



RELENTLESS PASSION
BOUNDLESS POTENTIAL
LIMITLESS POSSIBILITIES

EXCELLENCE
EVERY STEP OF THE WAY

INSIDE THIS REPORT

A STORY OF EXCELLENCE

01-81

- 02 HSIL at a Glance
- 06 Chairman and Managing Director's Insight
- 10 Vice Chairman and Managing Director's Message
- 14 Core Fundamentals
- 16 Brands
- 20 Business Model
- 22 Strategy Review
- 24 Demerger
- 25 Key Performance Indicators

Business Segment Review

- 26 Building Products Division
- 40 Consumer Products Division
- 46 Packaging Products Division
- 50 Retail Division

- 52 Corporate Social Responsibility
- 54 Board of Directors
- 58 Management Discussion and Analysis

STATUTORY REPORTS

82-128

- 82 Directors' Report
- 112 Report on Corporate Governance

FINANCIAL STATEMENTS

129-239

Standalone

- 129 Independent Auditor's Report
- 138 Financial Statements

Consolidated

- 188 Independent Auditor's Report
- 194 Financial Statements
- 238 Form AOC - 1

240 Notice and Proxy



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Annual Report 2018-19
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**THE RELENTLESS PURSUIT OF EXCELLENCE IS
A CRITICAL CHARACTERISTIC OF LIFE ITSELF,
WITH AN EVOLUTIONARY DNA.**

GROWTH IN 2018-19

₹ **2,664** crore

Gross Sales **↑ 18.25%**

₹ **346** crore

EBIDTA **↑ 22.68%**

HOLDING PATTERN

48.9%

Promoter and Promoter's
Group Holding

51.1%

Public holding

We have always looked at our Company as a living entity, pulsating with energy and enterprise; and hence our ideology is to pursue excellence in each facet of our businesses. Our brand philosophy is to touch and deliver on key societal requirements with quality aspects that are superlative and a scale that is grand and industry leading.

Excellence is an exciting playground where we perform, attain new industry benchmarks and continue to remain an inspiring value creator for stakeholders, the society and the nation.

HSIL at a Glance

EXCELLENCE BEGINS WITH DECADES-RICH TRUST





Ever since inception, we have always placed customer centricity and innovative products at the heart of our strategy. Our data-driven insight and social research help us remain in step with evolving customer aspirations and market dynamics. Our expertise, honed over decades, shape our pursuit of excellence and sustainable value creation. The result is a compelling recall for our brands across business divisions and a strong foundation of trust.

HSIL at a Glance (contd.)

We commenced our journey in 1960 with a technological collaboration with Twyfords, UK as Hindusthan Twyfords Limited, and were subsequently renamed HSIL Limited in 2009. In 1962, we introduced vitreous china sanitaryware in the country, the first sanitaryware company to do so in India. Today, we have diverse offerings

ranging from bathroom products such as sanitaryware, faucets and plastic pipes and fittings to home appliances, multiple packaging products and furniture and furnishings.

HSIL was featured in the 'Fortune India 500' list in 2018, which underlines the success of our Company. We have been enjoying the unparalleled trust

and confidence of our customers for over 59 years now. Through our various businesses, we provide a robust line up of state-of-the-art products. Our four distinct business divisions are strengthening our market competitiveness and efficiencies to continue to serve our consumers better.

BUSINESS DIVISIONS



Our Building Products Division houses sanitaryware and faucet businesses with a versatile range of best-in-class products catering to a wide cross-section of customers. We create unforgettable bathing experience because we understand that a bathroom reflects one's personality and taste. With years of expertise and consumer research, we are an expert in the bathroom space today. The division also includes **'TRUFLO by hindware'**, our plastic pipes and fittings business that comprises PVC, CPVC, UPVC and SWR pipes, which is a back of the wall integration into our sanitaryware and faucets business.

We have a leading consumer appliance business under which we offer a range of premium products to our consumers. Our consumer-friendly products have contemporary designs, styles and functional efficiency, making the lives of consumers easy. We have products ranging from water heaters and water purifiers to air coolers, air purifiers, extractor fans, and kitchen appliances which are all relevant in the modern

consumer lifestyle of today, with each contributing to make better homes a reality in India.

Under the Packaging Products Division, we offer a wide range of glass and PET bottles and products and security caps and closures that cater to customers across different industries. We are consistently focusing on market expansion through the creation of a distinctive product portfolio with an increased segment of value-added products. In PET bottles, we are offering conventional as well as new age packaging solutions. In the calendar year 2018, we commenced production of security caps and closures under the brand **'AGI Clozures'** with patented and technologically superior products, which are created to prevent counterfeiting of packaged products in liquor and edible oil industries.

Our retail division, Evok, is a complete home solution player showcasing 20,000+ contemporary products. Its range includes furniture, home décor and furnishings, wall fashion,

modular kitchens and wardrobes. The products are designed according to the latest styles and perennial functional sensibilities to create contemporary aesthetics for interior living. Evok has both owned and franchise large format retail stores along with an online presence at www.evok.in as well as on other leading e-commerce platforms.

We have 11 manufacturing facilities across the country. We have two sanitaryware plants at Bahadurgarh in Haryana and Bibinagar in Telangana, two faucet plants at Kaharani and Bhiwadi (under temporary shut down) in Rajasthan and one plastic pipes and fittings plant at Sangareddy in Telangana. We have two glass container facilities at Sanathnagar and Bhongir in Telangana, three PET bottles and products facilities at Selaqui in Uttarakhand, Dharwad in Karnataka, and Sangareddy in Telangana, and one security caps and closures facility at Sangareddy in Telangana.

We offer an engaging workplace that supports innovation, high performance and personal development for our 4,190+ team members.



MISSION

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



CORE PURPOSE

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



Chairman and Managing Director's Insight

EXCELLENCE IS A WAY OF LIFE AT HSIL

Dear Shareholders,

We, at HSIL, believe excellence is more than just a pursuit for businesses, the economy and the society. It is a state of mind. Only when you believe in excellence, will your actions reflect this emotion. Excellence, however, cannot survive or thrive in a vacuum. It needs a favourable macro environment and consistent meticulous nurturing. The overarching reality in India holds significant promise and I feel it is only befitting to say a few words here in this context, before we focus on how HSIL is capitalising on the big opportunities.

India continues to be one of the world's fastest growing major economies; and is poised to touch US\$ 5 trillion in five years and US\$ 10 trillion in eight years (Source: Budget 2019). It is also one of the most diverse nations, with many regional and cultural nuances. Our country is powered by a huge, aspirational young population with growing disposable income and greater integration with the world, thanks to the digital-first economy that it is building. This interesting confluence of robust economic growth, a vibrant consumption landscape, greater connectedness and key socio-economic reforms creates favourable opportunities for all future-focused businesses like ours.

Consumption expenditure contributes over 57% of the country's GDP, which augurs well for businesses. For close to six decades, we have grown by leveraging consumption growth in an economy, which is becoming increasingly inclusive. The government has rolled out multiple measures to bolster the rural economy and also drive consumption in Tier II and Tier III cities. Some of these measures include 'Ujjwala' scheme, which provides free cooking gas connections to poor rural families, the 'National Rural Health Mission' (NRHM) that offers accessible, affordable and quality healthcare to the rural population and 'Housing for All', which provides affordable housing to the urban poor.



HSIL IS AN INSTITUTION OF EXCELLENCE THAT CAN CREATE ENDURING VALUE BY INTEGRATING BUSINESS PRIORITIES WITH THE LARGER SUSTAINABILITY AGENDA. A SUSTAINABLE AND GROWING BUSINESS DELIVERS EXCELLENCE AND REMAINS FUTURE-READY EVERY STEP OF THE WAY.





THE EXCELLENCE OF OUR BRANDS AND THE TRUST THAT THEY ENJOY AMONG OUR GROWING CUSTOMER BASE GIVE US THE CONFIDENCE TO FURTHER EXPAND THE RANGE OF OUR OFFERINGS.

2019 report. The ranking provides a useful input to influence investment decisions among global and domestic investors.

Over the years, we have established a strong portfolio of brands across four of our business divisions. The excellence of our brands and the trust that they enjoy among our growing customer base give us the confidence to further expand the range of our offerings. We are also focusing on growing our new businesses to help them attain a certain scale in a short span of time.

Our businesses delivered quality products at competitive prices, expanded market presence and enhanced service standards. Our marketing efforts created significant brand awareness among customers. We continued to expand our pan-India network of trade partners and dealers to ensure we reach out to a larger consumer base. However, that is not all that we are focusing on, because we believe HSIL is an institution of excellence that can create enduring value by integrating business priorities with the larger sustainability agenda.



The World Bank and the Government of India have also signed a US\$ 250 million agreement for the National Rural Economic Transformation Project (NRETP). The NRETP is aimed at helping rural women across 13 states to develop viable enterprises for farm and non-farm products. Such measures, with the objective of rural development, will encourage the participation of people at the bottom of the social pyramid in the nation's consumption story.

The financial year 2018-19 was another satisfactory year for us. In the face of currency volatility, crude oil fluctuations, escalating competition, pricing battles and difficult weather and market conditions, we continued our tradition of providing sales and earnings growth. We are confident of even better performance, as we have the talent pool, brands, products range, distribution channels and processes in place to strengthen our leadership and delivery.

Sustainability is deeply embedded in our business model. We believe business outcomes should be achieved while minimising environmental and social impact. Therefore, in the calendar year 2018, we commissioned two world-class green plants at Sangareddy, Telangana. One facility is part of our Building Products Division — manufacturing quality plastic pipes and fittings, and the other is part of our Packaging Products Division — manufacturing counterfeit-resistant security caps and closures. Both facilities have received a platinum rating by Indian Green Building Council (IGBC). These plants are best-in-class in terms of energy, water, process and waste management efficiency. I am happy to share that both these plants expanded their operations during the year under review. A sustainable and growing business delivers excellence and remains future-ready every step of the way.

