

June 30, 2020

To The Department of Corporate Services –CRD Bombay Stock Exchange Ltd P.J.Towers, Dalal Street MUMBAI – 400 001	To National Stock Exchange of India Limited 5 <sup>th</sup> Floor, Exchange Plaza Bandra (E), MUMBAI – 400 051
<b>Scrip Code: 509675/HIL</b>	<b>Scrip Symbol: HIL</b>

Dear Sir,

**Sub: Notice of Annual General Meeting and Annual Report for Financial Year 2019-20**  
**Ref: 30, 34 and other regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Provisions of Companies Act, 2013**

Please refer to our earlier letter dated June 25 2020 intimating that the 73<sup>rd</sup> Annual General Meeting of the Company is scheduled to be held on **Wednesday, July 29, 2020 at 3:00 PM (IST)** through Video Conferencing (VC) or Other Audio Visual Means (OAVM). In continuation to the aforesaid letter, and pursuant to Section 108 of the Companies Act, 2013 and Regulations 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report for Financial Year 2019-20 along with the Notice of 73<sup>rd</sup> Annual General Meeting (including e-voting and VC/OVAM instructions)

The aforesaid documents are available on the website of the Company at <https://hil.in/investor-relations/2020-annual-report/> and are being dispatched to all eligible shareholders whose email IDs are registered with the Company/Depositories.

Kindly take the same on record and do the needful.

Thanking you  
For HIL LIMITED

G. Manikandan  
Company Secretary &  
Financial Controller

# POWERING GROWTH WITH DIVERSITY AND INNOVATION



Pivoted on the cornerstones of Diversity & Innovation – HIL remains committed to power growth with cutting-edge solutions that reaffirm its position as a global brand. As an organization driven by the zeal to excel at home and abroad, HIL believes in setting aspirational targets that validate its market leadership, relying on its diverse workforce to enhance productivity and increase profitability.

With a constant focus on identifying better prospects, HIL remains perfectly poised to exploit opportunities to fuel sustainable growth – keeping diversity and innovation at its core.



A creative rendition depicts HIL's continuous focus on innovative and cutting-edge solutions, showcasing their zeal to drive sustained growth and productivity through concerted efforts. The cover design further illustrates HIL's philosophy to drive growth with innovation and diversity, to formulate plans to foster business success.

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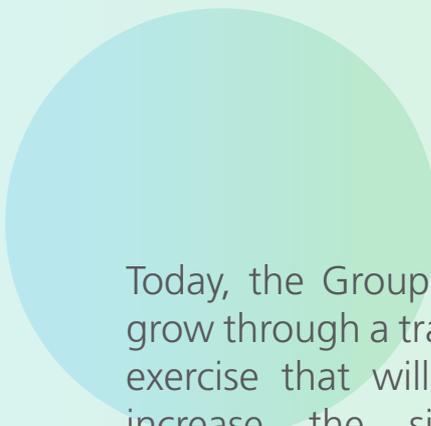
# Enduring Value - CK Birla Group

The CK Birla Group is a growing US \$2.4 billion conglomerate that has a history of enduring relationships with renowned global companies. The Group's operations are spread across six industry sectors: Automotive, Technology, Home and Building, Infrastructure, Healthcare and Education. Since its inception in 1862 by Seth Shiv Narain Birla, the group has maintained a consistent track record of creating value for all its stakeholders including customers, partners, people and communities.

With over

**30,000  
employees,**

various manufacturing facilities, service delivery locations and numerous patents and awards, the Group's businesses are present across five continents with a customer base that includes some of the world's best-known companies and has partnerships with several global leaders.



Today, the Group is poised to grow through a transformation exercise that will significantly increase the size of the business, with technology and talent driving the expansion. The Group's vision is to create value in tune with the rapidly changing needs of customers, partners and communities in the twenty-first century.

# HIL - Sustaining Excellence with Innovation

One of the leading manufacturers and sellers of building materials and solution providers, HIL provides innovative, superior quality and sustainable products to its customers. The addition of Parador flooring to HIL's portfolio has further amplified our offerings to end consumers.

## Vision

To be a leading, global, innovative and eco-friendly building and infrastructure solutions company and create sustainable value for our stakeholders.

## Mission

- To deliver** → a diversified portfolio of eco-friendly products and solutions fuelled by innovation
- To build** → a strong corporate brand present across all continents
- To ensure** → end-to-end digitization of processes for business excellence
- To be** → a diversified workplace and a preferred employer

while continuing to meet our highest standards of quality, corporate social responsibility, safety, health and environment.

## Values

### Innovation



Embed innovation in organizational processes across all levels

### Respect



Care and respect for all stakeholders

### Accountability



Complete ownership and responsibility of outcomes

### Teamwork



Together we build the success of ONE HIL

### Integrity



Being ethical and honest in our behaviour

### Excellence



Strive to achieve highest standards of performance

## Our Renowned Brands Portfolio

### Roofing Solutions



### Building Solutions

Wet and Dry Walling Solutions



### Polymer Solutions – Pipes



### Polymer Solutions – Putty



### Leading European Flooring Solutions



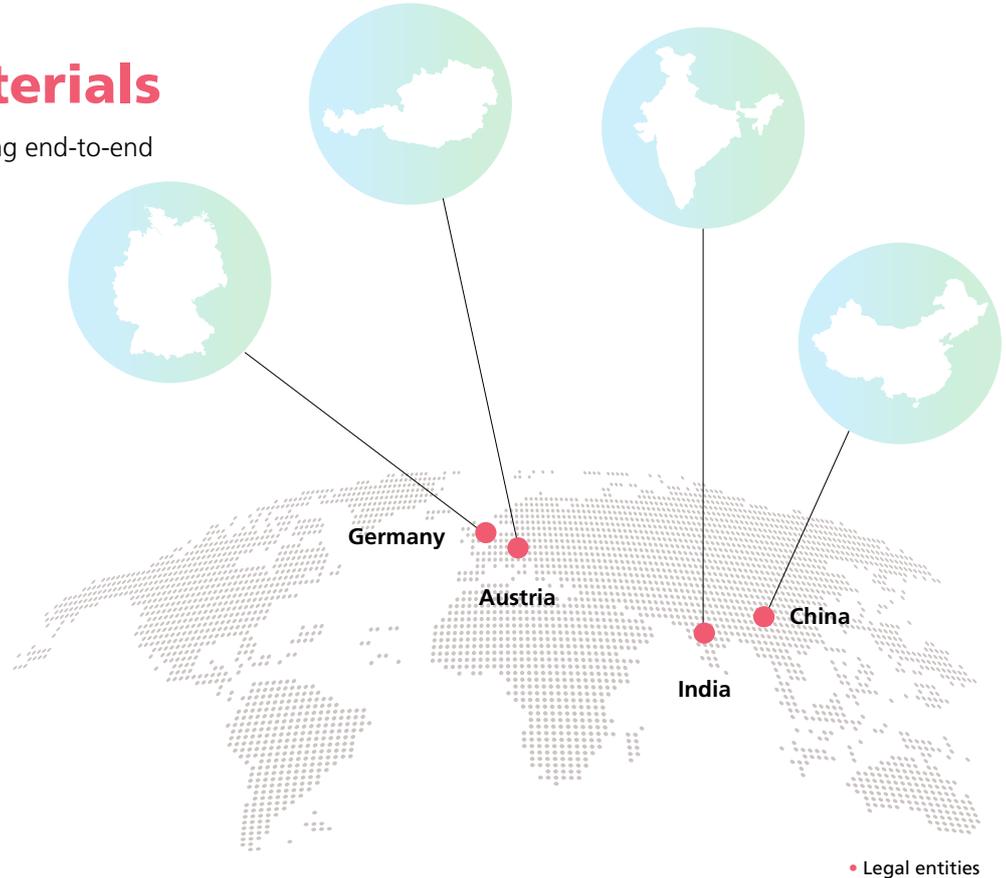


### Key Facts About Us

We are amongst the leading **Building materials company** providing end-to-end cutting-edge solutions

**#1**

Ranked in India and Germany in specific product categories



**5500+ Employees** (across India and Overseas) form an integral part of our family

Our wide distribution network of **6000+ dealers** ensures last mile connect of products and solutions

We have been certified **Great Place to work** for a second consecutive year.

Our **R&D teams in India and Germany** help to deliver new products and solutions aligned to evolving market requirements

We are guided by our **experienced** Board of Directors and an extremely capable leadership team

Successfully create value for all **our stakeholders**

Presence in **80+ countries** globally

**23 state-of-the-art manufacturing units** enable us to produce high quality and innovative products

# Managing Covid-19

The outbreak of coronavirus continues to wreak havoc around the world, and it has affected human lives in unfathomable ways. To prevent its spread, a countrywide lockdown was imposed in India in mid March 2020, resulting in a complete halt of activities across sectors. Innumerable challenges on movement of goods in metro cities with uncertainties in the revival of real estate sector and our other focus areas continues to loom. The challenges owing to migration of workers and non-availability of workmen continues to daunt as we enter the new normal.

## Our Focus Areas

In these unprecedented circumstances HIL is rethinking and re-evaluating the new normal

- Formation of 10 work streams with clear charters towards a common goal of protecting profitability and people's health
- Challenging each cost line item – ZERO based approach
- Converting a crisis into an opportunity to create a lean and efficient business model
- Enhancing a customer centric business model by effectively leveraging digital media
- Continuously add value to society in the time of distress - Distribution of sanitizers made inhouse as per WHO guidelines to our wider community.
- Maximizing operational efficiencies
- A systematic day zero plan helped us positively enhance business operations.
- Reviewing external risks (associated with the business and formulation of mitigation plans)
- Working with Parador to explore e-business, government supports and banking connects

## Strategy to Convert Crisis to Opportunity

We are undertaking following steps to convert the global pandemic into an opportunity for enhancing our efficiency

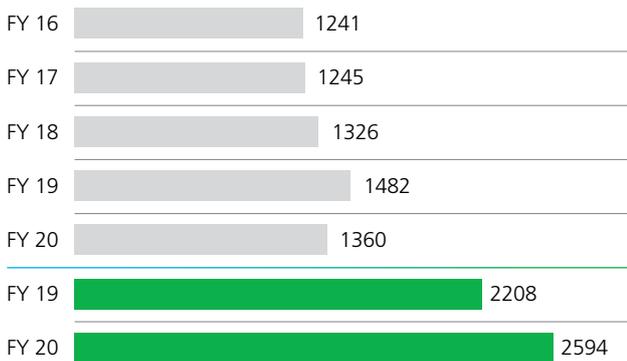
- Prudent cash-flow management (cross border) to strengthen our sustainability during this unprecedented time
- Modified credit terms in discussion with customers and suppliers to optimize working capital
- Improving connect and cohesion through digital platforms to make working from home more impactful
- Enhancing digital connectivity through lead generation and lead management portal
- Grass root district planning and mapping of secondary and tertiary showing promising results in these testing times
- Utilize digital as an efficient mode to improve transparency and effectiveness while ensuring cost efficiencies.
- In Parador, we modified our sales approach through DIY and E-business where we safely provide deliveries to customers and the customers took responsibility of the installations. This worked well for Parador and helped maintain its momentum.



# Sustaining Momentum- Our Financial Metrics

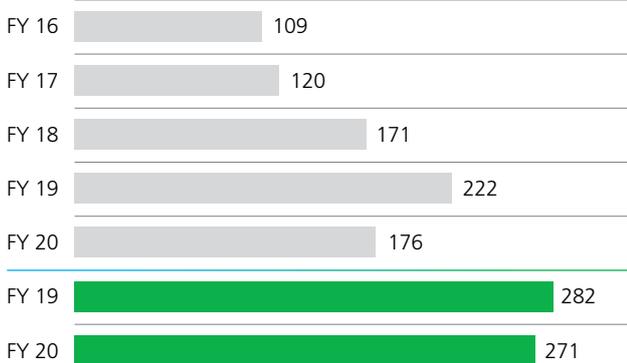
## Revenue from operations

(₹ in Crores)



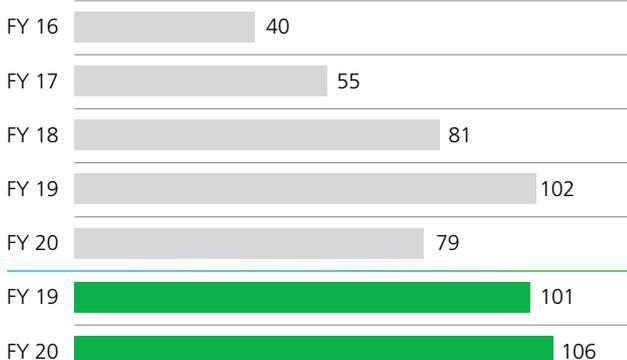
## EBITDA

(₹ in Crores)



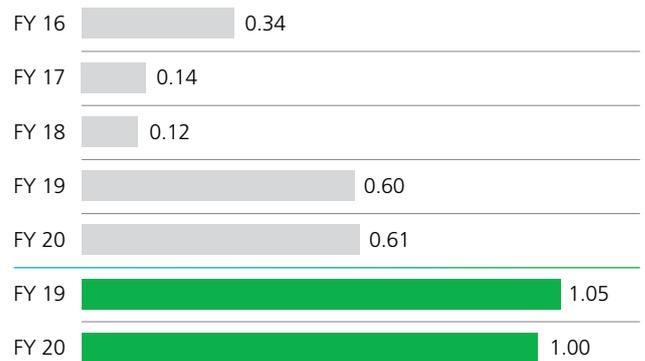
## PAT

(₹ in Crores)



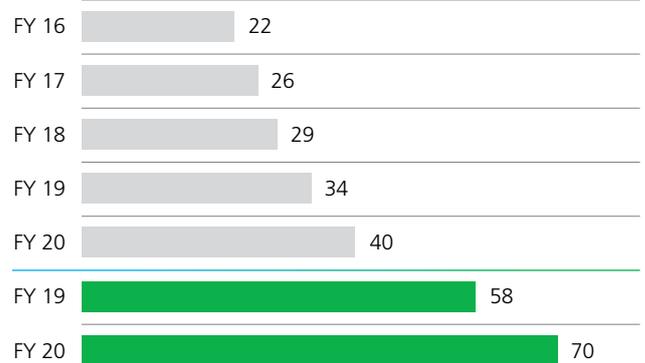
## Debt equity ratio

(in times)



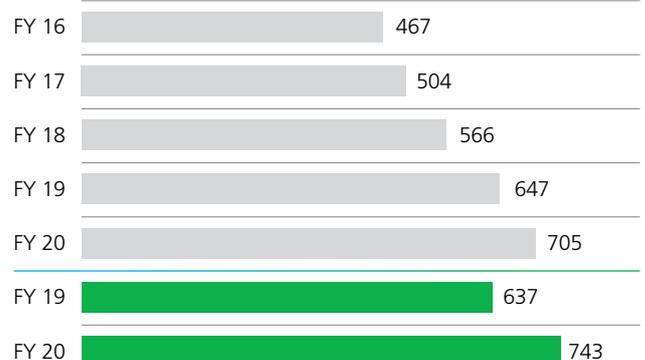
## Share of Non-Asbestos

(% to Total Revenue)



## Net Worth

(₹ in Crores)



# Brands with a Difference

HIL has always remained at the forefront with innovative and improved products that meet customer needs. Our ability to offer a diverse portfolio of products ensures sustained leadership for all our brands. With our diverse brand portfolio including Charminar, Charminar Fortune, Birla Aerocon, Birla HIL Pipes and Putty and Parador, HIL remains poised to create a differentiated identity. We are the only company providing end-to-end building material solutions, ranging from roofing and walling to plumbing and flooring.



## Roofing Solutions

We offer an exhaustive range of innovative and eco-friendly roofing solutions, ranging from Fiber Cement Sheets to Colour Coated Sheets and Next Gen Eco-friendly sheets. Our flagship Charminar brand remains the most trusted and renowned brand in the roofing solution space.

### Brands



India's largest manufacturer of fiber cement roofing solutions



The Next Gen eco-friendly and non-asbestos roofing solution

### Products

- Fiber Cement Sheets
- Next Gen non-asbestos corrugated roofing sheets
- Coloured steel sheets
- Charminar Coloured Cement Roofing Sheets

**1078000**

Cumulative capacity of Fiber Cement Sheets per annum (in MT)



## Building Solutions

With a wide range of effective and innovative building solutions for modern buildings, HIL offers a one-stop solution to meet varied requirements. This segment is classified into two divisions i.e. Wet Walling and Dry Walling Solutions.

### Brands



India's leading Building Solutions brand comprising of dry and wet walling solutions

### Products

- Block Jointing Mortar
- Cement Sandwich Panels
- Fly Ash (AAC) Blocks
- Fiber Cement Boards
- Designer Boards
- Tile Adhesive
- Ready Mix Plaster

**873000**

Capacity of Fly Ash (AAC) Blocks per annum (in CUM)

**84000**

Cumulative capacity of Panels per annum (in MT)



## Polymer Solutions

Our polymer solutions consist of Pipes & Fittings and Wall Putty. The plumbing segment offers an extensive range of pipes and fittings ideal for households, industrial and commercial applications. We also manufacture superior quality putty for walls.

### Brands



Birla HIL is a major player in the Polymer segment for Pipes and WallPutty.

### Products

- CPVC & UPVC Pipes & Fittings
- SWR Pipes and Fittings
- Column Pipes
- Pressure Pipes
- Wall Putty

**29449**

Cumulative Capacity of Pipes & Fittings per annum (in MT)

**165000**

Cumulative capacity of wall putty per annum (in MT)



## Flooring Solutions

The acquisition of Parador has strengthened our flooring solutions segment. With our innovative range of products, HIL offers premium quality wooden, laminate and resilient floor covering to provide comprehensive flooring solutions.

### Brands



A leading international brand for wooden flooring

### Products

- Engineered Wood Flooring
- Laminate Flooring
- Resilient Floor Covering / Vinyl Flooring
- Skirting & Accessories

**15**

Cumulative capacity per annum (in M SQM)

# Brand Power

Over the last two years we have leveraged our association with Chennai Super Kings and achieved the most out of the partnership. This year, we shifted our focus by engaging with last mile channel partners, leveraging BTL advertising and digital space for all our brands.

Our Birla HIL Pipes and fittings and Birla HIL Putty brands leveraged the following BTL advertising:

- Branding through Long Vehicle and Delivery Vehicle to increase our brand visibility across the country.
- Changed the colour palate of our signage to bi-colour with emphasis on larger

logos to increase mass engagement.

- Leveraged social media platform to connect with our customers, showcase our products and interact with them through schemes and contests.

Our Birla Aerocon brand leveraged its connections with channel and end customers

through participation in various events and exhibitions, such as Alleppey Boat Race, CREDAI Home Expo and BNI Trends 2020 Exhibition.

Parador conducted trainings and workshops for their dealers at Delhi, Mumbai and Bangalore and the brand participated in renowned exhibitions such as Elle Décor, D code, India Design 2020 and LivSpace which benefitted

the brand in terms of visibility, exposure to wide audience and familiarity with its range of offerings. Parador has also utilized Digital media and associated with premium magazines such as Elle Décor, Vistara In-flight magazine and Surface Reporter for its brand building activities.



▲ Parador represented at India Design 2020

# Leading with Innovation

At HIL, innovation is underpinned in our value creation model, constantly focusing on meeting customer expectations and needs. Creating value for customers is a prerequisite at HIL. As a result, innovation goes far beyond our products and includes various services and processes that enhance productivity and efficiency. Our ability to offer a diverse range of innovative products helps us to create a differentiating experience, enabling us to sustain and expand our market leadership while maintaining a high level of performance and operational excellence.

## Innovation at Parador

### Parador StudioConcept

The new Parador StudioConcept allows customers to discover a variety of products in an inspiring atmosphere. It gives an opportunity to address the requirements of a wider

customer base, offering a range of modules which can be easily adapted according to individual requirements of space, flexibility and productivity.

The Parador StudioConcept is also equipped with a digital info point - an interactive new-age technology. It provides a simple, intuitive tool that helps the buyer as well as the seller during the purchase process by providing relevant information

about the product, including its price. It also enables the customer to compare products. All samples at the point of sale (POS) are equipped with QR codes to provide quick support, informing about product or process updates.



▲ Parador Corporate Office

### Modular One

Modular One, an innovative product from Parador, merges superior quality material with sustainable living requirements. Its exclusive décor helps to design versatile floorings, with a characteristic look and feel. Its elastic surface and the cork back layer offers walking comfort and is also suitable for residential and public areas accommodating

a lot of visitors. It promotes healthy living and is made with eco-friendly raw materials that ensure environmental sustainability. The product has won numerous awards including the 'Winner' award in the 'Excellent Product Design - Material and Surfaces' category, at the German Design Awards 2020.



▲ Modular One Flooring from Parador

### Automation Filing Machine

Automation filing machine is a process innovation at the engineered production plant in Austria. All products that require more than one person to putty are putty-  
led by the filling robot. It is designed to work on 1 million m<sup>2</sup> floorboards and offers cost efficiency in multiple ways,

including reduction in the number of personnel required. It results in lesser material loss and ensures improved quality.

## First

Robot used in the production plant



▲ Automation Filing Machine

## Innovation through R&D

HIL provides an ideal platform for creative ideas and innovative solutions to thrive, empowering our R&D teams to deliver services that leave a lasting impact. During the year under review, we had formed an Innovation cell and a R&D Vision to build a global Research & Development facility, to deliver robust and competitive building products that ensure sustainable growth, improve brand recognition and enhance stakeholder satisfaction.



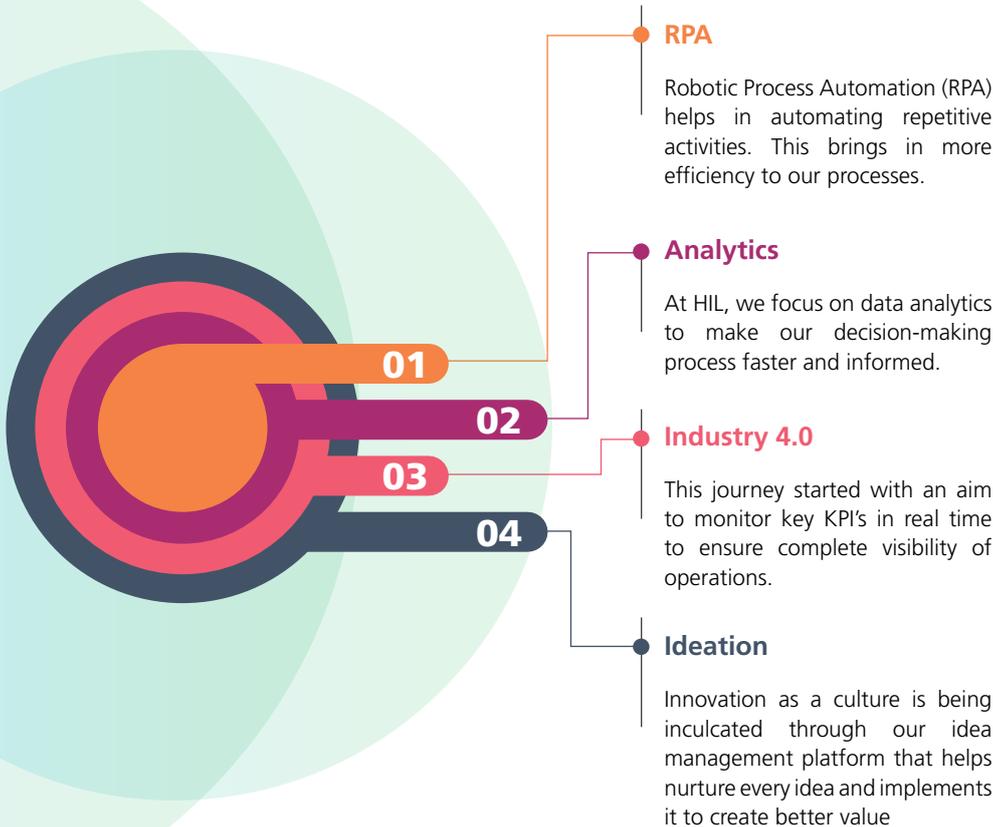
# Accelerating Digital Transformation

Our industry landscape continues to change and we, at HIL, continue to evolve and set new benchmarks. We have been investing and adopting state-of-the-art technologies, leveraging our expertise, knowledge and innovative solutions to improve our operational efficiency and sustain business synergies. As we embark on our digital transformation journey across processes and facilities, our endeavour is to achieve excellence while enhancing consumer experiences.

## Connected Shop Floor at Chennai plant

To ensure seamless operations across our operations, we have leveraged digital innovation to align ourselves with Industry 4.0. We are structuring basic data on power, productivity, defects and predictive analysis to bring more consistency, efficiency and reliability in our operations. As our first step towards Industrial Internet of Things (IIoT), the new Connected Digital Shop Floor will connect all machines to a single network, to enhance the plant's efficiency. This will enable us to digitize data, trigger alerts, monitor and provide descriptive insights. Our endeavour is to augment the abilities of our state-of-the-art factories to deliver quality products and to manufacture products that meet varying customer requirements in a timely manner. We believe a connected factory model will enable us to improve the production process by enabling end-to-end product visibility.

We are also introducing disruptive technologies like Robotic Process Automation (RPA) and Predictive Analytics to bring in more efficiency. Predictive analytics will aid decision making and promote responsiveness. To capture real-time machine parameters digital logbooks, Sensors, Programmable Logic Controller (PLC), Supervisory Control and Data Acquisition (SCADA) systems and plant level dashboards have been created to monitor and review critical parameters. The platform generates instant alerts and the same can be leveraged by the operations team to implement speedy corrective measures.



▲ First launch of Industry 4.0 at the Chennai Plant



# Our Strength, Our People

Our people are not only our greatest assets, but also our biggest competitive advantage. They contribute towards the growth and development of our company and we, in turn, offer adequate opportunities to ensure holistic development of our people. We nurture our employees to develop and perform to the best of their abilities while encouraging them to find innovative solutions for our customers. At HIL, we endeavour to build a diverse workplace that promotes co-existence, inclusion and collaboration.

## Great Place To Work

HIL was awarded Great place to work (GPTW) in 2020, a 'Gold Standard' certification that organizations around the world aspire to achieve. It is a testament to the passion of our management team, always dedicated to the welfare and benefit of every member of the HIL family that makes us a Great Place to Work. Additionally, we are among the top 30 Best Workplaces in Manufacturing in 2020, top 100 Best Companies to Work for in 2020 and among the Best Workplaces in Cement and Building Materials Industry in 2020 as identified by Great Place to Work Institute.

## Early Engagement Program & New Joiners Retention Program

The initiative was undertaken to understand the overall employee experience with regards to on-boarding, learning & settling down at HIL. The program helped us to understand our strengths and areas of improvement in the current on-boarding and induction system.

## Dare to Dream BIG

Convergence FY 2019-20 was organized with the theme of 'Innovate, Energize and Build', wherein our 250 team members gathered together to ideate, strategize and

execute plans to achieve global leadership positions in various segments.

The leadership team along with our employees were presented with ten aspirational stories. These stories reflected that Innovation, Inspiration and Research will continue to be the differentiating factor, ensuring HIL's success in becoming a 'high quality building solutions provider'.

## Learning Club - Kaleidoscope

At HIL, we believe, not all learning happens in a classroom and learning each day is one of the best investments one can make for themselves and their career. As a result, we initiated Kaleidoscope which is aimed at creating a culture of knowledge sharing and public speaking among employees.

## Idea Management

To encourage differentiated thinking within the

organization, the Idea Management Platform was initiated. With this initiative, employees are encouraged to think 'out-of-the-box' to facilitate continuous improvements in our processes.

## Online Learning Platform - Udemey

With an aim to provide a learning platform to existing employees and to motivate them to enhance their skillset to achieve professional excellence, we have set foot in the online training and certification space. HIL has collaborated with Udemey and allowed most of the employees from Finance to enrol in courses that result in personal or functional development.

## A Diverse Workplace

Creating a diverse workforce has always been a priority at HIL. For us, diversity not only means gender diversity but also encompasses diversity in age, religion, socio-economic

status and physical disability. At HIL, we believe people coming from different ethnicities with different experiences in cities and societies is a key driver of innovation.

## Gender Sensitization Workshops done across HIL

We began with the gender sensitization workshop across all our Units and Sales Locations. A 6 hour module is being implemented with the help of an external knowledge partner CETC, Mumbai. The module covers topics such as gender sensitivity, Breaking Stereotypes, Understanding Power Equations and Gender Mainstreaming & its Challenges.

**93**

Women employees as on March 31, 2020 as compared to **25** in 2017



▲ Employees of HIL and Parador from different departments and geographies

# Empowering People and Communities

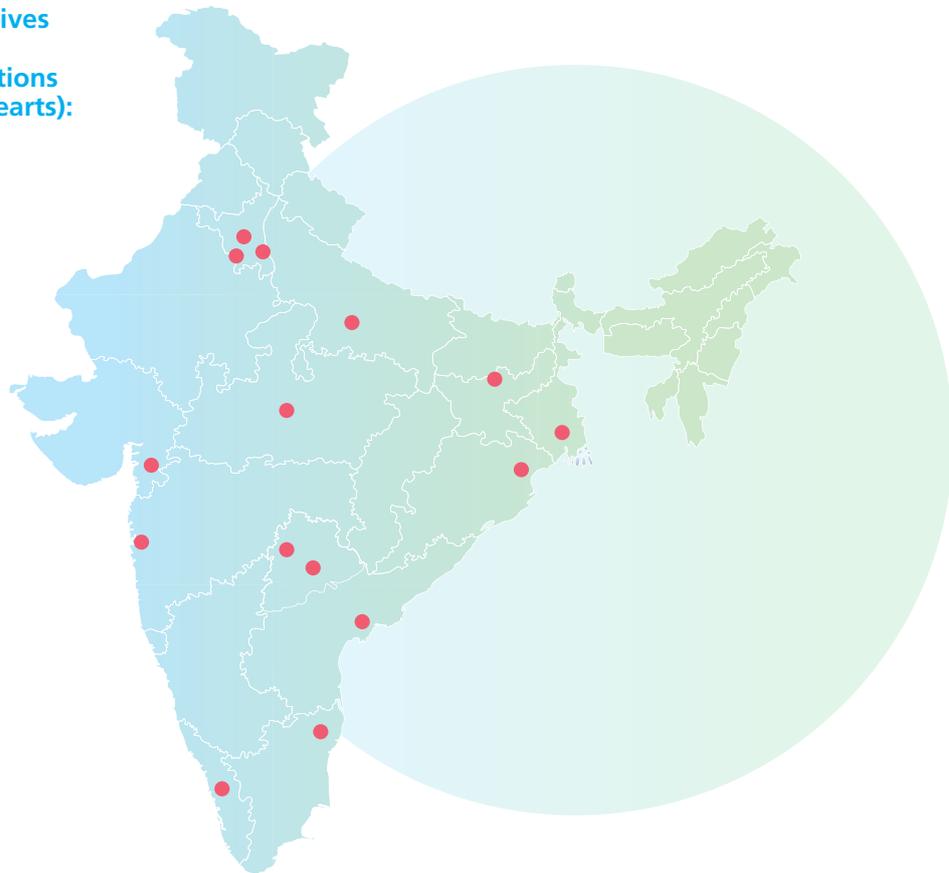
Our community development programmes are an integral part of our stakeholder engagement strategies. We strive to contribute towards social and economic development of communities in which we operate. At HIL, we adopt a holistic approach to empower the weaker sections of society, offering them means to improve their standard of living. With our aim to ensure inclusive growth, we continue to touch lives through our sustained efforts.

## Our CSR Pillars

-   
Healthcare
-   
Education
-   
Sustainable livelihood
-   
Infrastructure development
-   
Social reform

## Our CSR initiatives covered the following locations (and a lot of hearts):

- Haryana
- Madhya Pradesh
- Kolkata
- Hyderabad
- Kerala
- Balasore
- Faridabad
- Jasidi
- Kondapally
- Satharia
- Wada
- Chennai
- Thimmapur
- Jhajjar
- Golan



▲ Distributed hearing aid for children

# 226.01

Spent (₹ in Lacs) towards CSR programs in FY 2019-20

**Highlights FY 2019-20**

- Construction of Toilets for Girls in Govt Panchayat Union Middle School, Manjankarani Village, Chennai
- Upgradation of Bio-Medical Equipment in Calcutta Medial Research Institute, part of CK Birla Hospitals, for providing better health facilities to the public
- Provided sponsorship to girl students for CSS School
- Provided Education Facilities and Books at various Govt High School in Hyderabad
- Renovation and Construction of Classrooms in various Government and public schools



▲ Construction of Toilets for Girls in Govt Panchayat Union Middle School, Manjankarani Village, Chennai



▲ Made in-house sanitizers as per WHO guidelines and distributed among channel partners and policemen as a part of initiative in managing Covid-19.

**Outcomes Achieved in FY 2019-20**

**1000+**

Children benefitted

**10+**

Schools covered across the country

**2500+**

Villages benefitted

**80+**

Girls benefitted from complete sponsorship of education (LKG and UKG)



▲ Provided supplies to girl students at CSS School on the occasion of Children's Day

# Profile of Board of Directors



**Mr. CK Birla**  
Chairman

He is the Chairman of a number of companies in the CK Birla Group.

Mr. Chandra Kant Birla, is the Chairman and Non-Executive Director of the Company. He is the Chairman of a number of companies in the CK Birla Group. The Group has interests across industries such as automotive, technology, infrastructure, building products, healthcare and education. He is also a keen philanthropist and is deeply committed to creating a sustainable impact.



**Mr. Dhirup Roy Choudhary**  
Managing Director & CEO

His extensive experience in different geographies around the world has helped HIL enormously.

Dhirup Roy Choudhary is the Managing Director & CEO of HIL Limited. He is an electrical and electronics engineer and an eminent scholar of IIM-Ahmedabad with more than twenty-eight years of hands-on experience in business management.

His extensive experience in different geographies around the world has helped HIL enormously. With his significant experience to deliver profitable growth, he is capable of, turning around loss making companies, setting up greenfield projects and setting up favourable Mergers & Acquisitions.



**Mr. Desh Deepak Khetrpal**  
Non-Executive Director

He has vast experience in service, industrial, consumer and retail businesses.

Mr. Khetrpal holds Honours Degree in Business & Economics and Masters Degree in Business Administration in Marketing & Finance from Delhi University. He has vast experience in service, industrial, consumer and retail businesses.

Before joining HIL Limited, Mr. Khetrpal was the Group Chief Executive Officer of Jumbo Group of Companies. He has also worked with Raymond Limited as Chief Operating Officer.



**Mr. V. V. Ranganathan**  
Independent Director

**He graduated in commerce with a gold medal and is a qualified Chartered Accountant.**

Mr. V. V. Ranganathan is an accomplished finance professional with over forty years of variegated experience in India and overseas. He graduated in commerce with a gold medal and qualified as a Chartered Accountant and was later admitted as a fellow member of the Institute of Chartered Accountants of India. He was also enrolled as a member of other professional bodies during his service tenure. He was a Senior Partner and Country Head for Quality & Risk Management and served on the governing board of one of the leading big four global services firms.



**Mrs. Gauri Rasgotra**  
Independent Director

**She is a leading Advocate with a vast experience in Litigation Management**

Mrs. Gauri Rasgotra has a rare combination of advisory and litigation experience of 28 years in both academic and corporate settings. She managed litigation for landmark cases such as the right of citizens to fly the national flag and reviving Satyam under new management after the largest ever corporate scam in India. She is also representing the new directors of IL&FS in the recent crisis faced by the company. Gauri also worked in the US at the George Washington University Law School in Washington D.C. where she was selected to be the first Director of the school's newly established India Studies Center between 2007 & 2009. Gauri is an independent director on the Boards of two prominent public listed companies in India. She is a member of the ICC India Arbitration Group and the ICC India nominee on the ICC Commission on Arbitration and ADR. She is also a member of SIAC Users Council – India.



**Dr. Arvind Sahay**  
Independent Director

**He was nominated for the 'Thinkers50' India list by the Institute of Competitiveness, Harvard Business School.**

Dr. Sahay has proven expertise in marketing strategy, pricing, neuroscience and consumer behavior, brand management, high tech marketing, international trade and investment. He is a faculty at IIM-A, and has also been previously associated with London Business School. Dr. Sahay is an alumnus of IIT-Kanpur and IIM-Ahmedabad. He also holds a PhD degree from the University of Texas- Austin. Dr. Sahay is the recipient of the 'University Wide Outstanding Dissertation Award' from the University of Texas, Austin, the 'Innovation in Teaching Award' from London Business School and 'UTV Bloomberg Best Marketing Professor in India' award amongst others. Dr. Sahay was also nominated for the 'Thinkers50' India list by the Institute of Competitiveness, Harvard Business School.

# Celebrating Achievements



HIL has been awarded **Great Place To work** 2019 & 2020.

We have continued to retain our **Superbrand** status for the 6th time in a row.

HIL was the recipient of **Asia's Most Trusted Building Materials Company** 2017, 18 & 19 award by IBC Infomedia.

HIL received the **Fortune Next 500 Award** in 2019.

Parador won Iconic **Brand Award** – **Innovative Architecture 2019 & Iconic Brand Award – Innovative Interior 2020**.

Parador won **European Product Design Award 2019**.

Parador won **German Design Award 2019 & 2020**.

HIL has been the recipient of **Top 30 Best Workplaces amongst Manufacturing in India in the year 2020**.

Our IT team was felicitated with **Technology Senate Award 2019** under IoT category.

Wada plant was awarded the **NAMC award in Silver category** for Manufacturing competitiveness.

HIL has been recipient of **Top challenger award** from Construction world.

Wada plant won the **NAMC award** along with **National Safety Award** from National Safety Council.

Our legal team was recipient of **Best Legal Team of the Year** and **Most Innovative Legal Team Awards** in 2019.

We has been honoured with 67th rank among **"India's 100 Best Companies to Work for 2020"** and recognised as **"Best Workplaces in Cement and Building Materials"** by Great Place to Work institute.



# Corporate Information

## Board of Directors

<b>Mr. CK Birla</b>	Chairman
<b>Mr. Dhirup Roy Choudhary</b>	Managing Director & CEO
<b>Mr. Desh Deepak Khetrpal</b>	Non-Executive Director
<b>Mr. V. V. Ranganathan</b>	Independent Director
<b>Mrs. Gauri Rasgotra</b>	Independent Director
<b>Dr. Arvind Sahay</b>	Independent Director

## Key Managerial Personnel

<b>Mr. KR Veerappan</b>	Chief Financial Officer
<b>Mr. G Manikandan</b>	Company Secretary & Financial Controller

## Bankers

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

## Statutory Auditors

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

## Secretarial Auditors

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

## Cost Auditors

S.S. Zanwar & Associates

## Registrar & Share Transfer Agent

M/s. Venture Capital and Corporate Investments Pvt. Ltd.

## Registered Office Address

Office No. 1 & 2, 7th Floor, SLN Terminus,  
Near Botanical Garden, Gachibowli, Hyderabad-500032,  
Telangana, India  
Phone: 040-6824 9000

**Corporate Identification Number:**  
L74999TG1955PLC000656

# Directors' Report

Dear Members'

Your Directors take pleasure in presenting the 73rd Annual Report along with Standalone and Consolidated Financial Statements for the year ended March 31, 2020. The year under review would be remembered as a really challenging year with unfavourable macros, slowdown in infrastructure activities, weak market liquidity and then the final blow with the unthinkable COVID-19 pandemic which majorly disrupted the economic activities across the world.

The economic situation of the Country was adversely impacted during the mandatory lockdown period and it includes the sectors in which your Company is operating. Your Company believes that, with its strong foundation and stakeholder support including its loyal customers and employees, it will be able to overcome the challenges and continue to maintain its market leadership position in the relevant market segments ably supported by the various customer connect initiatives put in place by the Company.

With the above brief synopsis, your Directors are pleased to present the financial performance of the Company, both on standalone and consolidated basis, for the year ended March 31, 2020:

## Summary of Financial Results

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19*
Total Income	1396.60	1513.71	2618.80	2234.77
Earnings Before Interest, Depreciation & Tax	175.75	222.27	271.36	281.68
Less : Interest	31.17	19.35	38.52	25.16
Depreciation	49.97	42.81	97.88	68.56
Profit Before Tax and Exceptional items	94.61	160.11	134.94	187.96
Less: Exceptional items / Profit / Income from JV	0.00	0.00	0.64	(21.43)
Profit before Tax	94.61	160.11	135.58	166.53
Less : Taxes	17.89	58.59	29.63	65.14
Profit for the year	76.72	101.52	105.95	101.39
Other Comprehensive Income – net of tax	0.11	(0.60)	18.24	(10.15)
Total Comprehensive Income for the year	76.83	100.92	124.19	91.24
Basic Earnings Per Share (EPS)	102.62	135.94	141.73	135.78

\*Consolidated comparative number for 2018-19 includes performance of HIL International GmbH, Germany from July 4, 2018 to March 31, 2019, encompassing the financials of Parador Holdings GmbH, Germany for a 7 months period from September 1, 2018 to March 31, 2019.

The above mentioned financial numbers includes income and profit generated from discontinuing operations.

## Revenue

Your Company achieved a net revenue from operations on standalone basis at ₹1360.06 Crores as against ₹1481.96 Crores in previous year down by 8.2% and on consolidated basis registered a net revenue from operation at ₹2594.17 Crores as against ₹2208.05 Crores in previous year recording a growth of 17.5%. The standalone revenue was partly impacted by national elections in the first quarter and also due to certain restriction on construction activities witnessed in parts throughout the year. Further, the nationwide lockdown imposed on account of Covid-19 in the later part of March 2020 also severely impacted the sales during that period.

Your Company expects that the demand momentum will improve gradually across India as lockdown gets eased in parts by the Government.

## Interest

During the year under review, the interest cost increased to ₹31.17 Crores on a standalone basis as against ₹19.35 Crores during the previous year. The increase in the interest cost is on account of the term loan availed for part funding the acquisition of 100% shareholding in Parador Holdings GmbH, Germany through its wholly owned subsidiary HIL International GmbH, Germany during 2017-18. On a consolidated basis, interest cost for the financial year 2019-20 stood at ₹38.52 Crores as against ₹25.16 Crores in the previous year.

## Profit Before Tax

During the year under review, your Company registered a standalone Profit Before Tax (PBT) of ₹94.61 Crores as against ₹160.11 Crores in the previous year, down by 41%, mainly due to

increase in cost of raw materials like Fiber, Cement coupled with lower sales volumes for reasons cited above. In view of the better performance reported by HIL International GmbH, Germany and its subsidiaries, profit before tax on a consolidated basis for the year 2019-20 stood at ₹135.58 Crores as against ₹166.53 Crores in the previous year.

### Net Worth

The Standalone Net Worth as at March 31, 2020 improved to ₹705.03 Crores as against ₹646.86 Crores, as on March 31, 2019. On a consolidated basis the Net Worth of your Company for the financial year 2019-20 stood at ₹742.73 Crores as against ₹637.19 Crores previous year.

The earnings per share (basic) as on March 31, 2020 stood at ₹102.62 per share as against ₹135.94 per share as on March 31, 2019 and the book value per share as at March 31, 2020 was at ₹943/- as against ₹866/- as on March 31, 2019.

### Credit Rating

The credit ratings on Company's long term and short term facilities have been re-affirmed by the respective credit rating agencies and the same is furnished below:

S. No.	Agency	Type	Rating
1	ICRA	Long Term – Credit Facilities	'ICRA AA-/ Stable'
2	ICRA	Short Term – Debt	'ICRA A1+'
3	India Ratings	Long Term - Term Loan	'IND AA-/ Stable'

### Dividend

During the year under review, the Board of Directors declared an interim dividend of ₹10/- per equity share (100% of the paid-up value). Your Directors are pleased to recommend a final dividend of ₹10/- per equity share (100% of the paid-up value) for your consideration and approval at the ensuing Annual General Meeting of the Company.

With the proposed final dividend, the total dividend for the year 2019-20 works out to be ₹20/- per equity share (200% of the paid-up value) as against the total dividend of ₹25.00 per equity share (250% of the paid-up value) declared in the previous year. As per Finance Bill 2020, the dividend declared / paid from April 1, 2020 will be taxable in the hands of the shareholders and hence payment of dividend distribution tax on the final dividend, if approved, will not arise. Shareholders are requested to visit [www.hil.in/investor-relations](http://www.hil.in/investor-relations) for the FAQs on the dividend tax.

The total dividend outgo would amount to ₹16.49 Crores (Including Corporate dividend tax on Interim Dividend) and the Company has transferred ₹10 (Ten) Crores to the General Reserves out of the profits for the year.

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 23, 2020 to Wednesday,

July 29, 2020, both days inclusive, for determining the entitlement of the shareholders for the final dividend for the financial year ended March 31, 2020 and for annual book closure.

### Share Capital

The paid up Equity Share Capital as on March 31, 2020 was ₹7.51 Crores. During the year under review, the Company has issued 6,960 equity shares on exercise of options by an eligible employee and there are no shares with differential voting rights, nor sweat equity issued by the Company.

### Listing With Stock Exchanges

The Equity Shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. The annual listing fees for financial years 2020-2021 and 2019-2020 have been paid to these exchanges.

During the financial year 2019-20, the Issued and Listed Capital of the Company has increased due to allotment of equity shares to eligible employee on exercise of options under HIL Employee Stock Option Scheme, 2015.

### State of Company's Affair

After extraordinary performance by your Company for two consecutive years, the year 2019-20 started with certain unique challenges. The first quarter, which has always been the most favourable period for your Company, began witnessing certain challenges. It all began with staggered national elections which impacted the demand of our Fiber Roofing Sheets in rural parts of the Country. Then there was the influence of significant increase in material cost, sand mining constraints, liquidity constraints and crunch in the market. To add to these woes and availability of labour was also an issue. All these cumulatively had an adverse impact on the performance of your Company during a period which would otherwise have been the busy and rewarding season.

However, the Board and the Management had anticipated some of these emerging challenges in the manner in which it was evolving and quickly began calibrating its responses by adopting product specific / market specific models. These timely actions abated what would otherwise have resulted in the serious erosion of business performance as these issues continued to challenge us till third quarter of this financial year

The Covid-19, a global pandemic, which began its invasion during the last quarter of this year, has threatened the very existence of human life across the globe. It has caused what seems to be transitory pause to most of the businesses across the globe. Your Company is no exception to these challenges, and it seriously affected the business performance in all its product categories during March 2020. However, our overseas operations relieved the impact of these challenges to a large extent and delivered a reasonable performance during the last quarter.

Your Company's focused and committed approach combined with its unique and timely market/product based strategies continue to augur well to safeguard its market leadership position in most of its products categories.

Your Company institutionalised “Six Sigma” and “Lean Management Systems” processes across its manufacturing units and other key enabling functions which has helped to achieve operational excellence and supported the initiative of our continuing efforts at driving the cost effectively.

### Roofing Solutions:

Your Company continues to maintain its market leadership position in this product category mainly backed by its loyal customers and retailers. Your Company's deep brand presence coupled with market penetration and dealer / sub-dealer connect activities in addition to certain brand enhancement schemes undertaken during the year, proved beneficial for the Company.

“Charminar”, “Charminar Fortune” brands continue to enjoy the trust of the customers backed by your Company's enhanced Customer centric approach, superior quality than competition, improved post sale customer service, deep routed supply chain network and widely spread depots and dealer network. This has helped the Company to manage the headwinds faced in the industry with ease.

Your Company believes **Charminar Fortune**, an advanced research-based green roofing solution with excellent load bearing capacity, thermal resistance, sound proofing, fire resistance and a life of many decades will be a game changer in markets within and outside our Country and will take the Company to newer heights in the years to come.

Overall, due to turmoil in the economic environment as cited earlier, the roofing business ended the year with a de-growth of 13% in quantity terms over the previous year. However, your Company is confident of improving and consolidating its position in the industry as the current challenges slowly disappear.

### Building Solutions

Building Solutions business consists of Wet Walling and Dry Walling products, which caters to the various requirements of building industries/commercial spaces. During the year the demand for these products have gone up, which resulted in reporting an improved financial matrix for this segment.

Your Company continued its position as a comprehensive solutions provider in the building materials category by offering all relevant products under one roof thereby retaining and enhancing its customer base. Having achieved the maximum capacity utilisation in the previous year, the Company has focussed on process efficiency and lean management principles in these factories to optimize the cost further.

### Wet-Walling Solutions

Wet-Walling category consists of “Fly Ash Blocks”, an eco-friendly building material, “Smart fix”, “Smart Plaster” and “Tile-Adhesive” under the brand name “Birla Aerocon”. All products cohesively offer a complete range of solutions to the stakeholders in the Building Material industry. Tile-Adhesive is a new addition to this family and will be a compliment to other products in this category.

Fly Ash Blocks – an eco-friendly building material product, with unique combination of strength, low weight, cost-effectiveness and durability, has helped your Company gain market share in the Building solutions segment and maintain its leadership position.

During the year under review, Fly Ash Blocks registered a de-growth of 4% in quantity terms over the previous year, due to challenges faced during the first quarter. Fly Ash Blocks with the various adhesives offered under the said brand continue to be the preferred choice among the builders and dealers.

### Dry-Walling Solutions

Dry-Walling category consists of “Panels”, and “Boards” under the brand name “Birla Aerocon”. Panels & Boards continue to be the preferred choice of the Architects and designers. Technical solutions team of the Company continue to work closely with various Architects and Designers to provide them requisite support by creating awareness about the properties of these products and its advantages and they continue to promote these products. During the year the Panels and Boards division registered a decline of 6% in quantity terms as compared to the previous year. Your Company continues to maintain its preferred position in this category as well.

### Thermal Insulation

Thermal Insulation business under the brand HYSIL, has reported a de-growth of 6% in quantity terms due to the slowdown seen in the industry during early part of the year mainly from industrial domestic and overseas customers for their new projects.

During the year, the Company has entered into a Business Transfer Agreement for Sale and transfer of this business to Calderys India Refractories Limited through a slump sale arrangement on a going concern basis for an overall consideration of ₹80 Crores, subject to adjustments set out in the said Business Transfer Agreement. The said transaction is expected to be completed within the mutually agreed time lines.

### Polymer Solutions

This vertical consists of **Pipes & Fittings** and **Wall Putty** marketed under the brand name “Birla HIL”. The Brand “Birla HIL” gained momentum since its launch last year and is becoming a preferred choice among its consumers.

### Pipes & Fittings

The Company's facility at Golan (Gujarat) has started operating at a moderate capacity and primarily servicing its customers in the Western markets. During the year, your Company has expanded its capacity at its Thimmapur facility, which would help to service Southern Markets more effectively. Your Company is confident that with its rich heritage & Goodwill of HIL, coupled with superior quality of its plumbing solutions products, it will attract more customers thereby increasing its presence and market share. The pipes business vertical witnessed a growth of 11% during the year.



## Wall Putty

During the year, Wall Putty business continued its momentum by enhancing its presence in newer markets and territories. The Wall Putty business ended the year at a moderate growth of 4% in quantity terms as compared to previous year. In order to service the growing demand across various regions and to improve the profitability, your Company is in the process of setting up a manufacturing facility in Golan in the state of Gujarat which will further help to improve the business for this product.

## Flooring Solutions

With the acquisition of 100% shareholding in Parador Holdings, GmbH, Germany, your Company's has expanded its global presence.

**Parador** - a leading international premium brand for flooring Solutions with its "Made in Germany" & "Made in Austria" quality products, is a perfect blend of design and technology. Parador's Innovative and sustainable products make it highly complementary to the existing product portfolio, which will enable the Company to market its widened product range across the globe.

Your Company has helped Parador to adopt Lean Six-Sigma and Lean manufacturing practices in its manufacturing facilities in Germany and Austria. Focussed approach by your Company along with the Parador Management team coupled with the above techniques has helped Parador to achieve better operating parameters and improved profitability during the year. With an international presence in 80+ countries, your Company will be able to improve the composition of its overseas sales which will further enhance its capacity utilisation and profitability. The Joint Venture of Parador with a Chinese partner is in the process of stabilisation.

During the year under review Parador Group has reported a Net Revenue of ₹1234.11 Crores with a Profit Before Tax of ₹40.96 Crores.

## Branding

The Company strengthened its efforts this year to enhance the premium association in the minds of the consumer and dealer vis-à-vis its key brands.

The Company also implemented a number of marketing and branding activities to engage with its customers, influencers and channel partners. Its extensive engagement with the plumbers and the channel partners with a focus on building a strong digital platform offering its entire range of products including the polymer products have fortified the efforts. The Company has identified and distinguished markets based on attractiveness on various parameters with a view to deploying its marketing campaigns, brand promotion activities and technical service offerings in a more targeted manner. Your Company's past association with the Indian Premier League (IPL) by partnering with Chennai Super Kings (CSK) has resulted in significant increase in brand recall. There is a sense of pride and nostalgia amongst the channel partners and employees with such associations.

Your Company is looking forward to benefit from similar associations in the coming years as well and believe it will lead to brand-led

business growth among all its business verticals. While the quality of products is a prerequisite for progressive growth for HIL, it will be driven by diversification and enhancement of its products. These associations will highlight HIL as a one-stop solutions provider for all building requirements for modern construction.

The philosophy of **Together, We Build** is synonymous not just with our products but also with our brand persona, which is reflected in all our activities.

## Awards

### EFFIE Award, 2020

Your Company has been recipient of the prestigious EFFIE award for Birla HIL TVC done last year. The Effie Awards are considered by advertisers and agencies globally as the pre-eminent award in the industry, and recognize all forms of marketing initiatives that contribute to a brand's success.

### Technology Senate Award, 2019

Your Company has been recipient of the Technology Senate Award for innovative use of a particular technology or a combination of technologies for distinct benefits to a stakeholder.

### Great Place to Work, 2020

Your Company is proud of being certified as a "Great Place To Work" for the second time in a row 2020-21. This goes to prove the confidence of all employees have in your Company and commends on the efforts taken by the management towards building an impeccable performance-based organization. Also, your Company was in top 30 in the manufacturing segment this year.

### Asia's most promising Leader of the Year, 2020

Mr. Dhirup Roy Choudhary, Managing Director and CEO of your Company was conferred with the prestigious '**Most Promising Business Leader in Asia Award 2019**' by The Economic Times, for a second time in a row marking a significant achievement, and testimony to his persistent endeavors towards strengthening an innovation-led organization and leading and shaping the business demographics of HIL, Asia's most trusted building material Company.

### Superbrand Award

Superbrand is the world's largest independent arbiter of branding. It pays tribute to the strongest and most valuable brands in the world. 'Superbrand Status' strengthens a brand's position, adds prestige and sets the brand apart from its competitors. Your Company's brands "Charminar" and "Birla Aerocon" have been recipients of this prestigious award this year as well.

### Asia's Most Trusted Company of The Year, 2019

Your Company was conferred with ASIA'S MOST TRUSTED COMPANY OF THE YEAR, 2019 by IBC Infomedia Pvt. Ltd. for the third consecutive year. ASIA'S MOST TRUSTED BRANDS & COMPANIES AWARDS identify and rewards those which have maintained the highest standards of product integrity and brand development.

## Management Discussion & Analysis Report

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

## Directors' & Key Managerial Personnel

During the period under review, there were no changes to the Board of Directors of your Company. Pursuant to the provisions of Section 149 & 184 of the Companies Act, 2013 and under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Independent Directors of the Company have submitted a declaration that each of them meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and SEBI Regulations and there has been no change in the circumstances which may affect their status as an Independent Director during the year.

In accordance to provisions of Section 152 of the Companies Act, 2013 and pursuant to Articles of Association of the Company, Mr. CK Birla (DIN:00118473) Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The brief details required to be disclosed in accordance with Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, Companies Act, 2013 and Secretarial Standards is included in the notice of the ensuing Annual General Meeting forming part of this Annual Report.

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

## Board & Committees

### Board Meetings

The Company has a professional Board with an optimum combination of executive, non-executive and independent directors (including one woman director) who bring to the table the right mix of knowledge, skills and expertise. The Board provides strategic guidance and direction to the Company in achieving its business objectives and protecting the interest of the stakeholders.

During the year, Seven (7) meetings of Board of Directors of the Company were convened and held in accordance with the provisions of the Companies Act, 2013. The date(s) of the Board Meeting, attendance by the directors are given in the Corporate Governance Report forming part of this annual report. The maximum time-gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

### Independence of the Board

The Board of Directors of the Company comprises of optimum number of Independent Directors. Based on the confirmation/

disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Act:

1. Mr. V V Ranganathan
2. Dr. Arvind Sahay
3. Ms. Gauri Rasgotra

All the Directors have registered themselves with the Independent Directors' Data Bank.

### Committees of the Board

As per regulatory requirements and with a view to have focused deliberation, the Board has constituted following committees.

#### Audit Committee

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

#### Nomination and Remuneration Cum Compensation Committee

Nomination and Remuneration cum Compensation Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. During the year three meetings of the Committee were held, the details of the composition of the Nomination and Remuneration cum Compensation Committee as required under the provisions of Section 178 of the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this annual report. During the year under review, the Board has accepted all the recommendations of the Nomination and Remuneration cum Compensation Committee.

#### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, a formal evaluation of the performance of the Board, its Committees, the Chairman and the individual directors was carried out for the financial year 2019-20.

Structured forms covering evaluation of Board, Committees of the Board, Chairperson, Independent Directors and non-independent directors were circulated to all the Directors and Directors were requested to rate the same against various criteria such as composition of Board, receipt of regular inputs and information, functioning, performance and structure of Board Committees, skill set, knowledge and expertise of directors, preparation and contribution at Board meetings, leadership etc. The performance

evaluation of the respective Committees and that of independent and non-independent directors was done by the Board excluding the director being evaluated.

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board with specific focus on the performance and effective functioning of the Board and Individual Directors and the same is taken note of by the Nomination and Remuneration Cum Compensation Committee.

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

Based on the recommendation of the Nomination and Remuneration Cum Compensation Committee, the Board reviews the key skills/ expertise/competence of Board of Directors, so that Board of Directors comprises of a diverse and multidisciplinary group of professionals with requisite skills/expertise/competence who can contribute towards providing strategic direction to the Company's management upholding the highest standards of Corporate Governance.

