at beginning of the year	1,246.03	1,061.88
Expected credit loss provided during the year (refer note 39)	743.46	223.84
Amount written back/written off during the year (net)	(39.13)	(39.69)
	1,950.36	1,246.03

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 14 - CASH AND CASH EQUIVALENTS

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Balances with banks	291.15	347.24
Cheques, drafts on hand	-	2,056.24
Cash in hand	66.67	90.57
Remittance in transit	15.76	-
	373.58	2,494.05

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

NOTE 15 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Earmarked balances with banks		
Unclaimed dividend accounts *	115.77	121.93
Other bank balances		
Held as margin money in fixed deposits ^	581.64	153.78
Fixed deposits with original maturity of more than three months but less than twelve months #	1,269.67	1,979.92
	1,967.08	2,255.63

Note

* Not due for deposit in the investor education and protection fund

^ Against letter of credit issued by banks

Includes ₹ 1,000 lakh (previous year ₹ 1,000 lakh) 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 2021	As at 31 March 2020
(unsecured and considered good by the management)		
Security and other deposits	1.25	1.61
	1.25	1.61

NOTE 17 - CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
(unsecured and considered good by the management)		
Derivatives instruments designated as hedges		
- Foreign exchange forward contracts at FVTPL	1,359.11	2,138.57
Other financial assets		
Interest accrued but not due on deposits	99.95	105.80
Other Receivable*	1,943.21	-
	3,402.27	2,244.37

* from related parties

Other receivable includes ₹ 1,077.29 lakh (previous year Nil) from Brilloca Limited, ₹ 388.82 lakh (previous year Nil) from Somany Home Innovation Limited and ₹ 173.12 lakh (previous year Nil) from Hintastica Private Limited.

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NOTE 18 - OTHER CURRENT ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
(unsecured and considered good by the management)		
Prepaid expenses	406.55	400.62
Balances with government authorities	3,478.17	2,262.60
Incentive receivables from Government Authorities	1,825.00	1,825.00
Others		
- Advance to suppliers	1,540.76	2,085.05
- Employee advances	80.22	48.86
- Other current assets	163.51	1,042.14
Doubtful advances	42.85	18.50
Less: Provision for doubtful advances	(42.85)	(18.50)
	7,494.21	7,664.27

NOTE 19 - EQUITY SHARE CAPITAL

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Authorised:				
Equity shares of ₹ 2 each	11,12,50,000	2,225.00	11,12,50,000	2,225.00
Issued:				
Equity shares of ₹ 2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00
Subscribed and fully paid:				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Buy back of equity Shares (refer note 'f' below)	(75,99,014)	(151.98)	-	-
Forfeited shares	-	0.04	-	0.04
	6,46,97,381	1,293.99	7,22,96,395	1,445.97

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	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
Less: Shares bought back during the year and cancelled	(75,99,014)	(151.98)	-	-
Equity shares outstanding at the end of the year	6,46,97,381	1,293.95	7,22,96,395	1,445.93

(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.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

(c) List of shareholders holding more than 5% of the equity share capital of the Company as at: *

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% of holding	No. of shares	% of holding
Somany Impresa Limited (Formerly Known as Paco Exports Limited) **	3,28,95,000	50.84	3,28,95,000	45.50
Dr. Rajendra Kumar Somany	34,10,000	5.27	-	-

* Information is furnished as per shareholder register as at the year end.

** Holding Company w.e.f. 31 December 2020

- (d) The Company has not issued any equity shares as bonus or for consideration other than cash during the period of five years immediately preceding 31 March 2021.
- (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).
- (f) Pursuant to the Buyback Offer dated 21st September 2020 which was approved by the Board of Directors on 21 September 2020 to buyback Equity Shares at ₹ 105.00 per Equity Share ("Maximum Buyback Price") payable in cash for an aggregate amount of ₹ 7,000 lakh, the Company, has bought back 75,99,014 Equity Shares upto period ended 31 December 2020. As a result, the Paid-up Capital of the Company stands reduced from ₹ 1,445.93 lakh to ₹ 1,293.95 lakh.

₹ 151.98 lakh from Securities Premium Account has been transferred to Capital Redemption Reserve on buyback and cancellation of equity shares. The premium on buy back, buyback expenses and tax on distributable profit (as per section 115 QA of the income tax act 1961) of ₹ 7,688.00 lakh has been utilised from Securities Premium Account.

NOTE 20 - OTHER EQUITY

(₹ in lakh)

Particulars	Reserves and surplus						Other comprehensive income		
	Capital reserve	Securities premium	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	Total
Balance as at 1 April 2019	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)
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)
Balance as at 31 March 2020	70.92	36,812.98	22,454.56	15.00	17,776.99	46,632.25	(230.01)	709.15	1,24,241.84
Profit for the year	-	-	-	-	-	8,805.96	-	-	8,805.96
Payment of dividend	-	-	-	-	-	(2,168.89)	-	-	(2,168.89)
Buyback of equity shares	-	(6,392.69)	-	151.98	-	-	-	-	(6,240.71)
Transaction cost related to buyback of equity shares (refer footnote 8 below)	-	(1,447.29)	-	-	-	-	-	-	(1,447.29)
Less: Transfer to statement of profit & loss during the year (refer note 5)	-	-	-	-	(1,073.02)	-	-	-	(1,073.02)
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	(56.08)	-	(56.08)
Balance as at 31 March 2021	70.92	28,973.00	22,454.56	166.98	16,703.97	53,269.32	(286.09)	709.15	1,22,061.81

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

Nature and purpose of other reserves:

1. Capital Reserve was created on amalgamation of certain entities/undertaking into the Company.
2. Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.
3. 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.
4. Capital Redemption Reserve is created against redemption of preference and equity shares of the Company.
5. 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.
6. 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.
7. Dividend paid during the year ended 31 March 2021 of ₹ 2,168.89 lakh (₹ 3/- per equity share on share of nominal value of ₹ 2/- each) were approved for payment by the Shareholders at their AGM held on 19 September 2020.
8. Pursuant to the Buyback Offer dated 21st September 2020, the Company, has bought back 75,99,014 Equity Shares upto period ended 31 December 2020. As a result, the Paid-up Capital of the Company stands reduced from ₹ 1,445.93 lakh to ₹ 1,293.95 lakh.

₹ 151.98 lakh from Securities Premium Account has been transferred to Capital Redemption Reserve on buyback and cancellation of equity shares. The premium on buy back, buyback expenses and tax on distributable profit (as per section 115 QA of the income tax act 1961) of ₹ 7,688.00 lakh has been utilised from Securities Premium Account.

NOTE 21 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Measured at amortised cost		
Secured:		
Term loans from banks:		
Foreign currency loans	26,461.69	29,400.50
Rupee loans	47,691.18	46,324.01
	74,152.87	75,724.51
Unsecured:		
Deferred payment liabilities* #	2,564.46	2,912.83
	2,564.46	2,912.83
	76,717.33	78,637.34
Less: Current maturities of long term borrowings (refer note 28)	9,177.62	5,767.66
	67,539.71	72,869.68

* Net of deferred government grant (refer note 22).

Interest free and subsidised loan from Telangana State Government.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 21 - NON CURRENT FINANCIAL LIABILITIES (CONTD.)

Terms and conditions of outstanding borrowings are as follows:

(₹ in lakh)					
Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2021	Carrying amount as at 31 March 2020	Remarks
Secured loan from bank - foreign currency loans *	US Dollars	2024-25	11,760.75	14,323.32	Refer note 1 below
Secured loan from bank - foreign currency loans *	US Dollars	2026-27	14,700.94	15,077.18	Refer note 1 below
Secured loan from bank - rupee loans **	₹	2026-27	14,250.00	15,000.00	Refer note 2 below
Secured loan from bank - rupee loans **	₹	2026-27	9,500.00	10,000.00	Refer note 2 below
Secured loan from bank - rupee loans **	₹	2023-24	4,141.18	5,647.06	Refer note 3 below
Secured loan from bank - rupee loans **	₹	2027-28	9,800.00	10,000.00	Refer note 1 below
Secured loan from bank - rupee loans **	₹	2026-27	10,000.00	5,676.95	Refer note 1 below
Unsecured Loan from Telanagan State Government - Deferred payment liabilities ***	₹	2029-30	2,564.46	2,912.83	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 ₹ 11,760.75 lakh (previous year ₹ 14,323.32 lakh) are repayable in 7 half yearly instalments from July 2021 to July 2024.

Term Loans aggregating to ₹ 14,700.94 lakh (previous year ₹ 15,077.18 lakh) are repayable in 10 half yearly instalments from December 2021 to June 2026.

Term Loans aggregating to ₹ 9,800 lakh (previous year ₹ 10,000 lakh) are repayable in total 28 quarterly instalments from June 2021 to March 2028.