India is now the world's fifth largest economy and has seen a major transformation in recent years. The most important among them is the successful rollout of the Goods and Services Tax (GST), in addition to the Make in India initiative, the Insolvency and Bankruptcy Code (IBC) and the Real Estate Regulatory Authority (RERA). These reforms address some of the intrinsic challenges that the country was facing even five years ago. The reform measures and other initiatives by the Government of India and state governments have helped India improve its rank considerably, from 100 to 77 in the World Bank's Ease of Doing Business,



WE MADE GREAT STRIDES IN SOLIDIFYING OUR POSITION IN FY 2018-19 AND WE PLEDGE TO CONTINUE TO SHARPEN OUR CAPABILITIES, BUILD AGILE BRANDS AND REMAIN FUTURE-READY.

While we talk about 'everyday excellence' and future-readiness, we must recognise the dedication and hard work of our teams, who make this progress possible for us. During FY 2018-19, we continued to map skill gaps and designed tailored training modules for our go-getters. We also developed policies and procedures to ensure that our business remains competitive





SUSTAINABILITY IS DEEPLY EMBEDDED IN OUR BUSINESS MODEL. WE BELIEVE BUSINESS OUTCOMES SHOULD BE ACHIEVED WHILE MINIMISING ENVIRONMENTAL AND SOCIAL IMPACT. THEREFORE, IN THE CALENDAR YEAR 2018, WE COMMISSIONED TWO WORLD-CLASS GREEN PLANTS AT SANGAREDDY, TELANGANA.



both in terms of attracting and retaining talent. These policies also ensure that our business growth is effectively resourced across all facilities.

HSIL remained focused on strategies, business performance and sustainability priorities and all these aspects are underpinned by our robust value system, our customer centricity and an undeterred desire to collaborate and learn. As we advance our businesses and capabilities, our business model,

brands and talent pool continue to be the foundation of our success.

Excellence, in thought and action, cannot leave the community behind, because business is a subset of an empowered community. We have a rich legacy of supporting communities where our plants are based and have devised and rolled out programmes that bolster local economies, promote health and wellness for citizens and drive better sanitation. We believe that in times of natural disasters, we should assist in recovery efforts and, therefore, during the year, we partnered with the Indian Institute of Architects (IIA) and donated 1,000-bathroom sets to provide help and support to the flood victims of Kerala.

In step with the government's Skill India initiative, we launched our Recognitions of Prior Learning (RPL) project two years ago, recognising the gaps that exist between the demand and supply of skilled workforce. We have helped over 1,500 plumbers to be trained, upskilled and certified through a third-party agency so far.

We made great strides in solidifying our position in FY 2018-19 and we pledge to continue to sharpen our capabilities, build agile brands and remain future-ready. Excellence is an inspiring marathon that takes us to new horizons of growth and opportunity and I am looking forward to all that we will accomplish in the coming years.

Thank you for your trust.

Warm regards,

DR. RAJENDRA KUMAR SOMANY
Chairman and Managing Director



HSIL REMAINED FOCUSED ON STRATEGIES, BUSINESS PERFORMANCE AND SUSTAINABILITY PRIORITIES AND ALL THESE ASPECTS ARE UNDERPINNED BY OUR ROBUST VALUE SYSTEM, OUR CUSTOMER CENTRICITY AND AN UNDETERRED DESIRE TO COLLABORATE AND LEARN.



Vice Chairman and Managing Director's Message

WE ARE PROGRESSING RAPIDLY IN OUR JOURNEY TO ATTAIN HIGHER BENCHMARKS OF EXCELLENCE.

Dear Shareholders,

Our mindset at HSIL, is to constantly challenge ourselves to attain higher benchmarks and enrich our culture of excellence. This credo cascades across hierarchies, so that Team HSIL stays nimble and ahead of the curve.

We see headwinds as necessary drivers of a growing enterprise to navigate the next growth phase with foresight and fortitude. The year gone by had its own share of challenges, but it also saw us creating a strong platform for sustainable growth.



If we take a macro perspective, FY 2018-19 was a year of consolidation for us, as we focused on greater fiscal prudence and creating a robust balance sheet. Our revenue grew 20.46% to ₹ 2,709.65 crore in FY 2018-19 vis-à-vis ₹ 2,249.51 crore in FY 2017-18. The EBITDA expanded 22.68% to ₹ 346.08 crore in FY 2018-19 as against ₹ 282.10 crore in FY 2017-18. Although the impact of GST implementation had already begun to wane this year, our performance was muted in the first half due to multiple factors such as currency volatility, high raw material as well as power and fuel cost due to sudden hike in global crude prices.

However, these challenges were short term. Our business momentum picked up in the second half of the year as we optimised costs, tightened expenditure in our discretionary areas and worked out revised prices with institutional customers, offsetting market challenges.

Going hand in hand with challenges, new opportunities are also emerging on the horizon. Our business optimism continues to grow in a country where over 60 million people are connected to brand **Hindware** through our varied product lines across businesses. This validates the fact that Hindware has now emerged as one of the most reliable and vibrant brands in the country in various different product segments. Our presence ranges from kitchen to bathroom and living rooms, and we are relentlessly focusing on expanding it further.



OUR BUSINESS OPTIMISM CONTINUES TO GROW IN A COUNTRY WHERE OVER 60 MILLION PEOPLE ARE CONNECTED TO BRAND HINDWARE THROUGH OUR VARIED PRODUCT LINES ACROSS BUSINESSES. THIS VALIDATES THE FACT THAT HINDWARE HAS NOW EMERGED AS ONE OF THE MOST RELIABLE AND VIBRANT BRANDS IN THE COUNTRY IN VARIOUS DIFFERENT PRODUCT SEGMENTS.



I am happy to share that our substantial investment in businesses outside of the bathware space is yielding encouraging outcomes. This is visible from the initial success of our plastic pipes and fittings alongside stupendous growth of consumer products business. We are optimising our manufacturing capacities, and going forward, this strategy will help us achieve better outcomes.

We have a proven track record of successfully building robust businesses that are built to last and create sustainable value for all stakeholders. We are expanding the spectrum of our products and services to better meet our customers' evolving requirements. The financial year 2018-19 was an encouraging one, as we gained momentum and were able to fully realise the growth potential of our business model.

CONSOLIDATING OUR BUILDING PRODUCTS DIVISION

The Building Products Division grew by 18.82% from ₹ 1,029.45 crore in FY 2017-18 to ₹ 1,223.22 crore during the year under review. Our sanitaryware segment grew at a moderate pace, but we saw good growth in the faucet segment. We are emerging strongly in the plastic pipes and fittings industry and have achieved over ₹ 130 crore revenue within eight months of the commercial launch of the business. Going forward, we expect revenue from our plastic pipes and fittings segment to grow strongly, driven by our robust distribution network and industry-leading product quality. In the sectors where we operate, long-term market leadership is all about premiumisation and differentiation of products and services. It is also about having a growing pool of empowered go-getters to fuel sales and provide service and support. HSIL has both. To this end, cutting-edge innovation and product technology play a considerable role.

We have been deploying innovative water-saving technology for decades now, setting high benchmarks for resource and energy conservation from the beginning. These steps enable us to make an important contribution towards sustainability in our industry. We offer an extensive



WE ARE EMERGING STRONGLY IN THE PLASTIC PIPES AND FITTINGS INDUSTRY AND HAVE ACHIEVED OVER ₹ 130 CRORE REVENUE WITHIN EIGHT MONTHS OF THE COMMERCIAL LAUNCH OF THE BUSINESS.



range of water conserving sanitaryware and faucets, which are all International Association of Plumbing and Mechanical Officials (IAPMO) certified and our products have become milestones in the history of sanitaryware technology, vindicating our high level of ingenuity.

On the branding and marketing front, we continued to engage our dealers and participate in exhibitions. We also launched two digital tools—The Hive and BizBuild—to improve our marketing strategy and manage leads better.

Our products are marketed by the industry's largest and best-trained direct sales-and-service force, who advise and assist customers in creating their dream bathrooms. In order to expand our market penetration, we are expanding our distribution network to be able to service small towns and cities. This strategy of growing our footprint will bolster our bathroom business. Our ongoing work in enhancing our consumer base while serving the existing one with more sophisticated products will enable us to battle competition.

GROWING OUR CONSUMER PRODUCTS DIVISION

I am happy to share that our Consumer Products Division made notable progress this year as well. We continue to remain one of the fastest growing consumer

appliance company for the third, consecutive year. Our divisional revenue grew by 47.21% from ₹ 207.69 crore in FY 2017-18 to ₹ 305.74 crore in FY 2018-19. During the year, we unveiled exciting new additions to our growing line-up of highly differentiated products, and our expansive and in-depth distribution and retail networks helped us to register another great year for the business.

A large part of our revenue is from the sale of kitchen appliances, primarily chimneys, cooktops, built in hobs, ovens and microwaves, which will continue to be a key growth driver of this division. E-commerce and modern trade were big contributors to the growth of this segment during this financial year. We are continually growing our market share in the water heater and air cooler segments.

We became EBIT positive in FY 2018-19 and our investments into the business has started yielding results. We strengthened our quality focus and our research and development team embarked on an ambitious programme to integrate internet of things (IoT) into our products, which are going to be launched in FY 2019-20.

SHARPENING FOCUS ON PACKAGING PRODUCTS DIVISION

The division saw revenue growth of 19.23% in FY 2018-19 at ₹ 1,097.15 crore compared to ₹ 920.20 crore in FY 2017-18. There was a major overhaul of one glass furnace and one scheduled relining in the first two quarters of the year, which resulted in sluggish sales in the first half. But the division bounced back in the last two quarters with all furnaces operating efficiently. With the return of volume growth and customer demand, we enhanced profitability. Although the spiralling costs of fuel and oil, coupled with inconsistent power supply remain key industry challenges.

We made progress in the ongoing utilisation of our PET plant in the manufacturing of PVC cistern and seat covers for our sanitaryware business. I am confident that our measures will enhance business,



OUR CONSUMER PRODUCTS DIVISION BECAME EBIT POSITIVE IN FY 2018-19 AND OUR INVESTMENTS INTO THE BUSINESS HAS STARTED YIELDING RESULTS.



making us more efficient and effective for the long-term.

Our recently commissioned caps and closure plant scaled its capacity to 700+ million pieces annually during FY 2018-19. Our engagement with customers is at an advanced phase and we are in the process of increasing our customer base for our patented caps and closure to safeguard products from the menace of counterfeit.