Further, as per the SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015, the following is the matrix of skills and competencies on which all Directors are evaluated:

- Governance and Board service
- Business Understanding
- Risk/Legal/Regulatory Compliance
- Information Technology/ Accounting/Financial Experience
- Industry/Sector Knowledge
- Strategy development and implementation

Disclosures as required are forming part of the Corporate Governance Report enclosed herewith

### Familiarisation Programme for Directors

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

### Corporate Social Responsibility Committee (CSR)

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

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the brief outline of the Corporate Social Responsibility ('CSR') policy of the Company and the initiatives undertaken by the Company on the CSR activities during the year are given in **Annexure (II)** to this report in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014. The said policy is available on the Company's website "<https://hil.in/investor-relations/policies/CSR Policy>".

As per the provisions of Section 135 of the Companies Act, 2013, 2% of average Net Profits of the Company for the immediately preceding three financial years calculated as per Section 198 of the Companies Act, 2013 works out to ₹2.23 Crores and the Company has spent ₹2.26 Crores on CSR activities in the areas of healthcare, education and others.

### Stakeholders' Relationship Committee (SRC)

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

### Risk Management Committee

In terms of the provisions of the Listing Regulations, your Company has voluntarily constituted a Risk Management Committee comprising of all the members of the Audit Committee along with the Managing Director & CEO, Chief Financial Officer and Head – Internal Audit of the Company. The Risk Management Committee is mandated to review the risk management process of your Company. The Company Secretary acts as the Secretary to the Committee.

The Company has an elaborate Risk Management framework in place, which helps in identifying the risks and proper mitigation thereof and also laid down the procedure for risk assessment and its mitigation through an internal Risk Committee.

Key risks and their mitigation arising out of reviews by the Committee are assessed and reported to the Audit Committee on a periodic basis. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Risk Management Policy details the Company's objectives and principles of Risk Management along with an overview of the Risk Management process, procedures and related roles and responsibilities.

During the year, the Risk Management Committee, Audit Committee and the Board has reviewed the elements of risk and the steps taken to mitigate the said risks. In their opinion there are no

major elements of risk, which has the potential of threatening the existence of the Company and as an organization, your Company promotes strong ethical values and high levels of integrity in all its activities, which in itself is a significant risk mitigator.

### Extract of Annual Return

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

### Directors' Responsibility Statement

Pursuant to the requirement of Section 134(3)(c) and 134(5) of the Companies Act, 2013 and on the basis of compliance certificate received from the executives of the Company and subject to disclosures in the Annual Accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, and to the best of their knowledge and information furnished, the Board of Directors state that:

- I. In preparation of the Annual Accounts for the year ended March 31, 2020 all the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and Companies Act, 2013 have been followed and there were no material departures.
- II. We have adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended March 31, 2020.
- III. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The Annual Accounts for the year ended March 31, 2020 has been prepared on a going concern basis.
- V. Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- VI. The systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### Corporate Governance

Your Company is committed to good Corporate Governance and best corporate practices. The report on Corporate Governance for the year ended March 31, 2020 pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is annexed herewith as **Annexure (IV)**. The Certificate from the Auditors of the Company M/s. B S R & Associates LLP,

Chartered Accountants, [ICAI Firm Registration Number: 116231W/W-100034] regarding compliance of conditions of Corporate Governance is attached to the report of Corporate Governance forming part of this annual report.

### Policies

#### Vigil Mechanism

Pursuant to the requirement laid down in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has a Whistle Blower Policy as part of its Vigil Mechanism to deal with instance of fraud and mismanagement, if any. The Vigil Mechanism framework ensures that strict confidentiality is maintained whilst dealing with reported concerns and that no discrimination whatsoever is allowed to be practiced against any person who has genuinely raised a concern. The designated officer/ Audit Committee Chairman can be directly contacted to report any suspected or confirmed incident of fraud/ misconduct at [whistleblower@hil.in](mailto:whistleblower@hil.in). A High Level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

The details of the same are provided in the Report on Corporate Governance forming part of this report. The Whistle Blower Policy is also posted in the Investors section of the Company's website [www.hil.in](http://www.hil.in) on the following link <https://hil.in/investor-relations/policies/>

The complaints received under Vigil Mechanism Policy will be investigated thoroughly and detailed update including action taken, if any, on the same will be presented to the Audit Committee and Statutory Auditors of the Company. During the year, the Company has received one compliant and the same has been investigated and closed accordingly.

#### Remuneration Policy

Nomination and Remuneration Policy ("Remuneration Policy") of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate Directors on the Board, Key Managerial Personnel and the Senior Management Officers. Our Business Model promotes customer centricity and requires employee mobility to address project needs. The Remuneration Policy supports such mobility through pay models that are at par with industry standards.

The Nomination & Remuneration Policy is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the same provided in the Corporate Governance Report. The Nomination & Remuneration Policy is also posted in the Investors section of the Company's website [www.hil.in](http://www.hil.in) on the following link <https://hil.in/investor-relations/policies/>

#### Sexual Harassment Policy

Diversity and Inclusion is one of the major thrusts of your Company enabling an equal opportunity to all; it has been an endeavour of the Company to support women professionals through a safe, healthy and conducive working environment by creating and implementing proper policies to tackle issues relating to safe and

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

During the year under review, no complaint of sexual harassment was received by the Company. Details as per Section 21 and 22 of the POSH Act are as under:

Number of cases pending as on the beginning of the financial year	Nil
Number of complaints filed during the financial year	Nil
Number of cases pending as on the end of the financial year	Nil
Number of workshops or awareness programs against sexual harassment carried out	The Company regularly conducts necessary awareness programs for its employees and all employees are provided with detailed education during the induction.
Nature of action taken by the employer or district officer	Not Applicable

### Related Party Transactions

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

In line with the provisions of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules, 2014, all Related Party Transactions are placed before the Audit Committee for review and approval, the Board and shareholders, wherever such approval is required as per the provisions of Section 188 of the Act, rules made thereunder, Regulation 23 of the Listing Regulations and applicable Accounting Standards. Prior omnibus approval is obtained for Related Party Transactions which are of repetitive nature and / or entered in the ordinary course of business and are at arm's length.

All Related Party Transactions entered during the financial year 2019-20 were in ordinary course of business and at arm's length basis. Your Company did not enter into Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, during the year under review.

A summary statement of the transactions entered into with the related parties pursuant to the omnibus approval so granted are

reviewed and approved by the Audit Committee and the Board of Directors on quarterly basis. The requisite details of the related party transactions entered into during the financial year are provided as **Annexure (V)** to this report.

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

### Other Policies

The Company has also adopted the following policies, as required by Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the same are available on the website of the Company (<https://hil.in/investor-relations/policies/>)

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

### Internal Financial Controls with Reference to Financial Statements

Your Company has in place adequate internal control systems commensurate with the size of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of your Company's operations, safekeeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Clearly defined roles and responsibilities have been institutionalised. Systems, processes, and procedures are periodically reviewed and appropriately revised to strengthen them to mitigate emerging risks associated with the growing size and complexity of your Company's operations.

### Auditors

#### Statutory Auditors

The Company's Statutory Auditors, M/s. B S R and Associates LLP, Chartered Accountants (ICAI Regn. No.-116231W/W-100024), were appointed as the Statutory Auditors of the Company for a period of 5 years i.e 70th Annual General Meeting (held on July 18, 2017) till the conclusion of the 75th Annual General Meeting to be held in 2022. Accordingly, M/s. B S R and Associates LLP, Chartered Accountants, Statutory Auditors of the Company will continue till the conclusion of 75th Annual General Meeting. In this regard, the Company has received a confirmation from the Auditors to the effect that their continuation as Statutory Auditors, would be in accordance with the provisions of Section 141 of the Companies Act, 2013

There are no qualifications, reservations or adverse remarks made by M/s. B S R & Associates LLP, Chartered Accountants (ICAI Regn. No. 116231W/W-100024) who are the statutory auditors of the Company, in their report for the Financial Year ended March 31,

2020 and during the year, the Auditors had not reported any matter under Section 143 (12) of the Act, and therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

### Internal Auditors

The Company has an effective fulltime in-house and professionally competent internal audit team, which regularly monitors the effectiveness of the internal control systems. This function reports to the Audit Committee and the Managing Director about the adequacy and effectiveness of the internal control systems of your Company as well as the periodical results of its review of the Company's operations as per an approved internal audit plan duly approved by the Audit Committee. The in-house internal audit team works in tandem with M/s. Ernst and Young, LLP, whose professional services have been availed by the Company to audit specific locations and processes as per the Internal Audit plan approved by the Audit Committee. Together they provide a robust framework.

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

During the year under review, the Internal Auditors have not reported any matter under Section 143(12) of the Act, and therefore no details are required to be disclosed under Section 134 (3) (ca) of the Act.

### Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the rules framed thereunder, the cost audit records maintained by the Company in respect of its specified products are required to be audited by a Cost Auditor. The Board of Directors, on recommendation of the Audit Committee, appointed M/s. S.S. Zanwar & Associates, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021 at a remuneration of ₹6 Lacs. Members are requested to ratify the remuneration payable to the Cost Auditors for the year 2020-21 at the ensuing Annual General Meeting of the Company, in accordance with Section 148 of the Companies Act, 2013.

The Cost Audit report for the financial year ended March 31, 2019 was duly filed with the Central Government within the due date and the Company has maintained the Cost Records/Accounts as required under Section 148 of the Companies Act, 2013.

During the year under review, the Cost Auditors have not reported any matter under Section 143(12) of the Act, and therefore no details are required to be disclosed under Section 134 (3) (ca) of the Act.

### Particulars of Loans, Guarantees or Investments

The details of Loans, Guarantees, Security provided and Investments made during the Financial Year ended March 31, 2020 is given in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and the same is provided in the notes to financial statements.

### Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 and as such, no amount of principal or interest was outstanding as on March 31, 2020.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013, Regulation 24A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and rules framed thereunder, the Board of Directors, on recommendation of the Audit Committee, appointed M/s. P.S. Rao and Associates, Company Secretaries to undertake the secretarial audit of the Company.

The secretarial audit report issued by M/s. P.S. Rao & Associates, Company Secretaries for the financial year ended March 31, 2020 is given in **Annexure (VI)** attached hereto and forms part of this report. The report does not contain any qualifications, reservations or adverse remarks.

During the year under review, the Secretarial Auditors have not reported any matter under Section 143(12) of the Act, and therefore no details are required to be disclosed under Section 134 (3) (ca) of the Act.

## Subsidiaries and Joint Ventures

The following is the group structure of your Company:

S. No.	Legal name of the entity	Relationship	Country of incorporation and Date	Full address
1	HIL LIMITED	Holding Company	India, June 23, 1955	Office No 1 & 2, Level 7, SLN Terminus, Gachibowli, Hyderabad
2	HIL International GmbH	Subsidiary (Wholly Owned Subsidiary)	Germany, July 3, 2018	Millenkamp 7-8, 48653 Coesfeld, Germany
3	Parador Holding GmbH	Step Down Subsidiary (WOS to HIL International GmbH)	Germany, June 20, 2016	Millenkamp 7-8, 48653 Coesfeld, Germany

S. No.	Legal name of the entity	Relationship	Country of incorporation and Date	Full address
4	Parador GmbH	Step Down Subsidiary (WOS to Parador Holding GmbH)	Germany, September 21, 2015	Millenkamp 7-8, 48653 Coesfeld, Germany
5	Parador Parkettwerke GmbH	Step Down Subsidiary (WOS to Parador GmbH)	Austria, April 10, 1998	Wiener Strasse 66, 7540 Güssing, Austria
6	Parador (Shanghai) Trading Co., Ltd.	Equity Joint venture (50%) of Parador GmbH and (50%) Horgus Oriental Glamour Co., Ltd.,	Republic of China, August 8, 2018	Room 1006, Floor 10, No, 233 Taicang Road, Huangpu District, Shanghai Municipality, the People's Republic of China

In compliance with the requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 your Company has re-appointed Dr. Arvind Sahay, Independent Director as a Director on the Board of HIL International GmbH, Germany (wholly owned subsidiary) during the year. Dr. Arvind Sahay will hold office as a Director in HIL International GmbH, Germany upto March 31, 2022.

### Supercor Industries Ltd

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

During the year there is no significant development at Supercor Industries Limited. As informed earlier, the Company has suspended its operations due to cashflow crisis. Your Company has already informed the Board of Supercor Industries Limited about its intention to sell its stake and has not been participating in any of the discussions of the Board / Management for last 3 years. The Interim Board set up by the Nigerian Government is still evaluating various options to revive the Company by infusing additional funds required for the operations. Your Company is awaiting the proposal from the Board of Supercor Industries Limited for deciding further course of action.

In view of the above, your Company is not in a position to obtain any information/financials from the Joint Venture entity and hence the consolidated financial statements does not include the financial performance of Supercor Industries Ltd.

As per the provisions of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the Financial Statements of the Subsidiary Companies/ Associate Companies/ Joint Ventures in Form AOC-1 is attached as **Annexure (VII)** to this report.

### Consolidated Financial Statements

The Consolidated Financial Statements has been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013. As per the provisions of Section 136 of the Companies Act, 2013, the Company will also place separate Audited accounts of its Subsidiaries on its website.

### Employee Stock Options

The Company has two operative Employees Stock Option Schemes i.e HIL Limited Employees Stock Option Scheme 2015 and HIL Limited Employees Stock Option Scheme 2019, which provides for grant of Stock Options to eligible employees of the Company.

Nomination & Remuneration cum Compensation Committee of the Board of Directors, inter alia, administers and monitors the Employees' Stock Option Scheme(s) of the Company in accordance with the Securities and Exchanges Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").

As per the new HIL Employee Stock Option Scheme, 2019, the Nomination & Remuneration cum Compensation Committee has granted 105,049 options to eligible employees of the Company during the year.

The details of Employee Stock Options pursuant to Section 62 of the Companies Act, 2013 read with Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014 and erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are provided in **Annexure (VIII)** to this report.

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

### Particulars of Employees

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

### Compliance With Secretarial Standards

During the year under review your Company has complied with the respective Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings, General Meetings and Dividend.

## Human Capital and Industrial Relations

Your Company believes that the quality of its employees is the key to its success and is committed to providing necessary human resource development and training opportunities to equip employees with new skills to enable them to adapt to contemporary technological advancements and promotes a culture which encourages open, fearless and transparent communication. The recruitment process is aligned to attract the best talent available and Diversity at workplace is another priority that has significant emphasis of the Company.

Your Company's management firmly believes that a strong and stable industrial relation is key to the success of your organization. Over the years, the management has made sincere and continued efforts for the development of an atmosphere of mutual co-operation, confidence and respect, duly recognizing the rights of the workers. A rigorous labour law compliance mechanism is in place to help the organization run its businesses in the most ethical and efficient manner.

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

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

## Business Responsibility Report

In terms of Regulation 34(2)(f) of the Listing Regulations, a Business Responsibility Report forms part of the Annual Report

## Significant and Material Orders Passed by the Regulators/Court

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

## Material Changes and Commitments

There are no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year March 31, 2020 to which the financial statements relate and the date of signing of this report.

## Change in the Nature of Business

There has been no change in the nature of business of the Company

## Other Statutory Disclosures

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issues of sweat equity shares.
3. Provision of money for purchase of its own shares by employees or by trustees for the benefit of employees.

## Investor Education and Protection Fund (IEPF)

In terms of Section 123, 124 and 125 of the Companies Act, 2013, the unclaimed dividends and shares wherein the dividends are unclaimed for a period of seven consecutive years relating to the Final Dividend for the year 2011-12, Interim Dividend for the year 2012-13 have been transferred to the IEPF Fund/Suspense account respectively. The details of shares transferred is available in the website of the Company.

Further, as per the provisions of Section 125, the share(s) wherein the dividend is unclaimed for a period of consecutive seven (07) years will be transferred to the suspense account as prescribed by the IEPF Rules, therefore the shareholders whose dividends are unclaimed for consecutive seven years from 2012-13 (list of the shareholders along with the unclaimed dividend details are available on the website of the Company <https://hil.in/investor-relations/unclaimed-divided-shares-due-to-transfer-to-iepf/> are requested to claim their unclaimed dividend at the earliest.

Shareholders are requested to ensure their dividends are encashed on time. In case of non-encashment of dividends, shareholders are advised to approach the Company or RTA to claim their unclaimed dividends.

## Acknowledgements

Your Directors take this opportunity to thank all the stakeholders of the Company for their continued support.

Your Directors express their sense of gratitude to the customers, vendors, banks, financial institutions, channel partners, business associates, Central and State Governments for their co-operation and look forward to their continued support in future. Your Directors wish to place on record their sincere appreciation for the contribution made by the employees at all levels and applaud them for their superior levels of competence, dedication and commitment towards your Company.

On behalf of the Board of Directors

Place: New Delhi  
Date : May 25, 2020

CK Birla  
Chairman  
(DIN No. 00118473)

# Annexure(s) to the Directors' Report

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

### Global Economy

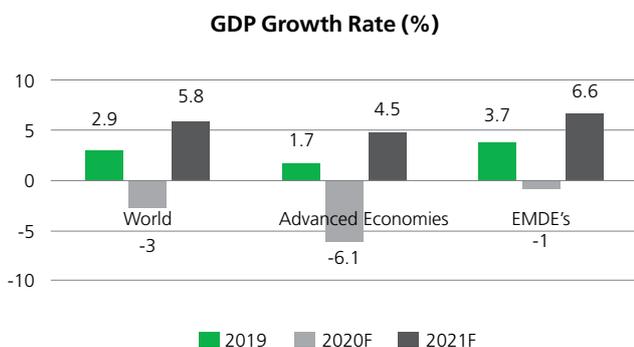
The year 2019 was a challenging year for the global economy due to certain common factors and country-specific challenges. Trade policy uncertainty, geopolitical tensions and stress in key Emerging Market and Developing Economies (EMDEs) in the second half of 2019-imposed challenges on global economic activity especially on manufacturing and trade. This led to softening of global economic growth to 2.9% in 2019.<sup>1</sup>

In Europe, the German economy witnessed a moderate growth at 0.6% in 2019. The muted momentum was mainly on account of declining car manufacturing due to lower demand in the international market.

#### Outlook

The global economic growth is expected to contract by 3% in 2020 due to the outbreak of Covid-19. The pandemic has caused disruptions in manufacturing output across the globe and has impacted the energy and commodity demand to a large extent. Due to the lockdown imposed across the world, production has been severely hampered and manufacturing units may not have the necessary supplies to increase production post the lockdown period.

However, all the Government of various countries are undertaking policies to support / revive the demand, incentivize firm hiring, and repair balance sheets in the private as well as public sector thereby ensuring faster aid to economic recovery. To support developing countries, bilateral creditors and international financial institutions are expected to offer concessional financing, grants, and debt relief to revive growth in 2021. With supportive fiscal measures in place, global economic growth is expected to bounce back to 5.8% by end of 2021.



(Source: IMF 2020 World Economic Outlook)

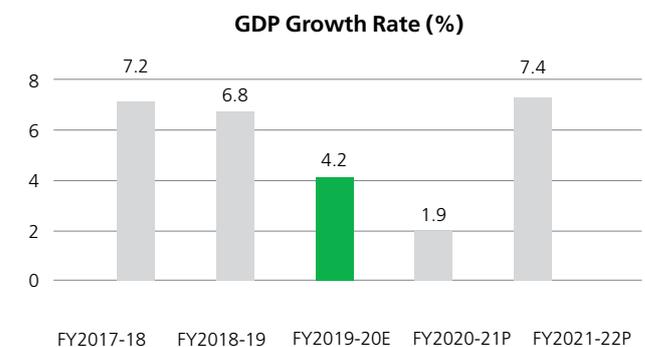
### Indian Economy

In terms of GDP, India is the 5th largest economy in the world. Despite multiple headwinds, the economy grew by 4.2% in FY 2019-20. The softening of growth in comparison to previous year was primarily on account of internal as well as external factors such as synchronized global slowdown, plummeting domestic automobile sales, flattening of core sector growth and declining investments in construction and infrastructure. Other factors such as a credit crisis due to reduction of lending from non-banking financial institutions throughout CY 2019, deceleration of consumption, contraction of exports and reduced demand for imports further contributed to softening of growth.

Despite the slowdown, the country has improved its ranking in World Bank's 'Ease of Doing Business' ranking and occupied the 63rd position in CY 2019 as compared to its rank of 142 in CY 2014. This improvement was backed by reforms introduced by the Government of India such as reduction in corporate tax rate, easing manufacturing policies to boost the "Make in India" campaign and infusion of ₹70,000 Crores in public sector banks.

#### Outlook

The recent outbreak of Covid-19, which led to a country wide lockdown to curtail the spread of the virus, has posed a severe challenge and has altered the outlook for the country. The country's GDP growth is expected to soften to 1.9% in FY 2020-21 as per IMF estimates. However we believe that the impact on account of Covid-19 is yet to be assessed fully for the country as a whole and it may further dampen the growth forecast. The Government of India and the RBI are working jointly on multiple bailout reforms to revive the economy to address the demand side contraction and stimulate rural income. Fiscal as well as monetary policies have also been introduced to revive the economy. With these measures in place, the economy is expected to register a growth of 7.4% in FY 2021-22.



(Source: IMF)

<sup>1</sup> IMF – World Economic Outlook 2020

### Roofing Industry: Fiber Cement Sheet market

Fiber Cement products are the most preferred solution for roofing on account of their weather-proof and corrosion-resistant characteristics in rural and semi-urban areas. These sheets are comparatively cheaper than other roofing solutions, easy to-install, strong and durable, ideal for warehouses, factories, low-cost housing and any roofing application. Fiber cement boards and sheets are composite building and construction materials, mainly used in roofing and facade due to their strength and durability.

These sheets are used across India for roofing of houses, cattle sheds, poultry farms, factories and warehouses. This market is worth ₹3900 Crores with top six players accounting for 75% - 80% of the size. The demand for the product is mainly driven by rural economy, led by the method of housing construction, its affordability and durability. The main demand drivers for cement roofing sheets are dependent on growing disposable income in the rural areas driven by factors like minimum Support Price (MSP), fair wage rate payment and good monsoon. The Government's 'Housing for All' initiative aims to provide affordable houses in rural and urban areas by 2022. This is also likely to increase demand for different types of roofing sheets including, coloured roofing sheets and it is expected to grow in the coming years. While the fiber cement sheets continue to face stiff competition from steel sheets, utilization of alternative products such as metal cladding sheets, it still remains competitive and has an edge on its durability compared to other products. The other factor that affect the demand and supply are improved disposable income in the hands of rural population, reduction in tax rates, increased farm productivity, nuclearization of families and most importantly Government focus on housing.

The industry witnessed a subdued demand in FY 2019-20 due to various external factors. The industry experienced slow growth primarily due to liquidity constraints in the rural economy, staggered elections leading to crunch in the market demand, availability of labour, and increase in the prices of raw materials. Additionally, other factors such as sand mining constraints and spurts of social disruptions further subdued the demand.

However, to address the liquidity constraints, NABARD has granted ₹1.46 Lacs Crores to the rural banking system during the current fiscal-FY (2019-20) with the aim to help them get their resources effectively deployed for handling the credit needs of rural people, including farmers. Other Government measures to boost India's rural economy and improve rural livelihoods include development of cluster-based specialised farming, promotion of organic farming, support for farmers' organisations, extension of farmer credit to fisheries and animal husbandry farmers are expected to help towards revival of roofing sheets demand in the coming years.

Additionally, due to the recent outbreak of Covid-19, the Government has imposed a country wide lockdown to curtail the spread which has further deaccelerated the growing economy. To address the situation, the Government has further extended additional refinance support of ₹30,000 Crores to the National Bank for Agriculture and Rural Development (NABARD). This will

be used to push liquidity through regional rural banks (RRBs) and co-operative institutions, and expand the ongoing drive to enlist 25 million new farmers for concessional credit as part of its Covid-19 relief package. The working class migrants returning to villages is also expected to advance farming and enhance their cash flows in the coming years. While the impact of Covid-19 outbreak continues to pose a big threat on the performance of this segment, the Companies who have significant penetrations and presence in rural markets are expected to have lesser impact.

### Real Estate Industry

#### Indian Real-Estate Overview

Real Estate and Infrastructure continue to play key role in building the Economy. The Indian real estate sector faced multiple headwinds in CY 2019. Dwindling consumption, NBFC crunch and slowdown in the economy overshadowed all possibilities for growth of the real estate sector – which lead to the softening of India's GDP. Liquidity crisis further aggravated the depression in this segment.

#### Outlook:

The Coronavirus outbreak, has infected lacs of people worldwide. Simultaneously, it has disrupted industries, trade and business cycles, thus halting global economic activity significantly. Real estate sector in India, which was already struggling to re-emerge from the past turbulence of structural changes, policy reforms, and the liquidity crisis, is now set to witness another major fallout. Country-wide lockdown has halted all activities. As evident, project sites are shut, site visits have stopped, labor and material availability is becoming a big hindrance and construction activity, has come to a grinding halt, eventually impacting real estate sales, leading to further increase in unsold inventory. Therefore, the developers have started to defer their new project launches for an unknown period. Besides residential segment, commercial real estate is also not immune to the Covid-19 fallout.

As per India Ratings and Research, outlook of the real estate sector for the FY 2020-21 is weak, as the ongoing liquidity crisis and weak consumer sentiment continue to hurt housing demand in major cities. This sector is still to evaluate the benefits of the Government packages proposed to combat the Covid-19 and its impact on the business. Developers are likely to face significant challenges in the near to medium term to meet interest expenses due to the weak demand and liquidity issues.

### Flooring Industry

The global flooring market is valued at US\$ 369.26 billion in 2019 and is anticipated to grow at a CAGR of 5.9% from 2020 to 2027.<sup>2</sup> The industry has been driven by rising demand for aesthetic interior materials in building structures. Further, the strong growth in construction market especially in the Emerging Markets and Developing Economies have been supporting the growth of the segment. As the flooring material is available is several types along with the provision for customization of designs, dimensions, and colours, it has provided end users with a wide range of options.

<sup>2</sup> <https://www.grandviewresearch.com/industry-analysis/flooring-market-analysis>

Amidst several challenges faced by Germany, the German Government has taken progressive stand to continue the business in pockets in unaffected areas which has helped the organisations to continue delivery of their products through e-commerce, DIY models etc. The rest of the world is expected to continue facing the severity of Covid, the business will take slightly longer time to revive.

## Company Overview

With a rich legacy of over 7 decades, HIL has successfully cemented its position in the building material industry. The Company has constantly innovated its product offerings, leveraged technological advancements and accommodated diverse customer needs to continuously reinvent itself and adapt to the challenges of a dynamic business environment. The Company has retained its market leadership with its consistent focus on quality, innovation and sustainable building solutions.

To achieve the highest standards of performance and further establish itself in the global market, the Company relies on its exceptional management to guide and steer them towards success. HIL is a one-stop solution for building materials and the Company positions itself as a key player with major brands such as Charminar, Charminar Fortune, Birla Aerocon, Parador and Birla HIL.

HIL lays great emphasis on Research and Development and is committed to improve efficiency with a range of innovative and excellent quality products. The Company was also recognized as a 'Great Place to Work' in India during the FY 2020-21 for the second consecutive year. Equipped with a diverse portfolio of products, a pan-India presence, a strong distribution network and an efficient customer care culture, HIL is carving new avenues in the building material industry.

## Strengths

- Wide and Loyal distribution network – HIL's pan-India manufacturing presence coupled with a wide & loyal distribution network, supported by 21 plants, 40 depots and 7 sales offices gives it a strong competitive edge. Our global presence into 80+ countries hold us good to mitigate potential country risk in unprecedented conditions like Covid-19.
- In-house R&D capabilities – HIL's innovative capabilities are brought to forefront by their in-house R&D capabilities. While on one hand the team works diligently towards reducing the material cost by providing efficient alternatives, on the other hand an aggressive work towards launching industry-leading products have served a wide customer base. In this direction, the Charminar Fortune product is the state of the art cement based corrugated roofing sheet which provide an environment friendly solution for various applications. Our Technology centre in Germany continues to innovate newer products and solutions to augment 50% of our deliverance once every 2 to 3 years.
- Diversified product portfolio: HIL is one of the leading Companies in the building materials and construction industry with robust product pipeline and wide range.
- World class dependability & quality: HIL continuously embraces evolving modern operating processes with global technologies that ensures production of quality products meeting international standards
- Strong Legacy: HIL is a flagship Company of the CK Birla group, one of the country's most renowned and largest conglomerates with 16 decades of existence.
- Committed & Engaged workforce - HIL thrives on its committed and engaged well trained workforce who have proven over decades to take this organisation to newer heights globally.
- Product Leadership – Charminar, Birla Aerocon, HYSIL, Parador are all established market leaders in their product segment and have received accolade from well respected international bodies over the years.
- Governance led practices – Corporate Governance and ethical values drives HIL towards ensuring all compliances and keep the flag high.

## Product Portfolio

HIL have a varied and diversified portfolio, it caters to all types of clients in the building material industry. The focus is on building sustainable and eco-friendly products which will be the next leap of growth for the industry.

### Roofing Solutions

HIL's Charminar brand is a market leader in roofing solutions in India. It constitute 28% of its consolidated revenues in FY 2019-20. Roofing Solution comprises of the following namely; Fiber Cement Sheets, Coloured Steel Sheets and Non-asbestos cement based corrugated sheets.

The Charminar Fiber cement sheets are a composite building and construction material, used mainly in roofing and facade products because of its strength and durability. Fiber cement sheets are used in the construction of industrial buildings, warehouses, sheds and in houses. It is India's number one roofing choice for every building requirement. They are economical, lightproof & fire resistance, and have aesthetic appeal. HIL has introduced coloured fiber cement sheet during the previous year and the initial response has been very positive. In addition to the normal grey colour, they also come in bright red colour. HIL surpassed the world's production record of fiber cement sheet by producing 550 MT per day in one single line of operation.

Charminar Fortune, a non-asbestos cement sheet is an eco-friendly sheet which is quite economical too. The light-weight body, fire & termite resistance formulation enhances the product's longevity hence it will prove to be economical in the long run. It's the next-gen roofing innovation meant to delight the end consumers, influencers and channel partners.

### Building Solutions

HIL, under the brand name "Birla Aerocon", is India's leading manufacturer of autoclaved aerated concrete (AAC) fly ash

bricks and has a leadership position in the market. These blocks offer effective and practical solutions for current building regulations and are manufactured using latest technologies and are an excellent substitute for clay bricks, concrete and hollow blocks. They save up to 30% construction time in building internal & external walls and slabs while giving the desired strength.

Birla Aerocon dry walling consist of four products namely, panels, fiber cement boards, smart bonds and designer boards. These Panels are light weight, fire and water resistant sandwich panels. They are used for mezzanine flooring, boundary/fencing, and partitions in corporate offices, residential spaces and also in educational institutes.

In FY 2019-20, HIL focused on growing the building solutions business by optimal utilisation of capacity and selective servicing of order based on profitability.

#### • **Polymer Solutions**

HIL offers CPVC and UPVC pipes and fittings – a more eco-friendly technology. Because of their unique characteristics, Birla HIL CPVC and UPVC pipes, fittings and solvents are suitable for a broad range of applications. These plumbing solutions are the ideal choice, because they are corrosion resistant, durable, smooth, friction free, resistant to bacterial growth and environment friendly. CPVC pipes are cost effective with low maintenance cost and they are easy to install. Birla HIL solutions have a unique “Trufit” technology which enhances the value propositions for consumers

UPVC pipes systems are lightweight and cost effective too with lower maintenance cost. These pipes are made up of UV-resistant materials, ensuring that they do not lose their mechanical properties even under greater exposure to sunlight. HIL also offers Birla HIL SWR Pipes, for sewage systems & Column Pipes Systems, which are easy & economical solutions for underground bore well water application in residential, commercial & industrial buildings. They are loaded with many first-of-its-kind technological advancements, which make them the best column pipe systems available in the country.

A well thought investments into this segment has enabled us to augment several SKUs for both pipes and fittings to deliver composite solutions in both B2B and B2C segments.

Birla HIL Wall Putty is another fast moving product in the building material category, where HIL is commanding premium position in terms of quality and brand pull. This product drives synergy from Pipes & Fittings sales which helped to scale the business during last year.

In FY 2019-20 polymer business growth remains robust and HIL continue to focus its efforts on branding and provide a wide bouquet of SKUs to strengthen its presence in the market.

#### • **Flooring Solutions**

**Parador Germany** – Parador manufactures engineered wood flooring, laminate flooring and vinyl flooring in its factories in Coesfeld, Germany and Gussing, Austria. Parador’s philosophy

is “**Living Performance**” and strives to make high quality & high design concept products that make every space beautiful. Parador is present across 80+ countries in the world and has over 4500 retail partners globally. It also has a strong presence in DIY (Do It Yourself) and e-commerce channels, especially in Germany and rest of Europe. An unwavering focus on product quality, sustainability, strong design led R&D and technology enabled sales and customer service makes Parador a Company ready to take on the future. Parador is a renowned brand in the flooring market globally and has won several accolades over the years.

**Parador India** – HIL India is supporting Parador in its endeavour to enter Asian markets. The idea behind starting the Parador business in Asia was to tap into the premium segment of the interior design market through Parador’s strong product and design capabilities, made in Germany and Austria, utilising HIL’s excellent pan-India relationships in the B2B segment. In the short span of less than a year, Parador India has set up a pan-India dealer network and has made inroads into the B2B residential projects segment and established its place with the renowned Architects and Interior Designers. With constant product innovation from Parador, Germany and technology & business-model-led innovation by the HIL team in India, Parador aims to become a well-known luxury home interior flooring brand in India in the years to come.

With the alignment of culture and training programmes, Parador is eyeing for the next level of growth through JV’s in China, Spain, UK and USA. The new product innovation is being pursued with lot of vigour in Parador and the Company has received Gold Award in European Product Design and Iconic Award for Innovative Architecture and Interiors.

#### **Wind Power**

There is no incremental investments in this segment during the year. Existing capacity is of 9.35 MW with Wind Turbine Generators installed at Gujarat, Tamil Nadu and Rajasthan. Electricity generated from Tamil Nadu and Gujarat generators are used for captive consumption and any excess generation is sold to DISCOMs of the respective states.

#### **Research and Development**

HIL’s pride in having a world class R&D centre both in India and in Germany to cater to various innovations round the clock. This division is dynamic in supporting the pursuit for continuous improvement and delivering more value to our customers. As a result of our extensive R&D efforts, we have successfully developed and patented our products and processes. Our dedicated team of scientists and engineers constantly work on product upgrades, optimum utilisation of raw materials, development of substitute materials, new products and applications. The advanced R&D facility and our top notch team has enabled our pioneering efforts and helped to maintain the market leadership position. The Investments in R&D to have been a continuous trend to enhance the capability, and in this direction the latest polymer lab installed in India enables us to stay ahead of curve in polymer solutions.

## Innovation and Digitalization

Innovation continues to give HIL a competitive advantage. In order to keep pace with rapidly-changing business environment, the Company has spearheaded its approach to innovation. It has launched an idea management platform to make ideation processes quicker, with enhanced review mechanism leading to accelerated implementation. There are approximately 500 ideas in the pipeline.

Alongside a strong innovation engine, digitalization is a key ingredient to continued business success. Digitalization touches on all aspects of HIL's business, from supply chain management to production to sales. HIL had drawn its digitalization roadmap in collaboration with consulting majors. A state of art digital

driven sourcing tool introduced last year has brought in greater transparency and cost benefits. During the year, HIL, as a pioneer in the manufacturing sector, has implemented its first 'connected shop floor' at its Chennai Plant. With the help of digital technologies like Robotic Process Automation (RPA), Industrial Internet of Things (IoT) and Predictive Analytics, Company is planning to improve the business operations further.

HIL is transforming operations by moving to Industry 4.0. The goal is to create a competitive edge through data, artificial intelligence, automation and predictive analytics. At the end of March 2020, 4 factories were equipped with Digital Shop floor that brings efficiencies to operations and also sets up manufacturing cloud for driving predictive analytics later.

## Financial Overview on Consolidated basis

Particulars	Consolidated	
	(₹ in Crores)	
	2019-20	2018-19
Revenue	2594.11	2208.02
Earnings Before Interest, Depreciation & Tax	271.36	281.68
Less : Interest	(38.52)	(25.16)
Depreciation	(97.89)	(68.56)
Profit Before Tax and Exceptional items	134.95	187.96
Less: Exceptional items / Profit / Income from JV	0.63	(21.43)
Profit before Tax	135.58	166.53
Less : Taxes	(29.62)	(65.14)
Profit for the year	105.96	101.39
Other Comprehensive Income – net of tax	18.24	(10.16)
Total Comprehensive Income for the year	124.20	91.23

## Financial Ratios on Consolidated basis

Particulars	FY 2019-20	FY 2018-19	Change
Debtors Turnover (No. of Days)	21.02	22.08	(1.07)
Inventory Turnover (No. of Days)	4.54	4.47	0.08
Interest Coverage Ratio	5.09	8.84	(3.76)
Current Ratio	1.17	1.21	(0.05)
Debt Equity Ratio	1.00	1.05	(0.05)
EBIDTA Margin (%)	10.5%	11.8%	-1.3%
Net Profit Margin (%)	4.1%	4.6%	-0.5%
Return on Net Worth (%)	14.3%	15.9%	-1.6%

## Environment, Health & Safety

The Company believes that a clean environment in and around the work place fosters health and prosperity for the individual, the group and the community they belong to. Regular medical examinations of employees and health care schemes are an integral part of the Company's policy. Health surveillance of employees as per national regulations and ILO recommendations is an on-going process. From the environmental standpoint, the Company creates a systematic approach for waste management, compliance with environmental regulations and reduction in its carbon footprint. Stack emissions and work place dust levels are evaluated to assess

the fiber concentration in the work environment. The safety department of the Company ensures availability and utilization of Personal Protective Equipment (PPE). It also conducts multi cause analysis of any incident occurred within the premises of the organization.

## Human Resources

HIL believes that human resource is its most valuable resource and it is the quality and dynamism of human resources that enables it to make a significant contribution to enhance stakeholders' value. HIL places Employee engagement, development and retention of

talent as its highest priority, to enable achievement of organisational goals. The Company provides technical and behaviour training skills to employees so that they are competent enough to advance in their careers. HIL always strives to maintain good work culture, ethics, values and rewarding remuneration packages to keep its staff highly motivated.

The Company's employee engagement program – JOSH – makes learning activities fun by indulging various programmes like festival celebration, sports events, health care activities etc., to create

healthy working environment. HIL management is progressively working to build a culture which is open to communicate through which employees can provide feedback without any fear. The organization is committed to the welfare and career growth of its people. As on March 31, 2020 the total employee strength of HIL is 1681 employees.

The Company have been ranked amongst the top 30 of India's Best Workplaces in Manufacturing in 2020 and among the top 100 Companies in India in 2020 by the 'Great Places to Work' Institution.

## Risk Management

From being a market leader in the domestic space to establishing itself as an emerging global brand, HIL is perfectly positioned to deal with multiple market risks in a fast-paced business environment. HIL has adopted several strategies to assess, identify and successfully mitigate risks arising from time to time.

Risks	Significance & Meaning	Mitigation Strategies	Impact
<b>Macroeconomic and uncertainty in external environment</b>	The Company's operations are exposed to political and economic risks, commercial instability and global events beyond the control of the Company which might have adverse impact on it. Further, uncertain situation like pandemic i.e. outbreak of Covid-19 might affect the Company and led to slow down in its operations.	The Company's revenue stream is diversified from multi geographies and segment thereby reducing its dependency on one country or market. Further, it maintains strong balance sheet, liquidity position and relationship with stakeholders which enables it to mitigate any uncertainties.	Moderate
<b>Commodity and Raw material price Risk</b>	Price of key raw materials like cement, steel, resin and wood constantly fluctuates due to demand and supply gap. This may led to rise in input cost in turn putting pressure on the Company's margin and profitability.	HIL maintains strong relations with suppliers and has entered into long term contracts to procure raw materials at reasonable rates, thus mitigating the risk of fluctuating costs. Further, its long standing relationship with suppliers gives the Company a better bargaining position. Moreover, its establish presence across the globe enables it to procure raw material from different geographies at competitive price.	Moderate
<b>Quality Risk</b>	Inability to maintain the quality of the products as well as adhered to relevant quality standards might have adverse impact on the Company's reputation as well as financial position.	HIL adheres to stringent quality standards and ensures that all its products are defect free and of superior quality. The Company has also received various quality certification.	Low
<b>Technology Risk</b>	With the advancement of technology there is a growing need to improve operational efficiency and ensure better customer satisfaction through advanced systems and processes.	HIL's manufacturing facilities are equipped with state-of-the-art machines and equipment that helps it to increase its operational efficiency. Further, it also continuously monitors the changes in technological landscape and keep upgrading or replacing its machinery and equipment with the latest one. This also enables the Company to stay ahead of its peers and deliver result above industry average.	Low

Risks	Significance & Meaning	Mitigation Strategies	Impact
<b>Currency Risk</b>	Given the Company's presence in the global market, it is exposed to volatility in the exchange rate. Fluctuation of currency rates may adversely impact the profitability of the Company.	The Company enters into forward contracts for hedging foreign exchange exposures thereby eliminating any adverse impact due to fluctuation of exchange rate.	Moderate
<b>Environment Risk</b>	The Company's inability to maintain its environmental footprints under prescribe limits might have adverse impact on the Company's reputation as well as incur financial losses.	HIL has a strong environment, health and safety management policy in place. It continuously monitors its impact on the environment and take measures to reduce the same. It also follows a systematic approach towards waste management, resource consumption and reduction in carbon emission.	Low
<b>Human Capital Risk</b>	A skilled and talented workforce is the key to an organization's success. Unable to retain or acquire competent and experience employees may hamper the Company's ability to pursue its growth strategies effectively.	The Company has a strong retention and succession policy in place. It regularly undertakes training and development programmes to enhance the skills of its employee. Further, HIL also conducts health check-ups to ensure the safety and well-being of its workforce.	Low

### Covid-19 Risk Preparedness

In order to manage the risks associated to people health, safety, liquidity and business posed by Covid-19 pandemic situation, HIL has formed 10 different small groups with a clear charter for each of the team to focus on various risks anticipated by the Company. These small groups are actively working with all the relevant stakeholders to bring back the Company to its track and have prepared a detailed plan of action including Day 0 plan. This has helped the Company to restart its operations based on the MHA guidelines issued from time to time thereby servicing the market and its customers.

### Outlook

Your Company is confident of overcoming the challenges on account of Covid-19 to a greater extent and ensure business continuity. As an evolving and dynamic enterprise, the Company is taking this crisis period due to pandemic, as an opportunity to reimagine the business model and its processes to derive the efficiencies and deliver value to its stakeholders.

Your Company's objective of becoming one stop solution provider by adding new products under its brand, augurs well over last couple of years. The acquisition of Parador, expanded its market reach globally while also widening the product offerings.

With the above focussed approach, your Company is well poised to capture the emerging opportunities in the market and deliver sustained growth.

Parador's strong fundamentals and its network across the globe continue to add value to the Company to market its products at a global level. Your Company's slogan of **"Together We, Build"** resembles the approach of the Company in all activities which we do.

### Cautionary Statement

Certain statements in the MDA section concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. **In addition to the foregoing changes in the macro-environment, global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates.** The results of these assumptions made, relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.

## Annexure (Ia): Business Responsibility Report

(As per Regulation 34(2) (f) of SEBI Listing Regulations, 2015)

### Section-A General Information about the Company

1	Corporate Identity Number (CIN)	L74999TG1955PLC000656
2	Name of the Company	HIL Limited
3	Registered address	Office No. 1 & 2, L7 Floor, SLN Terminus, Sy. No.133, Gachibowli, Hyderabad -500032, Telangana. Tel: 040-68249000/040-68249122
4	Website	<a href="http://www.hil.in">www.hil.in</a>
5	E-mail id	<a href="mailto:cs@hil.in">cs@hil.in</a>
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Fiber Cement Sheets (NIC Code 23953) Fly Ash Bricks (NIC Code 23954)
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Company has classified its operations into 4 major business segments as detailed below: Roofing Solutions: Asbestos Fiber Cement Sheets and Non Asbestos Fiber Cement Sheets Building Solutions Autoclaved Aerated Concrete Fly Ash Bricks, Sandwich Panels & Boards Polymer Solutions: UpVC and CpVC Pipes and Fittings & Wall Putty Flooring Solutions: Resilient floor coverings, Laminate and Engineered wood floorings, wall and Ceiling panels, skirtings and related accessories.
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	NIL. However Company is having a WOS at Germany.
	(b) Number of National Locations	12 manufacturing locations & 39 sales depots
10	Markets served by the Company – Local/State/National/International	National & International

### Section B: Financial Details of the Company

1	Paid up Capital (₹)	750.55 Lacs
2	Total revenue (₹)	1396.60 Crores (Standalone)
3	Total profit after taxes (₹)	76.72 Crores (Standalone)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company has spent ₹226 Lacs during the year on Corporate Social Responsibility activities, which is around 2.88% of the profit after tax for 2019-20
5	List of activities in which expenditure in 4 above has been incurred:-	<ul style="list-style-type: none"> <li>Health Care facilities</li> <li>Improvement of livelihood in identified rural areas</li> <li>Educations and related activities</li> </ul>

### Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies	The Company has One Wholly Owned Subsidiary <ul style="list-style-type: none"> <li>HIL International GmbH, Germany (Direct Subsidiary) &amp; 3 step down subsidiaries</li> </ul>
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)	No, However certain business responsibility initiatives in the area of ethics, transparency and accountability, sustainable use of resources, wellbeing of employees are being followed by its subsidiaries.

- 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 Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. However it encourages them to adopt such practices while conducting their business.  
 Most of the suppliers, vendors, agents, consultants, contractors and third parties (30% to 60%), who have business relationships with the Company, are contractually bound to abide by the Code of Conduct, Whistle Blower Policy and performance standards. In this capacity they are involved and participate in the Business Responsibility initiatives of the Company

**Section D: Other Details**

<b>1</b>	<b>Details of the Director/Director responsible for implementation of the BR policy/policies</b>		
	Name:	Mr. Dhirup Roy Choudhary	
	Designation:	Managing Director & CEO	
	DIN No. :	07707322	
	<b>Details of the Business Responsibility Head</b>		
	Name:	Mr. KR Veerappan	
	Designation:	Chief Financial Officer	
	DIN No. :	Not Applicable	
	Phone :	040-68249105	E-mail: <a href="mailto:Veerappan.kr@hil.in">Veerappan.kr@hil.in</a>

**2 Principle-wise (as per NVGs) BR Policy/policies**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:-

**Principle 1 (P1)**

**Ethics, Transparency & Accountability**

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

**Principle 2 (P2)**

**Product Lifecycle Sustainability**

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

**Principle 3 (P3)**

**Employee Well Being**

Businesses should promote the wellbeing of all employees

**Principle 4 (P4)**

**Stakeholder Engagement**

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

**Principle 5 (P5)**

**Human Rights**

Businesses should respect and promote human rights

**Principle 6 (P6)**

**Preservation of Environment**

Business should respect, protect, and make efforts to restore the environment

**Principle 7 (P7)**

**Responsible Advocacy**

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

**Principle 8 (P8)**

**Inclusive Growth & Equitable Development**

Businesses should support inclusive growth and equitable development

**Principle 9 (P9)**

**Customer Value**

Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethics, Transparency & Accountability	Product Lifecycle Sustainability	Employee Well Being	Stakeholder Engagement	Human Rights	Preservation of Environment	Responsible Advocacy	Inclusive Growth & Equitable Development	Customer Value
1	Do you have policy/policies for	Y	Y	Y	Y (Note-4)	Y	Y	No	Y (Note-4)	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	No	Y	Y
3	Does the policy confirm to any national / international standards? If yes, specify? (50 words)	Y	Y (Note -3)	Y	Y	Y	Y	No	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Y	Y*	Y*	Y	Y*	Y	No	Y	Y*
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y (Note-1)	Y	Y	Y	Y	Y	No	Y	Y
6	Indicate the link for the policy to be viewed online?	Y (Note-2)	No (Available on Intranet)	No (Available on Intranet)	Y	Y	Y	No	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	No	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	No	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?	Y	Y	Y	Y	Y	Y	No	Y	Y
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	No	Y	Y

\*Approved and Signed by Managing Director & CEO

Note-1	The Code of Conduct for Directors and Senior Management and the Whistle Blower Policy of the Company are approved by the Board of Directors of the Company and are signed by the Managing Director & CEO of the Company, whereas the other Code of Conduct for Employees and other stakeholders are approved by the Management
Note-2	Code of Conduct for Directors and Senior Management and the Whistle Blower Policy of the Company are available at <a href="https://hil.in/investor-relations/">https://hil.in/investor-relations/</a> and for other stakeholders, the same are available in our intranet and communicated while engagement.
Note-3	IS-15778:2007, IS-13592:2013, IS-4983:2000 (Faridabad, Golan & Thimmapur), IS-7834:Part-1:1987, IS-14735:1999 (Golan), IS-14871:2000 (Kondapalli), IS-2185:Part-3:1983 (Thimmapur, Chennai, Jhajjar, Golan) and IS-459:1992 (Kondapalli, Faridabad, Satharia, Wada, Jasidih, Balasore)
Note-4	The CSR Policy is approved by the Board and policies w.r.t other stakeholders are as per the requirements of the local laws and departments.

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)- Not Applicable.**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles.				Not Applicable			Not Applicable		Not Applicable
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles.				Not Applicable			Not Applicable		Not Applicable
3	The Company does not have financial or manpower resources available for the task.				Not Applicable			Not Applicable		Not Applicable
4	It is planned to be done within next 6 months.				Not Applicable			Not Applicable		Not Applicable
5	It is planned to be done within the next 1 year.				Not Applicable			Not Applicable		Not Applicable
6	Any other reason (please specify).				Not Applicable			The Company does not have a need to frame/ incorporate the said policy into the frame work of the Company, the same will be taken up based on the requirement		Not Applicable

### 3 Governance related to Business Responsibility (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?**

Proposed to be reviewed by the Board of Directors annually. However, MD & CEO will review the same at regular intervals with concerned stakeholders / Senior Management team.

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

This is the first year of Business Responsibility Reporting by the Company. The Company will publish the Business Responsibility Report in accordance with SEBI guidelines and it will form part of the Annual Report. Annual Report for Financial Year 2019-20 will be hosted on our website (www.hil.in) as a part of Investor Section.

## Section E: Principle-Wise Performance:

### Principle 1: Ethics, Transparency & 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?**

No. The Company does not have a separate policy relating to ethics, however the issues in regards to the same forms a key integral part and is embedded in the Company's Codes of Conduct (Code of Conduct for Employees, Code of Conduct for Directors and Senior Management),

Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks at HIL.

**Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs /Others?**

Suppliers/Contractors/others are advised to follow the Quality Policy, Whistle Blower Policy and other key policies which forms a major attribute maintaining a business relationship with Company.

To ensure accountability and monitoring, the Board has constituted various committees such as: Audit Committee, Nomination & Remuneration Cum Compensation Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders' Relationship Committee. The committees meet periodically during the year to supervise, review performance and advice on the necessary direction to be taken and the Management has formed various internal committees, who also conduct meetings regularly and apprise the Managing Director on the key parameters.

**2. How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the financial year 2019-20, the Company has not received any complaints related to ethics, bribery, kickbacks and corruption including POSH. However, Company has received one Whistle Blower Complaint during the year and the same has dealt with appropriately. Complaints related to Investors with regard to non-receipt of Dividend, Annual Report etc., are reported as a part of Corporate Governance Report which is forming part of Directors' Report.

Similarly, Customer complaints details are furnished in other sections of this report.

**Principle 2- Product Lifecycle Sustainability**

The Company understands its obligations on social and environmental concerns, risks and opportunities and is strategically focusing on development of products and services that help customers build structures which are more durable, more resource-efficient, more cost-effective and more eco-friendly. We manufacture a range of products that cater the needs of Building Material Industry.

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

All the manufacturing locations of the Company strictly adheres key guidelines relating to operations, viz., zero wastage, preserving natural resources, safety and health of the stakeholders etc and the manufacturing processes are devised in confirmation of the above guidelines. HIL is continuously striving for developing products which are greener in nature and less resource intensive.

The three major products of the Company are

- Asbestos Fiber Cement Sheets under the brand name "Charminar"
- Non Asbestos Fiber Cement Sheets under the brand name "Charminar Fortune"
- Autoclaved Aerated Concrete Blocks under the brand name "Birla Aerocon"

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

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

- **Asbestos Fiber Cement Sheets under the brand name "Charminar"**

Asbestos Fiber Cement sheets are widely used for roofing applications made by Hatcheck process. It is

well accepted in the market due to low cost, termite proof, long life, low noise during rain and less heat compared to metal sheets, asbestos sheets continue to dominate the rural market in India. The major raw materials are Asbestos fibers, cellulose fibers, mineral fibers and synthetic fibers as a reinforcement and cement, fly ash, GGBS slag as binders and additives. The major environmental concern is involved in handling of asbestos while manufacturing, and disposal of waste fiber cement sheets. We are using white asbestos chrysotile to manufacture fiber cement sheets and while manufacturing, automatic bag opening system, wet milling process to avoid fibers in atmosphere. We are continuously monitoring the percentage fibers in atmosphere and it is always found to be within the limits of PCB. The process sludge (green waste) and dry waste after pulverising are used in the process according to formulation. The Company has filed a patent on higher percentage utilization of dry waste in the process without any quality problems. The Company well addressed all environmental concerns with respects to handling of asbestos and dry waste utilization. If our customer wants to dispose dry waste of fiber cement sheets they have to follow the local pollution control norms. The manufacturing of this product is an opportunity to utilize fly ash which is by-product generated in power plants and GGBS is by-product of steel industry.

The power consumption is 35 to 36 units/MT and water consumption is 0.35 to 0.36 KL/MT.

- **Non Asbestos Fiber cement sheets under brand name "Charminar Fortune"**

Non asbestos fiber cement sheets were introduced by our Company to mitigate the risk of asbestos as material being banned in India. This product is developed by in-house R&D technology by using all indigenous and eco-friendly raw materials. The sheets are light weight, high strength, low drying shrinkage and of excellent dimensional stability, curing technology adopted by hydrothermal (Autoclaving). The major ingredients are cellulose fibers, modified mineral fibers, synthetic fibers as reinforcement, cement, and fly ash as binders and various additives. The product is manufactured using green technology with all raw material used as non-hazardous in nature. In addition, process sludge and dry waste are also used in the manufacturing process. No environmental concerns and risks are observed during manufacturing and usage of the product. The manufacturing of this product is an opportunity to utilize fly ash which is by-product generated power plants and cellulose fibers manufactured from waste rags, which is primary reinforcement. The Company has filed patents of this product in India and other countries.

The power consumption during the manufacturing of the product is 205 to 210 units/MT and water consumption is 0.20 to 0.25 KL/MT.

- **Autoclaved Aerted Concrete (AAC) Blocks under the brand name "Birla Aerocon Blocks"**

AAC is a light weight building masonry unit used for construction, it is a unique and excellent type of building material used due to its thermal, fire and sound insulation properties. Fly Ash (AAC) blocks are lightweight and offer ultimate workability, flexibility and durability during the use of the product. The main ingredients during manufacturing include fly ash, water, quicklime, cement and gypsum. Fly Ash (AAC) blocks are used for both interior and exterior construction, and may be painted or coated with a stucco or plaster compound to guard against the elements. In addition to rapid construction by using Fly Ash (AAC) blocks, save 30% energy due to low thermal conductivity and 30% dead load due to light weight. There is no environmental concerns and risks by usage of Fly Ash (AAC) blocks. The manufacturing of Fly Ash (AAC) blocks is opportunity to utilize fly ash up to 70% which by product generated from power plants.

The power consumption used is 9 to 10 units/Cubic Mtr and water consumption is 0.34 to 0.35 KL/ Cubic Mtr.

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

As a responsible corporate, the Company is committed to sustainable development and understands its obligations related to social and environmental concerns. The Company continually seeks ways to conserve the environment and manage finite resources responsibly. Few of our products like Fly ash Bricks, Sandwich Panels reduces the construction time and its resource requirement significantly.

The Company continue to focus on exploring different options to reduce our carbon footprint by opting for renewable energy generated through Wind Turbine Generators owned by the Company at 2 states by consuming the same in our manufacturing process. Company also exploring setting up of Solar Power in one of its manufacturing unit to improve the renewable energy usage.

The Company consumes alternate materials like flyash, gypsum, slag, pulp etc which help in conserving the environment.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**

**a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company has inbuilt procurement practices and selection criterias, that focus of societal interest and cost

effective procurement. This helps in improving the quality of products and services and ultimately optimises the cost and enhances the product life cycle.

Each vendor is viewed as a partner in the process of business growth, and also as enablers of mutual long-term sustainable growth. The Company believes in investing time and effort in building mutually beneficial relationships and the standards are applicable to all vendors who stay largely uniform. Even though the Company deals with complex supply chain and different types of vendors, suppliers are guided in process and system improvement and enhanced technical know-how.

The Company aims for sustainability in logistics to be achieved by using less polluting and less fuel consuming transport options or selecting vendors who are close to the manufacturing locations (wherever possible and delivering cost efficient products). We import fiber and cement in bulk size vessels with full cost advantage of freight. This consumes lesser fuel as compared to smaller size shipment in terms of per ton of material shipped.

The Company also in process of having E-procurement tool to make the procurement process more robust and transparent. This module is integrated with our SAP system which enables in ease of procurement and helps the Company to have competitive bidding for buying and transportation of material that further adds to the efficacy of the process. This is expected to result in more effective communication with our vendors and enabled significant reduction in paper work and its associated travel thereby reducing the carbon footprint besides saving in the operational cost.

**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?**

The Company has consistently increased the breadth of vendors across goods and services through vendor base enhancement. The objective is to focus on indigenous suppliers, mutual collaboration and partnership for long term growth. The Company also believes in long term partnership with the vendors by having rate contracts with them and providing periodical feedback on their performances in terms of quality, delivery, services, environmental health and safety etc.

The Company has been in the past successfully partnered with Small and Medium Enterprises and helped them to develop requisite product by providing requisite technology and other supports and sourcing the said materials from them. This has helped the said suppliers and their vendors to sustain their business model and providing quality materials as per the requirement of the Company.