Term Loans aggregating to ₹ 10,000 lakh (previous year ₹ 5,676.95 lakh) are repayable in total 10 half yearly instalments from November 2021 to May 2026.

- 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 ₹ 23,750.00 lakh (previous year ₹ 25,000.00 lakh) are repayable in total 12 half yearly instalments from June 2021 to December 2026.

- 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 ₹ 4,141.18 lakh (previous year ₹ 5,647.06 lakh) are repayable in total 11 equal quarterly instalments from May 2021 to November 2023.

- Deferred payment liabilities from Telanagan State Government (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.

Deferred payment liabilities aggregating to ₹ 2,564.46 lakh (previous year ₹ 2,912.83 lakh) are repayable in yearly instalments from June 2021 to March 2030.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 22 - NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred government loan (refer note 21)	916.22	1,118.05
Lease liability (refer note 46)	94.46	-
Other deposits	785.23	756.77
	1,795.91	1,874.82

NOTE 23 - NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Provision for compensated absences	780.71	783.84
Provision for Long Service award	62.66	-
Provision for warranty	40.45	18.45
	883.82	802.29

Details of movement in provision for warranty (including current portion)

(₹ in lakh)

Particulars	Amount
Balance as at 1 April 2019	0.31
Additional provisions recognised (included in Other expenses)	18.45
Utilised during the year	(0.31)
Balance as at 31 March 2020	18.45
Balance as at 1 April 2020	18.45
Additional provisions recognised (included in Other expenses)	22.00
Utilised during the year	-
Balance as at 31 March 2021	40.45

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)

(₹ in lakh)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax liability arising on account of:		
Difference between book balance and tax balance of property, plant and equipment	29,888.27	28,718.69
	29,888.27	28,718.69
Deferred tax asset arising on account of:		
Investments at fair value through OCI	631.32	617.31
Provision for doubtful debts, loans and advances	698.29	455.75
Provision for employee benefits	350.79	418.34
MAT Credit entitlement	2,322.73	1,791.19
Carried forward Business losses	-	1,489.05
Others	258.67	295.84
	4,261.80	5,067.48
	25,626.47	23,651.21

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

(₹ in lakh)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax adjustment due to Scheme	-	(16.38)
	25,626.47	23,634.83
Reconciliation of deferred tax assets/(liabilities)		
Opening Balance	(25,426.02)	(23,186.20)
MAT Credit entitlement	1,791.19	497.04
Net opening deferred tax assets/(liabilities)	(23,634.83)	(22,689.16)
Deferred tax income/(expenses) recognised in statement of Profit and Loss during the year	(2,541.95)	(2,658.31)
Deferred tax income/(expenses) recognised in other comprehensive income during the year	18.77	402.11
MAT Credit entitlement recognised during the year	531.54	1,294.15
Other adjustments (due to Scheme of Arrangement)	-	16.38
Sub total	(1,991.64)	(945.67)
Net deferred tax liability	(25,626.47)	(23,634.83)

NOTE 25 - OTHER NON-CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2021	As at 31 March 2020
Employee related payables	112.71	175.38
Other liabilities	5.56	5.51
	118.27	180.89

NOTE 26 - CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured borrowings		
From banks		
Cash credit - loans repayable on demand	353.91	2,372.84
Working capital demand loan	12,520.00	18,500.00
	12,873.91	20,872.84

Details of security and term of repayment of each type of borrowing:

Secured borrowings

a) Cash credit facilities:

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.

b) Short term loan facilities:

Working capital demand loan from banks repayable within 30 days to 69 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.

c) The interest rate for the above short term borrowing varies from 5.10% p.a. to 9.50% p.a.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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NOTE 27 - TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 March 2021	As at 31 March 2020
- Due to micro and small enterprises	2,394.76	1,093.70
- Other than micro and small enterprises	20,617.95	18,428.60
	23,012.71	19,522.30

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 2021	For the year ended 31 March 2020
Principal amount overdue remaining unpaid to any supplier	11.58	378.92
Interest due thereon remaining unpaid to any supplier	1.69	84.97
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	41.20	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	53.03	Nil
Interest accrued and remaining unpaid	54.72	84.97

NOTE 28 - CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings (also refer note 21)	9,177.62	5,767.66
Interest accrued but not due on borrowings	319.42	441.47
Unclaimed dividend *	115.77	121.93
Earnest money deposits	55.51	27.47
Security deposits/retention money **	606.97	372.11
Others		
Towards capital creditors	876.49	1,020.77
Employee related payables	2,126.08	1,910.70
Towards expenses payable ***	6,845.89	4,859.69
Commission payable to directors	274.18	87.28
Gratuity payable (net of obligation)	307.70	510.07
Lease liability (Refer note 46)	86.83	-
Derivative payable (IRS)	682.24	951.04
Other payables	714.01	1,045.68
	22,188.71	17,115.87

* Not due for deposit in investors education and protection fund.

** Includes ₹ 62.11 lakh (previous year Nil) received from Brilloca Limited and ₹ 12.07 lakh (previous year Nil) received from Somany Home Innovation Limited.

*** Includes ₹ 525.64 lakh (previous year ₹ 905.16 lakh) payable to Brilloca Limited.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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NOTE 29 - OTHER CURRENT LIABILITIES

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Advances received from customers *	3,016.80	345.40
Employee related payables	36.86	6.88
Payable towards statutory dues	4,291.10	2,932.56
	7,344.76	3,284.84

* Includes ₹ 2,446.33 lakh (previous year Nil) received from Brilloca Limited.

NOTE 30 - CURRENT LIABILITIES - PROVISIONS

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits (refer note 44)		
Provision for compensated absences	209.54	178.36
Provision for Long Service award	8.52	-
Provision for rejection and breakage	644.10	814.24
	862.16	992.60

Details of movement in provision for rejection and breakages

Particulars	(₹ in lakh)	
	As at 31 March 2021	
Balance as at 1 April 2019	636.23	
Additional provisions recognised (shown as net of revenue from operation)	321.02	
Excess provision written back (refer note 31)	(143.01)	
Balance as at 31 March 2020	814.24	
Additional provisions recognised (shown as net of revenue from operation)	99.15	
Excess provision written back (refer note 31)	(269.29)	
Balance as at 31 March 2021	644.10	

NOTE 31 - REVENUE FROM OPERATIONS

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of goods	1,82,235.79	1,83,950.22
Sale of services	33.17	77.26
Other operating revenue ®	2,990.52	1,879.55
	1,85,259.48	1,85,907.03
i) Segment wise revenue information		
a) Building products	59,270.02	57,987.12
b) Packaging products	1,25,870.23	1,24,151.33
c) Others	622.63	4,307.46
Total	1,85,762.88	1,86,445.91
Less: Inter segment revenue	(503.40)	(538.88)
Revenue from operations	1,85,259.48	1,85,907.03

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 31 - REVENUE FROM OPERATIONS (CONTD.)

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
ii) Unsatisfied Performance Obligation		
Aggregated amount of Transaction Price allocated to the contracts that are fully or partially unsatisfied at the end of the reporting period		
- Contract Liabilities (Advance received from customers)	3,016.80	345.40
iii) Reconciliation of contract price vis a vis revenue recognised in profit and loss statement is as follows:-		
Contract Price	1,85,709.67	1,86,309.19
a) Sale of goods	1,82,685.98	1,84,352.38
b) Sale of services	33.17	77.26
c) Other operating revenue	2,990.52	1,879.55
Adjustment:-		
Discount/Rebate etc.	450.19	402.16
Revenue recognised in the statement of profit and loss account	1,85,259.48	1,85,907.03
Other operating revenues comprise of:		
Export incentives	158.58	267.23
Sundry balances and liabilities no longer required, written back	875.02	393.50
Gain on foreign exchange fluctuations (net)	1,064.51	-
Insurance claims received	28.97	11.45
Scrap sales	845.23	1,163.69
Bad debts recovered	10.00	-
Miscellaneous receipts	8.21	43.68
	2,990.52	1,879.55

NOTE 32 - OTHER INCOME

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on financial assets *	1,132.68	138.69
Rental income	908.24	913.43
Profit on sale of property, plant and equipment	91.42	300.08
Government grant	201.83	292.47
Management fee	337.08	147.00
Miscellaneous income**	124.66	238.40
	2,795.91	2,030.07

* Interest income includes ₹ 805.35 lakh received on income tax refund.