STREAMLINING OUR RETAIL DIVISION

During the year under review, we streamlined and improved the operations of our retail division.

The expanding purchasing power of consumers and sophisticated digital infrastructure are ensuring resilient growth of the e-commerce sector. Millennials are one of the key factors influencing this growth and our online digital strategy has been devised to ensure discoverability of new and interesting Evok products within this consumer segment. This has helped us register a topline growth of 39% on our online Evok website since last year, thereby strengthening our position in the furniture category in the overall online space. On the store front, we are making the layout easy to navigate, demonstrating contemporary and minimalist interiors.

WIDENING INNOVATION HORIZON

Our research and development experts consistently help us in launching futuristic products to win new customers, achieve excellence and reach tomorrow faster.

Our innovation has been recognised and we have filed for 21 patents across the organisation so far – two for security caps and closures, four for PET products and 15 for the consumer business. Going forward, we will continue to invest in our R&D initiatives, despite industry volatility and other headwinds. Never content with the status quo, we strive for continual improvement.

PREPARING FOR THE FUTURE

India is entering a new era of unprecedented consumption boom. Consumer spending is expected to grow exponentially in the coming years. To make the most of this opportunity, we will continue to focus on technology-driven innovation, branding, consumer outreach and sustainability as our future priorities to strengthen leadership in this new consumption era. Besides, we will scout for strategic alliances, foray into new markets to enter and enrich our customers' lives in varied ways. We have a carefully charted growth roadmap with emphasis on new products and deeper penetration, leading to enhanced revenue and profit margins.

Over the years, we have successfully built robust channels of distribution. The first channel is our oldest one consisting of distributors and retailers in the building products space, selling sanitaryware and faucets. By expanding into the consumer products business, we have created a significant distribution network in the electrical space and through our recent foray into pipes, we entered hardware stores. Our premium dealers of the building products business have already been introduced to our plastic pipes and fittings business and in doing so, we have helped them diversify their product portfolio. Adding to our sectoral presence are our packaging products and retail divisions.

In addition to these initiatives, our carefully strategised demerger will unleash stakeholder value, enhance capabilities and create future-focused companies to accomplish the next growth trajectory. The demerger will lead to formation of three companies, Somany Home Innovation Limited (SHIL), to cater to the marketing and



OUR INNOVATION HAS BEEN RECOGNISED AND WE HAVE FILED FOR 21 PATENTS ACROSS THE ORGANISATION SO FAR – TWO FOR THE SECURITY CAPS AND CLOSURES, FOUR FOR PET BUSINESS AND 15 IN THE CONSUMER BUSINESS.



distribution of our Consumer Products Division and Retail Division, Brilloca Limited (Brilloca), a subsidiary of SHIL, for the marketing and distribution of the Building Products Division and HSIL will house the manufacturing of Building Products and manufacturing and supply of Packaging Products Division. All these companies, I am confident, will enhance value for our investors over the years to come. Our legacy is well recognised, our capabilities are proven, and our commitment remains steadfast to set industry-leading standards of value creation for the next decade and beyond.

Our differentiated products mix, delivered across the country by an unparalleled team of experts will continue to translate into higher growth trajectory, greater market share and stronger brand recall.

I would like to thank our shareholders, Board of directors, the entire leadership team, our other stakeholders, and every member of Team HSIL for keeping faith in our vision and capabilities.

Warm regards,

SANDIP SOMANY

*Vice Chairman and
Managing Director*

Note: Revenue from operations is considered net of GST, Excise, Service Tax and other indirect taxes for better comparison.

Core Fundamentals

DESIGNED FOR GROWTH

BUILDING PRODUCTS DIVISION

Leading sanitaryware player in India	One of the leading faucet players in India	₹130+ crore Revenue of plastic pipes and fittings business in 2018-19 (started commercial operation in August 2018)
Up to 4.2 Mn Pieces p.a. of sanitaryware capacity	3 Mn* Pieces p.a. of faucet capacity	30,000 tonnes Plastic pipes and fittings p.a. capacity
₹1,223.22 crore Revenue from operations in 2018-19	44.99% Share in revenue from operations	135+ Distributors supported by 14,000+ retail outlets for plastic pipes and fittings business

*Includes 0.5 million pieces per annum of faucets plant at Bhiwadi (Rajasthan), which is under temporary shutdown and annual faucets production capacity at Kaharani plant is under expansion from 2.5 mn pcs to 3.7 mn pcs.

CONSUMER PRODUCT DIVISION

Among top 3 players in the kitchen chimney segment	9,650+ Retail touchpoints	750+ Distribution Points
₹305.74 crore Revenue from operations in 2018-19	11.24% Share in revenue from operations	12 Patents applied across various product categories in 2018-19

PACKAGING PRODUCT
DIVISION

One of the leading glass container manufacturers in India	₹1,097.15 crore Revenue from operations in 2018-19	40.35% Share in revenue from operations
1,600 Tonnes per day glass containers capacity	700+ Million pieces p.a. security caps and closures capacity	10,166 Tonnes PET products p.a. capacity

RETAIL
DIVISION

25 Owned and franchise large format retails stores under EVOK brand	₹91.01 crore Revenue from operations in 2018-19	3.35% Share in revenue from operations
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CERTIFICATIONS

Indian Green Building Council (IGBC)
Platinum certification

ISO 9001:2015
Quality Management System

OHSAS 18001:2007
Occupational Health and Safety Management System

ISO 14001:2015
Environmental Management System

ISO 15378:2017
Quality management system to provide primary packaging materials for medicinal products

FSSC 22000 V 4.1
Food Safety System

Brands

ENSEMBLE OF EXCELLENCE

BUILDING PRODUCTS DIVISION



Queo is a luxury bathroom brand, which marries the legacy of European culture to the modern minimalist approach of design. Designed by acclaimed European designers, Queo products pair the best European concepts with modernity and employ the finest-quality materials to create what we call 'bath lounges'.

At Queo, less is more – the modern, minimalist concept that strips everything down to its essential quality to achieve simplicity. Queo adds a new dimension of indulgence to minimalism. Its design journey encapsulates how basic geometric forms come together to create luxurious experiences enunciated through a concoction of aesthetics and opulence.

Amore is a range of luxury wellness products that assail your senses with delight. Inspired by the Roman kings of yesteryears for whom rejuvenation meant worshipping their senses, Amore accentuates your bathing experience into a sensory fiesta by combining ancient art with modern Italian innovation.

Alchymi is an exclusive collection of the most elegant and contemporary bath spaces that define not just how you feel, but how you live. It is a super-premium brand curated in the Hindware Design Studio by Manish Malhotra, the much acclaimed and celebrated fashion designer known for his aesthetic sensibilities and fashion flair.

Alchymi strives to achieve a new language of bathroom design through its design philosophy, Flosense, which focuses on the amalgamation of the finest materials and best-in-class technological processes. Each Alchymi bathroom suite has its unique design story with differentiated offerings combined with pioneering designs in products to give stunning bathrooms.



hindware ITALIAN COLLECTION

Hindware Italian Collection has a range of suave and sophisticated sanitaryware and faucets that blend smooth contours and clean lines with advanced technology to give you your dream bathroom.



hindware

Start with the expert

Since its inception, Hindware is recognised for quality and the widest range and today it is synonymous with expertise.

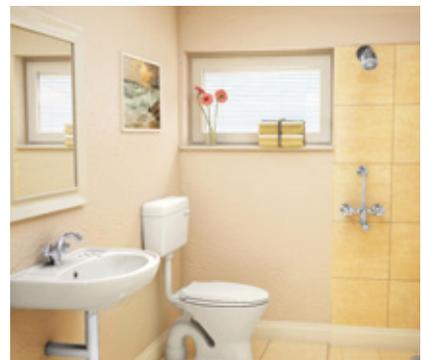
The brand constantly strives to achieve a confluence of understanding of the Indian market, technology and aesthetics in HSIL's Hindware Design Studio to create bathroom products that will leave you truly rejuvenated. Endowed with a legacy of consumer trust, today Hindware is preferred by millions of Indians and has the highest reach across the country.

Our expertise is not just limited to our path-breaking products but can be experienced through our exemplary services such as expert helpline number, DreamBath App, and Bespoke Magique.



BENELAVE™

Launched in 2011, Benelave products consist of high sheen, quality-tested chrome fittings and sanitaryware. Designed for aesthetics, functionality and durability, it helps to create clutter-free, comfortable bath spaces.



TRUFLO®

by hindware

'TRUFLO by hindware' from the house of HSIL offers best-in-class PVC, CPVC, UPVC and SWR pipes and fittings.

VITREOUS

SINCE 1960

The relaunched legacy brand provides a complete range of bathroom offerings for the price-conscious consumers for over five decades now. Following its core philosophy of "Bharose aur Quality ki pehchaan", every H-Vitreous product comes with the promise of unmatched quality combined with pleasing designs.

CONSUMER PRODUCTS DIVISION



hindware KITCHEN ENSEMBLE

Designed for modern-day homes, the products are user-friendly and compact. Using stylish designs, the ensemble caters to all kitchen needs from chimneys, food waste disposers, built-in microwave, built-in ovens, built-in hobs, ovens to cooktops, dishwashers and kitchen sinks.



hindware atlantic

Water Heaters

Introduced in India with a strategic partnership with Groupe Atlantic, Europe's top brand in Heating Solutions segment, Hindware Atlantic Water Heaters have advanced technologies like Exclusive O'Pro Protection and Titanium Core Shield that gives consumers the benefits of safety, durability and fresh hot water. Hindware Atlantic Water Heaters cater to needs to all kinds of customers with capacities from 1 Litre to 100 Litres.



hindware

SNOWCREST Air Coolers

Hindware Snowcrest air coolers range include desert, personal, window, tower and desktop coolers with capacities ranging from 12 Litres to 100 Litre. Hindware Snowcrest air coolers are the first air coolers with changeable color panels that can be changed to match your lifestyle and decor. Packed with powerful performance and other technologically advanced features, these cool looking coolers make your life cool.



moonbow™ by hindware

Moonbow Water Purifiers are aesthetically crafted and disruptively designed, so that they can bring goodness into the lives of all its customers. That's why Moonbow's water purifiers come with cutting edge purification technologies such as Hexapure, DigiSense, Stainless Steel Sterilizer Filter and Mineral Fortification that ensure that the water is 99.99% safe, pure and comes with the goodness of essential minerals.



moonbow™ by hindware

Moonbow by Hindware air purifiers are manufactured with latest technology and crafted aesthetically to ensure that you lead a healthy life and enjoy the best of everything.



hindware

Hindware water purifiers were launched on Flipkart in August 2018 with an objective of reaching out to the masses, through online channels. This range of water purifiers is developed for price-conscious customers who seek utmost value for money from products, along with prompt service.