**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.**

Yes, Company recycles through formulation Fiber Cement Sheets upto 4%, Panels 2.5%, Fly Ash (AAC) blocks 3%, Non Asbestos Fiber Cement Sheets 2% and pipes and fitting 10%.

Company's manufacturing process / recipe is designed in such a way to consume the waste generated out of the process thereby aiming for zero waste generation. Company also consuming waste materials like fly ash, slag in its process thereby supporting the environment with this initiatives.

The Company also believes in proper and efficient waste disposal by giving due weightage to disposal of E-waste/hazardous waste, which is disposed of in an environmental friendly manner for preservation of the society.

**Principle 3 - Employees Well Being**

**1. Please indicate the total number of employees:**

The total number as on March 31, 2020 was 1681

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis:**

3423 employees hired on contractual basis

**3. Please indicate the number of permanent women employees:**

71 are permanent women employees in the Company as on March 31, 2020, which constitute 4.2% percent of the total permanent employee strength of the Company

**4. Please indicate the number of permanent employees with disabilities:**

1 employee

**5. Do you have an employee association that is recognized by management?**

Yes,

Telugu Nadu Trade Union Council, Kondapalli Factory, Hyderabad Asbestos Cement Products Limited, Kamgaar Sangh, Jasidih Factory, Bhartiya Kamgar Sena, Wada Factory

**6. What percentage of your permanent employees is members of this recognized employee association?**

14% Contractual employees

**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.**

NA

**8. What percentage of under mentioned employees were given safety & skill up-gradation training in the last year?**

- (a) Permanent Employees: 100%
- (b) Permanent Women Employees: 100%
- (c) Casual/Temporary/Contractual Employees: 100%
- (d) Employees with Disabilities: 100%

**Principle 4- Stakeholders' Engagement**

**1. Has the Company mapped its internal and external stakeholders?**

Yes, the Company has mapped its internal and external stakeholders and the mode of engagements are as below

Stakeholder	Mode of engagement
Government and Regulatory Authorities	Industry Forums/Regulatory Bodies/ Departments/Statutory Meetings
Employees	Internal Employee Communications, HR Portal, HRMS, Josh Teams, News Letters, Factory Visits, Employee Gatherings, Team Building Activities and other employee engagement activities.
Local Community	CSR and social development activities
Investor & Shareholders	AGM, Investor Presentations, Investor Calls, Investor Meetings, Investor Communications (Quarterly Mails, Notices, paper adds and BSE & NSE web portals) and Media interviews
Bankers	Visits/Meetings
Customers	Products displays, Branding and marketing exhibitions etc.
Suppliers	Visits/Meetings

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders**

The Company has identified the disadvantaged, vulnerable and marginalised stakeholder's viz. communities around its manufacturing Units and its workers / contractual workers

**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.**

Company believes in improve health, education, economic livelihood and has undertaken several programs and initiatives to the disadvantaged, vulnerable and marginalized population living near the Company's manufacturing units. To achieve the same, we have a well-established CSR policy.

**Principle 5- 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?**

HIL respects and promotes human rights of all stakeholders and groups at the workplace. The Company is committed to ensuring that people are treated with dignity and respect at all times. We have embraced Human Rights virtues in our human resources policies including Code of Conduct, Whistle Blower policy, etc. to uphold human rights within our organisation and we continue to make employees aware of human rights-related issues.

Human Rights are embedded in various policies of the Company i.e., Code of Conduct, POSH, Whistle Bowers etc, which extends the employees/ workers hired from outsourced agencies and other stakeholders engaging with the Company and the Company is committed to ensuring that people are treated with dignity and respect. We continue to make our contractor, customers, suppliers, etc. aware of human rights-related issues

**2. How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management? NIL****Principle 6- Preservation of Environment****1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others**

No. It extends only to Company. However the Company encourages all its stakeholders ensure the compliance with all governmental laws related to Environment and Health and Safety.

**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.**

No. As part of the its resolve to protect the environment, Company has adopted environment initiatives like resource conservation, sourcing energy from renewable sources. Wind and solar power for various its locations, recycling and reusing of scrap etc., to control Climate Change, Global warming, etc.

The Company uses naturally occurring materials as our raw material. We aim at minimisation of waste generation and practice total reuse/recycle the waste generated.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, The Company follows a structured risk management approach which encompasses identifying potential risks, assessing their impact, mitigating them by taking timely action and continuous monitoring.

**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?**

No. However the Company has various wind mills, which is a source of renewable and clean energy

**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.**

No

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?**

Yes, the emissions / waste generated by the Company are within the permissible limits given by Central Pollution Control Board / State Pollution Control Boards.

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

There is one case which was received in the Month of March w.r.t online monitoring systems not functioning. However due to nationwide lockdown in view of COVID-19, the Company could not file its representation and resolve the same at the end of Financial year. The same has been appropriately responded subsequently.

**Principle 7- Responsible Advocacy****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:**

Yes. The following are few major associations in which Company is a member :

The Fiber Cement Product Manufacturer's Association (FCPMA)

Confederation of Indian Industry (CII),

The Federation of Telangana Chambers of Commerce and Industry (FTCCI)

CII - Indian Green Building Council (IGBC)

Green Rating for Integrated Habitat Assessment (GRIHA)

Chamber of Commerce

**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).**

No. However Company provides its input to those associations at the time of budget or other amendments proposed / announced by the Government for consolidate representation

### Principle 8- Inclusive Growth & Equitable Development

#### 1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle on inclusive growth and equitable development? If yes details there.

The Company believes in being a good corporate citizen by helping communities and being instrumental in supporting their progress. Towards this objective, we have a well-established policy framework to create a positive impact in the locations where the Company manufactures foot prints are present.

During the year, the Company has undertaken the following initiatives:

- Development of Livelihood, education and eradicating hunger & malnutrition at villages through Vanvasi Raksha Parivar Foundation in Haryana and MP.
- Upgradation of Bio-Medical Equipment in CMRI for providing better health facilities to the public in Kolkata.
- Sponsoring Education of Girls Students - CSS School, Providing Education Facilities and Books at various Govt High School
- Providing Hearing aids for the disabled in Hyderabad.
- Renovation of classrooms and flooring at Public School in Kerala.
- Construction of Classrooms in Govt High School in Balasore.
- Education facilities, books and bags to public school in Faridabad.
- Water purifier at Public Library in Jasidih.
- Installation of RO Water Plant at Public School in Kondapalli.
- Providing infrastructure facilities at Govt Girls High School in Satharia.
- Providing infrastructure facilities at Govt Girls High School in Wada.
- Construction of Toilets for Girls in Govt. School in Chennai.
- Digital Class room at Angan wadi Kendram and Installation of CCTVs at Kothur town for safety of women and children in Thimmapur.
- Providing infrastructure facilities at Govt Girls School and High School in Jhajjar
- Development of School with Infrastructure facilities in Golan and
- Pond Cleaning at a Lokri Gram Panchayat in Dharuhera

The Company has adopted a CSR policy which has been aligned with the requirements of the Companies Act, 2013 and our thrust areas are well aligned to the schedule VII of section 135 of the Companies Act, 2013.

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

Most of these initiatives are taken in house by our coordinators at various plants and locations with the help of local governing bodies and trusts to ensure the funds are reaching the right places and individuals.

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

The Company has been associated with Vanvasi Raksha Parivar Foundation for the past two years, through which it has provided skill development and vocational trainings and other lively hood facilities for nearly 1000+ villages in Haryana.

The Company has indirectly impacted in providing proper health care facilities through CMRI (Calcutta Medial Research Institute) and LVEI (LV Prasad Eye Institute).

The Company has been sponsoring the education of 80 girl students (of LKG and UKG) at CSS Government High School, Hyderabad for the past 3 years.

Other programs have impacted hundred's of school going children including, orphans and underprivileged receiving education due to our various efforts like rebuilding classrooms, providing of infrastructure and digital classrooms. Improved people's heath and sanitation by constructing/renovating various toilets, providing safe drinking water etc.

All programs of CSR are monitored through regular assessments.

#### 4. What is your Company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken?

We have spent to the tune of ₹2.26 Crores directly for all the above-mentioned projects.

#### 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.

The Company has also been associated with Vanvasi Raksha Parivar Foundation for the past 2 years, through which it has provided skill development and vocational trainings and other livelihood facilities for nearly 1000+ villages in Haryana.

**Principle 9- Customer Value****1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Company is having a mechanism to track the customer complaints and its resolution and reviews the same at regular intervals. During the year the Company has resolved 96% of the complaints received to the satisfaction of the customers and 4% of the complaints were pending for resolution at the year end.

**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 Company displays only product information as mandated by Bureau of Indian Standards and Legal Metrology Act and follows all other applicable regulations regarding product labelling.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

No

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

As part of our stakeholder engagement strategy, the Company engages with its customers and carries consumer surveys for different products every year to know the customer satisfaction level so to enrich the customer experiences. There is a designated market department which routinely carries out these surveys and gives inputs to business on taking remedial action, if required.

We extensively use our telemarketing (outbound) set-up to communicate/engage with our customers in remotest of the locations and gauge the satisfaction levels of our customers on monthly basis. We conducted primary research in select markets to understand the digital maturity of our customers and leveraged the inputs in devising the digital roadmap for our business.

We also conducted survey to understand the performance of our channel loyalty programs to improve to engage in a better and studied some of our top markets to understand the expectations of our customers, which has helped HIL in launching its new variant in Asbestos Fiber Cement Sheets i.e Coloured Fiber Cement Sheets, which has shown a positive response.

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

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

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

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

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

The Company's CSR policy can be accessed on <https://hil.in/investor-relations/policies/>

### 2. Composition of the CSR Committee:

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

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

Average net profit: ₹11191.47 Lacs

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

The Company is required to spend: ₹223.83 Lacs towards CSR.

### 5. Details of CSR spent during the financial year:

- Total amount spent for the financial year is ₹226.01 Lacs
- Amount unspent, If any: Nil
- Manner in which the amount spent during the financial year is detailed below:

S. No.	Sector	Budget allocated	Projects/Activities	Locations Districts (State)	Amount Outlay (budget) Project or Programs wise	Amount Spent on the Project or Programs	Cumulative expenditure up to reporting period	Amount spent: Direct or through implementing agency* (₹ Lacs)
1	Schedule VII (i, ii, iii & iv) Eradicating Hunger, Poverty, Promoting Health Care, Sanitation, Swachh Bharat, Drinking Water, Promoting Education, vocation skills and development of livelihood	220	Development of Livelihood, education and eradicating hunger & malnutrition at villages through Vanvasi Raksha Parivar Foundation.	Various districts in Haryana and MP	50.00	50.00	50.00	Vanvasi Raksha Parivar Foundation, Cultural Society for Tribal (Trust/Society)
Upgradation of Bio-Medical Equipment at CMRI providing better health facilities to the public			Kolkata	100.00	100.00	150.00	Company [CMRI (Calcutta Medial Research Institute, part of CK Birla Hospitals)]	
Sponsoring Education of Girls Students- CSS School			Hyderabad	7.00	6.96	156.96	Company (CSS High School, Hayatnagar, Hyderabad)	
Providing Education Facilities and Books at various Govt. High School			Hyderabad	3.00	3.00	159.96	Company (Abhaya Foundation, Hyderabad)	
Renovation of classrooms and flooring at Public School			Kerala	1.50	1.50	161.46	Company (St. Sebastians HSS, Gothuruthy, Kerala)	

								(₹ Lacs)
S. No.	Sector	Budget allocated	Projects/Activities	Locations Districts (State)	Amount Outlay (budget) Project or Programs wise	Amount Spent on the Project or Programs	Cumulative expenditure up to reporting period	Amount spent: Direct or through implementing agency*
			Construction of Classrooms in Govt. High School	Balasore	6.50	6.61	168.07	Company (Somanathpur Govt. Girls High school, Remuna village)
			Education facilities, books and bags to public school	Faridabad	7.50	7.46	175.53	Company (Shirdi Sai Baba School, Faridabad)
			Water purifier at Public Library	Jasidih	2.00	2.00	177.53	Company
			Installation of RO Water Plant at Public School	Kondapally	5.00	4.88	182.41	Company (Zilla Parishad Boys High school, kondapalli)
			Providing infrastructure Facilities at Govt. Girls High School	Satharia	7.50	7.83	190.25	Company (Kasturba Gandhi Awasiya Balika Vidyalaya, Badshahpur)
			Providing infrastructure Facilities at Govt. Girls High School	Wada	2.10	2.14	192.39	Company (Govt. Panchayat Union Middle School, Manjankarani Village)
			Construction of Toilets for Girls in Govt. School	Chennai	5.70	5.74	198.12	Company (Govt. Panchayat Union Middle School, Manjankarani Village)
			Digital Class room at Angan wadi Kendram - Thimmapur	Thimmapur	0.80	0.78	198.90	Company
			Installation of CCTVs at Kothur town for safety of women and children	Thimmapur	4.00	4.00	202.90	Company
			Providing Hearing aids for the disabled	Hyderabad	1.30	1.30	204.20	Company (Akruthi Foundation)
			Providing infrastructure Facilities at Govt. Girls School	Jhajjar	2.40	2.37	206.57	Company (Govt. Secondary Girls School, Akari Madanpur)
			Providing infrastructure Facilities at Govt. High School	Jhajjar	2.40	2.37	208.94	Company (Govt. High School, Mundsia)
			Development of School with Infrastructure Facilities	Golan	14.00	14.42	223.35	Company (Manav Kalyan Trust )
2	Schedule VII (Other Activities)	3.00	Pond Cleaning at a Lokri Gram Panchayat	Dharuhera	3.00	2.66	226.01	Company
	<b>Total</b>	<b>225.00</b>			<b>225.00</b>	<b>226.01</b>	<b>226.01</b>	

**Note:**

\* Details of the Implementing Agencies.

&amp; Activity taken up in March 2020 and work in progress

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

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

**CK Birla**

Chairman-Board of Directors

DIN 00118473

May 25, 2020

**Desh Deepak Khetrpal,**

Chairman - CSR Committee

DIN 02362633

May 25, 2020

## Annexure (III): Extract of Annual Return

### EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2020  
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### FORM NO. MGT – 9

### I. Registration and Other Details:

CIN	L74999TG1955PLC000656
Registration Date	17.06.1946
Name of the Company	HIL Limited
Category / Sub-Category of the Company	Company Limited by Shares Public – Non Government Company
Address of the Registered Office and contact details	Office No. 1 & 2, L7 Floor, SLN Terminus, Sy. No.133, Gachibowli, Hyderabad -500032, Telangana. Tel: 040-68249000/040-68249189
Whether listed Company	Yes BSE Limited and National Stock Exchange of India Limited
Name, Address and Contact details of Registrar and Transfer Agent, if any	Venture Capital and Corporate investments Private Limited. 12-10-167, Bharat Nagar, Hyderabad – 500018 Tel: 040-23818475 / 76 Contact Person: Mr. Prasad Tel: 040 23818475 / 23818476 Email: info@vccipl.com

### II. Principal Business Activities of the Company

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Fiber cement sheets	23953	52.8%
2	Fly Ash Blocks	23954	15.2%

### III. Particulars of Holding, Subsidiary, Joint Venture and Associate Companies:

S. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate	% of shares held	Country	Applicable Section
1	HIL International GmbH, Germany Millenkamp 7-8, 48653 Coesfeld, Germany	Foreign Company	Subsidiary Company	100	Germany	2(87)
2	Parador Holding GmbH, Germany Millenkamp 7-8, 48653 Coesfeld, Germany	Foreign Company	Step Down-Subsidiary Company	100	Germany	2(87)
3	Parador GmbH, Germany Millenkamp 7-8, 48653 Coesfeld, Germany	Foreign Company	Step Down-Subsidiary Company	100	Germany	2(87)
4	Parador Parkettwerke GmbH, Austria Wiener Strasse 66, 7540 Güssing, Austria	Foreign Company	Step Down-Subsidiary Company	100	Austria	2(87)
5	Supercor Industries Limited, 5 Ashaka Close, Industrial Estate, P.O. Box 51, Bauchi, Nigeria	Foreign Company	Associate Company (Joint Venture)	33%	Nigeria	2(6)

#### IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

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

Category code	Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year on no. of shares
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoter and Promoter Group</b>										
<b>1 Indian</b>										
(a)	Individuals/ Hindu Undivided Family	51376	0	51376	0.69	51376	0	51376	0.69	-
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	-
(c)	Bodies Corporate	3007836	0	3007836	40.26	3007836	0	3007836	40.22	-
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0	0	-
(e)	Any Other (specify)	0	0	0	0	0	0	0	0	-
<b>Sub-Total (A)(1)</b>		<b>3059212</b>	<b>0</b>	<b>3059212</b>	<b>40.95</b>	<b>3059212</b>	<b>0</b>	<b>3059212</b>	<b>40.91</b>	<b>&amp;</b>
<b>2 Foreign</b>										
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	-
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	-
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	-
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	-
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	-
<b>Sub-Total (A)(2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>-</b>
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>		<b>3059212</b>	<b>0</b>	<b>3059212</b>	<b>40.95</b>	<b>3059212</b>	<b>0</b>	<b>3059212</b>	<b>40.91</b>	<b>&amp;</b>
<b>(B) Public Shareholding</b>										
<b>1 Institutions</b>										
(a)	Mutual Funds/ UTI	230012	300	230312	3.08	110443	300	110743	1.48	(2.00)
(b)	Financial Institutions/ Banks	7557	4329	11886	0.16	21096	2129	23225	0.31	0.15
(c)	Central Government/ State Government(s)	307917	0	307917	4.12	305552	0	305552	4.09	(0.03)
(d)	Alternate Investments Funds	267038	0	267038	3.57	308761	0	308761	4.13	0.56
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	-
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	-
(g)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	-
(h)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	-
(i)	Foreign Portfolio Investors – Corporate (FPI)	313404	0	313404	4.19	165910	0	165910	2.22	(1.97)
(j)	Foreign Bodies Corporate	122000	0	122000	1.63	122000	0	122000	1.63	-

Category code	Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year on no. of shares
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(k)	Qualified Foreign Investor									
	Any Other (specify)									
<b>Sub-Total (B)(1)</b>		<b>1247928</b>	<b>4629</b>	<b>1252557</b>	<b>16.75</b>	<b>1033762</b>	<b>2429</b>	<b>1036191</b>	<b>13.86</b>	<b>-</b>
B 2	Non-Institutions									
(a)	Bodies Corporate	384874	1790	386664	5.18	416867	1790	418657	5.60	0.42
(b)	Individuals –									
	i. Individual shareholders holding nominal share capital up to ₹1 Lacs.	1973631	60519	2034150	27.23	2232050	53921	2285971	30.57	3.34
	ii. Individual shareholders holding nominal share capital in excess of ₹1 Lacs.	509223	0	509223	6.82	430391	0	430391	5.75	1.06
(c)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	-
(d)	Foreign Body Corporate	0	0	0	0	0	0	0	0	-
(d1)	Clearing Members	10681	0	10681	0.14	11048	0	11048	0.15	0.01
(d2)	NRI	189711	0	189711	2.54	202761	0	202761	2.71	0.17
(d3)	Trust	945	0	945	0.01	2050	0	2050	0.02	0.02
(d4)	OCBs	0	0	0	0	0	0	0	0	0
(d5)	GDR	0	0	0	0	0	0	0	0	0
(d6)	IEPF Authority	28200	0	28200	0.38	32022	0	32022	0.43	0.05
<b>Sub-Total (B)(2)</b>		<b>3097265</b>	<b>62309</b>	<b>3159574</b>	<b>42.30</b>	<b>3327189</b>	<b>55711</b>	<b>3382900</b>	<b>45.23</b>	<b>-</b>
<b>Total Public Shareholding (B) = (B1 + B2)</b>		<b>4345193</b>	<b>66938</b>	<b>4412131</b>	<b>59.05</b>	<b>4360951</b>	<b>58140</b>	<b>4419091</b>	<b>59.09</b>	<b>5.84</b>
<b>Total (A) + (B)</b>		<b>7404405</b>	<b>66938</b>	<b>7471343</b>	<b>100.00</b>	<b>7420163</b>	<b>58140</b>	<b>7478303</b>	<b>100.00</b>	
(C)	Shares held by Custodians and against which Depository Receipts have been issued.	0	0	0	0.00	0	0	0	0.00	-
<b>Sub-Total (C)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>-</b>
<b>Grand Total (A)+(B)+( C)</b>		<b>7404405</b>	<b>66938</b>	<b>7471343</b>	<b>100.00</b>	<b>7420163</b>	<b>58140</b>	<b>7478303</b>	<b>100.00</b>	<b>-</b>

& Change in percentage due to allotment of shares to an eligible employee under HIL Employment Stock Option Scheme, 2015.

## ii. Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Amer Investments (Delhi) Limited	308763	4.13%	-	308763	4.13%	-	-
Ashok Investment Corporation Limited	317743	4.25%	-	317743	4.25%	-	-
Central India Industries Limited	1074634	14.38%	-	1074634	14.37%	-	-
Chandra Kant Birla	51376	0.69%	-	51376	0.69%	-	-
Gwalior Finance Corporation Limited	96200	1.29%	-	96200	1.29%	-	-
Hitaishi Investments Limited	67066	0.90%	-	67066	0.90%	-	-
Hyderabad Agencies Private Limited	4100	0.05%	-	4100	0.05%	-	-
Orient Paper and Industries Limited	906360	12.13%	-	906360	12.12%	-	-
Ranchi Enterprises and Properties Limited	4500	0.06%	-	4500	0.06%	-	-
Shekhavati Investments and Traders Limited	224470	3.00%	-	224470	3.00%	-	-
Universal Trading Company Limited	4000	0.05%	-	4000	0.05%	-	-
<b>Total</b>	<b>3059212</b>	<b>40.95%</b>	<b>-</b>	<b>3059212</b>	<b>40.91%<sup>&amp;</sup></b>	<b>-</b>	<b>-</b>

& Change in percentage due to allotment of shares to an eligible employee under HIL Employment Stock Option Scheme, 2015.

## iii. Change in Promoters' Shareholding

Shareholders' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	3059212	40.95	3059212	40.91
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No change during the year			
At the end of the year	3059212	40.95	3059212	40.91 <sup>&amp;</sup>

& Change in percentage due to allotment of shares to employees under HIL Employment Stock Option Scheme, 2015.

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

S.No.	Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the Year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning of the year (01-04-2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Minal Bharat Patel	85718	1.15	01-Apr-19				
				04-Jun-19	(718)	Sale / Transfer	85000	1.14
				21-Jun-19	718	Purchase	85718	1.15
				25-Oct-19	291	Purchase	86009	1.15
				22-Nov-19	(6815)	Sale / Transfer	79194	1.06
				29-Nov-19	(2153)	Sale / Transfer	77041	1.03
				06-Dec-19	(3284)	Sale / Transfer	73757	0.99
				13-Dec-19	(73305)	Sale / Transfer	452	0.01
				20-Dec-19	407	Purchase	859	0.01
				27-Dec-19	(352)	Sale / Transfer	507	0.01
				31-Dec-19	(500)	Sale / Transfer	7	0.00
				03-Jan-2020	(3)	Sale / Transfer	4	0.00
				07-Feb-2020	17	Purchase	21	0.00
				26-Feb-2020	1223	Purchase	1244	0.02
				06-Mar-2020	3838	Purchase	5082	0.07
				27-Mar-2020	1457	Purchase	6539	0.09
				31-Mar-2020	500	Purchase	7039	0.09
31-Mar-2020			7039	0.09				
2	Finquest Financial Solutions PVT. LTD.	4000	0.05	01-Apr-19				
				14-Jun-19	4100	Purchase	8100	0.11
				31-Mar-2020			8100	0.11
3	Hardik Bharat Patel	66235	0.89	01-Apr-19				
				14-Jun-19	(1200)	Sale / Transfer	65035	0.87
				12-Jul-19	(15854)	Sale / Transfer	49181	0.66
				25-Oct-19	209	Purchase	49390	0.66
				08-Nov-19	629	Purchase	50019	0.67
				13-Dec-19	9500	Purchase	145019	1.94
				20-Dec-19	(3000)	Sale / Transfer	142019	1.90
				03-Jan-2020	(1500)	Sale / Transfer	140519	1.88
				17-Jan-2020	(3000)	Sale / Transfer	137519	1.84
				24-Jan-2020	(500)	Sale / Transfer	137019	1.83
				07-Feb-2020	(8115)	Sale / Transfer	128904	1.72
26-Feb-2020	(2000)	Sale / Transfer	126904	1.70				
31-Mar-2020			126904	1.70				
4	Asif Alladin	64140	0.86	01-Apr-19		Nil Movement during the year		
				31-Mar-2020			64140	0.86
5	Tata Mutual Fund- Tata Equity P/E Fund	177548	2.38	01-Apr-19				
				12-Apr-19	(177548)	Sale / Transfer	0	0.00
				31-Mar-2020			0	0.00
6	R Pattabiraman	120058	1.61	01-Apr-19				
				14-Feb-2020	(5861)	Sale / Transfer	114197	1.53
				21-Feb-2020	(14206)	Sale / Transfer	99991	1.34
				26-Feb-2020	(20000)	Sale / Transfer	79991	1.07
				28-Feb-2020	7557	Purchase	87548	1.17
				31-Mar-2020			87548	1.17
7	Shri Jagannath Educational Institute	50000	0.67	01-Apr-19		Nil Movement during the year		
				31-Mar-2020			50000	0.67
8	Rukmani Birla Educational Society	47482	0.63	01-Apr-19		Nil Movement during the year		
				31-Mar-2020			47482	0.63

S.No.	Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the Year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning of the year (01-04-2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
9	Reliance Equity Opportunities AIF Scheme 1	59944	0.80	01-Apr-19		Nil Movement during the year		
				31-Mar-2020			59944	0.80
10	Sundaram Alternative Opportunities Fund - Nano Cap Series I	151599	2.03	01-Apr-19		Nil Movement during the year		
				31-Mar-2020			151599	2.03
11	Sundaram Alternative Opportunities Fund - Nano Cap Series II	51295	0.69	01-Apr-19		Sale/transfer		
				31-Mar-2020	(2919)		48376	0.65
				31-Mar-2020			48376	0.65
12	Governor Of Andhra Pradesh	305552	4.09	01-Apr-19		Nil Movement during the year		
				31-Mar-2020	305552		4.09	305552
13	EDZER LTD	61000	0.82	01-Apr-19		Nil Movement during the year		
				31-Mar-2020			61000	0.82
14	R. R. Bamfield Investments LTD.	61000	0.82	01-Apr-19		Nil Movement during the year		
				31-Mar-2020			61000	0.82

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

For Each of the Director and KMP	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. CK Birla, Chairman	51376	0.69	51376	0.69
Mr. Dhirup Roy Choudhary, Managing Director & CEO	-	-	500	0.01
Mr. Desh Deepak Khetrpal, Non-Executive Director	-	-	-	-
Mr. VV Ranganathan, Independent Director	-	-	-	-
Dr. Arvind Sahay, Independent Director	-	-	-	-
Mrs. Gauri Rasgotra, Independent Director	-	-	-	-
Mr. KR Veerappan, Chief Financial Officer	2500	0.03	8800	0.12
Mr. G Manikandan, Company Secretary & Financial Controller	-	-	-	-

#### V. Indebtedness

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	33662.93	5353.81	-	39016.74
ii) Interest due but not paid				
iii) Interest accrued but not due	200.73	2.06	-	202.79
<b>Total (i+ii+iii)</b>	<b>33863.66</b>	<b>5355.87</b>	<b>-</b>	<b>39219.53</b>
Change in Indebtedness during the financial year				
Addition	15422.24	16282.13	-	31704.36
Reduction	22921.64	5073.91	-	27995.55
<b>Net Change</b>	<b>-7499.40</b>	<b>11208.22</b>	<b>-</b>	<b>3708.817</b>
Indebtedness at the end of the financial year				
i) Principal Amount	26257.27	16545.23	-	42802.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	106.99	18.86	-	125.85
<b>Total (i+ii+iii)</b>	<b>26364.26</b>	<b>16564.09</b>	<b>-</b>	<b>42928.35</b>

## VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in Lacs)

S. No.	Particulars of Remuneration	Mr. Dhirup Roy Choudhary Managing Director & CEO
	Gross Salary	
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	395.97
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2	Stock Options (Options Granted, not considered)	-
3	Sweat Equity	-
	Commission	-
4	- as % of profit	-
	- Others, specify....	-
5	Others, please specify	-
	a) Employer's contribution to PF	12.10
	<b>Total</b>	<b>408.07</b>
	<b>Total (A)</b>	<b>408.07</b>
	Ceiling Limit as per the Act (5% of Profit as per Section 198)	442.75
	Ceiling Limit as per the Act (10% of Profit as per Section 198)	NA

### b) Remuneration of Other Directors

(₹ in Lacs)

S. No.	Name of Directors	Category	Particulars of Remuneration			Total Amount
			Sitting Fees	Commission	Other, please specify	
1	Mr. CK Birla	Non-Executive Director	7.00	35.00	-	42.00
2	Mr. Desh Deepak Khetrpal	Non-Executive Director	13.25	15.00	-	28.25
3	Mr. VV Ranganathan	Independent Director	15.75	15.00	-	30.75
4	Dr. Arvind Sahay	Independent Director	9.75	10.00	-	19.75
5	Mrs. Gauri Rasgotra	Independent Director	13.75	10.00	-	23.75
	<b>Total</b>		<b>59.50</b>	<b>85.00</b>	<b>-</b>	<b>144.50</b>
	Ceiling Limit as per the Act (1% of Profit as calculated under Section 198)(For payment of Commission)		-	88.55	-	NA

## c) Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(₹ in Lacs)

Particulars of Remuneration	Mr. KR Veerappan	Mr. G Manikandan	Total Amount
	Chief Financial Officer	Company Secretary & Financial Controller	
Gross Salary			
(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	187.52	58.96	246.48
(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
Stock Options* (denotes perquisites value of Options exercised during the year and does not include the number of Stock Options granted)	46.30	-	46.30
Sweat Equity	-	-	-
Commission	-	-	-
- as % of profit	-	-	-
Others, please specify	-	-	-
(a) Employer's PF Contribution	7.74	2.57	10.31
<b>Total</b>	<b>241.56</b>	<b>61.53</b>	<b>303.09</b>

**Note:** The remuneration of Key Managerial Personnel does not include the provisions made towards Gratuity, leave benefits, as they are paid as per the Company's policy, Variable Pay is disclosed on payment basis

## VII. Penalties/Punishments/Compounding of Offences:

S. No.	Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A	<b>COMPANY</b>					
	Penalty			None		
	Punishment					
B	<b>DIRECTORS</b>					
	Penalty			None		
	Punishment					
C	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty			None		
	Punishment					
	Compounding					

## Annexure (IV): Corporate Governance Report

Report Pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations)

### 1. CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes that Corporate Governance as the back-bone to ensure sustainable value creation for all stakeholders. It aims at producing performance results that are enabled by strong policies, robust processes and best in class industry practices with high standards of regulatory compliance, ethics and operating controls. Your Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and ethical behaviour in all spheres of its operations and in all its communication with its stakeholders.

Corporate Governance which is an on-going process that ensures the affairs of the Company are managed with proper accountability, fairness and transparency to the core of its sense. This also helps and enables the Board and Management to achieve the goals and objectives effectively for the benefit of the Company and its Stakeholders including Customers, Shareholders, Creditors and Employees.

Key elements of Corporate Governance are transparency, internal controls, risk management, internal and external communications, high standards of safety, health, environment, accounting fidelity and product & service quality. The Board has empowered responsible persons to implement its Broad policies and guidelines and has set up adequate review processes/mechanisms to achieve the said purpose and your Company continuously strives to achieve

excellence in corporate governance through its values – Integrity, Commitment, Passion, Seamlessness and Speed.

In terms of the Listing Regulations, the details of compliance for the year ended March 31, 2020 are as follows:

### 2. BOARD OF DIRECTORS

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

Your Company has a judicious mix of Executive Directors & Non- Executive Directors (including Independent Directors) to maintain independency, in-depth knowledge, specialized skills and rich experience, which is essential to separate the two main functions of Board viz., governance and management. Your Company's Board comprises of Six (6) Directors, viz. 1 (One) Non-Executive Chairman (Promoter), 1 (One) Managing Director & CEO, 3 (Three) Non-Executive Independent Directors which includes 1 (One) Women Director and 1 (One) Non-Executive & Non Independent Director. The Board composition is in compliant with the provisions of the Companies Act, 2013 ("the Act"), Rules made thereunder and requirements of the Listing Regulations.

Composition of Board of Directors as on March 31, 2020, Number of Directorships including committee positions held by them as on March 31, 2020 and attendance for the meetings of Board and previous Annual General Meeting (held on July 24, 2019) are given below:

Name of the Director	Category of Directorship	(₹ in Lacs)						
		Number of Directorships held in other Companies			Number of Committee positions held in other Companies <sup>(3)</sup>		Attendance at	
		Total Directorships <sup>(1)</sup>	Directorships in listed Companies	Directorships in other Public Companies <sup>(2)</sup>	Chairman	Member	Board Meetings	Previous AGM
Mr. CK Birla	Chairman Promoter Non-Executive	7	4	3	-	-	7	Yes
Mr. Dhirup Roy Choudhary	Managing Director & CEO	-	-	-	-	-	7	Yes
Mr. Desh Deepak Khetrpal	Non-Executive Director	3	3	-	-	3	7	Yes
Mr. VV Ranganathan	Independent Director (NED)	-	-	1	-	-	7	Yes
Dr. Arvind Sahay	Independent Director (NED)	2	2	-	1	3	5	Yes
Mrs. Gauri Rasgotra	Independent Director (NED)	1	1	-	1	2	5	No

**Details of Directors, who are directors in other listed entities:**

S. No.	Director	Listed Companies	Designation in the other Company	Committee Positions in the other Company <sup>#</sup>
1	Mr. CK Birla	Orient Paper & Industries Limited	Chairman & Director	Nil
		Orient Cement Limited	Chairman & Director	Nil
		Orient Electric Limited	Chairman & Director	Nil
		Birlasoft Limited	Non-Executive Director	Nil
2	Mr. Desh Deepak Khetrapal	Orient Cement Limited	Managing Director	AC & SRC
		Oriental Bank of Commerce <sup>^</sup>	Independent Director	Nil
		Orient Electric Limited	Non-Executive Director	AC
3	Dr. Arvind Sahay	Gujarat Narmada Valley Fertilizers & Chemicals Limited	Independent Director	AC
		IFCI Limited	Independent Director	AC & SRC
		Orient Paper & Industries Limited	Independent Director	AC & SRC

<sup>#</sup>This includes only Chairmanships / Memberships of the Audit Committee and Stakeholders Relationship Committee of all listed and unlisted Public Limited Companies as per Regulation 26 of SEBI Listing Regulations

<sup>^</sup>Resigned consequent to merger of Oriental Bank of Commerce with Punjab National Bank from April 1, 2020.

**Declarations:**

- The composition of the Board is in conformity with the Regulation 17(1) of the SEBI LODR Regulations.
- None of Directors are related to each other in terms of the definition of "relative" as defined in Section 2(77) of the Companies Act, 2013.
- None of the Directors on the Board are directors on more than eight Companies as required under Regulation 17 of SEBI LODR Regulations.
- None of the Independent Directors are serving as independent director in more than seven listed entities as required under Regulation 17 of SEBI LODR Regulations.
- None of the Independent Directors are Managing Director or Whole Time Directors on other listed entities as required under Regulation 17 of SEBI LODR Regulations.
- Independent Director means a Director as defined under Clause 16 of the Listing Regulations and Section 149 of the Act and All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulations 16(1)(b) and 25 of the Listing Regulations and Section 149(6) of the Act. In the opinion of the Board, all the Independent Directors fulfill the conditions specified under Listing Regulations and the Act and are independent of the management.
- None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the Companies in which he/she is a Director as required under Regulation 26 of SEBI LODR Regulations.
- Except Mr. CK Birla, who holds 51376 equity shares representing 0.69% and Mr. Dhirup Roy Choudhary, who holds 500 equity shares representing 0.01% none of the other Directors holds shares or control in the Company.
- During the financial year 2019-20, information as specified in Part A of Schedule II to the Regulations such as annual operating plans and budgets, capital budgets, financial results of the Company, foreign currency exposures on quarterly basis and such other information as and when applicable were placed before the Board for its consideration.
- The senior management personnel confirmed that they don't have any personal interest in respect of all material financial and commercial transactions entered into by the Company, which may have a potential conflict with the interest of the Company at large.
- The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and rules made thereunder read with Regulation 25 of the SEBI Listing Regulations.
- As per the requirements of Regulations 25(6), there was no requirement to replace the vacancy created by the resignation of the Independent Directors and the composition of the Independent Directors meet the requirement of Independent Directors in its Board of Directors without filling the vacancy created by such resignation
- The Company has suitable Directors & Officers Insurance Policy obtained with adequate coverage and complies the requirement of Regulation 25(10) of SEBI Listing Regulations.
- A formal letter of appointment is issued to all Independent Directors, a specimen of which is been placed on the Company website <https://hil.in/investor-relations/letter-of-appointments-terms-of-independent-director/>

- Details of Directors along with their profile are forming part of the Notice of 73rd Annual General Meeting of the Company.

#### Core competencies of the Board of Directors as per Schedule C of Corporate Governance Requirements of the SBEI (LODR) Regulations 2015:

The Board of Directors consist of mix of individual Directors who have balance of skills, who collectively guide the Company on the path of leadership , direct the implementation of corporate policies, setting goals, strategy formulation to achieve corporate growth alongwith other personal attributes such as integrity, strong ethics, honesty and sound professional knowledge.

Following are the core skills/expertise/competencies identified by the Board of Directors as required in the context of the business of the Company for it to function effectively are :

- Governance and Board service
- Business Understanding
- Risk/Legal/Regulatory Compliance
- Information Technology/Accounting/Financial Experience
- Industry/Sector Knowledge
- Strategy development and implementation

The Board members collectively display the following personal qualities:

- Integrity: fulfilling a Director's duties and responsibilities;
- Curiosity and courage : ask questions and persistence in challenging management and fellow Board members wherever necessary;
- Interpersonal skills : work well in a group, listen well, tactful, ability to communicate their point of view frankly;
- Interest : in the organisation, its business and the people;
- Instinct : good business instincts and acumen, ability to get to the crux of the issue quickly;
- Believer in gender diversity;
- Active participation: at deliberations in the meeting.

Your Company's Board comprises of an equal number of Independent and Non-Independent Directors. The Directors are professionals, possessing wide experience and expertise in their areas of function - strategy; finance; governance and legal; marketing, insurance, among others, which together with their collective wisdom fuel your Company's growth.

All the directors possesses adequate skill set and expertise / competence in the said areas identified by the Board to drive the business of your Company.

#### A chart or a matrix setting out the skills/expertise/ competence of the Board of Directors

core skills /expertise / competencies	Mr. CK Birla	Mr. Dhirup Roy Choudhary	Mr. Desh Deepak Khetrpal	Mr. VV Ranganathan	Dr. Arvind Sahay	Mrs. Gauri Rasgotra
Governance and Board service	Yes	Yes	Yes	Yes	Yes	Yes
Business Understanding	Yes	Yes	Yes	Yes	Yes	Yes
Risk/Legal/Regulatory Compliance	Yes	Yes	Yes	Yes	Yes	Yes
Information Technology / Accounting/Financial Experience	Yes	Yes	Yes	Yes	Yes	Yes
Industry/Sector Knowledge	Yes	Yes	Yes	Yes	Yes	Yes
Strategy development and implementation	Yes	Yes	Yes	Yes	Yes	Yes

#### (b) Board Meetings and Procedures

During the year under review, 7 (Seven) Board Meetings were held (as detailed below) and the maximum time-gap between any two consecutive meetings is not more than one hundred and twenty days, thereby complying with the applicable statutory requirements.

Date of Board meeting	Board Strength	No. of Directors Present	Percentage
May 27, 2019	6	5	83%
July 24, 2019	6	5	83%
August 12, 2019	6	6	100%
November 14, 2019	6	5	83%
January 16, 2020	6	5	83%
February 13, 2020	6	6	100%
March 31, 2020	6	6	100%

The Board is regularly apprised and informed of important business-related information. The dates of the Board Meetings are finalized in consultation with all Directors well in advance. Agenda papers supported by comprehensive notes and relevant information, documents and presentations are circulated in advance to all the Board Members which enable them to take informed decisions and discharge their functions effectively. The agenda for Board Meeting covers items set out in as per Companies Act, 2013 and SEBI Listing Regulations to the extent these are relevant and applicable.

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

Other significant details included in the presentation / agenda discussion covers Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, Material default in financial obligations, public or product liability claims, Corporate Guarantees / Security issued, update on internal controls, Instances of significant fraud along with quarterly / annual financial statements including Budgets and Capex and Revenue Budgets of Subsidiaries (including its Subsidiaries).

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

During the year under review, the Board has accepted all the recommendations from the Committees.

### (c) Independent Directors' Meeting:

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

The Independent Directors met on November 14, 2019 without the presence of Non-Independent Directors and members of the Management. At this meeting, the Independent Directors evaluated the performance of the Non-Independent Directors, Board of Directors as a whole and also evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality,

quantity and timeliness of the flow of information between the Company, Management and the Board.

Date of Meeting	No. of Directors	No. of Directors Present	Percentage
November 14, 2019	3	2	66%

### (d) Board Induction, Training and Familiarisation

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

The Directors are familiarised with your Company's business model and its operations. Interactions are held between the Directors and Senior Management of your Company at regular intervals. Directors are familiarised with the organisational set-up, functioning of various departments, internal control processes and relevant information pertaining to your Company.

They are periodically updated on the industry scenario, changes in regulatory framework and the impact thereof on the working of your Company.

The details of such Familiarization Programmes for Independent Directors are available on <https://hil.in/investor-relations/familiarization-program/>

### (e) Performance of the Board and evaluation

A formal evaluation mechanism has been adopted for evaluating the performance of the Board.

Committees thereof, individual Directors and the Chairman of the Board. The evaluation is based on criteria which includes, among others, attendance and preparedness for the meetings, contribution at meetings, effective decision making ability, role of the Committees.

- Structured evaluation forms, as recommended by the Nomination & Remuneration Cum Compensation Committee, after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, were circulated to all the members of the Board along with the Agenda Papers for evaluation of the performance of the Board, its Committees and its Directors.
- The members of the Board were requested to evaluate by filling the evaluation forms and the duly filled in evaluation forms were required to be sent to the Company Secretary in a sealed envelope or personally submitted to the Chairman at the concerned meeting.

- Based on the individual evaluation of the Directors, the Board initiated a detailed discussion at the concerned meeting on the performance of the Board / Committee / Individual Director, and formulated a final collective evaluation of the Board. The Board also provided an individual feedback to the concerned Director on areas of improvement, if any.

### 3. COMMITTEES OF DIRECTORS

#### 3.1 Audit Committee

##### (a) Composition and Meetings

The Company constituted a qualified and Independent Audit Committee comprising of 3 (three) Non-Executive Independent Directors in accordance with the provisions of Regulation 18 of SEBI LODR Regulations and Section 177 of the Companies Act, 2013.

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

During the year under review, 4 (four) Audit Committee Meetings were held and the maximum gap between any two meetings was not more than one hundred and twenty days.

The dates, composition and the attendance of the Committee at the meetings were as follows:

Date of Audit Committee	Strength	No. of Directors Present	Percentage
May 27, 2019	4	4	100%
August 12, 2019	4	4	100%
November 14, 2019	4	3	75%
February 13, 2020	4	4	100%

Name of the Director	Designation	No. of Meetings	Attended	Percentage
Mr. VV Ranganathan	Chairman	4	4	100%
Mr. Desh Deepak Khetrpal	Member	4	4	100%
Mrs. Gauri Rasgotra	Member	4	4	100%
Dr. Arvind Sahay	Member	4	3	75%

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

The Chairman of the Audit Committee, Mr. VV Ranganathan, was present at the last Annual General Meeting of the Company held on July 24, 2019 and Company Secretary acts as a Secretary to the Audit Committee.

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

##### (b) Role of Audit Committee

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

The Committee also supervises the performances of the Subsidiaries (including step down subsidiaries and take note information as required under Companies Act, 2013 & SEBI Listing Regulations.

The details of related party transactions as required under the Companies Act, 2013, SEBI Listing Regulations and the applicable Accounting Standards (Ind-AS) are provided in others part of the Annual Report.

#### 3.2 Nomination & Remuneration cum Compensation Committee

##### (a) Composition and Attendance

The current composition of the Nomination & Remuneration Cum Compensation Committee comprises of 4 (Four) Non-Executive Directors out of which 2(two) are Independent Director and the Committee is empowered with the powers as prescribed under Regulation 19 of SEBI LODR Regulations and Section 178 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

Details of the meetings, composition and attendance Committee were as follows:

Date of Committee Meeting	Strength	No. of Directors Present	Percentage
May 27, 2019	3	3	100%
August 12, 2019	3	3	100%
October 14, 2019	3	2	67%

The following are the changes to the Committee during the year

Date	Change	Reason
January 16, 2020	Change in Composition	Reconstitution of the Committee in view of appointment of Mr. CK Birla, Chairman of the Board as a Member into the Nomination & Remuneration cum Compensation Committee, by the Board of Directors

Name of the Director	Designation	No. of Meetings	Attended	Percentage
Mr. VV Ranganathan	Chairman	3	3	100%
Mr. CK Birla	Member	NA	NA	NA
Mr. Desh Deepak Khetrapal	Member	3	2	67%
Mrs. Gauri Rasgotra	Member	3	3	100%

### (b) Nomination, Remuneration and Evaluation Policy

Nomination, Remuneration and Evaluation Policy ("Remuneration Policy") of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate Directors on the Board, Key Managerial Personnel and the Senior Management Officers. Our Business Model promotes customer centricity and requires employee mobility to address various project needs. The Remuneration Policy supports such mobility through appropriate pay models that are at par with industry standards.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component), variable pay and other benefits to its Managing Director & CEO, Key Managerial Personnel and other Senior Management Officers of the Company. Annual increments are recommended by the Nomination and Remuneration Cum Compensation Committee which are normally effective from April 1, of every year. Based on the performance of the Company viz a viz the concerned employee, the Nomination and Remuneration Cum Compensation Committee decides and recommends to the Board of

Directors the variable amount payable to them. The Nomination and Remuneration Cum Compensation Committee also decides, and recommends to the Board of Directors, the remuneration (commission) payable to the Non- Executive Directors in addition to sitting fees which are paid for attending the Board and Committee Meetings.

The Nomination and Remuneration Policy of the Company, as adopted by the Board of Directors is available on the website of the Company and can be accessed through the following link <https://hil.in/investor-relations/policies/>

The key objectives of this Policy includes:

- guiding the Board of Directors in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- specifying the manner for effective evaluation of the performance of members of the Board, the Board as a whole and Committees thereof, and review its implementation and compliance.
- recommending to the Board the remuneration, in whatever form, payable to the Directors, Key Managerial Personnel & Senior Management.

The remuneration paid/payable to each of the Directors for the financial year ended March 31, 2020 is as under:

Name of the Director	Tenure	Remuneration for the financial year ended March 31, 2020 (₹ in Lacs)				
		Sitting Fee	Salary & Perquisites	Performance Pay	Commission	Total
Mr. CK Birla	NA	7.00	0	0	35.00	42.00
Mr. Dhirup Roy Choudhary	5	NA	408.07	0	NA	408.07
Mr. Desh Deepak Khetrapal	NA	13.25	0	0	15.00	28.25
Mr. VV Ranganathan	5	15.75	0	0	15.00	30.75
Dr. Arvind Sahay	5	9.75	0	0	10.00	19.75
Mrs. Gauri Rasgotra	5	13.75	0	0	10.00	23.75

Notes:

- The Members of the Company at the Annual General Meeting held on July 28, 2016 approved the payment of remuneration by way of commission to the Non-Executive Directors of the Company for each financial year commencing from April 1, 2016. All the Non-executive Directors are eligible to receive commission up to a maximum of 1% of profits calculated in accordance with the provisions of Section 197 of the Companies Act 2013, as recommended by the Nomination & Remuneration cum Compensation Committee and approved by Board, in addition to the sitting fees.
- The Executive Directors are the employees of the Company and are subject to service conditions as per the Company's Policy. There is no separate provision for payment of severance fees.
- As on March 31, 2020, none of the Independent Directors hold stock options or shares of the Company.
- The Non-Executive Independent Directors on the Company's Board, apart from receiving sitting fees and commission if any, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries or associate Companies.

5. The details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under Regulation 36 of SEBI LODR Regulations are provided in the Notice convening Annual General Meeting.
6. The Chairman of the Committee was present at the Annual General Meeting held on July 24, 2019.
7. **Criteria for making payment to Non-executive Directors:** The criteria of making payment to the Non-executive directors is based on the varied roles played by them towards the Company. It is not just restricted to corporate governance or outlook of the Company, but they also bring along with them significant professional expertise and rich experience across the wide spectrum of functional areas. There are no payments made to Non-Executive Directors apart from sitting fee, commission and reimbursements of expenses, if any for attending the meetings of the Company.
8. Details of Employee Stock Options, issue price, holding of ESOPs by KMPs, details of exercise, vesting etc., are provided in other parts of the annual report.

### 3.3 Stakeholders' Relationship Committee:

#### (a) Composition and Meetings

The Stakeholders' Relationship Committee comprises of 3(three) Independent Non-Executive Directors.

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

Details of the meetings, composition and attendance Committee is as follows:

Date of Committee Meeting	Strength	No. of Directors Present	Percentage
May 27, 2019	3	3	100%
August 12, 2019	3	3	100%
November 14, 2019	3	2	67%
February 13, 2020	3	3	100%

Name of the Director	Designation	No. of Meetings	Attended	Percentage
Mrs. Gauri Rasgotra	Chairman	4	4	100%
Mr. VV Ranganathan	Member	4	4	100%
Dr. Arvind Sahay	Member	4	3	75%

#### (b) Compliance Officer

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

#### (c) Shareholders' Complaints received and redressed

During the year 2019-20, all requests received from the shareholders were attended on time and the following queries/requests/complaints were received and resolved in the prescribed time:

Nature of Communication	As on April 1, 2019	Received during the year	Resolved during the year	As on March 31, 2020
Non-Receipt of Dividend Warrants	0	1	1	0
Non-Receipt of Share Certificates on transfer	0	0	0	0
Non-Receipt of Annual Report	0	0	0	0
Non-Receipt of Exchanged Share/ Split Share/ Bonus Share Certificate	0	0	0	0

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

The Corporate Social Responsibility (CSR) Committee comprises of 3 (three) Non-Executive Directors out of which 2(two) are Independent Directors. During the year under review, the Corporate Social Responsibility (CSR) Committee met on May 27, 2019 and February 13, 2020. The composition of the Corporate Social Responsibility (CSR) Committee and the attendance of each Member of the Committee at the meetings were as follows:

Name of the Director	Designation	No. of Meetings	Attended	Percentage
Mr. Desh Deepak Khetrpal	Chairman	2	2	100%
Mr. VV Ranganathan	Member	2	2	100%
Mrs. Gauri Rasgotra	Member	2	2	100%

The Terms and Reference of the Committee are as follows:

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

### 3.5 Risk Management (RM) Committee:

#### (a) Composition and Attendance

The Risk Management (RM) Committee comprises of 7 (seven) members out of which 4 (four) are Non-Executive Directors consists of 3(three) Independent Directors and 1(one) Non-Independent Director; 2(two) Key Managerial personnel out of which 1 (one) is Executive Director (Managing Director & CEO) and the other 1 (one) is Chief Financial Officer; 1(one) Head Internal Audit and the Committee is empowered with the powers as prescribed under Regulation 21 of SEBI LODR Regulations and Section 134 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

During the year under review, the Risk Management (RM) Committee met on February 13, 2020. The composition of the Risk Management (RM) Committee and the attendance of each Member of the Committee were as follows:

Name of the Director / KMP / Sr. Management	Designation	No. of Meetings	Attended	Percentage
Mr. VV Ranganathan	Chairman	1	1	100%
Mr. Dhirup Roy Choudhary	Member	1	1	100%
Mr. Desh Deepak Khetrpal	Member	1	1	100%
Dr. Arvind Sahay	Member	1	1	100%
Mrs. Gauri Rasgotra	Member	1	1	100%
Mr. KR Veerappan	Member	1	1	100%
Mr. Purav Gala	Member	1	1	100%

The Committee vested with the following Roles & Responsibilities:

- To assess the Company's risk profile and key areas of risk in particular.
- To recommend to the Board and adoption of risk assessment and rating procedures.
- To articulate the Company's policy for the oversight and management of business risks.
- To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
- To assess and recommend to the Board acceptable levels of risk.
- To develop and implement a risk management framework and internal control system.
- To report the trends on the Company's risk profile, reports on specific risks and the status of the risk management process.
- To define the risk appetite of the organization.
- To assist the Board in setting risk strategies, policies, frameworks, models and procedures in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting.

- To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.
- To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk.
- To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control.
- Such other roles and responsibilities as delegated by the Board.

#### 4. SUBSIDIARY COMPANY

As per the criteria given in Regulation 16 of SEBI (LODR), Regulations 2015, HIL International GmbH, Germany is a material subsidiary of the Company. Brief details of the Subsidiaries including step down subsidiaries are given in the Board's report.

The following key matters relating to the subsidiaries are regularly taken up by the Audit Committee/Board:

- Minutes of the previous meeting in a form of update by the Managing Director, who is also the Director in the Material Subsidiary.
- Review of financial statements, investments made by the subsidiary
- Major dealings such as assets, loans, material transactions etc.,
- Significant Transactions or contracts
- Compliance certificates as required.

The Company has formulated a Material Subsidiary Policy and the said policy is available on website of the Company <https://hil.in/investor-relations/policies/>

#### 5. GENERAL BODY MEETINGS

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

Financial Year Ended	Day	Time
March 31, 2019	July 24, 2019	3:00 P.M
March 31, 2018	August 6, 2018	3:00 P.M
March 31, 2017	July 18, 2017	3.00 P.M.

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

In the Annual General Meeting held on July 18, 2017	<ul style="list-style-type: none"> <li>• Appointment of Mr. Dhirup Roy Choudhary (DIN:07707322) as Managing Director &amp; Chief Executive Officer (CEO) of the Company.</li> <li>• To approve modifications of HIL Employee Stock Option Scheme, 2015 (ESOS 2015).</li> </ul>
In the Annual General Meeting held on August 6, 2018	<ul style="list-style-type: none"> <li>• To make investments, or to give loans or to give guarantee(ies) or to provide security(ies) to other Companies or body corporates upto ₹1000 Crores as per provisions of Section 186(3) of the Companies Act, 2013</li> <li>• To borrow funds upto ₹1000 Crores, from time to time for the business of the Company as per the Section 180(1)(c) of the Companies Act, 2013</li> <li>• To create security on the properties/assets of the Company, both present and future, in favour of lenders as per Section 180(1)(a) of the Companies Act, 2013</li> </ul>
In the Annual General Meeting held on July 24, 2019	<ul style="list-style-type: none"> <li>• To reappoint Mrs. Gauri Rasgotra (DIN: 06862334) as an Independent Director of the Company</li> </ul>

- (c) **Postal Ballot** : The following Special Resolution passed through Postal Ballot on October 3, 2019:

Approval for "HIL Limited Employee Stock Option Scheme-2019" for the employees of the Company.

The Company has provided the remote e-voting services of NSDL and Mr. Mohit Gujar, of M/s. P S Rao & Associates, Practicing Company Secretaries, as the scrutinizer for conducting the postal ballot voting process including e-voting in a fair and transparent manner.

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

#### 6. DISCLOSURES:

##### (a) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI LODR Regulations, during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of

Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards has been made in the notes to the Financial Statements.

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

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

#### (b) Compliance

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

#### (c) Code of Conduct

The Company has laid down a "Code of Business Conduct and Ethics" for the Directors and the Senior Management Personnel. The said Code is available on the website of the Company <https://hil.in/investor-relations/policies/>

All the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2020. A declaration to this effect signed by Managing Director & CEO forms part of this report as an Annexure.

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

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

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

All the complaints received under Vigil Mechanism Policy were investigated thoroughly and detailed update including

action taken, if any, on the same was presented to the Audit Committee and Statutory Auditors of the Company.

**(e) Material Subsidiary Policy:** As per Regulation 16(1) (c) of the SEBI (LODR) Regulations, 2015, the Company adopted the Material Subsidiary Policy and placed the same on website of the Company and web link thereto is <http://hil.in/investor-relations/policies/>

#### (f) Disclosure of Accounting Treatment

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

#### (g) CEO/CFO Certification

In terms of requirements of Clause 17(8) of SEBI LODR Regulations, Mr. Dhirup Roy Choudhary, Managing Director & CEO and Mr. KR Veerappan, Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended March 31, 2020 is forming part of this report. The certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on May 25, 2020.

#### (h) Details of Non-Compliance and Penalties

There was no non-compliance during the last three years by the Company on any matter related to Capital Market.

#### (i) Compliance Certificate of conditions of Corporate Governance

The Certificate from M/s. B S R & Associates, LLP, [ICAI Firm Registration Number 116231W / W-100024], Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance for the financial year ended March 31, 2020 forms part of this report.

#### (j) Prevention of Insider Trading

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

#### (k) Disclosure Under The Sexual Harassment Of Women At Workplace (Prevention, Prohibition, And Redressal) Act, 2013

As per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal)

Act, 2013('POSH Act') and rules made thereunder, your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment of women at workplace. The Company has also constituted Internal Complaints Committees. While maintaining the highest governance norms, the Company has appointed external independent person, Ms.Priya Iyengar (Advocate & NGO) who has worked in this area and have the requisite experience and knowledge in handling such matters, as Member of each of the Committees. To build awareness in this area, the Company has been conducting induction / awareness programmes in the organization on a continuous basis.