** Miscellaneous income includes incentive from Government of ₹ Nil (previous year ₹ 174.02 lakh)

NOTE 33 - COST OF MATERIALS CONSUMED

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening stock	10,135.38	6,539.51
Add: Purchases	78,630.65	76,163.17
Less: Closing stock	(15,942.25)	(10,135.38)
	72,823.79	72,567.30

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 34 - PURCHASES OF TRADED GOODS

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Sanitaryware and other products	1.32	4,602.94
	1.32	4,602.94

NOTE 35 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the end of the year:		
Finished goods	19,789.89	24,547.52
Work-in-progress	3,305.98	2,574.11
Stock-in-trade	-	15.85
	23,095.87	27,137.48
Inventories at the beginning of the year:		
Finished goods	24,547.52	16,387.87
Work-in-progress	2,574.11	2,417.98
Stock-in-trade	15.85	-
	27,137.48	18,805.85
Change in stock	4,041.61	(8,331.63)
Stock transferred from capital work in progress to finished goods on account of capitalisation of furnace	-	141.74
	4,041.61	(8,189.89)

NOTE 36 - EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	20,258.50	20,609.47
Contribution to provident funds and other funds (refer note 44)*	1,138.00	1,172.93
Staff welfare expenses	886.35	965.90
	22,282.85	22,748.30

* Net of reimbursement received from the government under Pradhan Mantry Rojgar Protsahan Yojna Scheme ₹ 24.30 lakh (previous year ₹ 38.81 lakh)

NOTE 37 - FINANCE COST

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on financial liabilities	7,059.68	6,946.53
Interest expense on Lease Liability (refer note 46)	17.18	-
Other interest expense	111.18	401.10
	7,188.04	7,347.63

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 38 - DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation and amortisation of Property, plant and equipment (refer note 4)	11,961.00	14,215.27
Depreciation on right to use assets (refer note 4)	114.77	-
Amortisation of other intangible assets (also refer note 6)	60.71	72.37
Impairment of goodwill (refer note 5)	1,073.02	1,400.02
Transfer from business reconstruction reserve pursuant to the Scheme (refer note 53)	(1,073.02)	(1,400.02)
	12,136.48	14,287.64

NOTE 39 - OTHER EXPENSES

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Power and fuel	28,900.19	35,228.03
Consumption of stores and spares	7,236.73	6,652.52
Consumption of packing materials	10,109.79	10,474.20
Consumption of loose tools	55.88	54.75
Consumption of oil, fuel and lubricants	446.80	513.94
Repairs and maintenance:		
Buildings	583.32	584.98
Plant and machinery	1,711.29	2,755.23
Less: Insurance claim [§]	-	(922.17)
Plant and machinery (net)	1,711.29	1,833.06
Others	112.18	108.42
Rent (including hire charges)	469.90	573.14
Rates and taxes	192.99	163.89
Director's sitting fees	24.10	4.25
Expenditure on ceramic and applied research centre (refer note 51)	143.80	218.31
Insurance	760.18	398.86
Travelling and conveyance	569.46	1,103.08
Commission on sales	154.46	52.94
Freight and forwarding charges	134.03	147.41
Advertisement and publicity	87.92	58.85
Transportation and forwarding	1,386.64	1,228.58
Sales promotion expenses	60.18	31.19
Other selling expenses	374.88	346.36
Provision for expected credit loss (refer note 13)	743.46	223.84
Provision for doubtful advances	29.44	-
Bad debts written off	39.13	39.69
Less: Withdrawal from provision for expected credit loss (refer note 13)	(39.13)	(39.69)
Corporate social responsibility expenditure	199.05	254.77
Charity and donation	76.00	0.15
Loss on foreign exchange fluctuation	-	2,612.58
Loss on sale/disposal of property, plant and equipment	412.69	1,131.68
Less: Insurance Claim [§]	-	(1,126.60)
Loss on sale/disposal of property, plant and equipment (net)	412.69	5.08
Management fee	1,193.26	1,977.74
Miscellaneous expenses	1,930.12	2,222.34
	58,098.74	67,073.26

[§] Refer note no. 54.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 40 - CURRENT TAX AND DEFERRED TAX

(a) Income tax expense through profit and loss

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax:		
Current income tax charge (including Minimum alternate tax)	2,137.66	1,294.15
Earlier year income tax *	(1,471.48)	-
	666.18	1,294.15
Deferred tax:		
In respect of current year origination and reversal of temporary differences	2,541.95	2,658.31
MAT credit entitlement	(531.54)	(1,294.15)
Total tax expense recognised in profit and loss account	2,676.59	2,658.31

* Earlier year income tax represents tax liability written back

(b) Income tax on other comprehensive income

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Deferred tax		
Re-measurement of defined benefit obligations	4.75	110.67
FVOCI financial assets	14.02	291.44
	18.77	402.11

(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 2020: 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 2021	For the year ended 31 March 2020
Profit before tax	11,482.55	7,499.92
Domestic tax rate for the Company	34.944%	34.944%
Income tax of the Company at given tax rate	4,012.46	2,620.77
Tax effect of:		
- Net of non deductible expenses and income	197.94	118.75
- Exempt income	-	(26.88)
- Incentives and concessions	(38.40)	(38.14)
- Earlier year income tax	(1,471.48)	-
Deferred revenue expenditure	(83.64)	(83.64)
Others	59.71	67.45
Income-tax recognised in statement of profit and loss	2,676.59	2,658.31

(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 2021

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 2021	31 March 2020
Equity *	1,23,355.80	1,25,687.81
Liquid assets (cash and cash equivalent and current investments) (a)	373.58	2,494.05
Current borrowings (note 26)	12,873.91	20,872.84
Non- current borrowings (note 21, 22)	68,455.94	73,987.74
Current maturities of non current borrowings (refer note 28)	9,177.62	5,767.66
Total debt (b)	90,507.47	1,00,628.24
Net debt [c = (b) - (a)]	90,133.89	98,134.19
Total capital (equity+net debt)	2,13,489.69	2,23,822.00
Gearing ratio		
Debt to equity	73%	80%
Net debt to equity ratio	73%	78%
*Equity balances also includes the business reconstruction reserve	26,703.97	27,776.99

Categories of financial instruments

Categories of financial assets/(liabilities)	Notes	As at 31 March 2021			As at 31 March 2020		
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
Financial assets measured at amortised costs							
Trade receivable	13	31,729.85	-	-	29,303.69	-	-
Loans	8,16	1,712.04	-	-	1,679.43	-	-
Other financial assets	9,17	2,066.50	-	-	189.41	-	-
Cash and bank balances	14, 15	2,340.66	-	-	4,749.68	-	-
Investments	7	1.62	-	-	1.62	-	-
Loans and other receivables		37,850.67	-	-	35,923.83	-	-
Financial assets measured at fair value							
Investments	7	1,110.71	-	(61.25)	1,171.50	-	(834.01)
Derivative contracts	17	1,359.11	(779.46)	-	2,138.57	810.11	-
Financial assets at fair value		2,469.82	(779.46)	(61.25)	3,310.07	810.11	(834.01)
Total financial assets		40,320.49	(779.46)	(61.25)	39,233.90	810.11	(834.01)

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

Categories of financial assets/(liabilities)	Notes	As at 31 March 2021			As at 31 March 2020		
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
Financial liabilities							
Financial liabilities measured at amortised cost							
Current payables	26, 27, 28	57,393.09	-	-	56,559.97	-	-
Non-current payables	22	1,795.91	-	-	1,874.82	-	-
Non-current borrowings	21	67,539.71	-	-	72,869.68	-	-
Financial liabilities measured at amortised cost		1,26,728.71	-	-	1,31,304.47	-	-
Financial liabilities measured at fair value							
Derivative liability (IRS) at fair value	28	682.24	(268.80)	-	951.04	570.55	-
Financial liabilities at fair value		682.24	(268.80)	-	951.04	570.55	-
Total financial liabilities		1,27,410.95	(268.80)	-	1,32,255.51	570.55	-
Total financial assets/(liabilities)		(87,090.46)	(510.66)	(61.25)	(93,021.61)	239.56	(834.01)

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.

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.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

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	(₹ in lakh)	
	31 March 2021	31 March 2020
Not due for payment	22,322.02	16,726.65
Up to 6 months	7,548.31	11,854.97
From 6 months to 1 year	816.85	863.11
From 1 year to 3 years	2,451.83	675.83
More than 3 years	541.20	429.16

Ageing of impaired trade receivables

Period	(₹ in lakh)	
	31 March 2021	31 March 2020
Up to 6 months	-	38.17
From 6 months to 1 year *	439.77	338.96
From 1 year to 3 years	969.39	439.74
More than 3 years	541.20	429.16

* Based upon lifetime expected credit loss

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.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

Particulars	As at 31 March 2021				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
Financial liabilities					
Borrowings - bank loans	Note 21,26,28	21,555.03	52,657.64	12,814.11	87,026.78
Borrowings - other loans	Note 21,22,28	496.50	1,262.29	1,721.89	3,480.68
Current payables	Note 27,28	35,353.57	-	-	35,353.57
Non-current payables	Note 22	-	98.84	785.23	884.07
Total		57,405.10	54,018.77	15,321.23	1,26,745.10

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	
Financial liabilities					
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
Total		57,511.01	49,434.03	25,310.47	1,32,255.51

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 and imports of its products.