RETAIL DIVISION



Comfort has a whole new definition with Vents extractor fan. Designed for the style conscious consumers. These premium extractor fans can be installed in shower rooms, bathrooms, kitchens and other domestic corners, to solve your home ventilation needs.



Evok is home to furnishing products ranging from furniture, home décor and furnishings, wall fashion, modular kitchens and wardrobes.

PACKAGING PRODUCTS DIVISION



Engaged in manufacturing of high-quality standard and coloured-glass containers to meet stringent and demanding quality standards for the packaging needs of food, pharmaceuticals, soft drinks, spirits, beer and wine industries.



Involved in the production of PET bottles and products using modern infrastructure, innovative new-age solutions and state-of-the-art machines.



Makers of security caps and closures with a wide range of innovative and technological products to address the steep need for safety and tamper-proof capping to prevent counterfeiting of alcoholic beverage in India, Africa, Latin America, Europe and South East Asia.

Business Model

CREATING VALUE, THE HSIL WAY

The HSIL Way is our unique framework for creating sustainable value for all our stakeholders. The market dynamics provide a broad context for our strategy, which we then execute through our operational framework, in sync with our culture and values.

RESOURCES



CAPITAL

We have a strong balance sheet. Our fund's pool is available to us through capital and debt funding. We had ₹ 1,222.75 crore net worth as on March 31, 2019. Our businesses have strong cash flow generation capabilities.



MARKET INSIGHT

We possess rich industry experience of over five decades, which enable us to identify emerging market trends. As a result, we can align our business strategies more prudently, ensuring sustainable growth.



MANAGEMENT

Our qualified and experienced management team provides us with a significant, competitive advantage and enables us to function effectively and efficiently.



STRONG GOVERNANCE

We have a robust governance framework in which accountabilities are well defined, risks and opportunities are prudently managed and growth strategies are designed to safeguard the interests of all stakeholders.



REACH

We have created a comprehensive pan-India distribution network of trade partners and retailers for our B2C businesses. We have access to different distribution channels across sanitaryware and faucets, hardware pipes and fittings and consumer electrical goods. Also, our 25 owned and franchise large format retail stores under EVOK brand offer around 20,000 products.



ASSETS

We have 11 state-of-the-art manufacturing plants, equipped with best-in-class technology.



BRANDS

We have a strong portfolio of market-leading innovative brands, which have created enduring prominence in respective business segments.



TEAM

Our people are our assets. We continuously invest in training and upskilling to connect, guide and inspire our empowered talent pool. Our people are creative, professional and innovative, and we foster greater talent based on a longer-term strategy.



INSTITUTIONAL CLIENTS

Our Building Products Division and Packaging Products Division cater to a wide list of esteemed institutional clients across multiple sectors. Our strong marketing team works with them to understand their requirements and provide befitting services.



PRODUCTS

We have a comprehensive product range spanning four business divisions, reaching out to varied customers cross-section.

VALUE CREATED FOR STAKEHOLDERS



CUSTOMERS AND INFLUENCERS

- › Expanding our product basket by introducing innovative products across various price points to meet an increasing array of customer needs
- › Growing our distribution network to ensure our customers have easy access to our products and services
- › Increasing customer engagement across touchpoints for better understanding of their demands and catering to them effectively
- › Enhancing engagement with plumbers, architects, consultants and other key influencers to create exceptional experiences



EMPLOYEES

- › Offering a fair and inspiring work environment to our workforce
- › Investing in training and upskilling of employees
- › Fostering HSIL's commitment to integrity and value-driven leadership
- › Focusing on employee's health, safety and wellbeing
- › Ensuring appropriate remuneration, incentives and performance management practices
- › Identifying employees with high potential and charting an appropriate growth path for them



SHAREHOLDERS AND INVESTORS

- › Delivering sustainable dividend payout
- › Transparent reporting and disclosures
- › Strengthening the governance framework
- › Adding new business lines to consistently create value



TRADE PARTNERS AND RETAILERS

- › Providing regular training, technical guidance and market updates
- › Organising trade partner and retailer conferences and seminars for effective networking, leading to greater integration
- › Maintaining transparent pricing policies
- › Conducting innovative promotional campaigns to help drive secondary sales

ARCHITECTURE



ENVIRONMENT

- › Reducing carbon footprint through proactive steps
- › Installed solar power capacities across plant locations
- › Minimising wastage across all our plants
- › Adopting sustainable water and electricity management practices
- › Water conserving sanitaryware and faucet products
- › Lowering water consumption per flush



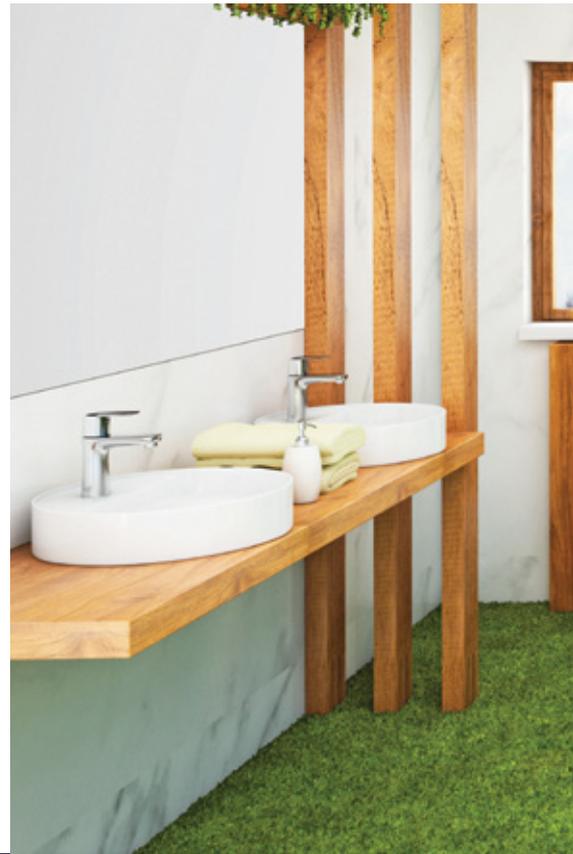
COMMUNITY

Creating tangible impact through regular initiatives across health and sanitation, skill development, healthcare, women empowerment, education and rural development

Strategy Review

WELL POSITIONED TO GROW

Despite economic volatility and industry cyclicality, our performance over the years, demonstrates our commitment to building a sustainable and value-accretive business. Here are the five strategic priorities that we are focusing on.



GROWTH PRIORITIES



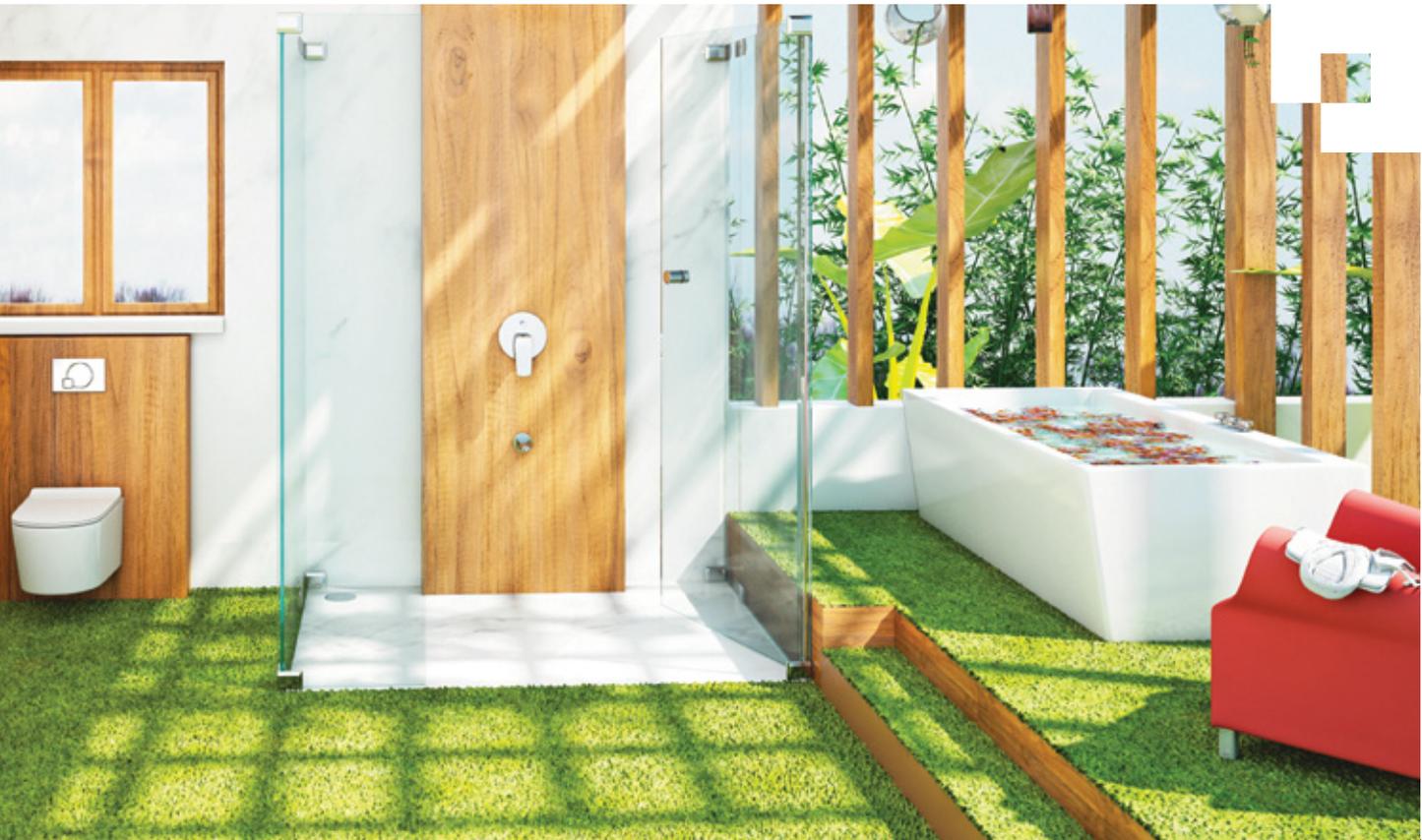
CONSISTENTLY GROW MARKET SHARE



DRIVE OPERATIONAL BRILLIANCE

STRATEGIC ROADMAP

- › Develop new brands, drive innovation and efficiency across designs and product development to sustain competitive advantage
- › Increase share with existing institutional clients
- › Pursue strategic collaboration opportunities with global organisations for sharing technical know-how to launch innovative products in the market
- › Grow our product mix of value-added products
- › Enhance service standards to increase service excellence
- › Invest in sophisticated technology and equipment to upgrade the quality and functionality of our products to address evolving industry trends and consumer requirements
- › Adopt best practices and standards across our manufacturing facilities, and increase operating efficiencies through product planning, increasing utilisation rates and reducing unit production cost
- › Continue to manage contract manufacturing of certain products at par with our quality benchmarks ensuring cost efficiencies