During the year under review, no complaint of sexual harassment was received by the Company.:

#### (I) Risk Management

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

## 7. MEANS OF COMMUNICATION

- **Website:** The Company's website <http://www.hil.in> contains a separate section for Investors wherein the updated information pertaining to quarterly, half-yearly and annual financial results, official press releases, shareholding pattern is available in a user-friendly and downloadable form.
- **Financial Results:** The quarterly, half-yearly and annual financial results of the Company are submitted to the BSE Limited and National Stock Exchange of India Limited immediately after approval of the Board of Directors of the Company. The results of the Company are published in one English daily newspaper and one Telugu newspaper within 48 hours of approval thereof and are also posted on Company's website <https://hil.in/investor-relations/2019-finance-result/>
- **Annual Report:** Annual Report containing inter alia Financial Statements, Directors' Report, Auditors' Report, and Corporate Governance Report is circulated to the members and others entitled thereto.
- **Quarterly Communication:** The quarterly results are communicated to the members of the Company by way of email and also placed on the website of the Company <https://hil.in/investor-relations/2019-finance-result/>.
- **Designated Exclusive Email ID:** The Company has designated E-mail Id [cs@hil.in](mailto:cs@hil.in) exclusive for shareholder/ investor servicing.
- **Uploading on NEAPS & BSE Listing Centre:** The quarterly results, quarterly compliances and all other corporate communications to the Stock Exchanges are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE.
- **Investor Calls and Presentations:** Investor Call and presentations are communicated to the Members and Stock Exchanges and also placed on the website of the Company <https://hil.in/investor-relations/2019-finance-result/> on approval of quarter, half and yearly results by the Board of Directors of the Company

## 8. GENERAL SHAREHOLDER'S INFORMATION:

<b>Date, time and Venue of AGM</b>	July 29, 2020 at 3.00 PM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") (Facility hosted by NSDL from Hyderabad)
<b>Financial year</b>	April 1, 2019 to March 31, 2020
<b>Book Closure</b>	From Thursday, July 23, 2020 to Wednesday, July 29, 2020 (both days inclusive)
<b>Record Date for Final Dividend</b>	Wednesday July 22, 2020
<b>Record Date for remote e-voting</b>	Wednesday July 22, 2020
<b>Record Date for attending AGM through Video Conferencing</b>	Wednesday July 22, 2020
<b>Dividend Payment Date</b>	Will be credited or dispatched August 4, 2020 onwards Interim dividend declared during the year 2019-20 was paid on February 28, 2020.
<b>Listing on Stock Exchanges</b>	1) BSE Limited, PhirozeJeejeebhoy Towers, Dalal Street, MUMBAI – 400001 2) National Stock Exchange of India Limited. 'EXCHANGE PLAZA' 5th Floor, Plot #C/1, G-Block, Bandra-Kurla Complex, Bandra (E), MUMBAI – 400051
<b>Stock Code</b>	BSE 509675 / HIL; NSE: HIL
<b>Listing Fees</b>	The Listing fee for the year 2019-2020 and 2020-2021 has been paid to the above said Stock Exchanges.

<b>E-voting facility</b>	Opening Date: July 25, 2020 @ 9:00 AM Closing Date : July 28, 2020 @ 5:00 PM
<b>Address for Correspondence</b>	Mr. G Manikandan, Company Secretary & Financial Controller HIL Limited, 7th Floor, SLN Terminus, Survey No.: 133, Beside Botanical Gardens, Gachibowli, Hyderabad-500032.Tel: 91 40 68249000, 68249122 (D)Email: cs@hil.in
<b>Suspension of Trading</b>	No securities of the Company were suspended from trading on stock exchanges during the year under review.
<b>Convertible Instruments</b>	The Company has not issued any convertible instruments

**Credit Rating**

S. No.	Agency	Type	Rating
1	ICRA	Long Term – Credit Facilities	'ICRA AA-/Stable'
2	ICRA	Short Term – Debt	'ICRA A1+'
3	India Ratings	Long Term - Term Loan	'IND AA-/Stable'

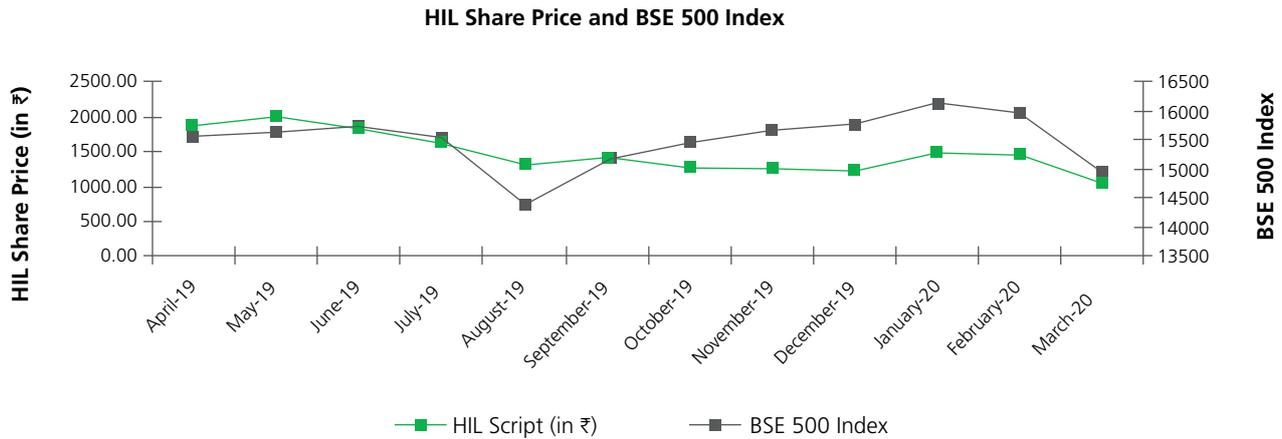
**Remote e-voting at the Annual General Meeting:** To allow the Members to vote on the resolutions proposed at the Annual General Meeting, the Company has arranged for a remote e-voting facility. The Company has engaged NSDL to provide e-voting facility to all the Members. Members whose names appear on the register of Members as on July 22, 2020 shall be eligible to participate in the e-voting and the Members who have not already cast their vote by remote e-voting can exercise their vote at the Annual General Meeting.

**Market Price Data**

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2019-20 at the BSE Limited and the National Stock Exchange of India Limited were given below:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Ltd., (NSE)			BSE 500 Index	
	High (₹)	Low (₹)	No. of Shares Traded	High (₹)	Low (₹)	No. of Shares Traded	High	Low
Apr-19	1892.00	1796.00	9489	1895.00	1788.85	340005	15570.55	15170.57
May-19	2030.00	1675.00	13067	2025.00	1671.10	162597	15657.45	14424.10
Jun-19	1824.85	1492.65	11974	1840.00	1490.00	124798	15742.11	15008.73
Jul-19	1636.80	1145.00	15665	1647.00	1141.50	159416	15527.12	14144.39
Aug-19	1336.95	1100.00	22966	1335.00	1099.20	126403	14424.42	13678.41
Sep-19	1431.00	1101.20	44477	1428.90	1103.00	274841	15151.94	13860.19
Oct-19	1299.00	1075.00	22006	1299.00	1070.05	152703	15456.77	14291.12
Nov-19	1278.95	1088.00	43071	1281.00	1085.05	345144	15676.36	15228.68
Dec-19	1249.10	1113.90	17962	1250.00	1112.50	127686	15786.44	15193.17
Jan-20	1487.45	1236.20	26093	1488.00	1221.95	408329	16158.41	15399.68
Feb-20	1388.00	1030.50	15289	1470.00	1031.00	215220	15977.95	14597.05
Mar-20	1075.70	497.15	31124	1079.90	518.30	269768	14947.11	9758.33

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



- Registrar and Transfer Agents** : M/s. Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad – 500018 Tel: 91-40-23818475 / 476, Fax: 91-40-23868024  
Email: info@vccipl.com
- Share transfer System** : Share Transfers in physical form shall be lodged with the Registrars at the said address. The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects. Pursuant to Regulation 40 of SEBI (LODR) Regulations, certificates, on half-yearly basis, have been given by a Practicing Company Secretary duly certifying compliance of shares transfer formalities.

## Distribution of Equity Shares as on March 31, 2020

S. No.	Range	No. of Shares	Percentage to Capital	No. of Shareholders	Percentage to Total
1	Upto - 500	1274305	17.04	21052	95.61
2	501 - 1000	379814	5.08	505	2.29
3	1001 - 2000	321226	4.30	222	1.01
4	2001 - 3000	183742	2.46	73	0.33
5	3001 - 4000	132207	1.77	37	0.17
6	4001 - 5000	128787	1.72	28	0.13
7	5001 - 10000	356972	4.77	51	0.23
8	10001 and above	4701250	62.86	50	0.23
	<b>Total:</b>	<b>7478303</b>	<b>100.00</b>	<b>22018</b>	<b>100.00</b>

## Shareholding Pattern as on March 31, 2020

S. No.	Category	For the quarter ended March 31, 2020	
		No. of shares held	% of share holding
<b>1</b>	<b>Promoters Group</b>		
	Indian	3059212	40.91
	Foreign	-	-
<b>2</b>	<b>Non-promoters</b>		
	Institutions	730639	9.77
	Central Government/State Government(s)	305552	4.09
	Non Institutions		
	a. Bodies Corporate	418657	5.60
	b. Individuals	2716362	36.32
	c. Clearing Members	11048	0.15
	d. Trust	2050	0.02
	e. Non Resident Individuals / OCB's	202761	2.71
	f. IEPF Authority	32022	0.43
	<b>Total</b>	<b>7478303</b>	<b>100.00</b>

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

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on March 31, 2020, 99.22% of the Company's Equity Shares are in dematerialised form.

#### Locations

S. No.	State	Products Manufactured	Location
<b>Manufacturing Facilities</b>			
1	Telangana	Boards	Hyderabad, Sanatnagar - 500018
2	Telangana	Fly Ash Blocks, Sandwich Panels and Pipes & Fittings	Thimmapur, Mahboobnagar District - 509325
3	Andhra Pradesh	Fiber Cement Sheets & Next Gen Sheets	Vijayawada, Plot No.289, IDA, Kondapally - 521228
4	Haryana	Fiber Cement Sheets, Sandwich Panels and Pipes & Fittings	Faridabad, Sector-25 – 121005
5	Haryana	Thermal Insulation	Dharuhera, Plot No.31, Rewari District - 122106
6	Haryana	Fly Ash Blocks, Wall Putty & Dry Mix	Jhajjar, Amadalshahpur, Village- Akeri Madanpur, -124146
7	Jharkhand	Fiber Cement Sheets	Jasidih, Industrial Area – 814142
8	Tamil Nadu	Fly Ash Blocks	Chennai, Kannigaiper Vil., Tiruvallur District -601102
9	Maharashtra	Fiber Cement Sheets & Coloured Steel Sheets	Wada, Musarane Vil., Thane District – 421312
10	Uttar Pradesh	Fiber Cement Sheets	Sathariya, SIDA, Jaunpur District – 222022
11	Odisha	Fiber Cement Sheets & Coloured Steel Sheets	Balasore, IDCO, Plot No. 72, ND Centre, Somanathpur – 756019
12	Gujarat	Fly Ash Blocks and Pipes & Fittings	Golan, Village, Valod Taluka, Tapi District – 394640
<b>Wind Mills</b>			
13	Gujarat	3.60 MW (2x1.80 MW)	Kutch District, Gujarat
14	Tamil Nadu	1.25 MW	Coimbatore, Tirupur District, Tamil Nadu
15	Rajasthan	2.50 MW (2x1.25 MW)	Jodhpur District, Rajasthan
16	Rajasthan	2.00 MW	Jaisalmer District, Rajasthan

## 9. OTHER INFORMATION/REQUIREMENTS:

### (a) Financial Calendar

The financial year covers the period starting from April 1 and ending on March 31. The tentative dates of meeting of Board of Directors and Audit Committee for consideration of financial results during the financial year ending March 31, 2021 are as follows:

Board Meeting for consideration of unaudited quarterly results for the financial year 2020-21	Within forty five days from the end of the quarter, as stipulated under the SEBI Regulations.
Board Meeting for consideration of audited results for the current financial year 2020-21	Within sixty days from the end of the last quarter, as stipulated under the SEBI Regulations.
Annual General Meeting for adoption of Annual Accounts for the year 2020-21	On or before September 30, 2021*

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

\* Indicative dates and actual date can vary.

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

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

### (c) Transfer of Unclaimed Dividends and Shares therein

During the year under review, an amount of ₹15,07,160/- (Final unclaimed dividend – ₹8,94,950/- and Interim unclaimed dividend – ₹6,12,210/-) pertaining to unpaid/unclaimed dividend (Final Dividend 2011-12 and Interim Dividend 2012-13) has been transferred to Investor Education and Protection Fund (IEPF) on August 18, 2019 and February 22, 2020.

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

Financial Year	Interim / Final	Date of Declaration	Due date / cut off date to transfer to IEPF
2012-13	Final	30-Jul-13	27-Aug-20
2013-14	Final	18-Jul-14	15-Aug-21
2014-15	Interim	16-Sep-14	14-Oct-21
2014-15	Final	30-Jul-15	27-Aug-22
2015-16	Interim	04-Feb-16	04-Mar-23
2015-16	Final	28-Jul-16	26-Aug-23
2016-17	Interim	16-Jan-17	14-Feb-24
2016-17	Final	18-Jul-17	16-Aug-24
2017-18	Interim	24-Jan-18	22-Feb-25
2017-18	Final	06-Aug-18	04-Sep-25
2018-19	Interim	08-Feb-19	09-Mar-26
2018-19	Final	24-Jul-19	22-Aug-26
2019-20	Interim	13-Feb-20	14-Mar-27

As per the provisions of Section 124 of the Companies Act, 2013 the Company is under process to transfer the unclaimed dividend and shares, wherein the dividends are unclaimed for seven consecutive years i.e from Final Dividend 2012-13 and the same shall be transferred to IEPF Suspense Account (as notified by IEPF Authority) as per the IEPF Rules 2016.

Members who have not yet encashed their dividend from the financial year 2012-13 final dividend, onwards are requested to make their claims without any delay to Registrar and Share Transfer Agents (RTA) of the Company for claiming the unclaimed/unpaid dividends.

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

Divided Account	No. of Shares	Transfer Date
Final Dividend 2011-12	988	September 17, 2019
Interim Dividend 2012-13	2884	March 23, 2020

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

#### IEPF Suspense Account

HIL IEPF Suspense Account maintained with NSDL		Shares	No. of Shareholders
01.04.2019	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	28200	449
Add	Transfer to IEPF Suspense during the year Final (2011-12)	988	15
Add	Transfer to IEPF Suspense during the year Interim (2012-13)	2884	21
Less	Transfer from IEPF to Shareholders	50	1
31.03.2020	<b>Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;</b>	<b>32022</b>	<b>484</b>
01.03.2020	Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	151	4
01.03.2020	Number of shareholders to whom shares were transferred from suspense account during the year	50	1

Manner of claiming shares: Members are requested to follow the detailed manner, as provided by the IEPF authority to claim their shares/dividends from IEPF Suspense Account.

Detailed Manner is available at <http://www.iepf.gov.in/IEPF/refund.html>

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

As on March 31, 2020, a total of 68,460 Options were outstanding (Including Options transferred back to the pool on account of resignations/cessations) under "HIL Employee Stock Option Scheme 2015" and a total of 1,05,049 options were outstanding (including options transferred back to the pool on account of resignations) under HIL Employee Stock Option Scheme 2019". Each Option is convertible into one equity share of ₹10/- each. The Company had not issued any GDRs/ADRs/ Warrants etc. during the year 2019-20.

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

During the year 2019-20, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports and also receivable from its wholly owned subsidiary. The details of foreign currency exposure are disclosed in Note 42 of the notes forming part of the financial statements.

**(f) Register e-mail address**

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

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

**(g) Board Confirmation on Independent Directors**

Board of Directors hereby confirms that, the independent directors fulfil the conditions specified in SEBI Listing Regulations and are independent of the management.

**(h) Proceeds from public issues, rights issues, preferential issues**

During the year, your Company did not raise any funds by way of public issues, rights issues, preferential issues etc.

**(i) Resignation of Independent Directors**

There were no resignations of Independent Director during the year.

**(j) Certificate from M/s. P S Rao & Associates, Company Secretary in Practice dated May 21, 2020 that none of the directors on the board of the Company have been debarred or disqualified from being appointed**

or continuing as directors of Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is enclosed herewith.

**(k) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is ₹113.63 Lacs.**

**(l) Compliance with Non Mandatory Requirements**

- The Board – The Chairman of the Company is a Non- Executive Director and does not maintain the Chairman's office at the Company's expenses.
- Separate posts of Chairman and CEO – The Company has a separate post of CEO.
- Shareholders Rights – As per requirements, the financial results were made available on the Company's website <https://hil.in/investor-relations/2019-finance-result/>.
- Audit Qualifications – There were no qualifications by the Auditors on the financial statements of the Company.
- Reporting of Internal Auditor – The Audit Committee is briefed through discussions and presentations the observations, review, comments, recommendations etc. through Internal Audit presentation by the Internal Auditor of the Company.

**(m) Non-Resident Shareholders : Non-resident shareholders are requested to immediately notify:**

- Indian address for sending all communications, if not provided so far;
- Change in their residential status on return to India for permanent settlement;
- Particulars of their NRE Bank Account with a bank in India, if not furnished earlier.

**(n) Other important information**

- In terms of the Regulations of NSDL and CDSL, the bank account details of Beneficial Owners of shares in demat form will be printed on the dividend warrants as furnished by the Depository Participants (DP).
- The Company will not entertain any request for change of bank details printed on their dividend warrants. In case of any changes in your bank details please inform your DPs immediately.
- Shareholders holding shares in physical form are requested to notify to the Company or its RTA, change in their address / pin code number and bank account details promptly by written request under the signatures of sole / first joint holder. Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their DPs as the same are maintained by the DPs.

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

- i. We have reviewed financial statements (Standalone & Consolidated) along with the cash flow statement of our Company for the financial year ended March 31, 2020 and that to the best of our knowledge and belief we hereby certify that:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of our Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- ii. There are, to the best of our knowledge and belief, no transactions entered into by our Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- iii. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of our Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any.
- iv. We have indicated to the auditors and the Audit committee
  - a. Significant changes in internal control over financial reporting during the period.
  - b. Significant changes in accounting policies during the period and the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**KR Veerappan**

Chief Financial Officer  
HIL Limited

**Dhirup Roy Choudhary**

Managing Director & CEO  
HIL Limited

## DECLARATION BY THE MANAGING DIRECTOR

I, Dhirup Roy Choudhary, Managing Director & CEO, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2019-2020.

Place: Kuala Lumpur  
Date: May 25, 2020

**Dhirup Roy Choudhary**  
Managing Director & CEO



## Independent Auditor's Certificate on the Corporate Governance Report for the period April 1, 2019 to March 31, 2020

To  
The Members of HIL Limited

- 1 This Certificate is issued in accordance with the terms of our engagement letter dated October 21, 2019.
- 2 HIL Limited ('the Company') requires Independent Auditor's Certificate on compliance with conditions of Corporate Governance as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended, for the period April 1, 2019 to March 31, 2020, for annexing the same to its Directors' Report for the year ended March 31, 2020.

### Management responsibility

- 3 The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for ensuring that the Company complies with the requirements of Regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V of the Listing Regulations for the period April 1, 2019 to March 31, 2020. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report and applying an appropriate basis of preparation.

### Auditor's Responsibility

- 4 Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the conditions of the Corporate Governance as stipulated in Listing Regulations for the period April 1, 2019 to March 31, 2020.
- 5 We have examined the compliance of the conditions of Corporate Governance by the Company for the period April 1, 2019 to March 31, 2020 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V of the Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.
- 6 We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ("Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
- 7 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Conclusion

- 8 In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of the Schedule V of the Listing Regulations, as applicable.
- 9 We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

## Restrictions on Use

This Certificate is issued solely for the purpose of complying with Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V of the Listing Regulations for the period

April 1, 2019 to March 31, 2020 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/ W-100024

**Vikash Somani**

*Partner*

Membership Number: 061272

ICAI UDIN: 20061272AAAAAW4815

Place: Hyderabad

Date: May 25, 2020



## DETAILS OF DIRECTOR SEEKING REAPPOINTMENT

<b>Name</b>	<b>Mr. CK Birla</b>
<b>Designation</b>	<b>Non-Executive Chairman</b>
<b>Date of Birth</b>	January 9, 1955
<b>Date of Appointment</b>	February 4, 1980
<b>DIN No.</b>	00118473
<b>Qualification &amp; Expertise in specific functional areas</b>	Mr. CK Birla holds Bachelor of Arts Degree and is an Indian industrialist having rich business experience since 1978 and philanthropist. He is Chairman of various CK Birla Group of Companies and a conglomerate operating across home and building products, automotive and technology, and healthcare and education.
<b>Occupation</b>	Industrialist
<b>Directorships held in other Companies</b>	<ol style="list-style-type: none"><li>1. Orient Paper &amp; Industries Limited</li><li>2. Orient Cement Limited</li><li>3. National Engineering Industries Limited</li><li>4. AVTEC Limited</li><li>5. Birla Brothers Pvt. Limited</li><li>6. Orient Electric Limited</li><li>7. Neosym Industry Limited</li><li>8. Birlasoft Ltd (Formerly KPIT Technologies Ltd.)</li><li>9. Birlasoft Inc., USA</li><li>10. Birlasoft (U.K.) Limited, London</li><li>11. ASS AG, Switzerland</li></ol>
<b>Memberships/ Chairmanships of Committees other than HIL Limited</b>	<ol style="list-style-type: none"><li><b>1. National Engineering Industries Limited</b> Nomination &amp; Remuneration Committee</li><li><b>2. Orient Cement Limited</b><ul style="list-style-type: none"><li>• Nomination &amp; Remuneration Cum Compensation Committee</li><li>• Implementation Committee</li><li>• Fund Raising Committee</li></ul></li><li><b>3. Orient Electric Limited</b><ul style="list-style-type: none"><li>• Nomination &amp; Remuneration Committee</li></ul></li></ol>
<b>Shareholding in the Company</b>	51376 Equity Shares

## Secretarial compliance report of HIL LIMITED for the Financial Year ended March 31, 2020

To  
Board of Directors  
HIL Limited  
Hyderabad.

We P. S. Rao & Associates Company Secretaries have examined:

- (a) all the documents and records made available to us and explanation provided by M/s HIL Limited ("Listed Entity") having its registered office at SLN Terminus 7th Floor, SY No. 113, Hyderabad 500032, Telangana, India, hereinafter referred to as "the listed entity"
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2020 ("01.04.2019 to 31.03.2020") in respect of compliance with the provisions of:
  - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; - **Not Applicable during the reporting period;**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **Not Applicable during the reporting period;**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- **Not Applicable during the reporting period;**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; - **Not Applicable during the reporting period;**

- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) The Depositories Act, 1996
- (j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (k) 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 and circulars/ guidelines issued thereunder; and based on the above examination, I/We hereby report that, during the Review Period:
  - (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder;
  - (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records;
  - (c) There were no instances of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder during the Reporting period;
  - (d) There were no observations made in previous reports issued to the Company;
  - (e) Since the auditor has already been appointed, the terms of appointment of the auditor have been suitably modified to give effect to 6(A) and 6(B) of the SEBI Circular No. CIR/CFD/CMD/114/2019 dated October 18, 2019.

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

**Mohit Gurjar**  
Partner

M. No. 20557  
C P No: 18644

Place: Hyderabad  
Date: 21.05.2020  
UDIN: A020557B000266033



## 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  
HIL Limited  
SLN Terminus  
7th Floor, SY No. 113,  
Hyderabad 500032

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HIL Limited having CIN: L74999TG1955PLC000656 and having registered office at SLN Terminus, 7th Floor, SY No. 113, Hyderabad 500032 (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](http://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 ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any other Statutory Authority.

S. No.	Name of Director	DIN	Date of appointment
1	Chandrakant Birla	00118473	04.02.1980
2	Dhirup Roy Choudhary	07707322	16.01.2017
3	Desh Deepak Khetrapal	02362633	28.10.2013
4	Velloor Venkatakishnan Ranganathan	00060917	19.03.2019
5	Arvind Sahay	03218334	08.02.2019
6	Gauri Rasgotra	06862334	08.05.2014

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 P.S. Rao & Associates**  
Company Secretaries

**Mohit Gurjar**  
Partner

M. No. 20557  
C P No: 18644

Place: Hyderabad  
Date: 21.05.2020  
UDIN: A020557B000265857

## Annexure (V): Details of Related Party Transactions

### Form No. AOC-2

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

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

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

S. No.	Name(s) of the related party	Nature of relationship	Nature and Salient terms contracts /arrangements/ transactions including the value, if any (₹ Lacs)	Duration of the contracts / arrangements/ transactions	Date(s) of approval by the Board, if any	
1	Orient Cement Limited	1) Mr. CK Birla, Director is a Director of the Company and holds more than 2% of the Share Capital.	Receipt of Rent, Reimbursement of Property tax and Maintenance Charges	81.84	Ongoing	Refer Note-1
		2) Mr. Desh Deepak Khetrpal, Director of the Company is the Managing Director of Orient Cement Limited	Sales of Company Products	13.56	On requirement basis	
2	Orient Paper & Industries Limited	1) Mr. CK Birla, Director is a Director of the Company and holds more than 2% of the Share Capital.	Receipt of Rent, Reimbursement of Property tax and Maintenance Charges	66.04	Ongoing	Refer Note-1
		2) Mrs. Gauri Rasgotra, Independent Director of the Company is an Independent Director of Orient Paper Limited				
3	Orient Electric Limited	1) Mr. CK Birla, Director is a Director of the Company and holds more than 2% of the Share Capital.	Sale of Goods Purchases of Goods	4.49 18.95	On requirement basis	Refer Note-1
		2) Mr. Desh Deepak Khetrpal, Director of the Company is an Non-Executive Director of Orient Electric Limited				
4	HIL International GmbH, Germany	Wholly owned Subsidiary of the Company	Interest Income Loan (Principle part Repayment)	1215.87 3857.62	Ongoing as per loan agreement	Refer Note-3
5	Parador GmbH, Germany	Step Down Subsidiary of the Company	Purchases of Goods	489.42	On requirement basis	Refer Note-1
			Reimbursements of expenses	15.87		

Note:

- As per the provisions of Companies Act, 2013, SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, none of the above mentioned transactions were material in nature and all the transaction are in accordance with the omnibus approval of the Audit Committee granted on August 6, 2019 and February 8, 2020. The transactions are also ratified by the Audit Committee and Board on quarterly basis.
- Advances, if any paid have been adjusted against billings, wherever applicable.
- As per the terms of Loan Agreement dated August 14, 2019 entered between Company and HIL International GmbH, Germany (WOS).
- As per the provisions of Ind-AS all Directors are treated as related parties, the details of sitting fees, commission & salaries paid to directors are disclosed in Corporate Governance Report and notes to Financial Statement.
- As per the provisions of SEBI Listing Regulations, 2015, any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company is treated as related party and there are no transaction with the said parties, apart from payment of dividends and other shareholder entitlements.
- The sale and purchase values are shown at base value of the materials sold or purchased, including taxes applicable.



## Annexure (VI): Secretarial Audit Report

### FORM NO. MR-3

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

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2020

To,  
The Members,  
HIL Limited  
Hyderabad

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2020** has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:
    - I. The Companies Act, 2013 ('the Act') and the amendments rules made thereunder;
    - II. The Securities Contracts ('Regulation') Act, 1956 ('SCRA') and the rules made thereunder;
    - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
    - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
    - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
      - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
      - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
      - c. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
    - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  3. The industry specific major law that is applicable to the Company is Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 under the Environment (Protection) Act, 1986.
  4. We have also examined compliance with the applicable clauses of the following:
    - a. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
    - b. Secretarial Standards issued by the Institute of Company Secretaries of India and notified under the Act.
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

During the Year under review, Company has obtained approvals for sale of Company's calcium silicate insulation products division operated under the brand "HYSIL" to Calderys India Refractories Limited through a slump sale arrangement on a going concern basis.

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

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

Company Secretaries

**Mohit Gurjar**

Partner

M No: 20557

C P No: 18644

Place: Hyderabad

Date: 21.05.2020

UDIN: A020557B000265991



## ANNEXURE A

To,  
The Members,  
**HIL Limited**  
Hyderabad

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. In view of the limitations imposed during the lockdown of the country due to the pandemic spread of the COVID-19 disease, the audit was conducted based on the information and documents provided by the management of the Company.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

**Mohit Gurjar**  
Partner

M No: 20557  
C P No: 18644

Place: Hyderabad  
Date: 21.05.2020

## Annexure (VII): Report on Subsidiaries & Joint Ventures

### Form AOC-1

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

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

#### Part "A": Subsidiaries

S. No.	Name of the subsidiary Particulars	HIL International	Parador Holdings	Parador GmbH,	Parador
		GmbH, Germany	GmbH, Germany	Germany	Parkettwerke GmbH, Germany
		Wholly Owned Subsidiary	Step Down Subsidiary	Step Down Subsidiary	Step Down Subsidiary
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01.04.2019 – 31.03.2020	01.04.2019 – 31.03.2020	01.04.2019 – 31.03.2020	01.04.2019 – 31.03.2020
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro	Euro	Euro	Euro
3	Share capital	34,025,000.00	100,000	25,000	327,027.75
4	Reserves & surplus	(1,065,001.00)	10,136,471.09	1,578.85	13,640,019.44
5	Total assets	78,892,38.96	38,567,865.07	67,854,250.06	24,349,230.44
6	Total Liabilities	40,319,009.58	28,331,393.98	67,827,671.21	10,382,183.25
7	Investments	54,026,888.96	26,066.25	8,608,583.00	0.00
8	Turnover	0.00	0.00	154,045,118.65	34,306,421.78
9	Profit before taxation	7,215,377.38	0.00	0.00	1,815,178.72
10	Provision for taxation	906,000.00	0.00	0.00	490,283.00
11	Profit after taxation	5,613,377.38	0.00	0.00	1,376,132.77
12	Proposed Dividend	0.00	0.00	0.00	0.00
13	% of shareholding	100% held by HIL Limited	100% held by HIL International GmbH, Germany	100% held by Parador Holdings GmbH, Germany	100% held by Parador GmbH, Germany

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

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

#### Part "B": Associates and Joint Ventures

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

	Name of Joint Ventures	Supercor Industries Limited, Nigeria	Parador (Shanghai) Trading Co., Ltd.
1	<ul style="list-style-type: none"> <li>Last audited Balance Sheet Date</li> <li>Latest Balance Sheet</li> </ul>	December 31, 2015 Refer note no. 46 to Notes to Accounts.	December 31, 2020 December 31, 2020
2	Shares of Joint Ventures held by the Company on the year end <ul style="list-style-type: none"> <li>Number</li> <li>Amount of Investment in JV</li> <li>Extent of Holding</li> </ul>	41,25,000 equity shares of Naira 1/- each ₹142.60 Lacs 33%	One share of EURO 1,00,000 ₹139.80 Lacs* 50%
3	Description of how there is significant influence	There is no significance influence	There is no significance influence
4	Reason why the associate/joint venture is not consolidated	Refer note no. 46 to Notes to Accounts	Not Applicable
5	Net worth attributable to shareholding as per latest Balance Sheet	Refer note no. 46 to Notes to Accounts	₹121.38 Lacs
6	Profit/Loss for the year <ul style="list-style-type: none"> <li>Considered in Consolidation</li> <li>Not Considered in Consolidation</li> </ul>	Refer note no. 46 to Notes to Accounts	₹63.69 Lacs Nil

\*As per exchange rates as at 31 March 2020

1. Names of associates or joint ventures which are yet to commence operations: **Nil**

2. Names of associates or joint ventures which have been liquidated or sold during the year : **Nil**

## Annexure (VIII): Disclosure of Employee Stock Option Schemes

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

S. No.	Description	HIL Employee Stock Option Scheme, 2015	HIL Employee Stock Option Scheme, 2019
1	Date of Shareholders Approval	ESOP Scheme was approved on July 30, 2015 and modified on July 18, 2017	ESOP Scheme was approved on October 3, 2019
2	Total number of options granted	84,200 (Grant-1 dated August 17, 2015) 35,600 <sup>s</sup> (Grant-2 dated July 27, 2018) \$-allotted out of the pool account.	105,049 (Grant-1 dated October 14, 2019)
3	Vesting Requirements	<ul style="list-style-type: none"> <li>40% of the Granted Options on completion of 3 years from the date of Grant.</li> <li>60% of the Granted Options on completion of 4 years from the date of Grant.</li> </ul>	<ul style="list-style-type: none"> <li>40% of the Granted Options on completion of 3 years from the date of Grant.</li> <li>60% of the Granted Options on completion of 4 years from the date of Grant.</li> </ul>
4	The pricing formula/Exercise Price	Fair Value and the Options have been granted at ₹620/- per option (Exercise Price).	Fair Value and the Options have been granted at ₹1234.15/- per option (Exercise Price).
5	Maximum Term of Options Granted	4 years	4 years
6	Options Vested up to March 31, 2020	15740 Options	Nil
7	Options exercised up to March 31, 2020	15740 Options	Nil
8	Options lapsed up to March 31, 2020	68460 Options granted to employee(s) were transferred back to the pool due to cessation of employees (i.e 50850 in 2017, 11400 in 2018 and 6210 in 2019). Company has allotted 35600 options in 2018 out of the pool account.	9682 options granted to eligible employee were transferred back to pool due to cessation of employee.
9	Total number of shares arising as a result of exercise of option	15740 Equity Shares	Nil
10	Variations of terms of options	Nil	Nil
11	Details of options granted to Key Managerial Personnel	Mr. Dhirup Roy Choudhary, Managing Director & CEO: 35600 Mr. KR Veerappan, Chief Financial Officer: 11600@ @ 4640 Options vested during 2018 and 6960 options vested during 2019 were exercised by the allottee. He does not hold any options under this scheme.	Mr. Dhirup Roy Choudhary, Managing Director & CEO: 55389 Mr. KR Veerappan, Chief Financial Officer: 16456
12	Total number of options in force as at March 31, 2020	68480 (35600 granted to Employee and 32860 un-granted lying in the pool).	105049 (95367 granted to employees and 9682 un-granted lying in the pool)
13	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	NA	Mr. Hemchandra Peruvelli, CHRO - 11263 (11%) Mr. D Satyanarayana, Head R&D - 5560 (5%) Mr. Piyush Mangal, COO- 8500 (8%) Exercise price for all the above is fixed as ₹1234.15/- per option
14	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA

S. No.	Description	HIL Employee Stock Option Scheme, 2015	HIL Employee Stock Option Scheme, 2019
15	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Ind-AS(IndAS 33)	Diluted Earning Per Share is ₹102.41	Diluted Earnings Per Share is ₹102.41
16	Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company	The Company has calculated employee compensation cost using the Fair Value.	The Company has calculated employee compensation cost using the Fair Value.
17	Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock	Exercise Price 620/- Weighted average fair value 1285.25	NA

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

- Fair value calculated by using Black-Scholes option pricing formula.
  - o Volatility amount: This is the amount by which stock price is fluctuated or is expected to fluctuate. The method used in the model is the annualized Standard Deviation of the continuously compounded rates of return on the stock.
  - o Risk free interest rate: The yield on Government securities at the time of grant of options, is the basis of this rate and has been taken as 6.32% and 6.56% respectively.
  - o Expected Life: The exercise period given for the option granted is 4 year from date of vesting.
  - o Expected Dividend: As the stock prices for one year have been considered, the price movement on account of the dividend, is already factored in and hence not separately built in.

## Annexure (IX):

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

- The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20, percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2019-20:

S. No.	Name of the Director/KMP (Designation)	Remuneration for FY 2019-20* (₹ in Lacs)	Ratio of remuneration to the median remuneration of the employees	% increase in remuneration in the FY 2019-20
1	Mr. CK Birla (Chairman)	42.00	9.74	NA
2	Mr. Dhirup Roy Choudhary (Managing Director & CEO)	408.07	94.70	14.47%
3	Mr. Desh Deepak Khetrpal (Non-Executive Director)	28.25	6.57	NA
4	Mr. VV Ranganathan (Independent Director)	30.75	7.13	NA
5	Dr. Arvind Sahay (Independent Director)	19.75	4.58	NA
6	Mrs. Gauri Rasgotra (Independent Director)	23.75	5.51	NA
7	Mr. KR Veerappan (Chief Financial Officer)	195.26	45.31	12.50%
8	Mr. G Manikandan (Company Secretary & Financial Controller)	61.53	14.28	13.49%

\*includes Sitting Fees paid and Commission payable for the year 2019-20 for Directors other than Managing Director & CEO and remuneration for KMP does not include the provisions made towards Gratuity, leave benefits. Variable pay for KMPs has been shown on payment basis.

- The median remuneration of employees of the Company during the financial year 2019-20 was ₹4.31 Lacs against the median remuneration of ₹4.00 Lacs during the previous year signifying an increase of 7.72% in the financial year;
  - As on March 31, 2020, there were 1681 permanent employees on the rolls of Company.
  - Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 was 10.43% whereas the percentage increase in the managerial remuneration in the last financial year i.e. 2019-20 was 13.49%.
- 5. Particulars of employees as required under Rule 5 (2) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014**

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

S. No.	Name & Designation of the employee	Remuneration for FY 2019-20 (₹ in Lacs)	Qualification and age (in years)	Date of commencement of employment/cessation	Last employment	No. of shares as on 31-03-2020
1	Mr. Dhirup Roy Choudhary - Managing Director & CEO	₹408.07	BE (Electrical & Electronics) MDP (IIM-A) (51 yrs)	16/Jan/2017 (28yrs)	Metrod Holding Berhad (Bagri Group of Companies, UK)	500
2	Mr. Karuppan Chetty Veerappan - Chief Financial Officer	₹241.56^	B.Com (Hons), ACA (53 yrs)	06/Feb/2014 (30yrs)	Global Green Company Ltd	8800
3	Mr. Hemchandra Peruvelli - Chief Human Resources Officer	₹133.18	PGD PM & IR (48 yrs)	04/Sep/2017 (24yrs)	Ali Bin Ali Group (Qatar)	100

S. No.	Name & Designation of the employee	Remuneration for FY 2019-20 (₹ in Lacs)	Qualification and age (in years)	Date of commencement of employment/cessation	Last employment	No. of shares as on 31-03-2020
4	Mr. Agam Bhatnagar - COO & Business Head - Pipes and Fittings Business	₹106.34	M.B.A (43 yrs)	07/May/2018 (21 yrs)	Hunstman International	Nil
5	Mr. Jhunjhunwala P K - Head - Imports	₹90.27	B Com, FCA (66 yrs)	15/Jan/1977 (43 yrs)	NA	27
6	Dr. Vivek Chandra Rao S P - Head - Occupational Health	₹80.89	MBBS, DTCD (67 yrs)	28/Jul/1980 (40 yrs)	NA	50
7	Mr. Ashish Malhotra - Head - Legal	₹65.97	LLM, CS (41 yrs)	09/Feb/2018 (18 yrs)	L & T Metro Rail	Nil
8	Dr. D Satyanarayana - Head - Research & Development	₹65.83	M. Sc, PhD. (56 yrs)	06/Oct/2012 (26 yrs)	Kemrock Industries & Exports Limited	Nil
9	Mr. Murali Raj G R – Chief Information Officer	₹62.32	B.E., MBA (49 yrs)	21/May/2018 (24 yrs)	Maveric Systems Limited	Nil
10	Mr. G Manikandan - Financial Controller & Company Secretary	₹61.53	ICWAI, CS, PGDBA (49 yrs)	07/May/2008 (29 yrs)	Sundaram Brake Linings Ltd.	Nil

\* Employees who are on rolls as on March 31, 2020 are shown, for details of employees who resigned, please refer below.

^ included perquisite value of option exercised during the year

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

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

S. No.	Name & Designation of the employee	Remuneration for FY 2019-20 (₹ in Lacs)	Qualification and age (in years)	Date of commencement of employment/cessation	Last employment	No. of Shares in the Company
1	Piyush Mangal – COO – Building Solutions Business	₹65.23	B. E. (48 yrs)	08/Jul/2019 (25 yrs)	Signode India Limited	10
2	Vijay Kumar Lahoti – Head Sales – Roofing Business	₹47.68	MBA (49 yrs)	19/Aug/2019 (26 yrs)	Gujarat Tea Processors & Packers (Wagh Bakri tea Group)	Nil
3	Gaurav Kant Bhatnagar - Head - Roofing Sales	₹36.38	B Arts, PGDBM (48 yrs)	06/Jun/2019 (30 yrs)	121 Analytics	Nil

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

Notes:

- All appointments of the employees referred in 10 above are contractual and terminable by notice on either side.
- Remuneration includes salary, variable pay paid during the financial year, various allowances, contribution to provident fund and superannuation fund, taxable value of perks and gratuity paid and gratuity provision.
- None of the employees mentioned above is related to any director of the Company.
- Information about qualifications, age, experience and last employment is based on particulars furnished by the concerned employee and has not been independently verified by the Company.
- Employees mentioned above are neither relatives of any directors or managers of the Company, nor hold 2% or more of the paid up capital of the Company as per Clause (iii) of sub rule (2) of Rule no. 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- The remuneration not include the provisions made towards Gratuity, leave benefits, as they are paid as per the Company's policy. Variable pay has been shown on payment basis.

## Annexure (X):

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

#### (A) Conservation of energy-

##### I. Steps taken for conservation of energy:

To conserve and optimise the use of energy, the Company has been installing energy efficient blowers, vacuum pumps, backwater pumps and other equipment in all its plants. Energy efficient lighting system and modernised mechanical devices/systems were also installed for optimum usage of power. Strict controls are exercised in operation of the plants for optimum usage of Power and Fuel.

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

The Company has in total 9.35MW capacity wind turbine generators installed in Gujarat, Tamil Nadu and Rajasthan. The energy generated from these projects is partly used for captive consumption at the Company's Fly-Ash Bricks (AAC) manufacturing units in Gujarat and Tamilnadu. Your Company is making constant efforts to explore further areas of improvement as part of the ongoing program to optimise usage of energy.

##### III. Capital investment on energy conservation equipment:

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

#### (B) Technology absorption-

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

The Company is continuously endeavouring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. Specific areas in which R&D is carried out by the Company are:

- a. Filed three patent applications in India this financial year. The patents are entitled
  1. "High compressive strength AAC blocks".
  2. "Composite Lining for Fiber Cement Corrugated Roofing Sheet".
  3. "Hybrid stabilizer for CPVC Pipes & Fittings".

- b. Successfully developed with non-asbestos fiber cement sheets with high strength meeting IS 14871 Category C and Class 8
- c. Introduced Tile adhesives of Type-1 and Type-2
- d. Cool roof paint developed having solar reflectance index (SRI) of 110
- e. Online painting technology developed for fiber cement sheets
- f. In-house, cost effective different colour paints developed for coating on Charminar Fortune
- g. "Hybrid roofing" was developed with improved performance
- h. Water resistant HYSIL was developed as a new technology
- i. Developed colour Fly Ash (AAC) blocks
- j. Developed CaZn stabilizer for UPVC pipes
- k. PEX pipes formulations developed.
- l. Developing substitutes for raw materials to address issues of declining availability of raw material and also for cost savings.
- m. Developing new mix of raw materials for better product attributes and lower costs.
- n. Improving cost effectiveness and quality of products through new, improved manufacturing processes, productivity improvements.
- o. Effective utilization of resources like energy, water and process waste materials.
- p. Developing new applications for our existing products.

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

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

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

IV. Expenditure incurred on Research and Development:

Particulars	2019-20 (₹ in Lacs)
Capital	22.47
Recurring	365.26
<b>Total</b>	<b>387.73</b>
<b>Total R&amp;D expenditure as a Percentage of total net turnover</b>	<b>0.28%</b>

(C) Foreign exchange earnings and Outgo:

Efforts to identify export opportunities for the products of the Company continued during the year under review. The Company is exploring other offshore markets to increase the

quantum of exports, particularly in the Middle East, Asian, Far East and African countries.

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

Particulars	2019-20 (₹ in Lacs)
<b>A Foreign Exchange Earned</b>	
Export of Goods (FOB)	90.54
Others*	4662.28
<b>Total</b>	<b>4752.82</b>
<b>B Foreign Exchange Used</b>	
Raw Materials, Components, Spares and Capital Goods (CIF)	23535.84
Others	138.56
<b>Total</b>	<b>23674.40</b>

\*Includes Loan Repayment by Subsidiary - ₹3857.63 Lacs



**Financial**

**Statements**

# Independent Auditors' Report

To the Members of HIL Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of HIL Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2020 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules 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 on the Standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue Recognition

The key audit matter	How the matter was addressed in our audit
See note 23 to the standalone financial statements	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:
The Company's revenue is primarily derived from sale of products of roofing solutions, building solutions, polymer solutions and others.	<ul style="list-style-type: none"> <li>— We assessed the appropriateness of the revenue recognition accounting policies and compliance with applicable accounting standards;</li> <li>— We evaluated the design and implementation of key internal financial controls with respect to revenue recognition and tested operating effectiveness of such controls on selected transactions;</li> <li>— We performed substantive testing on samples selected using statistical sampling of revenue transactions, recorded during the year by testing the underlying documents to assess whether criteria for revenue recognition are met;</li> <li>— We tested sample journal entries selected based on specified risk-based criteria, to identify unusual items;</li> <li>— We tested, on a sample basis using statistical sampling, specific revenue transactions recorded around the year end date to check whether revenue has been recognised in the correct reporting period by testing the underlying documents; and</li> <li>— We carried out product wise year on year variance analysis on revenue recognised during the year to identify unusual variances.</li> </ul>
We have identified timing of revenue recognition as a key audit matter because there are variations in different sale contracts and consequently, there is a risk of revenue being overstated on account of recognition before transfer of control particularly due to pressures for achieving the performance targets at the reporting year end.	

**Independent Auditors' Report on the Audit of the Standalone Financial Statements of HIL Limited for the year ended 31 March 2020 (continued)****Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the 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.

**Management's and Board of Directors' Responsibility for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 with reference to financial statements 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' 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 Company's ability 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 standalone 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.

### Independent Auditors' Report on the Audit of the Standalone Financial Statements of HIL Limited for the year ended 31 March 2020 (continued)

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as

on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 39 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 53 to the standalone financial statements;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
    - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

- (B) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

ICAI UDIN: 20061272AAAAAS2202

Place: Hyderabad

Date: 25 May 2020



# Annexure A

## to the Independent Auditors' Report on the Standalone financial statements of HIL Limited for the year ended 31 March 2020

With reference to the Annexure A referred to in Paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date to the members of HIL Limited ("the Company") on the Standalone financial statements for the year ended 31 March 2020, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given by the Management, the title deeds of immovable properties included in fixed assets and investment property are held in the name of the Company except for freehold land and investment property of INR 1.27 lacs and INR 427.60 lacs respectively, titles of which is yet to be registered in the name of the Company. Also, refer Note 4(a) and 5(c) to the Standalone financial statements.
- ii. The inventory, except goods-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been appropriately dealt with in the books of account.
  - iii. The Company has granted unsecured loan to one of its wholly owned subsidiary which is covered in the Register maintained under Section 189 of the Companies Act, 2013 ("the Act"). The Company has not granted any other loans, secured or unsecured, to firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.
    - a) The terms and conditions of the aforesaid loan are not prejudicial to the interest of the Company.
    - b) The schedule of repayment of principal and payment of interest has been stipulated and the repayments have been made as per the stipulated due date.
- c) There are no overdue amounts in respect of the aforesaid loan.
- iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investment made or loan provided to the parties covered under Section 186 of the Act. According to the information and explanations given to us, the Company has not provided guarantee or security to any parties covered under Section 186 of the Act.
  - 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 the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
  - vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government of India for the maintenance of cost records under Section 148(1) of the Act, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
  - vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Service Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there have been slight delays in few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Service Tax, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any undisputed statutory dues on account of Sales tax, Service tax, Duty of Excise, and Value Added Tax. Also refer note 39 to the Standalone financial statements.
  - (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the dues outstanding of Income-tax, Sales tax, Service tax, Duty of Excise and Value added tax on account of any dispute are as follows:

Statute/ Nature of dues	Amount in Rupees lacs*	Period to which the amount relates	Forum where dispute is pending
Sales tax/ Value added tax	2.66	1988-89, 1990-91, 1997-98	Supreme Court
	108.76	1985-86, 2001-02, 2002-03, 2007-08	High Court(s)
	13.88	1989-2006	Tribunal(s)
	1,705.13	1991-2018	Appellate Authority up to Commissioner's level
Excise duty (including service tax)	90.10	2004-09	Supreme Court
	1.28	2007-08	High Court(s)
	192.47	2004-2017	CESTAT(s)
	633.05	2003-2018	Appellate Authority up to Commissioner's level
Income-tax	938.97	2005-06, 2013-14	High Court
	291.65	2008-09, 2009-10, 2010-11, 2011-12, 2012-13	Appellate Authority up to Commissioner's level
Wealth tax	56.98	1993-94, 1994-95, 1995-96, 1996-97, 1997-98	Hon'ble High Court of Telangana and Andhra Pradesh

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

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company does not have any outstanding dues to debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised.
- x. According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a Nidhi Company prescribed under Section 406 of the Act. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details

of such transactions, have been disclosed in the Standalone financial statements as required by the applicable accounting standards.

- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in Section 192 of the Act.
- xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

ICAI UDIN: 20061272AAAAAS2202

Place: Hyderabad

Date: 25 May 2020



# Annexure B

to the Independent Auditors' Report on the standalone financial statements of HIL Limited for the period ended 31 March 2020

## Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

We have audited the internal financial controls with reference to financial statements of HIL Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone financial statements 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 (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone

financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone 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 standalone financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

ICAI UDIN: 20061272AAAAAS2202

Place: Hyderabad

Date: 25 May 2020

# Standalone Balance Sheet

(₹ in lacs)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
<b>I ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	52556.79	51559.65
(b) Capital work-in-progress		2742.90	2931.57
(c) Investment property	5	2039.94	2070.31
(d) Other intangible assets	6	2008.33	1988.66
(e) Financial assets			
(i) Investments	7	27402.04	27392.64
(ii) Trade receivables	8	4.36	8.23
(iii) Loans	9	13437.87	16471.42
(iv) Other financial assets	10	1317.67	926.11
(f) Non-current tax assets (net)		2141.50	1671.41
(g) Other non-current assets	11	1257.09	1367.89
<b>Total non-current assets</b>		<b>104908.49</b>	<b>106387.89</b>
<b>Current assets</b>			
(a) Inventories	12	28352.13	21986.73
(b) Financial assets			
(i) Investments	7	1600.03	-
(ii) Trade receivables	8	9444.67	11506.03
(iii) Cash and cash equivalents	13	697.61	777.58
(iv) Bank balances other than (iii) above	14	289.49	275.97
(v) Other financial assets	10	1295.09	608.40
(c) Other current assets	11	5244.62	3752.26
(d) Disposal group - Assets held for sale	33	1866.89	-
<b>Total current assets</b>		<b>48790.53</b>	<b>38906.97</b>
<b>TOTAL ASSETS</b>		<b>153699.02</b>	<b>145294.86</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	750.55	749.85
(b) Other equity	16	69752.42	63936.46
<b>Total equity</b>		<b>70502.97</b>	<b>64686.31</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	19769.41	29665.67
(ii) Lease liabilities	18	492.79	-
(iii) Other financial liabilities	20	125.08	-
(b) Provisions	21	1099.02	677.91
(c) Deferred tax liabilities (net)	34	3857.56	4802.87
(d) Other non-current liabilities	22	281.82	366.37
<b>Total non-current liabilities</b>		<b>25625.68</b>	<b>35512.82</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	16355.17	5006.96
(ii) Lease liabilities	18	241.65	-
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	19	628.64	966.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	19	20888.68	21373.24
(iv) Other financial liabilities	20	15315.12	13064.17
(b) Other current liabilities	22	2647.96	3508.10
(c) Provisions	21	864.01	1023.74
(d) Current tax liabilities (net)		151.19	152.74
(e) Disposal group - Liabilities directly associated with assets held for sale	33	477.95	-
<b>Total current liabilities</b>		<b>57570.37</b>	<b>45095.73</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>153699.02</b>	<b>145294.86</b>
Summary of significant accounting policies	3		

See accompanying notes to the standalone financial statements  
As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

**CK Birla**

Chairman

DIN: 00118473

Place: New Delhi

**Dhirup Roy Choudhary**

Managing Director and

Chief Executive Officer

DIN: 07707322

Place: Kuala Lumpur

**KR Veerappan**

Chief Financial Officer

Place: Hyderabad

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020



# Standalone Statement of Profit and Loss

(₹ in lacs)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>I CONTINUING OPERATIONS</b>			
Revenue from operations	23	132079.85	144270.25
Other income	24	3654.65	3174.43
<b>TOTAL INCOME (I)</b>		<b>135734.50</b>	<b>147444.68</b>
<b>II EXPENSES</b>			
Cost of materials consumed	25	62015.59	67264.64
Purchases of stock-in-trade	26	5573.53	5042.24
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(213.54)	(1556.33)
Employee benefits expense	28	13100.58	11892.64
Finance costs	29	3116.06	1934.69
Depreciation and amortisation expenses	30	4915.92	4175.84
Other expenses	31	38632.59	43676.11
<b>TOTAL EXPENSES (II)</b>		<b>127140.73</b>	<b>132429.83</b>
<b>III Profit from continuing operations before tax (I-II)</b>		<b>8593.77</b>	<b>15014.85</b>
<b>IV Tax expense:</b>			
Current tax	34	2627.16	4614.42
Income-tax for earlier years	34	(58.38)	62.69
Deferred tax	34	(948.78)	816.83
<b>V Profit from continuing operations (III-IV)</b>		<b>6973.77</b>	<b>9520.91</b>
<b>VI Discontinuing Operations</b>			
Profit from discontinuing operations before tax	33	867.42	996.10
Tax expense of discontinuing operations	34	169.49	364.77
<b>Profit from discontinuing operations (after tax)</b>		<b>697.93</b>	<b>631.33</b>
<b>VII Profit for the year (V+VI)</b>		<b>7671.70</b>	<b>10152.24</b>
<b>VIII Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of defined benefit (liability) / asset		5.26	(103.70)
Income-tax relating to above item		(1.32)	36.24
		<b>3.94</b>	<b>(67.46)</b>
(b) Equity investments through other comprehensive income - net change in fair value		9.40	9.40
Income-tax relating to above item		(2.15)	(2.19)
<b>Other comprehensive income for the year, net of income-tax</b>		<b>7.25</b>	<b>7.21</b>
<b>IX Total comprehensive income for the year (VII+VIII)</b>		<b>7682.89</b>	<b>10091.99</b>
<b>X Earnings per equity share for continuing operations (par value of ₹10 each)</b>	37		
Basic (in ₹)		93.29	127.49
Diluted (in ₹)		93.09	127.08
<b>XI Earnings per equity share for discontinuing operations (par value of ₹10 each)</b>	37		
Basic (in ₹)		9.34	8.45
Diluted (in ₹)		9.32	8.43
<b>XII Earnings per equity share for continuing and discontinuing operations (par value of ₹10 each)</b>	37		
Basic (in ₹)		102.62	135.94
Diluted (in ₹)		102.41	135.50
Summary of significant accounting policies	3		

See accompanying notes to the standalone financial statements  
As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

**CK Birla**

Chairman

DIN: 00118473

Place: New Delhi

**KR Veerappan**

Chief Financial Officer

Place: Hyderabad

**Dhirup Roy Choudhary**

Managing Director and

Chief Executive Officer

DIN: 07707322

Place: Kuala Lumpur

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020

# Standalone Statement of Cash Flows

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A Cash flows from operating activities</b>		
Profit for the year (before tax)	9461.19	16010.95
<i>Adjustments for:</i>		
Depreciation and amortisation expense	4997.40	4280.88
Rental income from investment property	(578.74)	(623.59)
Provision for impairment of receivables, advances and other assets, net	176.17	(39.85)
Liabilities no longer required written back	(597.88)	(649.77)
Net gain on sale of property, plant and equipment	(537.55)	(605.54)
Foreign exchange fluctuations, net	(537.38)	530.28
Financial assets measured at FVTPL-net change in fair value	(491.11)	(648.44)
Net gain on sale of investments	(40.56)	(413.65)
Employee stock compensation expense	118.05	52.67
Finance costs	3116.92	1935.12
Interest income	(103.88)	(105.02)
Interest income from loan to subsidiary	(1215.87)	(506.52)
Government grant	(84.55)	(84.55)
Dividend income	(0.38)	(62.80)
<b>Operating profit before changes in assets and liabilities</b>	<b>13681.83</b>	<b>19070.17</b>
Changes in assets and liabilities:		
Increase in inventories	(6602.69)	(3480.37)
Decrease / (increase) in trade receivables and loans	4495.96	(17139.32)
Decrease / (increase) in other financial assets	20.22	(5.57)
Increase in other assets	(1504.08)	(1233.31)
Increase in trade payables	163.05	2435.42
Increase in other financial liabilities	76.96	2397.30
Increase in provisions	298.14	65.23
Decrease in other current liabilities	(353.51)	(1619.92)
<b>Cash generated from operating activities</b>	<b>10275.88</b>	<b>489.63</b>
Income-tax paid (net of refund)	(3209.91)	(7296.06)
<b>Net cash from/ (used in) operating activities (A)</b>	<b>7065.97</b>	<b>(6806.43)</b>
<b>B Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(6083.61)	(8480.26)
Proceeds from sale of property, plant and equipment	624.00	652.15
Acquisition of subsidiary	-	(27346.24)
Proceeds from sale of mutual funds/ investments	27740.52	35972.84
Purchase of mutual funds	(29300.00)	(23500.00)
Interest received	814.31	104.19
Dividends received	0.38	62.80
Bank balances not considered as cash and cash equivalents	10.15	(15.77)
Rent received from long-term investment in properties	578.74	623.59
<b>Net cash used in investing activities (B)</b>	<b>(5615.51)</b>	<b>(21926.70)</b>
<b>C Cash flows from financing activities*</b>		
Repayment of long-term borrowings	(14469.50)	(267.47)
Receipts of long-term borrowings	7000.00	27600.00
Proceeds from short-term borrowings (net)	11348.21	5006.96
Interest on lease liabilities	(73.13)	-
Repayment of lease liabilities	(228.05)	-
Finance costs	(3113.53)	(1727.23)
Proceeds from issue of share capital	43.15	54.45
Dividend paid on equity shares	(1691.89)	(1866.53)
Tax on equity dividend paid	(345.69)	(383.71)
<b>Net cash (used in)/ from financing activities (C)</b>	<b>(1530.43)</b>	<b>28416.47</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(79.97)</b>	<b>(316.66)</b>
Cash and cash equivalents at the beginning of the year	777.58	1094.24
<b>Cash and cash equivalents at the end of the year</b>	<b>697.61</b>	<b>777.58</b>



# Standalone Statement of Cash Flows

**\* Changes in liabilities arising from financing activities:**

(₹ in lacs)

Particulars	As at 01 April 2019	Cash flow changes	Non-cash changes	As at 31 March 2020
Long-term borrowings	34009.78	(7469.50)	7.19	26547.47
Short-term borrowings	5006.96	11348.21	-	16355.17

**Note:**

- a) The above standalone statement of cash flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.
- b) The Company has presented its cash flows that analyses all cashflows in total - i.e., including both continuing and discontinuing operations; amounts related to discontinuing operations are disclosed in note 33. However in our view, cashflows from discontinuing operations can also be presented in other ways.
- c) Cash and cash equivalents comprises of:

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks:		
- In current accounts	694.59	758.57
Cheques, draft on hand	0.10	16.46
Cash on hand	2.92	2.55
<b>Cash and cash equivalents as per balance sheet</b>	<b>697.61</b>	<b>777.58</b>

Summary of significant accounting policies (refer note 3)

See accompanying notes to the standalone financial statements

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

**CK Birla**

Chairman

DIN: 00118473

Place: New Delhi

**KR Veerappan**

Chief Financial Officer

Place: Hyderabad

**Dhirup Roy Choudhary**

Managing Director and

Chief Executive Officer

DIN: 07707322

Place: Kuala Lumpur

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020

# Standalone Statement of Changes in Equity

(₹ in lacs)

Particulars	For the year ended 31 March 2020
<b>a. Equity share capital</b>	
Balance as at 01 April 2018	748.98
Changes in equity share capital during 2018-19	0.87
<b>Balance as at 31 March 2019</b>	<b>749.85</b>
Balance as at 01 April 2019	749.85
Changes in equity share capital during 2019-20	0.70
<b>Balance as at 31 March 2020</b>	<b>750.55</b>

## b. Other equity

(₹ in lacs)

Particulars	Reserves and surplus					Items of OCI Equity investments through OCI	Total
	Retained earnings	Securities premium	General reserve	Capital redemption reserve	Shares options outstanding account		
<b>Balance at 31 March 2018</b>	<b>15981.80</b>	<b>624.95</b>	<b>39100.00</b>	<b>35.00</b>	<b>93.99</b>	<b>27.45</b>	<b>55863.19</b>
<b>Total comprehensive income for the year ended 31 March 2019</b>							
Profit for the year	10152.24	-	-	-	-	-	10152.24
Adjustment on initial application of Ind AS 115, net of tax	125.49	-	-	-	-	-	125.49
Share based payment, net of reversal (refer note 43)	-	-	-	-	52.67	-	52.67
Other comprehensive income (net of tax)	(67.46)	-	-	-	-	7.21	(60.25)
<b>Total comprehensive income</b>	<b>10210.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52.67</b>	<b>7.21</b>	<b>10270.15</b>
Transfer to general reserve	(1000.00)	-	1000.00	-	-	-	-
Dividend	(1866.74)	-	-	-	-	-	(1866.74)
Corporate dividend tax	(383.71)	-	-	-	-	-	(383.71)
Share option exercised	-	83.57	-	-	(30.00)	-	53.57
<b>Balance at 31 March 2019</b>	<b>22941.62</b>	<b>708.52</b>	<b>40100.00</b>	<b>35.00</b>	<b>116.66</b>	<b>34.66</b>	<b>63936.46</b>
<b>Balance at 01 April 2019</b>	<b>22941.62</b>	<b>708.52</b>	<b>40100.00</b>	<b>35.00</b>	<b>116.66</b>	<b>34.66</b>	<b>63936.46</b>
<b>Total comprehensive income for the year ended 31 March 2020</b>							
Profit for the year	7671.70	-	-	-	-	-	7671.70
Share based payment, net of reversal (refer note 43)	-	-	-	-	118.05	-	118.05
Other comprehensive income (net of tax)	3.94	-	-	-	-	7.25	11.19
<b>Total comprehensive income</b>	<b>7675.64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118.05</b>	<b>7.25</b>	<b>7800.94</b>
Transfer to general reserve	(1000.00)	-	1000.00	-	-	-	-
Dividend	(1681.75)	-	-	-	-	-	(1681.75)
Corporate dividend tax	(345.69)	-	-	-	-	-	(345.69)
Share option exercised	-	66.24	-	-	(23.78)	-	42.46
<b>Balance at 31 March 2020</b>	<b>27589.82</b>	<b>774.76</b>	<b>41100.00</b>	<b>35.00</b>	<b>210.93</b>	<b>41.91</b>	<b>69752.42</b>

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

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Place: Kuala Lumpur

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 1 Corporate information

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

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

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

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

Polymer Solutions consists of UpVC, CpVC, SWR Pipes & Fittings and Wall Putty with manufacturing facilities located at Faridabad, Thimmapur, Golan and Jhajjar.