Forward foreign exchange derivative contract to contract to hedge the exchange rate risk arising on translation of payment of foreign currency loan.

Forward foreign exchange interest rate swap contract to hedge the exchange rate risk arising on translation of payment on interest.

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.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

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 2021	As at 31 March 2020
Trade receivables	USD	11.36	9.37
Trade payables	USD	118.77	56.63
	EUR	2.70	3.66
	GBP	0.33	0.07
Borrowings	USD	360.00	390.00
Accrued interest	USD	2.58	4.06

Currency rate	(in ₹)	
	As at 31 March 2021	As at 31 March 2020
USD	73.5047	75.3859
EUR	86.0990	83.0496
GBP	100.9509	93.0760

Of the above foreign currency exposures, following exposures are not hedged:

Particulars	Currency	(in lakh)	
		As at 31 March 2021	As at 31 March 2020
Trade receivables	USD	11.36	9.37
Trade payables	USD	118.77	56.63
	EUR	2.70	3.66
	GBP	0.33	0.07
Borrowings	USD	200.00	200.00
Accrued interest	USD	2.58	4.06

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 2021	Effect on profit before tax 31 March 2020
USD	5%	(1,727.32)	(1,663.46)
	-5%	1,727.32	1,663.46
EUR	5%	(11.64)	(15.19)
	-5%	11.64	15.19
GBP	5%	(1.67)	(0.34)
	-5%	1.67	0.34

This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Company at the end of each reporting period.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

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 currency exchange rate	(₹ in lakh)	
		Effect on profit before tax 31 March 2021	Effect on profit before tax 31 March 2020
Long term borrowings from bank	0.50%	(370.76)	(378.62)
	-0.50%	370.76	378.62

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 2021	31 March 2020		
Foreign currency forward contracts	1,359.11	2,138.57	2	Market approach
Derivative payable (IRS)	682.24	951.04	2	Market approach
Non current investments*	1,110.71	1,171.50	3	Comparable Company Method

* Reconciliation of level 3 fair value measurements

Financial assets/ financial liabilities	(₹ in lakh)	
	Unlisted shares irrevocably designated as at FVTOCI	
	31 March 2021	31 March 2020
Opening balance	1,171.50	2,005.51
Addition during the year	0.46	-
Gains or losses		
- in other comprehensive income	(61.25)	(834.01)
Closing balance	1,110.71	1,171.50

Other financial instruments

The carrying amount of the financial assets and liabilities carried at amortised cost is considered a reasonable approximation of fair value.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 43 - SEGMENT REPORTING

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 group has accordingly identified two primary business segments i.e. Building Products and Packaging Products.

The activities of the company are primarily limited within the Indian Territories having no variation in risk and returns. Consequently, information in respect of geographical segment is not given.

Unallocated items: The corporate and other segment includes general corporate income and expense items, which are not allocated to any business segment.

(₹ in lakh)						
Particulars	Building Products Division	Packaging Products Division	Others	Inter segment elimination	Unallocated	Total
Segment revenue *						
For the year ended 31 March 2021	59,270.02	1,25,870.23	622.63	(503.40)	-	1,85,259.48
For the year ended 31 March 2020	57,987.12	1,24,151.33	4,307.46	(538.88)	-	1,85,907.03
Other income						
For the year ended 31 March 2021	1,388.57	565.35	33.97	(517.88)	1,325.90	2,795.91
For the year ended 31 March 2020	1,630.88	369.87	14.92	-	14.40	2,030.07
Segment results						
For the year ended 31 March 2021	91.24	19,642.57	16.42	-	(1,079.64)	18,670.59
For the year ended 31 March 2020	1,985.73	15,346.35	117.35	-	(2,601.89)	14,847.54
Finance cost						
For the year ended 31 March 2021						7,188.04
For the year ended 31 March 2020						7,347.63
Income tax (including deferred tax)						
For the year ended 31 March 2021						2,676.59
For the year ended 31 March 2020						2,658.31
Profit after tax						
For the year ended 31 March 2021						8,805.96
For the year ended 31 March 2020						4,841.61
Other information						
Segment assets						
31 March 2021	1,10,749.35	1,67,522.87	1,700.39	(98.85)	5,728.47	2,85,602.23
31 March 2020	1,08,752.42	1,65,576.69	2,141.66	-	10,368.00	2,86,838.77
Segment liabilities						
31 March 2021	74,953.67	84,193.18	608.26	(98.85)	2,590.17	1,62,246.43
31 March 2020	63,415.64	96,161.27	696.77	-	877.28	1,61,150.96
Capital expenditure						
For the year ended 31 March 2021	5,288.74	12,207.41	3.14	-	308.95	17,808.24
For the year ended 31 March 2020	5,585.20	8,057.28	-	-	-	13,642.48
Depreciation and amortisation						
For the year ended 31 March 2021	2,673.62	8,954.86	119.60	-	388.41	12,136.49
For the year ended 31 March 2020	4,561.40	9,070.83	89.56	-	565.85	14,287.64
Other non-cash expenses						
Provision for doubtful debts and advances						
For the year ended 31 March 2021	5.09	767.81	-	-	-	772.90
For the year ended 31 March 2020	0.48	223.36	-	-	-	223.84

* Revenue from a customer represents approximately ₹ 59,504.30 lakh (32.12%) {Previous year ₹ 58,928.52 lakh (31.70%)} of the company's total revenue within India.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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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 ₹ 766.88 lakh (net of amount capitalised and reimbursement received from government) (previous year ₹ 813.45 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:

Particulars	(₹ in lakh)	
	Funded plan	
	Gratuity	
	31 March 2021	31 March 2020
Current service cost	261.49	227.99
Net interest expense/(income)	25.59	6.52
Components of defined benefit costs recognised in profit or loss	287.08	234.51
Re-measurement on the net defined benefit liability		
Net actuarial (gain)/loss	84.75	250.35
Expected return on plan assets excluding interest income	(71.15)	66.38
Components of defined benefit costs recognised in other comprehensive income	13.60	316.73
I. Net asset/(liability) recognised in the balance sheet as at 31 March		
1. Present value of defined benefit obligation	2,524.71	2,311.48
2. Fair value of plan assets	2,217.01	1,801.41
3. Deficit	307.70	510.07
4. Current portion of the above	307.70	510.07
II. Change in the obligation during the year ended 31 March		
1. Present value of defined benefit obligation at the beginning of the year	2,311.48	1,851.76
2. Expenses recognised in the statements of profit and loss		
- Current service cost	261.49	227.99
- Interest expense	150.79	118.57
3. Recognised in other comprehensive income		
Re-measurement gains / (losses)		
- Actuarial (gain)/loss arising from experience adjustments	165.57	48.01
- Actuarial (gain)/loss from financial assumptions	(80.82)	202.35
4. Benefit payments	(283.80)	(137.20)
Present value of defined benefit obligation at the end of the year	2,524.71	2,311.48

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2021	31 March 2020
III. Change in fair value of assets		
1. Fair value of plan assets at the beginning of the year	1,801.41	1,685.08
2. Recognised in the statement profit and loss		
- Expected return on plan assets	125.20	112.05
3. Recognised in other comprehensive income		
Re-measurement gains / (losses)		
- Actual return on plan assets in excess of the expected return	71.15	(66.38)
4. Contributions by employer (including benefit payments recoverable)	503.05	207.86
5. Benefit payments	(283.80)	(137.20)
6. Fair value of plan assets at the end of the year	2,217.01	1,801.41
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.		
V. Actuarial assumptions		
1. Discount rate	6.95%	6.65%
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	6.95%	6.65%
5. Mortality table	IALM 2012-14	IALM 2006-08
6. Superannuation age	58	58

VI. Sensitivity analysis

(₹ in lakh)

Particulars	31 March 2021		31 March 2020	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
	Discount rate	0.50%	(125.71)	0.50%
	-0.50%	137.12	-0.50%	120.22
Expected rate of increase in compensation level	0.50%	134.24	0.50%	117.08
	-0.50%	(124.29)	-0.50%	(108.59)

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:

(₹ in lakh)

	2020-21	Year ended			
		2019-20	2018-19	2017-18	2016-17
1. Defined benefit obligation	2,524.71	2,311.48	1,851.76	2,157.84	1,968.57
2. Fair value of plan assets	2,217.01	1,801.41	1,685.08	2,032.75	1,889.66
3. Surplus/(deficit)	(307.70)	(510.07)	(166.68)	(125.09)	(78.91)
4. Experience adjustment on plan liabilities gain/(loss)	(165.57)	(48.01)	(95.92)	104.39	(36.17)

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.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

C. Other long-term benefits - Compensated absences (unfunded)

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Amounts recognised in the balance sheet		
Non current (refer note 23)	780.71	783.84
Current (refer note 30)	209.54	178.36
	990.25	962.20
Amounts recognised in the statement of profit and loss		
Current service cost	119.13	121.35
Interest cost	65.42	56.63
Actuarial loss	45.01	168.24
Total included in employee benefits expense	229.56	346.22
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	962.12	740.20
Interest cost	65.42	56.63
Current service cost	119.13	121.35
Benefits paid	(201.43)	(124.30)
Actuarial loss	45.01	168.24
Defined benefit obligation at the end of the year	990.25	962.12

The average duration of remaining working life at the end of the reporting period is 15.64 years (previous year 16.02 years).