EXPAND GEOGRAPHIC FOOTPRINT

- › Grow our business by adding new dealers and customers in existing and new markets
- › Fortify our presence on e-commerce platforms offering limitless growth potential
- › Explore new export markets to enhance global prominence
- › Develop new distribution channels to explore avenues for new product lines



CONSOLIDATE CAPACITIES

- › Focus on debottlenecking of existing facilities to increase manufacturing capacities and improve operating efficiencies
- › Ensure optimum utilisation of our manufacturing assets
- › Enhance economies of scale across all our manufacturing plants
- › Scale plastic pipes and fittings and security caps and closure plants



MAINTAIN FINANCIAL DISCIPLINE

- › Increase our free cash flow to mobilise funds to capitalise upon emerging growth opportunities
- › Strengthen the balance sheet with a healthy debt-equity ratio
- › Reinforce return ratios and margins by driving efficiencies

Demerger

STRATEGY TO UNLEASH POTENTIAL

During FY 2017-18, the Board approved a scheme of arrangement for demerger of the Company's businesses. The objective of the demerger is to unlock value by creating distinct entities for three of its business undertakings, thereby ensuring sharper focus on and better alignment to its customers.

THE SCHEME PROVIDES FOR THE DEMERGER FROM HSIL OF:

- a. The Marketing and Distribution business of Consumer Products Division and Retail Division into a separate entity, Somany Home Innovation Limited (SHIL), and
- b. The Marketing and Distribution business of Building Products Division into a separate entity, Brilloca Limited (Brilloca), each as a going concern.

Post demerger, SHIL will issue one equity share each of SHIL for one equity share held by the shareholders of HSIL. Thereby, shareholding of SHIL will mirror the shareholding of HSIL as on record date. SHIL shares would be listed on stock exchanges and the Appointed Date of the Scheme is April 1, 2018. Brilloca will continue to be a subsidiary of SHIL immediately post demerger.

POST APPROVAL OF THE DEMERGER SCHEME, HSIL WILL COMPRISE BUSINESSES OTHER THAN THOSE DEMERGED INTO SHIL AND BRILLOCA AND WILL MAINLY RETAIN:

- a. Manufacturing of building products such as sanitaryware, faucets, pipes and fittings, etc.
- b. Manufacturing of certain specified consumer products such as SKD facility of water heaters etc., and
- c. Manufacturing and supply of packaging products such as glass containers, PET bottles and products and security caps and closures

THE RATIONALE OF THE DEMERGER SCHEME IS AS FOLLOWS:

- a. Demerged undertakings have distinct capital requirements, nature of risk, competition, human skillset requirements, etc.
- b. Dedicated and specialised management focus on the specific needs of the respective businesses
- c. Enable respective businesses to improve competitiveness, operational efficiencies and strengthen their position in the relevant market places
- d. Benefit to all stakeholders, leading to growth and value creation in the long run and maximising the value and return to the shareholders, unlocking the intrinsic value of assets, achieving cost and operational efficiencies.

Note: The scheme is subjected to necessary regulation, approval and sanction by Hon'ble NCLT, Kolkata Bench ("NCLT"). The Company had received approval from BSE Limited and the National Stock Exchange of India Limited. The Shareholders, secured creditors and unsecured creditors of the company have, in their respective NCLT, convened meetings held on 29th September 2018 have given requisite consents and approval from NCLT, in this regard, is pending.

Key Performance Indicators

PERFORMANCE AT A GLANCE

Gross Sales

(₹ in Crore)

2011-12	1422.15
2012-13	1681.89
2013-14	1855.71
2014-15	1965.03
2015-16	2054.90
2016-17	2198.03
2017-18	2252.85
2018-19	2664.02

EBIDTA

(₹ in Crore)

2011-12	258.28
2012-13	264.10
2013-14	271.12
2014-15	345.05
2015-16	337.43
2016-17	293.85
2017-18	282.10
2018-19	346.08

PBT (Before Exceptional Items)

(₹ in Crore)

2011-12	162.66
2012-13	115.08
2013-14	97.52
2014-15	152.25
2015-16	181.95
2016-17	149.66
2017-18	112.30
2018-19	107.63

PAT

(₹ in Crore)

2011-12	110.10
2012-13	99.12
2013-14	56.20
2014-15	104.15
2015-16	116.28
2016-17	103.01
2017-18	74.76
2018-19	70.47

Net Block

(₹ in Crore)

2011-12	1061.98
2012-13	1383.23
2013-14	1487.23
2014-15	1559.54
2015-16	1513.74
2016-17	1523.28
2017-18	1681.07
2018-19	1949.89

Debt-Equity Ratio (Net)

2011-12	1.34
2012-13	1.43
2013-14	1.55
2014-15	0.75
2015-16	0.59
2016-17	0.64
2017-18	0.92
2018-19	1.00

Business Segment Review

BUILDING PRODUCTS DIVISION





Over the years, we have emerged as a comprehensive solutions provider in the bathroom space. We continue to retain our pioneering position in the bathware industry through multiple brands that offer a wide range of products across the price spectrum.

We have also extended our product offerings from 'front of the wall' to 'back of the wall' and forayed into plastic pipes and fittings business. Innovation remains at the forefront of our operations across products, manufacturing, processes and solutions.

This division contributes 44.99% to the total revenue pie. It offers comprehensive bathroom solutions that include sanitaryware, faucets, plastic pipe and fittings, wellness products and other allied products. We have emerged as the country's largest manufacturer of sanitaryware products, and consistently maintain our market leadership to rank among the top players in the faucet industry.

Our stylish bathroom solutions are crafted using the finest materials and latest industry-leading technologies. We are constantly working on driving innovation and efficiency with new products enabled by our product design, development and manufacturing team. During the last ten years, our bathware business has received various design, certification and innovation awards, making us India's most awarded and certified bathroom products company in India.

We leverage our extensive distribution network to explore new avenues of proximity with our customers in order to provide them with a seamless buying experience. Unwavering attention is devoted to new product development,

improvement of manufacturing processes, reduction of wastage and better input-output ratio. Our robust service network and multiple customer touchpoints are the result of our dedicated go-to-market strategy and we constantly strive to offer enhanced ownership experience. Service differentiation has been one of our areas of strength which has played a key role in retaining our leadership position in the bathware segment.

Integrated brand campaigns comprising, print, cinema, OOH and Below-the-Line (BTL) advertising for our brands Queo and Alchymi have been launched to create greater brand awareness and customer pull. We conducted Hindware 3.0 - the third instalment of the annual channel partners meet at Kochi in Kerala to engage with our dealers and felicitate our top channel partners for their efforts. Moreover, we organised 15 architect meets and 150+ dealer and sub-dealer meets to engage and strengthen relationships with our key stakeholders.

'TRUFLO by hindware' brand specialises in the manufacturing of world-class PVC, CPVC, UPVC and

SWR pipes and fittings, catering to the building segment, which includes sewage pipes, hot and cold water distribution, pipes and fittings and plumbing and drainage. We recently forayed into this business owing to a growing demand for these pipes in various industries and development of infrastructure in India.

Our agreement with ~US\$ 10 billion Japanese conglomerate Sekisui Chemical Co. Ltd. for the supply of NSF-certified Chlorinated Polyvinyl Chloride (CPVC) compound, Durastream, helps us manufacture quality piping solutions for varied market requirements.

Within first eight months of commercial launch, we achieved a record revenue of over ₹ 130 crore. In addition, a strong distribution channel of 135 distributors and 14,000+ retail outlets has been forged. We also connected with 59,000+ plumbers across markets in the very first year of operations. We are creating differentiation in the market through quality products and efficient customer service.