Others includes Material Handling and Processing Plant and Equipment with manufacturing facilities at Hyderabad, and revenue generated through Wind Turbine Generators situated in Gujarat, Tamil Nadu and Rajasthan.

## 2 Basis of preparation

### A. Statement of compliance

- a) Standalone financial statements have been prepared in accordance with Indian Accounting Standards

### C. Basis of measurement

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

Items	Measurement basis
- Certain financial assets and liabilities (including derivative instruments)	Fair value
- Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations
- Leases	Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.  Right-to-use asset has been measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Practical expedient on transition to exclude initial direct costs from ROU asset measurement is considered.
- Disposal groups	The assets classified as held for sale have been measured at lower of carrying amounts and fair value less costs to sell.

("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provision of the Act under the historical cost convention on an accrual basis and going concern except for certain financial instruments which are measured at fair values, notified under the Act and Rules prescribed thereunder.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

- b) The standalone financial statements were authorised for issue by the Company's Board of Directors on 25 May 2020.
- c) Details of the Company's accounting policies are included in note 3.

### B. Functional and presentation currency

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

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## D. Use of estimates and judgment

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

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

### Judgements

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

- Note 47 – leases: whether an arrangement contains a lease;
- Note 47 – lease classification.

### Assumptions and estimation uncertainties

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

- Note 11 – impairment test of non-financial assets;
- Note 11 – determining the fair value less costs to sell off the non-current assets held for sale on the basis of significant observable inputs;
- Note 21 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 33 – determining the fair value less costs to sell of the disposal group on the basis of significant observable inputs;
- Note 36 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 55 – impairment of financial assets.

## E. Measurement of fair values

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

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

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

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

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

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

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

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

- Note 5 – investment property;
- Note 11 – non-current assets held for sale;
- Note 43 – share based payment arrangements;
- Note 33 – disposal group- assets held for sale;
- Note 55 – financial instruments.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these standalone financial statements unless otherwise indicated.

### a. Foreign currency transactions

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

- foreign currency monetary items are translated in the functional currency at the exchange rate at the reporting date.
- non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

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

## b. Financial instruments

### i. Recognition and initial measurement

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

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

### ii. Classification and subsequent measurement

#### Financial assets

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

- amortised cost;
- fair value through other comprehensive income (FVOCI) - equity investment; or
- fair value through profit and loss (FVTPL)

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

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

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

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

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

#### Subsequent measurement and gains and losses

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

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## Financial liabilities

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

### iii. Derecognition

#### Financial assets

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

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

#### Financial liabilities

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

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

### iv. Offsetting

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

### v. Derivative financial instruments

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

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

#### i. Recognition and measurement

##### Property, plant and equipment

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

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

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

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

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

##### Capital work-in-progress

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

#### ii. Subsequent expenditure

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



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## iii. Depreciation

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

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

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

Plant and machinery: 19 years for continuous processing plants (CPP) as against 15 years

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

Wind power generation plant: 25 years as against 22 years

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

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

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

## d. Intangible assets

### i. Recognition

#### Service concession arrangements

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

less any accumulated amortisation and accumulated impairment losses, if any.

#### Others

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

### ii. Subsequent expenditure

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

### iii. Amortisation / Depreciation

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

The estimated useful lives are as follows:

Asset	Years
- Service concession arrangement	25
- Computer software	5

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

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

### e. Investment property

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

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

Depreciation on investment property other than perpetual leasehold land is calculated on a straight-line basis based on the useful life estimated by the management, which is equal to life prescribed in Schedule II of the Act.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

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

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

## f. Inventories

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

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

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

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

## g. Impairment

### i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost.

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

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

- significant financial difficulty of the borrower or issuer;

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

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

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

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

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

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

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

### Measurement of expected credit losses

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

### Presentation of allowance for expected credit losses in the balance sheet

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

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## ii. Impairment of non-financial assets

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

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

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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

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

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to

the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

## h. Employee benefits

### i. Short-term employee benefits

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

### ii. Share-based payment transactions

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

### iii. Defined contribution plans

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

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

### iv. Defined benefit plans

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

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

on projected unit credit method made at the end of each financial year. The Company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Company accounts for gratuity liability of its employees including contract workers on the basis of actuarial valuation carried out at the year end by an independent actuary. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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

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

## v. Compensated absences

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

## vi. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

## i. Revenue

### Revenue from contract with customers

The Company generates revenue from sale of goods or services and other operating revenues. Revenue is recognised when a customer obtains control of the goods or services. The Company has adopted Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application being included in retained earnings.

### Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by the nature of sale i.e. manufactured and traded goods, solutions i.e. roofing solutions, building solutions, polymer solutions and others and geographic market. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Company's revenues and cash flows are affected by industry, market and other economic factors.

### Contract balances

The Company classifies the right to consideration in exchange for sale of goods as trade receivables, advance consideration as contract liability against payment and unredeemable customer loyalty points as contract liability against performance obligation.

### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following details provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms and the related revenue recognition policies.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## a. Sale of products

- (i) Nature and timing of satisfaction of performance obligations, including significant payment terms: The timing of transfer of control is driven by the individual terms of contracts. Invoices are usually payable within agreed credit terms. For customer loyalty programme refer note (b) below.
- (ii) Revenue is recognised when a customer obtains control of the goods which is driven by the individual terms of contracts. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

## b. Customer loyalty programmes

- (i) Nature and timing of satisfaction of performance obligations including significant payment terms: Customers who purchases products may enter into Company's customer loyalty programme and earn credits. These credits are redeemed against the awards as per the terms of the programme.
- (ii) The Company allocates a portion of the consideration received to loyalty credits. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liability against performance obligation.

## c. Sale of services

Revenue from sale of services is recognised when it is measurable and it is probable that future economic benefits will flow to the entity in accordance with tariff provided in power purchase agreement.

## d. Rental income

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

## j. Recognition of dividend income, interest income or expense

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

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

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

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

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

## k. Government grants

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

## l. Leases

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Company with effect from 01 April 2019.

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained below. On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 01 April 2019.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## i. Leases as lessee

*Policy applicable from 01 April 2019*

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Company decided to apply recognition exemptions to short-term leases. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 01 April 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease."

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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 uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, or changed, on or after 01 April 2019. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments included in the measurement of the lease liability comprise:

- a. Fixed payments including in-substance fixed payments
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c. Amounts expected to be payable under a residual value guarantee

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'Financial liabilities' in the Balance sheet.

### *Policy applicable before 01 April 2019*

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals in respect of an asset taken on operating lease are generally recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

## ii. Leases as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

## m. Income-tax

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

### i. Current tax

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

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

### ii. Deferred tax

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

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

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

## n. Borrowing cost

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

## o. Provision, contingent liabilities and contingent assets

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

### Onerous contracts

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

recognises any impairment loss on the assets associated with that contract.

### Contingent liabilities and contingent assets

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

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

## p. Earnings per share ("EPS")

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

## q. Cash flow statement

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

## r. Cash and cash equivalents

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



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## s. Non-current assets held for sale

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

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

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

## t. Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the profit or loss.

## u. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of

the reporting period, the impact of such events is adjusted within the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

## v. Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Company and which represents a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose off a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operation has discontinued from the start of the comparative period.

The disposal group, assets & liabilities classified as held for sale have been measured at lower of carrying amounts and fair value less costs to sell.

## w. Recent accounting pronouncements

There are no new accounting pronouncements that are applicable from 01 April 2020.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 4 Property, plant and equipment

Particulars	Freehold land (refer note (a) below)	Leasehold land	Buildings	Railway sidings	Plant and machinery (refer note (b) below)	Furniture and fittings	Office equipments	Vehicles	Right of use Assets (refer note (d) below)	(₹ in lacs)
										Total
<b>A. Cost or Deemed cost (Gross carrying amount)</b>										
As at 01 April 2018	2508.84	977.90	12925.04	0.63	35105.69	458.14	267.05	163.62	-	52406.91
Additions	-	-	1719.73	-	8769.57	48.12	79.95	46.12	-	10663.49
Deletions	-	-	(12.30)	-	(177.62)	(0.24)	(4.37)	(12.81)	-	(207.34)
Reclassification from non-current assets held for sale	-	-	-	-	41.62	-	-	-	-	41.62
Reclassification to non-current assets held for sale	-	-	(5.41)	-	-	-	-	-	-	(5.41)
<b>As at 31 March 2019</b>	<b>2508.84</b>	<b>977.90</b>	<b>14627.06</b>	<b>0.63</b>	<b>43739.26</b>	<b>506.02</b>	<b>342.63</b>	<b>196.93</b>	<b>-</b>	<b>62899.27</b>
Additions	-	-	1369.97	-	4253.22	202.07	180.86	28.04	1870.42	7904.58
Deletions	-	(902.47)	(13.38)	-	(176.47)	(0.46)	(3.50)	(12.58)	-	(1108.86)
Reclassification to non-current assets held for sale	-	-	(15.18)	-	-	-	-	-	-	(15.18)
Reclassification to assets held for sale as part of disposal group	(37.20)	-	(405.09)	-	(2178.71)	(13.22)	(10.15)	(14.15)	(7.04)	(2665.56)
<b>As at 31 March 2020</b>	<b>2471.64</b>	<b>75.43</b>	<b>15563.38</b>	<b>0.63</b>	<b>45637.30</b>	<b>694.41</b>	<b>509.84</b>	<b>198.24</b>	<b>1863.38</b>	<b>67014.25</b>
<b>B. Accumulated depreciation</b>										
As at 01 April 2018	-	23.09	1144.45	0.51	5978.33	110.09	126.95	51.25	-	7434.67
For the year ended 31 March 2019	-	11.52	586.99	-	3273.51	58.49	67.00	28.02	-	4025.53
Deletions	-	-	(1.32)	-	(146.06)	(0.12)	(2.90)	(10.33)	-	(160.73)
Reclassification from non-current assets held for sale	-	-	-	-	40.78	-	-	-	-	40.78
Reclassification to non-current assets held for sale	-	-	(0.63)	-	-	-	-	-	-	(0.63)
<b>As at 31 March 2019</b>	<b>-</b>	<b>34.61</b>	<b>1729.49</b>	<b>0.51</b>	<b>9146.56</b>	<b>168.46</b>	<b>191.05</b>	<b>68.94</b>	<b>-</b>	<b>11339.62</b>
For the year ended 31 March 2020	-	40.82	632.60	-	3618.51	69.48	71.20	26.40	278.15	4737.16
Deletions	-	-	(3.28)	-	(111.14)	(0.45)	(2.96)	(6.90)	-	(124.73)
Reclassification to non-current assets held for sale	-	-	(1.82)	-	-	-	-	-	-	(1.82)
Reclassification to assets held for sale as part of disposal group	-	-	(206.73)	-	(1255.79)	(5.86)	(9.10)	(13.49)	(1.80)	(1492.77)
<b>As at 31 March 2020</b>	<b>-</b>	<b>75.43</b>	<b>2150.26</b>	<b>0.51</b>	<b>11398.14</b>	<b>231.63</b>	<b>250.19</b>	<b>74.95</b>	<b>276.35</b>	<b>14457.46</b>
<b>C. Net carrying amounts (A-B)</b>										
<b>As at 31 March 2019</b>	<b>2508.84</b>	<b>943.29</b>	<b>12897.57</b>	<b>0.12</b>	<b>34592.70</b>	<b>337.56</b>	<b>151.58</b>	<b>127.99</b>	<b>-</b>	<b>51559.65</b>
<b>As at 31 March 2020</b>	<b>2471.64</b>	<b>-</b>	<b>13413.12</b>	<b>0.12</b>	<b>34239.16</b>	<b>462.78</b>	<b>259.65</b>	<b>123.29</b>	<b>1587.03</b>	<b>52556.79</b>

### Note:

- Pending settlement of dispute regarding external development charges with Haryana Urban Development Authority, Faridabad, Freehold Land of the value of ₹1.27 lacs (31 March 2019: ₹1.27 lacs) is pending for registration in the Company's name.
- Refer note 49 for details of assets held for Research and Development.
- Refer note 17 for details of assets pledged against borrowings.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 4 Property, plant and equipment (Continued)

d) Right of use assets comprise of the following assets:

(₹ in lacs)

Particulars	Buildings	Land	Vehicles	Total
<b>Balance as at 01 April 2019</b>	-	-	-	-
Additions during the year	555.91	1090.57	223.94	1870.42
Depreciation for the year	(149.76)	(50.55)	(77.84)	(278.15)
Reclassification to assets held for sale as part of disposal group	-	-	(5.24)	(5.24)
<b>Balance as at 31 March 2020</b>	<b>406.15</b>	<b>1040.02</b>	<b>140.86</b>	<b>1587.03</b>

## 5 Investment property

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>A. Reconciliation of carrying amount</b>		
<b>Cost or Deemed cost (Gross carrying amount)</b>		
Opening balance	2212.00	2212.00
Additions	-	-
<b>Closing balance</b>	<b>2212.00</b>	<b>2212.00</b>
<b>Accumulated depreciation</b>		
Opening balance	141.69	111.32
Depreciation for the year	30.37	30.37
<b>Closing balance</b>	<b>172.06</b>	<b>141.69</b>
<b>Net carrying amounts</b>	<b>2039.94</b>	<b>2070.31</b>
<b>Fair value</b>	<b>7971.00</b>	<b>7926.00</b>

### Information regarding income and expenditure of investment property:

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rental income derived from investment properties	578.74	623.59
Direct operating expenses (including repairs and maintenance)	-	-
Profit arising from investment properties before depreciation and indirect expenses	<b>578.74</b>	<b>623.59</b>
Less: Depreciation	30.37	30.37
Profit arising from investment properties before indirect expenses	<b>548.37</b>	<b>593.22</b>

## B. Measurement of fair values

### (i) Fair valuation hierarchy

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

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

### (ii) Valuation technique

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

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 5 Investment property (Continued)

### C. Investment property comprises of the following:

- (i) The Company along with other co-owners, has developed a plot of land at 25 Barakhamba Road, New Delhi, where the Company's share is 15%. The registration of the said plot of the value of ₹427.60 lacs (31 March 2019: ₹427.60 lacs) in the name of the Company is pending.
- (ii) The Company has given the investment properties located in New Delhi and Hyderabad on lease to some parties. Certain lease agreements are cancellable and some are non-cancellable in nature. There are no contingent rents in the lease agreements. The lease terms are mainly for 3-5 years and are renewable at the option of the lessee. There are no restrictions imposed by lease agreements. Although there are sub-lease rights given to the lessees, there are no sub-leases as on the reporting date.

D. Refer note 47 for details of minimum lease payments.

## 6 Other intangible assets

Particulars	(₹ in lacs)		
	Softwares	Service concession arrangements	Total
<b>Reconciliation of carrying amount</b>			
<b>Cost or Deemed cost (Gross carrying amount)</b>			
Balance at 01 April 2018	606.65	1997.94	2604.59
Additions	84.88	-	84.88
Deletions	-	-	-
<b>Balance at 31 March 2019</b>	<b>691.53</b>	<b>1997.94</b>	<b>2689.47</b>
Additions	249.55	-	249.55
Deletions	-	-	-
<b>Balance at 31 March 2020</b>	<b>941.08</b>	<b>1997.94</b>	<b>2939.02</b>
<b>Accumulated amortisation</b>			
Balance at 01 April 2018	278.02	197.81	475.83
Amortisation for the year	133.84	91.14	224.98
Deletions	-	-	-
<b>Balance at 31 March 2019</b>	<b>411.86</b>	<b>288.95</b>	<b>700.81</b>
Amortisation for the year	142.24	87.64	229.88
Deletions	-	-	-
<b>Balance at 31 March 2020</b>	<b>554.10</b>	<b>376.59</b>	<b>930.69</b>
<b>Net carrying amounts</b>			
<b>As at 31 March 2019</b>	<b>279.67</b>	<b>1708.99</b>	<b>1988.66</b>
<b>As at 31 March 2020</b>	<b>386.98</b>	<b>1621.35</b>	<b>2008.33</b>

## 7 Investments

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Interest in subsidiary</b>		
<b>Investment in equity instruments - unquoted - at cost less provision for other than temporary impairment</b>		
HIL International GmbH, Germany : 34025000 equity shares of Euro 1 each fully paid (31 March 2019 : 34025000 equity shares of Euro 1 each fully paid)	27346.24	27346.24
	<b>27346.24</b>	<b>27346.24</b>
Refer note 46(a) for details of subsidiary.		
<b>Interest in joint venture</b>		
<b>Investment in equity instruments - unquoted - at cost less provision for other than temporary impairment</b>		
Supercor Industries Limited, Nigeria: 4125000 equity shares of Naira 1 each fully paid (31 March 2019 : 4125000 equity shares of Naira 1 each fully paid)	142.60	142.60
Less: Provision for investment in joint venture	(142.60)	(142.60)
	-	-



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 7 Investments (Continued)

(₹ in lacs)

Particulars	As at	As at
	31 March 2020	31 March 2019
Refer note 46(b) for details of joint venture.		
<b>Investment in equity instruments - unquoted at FVOCI (refer note (a) below)</b>		
Birla Buildings Limited - 5000 equity shares of ₹10 each fully paid (31 March 2019 : 5000 equity shares of ₹10 each fully paid)	55.80	46.40
	<b>55.80</b>	<b>46.40</b>
	<b>27402.04</b>	<b>27392.64</b>
Aggregate amount of unquoted non-current investments	27544.64	27535.24
Aggregate amount of provision for impairment in value of non-current investments	142.60	142.60
<b>Current</b>		
<b>Investments in mutual funds - quoted at FVTPL</b>		
	1600.03	-
	<b>1600.03</b>	<b>-</b>
Aggregate book value of quoted current investments	1600.03	-
Aggregate market value of quoted current investments	1600.03	-

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

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

(₹ in lacs)

Particulars	Investment in Birla Buildings Limited	
	As at	As at
	31 March 2020	31 March 2019
Fair value at beginning of the year	46.40	37.00
Dividend income recognised during the respective year	0.38	0.50
Fair value at end of the year	55.80	46.40

No strategic investments were disposed off during 2019-20 and 2018-19, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

## 8 Trade receivables

(₹ in lacs)

Particulars	As at	As at
	31 March 2020	31 March 2019
<b>Non-current</b>		
Secured	4.36	8.23
Unsecured	448.15	464.37
	<b>452.51</b>	<b>472.60</b>
Less: Provision for impairment	(448.15)	(464.37)
	<b>4.36</b>	<b>8.23</b>
<b>Current</b>		
Secured	1588.17	3056.10
Unsecured	8927.04	9308.52
	<b>10515.21</b>	<b>12364.62</b>
Less: Provision for impairment	(1070.54)	(858.59)
	<b>9444.67</b>	<b>11506.03</b>

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

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 9 Loans

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Security deposits</b>		
Unsecured, considered good	1005.16	935.42
Doubtful	25.00	25.00
	<b>1030.16</b>	<b>960.42</b>
Less: Provision for impairment	(25.00)	(25.00)
	<b>1005.16</b>	<b>935.42</b>
<b>Loan to subsidiary</b>		
Unsecured (refer note 51)	12432.71	15536.00
	<b>13437.87</b>	<b>16471.42</b>

## 10 Other financial assets

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Bank deposits due to mature after 12 months from the reporting date *	180.41	204.08
Derivative assets	1137.26	722.03
	<b>1317.67</b>	<b>926.11</b>
<b>Doubtful</b>		
Other receivables	644.68	644.68
	<b>644.68</b>	<b>644.68</b>
Less: Allowance for doubtful receivables	(644.68)	(644.68)
	-	-
	<b>1317.67</b>	<b>926.11</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Interest accrued on fixed deposits and security deposits	98.82	79.77
Interest accrued on loan to subsidiary	969.64	485.23
Derivative assets	203.44	12.35
Contract assets	19.04	27.54
Other receivables	4.15	3.51
	<b>1295.09</b>	<b>608.40</b>
<b>Doubtful</b>		
Dividend receivable	9.01	9.01
Less: Allowance for doubtful receivable (refer note 40)	(9.01)	(9.01)
	-	-
	<b>1295.09</b>	<b>608.40</b>

\* It includes bank deposits held against bank guarantees amounting to ₹180.41 lacs (31 March 2019: ₹204.08 lacs).

## 11 Other assets

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Capital advances	524.51	627.39
Advances other than capital advances		
Balance with government authorities	705.04	724.50
Prepayments	27.54	16.00
	<b>1257.09</b>	<b>1367.89</b>



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 11 Other assets (Continued)

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Non-current (Continued)</b>		
<b>Doubtful</b>		
Advances other than capital advances		
Advance to suppliers	317.72	349.16
	<b>317.72</b>	<b>349.16</b>
Less: Allowance for doubtful advances	(317.72)	(349.16)
	-	-
	<b>1257.09</b>	<b>1367.89</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Advances other than capital advances		
Advance to suppliers	780.46	785.65
Advance to employees	39.30	90.08
Balance with government authorities	4103.08	2734.16
Prepayments	298.12	127.28
Others		
Non-current assets held for sale*	23.66	15.09
	<b>5244.62</b>	<b>3752.26</b>

\* Management intended to sell plant and machinery of one of the manufacturing facility within the Roofing solution segment in earlier year. Management started the efforts to sell, however, management is also exploring the alternate use of these items in some of its other plants and basis the outcome of this exercise final disposal plan will be initiated. During the current year, certain non-factory buildings which are no longer required for the business is planned for disposal. Efforts to sell the non-factory buildings have started and sale is expected by next financial year.

## 12 Inventories

(Valued at lower of cost and net realisable value)

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	14796.70	7594.30
Work-in-progress	438.06	275.76
Finished goods	10901.73	11347.00
Stock-in-trade	424.30	235.75
Stores and spares	932.01	887.08
	<b>27492.80</b>	<b>20339.89</b>
<b>Inventories in transit</b>		
Raw materials	753.66	1646.84
Stock-in-trade	97.78	-
Stores and spares	7.89	-
	<b>859.33</b>	<b>1646.84</b>
	<b>28352.13</b>	<b>21986.73</b>

The write down of inventories to net realisable value during the year amounted to ₹268.38 lacs (31 March 2019: ₹47.34 lacs). The write down are included in changes in inventories of finished goods.

## 13 Cash and cash equivalents

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash on hand	2.92	2.55
Balances with banks		
- in current accounts	694.59	758.57
Cheques, drafts on hand	0.10	16.46
	<b>697.61</b>	<b>777.58</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 14 Other bank balances

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
Unpaid dividend accounts	81.72	91.86
Deposits with remaining maturity of less than 12 months *	207.77	184.11
	<b>289.49</b>	<b>275.97</b>

\* It includes bank deposits held against bank guarantees amounting to ₹207.77 lacs (31 March 2019: ₹184.11 lacs).

## 15 Share capital

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Authorised share capital</b>		
9500000 (31 March 2019: 9500000) equity shares of ₹10 each	950.00	950.00
50000 (31 March 2019: 50000) preference shares of ₹100 each	50.00	50.00
	<b>1000.00</b>	<b>1000.00</b>
<b>Issued, subscribed and fully paid up capital</b>		
7478303 (31 March 2019: 7471343) equity shares of ₹10 each fully paid-up	747.83	747.13
Forfeited shares (amount originally paid-up)	2.72	2.72
	<b>750.55</b>	<b>749.85</b>

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

Equity shares	31 March 2020		31 March 2019	
	Number of shares	Amount ₹ In Lacs	Number of shares	Amount ₹ In Lacs
Shares outstanding at the beginning of the year	7471343	747.13	7462563	746.26
Shares issued on exercise of Employee Stock Option Scheme (refer note 43)	6960	0.70	8780	0.87
<b>Shares outstanding at the end of the year</b>	<b>7478303</b>	<b>747.83</b>	<b>7471343</b>	<b>747.13</b>

### (ii) Terms and rights attached to the equity shares

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

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

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

Equity shares of ₹10 each, fully paid-up	31 March 2020		31 March 2019	
	Number of shares	% of Holding	Number of shares	% of Holding
Central India Industries Limited	1074634	14.37	1074634	14.38
Orient Paper and Industries Limited	906360	12.12	906360	12.13

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

### (iv) Shares reserved for issue under Employee Stock Option Schemes

For details of shares reserved for issue under Employee Stock Option Schemes of the Company, refer note 43.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 16 Other equity

### (A) Reserves and surplus

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(i) Securities premium</b>		
Balance at the commencement of the year	708.52	624.95
Add: Additions during the year	66.24	83.57
	<b>774.76</b>	<b>708.52</b>

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

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(ii) General reserve</b>		
Balance at the commencement of the year	40100.00	39100.00
Add: Amount transferred from surplus balance in the standalone statement of profit and loss	1000.00	1000.00
	<b>41100.00</b>	<b>40100.00</b>

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

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(iii) Capital redemption reserve</b>		
Balance at the commencement of the year	35.00	35.00
Add: Additions during the year	-	-
	<b>35.00</b>	<b>35.00</b>

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

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(iv) Share options outstanding account</b>		
Balance at the commencement of the year	116.66	93.99
Less: Shares exercised during the period	(23.78)	(30.00)
Add: Share based payment expenses (refer note 28)	118.05	52.67
	<b>210.93</b>	<b>116.66</b>

The Company has formulated equity-settled share-based payment plans for certain categories of employees of the Company. Refer note 43 for further details on these plans.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 16 Other equity (Continued)

### (A) Reserves and surplus (Continued)

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(v) Retained earnings</b>		
Balance at the commencement of the year	22941.62	15981.80
Add: Adjustment on initial application of Ind AS 115, net of tax	-	125.49
Add: Profit for the year	7671.70	10152.24
<i>Items of other comprehensive income directly recognised in retained earnings</i>		
- Remeasurement of post employment benefit obligations, net of tax	3.94	(67.46)
<b>Amount available for appropriations</b>	<b>30617.26</b>	<b>26192.07</b>
Less : Appropriations		
Interim dividend on equity shares (amount per share ₹10.00 (31 March 2019: ₹12.50))	(747.83)	(933.92)
Transferred to general reserve	(1000.00)	(1000.00)
Final dividend on equity shares (amount per share ₹12.50 (31 March 2019: ₹12.50))	(933.92)	(932.82)
Corporate dividend tax on equity shares	(345.69)	(383.71)
<b>Total appropriations</b>	<b>(3027.44)</b>	<b>(3250.45)</b>
	27589.82	22941.62
<b>Total reserves and surplus (A)</b>	<b>69710.51</b>	<b>63901.80</b>

### (B) Other comprehensive income ("OCI")

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
Equity investments through OCI		
Balance at the commencement of the year	34.66	27.45
Changes in fair value	7.25	7.21
<b>Total other comprehensive income (B)</b>	<b>41.91</b>	<b>34.66</b>
<b>Total (A+B)</b>	<b>69752.42</b>	<b>63936.46</b>

### Dividends

After the reporting date, the following dividends on equity shares (excluding corporate dividend tax) were proposed by the Board of Directors subject to the approval at the Annual General Meeting; the dividends have not been recognised as liabilities.

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
Dividend on equity shares (amount per share ₹10.00 (31 March 2019: ₹12.50))	747.83	933.92
Corporate dividend tax*	-	191.97

\*With the abolition of dividend distribution tax in the recent union budget announced by Honourable Finance Minister on 01 February 2020, effective 01 April 2020, dividends will be taxable in the hands of recipient and hence, provision for Dividend Distribution Tax does not arise.

## 17 Borrowings

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current borrowings</b>		
<b>Secured</b>		
Term loan from banks (refer note (a) below)	14628.12	24534.11
Term loan from others		
- Interest free sales tax loan from a financial institution (refer note (b) below)	4915.97	4841.36



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 17 Borrowings (Continued)

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Unsecured</b>		
Deferred payment liabilities		
- Deferred sales tax loan (refer note (c) below)	225.32	290.20
	<b>19769.41</b>	<b>29665.67</b>
<b>Current borrowings</b>		
<b>Unsecured</b>		
Loans repayable on demand		
From banks		
- Working capital loan (refer note (d) below)	15500.00	5006.96
Other loans		
From banks		
- Buyers' credit (refer note (e) below)	855.17	-
	<b>16355.17</b>	<b>5006.96</b>

(a) The Company has availed two term loans from Kotak Mahindra Bank during 2018-19 which are secured by way of exclusive equitable mortgage of land and buildings situated at Faridabad, Sanathnagar and Chennai locations of the Company. The outstanding of ₹15563.00 lacs against the above said loans are repayable in quarterly instalments. ₹5520.00 lacs is payable during 2020-21; ₹5320.00 lacs during 2021-22; ₹2000.00 lacs each during 2022-23 and 2023-24 and ₹723.00 lacs during 2024-25. The said loans carried an interest rate in the range of 8.20% to 8.55% p.a. during the year.

During the year 2019-20, the Company has availed the following loans:

1. A term loan of ₹3000.00 lacs from Kotak Mahindra Bank secured by way of exclusive charge on moveable assets identified. The outstanding of ₹2000.00 lacs is repayable over 20 instalments of ₹100.00 lacs each from June 2020 to March 2025. The said loans carried an interest of 7.75% p.a. during the year.
2. A term loan of ₹4000.00 lacs from Hongkong and Shanghai Banking Corporation Limited secured by way of exclusive charge on moveable assets identified. The outstanding of ₹3800.00 lacs is repayable over 19 instalments of ₹200.00 lacs each from June 2020 to December 2024. The said loan carried an interest of 7.50% p.a. during the year.

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

(c) Deferred sales tax loan was sanctioned towards the sales tax dues relating to Thimmapur unit. The loan is interest free and repayable on yearly basis having last instalment due in financial year 2023-24.

(d) The Company availed working capital loan from three banks. These loans are repayable on demand and carried an interest rate as linked to Repo Rate + spread which has been in the range of 6.05% p.a. to 8.30% p.a during the year.

(e) Buyers' credit loans repayable at maturity, carried interest rate linked to LIBOR of respective currency and effective rates were in the range of 2.36% to 2.50% p.a. during the year.

## 18 Lease liabilities

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Lease liabilities	492.79	-
	<b>492.79</b>	<b>-</b>
<b>Current</b>		
Lease liabilities	241.65	-
	<b>241.65</b>	<b>-</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 19 Trade payables

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 41)	628.64	966.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	20888.68	21373.24
	<b>21517.32</b>	<b>22340.02</b>

## 20 Other financial liabilities

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Derivative liabilities	125.08	-
	<b>125.08</b>	-
<b>Current</b>		
Current maturities of long-term debt (refer note 17)	6778.06	4344.11
Interest accrued but not due on borrowings	125.85	202.79
Capital creditors	373.82	465.29
Unpaid dividend*	81.72	91.86
Security deposits	4586.66	4812.49
Derivative liabilities	2.48	85.93
Contract liability against performance obligation	1416.14	1296.13
Contract liability against payment	1022.72	992.88
Other financial liabilities	927.67	772.69
	<b>15315.12</b>	<b>13064.17</b>

\*Amount lying in unpaid / unclaimed dividend account shall be credited to Investor Education and Protection Fund as per the timelines prescribed under the Companies Act, 2013 with due approvals.

## 21 Provisions

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Provision for employee benefits		
- Gratuity (refer note 36)	240.35	164.51
- Other long-term employee benefit plans	231.07	-
- Compensated absences	627.60	513.40
	<b>1099.02</b>	<b>677.91</b>
<b>Current</b>		
Provision for employee benefits		
- Superannuation fund	27.32	-
- Compensated absences	28.05	34.33
- Employee related other costs (refer note 42)	-	31.46
Provision for litigations (refer note 42)	357.95	357.95
Provision - others (refer note 42)	450.69	600.00
	<b>864.01</b>	<b>1023.74</b>

## 22 Other liabilities

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Government grant	281.82	366.37
	<b>281.82</b>	<b>366.37</b>



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 22 Other liabilities (Continued)

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Current</b>		
Statutory liabilities	545.27	956.30
Government grant	84.55	84.55
Other liabilities	2018.14	2467.25
	<b>2647.96</b>	<b>3508.10</b>

## 23 Revenue from operations

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products		
Finished goods	121491.95	133408.08
Traded goods	9421.00	9443.02
Sale of services		
Service concession arrangements	229.57	260.74
Other operating revenues		
Scrap sales	339.45	509.16
Liabilities no longer required, written back	597.88	649.25
	<b>132079.85</b>	<b>144270.25</b>
Refer note 35 for segment wise details.		
<b>Reconciliation of revenue from sale of products with the contract prices</b>		
Contracted price	134736.33	151808.58
Less: Discounts	3823.38	8957.48
	<b>130912.95</b>	<b>142851.10</b>

## 24 Other income

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividend income on equity securities - at FVOCI - investment held at reporting date	0.38	0.50
Dividend income on current investments - at FVTPL	-	62.30
Gain on sale of current investments, net	40.56	413.65
Interest income under the effective interest method on financial assets	101.90	102.88
Interest income from loan to subsidiary	1215.87	506.52
Rental income		
From investment property	578.74	623.59
From others	16.31	15.73
Net gain on sale of property, plant and equipment	537.55	604.76
Net gain on foreign currency transactions	537.65	-
Fair value gain on financial assets measured at fair value through profit and loss, net	491.11	648.44
Government grants	84.55	84.55
Miscellaneous income	50.03	111.51
	<b>3654.65</b>	<b>3174.43</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 25 Cost of raw materials consumed

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory of materials at the beginning of the year	9218.75	7389.47
Add: Purchases during the year	68347.20	69093.92
Less: Inventory of materials at the end of the year	15550.36	9218.75
	<b>62015.59</b>	<b>67264.64</b>

## 26 Purchases of stock-in-trade

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchases of stock-in-trade	5573.53	5042.24

## 27 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year		
Finished goods	11148.56	9591.20
Stock-in-trade	235.75	174.70
Work-in-progress	264.03	326.11
	<b>11648.34</b>	<b>10092.01</b>
Inventories at the end of the year		
Finished goods	10901.74	11148.56
Stock-in-trade	522.08	235.75
Work-in-progress	438.06	264.03
	<b>11861.88</b>	<b>11648.34</b>
Changes in inventories	<b>(213.54)</b>	<b>(1556.33)</b>

## 28 Employee benefits expense

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	11187.42	10192.72
Contribution to provident and other fund (refer note 36)	645.01	551.40
Employee share based payment expense - equity settled (refer note 43)	118.05	52.67
Gratuity expenses (refer note 36)	209.48	182.26
Staff welfare expenses	940.62	913.59
	<b>13100.58</b>	<b>11892.64</b>

## 29 Finance costs

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expenses on long-term borrowings measured at amortised cost	2122.24	1473.62
Interest expenses on working capital loans measured at amortised cost	641.57	154.45
Interest expenses on other financial liabilities measured at amortised cost	74.61	68.76
Interest expenses on lease liabilities	72.60	-
Interest expenses on income-tax	-	4.67
Interest expenses on others	205.04	233.19
	<b>3116.06</b>	<b>1934.69</b>



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 30 Depreciation and amortisation expenses

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	4379.32	3920.49
Amortisation of intangible assets (refer note 6)	229.88	224.98
Depreciation on investment property (refer note 5)	30.37	30.37
Depreciation on right of use assets (refer note 4)	276.35	-
	<b>4915.92</b>	<b>4175.84</b>

## 31 Other expenses

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spares	3066.45	3485.12
Power and fuel	4976.06	5193.16
Contract wages	4265.02	4285.44
Repairs and maintenance		
Plant and machinery (excluding stores and spares consumption)	785.58	797.29
Buildings	254.85	676.59
Others	813.75	837.55
Carriage outwards	13240.42	16165.49
Packing expenses	564.01	696.56
Rent	208.59	494.39
Rates and taxes	439.31	279.02
Insurance	84.40	94.54
Professional, consultancy and legal expenses (refer note (i) below)	1763.94	1444.50
Advertisement and sales promotion	3410.48	4360.79
Travelling and conveyance	2168.70	1869.05
Commission on sales	210.72	226.98
Directors' commission	85.00	107.50
Directors' fee	59.50	59.50
Donations (refer note (ii) below)	304.75	303.83
Provision for impairment of receivables, advances and other assets, net	176.18	(39.75)
Bad debt written off	119.98	162.39
Net loss on foreign currency transactions	-	528.92
Expenditure on corporate social responsibility (refer note 32)	223.35	204.71
Miscellaneous	1411.55	1442.54
	<b>38632.59</b>	<b>43676.11</b>

### Note:

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

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>As auditor</b>		
Statutory audit fee	48.00	36.00
Tax audit fee	5.50	5.50
Limited review of quarterly results	22.50	15.00
Consolidation	12.00	18.50
<b>For other services</b>		
For certification and income-tax matters	10.75	11.50
<b>For reimbursement of expenses</b>		
	8.38	5.14
	<b>107.13</b>	<b>91.64</b>

- (ii) Donations include ₹300.25 lacs (31 March 2019: ₹300.25 lacs) contribution made to Electoral Trust.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 32 Details of corporate social responsibility expenditure

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Gross amount required to be spent by the Company during the year	223.83	163.46
b) Amount spent during the year (in cash) :		
i) Construction / acquisition of any asset	-	-
ii) On purposes other than (i) above	226.01	204.71

## 33 Discontinuing operations

Refer accounting policy in note 3(v)

The Board of Directors at their meeting held on 16 January 2020 approved the Sale and Transfer of the Company's Calcium Silicate insulation products division, operated under the brand "HYSIL" to Caldersys India Refractories Limited, India through a Slump Sale arrangement on a going concern basis, subject to completion of conditions precedent set out in the Business Transfer Agreement ('BTA'). The total sale consideration for the aforesaid transaction is ₹8000 lacs subject to adjustments as set out in the BTA. As per the terms of BTA, both the parties undertook to take best efforts so that their respective conditions precedents can be satisfied as promptly as practicable after the BTA execution date and in any event no later than the Long Stop Date i.e., 15 April 2020. On 13 April 2020, due to the Novel Coronavirus (COVID-19) and Country wide lockdown, both parties mutually agreed to extend the long stop date till 14 June 2020.

This division was not previously classified as held for sale or discontinuing operations. The comparative statement of profit and loss has been represented to show the discontinuing operations separately from continuing operations.

### A. Results of discontinuing operations

Particulars	Note	(₹ in lacs)	
		For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue		3925.92	3926.41
Expenses		3058.50	2930.31
<b>Results from operating activities</b>		<b>867.42</b>	<b>996.10</b>
Income-tax	34	169.49	364.77
<b>Results from operating activities, net of tax</b>		<b>697.93</b>	<b>631.33</b>

The profit from discontinuing operations of ₹697.93 lacs (31 March 2019: ₹631.33 lacs) and the profit from continuing operations of ₹6973.77 lacs (31 March 2019: ₹9520.91 lacs) is attributable entirely to the owners of the Company.

### B. Cash flows from / (used in) discontinuing operations

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Net cash from operating activities	1012.75	1062.42
Net cash from / (used in) investing activities	10.11	(24.00)
Net cash used in financing activities	(1022.86)	(1038.42)
<b>Net cash flows</b>	<b>-</b>	<b>-</b>

### C. Effect of disposal on the financial position of the Company

Particulars	(₹ in lacs)
	As at 31 March 2020
<b>I ASSETS</b>	
<b>Non-current assets</b>	
(a) Property, plant and equipment	1172.78
(b) Financial assets	
(i) Loans	37.13



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 33 Discontinuing operations (Continued)

### C. Effect of disposal on the financial position of the Company (Continued)

Particulars	(₹ in lacs)	
	As at 31 March 2020	
<b>Current assets</b>		
(a) Inventories		237.29
(b) Financial assets		
(i) Trade receivables		358.22
(ii) Other financial assets		1.98
(c) Other current assets		59.49
<b>II LIABILITIES</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Lease liabilities		(3.73)
(b) Provisions		(7.17)
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Lease liabilities		(1.73)
(ii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises		(6.89)
Total outstanding dues of creditors other than micro enterprises and small enterprises		(305.72)
(iii) Other financial liabilities		(83.89)
(b) Other current liabilities		(44.50)
(c) Provisions		(24.32)
<b>III ASSETS NET OF LIABILITIES</b>		<b>1388.94</b>

As at 31 March 2020, the disposal group has been stated at carrying amount (being lower of their fair value less costs to sell).

## 34 Income-tax

### (A) Amount recognised in standalone statement of profit and loss - Continuing operations

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax	2627.16	4614.42
Income-tax for earlier years	(58.38)	62.69
Deferred tax attributable to temporary differences	(948.78)	816.83
<b>Tax expenses</b>	<b>1620.00</b>	<b>5493.94</b>

### Amount recognised in standalone statement of profit and loss - Discontinuing operations

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Tax expense	169.49	364.77
	<b>169.49</b>	<b>364.77</b>

This has been included in determination of profit / (loss) from discontinuing operation net of tax (refer note 33).

### (B) Amount recognised in other comprehensive income ("OCI")

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Deferred tax related to items recognised in OCI</b>		
Deferred tax on remeasurements of defined benefit plans	(1.32)	36.24
Deferred tax on fair value gain on investments in equity instruments through OCI	(2.15)	(2.19)
<b>Deferred tax income / (expense) recognised in OCI</b>	<b>(3.47)</b>	<b>34.05</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 34 Income-tax (Continued)

### (C) Reconciliation of effective tax rate

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Profit before tax</b>	9461.19	16010.95
Enacted tax rate in India	25.168%	34.944%
Tax using the Company's domestic tax rate	2381.19	5594.87
<b>Tax effect of:</b>		
Non-deductible tax expenses	574.09	604.24
Tax exempt income	(0.09)	(21.95)
Rate difference	(11.91)	(67.21)
Tax incentives	55.56	(307.86)
Change in rate	(1150.77)	-
Others	(0.20)	(6.07)
	<b>1847.87</b>	<b>5796.02</b>
Adjustments in respect of income-tax for earlier years	(58.38)	62.69
<b>Income-tax recognised in the standalone statement of profit and loss</b>	<b>1789.49</b>	<b>5858.71</b>

During the quarter ended 30 September 2019, the Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income-tax for the year ended 31 March 2020 and re-measured its deferred tax assets / liabilities based on the rate prescribed in the said section. The impact of this change has been recognised in the statement of profit and loss over the period from 01 July 2019 to 31 March 2020.

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

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<b>Deferred tax liabilities</b>		
Excess of depreciation / amortisation on fixed assets under income-tax law over depreciation / amortisation provided in books of account	5848.76	7556.34
Fair value gain on derivatives	181.73	226.59
Others	22.33	20.68
<b>Total deferred tax liabilities (A)</b>	<b>6052.82</b>	<b>7803.61</b>
<b>Deferred tax assets</b>		
Allowable for tax purposes on payment basis	1258.80	2035.29
Provision for doubtful trade receivables	671.94	805.21
Voluntary early retirement scheme	34.64	115.43
Others	229.88	44.81
<b>Total deferred tax assets (B)</b>	<b>2195.26</b>	<b>3000.74</b>
<b>Net deferred tax (asset) / liability (A-B)</b>	<b>3857.56</b>	<b>4802.87</b>

### (E) Movement in temporary differences:

Particulars	(₹ in lacs)							
	Balance as at 01 April 2018	Ind AS 115 transitional adjustment in retained earnings	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018- 19	Balance as at 31 March 2019	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Balance as at 31 March 2020
<b>Deferred tax liabilities</b>								
Excess of depreciation / amortisation on fixed assets under income-tax law over depreciation / amortisation provided in books of account	6763.57	-	792.77	-	7556.34	(1707.58)	-	5848.76
Fair valuation gain in derivatives	-	-	226.59	-	226.59	(44.86)	-	181.73
Other items	12.85	-	5.64	2.19	20.68	(0.50)	2.15	22.33



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 34 Income-tax (Continued)

### (E) Movement in temporary differences: (Continued)

Particulars	(₹ in lacs)							
	Balance as at 01 April 2018	Ind AS 115 transitional adjustment in retained earnings	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	Balance as at 31 March 2019	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Balance as at 31 March 2020
<b>Total deferred tax liabilities (A)</b>	<b>6776.42</b>	-	<b>1025.00</b>	<b>2.19</b>	<b>7803.61</b>	<b>(1752.94)</b>	<b>2.15</b>	<b>6052.82</b>
<b>Deferred tax assets</b>								
Allowable for tax purposes on payment basis	1746.91	-	252.14	36.24	2035.29	(775.17)	(1.32)	1258.80
Provision for doubtful trade receivables	819.14	-	(13.93)	-	805.21	(133.27)	-	671.94
Voluntary early retirement scheme	206.04	-	(90.61)	-	115.43	(80.79)	-	34.64
Other items	51.64	(67.40)	60.57	-	44.81	185.07	-	229.88
<b>Total deferred tax assets (B)</b>	<b>2823.73</b>	<b>(67.40)</b>	<b>208.17</b>	<b>36.24</b>	<b>3000.74</b>	<b>(804.16)</b>	<b>(1.32)</b>	<b>2195.26</b>
<b>Net deferred tax (asset) / liability (A-B)</b>	<b>3952.69</b>	<b>67.40</b>	<b>816.83</b>	<b>(34.05)</b>	<b>4802.87</b>	<b>(948.78)</b>	<b>3.47</b>	<b>3857.56</b>

## 35 Operating segments

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segment are presented in these standalone financial statements.

## 36 Employee benefits

The Company has the following post-employment benefit plans:

### (a) Defined contribution plan\*

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

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Contribution to provident fund	608.59	499.18
Contribution to employees state insurance schemes	25.42	38.64
Contribution to superannuation fund	30.88	30.80
	<b>664.89</b>	<b>568.62</b>

\*Including expense related to discontinuing operations.

### (b) Defined benefit plan

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

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

The Company has determined that, in accordance with the terms and conditions of the gratuity plan, and in accordance with statutory requirements (including minimum funding requirements) of the plan of the relevant jurisdiction, the present value of refund or reduction

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 36 Employee benefits (Continued)

### (b) Defined benefit plan (Continued)

in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit asset is necessary at 31 March 2020 (31 March 2019: no decrease in defined benefit asset).

#### i. Reconciliation of the net defined benefit (asset) / liability

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

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<i>Reconciliation of present value of defined benefit obligation</i>		
Balance at the beginning of the year	1600.69	1496.55
Current service cost	206.15	184.49
Interest cost	123.52	109.17
Re-measurement (or actuarial) (gain) / loss arising from:		
- change in demographic assumptions	0.39	2.65
- change in financial assumptions	92.33	(51.35)
- experience variance (i.e. actual experience vs assumptions)	33.43	48.58
Benefits paid	(91.50)	(189.40)
<b>Balance at the end of the year</b>	<b>1965.01</b>	<b>1600.69</b>
<i>Reconciliation of the present value of plan assets</i>		
Balance at the beginning of the year	1436.18	1365.57
Interest income	110.82	99.62
Contributions paid into the plan	43.05	90.62
Benefits paid	(3.98)	(15.81)
Return on plan assets, excluding amount recognised in net interest expense	131.41	(103.82)
<b>Balance at the end of the year</b>	<b>1717.48</b>	<b>1436.18</b>
<b>Net defined benefit (asset) / liability recognised in standalone balance sheet*</b>	<b>247.53</b>	<b>164.51</b>
*Including liabilities directly associated with Disposal group (refer note 33).		
<i>Expense recognised in standalone statement of profit and loss*</i>		
Current service cost	206.15	184.49
Net interest cost / (income) on the net defined benefit liability / (assets)	12.69	9.56
	<b>218.84</b>	<b>194.05</b>
*Including expense related to discontinuing operation		
<i>Remeasurements recognised in other comprehensive income</i>		
Actuarial loss / (gain) on defined benefit obligation	126.15	(0.12)
Return on plan assets, excluding amount recognised in net interest expense	(131.41)	103.82
	<b>(5.26)</b>	<b>103.70</b>

#### Plan assets

Plan assets comprises of the following:

Particulars	31 March 2020	31 March 2019
Fund managed by LIC	100%	100%

#### ii. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	31 March 2020	31 March 2019
Discount rate	6.70%	7.70%
Future salary growth	6.00 to 8.00%	8.00%
Attrition rate	5.00%	5.00%

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 36 Employee benefits (Continued)

### b) Defined benefit plan (Continued)

#### ii. Actuarial assumptions (Continued)

##### Principal actuarial assumptions at the reporting date (expressed as weighted averages): (Continued)

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

#### iii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts shown below:

Particulars	(₹ in lacs)			
	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in the assumed discount rate	1811.41	2142.45	1479.58	1739.80
Effect of 1% change in the assumed salary growth rate	2139.08	1811.24	1738.02	1478.84
Effect of 0.5% change in the assumed attrition rate	1926.86	2014.18	1588.23	1615.46

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

##### Expected contributions to the plan for the next annual reporting period

The Company expects to contribute a sum of ₹483.98 lacs to the plan for the next annual reporting period.

##### Maturity profile of the defined benefit obligation

Expected cash flows

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Within 1 year	189.21	130.57
2 to 5 years	800.92	630.17
6 to 10 years	862.38	855.96
More than 10 years	2094.46	1928.08

As at 31 March 2020, the weighted average duration of the defined benefit obligation was 8 years.

## 37 Earnings per share ("EPS")

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
(a) Net profit attributable to the equity shareholders - Continuing operations	6973.77	9520.91
(b) Net profit attributable to the equity shareholders - Discontinuing operations	697.93	631.33
(c) Weighted average number of equity shares outstanding during the year	7475622	7467951
(d) Effect of potential equity shares on employee stock options outstanding	15456	24359
(e) Weighted average number of equity shares outstanding for computing diluted earnings per share [(c) + (d)]	7491078	7492310
(f) Nominal value of equity shares (in ₹)	10.00	10.00

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 37 Earnings per share ("EPS") (Continued)

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<b>Continuing Operations</b>		
(g) Basic earnings per share (in ₹) [(a)/(c)]	93.29	127.49
(h) Diluted earnings per share (in ₹) [(a)/(e)]	93.09	127.08
<b>Discontinuing Operations</b>		
(i) Basic earnings per share (in ₹) [(b)/(c)]	9.34	8.45
(j) Diluted earnings per share (in ₹) [(b)/(e)]	9.32	8.43
<b>Continuing and Discontinuing Operations</b>		
(k) Basic earnings per share (in ₹) [(a+b)/(c)]	102.62	135.94
(l) Diluted earnings per share (in ₹) [(a+b)/(e)]	102.41	135.50

## 38 Capital commitments

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	1920.95	1992.46

## 39A. Contingent liabilities (not provided for) in respect of:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
(a) Demand raised by the Income-tax authorities, being disputed by the Company*	803.58	1934.04
(b) Demands raised by sales tax authorities, being disputed by the Company**	2083.98	2519.17
(c) Demands (including penalties) raised by excise authorities, being disputed by the Company***	874.60	829.66
(d) Appeal filed by the Company before the High Court of Judicature of Andhra Pradesh against the decision of appeal in favour of the Income-tax department pertaining to wealth tax matter.	56.98	56.98
(e) Pending cases with High Court where Income-tax department has preferred appeals	1469.42	596.26
(f) Demand for property tax, being disputed by the Company	252.15	252.15
(g) Other claims against the Company not acknowledged as debts ****	286.64	286.64

(h) There are other civil matters against the Company of which one such case is pertaining to certain mining activity performed by the Company in the past. The National Green Tribunal ("NGT"), New Delhi, disposed of the above case in the current year, directing that the restoration of mine to be carried out by State of Jharkhand; and filing of claims by the victims before the District Judge, Chaibasa for adjudication. Aggrieved by some of the findings in the aforesaid Orders, the Company filed a petition before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India directed to issue notice to the other parties and maintain Status Quo in the meantime. Management believes that though the impact is not currently determinable, the final outcome of the above matter is not expected to be material on the financial statements.

\* Income-tax demand comprises of demand from the Indian tax authorities upon completion of their assessment. The tax demands are mainly on account of disallowance of the benefit on research & development expenses, depreciation expenses on wind mill, other expenses not allowed.