NOTE 45 - EARNINGS PER SHARE

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit for the year attributable to owners of the Company (₹ in lakh)	8,805.96	4,841.61
Weighted average number of equity shares (nos.)	6,92,61,290	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	12.71	6.69

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 IND AS 116 LEASES

The company recorded the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate and the right of use asset.

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The following is the break-up of current and non-current lease liabilities as at March 31, 2021:

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	86.83	-
Non current lease liabilities	94.46	-
Total	181.29	-

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

The following is the movement in lease liabilities during the year ended March 31, 2021:

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning	-	-
Addition	473.01	-
Finance cost accrued during the period	17.18	-
Deletions	-	-
Payment of lease liabilities	(308.90)	-
Balance at the end	181.29	-

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

Particulars	As at 31 March 2021	As at 31 March 2020
Less than one year	98.84	-
One to five years	98.84	-
More than five years	-	-
Balance at the end	197.68	-

Rental expense recorded for short-term leases was ₹ 469.90 lakh (Previous year ₹ 573.14 lakh) for the year ended March 31, 2021.

NOTE 47 - CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Demands raised by the excise / service-tax / income-tax / sales tax authorities against which appeals have been filed	410.34	390.08
b) Demands raised by the sales tax authorities against which appeal filed (entry tax)	4,168.29	4,168.29
c) Claims against the Company not acknowledged as debts	1,874.44	529.59
d) Demand-cum-show cause notice raised by PF authorities	-	66.26

NOTE 48 - CAPITAL AND OTHER COMMITMENTS

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	18,467.03	4,835.23
b) Export obligation under Export Promotion Capital Goods license of Export Import Policy	7370.98	14,077.13
c) Bank guarantees outstanding (other than financial guarantee)	2,997.75	1,993.80

NOTE 49 - PAYMENT TO STATUTORY AUDITORS (EXCLUDING GOODS AND SERVICE TAX)

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
As auditors	11.00	11.00
Other services *	10.10	2.60
For reimbursement of expenses	3.04	7.70
	24.14	21.30

* including paid to auditors for buyback certification of ₹ 7.00 lakh

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 50 - RELATED PARTY TRANSACTIONS

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)	Executive directors
	Dr. Rajendra Kumar Somany (Chairman & Managing Director)
	Mr. Sandip Somany (Vice Chairman & Managing Director)
	Executives
	Mr. Om Prakash Pandey (CFO)
	Mr. Pulkit Bhasin (CS)
	Non-executive directors
	Mrs. Sumita Somany
	Mr. G.L. Sultania
	Mr. Ashok Jaipuria (cease to be a director w.e.f. 27 May 2020)
	Mr. V.K. Bhandari
	Mr. N.G. Khaitan
	Mr. Salil Bhandari (cease to be a director w.e.f. 1 April 2020)
	Ms. Himalyani Gupta
	Mr. Rakesh Sarin
	Mr. Anil Wadhva
	Relatives of Key management personnel (KMP)
Holding Company	Somany Impresa Limited (w.e.f. 31 December 2020)
Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	Textool Mercantile Private Limited
	Hintastica Private Limited
	Khaitan & Co., LLP
	HSIL Relief Fund
	Krishna Somany Charitable Trust
Others	R.K. Somany Foundation
	Somany Home Innovation Limited (Associate of Somany Impresa Limited)
Post employment benefit plan	Brilloca Limited (Subsidiary of Somany Home Innovation Limited)
	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 & their relatives / others	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Transactions during the year				
Rent paid to*				
Textool Mercantile Private Limited	-	-	-	1.54
Rent received from*				
Somany Home Innovation limited	-	-	144.89	-
Brilloca Limited	-	-	745.31	-
Payment for professional services to*				
Khaitan & Co. LLP	-	-	1.25	0.48
G.L. Sultania & Co.	-	-	-	12.50

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 50 - RELATED PARTY TRANSACTIONS (CONTD.)

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP & their relatives / others	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Payment for management services received from*				
Somany Home Innovation limited	-	-	87.42	-
Brilloca Limited	-	-	249.66	-
Payment for management services to*				
Brilloca Limited	-	-	1,193.26	-
Salary given to				
Mr Shashvat Somany	74.89	-	-	-
Donation given to				
HSIL Relief Fund	-	-	10.00	-
Krishna Somany Charitable Trust	-	-	20.00	-
R.K. Somany Foundation	-	-	20.00	-
Sale of goods to*				
Hintastica Private Limited	-	-	19.31	-
Somany Home Innovation limited	-	-	536.08	-
Brilloca Limited	-	-	59,678.27	-
Cash Discount given*				
Brilloca Limited	-	-	173.97	-
Purchase of goods from*				
Hintastica Private Limited	-	-	0.06	-
Somany Home Innovation limited	-	-	11.38	-
Brilloca Limited	-	-	17.48	-
Sale of CWIP (including leasehold rights of land) to*				
Hintastica Private Limited	-	-	622.00	-
Purchase of assets from*				
Brilloca Limited	-	-	32.96	-
Reimbursement of expenses received from*				
Hintastica Private Limited	-	-	176.77	-
Somany Home Innovation limited	-	-	7.50	-
Brilloca Limited	-	-	10.86	-
Reimbursement of expenses paid to*				
Brilloca Limited	-	-	3.58	-
Contribution made to				
Somany Provident Fund Institution	-	-	124.50	302.16
Security Deposit received from				
Somany Home Innovation limited	-	-	12.07	-
Brilloca Limited	-	-	62.10	-
Balances outstanding at the year end				
G L Sultania & Co. - Payable	-	-	-	1.35
Mr. Shashvat Somany - Payable	2.77	-	-	-
Hintastica Private Limited - Receivable	-	-	195.39	-
Somany Home Innovation Limited - Receivable	-	-	1,955.05	-
Brilloca Limited - Payable	-	-	1,731.65	-

* exclusive of GST

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 50 - RELATED PARTY TRANSACTIONS (CONTD.)

The remuneration and other transactions with members of key managerial personnel during the year was as follows:

(₹ in lakh)

Particulars	Key management personnel and their relatives	
	31 March 2021	31 March 2020
Remuneration to key management personnel *		
Dr. Rajendra Kumar Somany	562.22	352.43
Mr. Sandip Somany	214.98	211.79
Mr. Sandeep Sikka (ceased to be CFO w.e.f. 16 September 2019) **	-	90.97
Mr. Om Prakash Pandey (CFO)(appointed w.e.f. 17 September 2019)	114.37	64.69
Ms Payal M Puri (ceased to be CS w.e.f. 16 September 2019) **	-	28.07
Mr. Pulkit Bhasin (appointed w.e.f. 17 September 2019)	14.84	6.34
Commission and other payments to non-executive directors	136.54	74.74
* 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		
Remuneration payable		
Dr. Rajendra Kumar Somany	37.51	20.89
Mr. Sandip Somany	130.21	16.79
Non-executive directors	112.44	70.49
Mr. Om Prakash Pandey	16.79	20.96
Mr. Pulkit Bhasin	0.85	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	For the year ended
	31 March 2021	31 March 2020
Short-term employee benefits #	986.43	762.87
Post-employment benefits		
- Defined contribution plan §	56.52	66.16
- Defined benefit plan *	-	-
- Other long-term benefits *	-	-
Total	1,042.95	829.03

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 2021

NOTE 50 - RELATED PARTY TRANSACTIONS (CONTD.)