SEGMENT IMPERATIVES

Design driven innovation	Attractive and distinguished line of products	Customer-centric initiatives	Globally benchmarked standards	Water and energy efficient products
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OUR CAPACITIES (ANNUAL)



SANITARYWARE

Bahadurgarh (Haryana)
Up to two million pieces

Bibinagar (Telangana)
Up to 2.2 million pieces



FAUCETS

Kaharani (Rajasthan)
2.5 million pieces
(Under expansion to 3.7 million pieces)

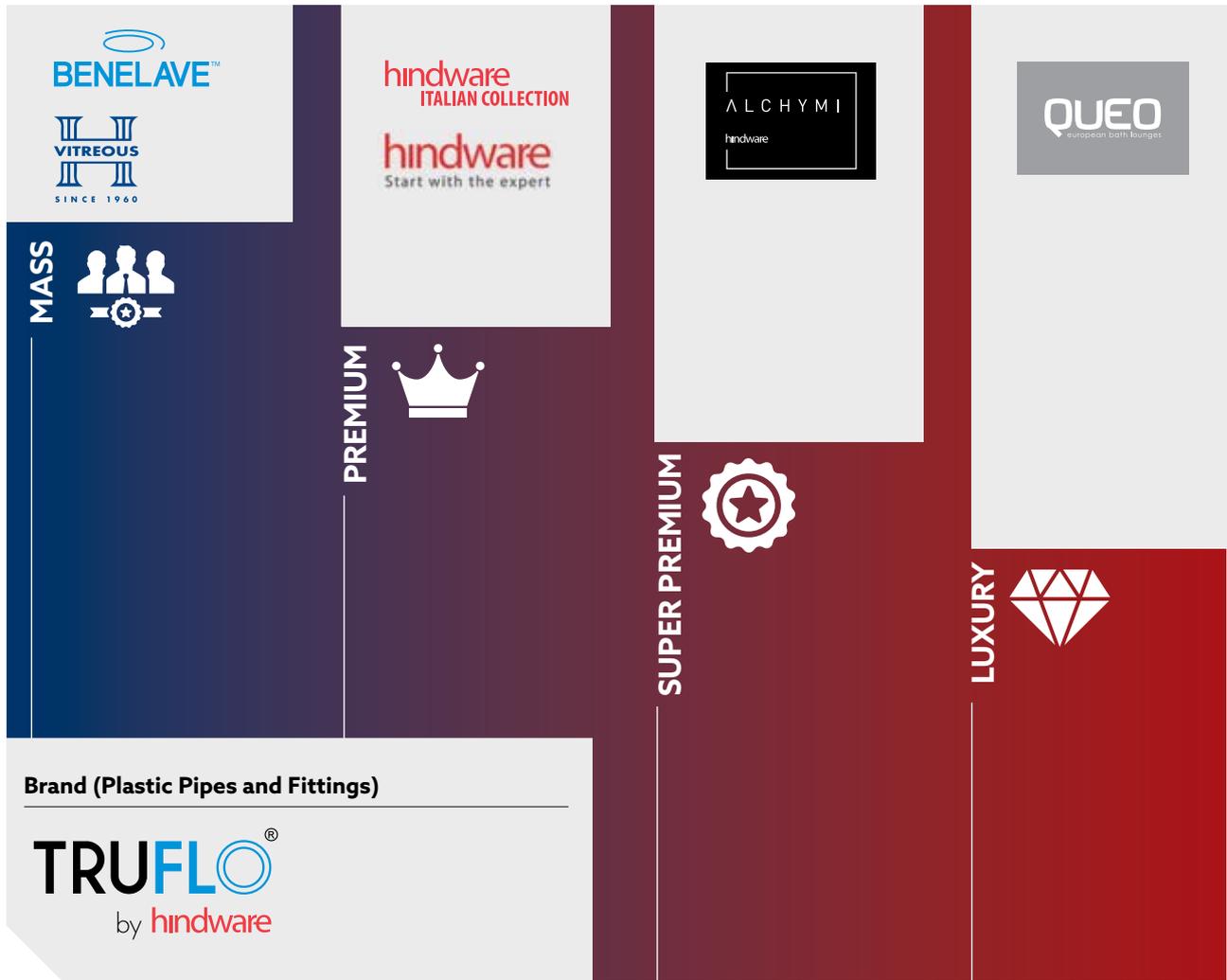
Bhiwadi (Rajasthan)
0.5 million pieces
(temporarily shut down)



PLASTIC PIPES AND FITTINGS

Sangareddy (Telangana)
30,000 tonnes

BRAND PORTFOLIO



KEY INSTITUTIONAL CLIENTS



HSIL ADVANTAGE

EXPERTISE

Our six-decade long experience has made us proficient in comprehending market ecosystem and evolving customer needs, making us one of the most dependable brands in the market today.

QUALITY FIRST

Rigorous quality control mechanisms are put in place to ensure that products are top-of-the-line and rejection rates are low, thereby allowing minimal customer complaints.

POPULARITY

Our innovative products and marketing initiatives drive our brand recall. We continue to refresh our initiatives in line with evolving market realities.

COMPREHENSIVE PORTFOLIO

Our foray into the plastic pipes and fittings business is a natural progression of our existing sanitaryware and faucet businesses, extending products from 'front of the wall' to 'back of the wall'.

R&D CAPABILITIES

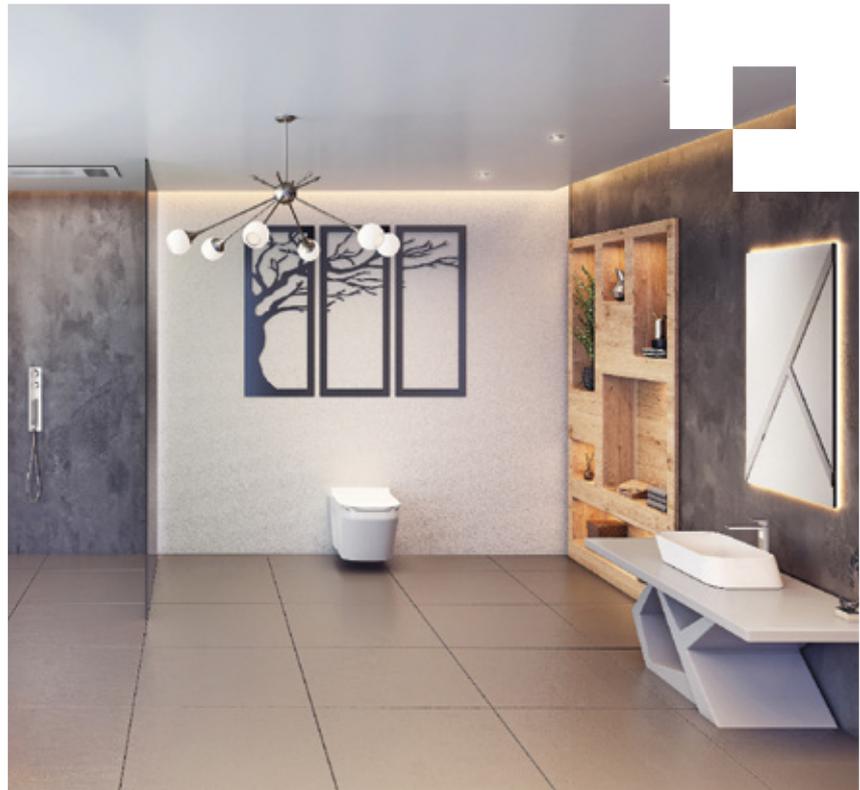
Our in-house team is involved in extensive product research, helping us evolve into a pacesetter company. We also collaborate with ahead-of-the-curve national and international designers to manufacture and deliver contemporary products.

GROWING SCALE

We have two sanitaryware, two faucet (one under a temporary shut-down) and one plastic pipes and fittings manufacturing plant. With enhanced capacities, we have emerged as one of India's leading producers of sanitaryware and faucets, enjoying the advantage of economies of scale.

ROBUST DISTRIBUTION NETWORK

Over the years, we have developed enriching relationships with a large network of dealers and retailers to reach out to customers across India. An effective service network and multiple customer touchpoints allow us to remain closer to our customers



which, in turn, translates to delightful customer experience and loyalty.

RETAIL CONTRIBUTION

Our retail business contributes around 75% to the sanitaryware and faucet business, which improves our margins and helps us gather market insight, enabling us to discover newer and sophisticated products.

WIDE SERVICE NETWORK

The Company's after-sales service team comprises certified service engineers who help us serve customers and play a key role in retaining our leadership position.

DISPERSION IN TIER II AND III CITIES

Our grasp on the rapidly growing Tier II and III cities has helped us in establishing multiple customer touch points and is going to play a significant role in our growth.

VALUE PROPOSITION FOR DEALERS

We will continue to warrant transparency in our dealings through the Darpan application and maintain healthy and mutually beneficial relationships with our business

partners by providing them access to all their transaction details with us, along with product launches, schemes and incentives.

STRATEGIC STORE LOCATIONS

All our brand stores have been planned and established in key locations, helping us in not only addressing demand from respective cities but also neighbouring areas, thus allowing the business to expand further.

EXCEPTIONAL PRODUCT DESIGNS

Nationally and internationally acclaimed designers, who we collaborate with, are reconciling tradition and modernity in designing bathroom products. This majorly contributes to shaping the brand image.

DIGITALLY CONNECTED

Acknowledging the paradigm shift from offline to online, we have actively expanded our online footprint. Such a presence through tools such as the Hindware Dreambath App, our website and social media channels, among others have led to sales growth and also improved discoverability.

MANUFACTURING EXCELLENCE

BEST-IN-CLASS PLASTIC PIPES AND FITTINGS PLANT

We started commercial production at the fully automated plastic pipes and fittings manufacturing plant in Telangana in August 2018 and it complies with green building norms of Indian Green Building Council (IGBC). The plant is the first such facility in India to achieve platinum rating in the plastic pipe products-based industry and the 32nd rank across various industries in the country. This plant ensures very high efficiency levels in terms of energy management, manufacturing process, waste management and water management (zero water discharge).

Various measures ranging from factory design to ensuring energy and water conservation have been undertaken. Between 7:00 am to 5:30pm, the factory premises do not require any artificial lighting and only LED lighting is installed which helps to improve energy efficiency over conventional lighting. We have also installed roof lights on buildings of the pipe manufacturing unit that eliminates the need of using power during the day. Water at different temperatures is used for various processes ensuring energy efficiency and better quality products with process waste being collected and reused. More than 90% of motors installed in the factory are of IE3 efficiency class. CTRI certified

cooling towers have been installed in our pipe unit to reduce energy consumption. Apart from using 100% chlorofluorocarbons (CFC) free HVAC (heating, ventilation and air-conditioning) equipment, low thermal conductivity is ensured through high performance and toughened DGU glass. Rain water harvesting is implemented along with installation of Sewage Treatment Plant (STP) where 100% domestic wastewater is being recycled and used for landscaping.

Our personnel involved in day-to-day operations are trained in recent environmentally sustainable guidelines and implementation of better systems and global best practices.

WATER CONSERVATION AND RECYCLING OF PROCESS WASTE

Rainwater harvesting system is used in two of our sanitaryware plants. We process wastewater through effluent treatment plant

(ETP) and STP at our sanitaryware plants and used 100% of this treated water in gardening. Our faucet manufacturing plant at Kaharani holds a Zero Liquid Discharge (ZLD) status besides having advanced water and air treatment facilities

such as an ETP, metal recovery filtration and multi-effect evaporator, among others. It also has three stage RO units to recover more than 90% of process water which is reused in manufacturing processes.