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

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

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

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

**B.** On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. However, considering that there are numerous interpretative issues relating to retrospective application of this judgement, the Company has made a provision for provident fund contribution based on the best estimate during the previous year. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 40 Related parties

### A. List of related parties and nature of relationship

Name of the related party	Nature of relationship	Country	% of Holding as at	
			31 March 2020	31 March 2019
Supercor Industries Limited	Joint venture	Nigeria	33%	33%
HIL International GmbH (refer note 46(a))	Wholly owned subsidiary	Germany	100%	100%
Parador Holding GmbH (refer note 46(a))	Step-down subsidiary	Germany	100%	100%
Parador GmbH	Step-down subsidiary	Germany	100%	100%
Parador Parkettwerke GmbH	Step-down subsidiary	Austria	100%	100%
Parador (Shanghai) Trading Co., Ltd.	Joint venture	China	50%	50%

Name of the related party	Nature of relationship
<b>Key Management personnel</b>	
Mr. Dhirup Roy Choudhary	Managing Director and Chief Executive Officer ("CEO")
Mr. KR Veerappan	Chief Financial Officer
Mr. G Manikandan	Company Secretary and Financial Controller
<b>Non-Executive Directors and Independent Directors</b>	
Mr. CK Birla	Chairman (Non-Executive Director)
Mr. Desh Deepak Khetrpal	Non-Executive Director
Mrs. Gauri Rasgotra	Independent Director
Mr. V.V. Ranganathan	Independent Director (joined on 19 March 2019)
Dr. Arvind Sahay	Independent Director (joined on 08 February 2019)
Mr. P. Vaman Rao	Independent Director (resigned w.e.f. 08 February 2019)
Mr. Yash Paul	Independent Director (resigned w.e.f. 19 March 2019)

### List of other related parties with whom there are transactions

Birla Buildings Limited
CK Birla Corporate Services Limited
GMMCO Limited
National Engineering Industries Limited
Orient Cement Limited
Orient Electric Limited
Orient Paper & Industries Limited

### B. Transactions with related parties

Related party	Nature of transactions	(₹ in lacs)	
		31 March 2020	31 March 2019
Non-Executive Directors and Independent Directors	Sitting fees and commission	144.50	167.00
Managing Director and Chief Executive Officer	Managerial remuneration*	405.04	362.38
	Share based payment	90.03	56.83
Chief Financial Officer	Managerial remuneration*	193.83	178.31
	Share based payment	12.40	7.95
Company Secretary and Financial Controller	Managerial remuneration*	61.16	55.81
Parador GmbH, Germany	Purchase of goods & service	489.43	4.86
	Reimbursement of expenses	15.88	525.37
HIL International GmbH, Germany	Loan given	-	15536.00
	Repayment of loan given	3857.63	-
	Interest income on loan	1215.87	506.52
GMMCO Limited	Purchase of Goods	21.73	55.62
Orient Electric Limited	Purchase of Goods	18.95	22.48

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 40 Related parties (Continued)

### B. Transactions with related parties (Continued)

		(₹ in lacs)	
Related party	Nature of transactions	31 March 2020	31 March 2019
	Sales of Finished Goods	4.49	7.02
National Engineering Industries Limited	Rent Paid	63.15	68.88
	Reimbursements	17.26	15.43
	Sales of Finished Goods	4.89	13.66
Birla Buildings Limited	Rent Paid	25.68	24.06
	Reimbursements	13.05	17.43
CK Birla Corporate Services Limited	Professional Services	529.59	372.66
	Brand Usage	40.23	58.94
	Reimbursements	27.08	8.10
Orient Paper & Industries Limited	Rent Received	66.04	66.04
Orient Cement Limited	Rent Received	81.84	81.84
	Sales of Finished Goods	13.56	1.45

### C. Balances outstanding

		(₹ in lacs)	
Related party	Details	31 March 2020	31 March 2019
Supercor Industries Limited, Nigeria	Dividend receivable on investments #	9.01	9.01
Non-Executive Directors and Independent Directors	Commission	85.00	107.50
Managing Director and Chief Executive Officer	Managerial remuneration*	59.31	76.83
	Share based payment	185.17	95.14
Chief Financial Officer	Managerial remuneration*	28.46	37.10
	Share based payment	10.15	21.52
Company Secretary and Financial Controller	Managerial remuneration*	7.31	8.16
Parador GmbH, Germany	Trade payable	133.55	4.86
HIL International GmbH, Germany	Loan given	12432.71	15536.00
	Interest accrued on loan given	969.64	485.23
GMMCO Limited	Advance for materials	50.42	-
	Trade payable	-	2.02
Orient Electric Limited	Trade payable	1.88	0.47
	Trade receivable	3.15	0.13
Birla Buildings Limited	Rent payable	-	0.74
CK Birla Corporate Services Limited	Trade payables	45.38	18.50
National Engineering Industries Limited	Trade receivable	-	1.06

#During earlier year, the Company made provision for the dividend receivable amounting to ₹9.01 lacs from Supercor Industries Limited ("Supercor") as the receipt of same is considered to be doubtful. Further, the Company has also made provision for value of investment in Supercor in the books of account amounting to ₹142.60 lacs.

\*As the future liabilities for gratuity, compensated absences and other long-term employee benefit plans are provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above.

All related party transactions entered during the year were in ordinary course of business and are on arm's length basis.

## 41 Details of dues to Micro Enterprises and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The information as required under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 41 Details of dues to Micro Enterprises and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 (Continued)

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
(a) The principal amount remaining unpaid to any supplier as at the end of each accounting year [(including ₹43.04 lacs shown under capital creditors (31 March 2019: ₹11.83 lacs) and ₹6.89 lacs shown under Disposal group - Liabilities directly associated with assets held for sale];	678.57	978.61
(b) The interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
(c) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	Nil	Nil

## 42 Other provisions

Particulars	(₹ in lacs)			
	Opening balance	Created during the year	Utilised during the year	Closing balance
<b>(i) For the year 2019-20</b>				
Provision for employee related other costs [refer note (a) below]	31.46	-	31.46	-
Provision for litigations [refer note (b) below]	357.95	-	-	357.95
Provision - others [refer note (c) below]	600.00	-	149.31	450.69
	<b>989.41</b>	<b>-</b>	<b>180.77</b>	<b>808.64</b>
<b>(ii) For the year 2018-19</b>				
Provision for employee related other costs [refer note (a) below]	75.09	21.82	65.45	31.46
Provision for litigations [refer note (b) below]	227.13	168.70	37.88	357.95
Provision - others [refer note (c) below]	600.00	-	-	600.00
	<b>902.22</b>	<b>190.52</b>	<b>103.33</b>	<b>989.41</b>

- (a) The wage agreement at none of the manufacturing locations (31 March 2019: at one) of the Company are pending as at 31 March 2020.
- (b) Provision for litigations represents provision towards potential liability against various ongoing indirect tax cases based on Company's internal assessment.
- (c) Provision - others represents provision towards possible obligation against certain past events for which the expected outflow is certain.

## 43 Share based payments

### A. Description of share-based payment arrangements

#### *Employee stock option scheme (equity-settled)*

The Company provides share-based payment schemes to its eligible employees as identified in the employee stock option schemes. The relevant details of these schemes and the grants are as below:

On 12 May 2015 the Nomination and Remuneration cum Compensation Committee of the Board of Directors of the Company approved the HIL Employees Stock Option Scheme 2015 (ESOP scheme 2015) for issue of stock options to identified employees of the Company.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 43 Share based payments (Continued)

### A. Description of share-based payment arrangements (Continued)

On 12 August 2019 the Nomination and Remuneration cum Compensation Committee of the Board of Directors of the Company approved the HIL Employees Stock Option Scheme 2019 (ESOP scheme 2019) for issue of stock options to identified employees of the Company.

According to the scheme, eligible employees identified by the Nomination and Remuneration cum Compensation Committee entitled to options, subject to satisfaction of the prescribed vesting conditions. The relevant terms of the grant as mentioned in the ESOP scheme 2015 and ESOP scheme 2019 are as below:

Particulars	ESOP scheme 2019		ESOP scheme 2015	
	Grant I		Grant II	
Date of grant	14 October 2019		17 August 2015	
Number of options outstanding	95367		-	
Vesting period	40% - end of year 3		40% - end of year 3	
	60% - end of year 4		60% - end of year 4	
Exercise period	4 years from the		4 years from the	
	respective dates of vesting		respective dates of vesting	
Exercise price (₹)	1234.15		620.00	
Weighted average market price (₹)	1234.15		789.59	
			Grant II	
			27 July 2017	
			35600	
			40% - end of year 3	
			60% - end of year 4	
			4 years from the	
			respective dates of vesting	
			620.00	
			1091.02	

### B. Measurement of fair values

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans measured based on the Black Scholes valuation model are as follows:

#### As at 31 March 2020 and 31 March 2019

	ESOP scheme 2015			
	Grant I		Grant II	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
<b>Grant date</b>	<b>17 August 2015</b>		<b>27 July 2017</b>	
Fair value at grant date (₹)	341.69	341.69	563.45	563.45
Exercise price (₹)	620.00	620.00	620.00	620.00
Expected volatility (weighted average volatility)	34.32%	37.84%	33.04%	33.67%
Risk-free interest rate (based on government bonds)	7.43%	7.43%	6.41%	6.41%
Time to maturity (in years)	6.00	7.00	6.00	7.00
Expected dividends yields	3.02%	3.02%	2.50%	2.50%

	ESOP scheme 2019	
	Grant I	
	Tranche 1	Tranche 2
<b>Grant date</b>	<b>14 October 2019</b>	
Fair value at grant date (₹)	470.38	470.38
Exercise price (₹)	1234.15	1234.15
Expected volatility (weighted average volatility)	37.62%	37.89%
Risk-free interest rate (based on government bonds)	6.32%	6.56%
Time to maturity (in years)	5	6
Expected dividends yields	2.05%	2.05%



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 43 Share based payments (Continued)

### B. Measurement of fair values (Continued)

The expected life of the stock is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The weighted average remaining contractual life for the stock options outstanding is 6.54 years (31 March 2019: 5.68 years).

### C. Reconciliation of outstanding share options

The details of activity under “ESOP scheme 2015 and ESOP scheme 2019” are summarised below:

Particulars	31 March 2020	31 March 2019
	No. of options	No. of options
Outstanding at the beginning of the year	42560	57550
Granted during the year	105049	-
Cancelled during the year*	9682	6210
Vested and exercised during the year	6960	8780
Outstanding at the end of the year	130967	42560

\* cancelled stock options lies in pool account for future grants.

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2020 was ₹1285.25 (31 March 2019: ₹2195.10).

### D. Expense recognised in the standalone statement of profit and loss

For details on the employee benefits expense, refer note 28.

## 44 Particulars of hedged foreign currency exposure as at the balance sheet date

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

Particulars	Currency	Number of contracts	Amount in foreign currency	Purpose
<b>As at 31 March 2020</b>	USD	23	5665686	For hedging of trade payables
	USD	3	1129838	For hedging of buyers credit facility
	USD	4	2263000	For hedging of loan receivables and interest
	EUR	27	13750000	For hedging of loan receivables
	EUR/USD	2	1885000	For hedging of loan receivables and interest
<b>As at 31 March 2019</b>	USD	23	8179546	For hedging of trade payables
	EUR	22	11250000	For hedging of loan receivables

## 45 Service concession arrangement

On 21 March 2011, the Company entered into a service concession agreement with Gujarat Urja Vikas Nigam Limited (the grantor) to provide the service of generation of electricity and selling the same to grantor. The Power Plant was commissioned and available for use on 18 April 2011. Under the terms of the agreement, the Company will sell all available capacity of electricity generated from the 1.8 MW wind power plant at village Vandhiya, Gujarat for a period of 25 years at a fixed rate of ₹3.56 per kwh for delivered energy as certified by state electricity authority of Gujarat state load dispatch center (“SLDC”), starting from 18 April 2011 (commercial operation date). The Company will be responsible for any maintenance services required during the concession period. The Company does not expect major repairs to be necessary during the concession period.

On 24 September 2014, the Company entered into a service concession agreement with Ajmer Vidyut Vitran Nigam Limited (the grantor) to provide the service of generation of electricity and selling the same to grantor. The Power Plant was commissioned and available for use on 30 September 2014. Under the terms of the agreement, the Company will sell all available capacity of electricity generated from the 2 MW wind power plant at village Rajgarh, district Jaisalmer for a period of 25 years at a fixed rate of ₹5.31 per kwh for the delivered energy conforming the standards as approved by Rajasthan Electricity Regulatory Commission (“RERC”), starting from 30 September 2014 (commercial operation date). The Company will be responsible for any maintenance services required during the concession period. The Company does not expect major repairs to be necessary during the concession period.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 45 Service concession arrangement (Continued)

The Company recognised service concession arrangement with Gujarat Urja Vikas Nigam Limited and Ajmer Vidyut Vitran Nigam Limited under intangible asset model, on the basis that the Company will receive variable amount of revenue from the respective discoms in Gujarat and Rajasthan depending upon the actual amount of electricity generated and supplied to the respective discoms. The discoms has not assured any minimum amount of proceeds to the Company. The Company bears the demand risk and the right to receive cash from the Discoms is not unconditional i.e. it depends upon the actual amount of electricity generated and supplied to the discoms.

The service concession agreements with the Gujarat Urja Vikas Nigam Limited and Ajmer Vidyut Vitran Nigam Limited does not contain a renewal option. The standard rights of the grantor to terminate the agreement in both the arrangements include poor performance by the Company and the event of a material breach of the terms of the agreement by the Company. The standard rights of the Company to terminate the agreement in both the arrangements include failure of the grantor to make payment under the agreement and a material breach by the grantor of the terms of the agreement.

During the year, the Company has recorded revenue of ₹229.57 lacs (31 March 2019: ₹260.74 lacs) on generation of power, and recorded profit of ₹71.62 lacs (31 March 2019: ₹123.89 lacs).

## 46 Investment

### a) Interest in subsidiary

The Company incorporated a wholly owned subsidiary "HIL International GmbH" at Germany on 04 July 2018 which acquired 100% shareholding of Parador Holding GmbH, Germany through sale and purchase agreement dated 11 July 2018 and completed the acquisition on 27 August 2018.

### b) Interest in joint venture

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

Name of the joint venture company	Country of incorporation	Proportion of ownership interest	For the year ended on	Description of Interest
Supercor Industries Limited	Nigeria	33%	31 December 2019	JV established for manufacture of asbestos cement sheets

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity as at and for the years ended 31 December 2019 and 2018 are as follows:

### Proportion of Company's interest in a joint venture company

Particulars	(₹ in lacs)	
	31 December 2019 (Unaudited)*	31 December 2018 (Unaudited)*
<b>Assets</b>		
Non-current assets	-	-
Current assets	-	-
<b>Liabilities</b>		
Non-current liabilities	-	-
Current liabilities	-	-
<b>Income</b>		
Revenue from operations	-	-
Other income	-	-
<b>Expenses</b>		
Raw materials consumed	-	-
Manufacturing and other expenses	-	-
Interest and financial charges	-	-
Depreciation expense	-	-
Provision for tax	-	-
Proposed dividend	-	-
Contingent liabilities	-	-
Capital commitments	-	-

\* Data not available. refer note (c) below

During the year ended 31 March 2020 and 31 March 2019, the Company did not receive any dividend from Supercor Industries Limited.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 46 Investment (Continued)

c) The Company holds 33% stake in Supercor Industries Limited (“Supercor”) and its investment in Supercor as at 31 March 2020 amounts to ₹ Nil (31 March 2019: ₹ Nil), after considering the provision for diminution in value of investments amounting to ₹142.60 lacs (31 March 2019: ₹142.60 lacs). Supercor suspended its operations from November 2015, none of the employees of Supercor are attending office and the power connection at the office of Supercor has also been discontinued. On account of this reason, Supercor has been unable to prepare its year end accounts. Therefore, due to non-availability of any information from Supercor and the unusual circumstances mentioned above, which is beyond the control of the Company, the Company is unable to present the required information.

During earlier years, the Company had filed a winding up petition in Nigeria for Supercor and made 100% provision against the investment value and outstanding receivable balances. As informed by Management, the winding-up petition filed by the Company in 2016 has been dismissed in Nigerian Court. An interim Board has been set up by the Nigerian Government for assessing the revival of the operations. However, detailed plan of action from the interim Board of Supercor is awaited. The Management does not foresee any future liability on account of any claim, with respect to Supercor over and above the amount invested in Supercor.

## 47 Leases

### In the capacity of lessor

The Company has given certain properties under non-cancellable leases to various parties. Following are the details of future minimum lease payments under the agreement:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Not later than one year	443.00	248.94
Later than one year and not later than five years	462.63	143.52
Later than five years	-	-

## 48 Capital management

The Company aims to maintain a strong capital base so as to maintain the confidence of all stakeholders and to sustain future development of the business.

In order to maintain the capital structure, the Company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as going concern and to optimise returns to all its shareholders. For the purpose of the Company’s capital management, capital includes issued capital and all other equity reserves and debt includes long-term borrowings (including current maturities) and short-term borrowings.

The Company’s total debt to equity ratio at the reporting dates were as follows:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Total debt	42902.64	39016.74
<b>Total debt (A)</b>	<b>42902.64</b>	<b>39016.74</b>
Total equity	70502.97	64686.31
<b>Total equity (B)</b>	<b>70502.97</b>	<b>64686.31</b>
<b>Total debt to total equity ratio (A/B)</b>	<b>0.61</b>	<b>0.60</b>

## 49 Expenditure incurred on research and development

Revenue expenditure debited to respective heads of account includes expenditure incurred on Research and Development during the year amounting to ₹363.67 lacs (31 March 2019: ₹357.83 lacs) and assets / equipment purchased for research activities of ₹22.47 lacs (31 March 2019: ₹108.61 lacs) disclosed under Property, plant and equipment.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 50 Expenditure during construction period (included in capital work-in-progress)

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<b>Balance brought forward</b>	<b>36.31</b>	<b>159.08</b>
<b>Expenditure incurred during the year</b>		
Cost of material consumed	5.08	0.83
Employee benefits expense	-	11.36
Consumption of stores and spares	0.26	0.13
Contract wages	8.16	-
Power and fuel	15.00	13.50
Rent	0.36	1.45
Rates and taxes	-	13.18
Insurance	-	2.02
Professional, consultancy and legal expenses	45.87	33.11
Travelling and conveyance	18.15	28.67
Miscellaneous expenses	9.35	17.87
<b>Total expenditure during construction period</b>	<b>102.23</b>	<b>122.12</b>
<b>Total</b>	<b>138.54</b>	<b>281.20</b>
Allocated to property, plant and equipment	95.78	244.89
Balance carried forward	42.76	36.31

## 51 Disclosures pertaining to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

### a) The Company has made investment in the following Companies:

Entity	(₹ in lacs)				
	As at 31 March 2019	Allotment / purchases during the year	Sold during the year	Provision for diminution	As at 31 March 2020
<b>Investment in equity instruments</b>					
HIL International GmbH, Germany	27346.24	-	-	-	27346.24
Supercor Industries Limited, Nigeria	-	-	-	-	-

### b) The Company has given unsecured interest bearing loan to its following subsidiary:

Entity	(₹ in lacs)				
	As at 31 March 2019	Given during the year	Repaid during the year	As at 31 March 2020*	Maximum balance outstanding during the year
HIL International GmbH, Germany	15536.00	-	3857.63	12432.71	15536.00

\*Restated at the closing conversion rate as the loan was given in foreign currency.

The above loan given to HIL International GmbH, Germany was for the purpose of financing further acquisition of 100% shareholding of Parador Holding GmbH, Germany. The outstanding loan amount is repayable in three equal yearly instalments starting 16 August 2027.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

**52** The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by 30 November 2020, as required by law. The Management confirms that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

**53** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

## 54 Change in significant accounting policies:

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Company with effect from 01 April 2019.

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

### Under Ind AS 116

The Company has elected the practical expedient and therefore is permitted not to re-assess whether existing contracts contains a lease as defined under Ind AS 116 at the initial application date.

On transition to Ind AS 116, the Company has recognised right-of-use assets amounting to ₹1779.69 lacs and lease liabilities amounting to ₹877.21 lacs. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 01 April 2019. The rate applied is 8.65% p.a.

	(₹ in lacs)
<b>Lease liabilities</b>	<b>As at 31 March 2020</b>
<b>Maturity analysis – contractual undiscounted cash flows</b>	
Less than one year	243.38
One to five years	361.81
More than five years	134.71
<b>Total undiscounted lease liabilities at 31 March 2020</b>	<b>739.90</b>

	(₹ in lacs)
<b>Particulars</b>	<b>For the year ended 31 March 2020</b>
<b>Amounts recognised in Statement of Profit and Loss*</b>	
Interest on lease liabilities	73.13
Expenses relating to short term leases and low-value assets	210.74
	<b>283.87</b>
*Including expenses related to discontinuing operations	
<b>Amounts recognised in Statement of Cashflows</b>	
Payment of lease liabilities	301.18
	<b>301.18</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 55 Financial instruments - fair values and risk management

### A. Accounting classifications and fair values\*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2020

Particulars	Notes	Carrying amount				Fair value			Total
		FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>									
Derivative assets	10	1340.70	-	-	-	1340.70	-	-	1340.70
Investments in mutual funds	7	1600.03	-	-	-	1600.03	-	-	1600.03
Investments in equity instruments	7	-	55.80	-	-	55.80	-	55.80	55.80
		<b>2940.73</b>	<b>55.80</b>	<b>-</b>	<b>-</b>	<b>1600.03</b>	<b>1340.70</b>	<b>55.80</b>	<b>2996.53</b>
<b>Financial assets not measured at fair value</b>									
Trade receivables	8	-	-	9807.25	-	-	-	-	9807.25
Loans	9	-	-	13475.00	-	-	-	-	13475.00
Other financial assets	10	-	-	1274.03	-	-	-	-	1274.03
Cash and cash equivalents	13	-	-	697.61	-	-	-	-	697.61
Other bank balances	14	-	-	289.49	-	-	-	-	289.49
		<b>-</b>	<b>-</b>	<b>25543.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25543.38</b>
<b>Financial liabilities measured at fair value</b>									
Derivative liabilities	20	127.56	-	-	-	127.56	-	-	127.56
		<b>127.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127.56</b>	<b>-</b>	<b>-</b>	<b>127.56</b>
<b>Financial liabilities not measured at fair value</b>									
Borrowings	17	-	-	-	36124.58	-	-	-	36124.58
Lease Liabilities	18	-	-	-	739.90	-	-	-	739.90
Trade payables	19	-	-	-	21829.94	-	-	-	21829.94
Other financial liabilities	20	-	-	-	15396.53	-	-	-	15396.53
		<b>-</b>	<b>-</b>	<b>-</b>	<b>74090.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74090.95</b>

The fair value of investments in other securities, trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables, lease liabilities and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

\* Including Disposal group- Assets held for sale and Disposal group - Liabilities directly associated with assets held for sale (refer note 33).



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 55 Financial instruments - fair values and risk management (Continued)

### A. Accounting classifications and fair values (Continued)

31 March 2019

(₹ in lacs)

Particulars	Notes	Carrying amount				Fair value			Total
		FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>									
Derivative assets	10	734.38	-	-	-	734.38	-	-	734.38
Investments in equity instruments	7	-	46.40	-	-	46.40	-	46.40	46.40
		<b>734.38</b>	<b>46.40</b>	-	-	<b>780.78</b>	<b>734.38</b>	<b>46.40</b>	<b>780.78</b>
<b>Financial assets not measured at fair value</b>									
Trade receivables	8	-	-	11514.26	-	11514.26	-	-	-
Loans	9	-	-	16471.42	-	16471.42	-	-	-
Other financial assets	10	-	-	800.13	-	800.13	-	-	-
Cash and cash equivalents	13	-	-	777.58	-	777.58	-	-	-
Other bank balances	14	-	-	275.97	-	275.97	-	-	-
		-	-	<b>29839.36</b>	-	<b>29839.36</b>	-	-	-
<b>Financial liabilities measured at fair value</b>									
Derivative liabilities	20	85.93	-	-	-	85.93	-	-	85.93
		<b>85.93</b>	-	-	-	<b>85.93</b>	-	-	<b>85.93</b>
<b>Financial liabilities not measured at fair value</b>									
Borrowings	17	-	-	-	34672.63	34672.63	-	-	-
Trade payables	19	-	-	-	22340.02	22340.02	-	-	-
Other financial liabilities	20	-	-	-	12978.24	12978.24	-	-	-
		-	-	-	<b>69990.89</b>	<b>69990.89</b>	-	-	-

The fair value of investments in other securities, trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 55 Financial instruments - fair values and risk management (Continued)

### B. Measurement of fair values

#### i. Valuation technique and significant unobservable inputs

Derivative assets / liabilities: The fair value is determined using forward exchange rates at the reporting date.

Investment in equity instruments: The fair value is determined based on the average of value determined as per discounted cash flows approach and intrinsic value per share as on the reporting date.

#### ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2019-20 and no transfers in either direction in 2018-19.

#### iii. Level 3 fair values

Particulars	(₹ in lacs)
	FVOCI Equity securities
Balance at 01 April 2018	37.00
Net change in fair value (unrealised)	9.40
<b>Balance at 31 March 2019</b>	<b>46.40</b>
Balance at 01 April 2019	46.40
Net change in fair value (unrealised)	9.40
<b>Balance at 31 March 2020</b>	<b>55.80</b>

#### Sensitivity analysis

For the fair values of FVOCI equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Particulars	(₹ in lacs)	
	OCI, net of tax	
	Increase	Decrease
2019-20		
Annual growth rate (2.5% movement)	16.43	(8.21)
2018-19		
Annual growth rate (2.5% movement)	16.34	(8.17)

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- a) Liquidity risk
- b) Market risk
- c) Credit risk

#### i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and deployment of risk management framework. The Board of Directors has adopted a Risk Policy, which empowers the management to access and monitoring the risk management parameters along with action taken and the same is updated to Board of Directors.

The Company's risk management policies are established to identify and analyse the risks being faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 55 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

#### ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

*Exposure to liquidity risk\**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts reflect the principal amounts that are gross and undiscounted, and exclude the impact of netting agreements.

31 March 2020

Particulars	(₹ in lacs)					
	Carrying amount	Total	Contractual Upto 1 year	Cash flows 1-2 Years	2-5 Years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Interest free sales tax loan - secured	4915.97	5348.17	-	1107.53	4240.64	-
Sales tax deferment loan - unsecured	290.21	290.21	64.89	88.07	137.25	-
Term loan from bank	21341.29	21363.00	6720.00	6520.00	8123.00	-
Working capital loan	15500.00	15500.00	15500.00	-	-	-
Buyers' credit	855.17	855.17	855.17	-	-	-
Trade payables	21829.94	21829.94	21829.94	-	-	-
Lease Liabilities	739.90	739.90	243.38	166.64	195.17	134.71
Interest accrued	125.85	125.85	125.85	-	-	-
Capital creditors	373.82	373.82	373.82	-	-	-
Unpaid dividend	81.72	81.72	10.10	9.86	38.63	23.13
Security deposits	4600.41	4600.41	4600.41	-	-	-
Contract Liabilities	2503.68	2503.68	2503.68	-	-	-
Other financial liabilities	932.99	932.99	932.99	-	-	-
	<b>74090.95</b>	<b>74544.86</b>	<b>53760.23</b>	<b>7892.10</b>	<b>12734.69</b>	<b>157.84</b>
<b>Derivative financial liabilities</b>						
Derivative liabilities	127.56	127.56	2.48	-	125.08	-
	<b>127.56</b>	<b>127.56</b>	<b>2.48</b>	<b>-</b>	<b>125.08</b>	<b>-</b>

\*Including Disposal group - Liabilities directly associated with assets held for sale (refer note 33).

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 55 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

31 March 2019

Particulars	(₹ in lacs)					
	Carrying amount	Total	Contractual Upto 1 year	Cash flows 1-2 Years	2-5 Years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Interest free sales tax loan - secured	6368.82	6875.62	1527.46	-	3992.35	1355.81
Sales tax deferment loan - unsecured	346.85	346.85	56.65	64.89	225.31	-
Term Loan from Bank	27294.11	34359.96	4958.80	7433.35	19425.20	2542.61
Working capital loan	5006.96	5006.96	5006.96	-	-	-
Trade payables	22340.02	22340.02	22340.02	-	-	-
Interest accrued	202.79	202.79	202.79	-	-	-
Capital creditors	465.29	465.29	465.29	-	-	-
Unpaid dividend	91.86	91.86	17.87	11.50	36.94	25.55
Security deposits	4812.49	4812.49	4812.49	-	-	-
Contract Liabilities	2289.01	2289.01	2289.01	-	-	-
Other financial liabilities	772.69	772.69	772.69	-	-	-
	<b>69990.89</b>	<b>77563.54</b>	<b>42450.03</b>	<b>7509.74</b>	<b>23679.80</b>	<b>3923.97</b>
<b>Derivative financial liabilities</b>						
Derivative liabilities	85.93	85.93	85.93	-	-	-
	<b>85.93</b>	<b>85.93</b>	<b>85.93</b>	<b>-</b>	<b>-</b>	<b>-</b>

### iii) Market risk

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company uses derivatives to manage market risks.

#### a) Foreign currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated. The functional currency for the Company is Indian Rupees. The currencies in which these transactions are primarily denominated is US dollars and Euros. The Company does not enter into any derivative instruments for trading or speculative purposes.

Currency risks related to the principal amounts of the Company's US dollar trade payables, buyers' credit and Euro loan and interest receivables have been hedged using forward contracts that mature on or before the same dates as the payables and receivables are due for repayment. These contracts are designated as derivatives.

Generally, borrowings are denominated in currencies that matter the cash flows generated by the underlying operations of the Company. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore, hedge accounting is not applied in these circumstances. The Company has certain foreign currency working capital loans in the buyer's credit.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 55 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

#### iii) Market risk (Continued)

##### a) Foreign currency risk (Continued)

##### Exposure to currency risk\*

The summary of data about the Company's exposure to unhedged currency risk (based on notional amounts) as reported to the management is as follows:

Particulars	Currency	As at 31 March 2020			As at 31 March 2019		
		Value in foreign currency	Exchange rate	Amount ₹ in lacs	Value in foreign currency	Exchange rate	Amount ₹ in lacs
Trade payables	USD	(5039861)	75.69	(3814.67)	(363450)	69.16	(251.35)
	EUR	(127969)	82.88	(106.07)	(6870)	77.68	(5.34)
Trade receivables	USD	254	75.69	0.19	5740	69.16	3.97
Loan to subsidiaries	EUR	-	82.88	-	8750000	77.68	6797.00
Interest accrued on loan to subsidiaries	EUR	534863	82.88	443.32	624658	77.68	485.23

\* Including Disposal group - Assets held for sale and Disposal group - Liabilities directly associated with assets held for sale (refer note 33).

##### Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, US dollar or Euro against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in lacs)

Particulars		Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>					
(1% movement)	USD	(38.14)	38.14	(28.54)	28.54
	EUR	3.37	(3.37)	2.52	(2.52)
<b>31 March 2019</b>					
(1% movement)	USD	(2.47)	2.47	(1.61)	1.61
	EUR	72.77	(72.77)	47.34	(47.34)

##### b) Interest rate risk\*

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in lacs)

Particulars	31 March 2020	31 March 2019
Variable rate borrowings including current maturities	37696.46	32301.07
<b>Total borrowings</b>	<b>37696.46</b>	<b>32301.07</b>

\* Including Disposal group - Liabilities directly associated with assets held for sale (refer note 33).

##### Sensitivity

(₹ in lacs)

Particulars	Impact on profit and loss	
	31 March 2020	31 March 2019
1% increase in interest rate	(376.96)	(323.01)
1% decrease in interest rate	376.96	323.01

The interest rate sensitivity is based on the closing balance of loans from banks.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 55 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

#### iv) Credit risk\*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

#### Trade receivables :

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Company. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

	(₹ in lacs)			
Trade receivables	< 180 days	> 180 days	Provision	Total
31 March 2020	9819.01	1518.67	(1530.43)	9807.25
31 March 2019	11512.15	1325.07	(1322.96)	11514.26

The movement in the allowance for impairment in respect of trade receivables is as follows:

	(₹ in lacs)	
Particulars	31 March 2020	31 March 2019
Balance as at 01 April	1322.96	1314.16
Amounts written off	(120.08)	(162.41)
Net remeasurement of loss allowance	327.55	171.21
<b>Balance as at 31 March</b>	<b>1530.43</b>	<b>1322.96</b>

\* Including Disposal group - Assets held for sale (refer note 33).

## 56 Impact of COVID - 19

In view of lockdown due to the outbreak of COVID pandemic, the operations of the Company were scaled down or shut down from second half of March 2020. The duration of this lockdown is uncertain at this point in time. However, the Company has resumed its operations in compliance with the directives issued by the Government authorities. While this has impacted the sales performance of the Company, the Management continues to closely monitor the situation and will take appropriate action, as necessary, to scale up operations in due compliance with the applicable regulations. As per the Management's current assessment, no significant impact is expected on the carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets and it continues to monitor changes in future economic conditions. The eventual outcome of the impact of this global health pandemic may be different from those estimated as on the date of approval of these financial statements.

As per our Report of even date attached

#### for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

#### Vikash Somani

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of HIL Limited

CIN No.: L74999TG1955PLC000656

#### CK Birla

Chairman

DIN: 00118473

Place: New Delhi

#### Dhirup Roy Choudhary

Managing Director and

Chief Executive Officer

DIN: 07707322

Place: Kuala Lumpur

#### KR Veerappan

Chief Financial Officer

Place: Hyderabad

#### G Manikandan

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020



# Independent Auditors' Report

To the Members of HIL Limited

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of HIL Limited (hereinafter referred to as the 'Holding Company' or "the Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its joint venture, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### 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 Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
<p><b>Impairment of Goodwill and Brand with indefinite useful life</b></p> <p><b>See note 6 to the consolidated financial statements</b></p> <p>The Holding Company performs impairment assessment of Goodwill and Brand under Ind AS 36 "Impairment of Assets" on an annual basis and whenever there is an indication of impairment. The aforesaid assets arose on acquisition of an European company. The Holding Company has assessed the useful life of the Brand also as indefinite.</p> <p>In performing the impairment test, the Holding Company has made several key assumptions, such as growth rates, discount rates and forecasted cash flows relating to the aforesaid entity.</p> <p>We identified impairment of Goodwill and Brand as a key audit matter because these estimates involve significant judgement. and the underlying assumptions are inherently uncertain.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>— We evaluated the design and implementation of key internal financial controls of the Holding Company with respect to the impairment assessment of Goodwill and Brand and tested operating effectiveness of such controls;</li> <li>— We tested budgeting procedures upon which the cash flow forecasts were based. We also compared the actual past performances with the budgeted figures;</li> <li>— We involved valuation specialists to assist us in evaluating the key assumptions and methodology used by the Holding Company, in particular those relating to the forecast of the revenue growth, profit margins and discount rate. Valuation specialists also compared the assumptions to externally derived data in relation to key inputs such as projected economic growth, competition, cost inflation and discount rates;</li> <li>— We assessed the sensitivity of the outcome of impairment assessment to changes in key assumptions; and</li> <li>— We assessed the adequacy of the disclosures including disclosures of key assumptions, judgments and sensitivities.</li> </ul>

## Independent Auditors' Report on the Audit of the Consolidated Financial Statements of HIL Limited for the year ended 31 March 2020 (continued)

### Revenue recognition

See note 23 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group's revenue is primarily derived from sale of products of roofing solutions, building solutions, polymer solutions and others.</p> <p>We have identified timing of revenue recognition as a key audit matter because there are variations in different sale contracts and consequently there is a risk of revenue being overstated on account of recognition before transfer of control particularly due to pressures for achieving the performance targets at the reporting period end.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>— We assessed the appropriateness of the revenue recognition accounting policies and compliance with applicable accounting standards;</li> <li>— We evaluated the design and implementation of key internal financial controls with respect to revenue recognition and tested operating effectiveness of such controls on selected transactions;</li> <li>— We performed substantive testing on samples selected using statistical sampling of revenue transactions, recorded during the year by testing the underlying documents to assess whether criteria for revenue recognition are met;</li> <li>— We tested sample journal entries selected based on specified risk-based criteria, to identify unusual items;</li> <li>— We tested, on a sample basis using statistical sampling, specific revenue transactions recorded around the year end date to check whether revenue has been recognised in the correct reporting period by testing the underlying documents; and</li> <li>— We carried out product wise year on year variance analysis on revenue recognised during the year to identify unusual variances.</li> </ul>

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/audit reports of other auditors, 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.

### Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated

profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and its joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



## Independent Auditors' Report on the Audit of the Consolidated Financial Statements of HIL Limited for the year ended 31 March 2020 (continued)

The respective Board of Directors of the companies included in the Group and its joint venture is responsible for overseeing the financial reporting process of each company.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and the Board of Directors.
- Conclude on the appropriateness of the Management's and the Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures,

and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' 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.

### Other Matters

- (a) We did not audit the financial information of four subsidiaries whose financial information reflect total assets of INR 102,632 lakhs as at 31 March 2020, total revenues of INR 123,928 lakhs and net cash inflows amounting to INR 2,285 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial information have been audited by other auditors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our

### Independent Auditors' Report on the Audit of the Consolidated Financial Statements of HIL Limited for the year ended 31 March 2020 (continued)

report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

- (b) The consolidated financial statements also include the Group's share of net profit of INR 64 lakhs for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of one joint venture, whose financial information have not been audited by us or by other auditors. This unaudited financial information has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- 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 of the aforesaid consolidated financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding

Company, none of the directors of the Holding Company, is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and the unaudited financial information of the joint venture furnished by the Management, as noted in the 'Other Matters' paragraph:
- The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group, and its joint venture. Refer Note 39 to the consolidated financial statements.
  - The Group and its Joint Venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020. Refer Note 53 to the consolidated financial statements.
  - There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020.
  - The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.
- C. With respect to the matter to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

ICAI UDIN: 20061272AAAAAV3063

Place: Hyderabad

Date: 25 May 2020



# Annexure A

to the Independent Auditors' report on the consolidated financial statements of HIL Limited for the period ended 31 March 2020

## Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of HIL Limited (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, the Holding Company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. 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 the 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").

### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to

consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 with reference to consolidated financial statements.

### Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

ICAI UDIN: 20061272AAAAV3063

Place: Hyderabad

Date: 25 May 2020

# Consolidated Balance Sheet

(₹ in lacs)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
<b>I ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	87819.33	84823.69
(b) Capital work-in-progress		3503.43	3240.68
(c) Investment property	5	2039.94	2070.31
(d) Goodwill	6	12505.33	11720.06
(e) Other intangible assets	6	9618.77	9457.83
(f) Equity accounted investee	46	121.38	34.40
(g) Financial assets			
(i) Investments	7	56.17	46.75
(ii) Trade receivables	8	4.36	8.23
(iii) Loans	9	1005.16	935.42
(iv) Other financial assets	10	1317.67	926.11
(h) Non-current tax assets (net)		2141.50	1671.41
(i) Other non-current assets	11	1258.63	1830.24
<b>Total non-current assets</b>		<b>121391.67</b>	<b>116765.13</b>
<b>Current assets</b>			
(a) Inventories	12	56840.76	49411.24
(b) Financial assets			
(i) Investments	7	1600.03	-
(ii) Trade receivables	8	11835.21	13907.59
(iii) Cash and cash equivalents	13	8620.79	6415.69
(iv) Bank balances other than (iii) above	14	289.49	275.97
(v) Other financial assets	10	6931.29	6356.64
(c) Other current assets	11	6064.18	4336.37
(d) Disposal group - Assets held for sale	33	1866.89	-
<b>Total current assets</b>		<b>94048.64</b>	<b>80703.50</b>
<b>TOTAL ASSETS</b>		<b>215440.31</b>	<b>197468.63</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	750.55	749.85
(b) Other equity	16	73521.76	62968.94
<b>Equity attributable to owners of the company</b>		<b>74272.31</b>	<b>63718.79</b>
Non-controlling Interest		-	-
<b>Total Equity</b>		<b>74272.31</b>	<b>63718.79</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	44195.33	51914.44
(ii) Lease liabilities	18	1480.95	-
(iii) Other financial liabilities	20	125.08	-
(b) Provisions	21	3446.28	2945.59
(c) Deferred tax liabilities (net)	34	11121.35	12058.96
(d) Other non-current liabilities	22	281.82	366.37
<b>Total non-current liabilities</b>		<b>60650.81</b>	<b>67285.36</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	19670.56	8126.20
(ii) Lease liabilities	18	287.50	-
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	19	628.64	966.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	19	31426.29	32559.00
(iv) Other financial liabilities	20	20782.71	17306.34
(b) Other current liabilities	22	3410.52	3977.76
(c) Provisions	21	2524.52	2105.55
(d) Current tax liabilities (net)		1308.50	1422.85
(e) Disposal group - Liabilities directly associated with assets held for sale	33	477.95	-
<b>Total current liabilities</b>		<b>80517.19</b>	<b>66464.48</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>215440.31</b>	<b>197468.63</b>
Summary of significant accounting policies	3		

See accompanying notes to the consolidated financial statements  
As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

**CK Birla**

Chairman

DIN: 00118473

Place: New Delhi

**Dhirup Roy Choudhary**

Managing Director and

Chief Executive Officer

DIN: 07707322

Place: Kuala Lumpur

**KR Veerappan**

Chief Financial Officer

Place: Hyderabad

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020



# Consolidated Statement of Profit and Loss

(₹ in lacs)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>I CONTINUING OPERATIONS</b>			
Revenue from operations	23	255490.62	216878.93
Other income	24	2463.14	2671.98
<b>TOTAL INCOME (I)</b>		<b>257953.76</b>	<b>219550.91</b>
<b>II EXPENSES</b>			
Cost of materials consumed	25	124298.21	103598.85
Purchases of stock-in-trade	26	8224.28	6780.15
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(2035.56)	(1184.07)
Employee benefits expense	28	35795.16	24774.98
Finance costs	29	3851.62	2515.40
Depreciation and amortisation expenses	30	9707.17	6751.09
Other expenses	31	65485.85	58514.20
<b>TOTAL EXPENSES (II)</b>		<b>245326.73</b>	<b>201750.60</b>
<b>III Profit before exceptional items, share of profit / (loss) of equity accounted investees and tax from continuing operations (I-II)</b>		<b>12627.03</b>	<b>17800.31</b>
<b>IV Exceptional items</b>	55(b)	-	<b>2115.73</b>
<b>V Profit before share of profit / (loss) of equity accounted investees and tax from continuing operations (III-IV)</b>	46	<b>12627.03</b>	<b>15684.58</b>
<b>VI Share of profit / (loss) of equity accounted investees (net of tax)</b>		<b>63.69</b>	<b>(27.20)</b>
<b>VII Profit before tax from continuing operations (V+VI)</b>		<b>12690.72</b>	<b>15657.38</b>
<b>VIII Tax expense:</b>			
Current tax	34	4231.84	5255.97
Income-tax for earlier years	34	(38.22)	62.69
Deferred tax	34	(1400.34)	830.25
<b>IX Profit from continuing operations (VII-VIII)</b>		<b>9897.44</b>	<b>9508.47</b>
<b>X Discontinuing Operations</b>			
Profit before tax from discontinuing operations	33	867.42	996.10
Tax expense of discontinuing operations	34	169.49	364.77
<b>Profit from discontinuing operations (after tax)</b>		<b>697.93</b>	<b>631.33</b>
<b>XI Profit for the year (IX+X)</b>		<b>10595.37</b>	<b>10139.80</b>
<b>XII Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of defined benefit (liability) / asset		(115.76)	(159.68)
Income-tax relating to above item		31.27	51.45
		<b>(84.49)</b>	<b>(108.23)</b>
(b) Equity investments through other comprehensive income - net change in fair value		9.40	9.40
Income-tax relating to above item		(2.15)	(2.19)
		<b>7.25</b>	<b>7.21</b>
Items that will be reclassified subsequently to profit or loss			
(a) Exchange difference in translating financial statements of foreign operations		1901.62	(914.31)
<b>Other comprehensive income for the year, net of income-tax</b>		<b>1824.38</b>	<b>(1015.33)</b>
<b>XIII Total comprehensive income for the year (XI + XII)</b>		<b>12419.75</b>	<b>9124.47</b>
<b>XIV Profit attributable to:</b>			
Owners of the Company		10595.37	10139.80
Non-controlling interests		-	-
<b>Profit for the year</b>		<b>10595.37</b>	<b>10139.80</b>
<b>XV Other comprehensive income attributable to:</b>			
Owners of the Company		1824.38	(1015.33)
Non-controlling interests		-	-
<b>Other comprehensive income for the year</b>		<b>1824.38</b>	<b>(1015.33)</b>
<b>XVI Total comprehensive income attributable to:</b>			
Owners of the Company		12419.75	9124.47
Non-controlling interests		-	-
<b>Total comprehensive income for the year</b>		<b>12419.75</b>	<b>9124.47</b>
<b>XVII Earnings per equity share for continuing operations (par value of ₹10 each)</b>	37		
Basic (in ₹)		132.40	127.32
Diluted (in ₹)		132.12	126.91
<b>XVIII Earnings per equity share for discontinuing operations (par value of ₹10 each)</b>	37		
Basic (in ₹)		9.34	8.45
Diluted (in ₹)		9.32	8.43
<b>XIX Earnings per equity share for continuing and discontinuing operations (par value of ₹10 each)</b>	37		
Basic (in ₹)		141.73	135.78
Diluted (in ₹)		141.44	135.34
Summary of significant accounting policies	3		
See accompanying notes to the consolidated financial statements			

See accompanying notes to the consolidated financial statements  
As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

**CK Birla**

Chairman

DIN: 00118473

Place: New Delhi

**Dhirup Roy Choudhary**

Managing Director and

Chief Executive Officer

DIN: 07707322

Place: Kuala Lumpur

**KR Veerappan**

Chief Financial Officer

Place: Hyderabad

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020

# Consolidated Statement of Cash Flows

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A Cash flows from operating activities</b>		
Profit for the year (before tax)	13558.14	16653.48
<i>Adjustments for:</i>		
Depreciation and amortisation expense	9788.66	6856.12
Rental income from investment property	(582.13)	(623.59)
Provision for impairment of receivables, advances and other assets, net	616.52	(44.27)
Liabilities no longer required written back	(597.88)	(764.02)
Net gain on sale of property, plant and equipment	(537.55)	(605.54)
Foreign exchange fluctuations, net	(488.23)	390.99
Share of profit of equity accounted investee	63.69	(27.20)
Financial assets measured at FVTPL-net change in fair value	(501.10)	(638.14)
Net gain on sale of investments	(40.56)	(415.16)
Employee stock compensation expense	118.05	52.67
Finance costs	3852.48	2515.83
Interest income	(105.89)	(105.24)
Government grant	(84.55)	(84.55)
Dividend income	(0.40)	(62.80)
<b>Operating profit before changes in assets and liabilities</b>	<b>25059.25</b>	<b>23098.58</b>
Changes in assets and liabilities:		
(Increase) / Decrease in inventories	(7666.81)	1121.71
Decrease in trade receivables and loans	2264.82	1830.84
Increase in other financial assets	(352.16)	(6239.04)
Increase in other assets	(1739.65)	(1818.83)
(Decrease) / Increase in trade payables	(738.83)	2726.23
Increase / (Decrease) in other financial liabilities	337.11	(2314.15)
Increase in provisions	835.39	3358.74
Decrease in other current liabilities	(522.74)	(1150.23)
<b>Cash generated from operating activities</b>	<b>17476.38</b>	<b>20613.85</b>
Income-tax paid (net of refund)	(4455.70)	(7150.16)
<b>Net cash from operating activities (A)</b>	<b>13020.68</b>	<b>13463.69</b>
<b>B Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(11768.20)	(7632.62)
Proceeds from sale of property, plant and equipment	689.39	660.84
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(40729.26)
Proceeds from sale of mutual funds	27740.52	35966.80
Purchase of mutual funds	(29300.00)	(23500.00)
Interest received	84.86	83.12
Dividends received	0.40	62.80
Bank balances not considered as cash and cash equivalents	10.15	(15.77)
Rent received from long-term investment in properties	582.13	623.59
<b>Net cash used in investing activities (B)</b>	<b>(11960.75)</b>	<b>(34480.50)</b>



# Consolidated Statement of Cash Flows

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>C Cash flows from financing activities*</b>		
Repayment of long-term borrowings	(15452.88)	(21715.12)
Receipts of long-term borrowings	11061.35	44689.60
Proceeds from short-term borrowings (net)	11544.36	8126.20
Finance costs	(3847.95)	(2306.78)
Interest paid on lease	(83.94)	-
Repayment of lease	(474.19)	-
Proceeds from issue of share capital	43.16	54.44
Dividend paid on equity shares	(1691.89)	(1866.53)
Tax on equity dividend paid	(345.69)	(383.71)
<b>Net cash from financing activities (C)</b>	<b>752.33</b>	<b>26598.10</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1812.26</b>	<b>5581.29</b>
Cash and cash equivalents at the beginning of the year	6415.69	1094.24
Effect of changes in foreign currency fluctuation on cash and cash equivalents	392.84	(259.84)
<b>Cash and cash equivalents at the end of the year</b>	<b>8620.79</b>	<b>6415.69</b>

\*Changes in liabilities arising from financing activities:

(₹ in lacs)

Particulars	As at 01 April 2019	Cash flow changes	Non-cash changes	As at 31 March 2020
Long-term borrowings	58742.28	(4391.53)	83.06	54433.81
Short-term borrowings	8126.20	11544.36	-	19670.56

**Note:**

- The above consolidated statement of cash flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.
- The Group has presented its cash flows, that analyses all cashflows in total - i.e., including both continuing and discontinuing operations; amounts related to discontinuing operations are disclosed in note 33. However in our view, cashflows from discontinuing operations can also be presented in other ways.
- Cash and cash equivalents comprises of:

(₹ in lacs)

	As at 31 March 2020	As at 31 March 2019
Balances with banks:		
- In current accounts	8604.88	6392.83
Cheques, draft on hand	0.10	16.46
Cash on hand	15.81	6.40
<b>Cash and cash equivalents as per balance sheet</b>	<b>8620.79</b>	<b>6415.69</b>

Summary of significant accounting policies (refer note 3)

See accompanying notes to the consolidated financial statements  
As per our Report of even date attachedfor **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

**CK Birla**

Chairman

DIN: 00118473

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DIN: 07707322

Place: Kuala Lumpur

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020

# Consolidated Statement of Changes in Equity

## a. Equity share capital

Particulars	(₹ in lacs)
	For the year ended 31 March 2020
Balance as at 01 April 2018	748.98
Changes in equity share capital during 2018-19	0.87
<b>Balance as at 31 March 2019</b>	<b>749.85</b>
Balance as at 01 April 2019	749.85
Changes in equity share capital during 2019-20	0.70
<b>Balance as at 31 March 2020</b>	<b>750.55</b>

## b. Other equity

Particulars	Reserves and surplus					Items of OCI		Total
	Retained earnings	Securities premium	General reserve	Capital redemption reserve	Shares options outstanding account	Equity investments through OCI	Exchange differences on translation of foreign operations	
<b>Balance at 31 March 2018</b>	<b>15981.80</b>	<b>624.95</b>	<b>39100.00</b>	<b>35.00</b>	<b>93.99</b>	<b>27.45</b>	<b>-</b>	<b>55863.19</b>
<b>Total comprehensive income for the year ended 31 March 2019</b>								
Profit for the year	10139.80	-	-	-	-	-	-	10139.80
Adjustment on initial application of Ind AS 115, net of tax	125.49	-	-	-	-	-	-	125.49
Share based payment, net of reversal (refer note 43)	-	-	-	-	52.67	-	-	52.67
Other comprehensive income (net of tax)	(108.23)	-	-	-	-	7.21	(914.31)	(1015.33)
<b>Total comprehensive income</b>	<b>10157.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52.67</b>	<b>7.21</b>	<b>(914.31)</b>	<b>9302.63</b>
Transfer to general reserve	(1000.00)	-	1000.00	-	-	-	-	-
Dividend	(1866.74)	-	-	-	-	-	-	(1866.74)
Corporate dividend tax	(383.71)	-	-	-	-	-	-	(383.71)
Share option exercised	-	83.57	-	-	(30.00)	-	-	53.57
<b>Balance at 31 March 2019</b>	<b>22888.41</b>	<b>708.52</b>	<b>40100.00</b>	<b>35.00</b>	<b>116.66</b>	<b>34.66</b>	<b>(914.31)</b>	<b>62968.94</b>
<b>Balance at 01 April 2019</b>	<b>22888.41</b>	<b>708.52</b>	<b>40100.00</b>	<b>35.00</b>	<b>116.66</b>	<b>34.66</b>	<b>(914.31)</b>	<b>62968.94</b>
<b>Total comprehensive income for the year ended 31 March 2020</b>								
Profit for the year	10595.37	-	-	-	-	-	-	10595.37
Share based payment, net of reversal (refer note 43)	-	-	-	-	118.05	-	-	118.05
Other comprehensive income (net of tax)	(84.49)	-	-	-	-	7.25	1901.62	1824.38
<b>Total comprehensive income</b>	<b>10510.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118.05</b>	<b>7.25</b>	<b>1901.62</b>	<b>12537.80</b>
Transfer to general reserve	(1000.00)	-	1000.00	-	-	-	-	-
Dividend	(1681.75)	-	-	-	-	-	-	(1681.75)
Corporate dividend tax	(345.69)	-	-	-	-	-	-	(345.69)
Share option exercised	-	66.24	-	-	(23.78)	-	-	42.46
<b>Balance at 31 March 2020</b>	<b>30371.85</b>	<b>774.76</b>	<b>41100.00</b>	<b>35.00</b>	<b>210.93</b>	<b>41.91</b>	<b>987.31</b>	<b>73521.76</b>

See accompanying notes to the consolidated financial statements

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

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Place: Kuala Lumpur

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad

Date: 25 May 2020

Date: 25 May 2020



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 1 Corporate information

HIL Limited (the "Company") is a Company domiciled in India, with its registered office situated at SLN Terminus, Gachibowli, Hyderabad -500032, Telangana. The Company has been incorporated under the provisions of Companies Act, 2013 and its equity shares are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited in India. These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as "the Group") and the Group's interest in joint ventures.

The following subsidiaries and joint ventures are considered in the consolidated financial statements of the Company:

Name of the Company	Country of incorporation	% of equity interest
<b>Subsidiary</b>		
HIL International GmbH	Germany	100%
<b>Step down subsidiaries</b>		
Parador Holding GmbH	Germany	100%
Parador GmbH	Germany	100%
Parador Parkettwerke GmbH	Austria	100%
<b>Joint ventures</b>		
Parador (Shanghai) Trading Co., Ltd.	China	50%

Note: In addition to above, the Company has a 33% equity interest in Supercor Industries Limited, Nigeria. The same has not been consolidated in these consolidated financial statements for the reasons described in note 46(a).

The Group operations are broadly classified into Roofing Solutions, Building Solutions, Polymer Solutions, Flooring Solutions and Others.

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

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

Polymer Solutions consists of UpVC, CpVC, SWR Pipes & Fittings and Wall Putty with manufacturing facilities located at Faridabad, Thimmapur, Golan and Jhajjar.

Flooring Solutions consists of Laminate, ClickBoard, Panels and Mouldings, Engineered, Resilient and Designer with manufacturing facilities located at Coesfeld, Germany and Gussing, Austria.

Others includes Material Handling and Processing Plant and Equipment with manufacturing facilities at Hyderabad, and revenue generated through Wind Turbine Generators situated in Gujarat, Tamil Nadu and Rajasthan.

## 2 Basis of preparation

### A. Statement of compliance

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

- b) The consolidated financial statements were authorised for issue by the Company's Board of Directors on 25 May 2020.
- c) Details of the Group's accounting policies are included in note 3.

### B. Functional and presentation currency

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

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## C. Basis of measurement

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

Items	Measurement basis
- Certain financial assets and liabilities (including derivative instruments)	Fair value
- Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations
- Leases	Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Right-to-use asset has been measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Practical expedient on transition to exclude initial direct costs from ROU asset measurement is considered.
- Disposal groups	The assets classified as held for sale have been measured at lower of carrying amounts and fair value less costs to sell.

## D. Use of estimates and judgment

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

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

### Judgements

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

- Note 47 – leases: whether an arrangement contains a lease;
- Note 47 – lease classification.

### Assumptions and estimation uncertainties

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

- Note 6 – impairment test of goodwill and intangible asset with indefinite life: key assumptions used in discounted cash flow projection;
- Note 11 – impairment test of non-financial assets;
- Note 11 – determining the fair value less costs to sell off the non-current assets held for sale on the basis of significant observable inputs;
- Note 21 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 36 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 55 – acquisition of subsidiary and non-controlling interests: fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed on acquisition date;
- Note 56 – impairment of financial assets.

## E. Measurement of fair values

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

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

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

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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

- Note 5 – investment property;
- Note 11 – non-current assets held for sale;
- Note 43 – share based payment arrangements;
- Note 55 – acquisition of subsidiaries;
- Note 56 – financial instruments.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

### a. Basis of consolidation

#### i. Business combination

In accordance with Ind AS 103, Business Combination, the Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment (see note 3(h)). Any gain on a bargain purchase is recognised in other comprehensive income ("OCI") and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

#### ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or

has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### iii. Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

#### iv. Loss of control

When the Group loses control over the subsidiaries, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date on which control is lost. Any resulting gain or loss is recognised in profit or loss.

#### v. Equity accounted investees

The Group's interests in equity accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which joint control ceases.

#### vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### b. Foreign currency

#### i. Foreign currency transactions

Transactions in foreign currencies are translated into functional currency of the Group at the exchange

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

- foreign currency monetary items are translated in the functional currency at the exchange rate at the reporting date.
- non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.
- non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.
- exchange differences are recognised in profit or loss in the period in which they arise, except exchange differences arising from the translation of the items which are recognised in OCI.

## ii. Foreign operations

The assets and liabilities of foreign operations (subsidiaries and joint ventures) including goodwill and fair value adjustments arising on acquisition, are translated into ₹, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

The foreign currency translation differences in respect of foreign operations are recognised in OCI and accumulated in equity (as exchange differences on translation of foreign operations).

## c. Financial instruments

### i. Recognition and initial measurement

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

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

### ii. Classification and subsequent measurement

#### Financial assets

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

- amortised cost;
- fair value through other comprehensive income (FVOCI) - equity investment; or
- fair value through profit and loss (FVTPL)

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

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

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

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

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

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## Subsequent measurement and gains and losses

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

## Financial liabilities

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

### iii. Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains

substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

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

### iv. Derivative financial instruments

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

### d. Property, plant and equipment

#### i. Recognition and measurement

##### Property, plant and equipment

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

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

and removing the item and restoring the site on which it is located.

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

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

## Capital work-in-progress

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

### ii. Subsequent expenditure

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

### iii. Depreciation

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

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

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

Plant and machinery: 4 years to 25 years as against 15 years

Certain buildings: 25 years as against 30 years

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

Wind power generation plant: 25 years as against 22 years

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

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

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

## e. Goodwill and other intangible assets

### i. Recognition

#### Goodwill

For measurement of goodwill that arises on a business combination (see note 3(a)(i)). Subsequent measurement is at cost less any accumulated impairment losses.

#### Service concession arrangements

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

#### Other intangible assets

Other intangible assets including acquired by the Group in a business combination are initially measured at cost. Such intangible assets with definite lives, are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible asset with indefinite life, is not amortised and is tested for impairment annually.

### ii. Subsequent expenditure

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

### iii. Amortisation

Goodwill and intangible asset with indefinite life, is not amortised and is tested for impairment annually.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values

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over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in profit or loss.