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 2021	For the year ended 31 March 2020
Somany Home Innovation Limited			
Transaction during the year			
	Loan given	-	1.00
	Loan repaid	-	19.00
	Interest received	-	0.88
	Sale of goods	536.08	4,463.10
	Purchase of goods	11.38	-
	Rent received	144.89	146.57
	Management fees received	87.42	32.00
	Security deposit received	12.07	-
	Reimbursement of expenses received	7.50	-
Outstanding balance at the end of the year - Receivable		1,955.05	1,761.82
Brilloca Limited			
Transaction during the year			
	Sale of Goods	59,678.27	58,928.52
	Purchase of goods	17.48	-
	Rent received	745.31	745.31
	Management Fees received	249.66	115.00
	Management Fees paid	1,193.26	1,977.74
	Reimbursement of expense paid	3.58	0.87
	Reimbursement of expense received	10.86	-
	Cash discount given	173.97	-
	Security deposit received	62.10	-
	Purchase of assets	32.96	-
Outstanding balance at the end of the year - Receivable / (Payable)		(1,731.65)	735.58
Hintastica Private Limited			
Transaction during the year			
	Sale of Goods	19.31	-
	Purchase of Goods	0.06	-
	Sale of CWIP (including leasehold rights of land)	622.00	-
	Reimbursement of expense received	176.77	-
Outstanding balance at the end of the year - Receivable		195.39	-

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 51 - EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE

(₹ in lakh)

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
(As certified by the management)		
Salaries, wages and bonus	96.15	80.98
Contribution to provident and other funds	3.54	6.58
Others	44.11	130.75
	143.80	218.31

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 ₹ 198.48 lakh (previous year ₹ 254.53 lakh) towards CSR activities during the year ended 31 March 2021. 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 2021, the Company has contributed the following sums towards CSR initiatives.

(₹ in lakh)

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
	Paid in cash	Paid in cash
(i) On construction/acquisition of any asset	29.21	5.00
(ii) On purposes other than (i) above	169.84	249.77
	199.05	254.77

NOTE 53

The Board of Directors of the Company has approved utilisation of Business Reconstruction Reserve (BRR) by ₹ 1,073.02 lakh (Previous year ₹ 1,400.02 lakh) towards impairment of Goodwill relating to Packaging Products Division during the year ended 31 March 2021 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 26 March 2010.

NOTE 54

The fire incident at company's Bhongir unit engaged in manufacturing of container glass, a part of Packaging Products Division was reported in quarter ended 31 March 2020 against which a claim was filed and company has received on account payment of ₹ 2,587.50 lakh (excluding interim payment for loss of profit as stated below). The unit is covered by insurance including Reinstatement Value ("RIV") & Loss of Profit ("LOP") clause. The estimated WDV value of one machinery which was fully damaged by the fire and cost of restoration of other machines totalling to ₹ 2,281.43 lakh had been provided in books (including ₹ 2,048.78 lakh in earlier years) against claim receivable towards value of assets on RIV basis.

Also the company had raised an interim claim towards LOP amounting to ₹ 766.22 lakh based on provisional assessment till the year ended 31 March 2020 & received an interim payment of ₹ 150.00 lakh. Considering prudence the management has decided not to account for any additional amount for the subsequent period on account of LOP pending final assessment. The insurance company is still in the process of assessing the loss. 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.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 55 - FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in lakh)

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Non current financial assets						
Investments	1,110.71	-	1.62	1,171.50	-	1.62
Loans	-	-	1,710.79	-	-	1,677.82
Other financial assets	-	-	23.34	-	-	83.61
Current financial assets						
Trade receivable	-	-	31,729.85	-	-	29,303.69
Cash and cash equivalents	-	-	373.58	-	-	2,494.05
Bank balances other than cash and cash equivalents	-	-	1,967.08	-	-	2,255.63
Loans	-	-	1.25	-	-	1.61
Other financial assets	-	1,359.11	2,043.16	-	2,138.57	105.80
Total financial assets	1,110.71	1,359.11	37,850.67	1,171.50	2,138.57	35,923.83
Non current financial liabilities						
Non-current borrowings	-	-	67,539.71	-	-	72,869.68
Other financial liabilities	-	-	1,795.91	-	-	1,874.82
Current financial liabilities						
Current borrowings	-	-	12,873.91	-	-	20,872.84
Trade payables	-	-	23,012.71	-	-	19,522.30
Other financial liabilities	-	682.24	21,506.47	-	951.04	16,164.83
Total financial liabilities	-	682.24	1,26,728.71	-	951.04	1,31,304.47

NOTE 56 - DIVIDEND

The Board of Directors have recommended a dividend of 200% i.e. ₹ 4/- (previous year ₹ 3/-) on equity share of ₹ 2/- each for the year ended 31 March 2021 subject to approval of shareholders in the ensuing Annual General Meeting.

NOTE 57 - COVID-19 PANDEMIC

To restrain the wide spread of COVID-19 pandemic in India, the Government of India declared lockdowns which impacted the business activities during first half of the financial year 2020-2021. Accordingly the figures of year ended on 31 March 2021 are not comparable with corresponding year ended on 31 March 2020, on account of restriction in business activities. Considering current market scenario and company's quality product portfolio, brand image, long-standing relationships & goodwill with its customers, suppliers and other stakeholders, Company expects that the business operations, cash flows, future revenue, assets and liabilities will sustain going forward.

NOTE 58 - GST

The annual return of GST for FY 2020-21 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 31 December 2021.

NOTE 59 - During the year under review, based on technical assessments carried out by technical experts in line with usage & practices, the Company had revised the useful life of certain class of Property, Plant and Equipment. The aforesaid revision in useful life has been given effect from 1 April 2020, and accordingly depreciation for the year ended 31 March 2021 is lower by ₹ 2,292.34 lakh.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2021

NOTE 60 - SOCIAL SECURITY CODE

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Indian Parliament's approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently, on November 13, 2020, draft rules were published and stakeholders' suggestions were invited. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

NOTE 61 - Previous period figures have been regrouped /re-arranged wherever considered necessary to confirm to the current year's classification.

In terms of our report attached.

For **Lodha & Co**
Chartered Accountants
Firm Registration No.: 301051E

N.K. Lodha
Partner
M.No.: 85155

Place: New Delhi
Date: 10 May 2021

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 May 2021



HSIL Limited

CIN: L51433WB1960PLC024539

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Phone: +91-33-2248 7407/5668

E-mail: hsilinvestors@hsilgroup.com; Website: www.hsilgroup.com

Notice

Notice is hereby given that the 61st Annual General Meeting of the members of HSIL Limited will be held on Friday, 24 September 2021 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 2021, the reports of the Board of Directors and Auditors thereon.

2. To declare Dividend on Equity Shares for the year ended 31 March 2021.
3. To appoint a Director in place of Ms. Sumita Somany (DIN: 00133612) who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

4. **Re-appointment of Mr. Sandip Somany as Vice Chairman and Managing Director and remuneration payable thereof**

To consider and, if thought fit, to pass the following resolution as a **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 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 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 Mr. Sandip Somany (DIN: 00053597) as Vice Chairman and Managing Director of the Company for a further term of 5 (Five) consecutive years, commencing from 1 December 2021 till 30 November 2026, 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 Mr. Somany, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment provided, however, that the remuneration payable to Mr. Somany may exceed the limits specified in Regulation 17(6)(e) of the Listing Regulations and Schedule V of 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.

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 authorized 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. **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 ("the 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, consent 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 ₹ 1,996 Crore plus applicable Goods and Services Tax during the financial year 2021-22, 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."

6. Remuneration by way of Commission to the Directors (Other than Managing Directors)

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

"**RESOLVED THAT** in supersession of the earlier resolution passed by the shareholders in the Annual General Meeting held on 6 September 2018 and

in accordance with the provisions of Sections 197, 198, Schedule V and other applicable provisions and amendments thereto, if any, of the Companies Act, 2013, ("the Act") and the rules framed thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company do hereby authorize the payment of Commission to the Directors of the Company (Other than the Managing and Whole-time Directors); (i) in case of profits, at the rate of 1% (One percent) on the net profits of the Company, (to be divided amongst them, in such amounts or in proportion and in such manner as may be determined by the Board of Directors of the Company from time to time and in default of such determination equally) to be computed in the manner prescribed in Section 198 of the Act, in any financial year of the Company; and (ii) in case of no profits or inadequate profits, upto the prescribed limit in Schedule V of the Act; for a period of 5 years commencing from 1 April 2021 upto 31 March 2026.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above resolution."

By order of the Board
For HSIL Limited

Place: Gurugram
Date: 10 May 2021

(Pulkit Bhasin)
Company Secretary
Membership No. A27686

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts on special businesses under Item Nos. 4 to 6, 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, 20/2020 and 02/2021 dated 8 April 2020, 13 April 2020, 5 May 2020 and 13 January 2021 respectively issued by Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021 issued by Securities and Exchange Board of India ("SEBI Circulars"), the 61st 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 Act is not available for this AGM. However, in pursuance of Sections 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 57th Annual General Meeting till conclusion of 62nd 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 2021 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, 17 September 2021 to Friday, 24 September 2021 (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, 17 September 2021 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, 16 September 2021. The dividend, if declared, shall be paid by Wednesday, 29 September 2021.
8. Dividend, if declared, at the AGM 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 ("RTA"), 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 Act, the amount of dividend which remains unpaid/unclaimed for a period of 7 consecutive years is required to be transferred to the 'Investor Education and Protection Fund' (IEPF) constituted by the Central Government. Accordingly, unpaid/unclaimed dividend upto the year 2012-2013 has been transferred to IEPF.