SOLAR ROOFTOP INSTALLATIONS

900

Bahadurgarh

640

Sangareddy

**BPD
MANUFACTURING
PLANTS**

(KWH)

1,500

Bibinagar

598

Kaharani

MARQUEE PRODUCTS

WATER SAVING CLOSETS AND FAUCETS

Over the years we have developed and launched numerous water-saving closets and faucets with unique and advanced features.

We have introduced 'Automate', India's first intelligent wall mounted closet with syphonic flushing. We also launched vortex technology (splendor vortex) in water closets introducing a unique flushing mechanism which creates a powerful swirling movement while flushing, making it more effective while utilising less water.

Our faucets have water-saving aerators with a unique PCA DC technology, which guarantees a steady supply of water across all pressure conditions, mitigating the requirement to use extra water in low-pressure conditions.

We have a range of 23 sanitaryware products and 20 faucets which are star rated for their water conserving capabilities by International Association of Plumbing and Mechanical Officials (IAPMO).



QUEO F AUTOMODE

F Automode is a futuristic water closet offering automation, rear cleansing, adjustable water direction, optimal pressure and temperature, heated seat and an oscillating function. To further customise experience, it comes with a remote control to enable the user to utilise various Automode functions from it instead of using the mainframe button.

QUEO F-COURBE COLLECTION

Courbe, French for curve, lends a dramatic turn to bathrooms, giving an otherwise placid surrounding a sudden artistic distortion of form.

The drama of the curve is expressed through the brilliant finishes of wash basin and water closets designed by Oki Sato, making them ideal for both classic and contemporary interiors.

The faucets and accessories such as paper holder, towel holder and robe hook, designed by Lorenzo Damiani, are guided by mechanically bent chrome pipes that subtly underlines the entire collection.



QUEO F-LE FORME SERIES

This collection comprises wall mounted water closets, over counter basins and wall mounted bidets, curated by the renowned industrial designer, Fabrizio Batoni. It celebrates matte colours in combinations of white, grey, brick and black, forming clean linear lines and a geometry of circles, appearing as ceramic grooves on the elements.

HINDWARE ITALIAN COLLECTION VANITIES

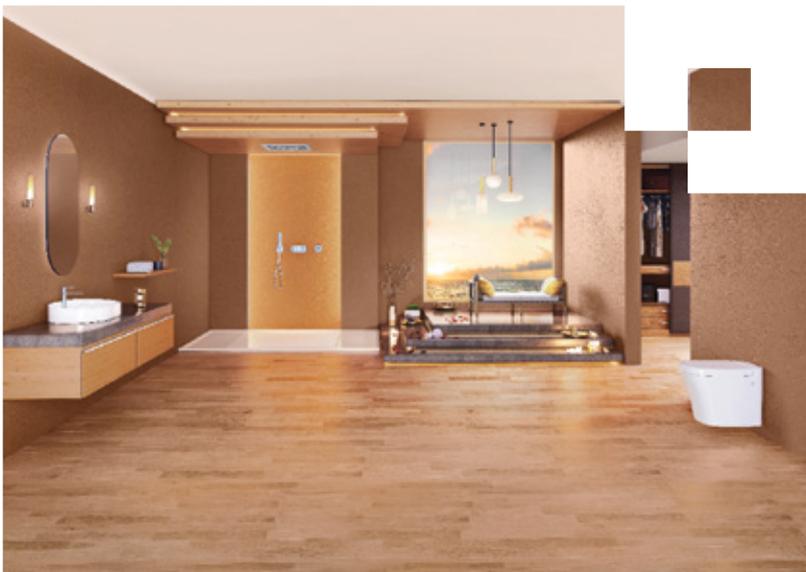
HSIL forayed into bathroom furniture to expand its product offerings with Hindware Italian Collection's vanities. Adorned with geometrical designs and smooth finishes, these vanities add a minimal and sophisticated look to a bathroom. Additional features such as being water-resistant and scratch-proof make this collection durable and easy to maintain.



ALCHYMI 2.0

HSIL's existing super premium brand, Alchymi launched four new beautifully themed bathroom suites such as Modish Reverie, Mystical Haven White, Mystical Haven Black and Aromatic Retreat. Quintessentially Manish Malhotra, the ALCHYMI bathrooms have been designed to inspire people to find beauty, sophistication and elegance in life.

The Modish Reverie has sleek contours and a modern design, distinctly categorised by carbon fibre inserts. Created with black marble and ceramics, the Mystic Haven White has been designed to imitate the texture of the famous Statuario marble. The Mystical Haven Black is designed around textures of terrains in hues of black, using black marble and ceramics. The Aroma Retreat consists of the nation's first water closet and faucet with aroma slots, designed to rejuvenate mind and soul.



AVIOR FAUCETS

Exquisitely designed with interspersed edges and curves, these faucets have high-grade chrome plating and a smooth move cartridge.



DIGITAL ASSETS

The Hive

Launched in April 2018, the Hive is a social media command centre, based out of our Gurugram Corporate Office. It allows social media listening, monitoring and online reputation management. It has also enabled us to come closer to our consumers by taking into cognisance, their conversations around our brand. It drives our social endeavours and provides actionable points.

BizBuild

Launched in September 2018, this is our in-house, fully automated lead management system which helps to capture, allocate and transfer any leads generated by digital channels and other media to our call centre and further, to the business teams in real time. It has an in-built functionality to send communication aid to consumers who have reached out to us through select media for responses to their queries in real time.



BRAND CAMPAIGNS



ALCHYMI - DESIGNED TO INSPIRE

Alchymi 'Designed to Inspire' campaign helps people seek beauty, sophistication, and elegance in life.

The 'Designed to Inspire' credo has been captured in the key visuals of six Alchymi's bathroom suites – Black Pearl, Earthen Escape, Aromatic Retreat, Modish Reverie, Mystical Haven (white) and Mystical Haven (black) in a TVC featuring master fashion designer and Alchymi curator, Manish Malhotra. All this together, bring to life the idea that inspiration can turn imagination into form.



QUEO - NOTHING LESS WILL DO

Queo's bath lounge campaign tagline of 'Nothing Less Will Do' has been captured in key visuals featuring Jacqueline Fernandez, the celebrated Bollywood actor in bathrooms with signature Queo ranges – F-Courbe, F-Le Forme, and the Chryseum collection and is a tribute to uncompromising standards and attention to detail. It is for those who think excellence is non-negotiable. The first TVC 'Walkout' elaborates the thought of rebelling against anything sub-par, while 'Getting Things Done' elaborates the thought of rejuvenating in an indulgent bath lounge after a demanding day.

EXPERIENCE STORES

As part of our strategic expansion plan, we are delving deeper into metros and continuing to expand our footprint across Tier II and Tier III cities to offer industry-leading products and services. We plan to accelerate the momentum and maintain our pioneering position in sales and service, supporting it through our enhanced network. Our aim is to augment pan-India visibility of our products and build a strong recall of our brands.

5

Lacasa

357+

Hindware

45+

Queo

HINDWARE LACASA

Brands on display

QUEO, ALCHYMI, Hindware Italian Collection, Hindware and Amore

- › Digitally integrated store enabling ease in product selection
- › Caters to bathroom fitting requirements of architects, interior designers, business buyers and homeowners
- › Offers real-time experience to consumers
- › Showcases a selection of 100+ bathroom themes
- › Enables customers to visualise their perfect bathrooms before making any purchases, using the 3D Digi-assist technology which is a one of its kind assistive technology in the industry
- › Inaugurated Lacasa, a 'state-of-the-art concept store' in Kochi to help discerning customers envision their dream bathroom and explore HSIL bathware products

Lacasa
HOME OF FINEST BATHWARE

HINDWARE BRAND STORE

Store formats

- › Present in four formats such as Hindware Premier, Hindware Galleria, Hindware Boutique and Hindware Studio, based on exclusive display area, store location and business size

hindware *Premiere*

hindware *GALLERIA*

hindware *Boutique*

hindware *Studio*

Brands on display

QUEO, ALCHYMI, Hindware Italian Collection, Hindware and Amore

- › Showcases a wide range of premium and luxury products from the brand that include faucets, showers, wash-basins, chromo showers, bidets and WCs. The design is inspired by the idea of timeless art and the brand's desire to enhance customer bathrooms with elegance and refinement
- › Construed around the brand concept 'Bathrooms you keep admiring' and are equipped with unique décor, style and product display

QUEO EMPORIO

- › Boasts of an exclusive QUEO Luxury bathroom zone dedicated to showcase the fashion lines by renowned designers like Antonio Bullo, Romano Adolini, Fedrico Tombolini, Chiara Valeri and Antonio Cristofaro, among others
- › Allows customers to experience the brand in a luxurious and contemporary setting
- › Employs hand-picked bathroom experts who are well trained and dedicated to ensure customers have a smooth buying and after-sales experience

QUEO emporio



OUTREACH ACTIVITIES

Exhibition and events

We participate in some of the industry's well-known events like Acetech, Dialogues, AD100, Indian Green Building Council (IGBC), Plumbing Skills Mahotsav and Municipalika, among others to strengthen our connect with relevant stakeholders across the industry. In 2018-19, we participated in around 20 events and exhibitions.

20+

Event and exhibition participation in

KEY STAKEHOLDER ENGAGEMENT

Dealers and trade partners

We constantly endeavour to communicate and engage with our dealers through various platforms, one of them being periodic 'dealer meets'. These outreach initiatives are crucial to foster long-term relationships and strengthen brand salience. Our new product lines are showcased at these meets and dealers are taken through our future growth roadmap. To encourage our dealer fraternity, we offer attractive rewards to performers and use the platform to resolve concerns.

150+

Total dealer/sub-dealer meets organised in 2018-19



TOUR DE QUEO TRIP IS A UNIQUE PLATFORM FOR TOP KEY ARCHITECTS OF INDIA TO EXPERIENCE INDULGENCE AND LUXURY WITH BRAND QUEO. IT AIMS AT INSTILLING, THROUGH EXPERIENCE, THE SINCERITY WITH WHICH QUEO DELIVERS ITS ESSENCE.