## The estimated useful lives are as follows:

Assets	Years
- Service concession arrangement	25
- Computer software	3 - 5
- Patents	7

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

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

## f. Investment property

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

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

Depreciation on investment property other than perpetual leasehold land is calculated on a straight-line basis based on the useful life estimated by the management, which is equal to life prescribed in Schedule II of the Act.

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

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

## g. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a

transaction moving weighted average basis, and includes expenditure in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads on normal operating capacity.

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

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

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

## h. Impairment

### i. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost.

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

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

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

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

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

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

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

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

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

## **Measurement of expected credit losses**

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

## **Presentation of allowance for expected credit losses in consolidated balance sheet**

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

## **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## **ii. Impairment of non-financial assets**

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at

each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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

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

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

## **i. Employee benefits**

### **i. Short-term employee benefits**

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



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## **ii Share-based payment transactions**

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

## **iii. Defined contribution plans**

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

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

## **iv. Defined benefit plans**

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

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Group has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Group accounts for gratuity liability of its employees including contract workers on the basis of actuarial valuation carried out at the year end by an independent actuary. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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

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

## **v. Compensated absences**

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

## **vi. Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

## **j. Revenue**

### **Revenue from contract with customers**

The Group generates revenue from sale of goods or services and other operating revenues. Revenue is recognised when

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a customer obtains control of the goods or services. The Group has adopted Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application being included in retained earnings.

## Disaggregation of revenue

The Group disaggregates revenue from contracts with customers by the nature of sale i.e. manufactured and traded goods, solutions i.e. roofing solutions, building solutions, polymer solutions, flooring solutions and others and geographic market. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Group's revenues and cash flows are affected by industry, market and other economic factors.

## Contract balances

The Group classifies the right to consideration in exchange for sale of goods as trade receivables, advance consideration as contract liability against payment and unredeemable customer loyalty points as contract liability against performance obligation.

## Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following details provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms and the related revenue recognition policies.

### a. Sale of products

- (i) Nature and timing of satisfaction of performance obligations including significant payment terms: The timing of transfer of control is driven by the individual terms of contracts. Invoices are usually payable within agreed credit terms. For customer loyalty programme refer note (b) below.
- (ii) Revenue is recognised when a customer obtains control of the goods which is driven by the individual terms of contracts. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

### b. Customer loyalty programmes

- (i) Nature and timing of satisfaction of performance obligations including significant payment terms: Customers who purchases products may enter

into Group's customer loyalty programme and earn credits. These credits are redeemed against the awards as per the terms of the programme.

- (ii) The Group allocates a portion of the consideration received to loyalty credits. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liability against performance obligation.

### c. Sale of services

Revenue from sale of services is recognised when it is measurable and it is probable that future economic benefits will flow to the entity in accordance with tariff provided in power purchase agreement.

### d. Rental income

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

### k. Recognition of dividend income, interest income or expense

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

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

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

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

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



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## I. Government grants

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

## m. Leases

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Group with effect from 01 April 2019.

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained below. On transition to Ind AS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 01 April 2019.

### i. Leases as lessee

#### *Policy applicable from 01 April 2019*

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Group decided to apply recognition exemptions to short-term leases. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 01 April 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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 Group uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, or changed, on or after 01 April 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest

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rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments included in the measurement of the lease liability comprise:

- a. Fixed payments including in-substance fixed payments
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c. Amounts expected to be payable under a residual value guarantee

## **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'Financial liabilities' in the Balance sheet.

*Policy applicable before 01 April 2019*

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals in respect of an asset taken on operating lease are generally recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

## **ii. Leases as lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease

or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116.

## **n. Income-tax**

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

### **i. Current tax**

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

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

### **ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the

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

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

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

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

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

## **o. Borrowing cost**

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

## **p. Provision, contingent liabilities and contingent assets**

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

### **Warranties**

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

### **Onerous contracts**

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

### **Contingent liabilities and contingent assets**

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

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

## **q. Earnings per share ("EPS")**

Basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed

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by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

## r. Cash flow statement

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

## s. Cash and cash equivalents

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

## t. Non-current assets held for sale

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

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on

initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

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

## u. Events after reporting date

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

## v. Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group and which represents a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose off a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operation has discontinued from the start of the comparative period.

The disposal group, assets & liabilities classified as held for sale have been measured at lower of carrying amounts and fair value less costs to sell.

## w. Recent accounting pronouncements

There are no new accounting pronouncements that are applicable from 01 April 2020.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 4 Property, plant and equipment

(₹ in lacs)

Particulars	Freehold land (refer note (a) below)	Leasehold land	Buildings	Railway sidings	Plant and machinery (refer note (b) below)	Furniture and fittings	Office equipments	Vehicles	Right of use assets (refer note (d) below)	Total
<b>A. Cost or Deemed cost (Gross carrying amount)</b>										
As at 01 April 2018	2508.84	977.90	12925.04	0.63	35105.69	458.14	267.05	163.62	-	52406.91
Acquisitions through business combination (refer note 55(C))	4400.89	-	15499.14	-	14099.34	-	1231.13	302.64	-	35533.14
Additions	-	-	1832.40	-	10662.40	48.12	313.54	63.61	-	12920.07
Deletions	-	-	(12.30)	-	(186.43)	(0.24)	(4.51)	(12.81)	-	(216.29)
Exchange differences on translation of foreign operations	(267.64)	-	(947.55)	-	(940.45)	-	(85.15)	(19.17)	-	(2259.96)
Reclassification from non-current assets held for sale	-	-	-	-	41.62	-	-	-	-	41.62
Reclassification to non-current assets held for sale	-	-	(5.41)	-	-	-	-	-	-	(5.41)
<b>As at 31 March 2019</b>	<b>6642.09</b>	<b>977.90</b>	<b>29291.32</b>	<b>0.63</b>	<b>58782.17</b>	<b>506.02</b>	<b>1722.06</b>	<b>497.89</b>	<b>-</b>	<b>98420.08</b>
Additions	-	-	1514.89	-	6461.37	202.07	856.05	29.11	3105.73	12169.22
Deletions	-	(902.47)	(13.38)	-	(349.99)	(0.46)	(338.87)	(80.33)	-	(1685.50)
Exchange differences on translation of foreign operations	276.94	-	990.10	-	1114.05	-	110.15	16.69	64.44	2572.37
Reclassification to non-current assets held for sale	-	-	(15.18)	-	-	-	-	-	-	(15.18)
Reclassification to assets held for sale as part of disposal group	(37.20)	-	(405.09)	-	(2178.71)	(13.22)	(10.15)	(14.15)	(7.04)	(2665.56)
<b>As at 31 March 2020</b>	<b>6881.83</b>	<b>75.43</b>	<b>31362.66</b>	<b>0.63</b>	<b>63828.89</b>	<b>694.41</b>	<b>2339.24</b>	<b>449.21</b>	<b>3163.13</b>	<b>108795.43</b>
<b>B. Accumulated depreciation</b>										
As at 01 April 2018	-	23.09	1144.45	0.51	5978.33	110.09	126.95	51.25	-	7434.67
For the year ended 31 March 2019	-	11.52	979.17	-	4993.62	58.49	270.65	73.12	-	6386.57
Deletions	-	-	(1.32)	-	(146.32)	(0.12)	(2.90)	(10.33)	-	(160.99)
Exchange differences on translation of foreign operations	-	-	(17.27)	-	(75.79)	-	(8.97)	(1.98)	-	(104.01)
Reclassification from non-current assets held for sale	-	-	-	-	40.78	-	-	-	-	40.78
Reclassification to non-current assets held for sale	-	-	(0.63)	-	-	-	-	-	-	(0.63)
<b>As at 31 March 2019</b>	<b>-</b>	<b>34.61</b>	<b>2104.40</b>	<b>0.51</b>	<b>10790.62</b>	<b>168.46</b>	<b>385.73</b>	<b>112.06</b>	<b>-</b>	<b>13596.39</b>
For the year ended 31 March 2020	-	40.82	1233.20	-	6370.20	69.48	792.00	101.60	547.96	9155.26
Deletions	-	-	(3.28)	-	(256.83)	(0.45)	(337.77)	(37.64)	-	(635.97)
Exchange differences on translation of foreign operations	-	-	56.45	-	246.10	-	33.18	5.21	14.07	355.01
Reclassification to non-current assets held for sale	-	-	(1.82)	-	-	-	-	-	-	(1.82)
Reclassification to assets held for sale as part of disposal group	-	-	(206.73)	-	(1255.79)	(5.86)	(9.10)	(13.49)	(1.80)	(1492.77)
<b>As at 31 March 2020</b>	<b>-</b>	<b>75.43</b>	<b>3182.22</b>	<b>0.51</b>	<b>15894.30</b>	<b>231.63</b>	<b>864.04</b>	<b>167.74</b>	<b>560.23</b>	<b>20976.10</b>
<b>C. Net carrying amounts (A-B)</b>										
<b>As at 31 March 2019</b>	<b>6642.09</b>	<b>943.29</b>	<b>27186.92</b>	<b>0.12</b>	<b>47991.55</b>	<b>337.56</b>	<b>1336.33</b>	<b>385.83</b>	<b>-</b>	<b>84823.69</b>
<b>As at 31 March 2020</b>	<b>6881.83</b>	<b>-</b>	<b>28180.44</b>	<b>0.12</b>	<b>47934.59</b>	<b>462.78</b>	<b>1475.20</b>	<b>281.47</b>	<b>2602.90</b>	<b>87819.33</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 4 Property, plant and equipment (Continued)

- a) Pending settlement of dispute regarding external development charges with Haryana Urban Development Authority, Faridabad, Freehold Land of the value of ₹1.27 lacs (31 March 2019: ₹1.27 lacs) is pending for registration in the Group's name.
- b) Refer note 49 for details of assets held for Research and Development.
- c) Refer note 17 for details of assets pledged against borrowings.
- d) Right of use assets comprise of the following assets:

Particulars	(₹ in lacs)					
	Buildings	Land	Vehicles	Plant and machinery	Office equipments	Total
Balance as at 01 April 2019	-	-	-	-	-	-
Additions during the year	606.92	1090.57	1053.96	326.47	27.81	3105.73
Depreciation for the year	(156.14)	(50.55)	(306.87)	(13.60)	(20.80)	(547.96)
Reclassification to assets held for sale as part of disposal group	-	-	(5.24)	-	-	(5.24)
Exchange differences on translation of foreign operations	2.33	-	31.36	16.32	0.36	50.37
<b>Balance as at 31 March 2020</b>	<b>453.11</b>	<b>1040.02</b>	<b>773.21</b>	<b>329.19</b>	<b>7.37</b>	<b>2602.90</b>

## 5 Investment property

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>A. Reconciliation of carrying amount</b>		
<b>Cost or Deemed cost (Gross carrying amount)</b>		
Opening balance	2212.00	2212.00
Additions	-	-
<b>Closing balance</b>	<b>2212.00</b>	<b>2212.00</b>
<b>Accumulated depreciation</b>		
Opening balance	141.69	111.32
Depreciation for the year	30.37	30.37
<b>Closing balance</b>	<b>172.06</b>	<b>141.69</b>
<b>Net carrying amounts</b>	<b>2039.94</b>	<b>2070.31</b>
<b>Fair value</b>	<b>7971.00</b>	<b>7926.00</b>

### Information regarding income and expenditure of investment property:

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Rental income derived from investment properties	582.13	623.59
Direct operating expenses (including repairs and maintenance)	-	-
Profit arising from investment properties before depreciation and indirect expenses	582.13	623.59
Less: Depreciation	30.37	30.37
Profit arising from investment properties before indirect expenses	551.76	593.22

### B. Measurement of fair values

#### (i) Fair valuation hierarchy

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

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



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 5 Investment property (Continued)

### B. Measurement of fair values (Continued)

#### (ii) Valuation technique

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

### C. Investment property comprises of the following:

- (i) The Group along with other co-owners, has developed a plot of land at 25 Barakhamba Road, New Delhi, where the Group's share is 15%. The registration of the said plot of the value of ₹427.60 lacs (31 March 2019: ₹427.60 lacs) in the name of the Group is pending.
- (ii) The Group has given the investment properties located in New Delhi and Hyderabad on lease to some parties. Certain lease agreements are cancellable and some are non-cancellable in nature. There are no contingent rents in the lease agreements. The lease terms are mainly for 3-5 years and are renewable at the option of the lessee. There are no restrictions imposed by lease agreements. Although there are sub-lease rights given to the lessees, there are no sub-leases as on the reporting date.

### D. Refer note 47 for details of minimum lease payments.

## 6 Goodwill and other intangible assets

(₹ in lacs)

Particulars	Goodwill	Other intangible assets				Total
		Softwares	Brand	Patents	Service concession arrangements	
<b>Reconciliation of carrying amount</b>						
<b>Cost or Deemed cost (Gross carrying amount)</b>						
Balance at 01 April 2018	-	606.65	-	-	1997.94	2604.59
Acquisitions through business combination (refer note 55(C))	12478.97	402.89	6120.54	1571.49	-	8094.92
Additions	-	159.46	-	-	-	159.46
Deletions	-	-	-	-	-	-
Exchange differences on translation of foreign operations	(758.91)	(27.78)	(372.22)	(95.57)	-	(495.57)
<b>Balance at 31 March 2019</b>	<b>11720.06</b>	<b>1141.22</b>	<b>5748.32</b>	<b>1475.92</b>	<b>1997.94</b>	<b>10363.40</b>
Additions	-	281.33	-	-	-	281.33
Deletions	-	-	-	-	-	-
Exchange differences on translation of foreign operations	785.27	31.79	385.15	98.89	-	515.83
<b>Balance at 31 March 2020</b>	<b>12505.33</b>	<b>1454.34</b>	<b>6133.47</b>	<b>1574.81</b>	<b>1997.94</b>	<b>11160.56</b>
<b>Accumulated amortisation</b>						
Balance at 01 April 2018	-	278.02	-	-	197.81	475.83
Amortisation for the year	-	219.38	-	128.66	91.14	439.18
Deletions	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	(3.77)	-	(5.67)	-	(9.44)
<b>Balance at 31 March 2019</b>	<b>-</b>	<b>493.63</b>	<b>-</b>	<b>122.99</b>	<b>288.95</b>	<b>905.57</b>
Amortisation for the year	-	301.58	-	213.82	87.64	603.04
Deletions	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	13.79	-	19.39	-	33.18
<b>Balance at 31 March 2020</b>	<b>-</b>	<b>809.00</b>	<b>-</b>	<b>356.20</b>	<b>376.59</b>	<b>1541.79</b>
<b>Net carrying amounts</b>						
<b>As at 31 March 2019</b>	<b>11720.06</b>	<b>647.59</b>	<b>5748.32</b>	<b>1352.93</b>	<b>1708.99</b>	<b>9457.83</b>
<b>As at 31 March 2020</b>	<b>12505.33</b>	<b>645.34</b>	<b>6133.47</b>	<b>1218.61</b>	<b>1621.35</b>	<b>9618.77</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 6 Goodwill and other intangible assets (Continued)

### Impairment

Refer accounting policy in note 3(h).

#### Impairment testing for cash generating unit containing goodwill

The Group has identified its reportable segments Roofing Solutions, Building Solutions, Polymer Solutions and Flooring Solutions as the CGUs. For the purpose of impairment testing, goodwill is allocated to the Group's operating division which represents the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segment. The goodwill and brand (with indefinite life) acquired through business combination has been allocated to CGU "Flooring Solutions" segment of the Group. The carrying amount of goodwill as at 31 March 2020 is ₹12505.33 lacs (31 March 2019: ₹11720.06 lacs) and and brand (with indefinite life) as at 31 March 2020 is ₹6133.47 lacs (31 March 2019: ₹5748.32 lacs).

Following key assumptions were considered while performing impairment testing:

Annual growth rate for 5 years (Average)	8.5%
Terminal value growth rate	2.0%
Budgeted EBITDA growth rate	9.0%
Weighted average cost of capital % (WACC) post tax	10.0%

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on the management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Weighted average cost of capital % (WACC) = Risk free return + (Market premium x Beta for the Company).

The Group has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in key assumptions would result in the recoverable amount of the CGU to be less than the carrying value. Accordingly, no impairment charges were recognised for FY 2019-2020.

## 7 Investments

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Investment in equity instruments - unquoted at FVOCI (refer note (a) below)</b>		
Birla Buildings Limited - 5000 equity shares of ₹10 each fully paid (31 March 2019 : 5000 equity shares of ₹10 each fully paid)	55.80	46.40
VR- Bank Westmünsterland eG - One share of Euro 450 each (31 March 2019 : One share of Euro 450 each)	0.37	0.35
	<b>56.17</b>	<b>46.75</b>
Aggregate amount of unquoted non-current investments	56.17	46.75
<b>Current</b>		
<b>Investments in mutual funds - quoted at FVTPL</b>	1600.03	-
	<b>1600.03</b>	<b>-</b>
Aggregate book value of quoted current investments	1600.03	-
Aggregate market value of quoted current investments	1600.03	-



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 7 Investments (Continued)

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

The Group designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that the Group intends to hold long-term for strategic purposes.

(₹ in lacs)

Particulars	Investment in Birla Buildings Limited	
	As at 31 March 2020	As at 31 March 2019
Fair value at beginning of the year	46.40	37.00
Dividend income recognised during the respective year	0.38	0.50
Fair value at end of the year	55.80	46.40

No strategic investments were disposed off during 2019-20 and 2018-19, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

## 8 Trade receivables

(₹ in lacs)

Particulars	As at	As at
	31 March 2020	31 March 2019
<b>Non-current</b>		
Secured	4.36	8.23
Unsecured	448.15	464.37
	<b>452.51</b>	<b>472.60</b>
Less: Provision for impairment	(448.15)	(464.37)
	<b>4.36</b>	<b>8.23</b>
<b>Current</b>		
Secured	1588.17	3056.10
Unsecured	11951.07	11899.85
	<b>13539.24</b>	<b>14955.95</b>
Less: Provision for impairment	(1704.03)	(1048.36)
	<b>11835.21</b>	<b>13907.59</b>

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

## 9 Loans

(₹ in lacs)

Particulars	As at	As at
	31 March 2020	31 March 2019
<b>Security deposits</b>		
Unsecured, considered good	1005.16	935.42
Doubtful	25.00	25.00
	<b>1030.16</b>	<b>960.42</b>
Less: Provision for impairment	(25.00)	(25.00)
	<b>1005.16</b>	<b>935.42</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 10 Other financial assets

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Bank deposits due to mature after 12 months from the reporting date *	180.41	204.08
Derivative assets	1137.26	722.03
	<b>1317.67</b>	<b>926.11</b>
<b>Doubtful</b>		
Other receivables	644.68	644.68
	<b>644.68</b>	<b>644.68</b>
Less: Allowance for doubtful receivables	(644.68)	(644.68)
	-	-
	<b>1317.67</b>	<b>926.11</b>
*It includes bank deposits held against bank guarantees amounting to ₹180.41 lacs (31 March 2019: ₹204.08 lacs).		
<b>Current</b>		
<b>Unsecured, considered good</b>		
Interest accrued on fixed deposits and security deposits	98.82	79.77
Derivative assets	203.44	12.35
Contract assets	19.04	27.54
Other receivables	6609.99	6236.98
	<b>6931.29</b>	<b>6356.64</b>
<b>Doubtful</b>		
Dividend receivable	9.01	9.01
Less: Allowance for doubtful receivable (refer note 40)	(9.01)	(9.01)
	-	-
	<b>6931.29</b>	<b>6356.64</b>

## 11 Other assets

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Capital advances	524.51	1088.33
Advances other than capital advances		
Balance with government authorities	706.58	725.91
Prepayments	27.54	16.00
	<b>1258.63</b>	<b>1830.24</b>
<b>Doubtful</b>		
Advances other than capital advances		
Advance to suppliers	317.72	349.16
	<b>317.72</b>	<b>349.16</b>
Less: Allowance for doubtful advances	(317.72)	(349.16)
	-	-
	<b>1258.63</b>	<b>1830.24</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Advances other than capital advances		
Advance to suppliers	1105.87	1057.93
Advance to employees	54.22	108.97
Balance with government authorities	4363.16	2961.22
Prepayments	517.27	193.16
Others		
Non-current assets held for sale*	23.66	15.09
	<b>6064.18</b>	<b>4336.37</b>

\* Management intended to sell plant and machinery of one of the manufacturing facility within the Roofing solution segment in earlier year. Management started the efforts to sell, however, management is also exploring the alternate use of these items in some of its other plants and basis the outcome of this exercise final disposal plan will be initiated. During the current year, certain non-factory buildings which are no longer required for the business is planned for disposal. Efforts to sell the non-factory buildings have started and sale is expected by next financial year.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 12 Inventories

(Valued at lower of cost and net realisable value)

(₹ in lacs)

Particulars	As at	As at
	31 March 2020	31 March 2019
Raw materials	27460.22	21984.51
Work-in-progress	4095.78	4525.11
Finished goods	22871.93	19834.91
Stock-in-trade	621.49	532.79
Stores and spares	932.01	887.08
	<b>55981.43</b>	<b>47764.40</b>
<b>Inventories in transit</b>		
Raw materials	753.66	1646.84
Finished goods	97.78	-
Stores and spares	7.89	-
	<b>859.33</b>	<b>1646.84</b>
	<b>56840.76</b>	<b>49411.24</b>

The write down of inventories to net realisable value during the year amounted to ₹268.38 lacs (31 March 2019: ₹47.34 lacs). The write down are included in changes in inventories of finished goods.

## 13 Cash and cash equivalents

(₹ in lacs)

Particulars	As at	As at
	31 March 2020	31 March 2019
Cash on hand	15.81	6.40
Balances with banks		
- in current accounts	8604.88	6392.83
Cheques, drafts on hand	0.10	16.46
	<b>8620.79</b>	<b>6415.69</b>

## 14 Other bank balances

(₹ in lacs)

Particulars	As at	As at
	31 March 2020	31 March 2019
Unpaid dividend accounts	81.72	91.86
Deposits with remaining maturity of less than 12 months *	207.77	184.11
	<b>289.49</b>	<b>275.97</b>

\*It includes bank deposits held against bank guarantees amounting to ₹207.77 lacs (31 March 2019: ₹184.11 lacs).

## 15 Share capital

(₹ in lacs)

Particulars	As at	As at
	31 March 2020	31 March 2019
<b>Authorised share capital</b>		
9500000 (31 March 2019: 9500000) equity shares of ₹10 each	950.00	950.00
50000 (31 March 2019: 50000) preference shares of ₹100 each	50.00	50.00
	<b>1000.00</b>	<b>1000.00</b>
<b>Issued, subscribed and fully paid up capital</b>		
7478303 (31 March 2019: 7471343) equity shares of ₹10 each fully paid-up	747.83	747.13
Forfeited shares (amount originally paid-up)	2.72	2.72
	<b>750.55</b>	<b>749.85</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 15 Share capital (Continued)

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

Equity shares	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount ₹ In Lacs	Number of shares	Amount ₹ In Lacs
Shares outstanding at the beginning of the year	7471343	747.13	7462563	746.26
Shares issued on exercise of Employee Stock Option Scheme (refer note 43)	6960	0.70	8780	0.87
Shares outstanding at the end of the year	<b>7478303</b>	<b>747.83</b>	<b>7471343</b>	<b>747.13</b>

### (ii) Terms and rights attached to the equity shares

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

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

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

Equity shares of ₹10 each, fully paid-up	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of Holding	Number of shares	% of Holding
Central India Industries Limited	1074634	14.37	1074634	14.38
Orient Paper and Industries Limited	906360	12.12	906360	12.13

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

### (iv) Shares reserved for issue under Option

For details of shares reserved for issue under Employee Stock Option Schemes of the Company, refer note 43.

## 16 Other equity

### (A) Reserves and surplus

Particulars	As at	As at
	31 March 2020	31 March 2019
<b>(i) Securities premium</b>		
Balance at the commencement of the year	708.52	624.95
Add: Additions during the year	66.24	83.57
	<b>774.76</b>	<b>708.52</b>

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



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 16 Other equity (Continued)

### (A) Reserves and surplus (Continued)

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(ii) General reserve</b>		
Balance at the commencement of the year	40100.00	39100.00
Add: Amount transferred from surplus balance in the consolidated statement of profit and loss	1000.00	1000.00
	<b>41100.00</b>	<b>40100.00</b>

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

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(iii) Capital redemption reserve</b>		
Balance at the commencement of the year	35.00	35.00
Add: Additions during the year	-	-
	<b>35.00</b>	<b>35.00</b>

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

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(iv) Share options outstanding account</b>		
Balance at the commencement of the year	116.66	93.99
Less: Shares exercised during the period	(23.78)	(30.00)
Add: Share based payment expenses (refer note 28)	118.05	52.67
	<b>210.93</b>	<b>116.66</b>

The Group has established an equity-settled share-based payment plan for certain categories of employees of the Group. Refer note 43 for further details on this plan.

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>(v) Retained earnings</b>		
Balance at the commencement of the year	22888.41	15981.80
Add: Adjustment on initial application of Ind AS 115, net of tax	-	125.49
Add: Profit for the year	10595.37	10139.80
<i>Items of other comprehensive income directly recognised in retained earnings</i>		
- Remeasurement of post employment benefit obligations, net of tax	(84.49)	(108.23)
<b>Amount available for appropriations</b>	<b>33399.29</b>	<b>26138.86</b>
Less : Appropriations		
Interim dividend on equity shares (amount per share ₹10.00 (31 March 2019: ₹12.50))	(747.83)	(933.92)
Transferred to general reserve	(1000.00)	(1000.00)
Final dividend on equity shares (amount per share ₹12.50 (31 March 2019: ₹12.50))	(933.92)	(932.82)
Corporate dividend tax on equity shares	(345.69)	(383.71)
<b>Total appropriations</b>	<b>(3027.44)</b>	<b>(3250.45)</b>
	30371.85	22888.41
<b>Total reserves and surplus (A)</b>	<b>72492.54</b>	<b>63848.59</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 16 Other equity (Continued)

### (B) Other comprehensive income ("OCI")

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Equity investments through OCI</b>		
Balance at the commencement of the year	34.66	27.45
Changes in fair value	7.25	7.21
	41.91	34.66
Exchange differences on translation of foreign operations		
Balance at the commencement of the year	(914.31)	-
Add: Movement during the year	1901.62	(914.31)
	987.31	(914.31)
<b>Total other comprehensive income (B)</b>	<b>1029.22</b>	<b>(879.65)</b>
<b>Total (A+B)</b>	<b>73521.76</b>	<b>62968.94</b>

### Dividends

After the reporting date, the following dividends on equity shares (excluding corporate dividend tax) were proposed by the Board of Directors subject to the approval at the Annual General Meeting; the dividends have not been recognised as liabilities.

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Dividend on equity shares (amount per share ₹10.00 (31 March 2019: ₹12.50))	747.83	933.92
Corporate dividend tax*	-	191.97

\*With the abolition of dividend distribution tax in the recent union budget announced by Honourable Finance Minister on 01 February 2020, effective 01 April 2020, dividends will be taxable in the hands of recipient and hence, provision for Dividend Distribution Tax does not arise.

## 17 Borrowings

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Non-current borrowings</b>		
Secured		
Term loan from banks (refer note (a) below)	39054.04	46782.88
Term loan from others		
- Interest free sales tax loan from a financial institution (refer note (b) below)	4915.97	4841.36
Unsecured		
Deferred payment liabilities		
- Deferred sales tax loan (refer note (c) below)	225.32	290.20
	<b>44195.33</b>	<b>51914.44</b>
<b>Current borrowings</b>		
Secured		
From banks		
- Working capital loan (refer note (f) below)	3315.39	3119.24
	<b>3315.39</b>	<b>3119.24</b>
Unsecured		
Loans repayable on demand		
From banks		
- Working capital loan (refer note (d) below)	15500.00	5006.96
Other loans		
From banks		
- Buyers' credit (refer note (e) below)	855.17	-
	<b>16355.17</b>	<b>5006.96</b>
	<b>19670.56</b>	<b>8126.20</b>



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 17 Borrowings (Continued)

- (a) (i) The Company has availed two term loans from Kotak Mahindra Bank in India, during 2018-19 which are secured by way of exclusive equitable mortgage of land and buildings situated at Faridabad, Sanathnagar and Chennai locations of the Company. The outstanding of ₹15563.00 lacs against the above said loans are repayable in quarterly instalments. ₹5520.00 lacs is payable during 2020-21; ₹5320.00 lacs during 2021-22; ₹2000.00 lacs each during 2022-23 and 2023-24 and ₹723.00 lacs during 2024-25. The said loans carried an interest rate in the range of 8.20% to 8.55% p.a. during the year.

During the year 2019-20 the Company has availed the following loans in India:

1. A term loan of ₹3000.00 lacs from Kotak Mahindra Bank secured by way of exclusive charge on moveable assets identified. The outstanding of ₹2000.00 lacs is repayable over 20 instalments of ₹100.00 lacs each from June 2020 to March 2025. The said loans carried an interest of 7.75% p.a. during the year.
  2. A term loan of ₹4000.00 lacs from Hongkong and Shanghai Banking Corporation Limited secured by way of exclusive charge on moveable assets identified. The outstanding of ₹3800.00 lacs is repayable over 19 instalments of ₹200.00 lacs each from June 2020 to December 2024. The said loan carried an interest of 7.50% p.a. during the year.
- (ii) A term loan taken from Raiffeisenlandesbank Niederoesterreich-Wien AG amounting to Euro 220.00 lacs by HIL International GmbH, Germany is repayable in 14 instalments of which 13 equal semi-annual instalments of Euro 15.00 lacs starting from 31 December 2018. The last installment of Euro 25.00 lacs is falling due on 30 June 2025. The loan carried an interest rate 1.80% p.a. during the year. The loan is secured by way of (a) first priority security over the issued share capital of Parador Holding GmbH subject to the Agreed Security Principles (b) mortgages over the Parador GmbH's real estate in Coesfeld, Germany of minimum Euro 100.00 lacs and Euro 70.00 lacs (c) pledge over all fixed assets of Parador GmbH (d) pledge over all current assets of Parador GmbH (excl. receivables which will be sold to Factoring but including pledge over the excess receivables of Factoring). As on 31 March 2020, deed of mortgages are already executed.
- (iii) A term loan taken from Raiffeisenlandesbank Niederoesterreich-Wien AG amounting to Euro 100.00 lacs by Parador GmbH, Germany is repayable on termination date on 30 June 2025. The loan carried an interest rate of 1.40% p.a. to 1.80% p.a. during the year. The loan is secured by way of (a) first priority security over the issued share capital of Parador Holding GmbH subject to the Agreed Security Principles (b) mortgages over the Parador GmbH's real estate in Coesfeld, Germany of minimum Euro 100.00 lacs and Euro 70.00 lacs (c) pledge over all fixed assets of Parador GmbH (d) pledge over all current assets of Parador GmbH (excluding receivables which will be sold to Factoring but including pledge over the excess receivables of Factoring). As on 31 March 2020, deed of mortgages are already executed.
- (iv) A term loan taken from Raiffeisenlandesbank Niederoesterreich-Wien AG amounting to Euro 11.55 lacs by Parkettwerke GmbH, Austria is repayable in 14 equal semi-annual instalments of Euro 0.83 lacs starting from 31 March 2019. The last installment is falling due on 30 September 2025. The loan carried an interest rate of 1.75% p.a. during the year. The loan is secured by way of guarantee of particular fixed assets for which loan was taken.
- (v) A term loan taken from Raiffeisenlandesbank Niederoesterreich-Wien AG amounting to Euro 10.00 lacs by Parkettwerke GmbH, Austria is repayable in 16 equal semi-annual instalments of Euro 0.63 lacs starting from 31 December 2016. The last installment is falling due on 30 June 2024. The loan carried an interest rate of 1.85% p.a. during the year. The loan is secured by way of guarantee of Parador GmbH, Germany.
- (vi) A term loan taken from Raiffeisenlandesbank Niederoesterreich-Wien AG amounting to Euro 50.00 lacs by Parador GmbH, Germany is repayable in 10 instalments of Euro 5.00 lacs starting from 30 June 2020. The last installment is falling due on 31 December 2024. The loan carried an interest rate 1.80% p.a. during the year. The loan is secured by way of (a) first priority security over the issued share capital of Parador Holding GmbH subject to the Agreed Security Principles (b) mortgages over the Parador GmbH's real estate in Coesfeld, Germany of minimum Euro 100.00 lacs and Euro 70.00 lacs (c) pledge over all fixed assets of Parador GmbH (d) pledge over all current assets of Parador GmbH (excluding receivables which will be sold to Factoring but including pledge over the excess receivables of Factoring). As on 31 March 2020, deed of mortgages are already executed.
- (b) Represents interest free sales tax loan taken from a financial institution in India, is repayable after 7 years from the date of its respective disbursement. The last instalment is falling due in August 2024. As per the agreement, these loans are secured by way of first charge on its entire assets of Sathariya unit, first charge on plant and machinery of its Balasore unit and collateral security of Corporate office building of the Company located at Gachibowli, Hyderabad.
- (c) Deferred sales tax loan was sanctioned towards the sales tax dues in India relating to Thimmapur unit. The loan is interest free and repayable on yearly basis having last instalment due in financial year 2023-24.
- (d) The Company availed working capital loan from three banks in India. These loans are repayable on demand and carried an interest rate as linked to Repo Rate + spread which has been 6.05% p.a. to 8.30% p.a. during the year.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 17 Borrowings (Continued)

- (e) Buyers' credit loans availed in India, repayable at maturity, carried interest rate linked to LIBOR of respective currency and effective rates were in the range of 2.36% to 2.50% p.a. during the year.
- (f) A revolving loan taken from Raiffeisenlandesbank Niederoesterreich-Wien AG amounting to Euro 40.00 lacs by Parkettwerke GmbH, Austria to facilitate exports and processes export guarantees. The Loan carried an interest rate of 1.55% p.a. during the year. The loan is secured by way of guarantee of Parador GmbH and a mortgage over Parkettwerke GmbH's real estate in Güssing, Austria of minimum Euro 25.00 lacs.

## 18 Lease liabilities

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Lease liabilities	1480.95	-
	<b>1480.95</b>	-
<b>Current</b>		
Lease liabilities	287.50	-
	<b>287.50</b>	-

## 19 Trade payables

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 41)	628.64	966.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	31426.29	32559.00
	<b>32054.93</b>	<b>33525.78</b>

## 20 Other financial liabilities

Particulars	(₹ in lacs)	
	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Derivative liabilities	125.08	-
	<b>125.08</b>	-
<b>Current</b>		
Current maturities of long-term debt (refer note 17)	10238.48	6827.84
Interest accrued but not due on borrowings	125.85	204.38
Capital creditors	374.02	465.47
Unpaid dividend*	81.72	91.86
Security deposits	4586.66	4812.49
Derivative liabilities	2.48	95.78
Contract liability against performance obligation	1416.14	1296.13
Contract liability against payment	2075.45	1833.07
Other financial liabilities	1881.91	1679.32
	<b>20782.71</b>	<b>17306.34</b>

\* Amount lying in unpaid / unclaimed dividend account shall be credited to Investor Education and Protection Fund as per the timelines prescribed under the Companies Act, 2013 with due approvals.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 21 Provisions

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Provision for employee benefits		
- Gratuity (refer note 36)	240.35	164.51
- Pension and Other post-retirement benefits	2347.26	2267.68
- Other long-term employee benefit plans	231.07	-
- Compensated absences	627.60	513.40
	<b>3446.28</b>	<b>2945.59</b>
<b>Current</b>		
Provision for employee benefits		
- Pension	133.28	1.90
- Superannuation fund	27.32	-
- Compensated absences	623.99	250.67
- Employee related other costs (refer note 42)	-	31.46
Provision for litigations (refer note 42)	357.95	357.95
Provision for warranties (refer note 42)	931.29	863.57
Provision- others (refer note 42)	450.69	600.00
	<b>2524.52</b>	<b>2105.55</b>

## 22 Other liabilities

(₹ in lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Government grant	281.82	366.37
	<b>281.82</b>	<b>366.37</b>
<b>Current</b>		
Statutory liabilities	1300.06	1419.24
Government grant	84.55	84.55
Other liabilities	2025.91	2473.97
	<b>3410.52</b>	<b>3977.76</b>

## 23 Revenue from operations

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products		
Finished goods	238780.85	202329.55
Traded goods	15019.06	12701.67
Sale of services		
Service concession arrangements	229.57	260.74
Other operating revenues		
Scrap sales	863.26	823.47
Liabilities no longer required, written back	597.88	763.50
	<b>255490.62</b>	<b>216878.93</b>

Refer note 35 for segment wise details.

### Reconciliation of revenue from sale of products with the contract prices

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Contracted price	267444.46	229546.87
Less: Discounts	13644.55	14515.65
	<b>253799.91</b>	<b>215031.22</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 24 Other income

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividend income on equity securities - at FVOCI- investment held at reporting date	0.40	0.50
Dividend income on current investments - at FVTPL	-	62.30
Gain on sale of current investments, net	40.56	415.16
Interest income under the effective interest method on financial assets	103.91	103.10
Rental income		
From investment property	582.13	623.59
From others	16.31	15.73
Net gain on sale of property, plant and equipment	537.55	604.77
Net gain on foreign currency transactions	537.65	-
Fair value gain on financial assets measured at fair value through profit and loss, net	501.10	648.44
Government grants	84.55	84.55
Miscellaneous income	58.98	113.84
	<b>2463.14</b>	<b>2671.98</b>

## 25 Cost of raw materials consumed

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory of materials at the beginning of the year*	23608.96	25158.85
Add: Purchases during the year	128903.13	102048.96
Less: Inventory of materials at the end of the year	28213.88	23608.96
	<b>124298.21</b>	<b>103598.85</b>

\*Includes inventories on acquisition of subsidiaries amounting to ₹ NIL as at 31 March 2020 (31 March 2019: ₹17769.38 lacs).

## 26 Purchases of stock-in-trade

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchases of stock-in-trade	8224.28	6780.15

## 27 Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year		
Finished goods*	19636.47	19510.01
Stock-in-trade**	532.79	480.51
Work-in-progress***	4513.38	4358.70
	<b>24682.64</b>	<b>24349.22</b>
Inventories at the end of the year		
Finished goods	22969.71	19636.47
Stock-in-trade	621.49	532.79
Work-in-progress	4095.78	4513.38
	<b>27686.98</b>	<b>24682.64</b>
Changes in inventories	(3004.34)	(333.42)
Adjustment for fluctuation in exchange rates	968.78	(850.65)
	<b>(2035.56)</b>	<b>(1184.07)</b>

\* Includes inventories on acquisition of subsidiaries amounting to ₹ NIL (31 March 2019: ₹9918.82 lacs).

\*\* Includes inventories on acquisition of subsidiaries amounting to ₹ NIL (31 March 2019: ₹305.80 lacs).

\*\*\* Includes inventories on acquisition of subsidiaries amounting to ₹ NIL (31 March 2019: ₹4032.59 lacs).



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 28 Employee benefits expense

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	29552.61	20661.62
Contribution to provident and other fund (refer note 36)	4614.19	2857.39
Employee share based payment expense - equity settled (refer note 43)	118.05	52.67
Gratuity, pension and other post-retirement benefits expenses (refer note 36)	282.86	226.88
Staff welfare expenses	1227.45	976.42
	<b>35795.16</b>	<b>24774.98</b>

## 29 Finance costs

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expenses on long-term loans measured at amortised cost	2626.53	1938.69
Interest expenses on working capital loans measured at amortised cost	691.37	184.37
Interest expenses on other financial liabilities measured at amortised cost	74.61	68.76
Interest expenses on lease liabilities	85.96	-
Interest expenses on income-tax	-	4.67
Interest expenses on others	373.15	318.91
	<b>3851.62</b>	<b>2515.40</b>

## 30 Depreciation and amortisation expenses

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	8527.60	6281.54
Amortisation of intangible assets (refer note 6)	603.04	439.18
Depreciation on investment property (refer note 5)	30.37	30.37
Depreciation on right of use assets (refer note 4)	546.16	-
	<b>9707.17</b>	<b>6751.09</b>

## 31 Other expenses

(₹ in lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spares	3391.43	3715.92
Power and fuel	7931.96	6921.82
Contract wages	5602.39	4991.32
Repairs and maintenance		
Plant and machinery (excluding stores and spares consumption)	3004.40	1854.40
Buildings	497.38	794.46
Others	1944.73	1472.64
Carriage outwards	20706.32	20360.67
Packing expenses	564.01	696.56
Rent	1505.70	1269.22
Rates and taxes	557.00	359.94
Insurance	492.29	355.35
Professional, consultancy and legal expenses	2846.31	2103.53
Advertisement and sales promotion	6619.54	6293.47
Travelling and conveyance	3153.46	2421.91
Commission on sales	705.70	567.05

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 31 Other expenses (Continued)

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Directors' commission	85.00	107.50
Directors' fee	59.50	59.50
Donations (refer note (i) below)	308.42	304.41
Royalty	1393.55	760.12
Net loss on sale of property, plant and equipment	64.67	-
Provision for impairment of receivables, advances and other assets, net	616.53	(44.17)
Bad debt written off	167.69	162.39
Fair value gain / (loss) on financial assets measured at fair value through profit and loss	-	10.30
Net loss on foreign currency transactions	49.15	531.84
Expenditure on corporate social responsibility (refer note 32)	223.35	204.71
Miscellaneous	2995.37	2239.34
	<b>65485.85</b>	<b>58514.20</b>

### Note:

(i) Donations include ₹300.25 lacs (31 March 2019: 300.25 lacs) contribution made to Electoral Trust.

## 32 Details of corporate social responsibility expenditure

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Gross amount required to be spent by the Company during the year	223.83	163.46
b) Amount spent during the year (in cash) :		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	226.01	204.71

## 33 Discontinuing operations

Refer accounting policy in note 3(v)

The Board of Directors at their meeting held on 16 January 2020 has approved the Sale and Transfer of the Group's Calcium Silicate insulation products division operated under the brand "HYSIL" to Calderys India Refractories Limited, India through a Slump Sale arrangement on a going concern basis, subject to completion of conditions precedent set out in the Business Transfer Agreement ('BTA'). The total sale consideration for the aforesaid transaction is ₹8000 lacs subject to adjustments as set out in the BTA. As per the terms of BTA, both the parties undertook to take best efforts so that their respective conditions precedents can be satisfied as promptly as practicable after the BTA execution date and in any event no later than the Long Stop Date i.e., 15 April 2020. On 13 April 2020, due to the Novel Coronavirus (COVID-19) and Country wide lockdown, both parties mutually agreed to extend the long stop date till 14 June 2020.

This division was not previously classified as held for sale or discontinuing operations. The comparative statement of profit and loss has been represented to show the discontinuing operations separately from continuing operations.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 33 Discontinuing operations (Continued)

### A. Results of discontinuing operations

		(₹ in lacs)	
Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue		3925.92	3926.41
Expenses		3058.50	2930.31
<b>Results from operating activities</b>		<b>867.42</b>	<b>996.10</b>
Income-tax	34	169.49	364.77
<b>Results from operating activities, net of tax</b>		<b>697.93</b>	<b>631.33</b>

The profit from discontinuing operations of ₹697.93 lacs (31 March 2019: ₹631.33 lacs) and the profit from continuing operations of ₹9897.44 lacs (31 March 2019: ₹9508.47 lacs) is attributable entirely to the owners of the Group.

### B. Cash flows from / (used in) discontinuing operations

		(₹ in lacs)	
Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
Net cash from operating activities		1012.75	1062.42
Net cash from / (used in) investing activities		10.11	(24.00)
Net cash used in financing activities		(1022.86)	(1038.42)
<b>Net cash flows</b>		<b>-</b>	<b>-</b>

### C. Effect of disposal on the financial position of the Group

		(₹ in lacs)
Particulars		As at 31 March 2020
<b>I ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment		1172.78
(b) Financial assets		
(i) Loans		37.13
<b>Current assets</b>		
(a) Inventories		237.29
(b) Financial assets		
(i) Trade receivables		358.22
(ii) Other financial assets		1.98
(c) Other current assets		59.49
<b>II LIABILITIES</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Lease liabilities		(3.73)
(b) Provisions		(7.17)
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Lease liabilities		(1.73)
(ii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises		(6.89)
Total outstanding dues of creditors other than micro enterprises and small enterprises		(305.72)
(iii) Other financial liabilities		(83.89)
(b) Other current liabilities		(44.50)
(c) Provisions		(24.32)
<b>III ASSETS NET OF LIABILITIES</b>		<b>1388.94</b>

As at 31 March 2020, the disposal group has been stated at carrying amount (being lower of their fair value less costs to sell).

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 34 Income-tax

### (A) Amount recognised in consolidated statement of profit and loss - Continuing operations

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax	4231.84	5255.97
Income-tax for earlier years	(38.22)	62.69
Deferred tax attributable to temporary differences	(1400.34)	830.25
<b>Tax expenses</b>	<b>2793.28</b>	<b>6148.91</b>

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Amount recognised in consolidated statement of profit and loss - Discontinuing operations</b>		
Tax expense	169.49	364.77
	<b>169.49</b>	<b>364.77</b>

This has been included in determination of profit / (loss) from discontinuing operation net of tax (refer note 33).

### (B) Amount recognised in other comprehensive income ("OCI")

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Deferred tax related to items recognised in OCI</b>		
Deferred tax on remeasurements of defined benefit plans	31.27	51.45
Deferred tax on fair value gain on investments in equity instruments through OCI	(2.15)	(2.19)
<b>Deferred tax Income / (expense) recognised in OCI</b>	<b>29.12</b>	<b>49.26</b>

### (C) Reconciliation of effective tax rate

Particulars	(₹ in lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Profit before tax</b>	13558.14	16653.48
Enacted tax rate in India	25.168%	34.944%
Tax using the Company's domestic tax rate	3412.31	5819.39
<b>Tax effect of:</b>		
Differences in tax rates in foreign jurisdictions*	262.14	(132.21)
Non-deductible tax expenses	433.95	1166.90
Tax exempt income	(0.09)	(21.95)
Rate difference	(11.91)	(67.21)
Tax incentives	55.56	(307.86)
Change in Rate	(1150.77)	-
Others	(0.20)	(6.07)
	<b>3000.99</b>	<b>6450.99</b>
Adjustments in respect of income-tax for earlier years	(38.22)	62.69
<b>Income-tax recognised in the consolidated statement of profit and loss</b>	<b>2962.77</b>	<b>6513.68</b>

During the quarter ended 30 September 2019, the Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income-tax for the year ended 31 March 2020 and re-measured its deferred tax assets / liabilities based on the rate prescribed in the said section. The impact of this change has been recognised in the statement of profit and loss over the period from 01 July 2019 to 31 March 2020.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 34 Income-tax (Continued)

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

(₹ in lacs)

Particulars	31 March 2020	31 March 2019
<b>Deferred tax liabilities</b>		
Excess of depreciation / amortisation on fixed assets under income-tax law over depreciation / amortisation provided in books of account	13493.60	15170.29
Fair value gain on derivatives	168.65	223.48
Others	212.90	232.01
<b>Total deferred tax liabilities (A)</b>	<b>13875.15</b>	<b>15625.78</b>
<b>Deferred tax assets</b>		
Allowable for tax purposes on payment basis	1642.62	2398.33
Provision for doubtful trade receivables	671.94	805.21
Voluntary early retirement scheme	34.64	115.43
Others	404.60	247.85
<b>Total deferred tax assets (B)</b>	<b>2753.80</b>	<b>3566.82</b>
<b>Net deferred tax (asset) / liability (A-B)</b>	<b>11121.35</b>	<b>12058.96</b>





# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 35 Operating segments

### A. Basis for segmentation

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

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

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

Reportable segments	Operations
Roofing Solutions	Manufacturing and distributing Fibre Cement Sheets, Colour Coated Sheets and Non-asbestos Cement Sheets
Building Solutions	Manufacturing and distributing Fly Ash Blocks, Aerocon Panels, Thermal Insulation products and Dry-mix
Polymer Solutions	Manufacturing and distributing Pipes & Fittings, and Wall Putty
Flooring Solutions	Manufacturing and distributing Laminate, Engineered and Resilient Flooring, Skirtings and Wall Panel products
Others	Wind Power, Material Handling and Processing Plant and Equipments

### B. Information about reportable segments

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

#### 1 Segment revenue

##### (Revenue / Income from segments)

		(₹ in lacs)	
S. No.	Particulars	31 March 2020	31 March 2019
(a)	Roofing solutions	73317.20	87388.52
(b)	Building solutions	31942.34	32421.15
(c)	Polymer solutions	25448.98	23298.21
(d)	Flooring solutions	124383.02	72613.49
(e)	Others	1254.32	1478.37
	Total	<b>256345.86</b>	<b>217199.74</b>
	Less: Inter segment revenue	855.24	320.81
	<b>Revenue / Income from continuing operations</b>	<b>255490.62</b>	<b>216878.93</b>
	<b>Revenue / Income from discontinuing operations (refer note 33)</b>	<b>3920.83</b>	<b>3923.50</b>
	<b>Revenue / Income from continuing and discontinuing operations</b>	<b>259411.45</b>	<b>220802.43</b>

#### 2 Segment results

##### Profit before tax from segments

		(₹ in lacs)	
S. No.	Particulars	31 March 2020	31 March 2019
(a)	Roofing solutions	13230.46	19041.28
(b)	Building solutions	1793.54	1675.00
(c)	Polymer solutions	(333.82)	283.95
(d)	Flooring solutions	5038.20	1150.11
(e)	Others	807.51	665.04
	Total	<b>20535.89</b>	<b>22815.38</b>
	Less:		
	i) Interest	2862.20	1704.70
	ii) Other un-allocable expenditure net-off un-allocable income	4982.97	5453.30
	<b>Total profit before tax from continuing operations</b>	<b>12690.72</b>	<b>15657.38</b>
	<b>Total profit before tax from discontinuing operations (refer note 33)</b>	<b>867.42</b>	<b>996.10</b>
	<b>Total profit before tax from continuing and discontinuing operations</b>	<b>13558.14</b>	<b>16653.48</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 35 Operating segments (Continued)

### B. Information about reportable segments (Continued)

#### 3 Segment assets

		(₹ in lacs)	
S. No.	Particulars	31 March 2020	31 March 2019
(a)	Roofing solutions	42241.15	37736.98
(b)	Building solutions	24737.44	26993.29
(c)	Polymer solutions	23803.27	20960.99
(d)	Flooring solutions	102710.88	95541.24
(e)	Others	4812.51	4179.21
(f)	Unallocated	15268.17	12056.92
	<b>Total assets - continuing operations</b>	<b>213573.42</b>	<b>197468.63</b>
	<b>Total assets - discontinuing operations (refer note 33)</b>	<b>1866.89</b>	<b>-</b>
	<b>Total assets - continuing and discontinuing operations</b>	<b>215440.31</b>	<b>197468.63</b>

#### 4 Segment Liabilities

		(₹ in lacs)	
S. No.	Particulars	31 March 2020	31 March 2019
(a)	Roofing solutions	20531.30	21443.01
(b)	Building solutions	7158.04	8023.03
(c)	Polymer solutions	5020.50	4219.45
(d)	Flooring solutions	58212.93	53146.15
(e)	Others	315.49	200.72
(f)	Unallocated	49451.79	46717.48
	<b>Total liabilities - continuing operations</b>	<b>140690.05</b>	<b>133749.84</b>
	<b>Total liabilities - discontinuing operations (refer note 33)</b>	<b>477.95</b>	<b>-</b>
	<b>Total liabilities - continuing and discontinuing operations</b>	<b>141168.00</b>	<b>133749.84</b>

### C. Geographical information

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

#### (i) Revenue from external customers

		(₹ in lacs)	
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019	
India	134186.30	147120.79	
Europe and other countries	125225.15	73681.64	
	<b>259411.45</b>	<b>220802.43</b>	

#### (ii) Carrying amount of non-current assets (excluding derivative assets)

		(₹ in lacs)	
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019	
India	64998.75	62771.27	
Europe and other countries	56262.13	53259.48	
	<b>121260.88</b>	<b>116030.75</b>	



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 35 Operating segments (Continued)

### D. Major customer

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

## 36 Employee benefits

The Group has the following post-employment benefit plans:

### (a) Defined contribution plan\*

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

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Contribution to provident fund	4345.93	2642.03
Contribution to employees state insurance schemes	257.27	201.78
Contribution to superannuation fund	30.88	30.80
	<b>4634.08</b>	<b>2874.61</b>

\*Including expense related to discontinuing operations.

### (b) Defined benefit plan

The Group has various employee benefit plans covering different categories of employees based on location of employment.

#### A. Gratuity plan of the Company

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

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

The Company has determined that, in accordance with the terms and conditions of the gratuity plan, and in accordance with statutory requirements (including minimum funding requirements) of the plan of the relevant jurisdiction, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit asset is necessary at 31 March 2020 (31 March 2019: no decrease in defined benefit asset).

#### i. Reconciliation of the net defined benefit (asset) / liability

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

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<i>Reconciliation of present value of defined benefit obligation</i>		
Balance at the beginning of the year	1600.69	1496.55
Current service cost	206.15	184.49
Interest cost	123.52	109.17
Re-measurement (or actuarial) (gain) / loss arising from:		
- change in demographic assumptions	0.39	2.65
- change in financial assumptions	92.33	(51.35)
- experience variance (i.e. actual experience vs assumptions)	33.43	48.58
Benefits paid	(91.50)	(189.40)
<b>Balance at the end of the year</b>	<b>1965.01</b>	<b>1600.69</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 36 Employee benefits (Continued)

### i. Reconciliation of the net defined benefit (asset) / liability (Continued)

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<i>Reconciliation of the present value of plan assets</i>		
Balance at the beginning of the year	1436.18	1365.57
Interest income	110.82	99.62
Contributions paid into the plan	43.05	90.62
Benefits paid	(3.98)	(15.81)
Return on plan assets, excluding amount recognised in net interest expense	131.41	(103.82)
<b>Balance at the end of the year</b>	<b>1717.48</b>	<b>1436.18</b>
<b>Net defined benefit (asset) / liability recognised in consolidated balance sheet*</b>	<b>247.53</b>	<b>164.51</b>
<i>* Including liabilities directly associated with Disposal group (refer note 33)</i>		
<i>Expense recognised in consolidated statement of profit and loss*</i>		
Current service cost	206.15	184.49
Net interest cost / (income) on the net defined benefit liability / (assets)	12.69	9.56
	<b>218.84</b>	<b>194.05</b>
<i>*Including expense related to discontinuing operations</i>		
<i>Remeasurements recognised in other comprehensive income</i>		
Actuarial loss / (gain) on defined benefit obligation	126.15	(0.12)
Return on plan assets, excluding amount recognised in net interest expense	(131.41)	103.82
	<b>(5.26)</b>	<b>103.70</b>

### Plan assets

Plan assets comprises of the following:

Particulars	31 March 2020	31 March 2019
Fund managed by LIC	100%	100%

### ii. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	31 March 2020	31 March 2019
Discount rate	6.70%	7.70%
Future salary growth	6.00 to 8.00%	8.00%
Attrition rate	5.00%	5.00%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Group's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Attrition rate indicated above represents the Group's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 36 Employee benefits (Continued)

### iii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts shown below:  
(₹ in lacs)

Particulars	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in the assumed discount rate	1811.41	2142.45	1479.58	1739.80
Effect of 1% change in the assumed salary growth rate	2139.08	1811.24	1738.02	1478.84
Effect of 0.5% change in the assumed attrition rate	1926.86	2014.18	1588.23	1615.46

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### Expected contributions to the plan for the next annual reporting period

The Company expects to contribute a sum of ₹483.98 lacs to the plan for the next annual reporting period.

### Maturity profile of the defined benefit obligation

Expected cash flows

Particulars	31 March 2020		31 March 2019	
Within 1 year		189.21		130.57
2 to 5 years		800.92		630.17
6 to 10 years		862.38		855.96
More than 10 years		2094.46		1928.08

As at 31 March 2020, the weighted average duration of the defined benefit obligation was 8 years.

## B. Other retirement benefit plans in subsidiary companies

In respect of subsidiary companies, the Group has defined benefit retirement plans covering its employees. Pension provisions are recognised for obligations due to benefit plans for old age, invalidity, and surviving dependent's benefits. Benefits vary according to the legal, tax, and economic circumstances prevailing in each relevant country. Benefits are usually based on the length of service and final salary of employees. The actuarial valuation of the present value of the defined benefit obligation has been carried out as at 31 March 2020 and 31 March 2019.

### i. Reconciliation of the net defined benefit (asset) / liability

The following tables summarises the components of net benefit expense recognised in the consolidated statement of profit and loss, the funded status and amount recognised in the consolidated balance sheet for the gratuity plan:  
(₹ in lacs)

Particulars	31 March 2020		31 March 2019	
<i>Reconciliation of present value of defined benefit obligation</i>				
Balance at the beginning of the year		2440.70		-
Acquired through business combination		-		2410.93
Current service cost		40.66		22.73
Interest cost		35.32		26.99
Re-measurement (or actuarial) (gain) / loss arising from:				
- change in demographic assumptions		(0.17)		(2.66)
- change in financial assumptions		36.37		91.46
- experience variance (i.e. actual experience vs assumptions)		81.35		(32.82)
Benefits paid		(127.49)		(74.56)
Foreign exchange fluctuation		166.98		(1.37)
<b>Balance at the end of the year</b>		<b>2673.72</b>		<b>2440.70</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 36 Employee benefits (Continued)

### B. Other retirement benefit plans in subsidiary companies (Continued)

#### i. Reconciliation of the net defined benefit (asset) / liability (Continued)

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<i>Reconciliation of the present value of plan assets</i>		
Balance at the beginning of the year	171.12	159.95
Interest income	2.60	5.10
Contributions paid into the plan	10.93	6.58
Return on plan assets, excluding amount recognised in net interest expense	(3.47)	-
Foreign exchange fluctuation	11.99	(0.51)
<b>Balance at the end of the year</b>	<b>193.17</b>	<b>171.12</b>
<b>Net defined benefit (asset) / liability recognised in consolidated balance sheet</b>	<b>2480.55</b>	<b>2269.58</b>
<i>Expense recognised in consolidated statement of profit and loss</i>		
Current service cost	40.66	22.73
Net Interest cost / (income) on the net defined benefit liability / (assets)	32.73	21.89
	<b>73.39</b>	<b>44.62</b>
<i>Remeasurements recognised in other comprehensive income</i>		
Actuarial loss / (gain) on defined benefit obligation	117.55	55.99
Return on plan assets, excluding amount recognised in net interest expense	3.47	-
	<b>121.02</b>	<b>55.99</b>

#### Plan assets

Plan assets comprises of the following:

Particulars	31 March 2020	31 March 2019
Fund managed by Neue Leben Lebensversicherungs AG for the fund created for liability of one of the subsidiary company	100%	100%

#### ii. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	31 March 2020	31 March 2019
Discount rate	0.70 to 1.70%	1.45% to 1.51%
Future salary growth	Upto 3.10%	3.00%
Pension Increase rate	1.75%	1.75%
Attrition rate	4.85%	4.85%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Group's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Attrition rate indicated above represents the group's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 36 Employee benefits (Continued)

### iii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts shown below:

(₹ in lacs)

Particulars	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Effect of 0.5% change in the assumed discount rate	2092.74	2360.51	1681.98	1910.88
Effect of 0.25% change in the assumed pension rate	2274.87	2166.46	1836.00	1746.15

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### Expected contributions to the plan for the next annual reporting period

The Company expects to contribute a sum of ₹11.51 lacs to the plan for the next annual reporting period.