Shareholders who have not encashed their dividend warrant(s) for the year from 2013-2014 to 2019-2020 are requested to make claim with the Company immediately. Dividend declared by the Company for the financial year 2013-2014, remain unpaid/unclaimed is due for transfer on or after 31 October 2021 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.

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 members 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 32567 equity shares of ₹ 2/- each to IEPF in respect of the shareholders whose dividend was not encashed for seven consecutive years from 2012-2013, 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 2013-2014 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 RTA 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 RTA viz. M/s. Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001, for necessary endorsement thereon.
12. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the FY 2020-21 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 2020-21 are also available on the Company's website i.e. www.hsilgroup.com, websites of National Stock Exchange of India Limited and BSE Limited i.e. www.nseindia.com and www.bseindia.com respectively and on the website of Central Depository Services (India) Limited ("CDSL") i.e. 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 Wednesday, 15 September 2021. 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/her 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meetings (SS-2)

issued by the Institute of Company Secretaries of India ("ICSI"), the relevant information in respect of Directors seeking appointment/re-appointment at the AGM 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 Board of Directors have appointed Mr. Pravin Kumar Drolia, Practicing Company Secretary, Kolkata (FCS: 2366, CP: 1362), as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
22. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting (votes cast during the AGM and votes cast through remote e-voting) and make, within two working days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
23. The result declared alongwith the Scrutinizer's Report shall be placed on the Company's website i.e. www.hsilgroup.com and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
24. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e. 24 September 2021.
25. 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.
26. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of Listing Regulations (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 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 AND ATTENDING AGM THROUGH VC/OAVM ARE AS UNDER:

- (i) The voting period begins at 9:00 a.m. (IST) on Tuesday, 21 September 2021 and ends at 5:00 p.m. (IST) on Thursday, 23 September 2021. 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 Friday, 17 September 2021 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The members who have cast their votes 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 votes again.
- (iii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 on e-voting facility provided by listed companies, individual shareholders holding shares in demat mode are allowed to vote through their respective demat accounts maintained with Depositories and DPs. Shareholders are advised to update their mobile number and e-mail id in their demat accounts in order to access e-voting facility.

(iv) **Login method for e-voting and attending AGM through VC/OAVM for individual shareholders holding shares in demat mode is given below:**

Type of shareholders	Login Method
Individual Shareholders holding shares in demat mode with CDSL	<p>A. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>B. After successful login the Easi/Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider ("ESP") for casting his/her vote during the remote e-voting period or attending AGM through VC/OAVM and voting during the meeting. Additionally, there are also links provided to access the system of all ESPs i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the websites of ESPs directly.</p> <p>C. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.</p> <p>D. Alternatively, the user can directly access e-voting page by providing demat account number and PAN from the e-voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending an OTP on registered mobile number and e-mail id as recorded in the demat account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also to directly access the system of all ESPs.</p>
Individual Shareholders holding shares in demat mode with NSDL	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-Voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or attending AGM through VC/OAVM and voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp.</p> <p>3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP, and a verification code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to website of e-voting service provider for casting your vote during the remote e-voting period or attending AGM through VC/OAVM and voting during the meeting.</p>
Individual Shareholders (holding shares in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to the website of e-voting service provider for casting your vote during the remote e-voting period or attending AGM through VC/OAVM and voting during the meeting.

Important note: Shareholders who are unable to retrieve User ID/ Password are advised to use "Forgot User ID" and "Forgot Password" option available at abovementioned websites.

Dedicated helpdesk for individual shareholders holding shares in demat mode for any technical issues related to login/e-voting through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding shares in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542-43.
Individual Shareholders holding shares in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call on toll free no.: 1800 1020 990 and 1800 22 44 30.

(v) **Login method for e-voting and attending AGM through VC/OAVM for physical shareholders and shareholders other than individual holding in demat form.**

1. The shareholders should log on to the e-voting website www.evotingindia.com.
2. Click on "Shareholders" module.
3. 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.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

For physical shareholders and other than individual shareholders holding shares in demat 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) <ul style="list-style-type: none"> • 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 OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> • 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.

7. After entering these details appropriately, click on "SUBMIT" tab.
8. 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.

(vi) For shareholders holding shares in physical form the details can be used only for e-voting on the resolutions contained in this Notice.

(vii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(viii) 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.

(ix) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(x) 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.

(xi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xii) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xiii) 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 and enter the details as prompted by the system.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES AND MOBILE NUMBERS 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 provide necessary details like folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card), mobile number by email to RTA of the Company at mdpldc@yahoo.com.
2. For demat shareholders - Shareholders shall update their email addresses and mobile numbers 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. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the AGM 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 by Tuesday, 14 September 2021. 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 depending on the availability of time for the AGM. The members are also requested to send their queries, if any, by Tuesday, 14 September 2021 mentioning their name, demat account number/folio number, email id, mobile number at hsilinvestors@hsilgroup.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 and on approval of the accounts they would be able to cast their votes.
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, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the Scrutinizer to verify the same.

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 votes 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.

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 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.

If you have any query or issues regarding attending AGM and e-voting from the CDSL e-voting system, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Rakesh Dalvi (022-23058542/43).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

The present term of Mr. Sandip Somany as Vice Chairman and Managing Director of the Company ("Mr. Somany") will expire by efflux of time on 30 November 2021. Having regard to the long association of Mr. Somany with the Company and taking into account his wide experience of over 36 years and vast knowledge in Ceramic and Glass Industry, the Board of Directors at their meeting held on 10 May 2021, has recommended to re-appoint Mr. Somany as Vice Chairman and Managing Director of the Company for a further period of 5 (five) consecutive years, commencing from 1 December 2021 upto 30 November 2026 on remuneration as recommended by the Nomination and Remuneration Committee. His re-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 Securities and Exchange Board of India (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, pursuant to the recommendation of Nomination and Remuneration Committee, payable to Mr. 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 read with Schedule V thereto and Regulation 17(6)(e) of the Listing Regulations.

The abstract of terms and conditions of the re-appointment and remuneration payable to Mr. Somany, as embodied in the draft Agreement to be entered into by Mr. Somany with the Company for his re-appointment and remuneration payable to him, are as follows:

1. Period of Appointment

Five years commencing from 1 December 2021 upto 30 November 2026.

2. Remuneration

- a) SALARY: ₹ 35,00,000/- per month (In scale of ₹ 35,00,000 - ₹ 2,80,000/- - ₹ 49,00,000)
- b) COMMISSION: At the rate of 5% of net profits of the Company for each financial year computed in the manner as laid down in Section 197 of the Act.
- c) PERQUISITES: Mr. 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 Mr. Somany.

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 Mr. Somany, as per rules of the Company. These may be provided for as under:

Housing Rent Allowance

- i) The expenditure incurred by the Company on hiring furnished accommodation for Mr. Somany will be subject to the ceiling - 60 (Sixty) percent of the Salary, over and above 10 (Ten) percent payable by Mr. Somany.

- ii) In case the accommodation is owned by the Company, 10 (Ten) percent of the salary of Mr. Somany shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company, Mr. Somany shall be entitled to House Rent Allowance subject to the ceiling laid down under Clause (i) above.

Explanation

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10 (Ten) percent of the salary of Mr. Somany.

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 five month's salary over a period of five years.

Leave Travel Concession

For Mr. 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 Mr. Somany.

Other benefits and Allowances

Any other benefits, facilities and allowances as may be available and allowed to Mr. 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 Mr. 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 Act 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 Mr. 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 Act as may be for the time being in force.

Sitting Fee

Mr. Somany shall not, so long as he acts as the Whole-time Director, designated as the Vice 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

Mr. 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 endeavours to prevent any other person from doing so.

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 Act 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 Mr. Somany six (6) months' salary as specified in Clause 2 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 Mr. 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 Act, following further information is given:

1. General Information

Nature of industry	Manufacturing of Sanitaryware, Faucets, Plastic Pipes and Fittings, Container Glass, PET Containers, security caps and 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 2020-21 Revenue from operations: ₹ 1,85,259 lakh Profit after Tax: ₹ 8,750 lakh Rate of Dividend: 200% i.e. ₹ 4 per equity share Earning per Share: ₹ 12.71 per share	
Export performance and net foreign exchange earnings	The Company had exported products worth ₹ 2,965 lakh during the financial year 2020-21. Foreign Exchange earned and used during financial year 2019-20 and 2020-21:	
	(₹ in lakh)	
	2020-21	2019-20
	2,965	3,472
	32,637	33,258
Foreign investments or collaborators, if any	The Company has no foreign subsidiaries.	

2. Information about the appointee

Background Details	<p>Mr. Sandip Somany is a Commerce Graduate and Diploma holder in Ceramic Manufacturing Technology from the US and possesses an extensive 36-years working experience in the ceramics and glass industry. He has been associated with the Company since 1985 and has been since then driving the Company to success.</p> <p>He is the Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA), an active Member of the Governing Council of All India Glass Manufacturer's Association, Past-President of Federation of Indian Chambers of Commerce and Industry (FICCI) and Past-President of PHD Chamber of Commerce and Industry (PHDCCI).</p> <p>He was the President of International Chamber of Commerce - (Head Quarter in Paris) India Chapter.</p> <p>He is the Member of Corporate Affairs Committee and CSR Committee of the Company.</p>										
Past Remuneration	<p>The remuneration drawn by Mr. Somany during the past four years is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>(₹ in lakh)</th> </tr> </thead> <tbody> <tr> <td>2017-18</td> <td>554.56</td> </tr> <tr> <td>2018-19</td> <td>546.83</td> </tr> <tr> <td>2019-20</td> <td>211.79</td> </tr> <tr> <td>2020-21</td> <td>214.98</td> </tr> </tbody> </table>	Year	(₹ in lakh)	2017-18	554.56	2018-19	546.83	2019-20	211.79	2020-21	214.98
Year	(₹ in lakh)										
2017-18	554.56										
2018-19	546.83										
2019-20	211.79										
2020-21	214.98										
Recognition or Awards	<p>He has been associated with a number of premier institutes/organizations:</p> <ul style="list-style-type: none"> • PHD Chambers of Commerce and Industry (PHDCCI) • Bureau of Indian Standards (BIS) • The Federation of Indian Chambers of Commerce and Industry (FICCI) 										
Job Profile and his suitability	<p>He is the Vice Chairman and Managing Director of the Company and he is responsible for steering the operations of the Company, planning of new business ventures and investments. He possesses a sound knowledge of the ceramic and glass industry including technical processes, national and international markets etc.</p> <p>He is involved in organizational development, business process re-engineering and leading the group's foray in new business initiatives.</p>										
Remuneration Proposed	As mentioned above.										
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	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.										
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 Vice Chairman and Managing Director and as a member to the extent of his shareholding in the Company.</p> <p>He is related to Dr. Rajendra Kumar Somany, Chairman and Managing Director and Ms. Sumita Somany, Non-executive Non-Independent 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 Vice 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 Mr. Somany as Vice Chairman and Managing Director of the Company.

Approval of members is sought for re-appointment of Mr. Somany as Vice 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 61st 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 Mr. Sandip Somany is available

for inspection by the members of the Company on the Company's website i.e. 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 No. 5

Brilloca Limited ("Brilloca") is a related party of the Company as defined under the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The 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 the Company. The Company, being the vendor of Brilloca Limited, may also require business advances from time to time from Brilloca Limited, which shall be adjusted against the future supplies of the products to ensure smooth and consistent supply thereof.

The Company is proposing to enter into various other contract(s)/arrangement(s)/transaction(s) with Brilloca from time to time during the FY 2021-22. 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 2021-22, 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 28 January 2021 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 the Company with Brilloca during the FY 2021-22.

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 the Company also have common directors and holding along with their relatives more than 2% of the paid-up share capital of the Company. Brilloca, being wholly owned subsidiary of SHIL, is a related party of the Company.
4.	Nature, material terms, monetary value and particulars of the contract or arrangement	1. Monetary value of proposed sale or purchase of goods during financial year 2021-22 shall not exceed ₹ 1,850.00 Crore. 2. Monetary value of the proposed availing or rendering of services during financial year 2021-22 shall not exceed ₹ 50.00 Crore. 3. Proposed rent of premises during financial year 2021-22 shall not exceed ₹ 20.00 Crore. 4. Monetary value of proposed sale or purchase of assets during financial year 2021-22 shall not exceed ₹ 1.00 Crore. 5. Reimbursement to or from Brilloca Limited for miscellaneous expenses, shall be done on actual cost basis during the financial year 2021-22. 6. Receiving of business advances for an amount not exceeding ₹ 75.00 Crore at the prevailing interest rates during the financial year 2021-22.
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 the 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. 5 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. 5 for approval of the members as an Ordinary Resolution.

Item No. 6

The Company vide its Special Resolution passed by the members of the Company at its 58th Annual General Meeting held on 6 September 2018 (58th AGM), was authorized to make payments to its Directors (other than the Managing and Whole-time Directors of the Company) of a Commission of 1% (one percent) of the net profits of the Company for each of the Financial Year for a period of Five (5) years commencing from 1 April 2018 and ending on 31 March 2023.

It is further informed that MCA vide its notification dated 18 March 2021 introduced amendments by way of the Companies (Amendment) Act, 2020, in Sections 149 and 197 of the Act and Schedule V thereto. Pursuant to these recently notified amendments, the Company may

pay remuneration to its Independent Directors and Non – executive Directors upto the limits as prescribed in Schedule V of the Act in case of no profits or inadequate profits. To give effect to aforesaid recent amendments, the existing resolution passed by the shareholders in its 58th AGM is required to be superseded to enable the Company to pay remuneration to its Independent Directors and Non – executive Directors in case of no profits or inadequate profits.

Accordingly in terms of Sections 197, 198, Schedule V and other applicable provisions and amendments thereto, if any, of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to pass a fresh resolution by way of Special Resolution for the purpose of payment of such commission to Independent Directors and Non-executive Directors for each Financial Year for further period of Five (5) years commencing from 1 April 2021 to 31 March 2026.

The resolution set out under item no. 6 of the accompanying Notice is intended for seeking member's approval and the Board of Directors accordingly recommend the same. All the Directors are interested in the said resolution either directly or indirectly. None of the Key Managerial Personnel or their relatives, except to the extent of their shareholding in the Company, are interested in this resolution.

Information pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 of ICSI regarding Directors seeking appointment/re-appointment

Ms. Sumita Somany

Age	54 years
No. of Shares held	161,000
Qualification	Commerce Graduate
Brief Resume and Nature of her Expertise in specific functional areas	She is a professional with insight and expertise in the domain of retail business and instrumental in decision making pertaining to strategy, management and business development for the Company. She has also been member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee of HSIL Limited and instrumental in extensive community services.
Name of other listed entities in which the Directorship is held	None
Chairman/Member of the Committees of Board of other listed companies	None
Relationships between directors inter se	She is related to Dr. Rajendra Kumar Somany, Chairman and Managing Director and Mr. Sandip Somany, Vice Chairman and Managing Director of the Company.

Mr. Sandip Somany

Age	57 years
No. of Shares held	2187731
Qualification	Commerce Graduate and Diploma holder in Ceramic Manufacturing Technology from the US
Brief Resume and Nature of his Expertise in specific functional areas	<p>Mr. Sandip Somany possesses an extensive 36-years working experience in the ceramics and glass industry. He has been associated with the Company since 1985 and has been since then driving the Company to success.</p> <p>He is the Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA), an active Member of the Governing Council of All India Glass Manufacturer's Association, Past-President of Federation of Indian Chambers of Commerce and Industry (FICCI) and Past-President of PHD Chamber of Commerce and Industry (PHDCCI).</p> <p>He was the President of International Chamber of Commerce - (Head Quarter in Paris) India Chapter.</p> <p>He is the Member of Corporate Affairs Committee and CSR Committee of the Company.</p>
Name of other listed entities in which the Directorship is held	Somany Home Innovation Limited JK Paper Limited
Chairman/Member of the Committees of Board of other listed companies	<p>Member</p> <p>Audit Committee</p> <ol style="list-style-type: none"> 1. Somany Home Innovation Limited 2. JK Paper Limited <p>Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> 1. Somany Home Innovation Limited 2. JK Paper Limited <p>Corporate Social Responsibility Committee</p> <ol style="list-style-type: none"> 1. Somany Home Innovation Limited
Relationships between directors inter se	He is related to Dr. Rajendra Kumar Somany, Chairman and Managing Director and Ms. Sumita Somany, Director of the Company.

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. Baker Tilly DHC Pvt. Ltd.

REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001
Tel: +91 33 2248 7407/5668
Email: 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 India 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,
Lakamhalli,
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

HSIL LIMITED

Registered Office

2, Red Cross Place, Kolkata - 700 001
Tel: +91 33 22487407/5668
E-mail: hsilinvestors@hsilgroup.com

Corporate Office

301- 302, III Floor, Park Centra, Sector 30,
N.H. 8, Gurugram, Haryana 122 001
Tel: +91 124 4779200