### Maturity profile of the defined benefit obligation

Expected cash flows

(₹ in lacs)

Particulars	31 March 2020	31 March 2019
Within 1 year	130.70	116.62
2 to 5 years	438.07	401.21
More than 5 years	468.21	431.71
More than 10 years	-	-

At 31 March 2020, the weighted average duration of defined benefit obligation was 12.22 years.

## 37 Earnings per share ("EPS")

(₹ in lacs)

Particulars	31 March 2020	31 March 2019
(a) Net profit attributable to the equity shareholders - Continuing operations	9897.44	9508.47
(b) Net profit attributable to the equity shareholders - Discontinuing operations	697.93	631.33
(c) Weighted average number of equity shares outstanding during the year	7475622	7467951
(d) Effect of potential equity shares on employee stock options outstanding	15456	24359
(e) Weighted average number of equity shares outstanding for computing diluted earnings per share [(c) + (d)]	7491078	7492310
(f) Nominal value of equity shares (in ₹)	10.00	10.00
<b>Continuing Operations</b>		
(g) Basic earnings per share (in ₹) [(a)/(c)]	132.40	127.32
(h) Diluted earnings per share (in ₹) [(a)/(e)]	132.12	126.91
<b>Discontinuing Operations</b>		
(i) Basic earnings per share (in ₹) [(b)/(c)]	9.34	8.45
(j) Diluted earnings per share (in ₹) [(b)/(e)]	9.32	8.43
<b>Continuing and Discontinuing Operations</b>		
(k) Basic earnings per share (in ₹) [(a+b)/(c)]	141.73	135.78
(l) Diluted earnings per share (in ₹) [(a+b)/(e)]	141.44	135.34

## 38 Capital commitments

(₹ in lacs)

Particulars	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	1920.95	1992.46

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 39 A. Contingent liabilities (not provided for) in respect of:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
(a) Demand raised by the Income-tax authorities, being disputed by the Group*	803.58	1934.04
(b) Demands raised by sales tax authorities, being disputed by the Group**	2083.98	2519.17
(c) Demands (including penalties) raised by excise authorities, being disputed by the Group***	874.60	829.66
(d) Appeal filed by the Group before the High Court of Judicature of Andhra Pradesh against the decision of appeal in favour of the Income-tax department pertaining to wealth tax matter.	56.98	56.98
(e) Pending cases with High Court where Income-tax department has preferred appeals	1469.42	596.26
(f) Demand for property tax, being disputed by the Group	252.15	252.15
(g) Other claims against the group not acknowledged as debts ****	286.64	286.64
(h) There are other civil matters against the Group of which one such case is pertaining to certain mining activity performed by the Group in the past. The National Green Tribunal ("NGT"), New Delhi, disposed of the above case in the current year, directing that the restoration of mine to be carried out by State of Jharkhand; and filing of claims by the victims before the District Judge, Chaibasa for adjudication. Aggrieved by some of the findings in the aforesaid Orders, the Group filed a petition before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India directed to issue notice to the other parties and maintain Status Quo in the meantime. Management believes that though the impact is not currently determinable, the final outcome of the above matter is not expected to be material on the financial statements.		

\*Income-tax demand comprises of demand from the Indian tax authorities upon completion of their assessment. The tax demands are mainly on account of disallowance of the benefit on research & development expenses, depreciation expenses on wind mill, other expenses not allowed.

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

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

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

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

**B.** On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. However, considering that there are numerous interpretative issues relating to retrospective application of this judgement, the Group has made a provision for provident fund contribution based on the best estimate. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject.

## 40 Related parties

### A. List of related parties and nature of relationship

Name of the related party	Nature of relationship	Country	% of Holding as at	
			31 March 2020	31 March 2019
Supercor Industries Limited	Joint venture	Nigeria	33%	33%
Parador (Shanghai) Trading Co., Ltd.	Joint venture	China	50%	50%



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 40 Related parties (Continued)

### A. List of related parties and nature of relationship (Continued)

Name of the related party	Nature of relationship
<b>Key Management personnel</b>	
Mr. Dhirup Roy Choudhary	Managing Director and Chief Executive Officer ("CEO")
Mr. KR Veerappan	Chief Financial Officer
Mr. G Manikandan	Company Secretary and Financial Controller
<b>Non-Executive Directors and Independent Directors</b>	
Mr. CK Birla	Chairman (Non-Executive Director)
Mr. Desh Deepak Khetrapal	Non-Executive Director
Mrs. Gauri Rasgotra	Independent Director
Mr. V.V. Ranganathan	Independent Director (joined on 19 March 2019)
Dr. Arvind Sahay	Independent Director (joined on 08 February 2019)
Mr. P. Vaman Rao	Independent Director (resigned w.e.f. 08 February 2019)
Mr. Yash Paul	Independent Director (resigned w.e.f. 19 March 2019)

### List of other related parties with whom there are transactions

Birla Buildings Limited  
 CK Birla Corporate Services Limited  
 GMMCO Limited  
 National Engineering Industries Limited  
 Orient Cement Limited  
 Orient Electric Limited  
 Orient Paper & Industries Limited

### B. Transactions with related parties

Related party	Nature of transactions	₹ in lacs	
		31 March 2020	31 March 2019
Non-Executive Directors and Independent Directors	Sitting fees and commission	144.50	167.00
Managing Director and Chief Executive Officer	Managerial remuneration*	405.04	362.28
	Share based payment	90.03	56.83
Chief Financial Officer	Managerial remuneration*	193.83	178.31
	Share based payment	12.40	7.95
Company Secretary and Financial Controller	Managerial remuneration*	61.16	55.81
GMMCO Limited	Purchase of Goods	21.73	55.62
Orient Electric Limited	Purchase of Goods	18.95	22.48
	Sales of Finished Goods	4.49	7.02
National Engineering Industries Limited	Rent Paid	63.15	68.88
	Reimbursements	17.26	15.43
	Sales of Finished Goods	4.89	13.66
Birla Buildings Limited	Rent Paid	25.68	24.06
	Reimbursements	13.05	17.43
CK Birla Corporate Services Limited	Professional Services	529.59	372.66
	Brand Usage	40.23	58.94
	Reimbursements	27.08	8.10
Orient Paper & Industries Limited	Rent Received	66.04	66.04
Orient Cement Limited	Rent Received	81.84	81.84
	Sales of Finished Goods	13.56	1.45

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 40 Related parties (Continued)

### C. Balances outstanding

Related party	Details	(₹ in lacs)	
		31 March 2020	31 March 2019
Supercor Industries Limited, Nigeria	Dividend receivable on investments #	9.01	9.01
Non-Executive Directors and Independent Directors	Commission	85.00	107.50
Managing Director and Chief Executive Officer	Managerial remuneration*	59.31	76.83
	Share based payment	185.17	95.14
Chief Financial Officer	Managerial remuneration*	28.46	37.10
	Share based payment	10.15	21.52
Company Secretary and Financial Controller	Managerial remuneration*	7.31	8.16
GMMCO Limited	Advance for materials	50.42	-
	Trade payable	-	2.02
Orient Electric Limited	Trade payable	1.88	0.47
	Trade receivable	3.15	0.13
Birla Buildings Limited	Rent payable	-	0.74
CK Birla Corporate Services Limited	Other payables	45.38	18.50
National Engineering Industries Limited	Trade receivable	-	1.06

#During earlier year, the Group made provision for the dividend receivable amounting to ₹9.01 lacs from Supercor Industries Limited ("Supercor") as the receipt of same is considered to be doubtful. Further, the group has also made provision for value of investment in Supercor in the books of account amounting to ₹142.60 lacs.

\*As the future liabilities for gratuity, compensated absences and other long-term employee benefit plans are provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above.

All related party transactions entered during the year were in ordinary course of business and are on arm's length basis.

## 41 Details of dues to Micro Enterprises and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The information as required under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
(a) The principal amount remaining unpaid to any supplier as at the end of each accounting year [(including ₹43.04 lacs shown under capital creditors (31 March 2019: ₹11.83 lacs) and ₹6.89 lacs shown under Disposal group - Liabilities directly associated with assets held for sale];	678.57	978.61
(b) The interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
(c) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	Nil	Nil



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 42 Other provisions

(₹ in lacs)

Particulars	Opening balance	Created during the year	Utilised during the year	Exchange differences on translation of foreign operations	Closing balance
<b>(i) For the year 2019-20</b>					
Provision for employee related other costs [refer note (a) below]	31.46	-	31.46	-	-
Provision for litigations [refer note (b) below]	357.95	-	-	-	357.95
Provision - others [refer note (c) below]	600.00	-	149.31	-	450.69
Provision for warranties [refer note (d) below]	863.57	22.37	13.00	58.35	931.29
	<b>1852.98</b>	<b>22.37</b>	<b>193.77</b>	<b>58.35</b>	<b>1739.93</b>
<b>(ii) For the year 2018-19</b>					
Provision for employee related other costs [refer note (a) below]	75.09	21.82	65.45	-	31.46
Provision for litigations [refer note (b) below]	227.13	168.70	37.88	-	357.95
Provision - others [refer note (c) below]	600.00	-	-	-	600.00
Provision for warranties [refer note (d) below]	879.79	45.75	6.74	(55.23)	863.57
	<b>1782.01</b>	<b>236.27</b>	<b>110.07</b>	<b>(55.23)</b>	<b>1852.98</b>

- (a) The wage agreement at none of the manufacturing locations (31 March 2019: at one) of the Group are pending as at 31 March 2020.
- (b) Provision for litigations represents provision towards potential liability against various ongoing indirect tax cases based on Group's internal assessment.
- (c) Provision - others represents provision towards possible obligation against certain past events for which the expected outflow is certain.
- (d) Provision for warranties represents provision towards possible replacements to the customers within the agreed warranty period. Opening balance FY 2018-19 represents amount acquired through business combination.

## 43 Share based payments

### A. Description of share-based payment arrangements

#### *Employee stock option scheme (equity-settled)*

The Company provides share-based payment schemes to its eligible employees as identified in the employee stock option schemes. The relevant details of these schemes and the grants are as below:

On 12 May 2015 the Nomination and Remuneration cum Compensation Committee of the Board of Directors of the Company approved the HIL Employees Stock Option Scheme 2015 (ESOP scheme 2015) for issue of stock options to identified employees of the Company.

On 12 August 2019 the Nomination and Remuneration cum Compensation Committee of the Board of Directors of the Company approved the HIL Employees Stock Option Scheme 2019 (ESOP scheme 2019) for issue of stock options to identified employees of the Company.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 43 Share based payments (Continued)

### A. Description of share-based payment arrangements (Continued)

According to the scheme, eligible employees identified by the Nomination and Remuneration cum Compensation Committee entitled to options, subject to satisfaction of the prescribed vesting conditions. The relevant terms of the grant as mentioned in the ESOP scheme 2015 and ESOP scheme 2019 are as below:

Particulars	ESOP scheme 2019		ESOP scheme 2015	
	Grant I		Grant I	Grant II
Date of grant	14 October 2019		17 August 2015	27 July 2017
Number of options outstanding	95367		-	35600
Vesting period	40% - end of year 3 60% - end of year 4		40% - end of year 3 60% - end of year 4	40% - end of year 3 60% - end of year 4
Exercise period	4 years from the respective dates of vesting		4 years from the respective dates of vesting	4 years from the respective dates of vesting
Exercise price (₹)	1234.15		620.00	620.00
Weighted average market price (₹)	1234.15		789.59	1091.02

### B. Measurement of fair values

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans measured based on the Black Scholes valuation model are as follows:

As at 31 March 2020 and 31 March 2019

Grant date	ESOP scheme 2015			
	Grant I		Grant II	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
	17 August 2015		27 July 2017	
Fair value at grant date (₹)	341.69	341.69	563.45	563.45
Exercise price (₹)	620.00	620.00	620.00	620.00
Expected volatility (weighted average volatility)	34.32%	37.84%	33.04%	33.67%
Risk-free interest rate (based on government bonds)	7.43%	7.43%	6.41%	6.41%
Time to maturity (in years)	6.00	7.00	6.00	7.00
Expected dividends yields	3.02%	3.02%	2.50%	2.50%

Grant date	ESOP scheme 2019	
	Grant I	
	Tranche 1	Tranche 2
	14 October 2019	
Fair value at grant date (₹)	470.38	470.38
Exercise price (₹)	1234.15	1234.15
Expected volatility (weighted average volatility)	37.62%	37.89%
Risk-free interest rate (based on government bonds)	6.32%	6.56%
Time to maturity (in years)	5.00	6.00
Expected dividends yields	2.05%	2.05%

The expected life of the stock is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The weighted average remaining contractual life for the stock options outstanding is 6.54 years (31 March 2019: 5.68 years).



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 43 Share based payments (Continued)

### C. Reconciliation of outstanding share options

The details of activity under "ESOP scheme 2015 and ESOP scheme 2019" are summarised below:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
	No. of options	No. of options
Outstanding at the beginning of the year	42560	57550
Granted during the year	105049	-
Cancelled during the year*	9682	6210
Vested and exercised during the year	6960	8780
Outstanding at the end of the year	130967	42560

\*cancelled stock options lies in pool account for future grants.

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2020 was ₹1285.25 (31 March 2019: ₹2195.10).

### D. Expense recognised in the consolidated statement of profit and loss

For details on the employee benefits expense, refer note 28.

## 44 Particulars of hedged foreign currency exposure as at the balance sheet date

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

	Currency	Number of contracts	Amount in foreign currency	Purpose
<b>As at 31 March 2020</b>	USD	23	5665686	For hedging of trade payables
	USD	3	1129838	For hedging of buyers credit facility
	USD	4	2263000	For hedging of loan receivables and interest
	EUR	27	13750000	For hedging of loan receivables
	EUR/USD	2	1885000	For hedging of loan receivables and interest
<b>As at 31 March 2019</b>	USD	23	8179546	For hedging of trade payables
	EUR	22	11250000	For hedging of loan receivables

## 45 Service concession arrangement

On 21 March 2011, the Company entered into a service concession agreement with Gujarat Urja Vikas Nigam Limited (the grantor) to provide the service of generation of electricity and selling the same to grantor. The Power Plant was commissioned and available for use on 18 April 2011. Under the terms of the agreement, the Company will sell all available capacity of electricity generated from the 1.8 MW wind power plant at village Vandhiya, Gujarat for a period of 25 years at a fixed rate of ₹3.56 per kwh for delivered energy as certified by state electricity authority of Gujarat state load dispatch center ("SLDC"), starting from 18 April 2011 (commercial operation date). The Company will be responsible for any maintenance services required during the concession period. The Company does not expect major repairs to be necessary during the concession period.

On 24 September 2014, the Company entered into a service concession agreement with Ajmer Vidyut Vitran Nigam Limited (the grantor) to provide the service of generation of electricity and selling the same to grantor. The Power Plant was commissioned and available for use on 30 September 2014. Under the terms of the agreement, the Company will sell all available capacity of electricity generated from the 2 MW wind power plant at village Rajgarh, district Jaisalmer for a period of 25 years at a fixed rate of ₹5.31 per kwh for the delivered energy conforming the standards as approved by Rajasthan Electricity Regulatory Commission ("RERC"), starting from 30 September 2014 (commercial operation date). The Company will be responsible for any maintenance services required during the concession period. The Company does not expect major repairs to be necessary during the concession period.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 45 Service concession arrangement (Continued)

The Company recognised service concession arrangement with Gujarat Urja Vikas Nigam Limited and Ajmer Vidyut Vitran Nigam Limited under intangible asset model, on the basis that the Company will receive variable amount of revenue from the respective discoms in Gujarat and Rajasthan depending upon the actual amount of electricity generated and supplied to the respective discoms. The discoms has not assured any minimum amount of proceeds to the Company. The Company bears the demand risk and the right to receive cash from the Discoms is not unconditional i.e. it depends upon the actual amount of electricity generated and supplied to the discoms.

The service concession agreements with the Gujarat Urja Vikas Nigam Limited and Ajmer Vidyut Vitran Nigam Limited does not contain a renewal option. The standard rights of the grantor to terminate the agreement in both the arrangements include poor performance by the Company and the event of a material breach of the terms of the agreement by the Company. The standard rights of the Company to terminate the agreement in both the arrangements include failure of the grantor to make payment under the agreement and a material breach by the grantor of the terms of the agreement.

During the year, the Company has recorded revenue of ₹229.57 lacs (31 March 2019: ₹260.74 lacs) on generation of power, and recorded profit of ₹71.62 lacs (31 March 2019: ₹123.89 lacs).

## 46 Equity accounted investees

### Interest in joint venture

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

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<b>Investment in equity instruments - unquoted- at cost less provision for other than temporary impairment</b>		
Supercor Industries Limited, Nigeria: 4125000 equity shares of Naira 1 each fully paid (31 March 2019 : 4125000 equity shares of Naira 1 each fully paid)	142.60	142.60
Less: Provision for investment in joint venture	(142.60)	(142.60)
Parador (Shanghai) Trading Co., Ltd., China: One share of 100000 Euro each (31 March 2019 : One share of 100000 Euro each)	121.38	34.40
	<b>121.38</b>	<b>34.40</b>
Aggregate amount of unquoted non-current investments	263.98	177.00
Aggregate amount of provision for impairment in value of non-current investments	142.60	142.60

Name of the joint venture company	Country of incorporation	Proportion of ownership interest	For the year ended on	Description of Interest
Supercor Industries Limited	Nigeria	33%	31 December 2019	JV established for manufacture of asbestos cement sheets
Parador (Shanghai) Trading Co., Ltd (refer note (a) below)	China	50%	31 March 2020	JV established for trading of Flooring Solutions products

The following table summarises the financial information of Parador (Shanghai) Trading Co., Ltd. and the carrying amount of the Group's interest in Parador (Shanghai) Trading Co., Ltd. for the reporting years:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<b>Parador (Shanghai) Trading Co., Ltd.</b>		
Percentage of ownership interest	50%	50%
Non-current assets	39.18	48.44
Current assets	1091.14	350.34
Non-current liabilities	-	-
Current liabilities	(850.71)	(319.40)
<b>Net Assets</b>	<b>279.61</b>	<b>79.38</b>



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 46 Equity accounted investees (Continued)

### Interest in joint venture (Continued)

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Group's share	139.80	39.69
Unrealised profit eliminations	(18.42)	(5.28)
<b>Group's share of net assets (50%)</b>	<b>121.38</b>	<b>34.41</b>
<b>Carrying amount of interest in joint venture</b>	<b>121.38</b>	<b>34.41</b>
Group's share of profit / (loss)	63.69	(27.20)
Group's share of other comprehensive income	-	-
<b>Group's share of total comprehensive income</b>	<b>63.69</b>	<b>(27.20)</b>

During the year ended 31 March 2020 and 31 March 2019, the Group did not receive dividends from the above joint venture Companies.

#### Note:

- a) The Group holds 33% stake in Supercor Industries Limited ("Supercor") and its investment in Supercor as at 31 March 2020 amounts to ₹ Nil (31 March 2019: ₹ Nil), after considering the provision for diminution in value of investments amounting to ₹142.60 lacs (31 March 2019: ₹142.60 lacs). Supercor suspended its operations from November 2015, none of the employees of Supercor are attending office and the power connection at the office of Supercor has also been discontinued. On account of this reason, Supercor has been unable to prepare its year end accounts. Therefore, due to non-availability of any information from Supercor and the unusual circumstances mentioned above, which is beyond the control of the Group, the Group is unable to present the required information.

During earlier years, the Group had filed a winding up petition in Nigeria for Supercor and made 100% provision against the investment value and outstanding receivable balances. As informed by Management, the winding-up petition filed by the Group in 2016 has been dismissed in Nigerian Court. An interim Board has been set up by the Nigerian Government for assessing the revival of the operations. However, detailed plan of action from the interim Board of Supercor is awaited. The Management does not foresee any future liability on account of any claim, with respect to Supercor over and above the amount invested in Supercor.

## 47 Leases

### In the capacity of lessor

The Group has given certain properties under non-cancellable operating leases to various parties. Following are the details of future minimum lease payments under the agreement:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Not later than one year	443.00	248.94
Later than one year and not later than five years	462.63	143.52
Later than five years	-	-

## 48 Capital management

The Group aims to maintain a strong capital base so as to maintain the confidence of all stakeholders and to sustain future development of the business.

In order to maintain the capital structure, the Group monitors the return on capital, as well as the level of dividends to equity shareholders. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as going concern and to optimise returns to all its shareholders. For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves and debt includes long-term borrowings (including current maturities) and short-term borrowings.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 48 Capital management (Continued)

The Group's total debt to equity ratio at the reporting dates were as follows:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Total debt	74104.37	66868.48
<b>Total debt (A)</b>	<b>74104.37</b>	<b>66868.48</b>
Total equity	74272.31	63718.79
<b>Total equity (B)</b>	<b>74272.31</b>	<b>63718.79</b>
<b>Total debt to total equity ratio (A/B)</b>	<b>1.00</b>	<b>1.05</b>

## 49 Expenditure incurred on research and development

Revenue expenditure debited to respective heads of account includes expenditure incurred on Research and Development during the year amounting to ₹363.67 lacs (31 March 2019: ₹357.83 lacs) and assets / equipment purchased for research activities of ₹22.47 lacs (31 March 2019: ₹108.61 lacs) disclosed under Property, plant and equipment.

## 50 Expenditure during construction period (included in capital work-in-progress)

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
<b>Balance brought forward</b>	<b>36.31</b>	<b>159.08</b>
<b>Expenditure incurred during the year</b>		
Cost of material consumed	5.08	0.83
Employee benefits expense	-	11.36
Consumption of stores and spares	0.26	0.13
Contract wages	8.16	-
Power and fuel	15.00	13.50
Rent	0.36	1.45
Rates and taxes	-	13.18
Insurance	-	2.02
Professional, consultancy and legal expenses	45.87	33.11
Travelling and conveyance	18.15	28.67
Miscellaneous expenses	9.35	17.87
<b>Total expenditure during construction period</b>	<b>102.23</b>	<b>122.12</b>
<b>Total</b>	<b>138.54</b>	<b>281.20</b>
Allocated to property, plant and equipment	95.78	244.89
Balance carried forward	42.76	36.31

## 51 Impact of COVID - 19

In view of lockdown due to the outbreak of COVID pandemic, the operations of the Company were scaled down or shut down from second half of March 2020. The duration of this lockdown is uncertain at this point in time. However, the Company has resumed its operations in compliance with the directives issued by the Government authorities. While this has impacted the sales performance of the Company, the Management continues to closely monitor the situation and will take appropriate action, as necessary, to scale up operations in due compliance with the applicable regulations. As per the Management's current assessment, no significant impact is expected on the carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets and it continues to monitor changes in future economic conditions. The eventual outcome of the impact of this global health pandemic may be different from those estimated as on the date of approval of these financial statements.

**52** The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by 30 November 2020, as required by law. The Management confirms that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

**53** The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

## 54 Change in significant accounting policies:

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Group with effect from 01 April 2019.

The Group has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

### Under Ind AS 116

The Group has elected the practical expedient and therefore is permitted not to re-assess whether existing contracts contains a lease as defined under Ind AS 116 at the initial application date.

On transition to Ind AS 116, the Group recognised right-of-use assets amounting to ₹2419.38 lacs and lease liabilities amounting to ₹1517.38 lacs. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 01 April 2019. The discount rate applied for the company is 8.65% p.a. Discount rate applied for the subsidiary is 2.00% p.a.

(₹ in lacs)

Lease liabilities	As at 31 March 2020
<b>Maturity analysis – contractual undiscounted cash flows</b>	
Less than one year	289.23
One to five years	928.63
More than five years	556.05
<b>Total undiscounted lease liabilities at 31 March 2020</b>	<b>1773.91</b>

### Amounts recognised in Statement of Profit and Loss\*

(₹ in lacs)

Particulars	For the year ended 31 March 2020
Interest on lease liabilities	86.49
Expenses relating to short term leases and low-value assets	1507.85
	<b>1594.34</b>

\*Including expense related to discontinuing operations.

### Amounts recognised in Statement of Cashflows

(₹ in lacs)

Particulars	For the year ended 31 March 2020
Payment of lease liabilities	558.13
	<b>558.13</b>

## 55 Acquisition of subsidiaries and non-controlling interests

Refer accounting policy in note 3(a).

### Acquisition of subsidiaries in the previous period

The Group incorporated a wholly owned subsidiary "HIL International GmbH", in Germany to acquire 100% stake in M/s. Parador Holdings GmbH, Germany ("Parador"), a manufacturer of flooring products. The Group has completed the acquisition process with effective date as 27 August 2018.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 55 Acquisition of subsidiaries and non-controlling interests (Continued)

Control over Parador will enable the Group to modernise its production process through access to Parador's robust research and development activities. The acquisition is expected to provide the Group with an increased revenue share through access to Parador's customer base. The Group also expects to reduce costs through economies of scale.

### A. Consideration transferred

Particulars	₹ in lacs
The acquisition date fair value of consideration transferred in cash amounted to	43807.35

### B. Acquisition-related costs

The Group incurred acquisition-related costs of ₹2115.73 lacs on legal fees, due diligence costs and other acquisition related costs. These costs have been shown as exceptional items in Consolidated Statement of Profit and Loss.

### C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

Particulars	₹ in lacs
Property, plant and equipment	35533.14
Capital work-in-progress	1306.58
Intangible assets	8094.92
Inventories	32026.59
Trade receivables	5589.21
Cash and cash equivalents	3078.09
Other liabilities (net)	(6458.26)
Borrowings	(29090.98)
Deferred taxes	(7740.54)
Trade payables	(11010.37)
<b>Total net identifiable assets acquired</b>	<b>31328.38</b>

### Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows

Assets acquired	Valuation technique
<b>Property, plant and equipment</b>	<i>Market comparison technique and cost technique:</i> The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
<b>Intangible assets</b>	<i>Relief-from-royalty method and multi-period excess earnings method:</i> The relief from- royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by excluding any cash flows related to contributory assets.
<b>Inventories</b>	<i>Market comparison technique:</i> The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 55 Acquisition of subsidiaries and non-controlling interests (Continued)

The trade receivables comprise gross contractual amounts due of ₹5807.35 lacs, of which ₹218.14 lacs, was expected to be uncollectable at the date of acquisition.

### D. Goodwill

Goodwill arising from the acquisition has been determined as follows:

Particulars	Note	₹ in lacs
Consideration transferred	(A)	43807.35
Fair value of net identifiable assets	(C)	31328.38
<b>Goodwill</b>		<b>12478.97</b>

The goodwill is attributable mainly to the strong customer base, brand value and the synergies expected to be achieved from integrating the target into the Group's existing Standard business. None of the goodwill recognised is expected to be deductible for income tax purposes.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 56 Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements:

31 March 2020

Name of the Entity	Net Assets (i.e. total assets minus total liabilities)		Share in profit or (loss)		Share in Other Comprehensive Income		Total	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
HIL Limited	94.92%	70502.96	72.41%	7671.70	0.61%	11.19	61.86%	7682.89
<b>Subsidiary</b>								
HIL International GmbH	41.90%	31123.54	27.54%	2918.19	99.39%	1813.19	38.10%	4731.38
Adjustment arising out of consolidation	(36.82%)	(27354.19)	0.05%	5.48	-	-	0.04%	5.48
<b>Total</b>	<b>100.00%</b>	<b>74272.31</b>	<b>100.00%</b>	<b>10595.37</b>	<b>100.00%</b>	<b>1824.38</b>	<b>100.00%</b>	<b>12419.75</b>

(₹ in lacs)

31 March 2019

Name of the Entity	Net Assets (i.e. total assets minus total liabilities)		Share in profit or (loss)		Share in Other Comprehensive Income		Total	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
HIL Limited	101.52%	64686.31	100.12%	10152.24	5.93%	(60.25)	110.61%	10091.99
<b>Subsidiary</b>								
HIL International GmbH	41.40%	26378.73	(0.13%)	(13.51)	94.07%	(955.08)	(10.62%)	(968.59)
Adjustment arising out of consolidation	(42.92%)	(27346.25)	0.01%	1.07	-	-	0.01%	1.07
<b>Total</b>	<b>100.00%</b>	<b>63718.79</b>	<b>100.00%</b>	<b>10139.80</b>	<b>100.00%</b>	<b>(1015.33)</b>	<b>100.00%</b>	<b>9124.47</b>

(₹ in lacs)

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 57 Financial instruments - fair values and risk management

### A. Accounting classifications and fair values\*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2020

Particulars	Note	Carrying amount				Fair value				Total
		FVTPL	FVOCI	Other financial		Level 1	Level 2	Level 3	Total	
				assets - amortised cost	liabilities - amortised cost					
<b>Financial assets measured at fair value</b>										
Derivative assets	10	1340.70	-	-	-	1340.70	-	-	1340.70	1340.70
Investments in mutual funds	7	1600.03	-	-	1600.03	-	-	-	1600.03	1600.03
Investments in equity instruments	7	-	56.17	-	-	-	-	56.17	56.17	56.17
		<b>2940.73</b>	<b>56.17</b>	-	<b>1600.03</b>	<b>1340.70</b>	-	<b>56.17</b>	<b>2996.90</b>	<b>2996.90</b>
<b>Financial assets not measured at fair value</b>										
Trade receivables	8	-	-	12197.79	-	-	-	-	12197.79	
Loans	9	-	-	1042.29	-	-	-	-	1042.29	
Other financial assets	10	-	-	6910.24	-	-	-	-	6910.24	
Cash and cash equivalents	13	-	-	8620.79	-	-	-	-	8620.79	
Other bank balances	14	-	-	289.49	-	-	-	-	289.49	
		-	-	<b>29060.60</b>	-	-	-	-	<b>29060.60</b>	
<b>Financial liabilities measured at fair value</b>										
Derivative liabilities	20	127.56	-	-	-	127.56	-	-	127.56	127.56
		<b>127.56</b>	-	-	-	<b>127.56</b>	-	-	<b>127.56</b>	<b>127.56</b>
<b>Financial liabilities not measured at fair value</b>										
Borrowings	17	-	-	-	-	-	-	-	63865.89	63865.89
Lease Liabilities	18	-	-	-	-	-	-	-	1773.91	1773.91
Trade payables	19	-	-	-	-	-	-	-	32367.54	32367.54
Other financial liabilities	20	-	-	-	-	-	-	-	20864.12	20864.12
		-	-	-	-	-	-	-	<b>118871.46</b>	<b>118871.46</b>

The fair value of investments in other securities, trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables, lease liabilities and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

\* Including Disposal group - Assets held for sale and Disposal group - Liabilities directly associated with assets held for sale (refer note 33).

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 57 Financial instruments - fair values and risk management (Continued)

### A. Accounting classifications and fair values (Continued)

31 March 2019

Particulars	Note	Carrying amount				Fair value			Total
		FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>									
Derivative assets	10	734.38	-	-	-	734.38	-	-	734.38
Investments in equity instruments	7	-	46.75	-	-	-	-	46.75	46.75
		<b>734.38</b>	<b>46.75</b>	-	-	<b>734.38</b>	<b>46.75</b>	-	<b>781.13</b>
<b>Financial assets not measured at fair value</b>									
Trade receivables	8	-	-	13915.82	-	-	-	-	13915.82
Loans	9	-	-	935.42	-	-	-	-	935.42
Other financial assets	10	-	-	6548.37	-	-	-	-	6548.37
Cash and cash equivalents	13	-	-	6415.69	-	-	-	-	6415.69
Other bank balances	14	-	-	275.97	-	-	-	-	275.97
		-	-	<b>28091.27</b>	-	-	-	-	<b>28091.27</b>
<b>Financial liabilities measured at fair value</b>									
Derivative liabilities	20	95.78	-	-	-	-	-	95.78	95.78
		<b>95.78</b>	-	-	-	-	-	<b>95.78</b>	<b>95.78</b>
<b>Financial liabilities not measured at fair value</b>									
Borrowings	17	-	-	-	60040.64	-	-	-	60040.64
Trade payables	19	-	-	-	33525.78	-	-	-	33525.78
Other financial liabilities	20	-	-	-	17210.56	-	-	-	17210.56
		-	-	-	<b>110776.98</b>	-	-	-	<b>110776.98</b>

The fair value of investments in other securities, trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables, and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 57 Financial instruments - fair values and risk management (Continued)

### B. Measurement of fair values

#### i. Valuation technique and significant unobservable inputs

Derivative assets / liabilities: The fair value is determined using forward exchange rates at the reporting date.

Investment in equity instruments: The fair value is determined based on the average of value determined as per discounted cash flows approach and intrinsic value per share as on the reporting date.

#### ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2019-20 and no transfers in either direction in 2018-19.

#### iii. Level 3 fair values

Particulars	(₹ in lacs)
	<b>FVOCI Equity securities</b>
Balance at 01 April 2018	37.00
Acquisition through business combination	0.35
Net change in fair value (unrealised)	9.40
<b>Balance at 31 March 2019</b>	<b>46.75</b>
Balance at 01 April 2019	46.75
Net change in fair value (unrealised)	9.42
<b>Balance at 31 March 2020</b>	<b>56.17</b>

#### Sensitivity analysis

For the fair values of FVOCI equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Particulars	(₹ in lacs)	
	<b>OCI, net of tax</b>	
	<b>Increase</b>	<b>Decrease</b>
<b>2019-20</b>		
Annual growth rate (2.5% movement)	16.43	(8.21)
<b>2018-19</b>		
Annual growth rate (2.5% movement)	16.34	(8.17)

### C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- a) Liquidity risk
- b) Market risk
- c) Credit risk

#### i) Risk management framework

The Board of Directors of the Company have overall responsibility for the establishment and deployment of risk management framework. The Board of Directors have adopted a Risk Policy, which empowers the management to access and monitoring the risk management parameters along with action taken and the same is updated to Board of Directors.

The Group's risk management policies are established to identify and analyse the risks being faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 57 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

#### i) Risk management framework (Continued)

The audit committee of the Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

#### ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

#### Exposure to liquidity risk\*

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts reflect the principal amounts that are gross and undiscounted, and exclude the impact of netting agreements.

31 March 2020

(₹ in lacs)

Particulars	Contractual Cash flows					
	Carrying amount	Total	Upto 1 year	1-2 Years	2-5 Years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Interest free sales tax loan - secured	4915.97	5348.17	-	1107.53	4240.64	-
Sales tax deferment loan - unsecured	290.21	290.21	64.89	88.07	137.25	-
Term loan from bank	49227.63	49161.71	10180.42	9995.66	18574.15	10411.48
Working capital loan	18815.39	18815.39	18815.39	-	-	-
Buyers' credit	855.17	855.17	855.17	-	-	-
Trade payables	32367.54	32367.54	32367.54	-	-	-
Lease Liabilities	1773.91	1773.91	289.23	303.44	625.19	556.05
Interest accrued	125.85	125.85	125.85	-	-	-
Capital creditors	374.02	374.02	374.02	-	-	-
Unpaid dividend	81.72	81.72	10.10	9.86	38.63	23.13
Security deposits	4600.41	4600.41	4600.41	-	-	-
Contract Liabilities	3556.41	3556.41	3556.41	-	-	-
Other financial liabilities	1887.23	1887.23	1887.23	-	-	-
	<b>118871.46</b>	<b>119237.74</b>	<b>73126.66</b>	<b>11504.56</b>	<b>23615.86</b>	<b>10990.66</b>
<b>Derivative financial liabilities</b>						
Derivative liabilities	127.56	127.56	2.48	-	125.08	-
	<b>127.56</b>	<b>127.56</b>	<b>2.48</b>	<b>-</b>	<b>125.08</b>	<b>-</b>

\*Including Disposal group - Liabilities directly associated with assets held for sale (refer note 33).



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 57 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

31 March 2019

(₹ in lacs)

Particulars	Contractual Cash flows					
	Carrying amount	Total	Upto 1 year	1-2 Years	2-5 Years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Interest free sales tax loan - secured	6368.82	6875.62	1527.46	-	3992.35	1355.81
Sales tax deferment loan - unsecured	346.85	346.85	56.65	64.89	225.31	-
Term Loan from Bank	52026.61	61175.75	7917.72	9161.59	29066.07	15030.37
Working capital loan	8126.20	8126.20	8126.20	-	-	-
Trade payables	33525.78	33525.78	33525.78	-	-	-
Interest accrued	204.38	204.38	204.38	-	-	-
Capital creditors	465.47	465.47	465.47	-	-	-
Unpaid dividend	91.86	91.86	17.87	11.50	36.94	25.55
Security deposits	4812.49	4812.49	4812.49	-	-	-
Contract Liabilities	3129.20	3129.20	3129.20	-	-	-
Other financial liabilities	1679.32	1679.32	1679.32	-	-	-
	<b>110776.98</b>	<b>120432.92</b>	<b>61462.54</b>	<b>9237.98</b>	<b>33320.67</b>	<b>16411.73</b>
<b>Derivative financial liabilities</b>						
Derivative liabilities	95.78	95.78	95.78	-	-	-
	<b>95.78</b>	<b>95.78</b>	<b>95.78</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### iii) Market risk

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks.

#### a) Foreign currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currency for Company is Indian Rupees. The currencies in which these transactions are primarily denominated is US dollars, Euros, Swedish Krona, Pounds etc. The Group does not enter into any derivative instruments for trading or speculative purposes.

Currency risks related to the principal amounts of the Group's US dollar trade payables and buyers' credit, taken out by the Group, have been partially hedged using forward contracts that mature on or before the dates as the payables are due for repayment. These contracts are designated as derivatives.

Generally, borrowings are denominated in currencies that matter the cash flows generated by the underlying operations of the Group. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 57 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

#### Exposure to currency risk\*

The summary of data about the Group's exposure to unhedged currency risk (based on notional amounts) as reported to the management is as follows (including intercompany balances):

Particulars	As at 31 March 2020				As at 31 March 2019		
	Currency	Value in foreign currency	Exchange rate	Amount ₹ in lacs	Value in foreign currency	Exchange rate	Amount ₹ in lacs
Trade payables	USD	(6670272)	75.73	(5051.24)	(2132132)	69.16	(1474.53)
	EUR	(127969)	82.88	(106.07)	(6870)	77.68	(5.34)
	SEK	(1102016)	7.47	(82.36)	(1199004)	7.47	(89.59)
	CHF	-	-	-	(692)	69.81	(0.48)
	DKK	(22880)	11.10	(2.54)	(17381)	10.43	(1.81)
	GBP	(1642)	82.83	(1.36)	(4331)	90.51	(3.92)
	PLN	(1250)	18.23	(0.23)	(4141)	18.10	(0.75)
	NOK	(14534)	7.23	(1.05)	-	-	-
Trade receivables	USD	254	75.69	0.19	5740	69.16	3.97
	GBP	243481	95.15	231.66	198511	90.51	179.68
	SEK	1917031	7.68	147.28	1247494	7.47	93.21
	CHF	106520	80.19	85.42	123242	69.81	86.03
Loan to subsidiaries	EUR	-	-	-	8750000	77.68	6797.00
Interest accrued on loan to subsidiaries	EUR	534863	82.88	443.32	624658	77.68	485.23
Cash and bank balances	USD	45628	93.62	42.72	168511	69.16	116.54
	GBP	287112	75.74	217.44	118547	90.51	107.30

\* Including Disposal group - Assets held for sale and Disposal group - Liabilities directly associated with assets held for sale (refer note 33).

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, US dollar, Euro, etc against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in lacs)

Particulars	Currency	Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>					
(1% movement)	USD	(50.08)	50.08	(37.48)	37.48
	EUR	3.37	(3.37)	2.52	(2.52)
	SEK	0.65	(0.65)	0.49	(0.49)
	CHF	0.85	(0.85)	0.64	(0.64)
	DKK	(0.03)	0.03	(0.02)	0.02
	GBP	4.48	(4.48)	3.35	(3.35)
	PLN	(0.00)	0.00	(0.00)	0.00
	NOK	(0.01)	0.01	(0.01)	0.01
<b>31 March 2019</b>					
(1% movement)	USD	(13.54)	13.54	(8.81)	8.81
	EUR	72.77	(72.77)	47.34	(47.34)
	SEK	0.04	(0.04)	0.02	(0.02)
	CHF	0.86	(0.86)	0.56	(0.56)
	DKK	(0.02)	0.02	(0.01)	0.01
	GBP	2.83	(2.83)	1.84	(1.84)
	PLN	(0.01)	0.01	(0.00)	0.00



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 57 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

#### b) Interest rate risk\*

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Variable rate borrowings including current maturities	68898.19	60152.81
<b>Total borrowings</b>	<b>68898.19</b>	<b>60152.81</b>

\*Including Disposal group - Liabilities directly associated with assets held for sale (refer note 33).

#### Sensitivity

Particulars	(₹ in lacs)	
	Impact on profit and loss	
	31 March 2020	31 March 2019
1% increase in interest rate	(688.98)	(601.53)
1% decrease in interest rate	688.98	601.53

The interest rate sensitivity is based on the closing balance of loans from banks.

#### iv) Credit risk\*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

#### Trade receivables :

Customer credit risk is managed by the respective department subject to Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Group. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

Trade receivables :	(₹ in lacs)			
	<180 days	>180 days	Provision	Total
<b>31 March 2020</b>	12739.52	1622.20	(2163.92)	<b>12197.80</b>
<b>31 March 2019</b>	14004.72	1423.83	(1512.73)	<b>13915.82</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 57 Financial instruments - fair values and risk management (Continued)

### C. Financial risk management (Continued)

#### iv) Credit risk\* (Continued)

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	(₹ in lacs)	
	31 March 2020	31 March 2019
Balance as at 01 April	1512.73	1314.16
Acquisitions through business combination	-	218.14
Amounts written off	289.56	(162.41)
Net remeasurement of loss allowance	361.63	142.84
<b>Balance as at 31 March</b>	<b>2163.92</b>	<b>1512.73</b>

\*Including Disposal group - Assets held for sale (refer note 33).

see accompanying notes to the consolidated financial statements

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

**Vikash Somani**

Partner

Membership No.: 061272

Place: Hyderabad

Date: 25 May 2020

for and on behalf of the Board of Directors of **HIL Limited**

CIN No.: L74999TG1955PLC000656

**CK Birla**

Chairman

DIN: 00118473

Place: New Delhi

**KR Veerappan**

Chief Financial Officer

Place: Hyderabad

Date: 25 May 2020

**Dhirup Roy Choudhary**

Managing Director and

Chief Executive Officer

DIN: 07707322

Place: Kuala Lumpur

**G Manikandan**

Company Secretary and

Financial Controller

Place: Hyderabad



# NOTICE OF THE 73rd ANNUAL GENERAL MEETING

Notice is hereby given that the 73rd Annual General Meeting of HIL Limited will be held on **Wednesday, July 29, 2020, at 3:00 PM through Video Conferencing (VA) / Other Audio Visual Mode (OAVM)** to transact the following business:

## Ordinary Business

### Item no. 1 : Adoption of Financial Statements (Standalone & Consolidated)

To receive, consider and adopt the financial statements (Standalone and Consolidated) for the financial year ended March 31, 2020, together with the statement of profit & Loss and cash flow statement for the financial year ended on that date and the reports of the Board of Directors ("the Board") and Auditors thereon.

### Item no. 2 : To confirm the payment of Interim Dividend and Declaration of Final Dividend

To declare final dividend of ₹10.00 per equity share and to confirm the interim dividend of ₹10.00 per equity share already paid for the financial year ended March 31, 2020.

### Item no. 3 : Appointment of Mr. CK Birla (DIN: 00118473) as a Director liable to retire by rotation

To appoint a Director in place of Mr. CK Birla (DIN: 00118473), who retires by rotation and being eligible, offers himself for re-appointment

## Special Business

### Item no. 4 : To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2021

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the rules framed thereunder and subject to all other approvals, if any required, the Company be and is hereby authorized to pay an amount of ₹ 6.00 Lacs plus other applicable taxes and actual travel, stay, conveyance and other miscellaneous expenses as remuneration payable to M/s. S. S. Zanwar & Associates, Cost Accountants in practice (Registration No. 100283), who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records of the Company, for the financial year ending March 31, 2021.

Dated: **May 25, 2020**  
Place: Hyderabad

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

**G Manikandan**  
Company Secretary &  
Financial Controller  
M. No. A36405

## EXPLANATORY STATEMENT

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

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 4 of the accompanying Notice:

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

### Item no. 4

As per the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Board of Directors of your Company, at their meeting held on May 25, 2020 based on the recommendation of the Audit Committee, appointed M/s. S. S. Zanwar & Associates as Cost Auditors of the Company to conduct audit of cost records of the Company for the products covered under the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2020-21, at a remuneration of ₹ 6.00 Lacs plus other applicable taxes and actual travel, stay, conveyance and other miscellaneous expenses.

In accordance with the provisions of Section 148 of the Act read with Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item no. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

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

The Board of Directors, in the interest of the Company, recommends the Ordinary Resolution set out at Item no.4 of the Notice for approval by the shareholders.

Dated: **May 25, 2020**  
Place: Hyderabad

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

**G Manikandan**  
Company Secretary &  
Financial Controller  
M. No. A36405

**NOTES:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the Circular Nos. 14/2020 (dated April 8, 2020), 17/2020 (dated April 13, 2020) and 20/2020 (dated May 5, 2020) (Collectively referred to as MCA Circulars), issued by the Ministry of Corporate Affairs (MCA), permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Members of the Company joining through VC and OAVM shall be reckoned for the purpose of quorum under section 103 of the Act. Further all resolutions mentioned in this notice shall be passed through the facility of remote e-voting and electronic voting at the meeting.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or Governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [mohitkamdar@yahoo.co.in](mailto:mohitkamdar@yahoo.co.in) (Address to Mr. Mohit Kamdar), [info@vccilindia.com](mailto:info@vccilindia.com) (RTA) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
6. The relative Explanatory Statements pursuant to Section 102(1) of the Companies Act, 2013 ("Act") setting out material facts concerning the special business to be transacted at the Annual General Meeting ('AGM') are annexed hereto.
7. As per the MCA Circulars, owing to the difficulties involved in dispatching of physical copies of the Annual Report 2019-20 including financial statements (along with Board's report, Auditor's report or other documents required to be attached therewith), shall be sent only by email to the members and to all other persons so entitled only at their registered email address. Accordingly, the copy of Annual Report 2019-20 along with notice of the AGM is being sent through email to those members who have registered their email addresses with the Company/ Depository Participant (DP)/Company's Registrar and Transfer Agent (RTA). Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.hil.in](http://www.hil.in), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <https://www.evoting.nsdl.com>
8. Those members whose email IDs are not registered, are requested to register their email ID with Registrar & Share Transfer Agent i.e. [info@vccilindia.com](mailto:info@vccilindia.com) (R&TA) by writing an email either to the R&TA at [info@vccilindia.com](mailto:info@vccilindia.com) or to the Company at [cs@hil.in](mailto:cs@hil.in) or [naresh.miryala@hil.in](mailto:naresh.miryala@hil.in) mentioning the following details:
  - Name as registered with the R&TA/Depository:
  - Address:
  - Email:
  - Copy of PAN:
  - DPID/Client ID or Folio Number:
  - Number of shares held:
9. Post successful registration of the email, the member would get soft copy of the Annual Report 2019-20 along with Notice of the AGM containing the procedure for e-voting along with the User ID and Password to enable casting of vote through remote e-voting or electronic voting at the AGM. In case of any queries, member may write to [info@vccilindia.com](mailto:info@vccilindia.com) or [cs@hil.in](mailto:cs@hil.in) or [naresh.miryala@hil.in](mailto:naresh.miryala@hil.in)
10. The Company has fixed **Wednesday, July 22, 2020** as the '**Record Date**' for determining entitlement of members to receive final dividend for the financial year ended March 31, 2020, if the same is, approved at the AGM.
11. Payment of Final Dividend, as approved, shall be subjected to deduction of tax at source, and the net dividend, will be paid to eligible shareholders from August 4, 2020 onwards as under:
  - a. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively known as "Depositories", as at the close of business hours on **Wednesday, July 22, 2020**.
  - b. To all Members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the Company as at the close of business hours on **Wednesday, July 22, 2020**.
12. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management,



members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s. Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharat Nagar, Hyderabad – 500018 for assistance in this regard.

13. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile number, Permanent Account Number (PAN), nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to RTA in case the shares are held by them in physical form.
14. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to RTA in case the shares are held in physical form.
15. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
16. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
17. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before July 22, 2020 through email on [cs@hil.in](mailto:cs@hil.in); [naresh.miryala@hil.in](mailto:naresh.miryala@hil.in), [manikandan.g@hil.in](mailto:manikandan.g@hil.in). The same will be replied by the Company suitably.
18. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to corporate governance report which is a part of this Annual Report.
19. At the 70<sup>th</sup> AGM held on July 18, 2017 the Members has approved the appointment of M/s. B S R & Associates LLP, Chartered Accountants as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 75<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.
20. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct 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) and depositories (in case of shares held in demat mode)
  - a. A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [investor.relations@vccipl.com](mailto:investor.relations@vccipl.com) latest by 11:59 p.m. IST on July 22, 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
  - b. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [investor.relations@vccipl.com](mailto:investor.relations@vccipl.com). The aforesaid declarations and documents need to be submitted by the shareholders latest by 11:59 p.m. IST on July 22, 2020.
21. This AGM is being convened through VC or OAVM and members may join the meeting 20 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned below in point no 27.
22. The facility of participation at the AGM through VC will be made available for 1000 members on first come first served basis. This will not include large members (members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee, Auditors, who are allowed to attend the AGM without restriction on account of first come first served basis.
23. All other documents referred to in the Explanatory Statement along with Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, are available for inspection electronically and members can reach out to [cs@hil.in](mailto:cs@hil.in) or [naresh.miryala@hil.in](mailto:naresh.miryala@hil.in)

24. The Register of Members and Share Transfer Books of the Company will remain closed from **July 23 2020 to July 29, 2020** (both days inclusive), for annual closing and determining the entitlement of the shareholders to receive final dividend for the year ended March 31, 2020.
25. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
26. Members wishing to claim dividends, which remain unclaimed are requested to correspond with M/s. Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharat Nagar, Hyderabad - 500018 (email: info@vccilindia.com) Tel: 040-23818475/76; Fax: 040-23868024.

## 27. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

- a. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 8, 2020, April 13, 2020 and May 5, 2020 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 National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as AGM e-voting on the date of the AGM will be provided by NSDL.
- b. The remote e-voting period commences on **Saturday, July 25, 2020 (9:00 a.m. IST) and ends on Tuesday, July 28, 2020 (5:00 p.m. IST)**. During this period, Members holding shares either in physical form or in dematerialized form, as on **Wednesday, July 22, 2020** i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- c. The board of directors has appointed Mr. Mohit Gurjar, (CP No 18644, and Membership No. 20557) of M/s. P.S. Rao & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the voting for the meeting (i.e remote e-voting process and e-voting on the day of Meeting) in a fair and transparent manner.
- d. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- e. Any person, who acquires shares of the Company and becomes a Member of the Company after sending the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- f. The details of the process and manner for remote e-voting are explained herein below:
- Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**
- Step 2: Cast your vote electronically on NSDL e-Voting system.**
- Details on Step 1 is mentioned below:**
- How to Log-in to NSDL e-Voting website?**
1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
  2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
  3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
- Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*



4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Your password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned below in this notice.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nSDL.com](http://www.evoting.nSDL.com).
- "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nSDL.com](http://www.evoting.nSDL.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- Now, you will have to click on "Login" button.
- After you click on the "Login" button, Home page of e-Voting will open.

#### Details on Step 2 is given below:

#### How to cast your vote electronically on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN" of company for which you wish to cast your vote.
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [mohitkamdhar@yahoo.co.in](mailto:mohitkamdhar@yahoo.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- In case shares are held in physical mode please provide 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) by email to [cs@hil.in](mailto:cs@hil.in).

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cs@hil.in](mailto:cs@hil.in)

- Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- Members are encouraged to join the Meeting through Laptops for better experience.
- Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 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.

- Facility of joining the AGM through VC / OAVM shall open 20 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis
- Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / 1800-222-990 or contact Mrs. Sarita Mote, (Assistant Manager)-NSDL at [SaritaM@nsdl.co.in](mailto:SaritaM@nsdl.co.in) / 022-24994890/ or Mr. Y Santhosh Reddy, (Assistant Manager)-NSDL at [ysanthosh@nsdl.co.in](mailto:ysanthosh@nsdl.co.in) / 040-44334178.
- 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 [cs@hil.in](mailto:cs@hil.in), [naresh.miryala@hil.in](mailto:naresh.miryala@hil.in), [manikandan.g@hil.in](mailto:manikandan.g@hil.in) from July 23, 2020 (9:00 a.m. IST) to July 26, 2020 (5:00 p.m. IST). 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 INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- 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.
- The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
- The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.hil.in](http://www.hil.in) and on the website of NSDL <https://www.evoting.nsdl.com>. 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.
- The Scrutinizer shall, after the conclusion of voting at the AGM, not later than 48 hours 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 authorised by him in writing, who shall countersign the same.

CK BIRLA GROUP



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**WE BUILD**

ANNUAL REPORT 2018-19



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### Disclaimer

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forwardlooking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and upto-date nature of information taken, and declared as being taken, from third parties, as well as for forwardlooking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

**Dear Members,**

**Invitation to attend the 73rd Annual General Meeting on Wednesday, July 29, 2020**

You are cordially invited to attend the 73rd Annual General Meeting of the Company to be held on **Wednesday, July 29, 2020 at 3:00 PM** IST through Video Conferencing/OAVM. The Annual Report for the year 2019-20 along with the Notice convening the Annual General Meeting is attached herewith.

In order to enable ease of participation of the Members, we are providing below the key details regarding the meeting for your reference:

Sl. No.	Particulars	Event Dates
1	Date of Annual General Meeting	<b>Wednesday, July 29, 2020</b>
2	Time of Annual General Meeting	<b>3:00 PM</b>
3	Link for Annual Report Download	<b><a href="https://hil.in/investor-relations/2020-annual-report/">https://hil.in/investor-relations/2020-annual-report/</a></b>
4	Mode of Annual General Meeting	<b>Video Conferencing (VC) or Other Audio Visual Means (OAVM),</b>
5	Books Closure Dates.	<b>Thursday, July 23, 2020 to Wednesday, July 29, 2020 (both days inclusive)</b>
6	Record Date for Dividend (A person whose name is recorded in Company's Register of Members for physical shares and in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on the close of business hours.	<b>Wednesday, July 22, 2020 (Record date)</b>
7	Cut Off Date for <ul style="list-style-type: none"> <li>Remote E-Voting eligibility,</li> <li>Attending AGM via VC or OVAM</li> <li>AGM Day E-Voting</li> </ul>	<b>Wednesday, July 22, 2020 (Cut-Off)</b>
8	The remote e-voting period will commence on	<b>Saturday, July 25, 2020 (9:00AM)</b>
9	The remote e-voting period will ends on	<b>Tuesday, July 28, 2020 (5:00 P.M.)</b>
10	Link for live webcast of the Annual General Meeting and for participation through Video Conferencing (VC)	<a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a>
11	Link for remote e-voting	<a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a>
12	Helpline number for VC participation and e-voting	Members who need assistance before or during the AGM, can contact NSDL on <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> / 1800-222-990 or contact Mrs. Sarita Mote, (Assistant Manager)-NSDL at <a href="mailto:SaritaM@nsdl.co.in">SaritaM@nsdl.co.in</a> / 022-24994890/ or Mr. Y Santhosh Reddy, (Assistant Manager)-NSDL at <a href="mailto:ysanthosh@nsdl.co.in">ysanthosh@nsdl.co.in</a> / 040-44334178.
13	Registrar and Share Transfer Agent contact details	M/s. Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharat Nagar, Hyderabad - 500018 (email: <a href="mailto:info@vccilindia.com">info@vccilindia.com</a> ) Tel: 040- 23818475/76; Fax: 040-23868024
14	Members to temporarily update e-mail address	Registrar & Share Transfer Agent i.e. <a href="mailto:info@vccilindia.com">info@vccilindia.com</a> by writing an email either to the R&TA at <a href="mailto:info@vccilindia.com">info@vccilindia.com</a> or to the Company at <a href="mailto:cs@hil.in">cs@hil.in</a> or <a href="mailto:naresh.miryala@hil.in">naresh.miryala@hil.in</a> mentioning the following details: Name as registered with the R&TA/Depository, Address, Email, Copy of PAN, DPID/Client ID or Folio Number, Number of shares held:
15	HIL Contact Details	Mr. G Manikandan, Company Secretary & Financial Controller HIL Limited, 7th Floor, SLN Terminus, Survey No.: 133, Beside Botanical Gardens, Gachibowli, Hyderabad- 500032.Tel: 91 40 68249000, 68249122 (D) Email: <a href="mailto:cs@hil.in">cs@hil.in</a> ; <a href="mailto:Manikandan.g@hil.in">Manikandan.g@hil.in</a>

Yours truly,

For **HIL Limited**

**G Manikandan**

Company Secretary & Financial Controller



**TOGETHER, WE BUILD.**

**HIL Limited**

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