Architects and interior designers

The Queo Art of Bathing Book was released by Sandip Somany, VCMD, HSIL Limited and Greg Foster, Editor, Architectural Digest at the glittering AD100 award ceremony, where the top 100 architects in the subcontinent were facilitated by AD and Queo. The event saw the best architects of the Asian subcontinent sharing their vision of the perfect bathing spaces. Queo showcased how these could be brought to life via its luxury bathware products.

Tour De Queo trip is a unique platform for top key architects of India to experience indulgence and luxury with brand Queo. It aims at instilling, through experience, the sincerity with which Queo delivers its essence. As a part of the

architect connect programme, the architects were taken on a tour to Milan and Rome in Italy, where they experienced the brand philosophy as they visited the manufacturing plants where the products are crafted in Casalmorano and Civita Castellana. With cutting-edge technological innovation showcasing precision, accuracy and automation, Queo's manufacturing facilities ensure excellence through attention to the finest details in its R&D and manufacturing processes.

15

Architect meets organised in 2018-19



Plumbers

One of the most important influencers in our operating eco-system are plumbers. We participated in, 'Plumbing Skills Mahotsav' event organised by the nation's apex skilling body,

the Indian Plumbing Industry and Indian Plumbing Skills Council (IPSC). This event enabled us to reach out to 10,000 plumbers and showcase our range of advanced products and brands which helped us in further brand building.



Disclaimer: This event took place in February 2019.

HINDWARE CHANNEL PARTNER MEET AND GREET WITH SRK - 2019

Hindware organised a Channel Partner Meet and Greet with King of Bollywood, Shahrukh Khan in Mumbai. It was a curated event to felicitate the top channel partners and their families. The event created opportunities for the guests to interact with the Brand Ambassador, Shahrukh Khan, and indulge in memorable activities.

The evening witnessed insightful experiences including a Fireside Chat between Sandip Somany and

Shahrukh Khan that touched upon the parallels between Shahrukh's personal growth stories and the brand ethos of Hindware. The conversation also threw light upon how Hindware has evolved amid changing market needs, building a strong alliance with all its channel partners for continued business prosperity. It was a night of fun, frolic and togetherness. Engaging activities such as bathroom designing contest using the Hindware Dreambath App were held where the team with the best bathroom design was awarded and felicitated by Shahrukh Khan.

Adding another exciting element to the evening was the product launch of Automate, India's first intelligent wall mounted water closet from Hindware Italian Collection. Towards the end of the event, guests had the opportunity to have photographs clicked with Shahrukh Khan as a souvenir from yet another unforgettable evening with the Hindware family.

Business Segment Review

CONSUMER PRODUCTS DIVISION

To continually create an enriching and elevating customer experience, our consumer products division is ceaselessly focusing on innovation and its spectrum supported by in-depth analytics every step of the way. We understand diverse customer preferences and deliver products to delight them.

We are also focusing on simplifying complex business processes through the application of trailblazing technologies.

The overarching credo for the division is to remain nimble, adapt fast and be future ready to drive growth in a dynamic market. The result is that the Consumer Products Division has reported a revenue increase from ₹ 57 crore in FY 2015-16 to ₹ 306 crore in FY 2018-19.



SEGMENT IMPERATIVES

Unwavering quality	Wide product range across multiple price points	Focus on innovation	Highly skilled and trained service team
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PRODUCT ARRAY

 <p>Hindware Kitchen Appliances</p> <ul style="list-style-type: none"> › Chimneys › Cooktops › Built-in Hobs › Cooking Ranges › Induction Cooktops › Food Waste Disposers › Built-in Microwave Ovens › Built-in Ovens › Dish Washers › Kitchen Sinks 	 <p>Water Heaters</p> <p>Hindware Atlantic Water Heaters</p> <ul style="list-style-type: none"> › Storage Water Heaters › Instant Water Heaters › Gas Water Heaters 	 <p>Hindware Snowcrest Air Coolers</p> <ul style="list-style-type: none"> › Desert Coolers › Personal Coolers › Tower Coolers › Window Coolers › Desktop Coolers
 <p>Moonbow by Hindware</p> <ul style="list-style-type: none"> › RO+ UV water purifiers › UV water purifiers <p>Moonbow by Hindware air purifiers</p> <p>Air purifiers</p>	 <p>Hindware Water Purifiers</p> <p>RO+ UV water purifiers</p>	 <p>Hindware Vents</p> <ul style="list-style-type: none"> › Classic Extractor Fans › Decor Extractor Fans

Excellence for us means sharpening acumen across diverse frontiers. We are engaged in a wide array of businesses which include kitchen appliances, vents, water heaters, water purifiers, air purifiers and air coolers with each category standing out due to superior quality. In collaboration with Groupe Atlantic, a euro 3 billion conglomerate, we have been offering world-class water heaters to discerning Indian customers.

Our physical and digital multi-channel distribution strategy and innovative integrated marketing campaigns are enabling us to further raise awareness about our products in the market. We will continue to step up our investments in this division to fuel innovation and efficiency across design and product development.



HSIL ADVANTAGE

ASSET-LIGHT STRATEGY

We have an asset-light model in place which enables us to source our products from leading global and Indian partners, thereby, making our business more profitable with minimum capital expenditure.

BROAD PRODUCT PORTFOLIO

Our diverse portfolio of quality products with cutting-edge designs cater to consumers' needs.

ADVANCED TECHNOLOGY

Products are supported by contemporary technology that is globally benchmarked. With our technological prowess, we regularly introduce new variants under our existing product portfolio that are in sync with our fast-paced approach to business.

BRAND VISIBILITY

Our powerful market strategies and ground-breaking campaigns create more visibility and acceptability of our brands in the market, enabling us to establish a strong consumer connect and expand our consumer base.

ROBUST DISTRIBUTION CHAIN

We have a vast network of 750 + distributors and 9,650 + retail outlets across the nation. Our products are also available on e-commerce platforms such as Amazon, Flipkart, Paytm, Snapdeal and Tata CLiQ, among others. We have a strong presence across modern retail format stores such as Reliance Digital, Walmart, Spencers and Metro Cash and Carry, among others.

AFTER-SALES SERVICES

Our technology and infrastructure help us address customer requirements through a pan-India, after-sales service facility.

CONSISTENT PRODUCT LAUNCHES

Today's consumers have high expectations. Besides convenient and personalised products and services, they also are on the constant lookout for new products. Our manufacturing speed and flexibility help us in addressing such consumer demands for new product launches at regular intervals in the market.



KITCHEN STORES

To strengthen our position, we continued to open kitchen galleries as well as shop-in-shop in multi brand dealer outlets in the year under review

61

Exclusive kitchen galleries showcasing the complete kitchen appliances range

114

Shop-in-shop in multi brands dealer outlets



BRAND CAMPAIGNS

hindware
atlantic
Water Heaters

Hindware Atlantic, one of India's fastest growing water heater brands, launched its first ever TVC Campaign for the Ondeo Series titled 'Fresh Hot Water Saalon Saal'. The TVC highlights the first of its kind, exclusive O'Pro Protection Technology and Titanium Core Shield of the Ondeo range, which prevents internal corrosion, thereby increasing the life of water heaters. The film focuses on the issue of inner corrosion of water heaters and attempts to provoke thought in a light-hearted, neo-mythological manner with loveable characters. The commercial opens with a young man about to enter the shower encountering a 'Zangraaj' God Of Dead Appliance who reveals how ordinary water heater gets corroded and dirty deposits are formed inside the tank over the years. Then he gets a solution in the form of Hindware Atlantic Ondeo range of water heaters.

The film was showcased through various television and digital platforms. For a wider reach, the TVC also aired across key channels in regional languages.

moonbow™
by **hindware**

Moonbow believes in the power of 'goodness'. Where the category core objective is 'Purity', the brand differentiates itself by extending a step beyond the core functional benefit, improving not just pure water but providing mineral-rich pure water. The current water purifier campaign revolves around the same thought with a communication message that says- 'Don't just purify, Goodify It!'

Similarly, our air purifiers, just like a tree, do not just purify the air inside the rooms, but also make the room environment fresh by releasing refreshing energisers, keeping homes fresh and up to 99.9% pure. The campaign echoes the thought: 'Goodness of nature, inside your home!'

hindware
KITCHEN ENSEMBLE

Introducing innovations to make life hassle-free for our customers is the guiding philosophy behind Hindware kitchen ensemble range of products. The technology and innovation that goes into every product offer unmatched convenience and functionality, making cooking experience more immersive and fun for our customers. 'Technology Hamari, Comfort Aapka' captures this brand philosophy aptly.

INNOVATION FOCUS

Our R&D activities have put in place procedures to enhance our organisation's capacity to conceive innovative ideas infused with varying degrees of novelty. Within the period spanning 2018-19, we have applied over 12 new patents across various categories of products, in addition to the three patents applied during 2017-18. Some of these patents are expected to be converted into products rather shortly allowing us explicit product

distinction over our competitors. We are aiming to launch a range of smart and connected appliances with our in-built patented technologies across various categories, in the recent future. Within some of these categories, we will become the first ones to launch such concepts in the Indian market.

The R&D division consists of highly qualified professionals operating in our progressive laboratories within diverse domains, including microbiology, chemistry,

electronics, among others. The centre is the principal source birthing most futuristic products that are not only eco-friendly but also advanced and intelligent.

Furthering our endeavour to achieve 'Consumer Centric Product Leadership', we will launch new age products across the categories wherein we are already present. Greater consumer convenience will be at the helm with features like advanced auto clean, low noise in chimneys and auto fill function in water purifiers.

MARQUEE PRODUCTS

HINDWARE ATLANTIC WATER HEATERS

Water heaters have been a part of our product portfolio since 2015. Recent research disclosed that most consumers do not check the inside of a water heater

even periodically. As a part of our initial research, we checked old and used water heaters to find them full of corrosion which compromises the freshness of the water dispersed. Based on this research, we focused on Hindware Atlantic Ondeo water heaters in FY 2018-19, which promises fresh and hot water for years. These heaters are powered by Intelli 5 and O'Pro Protection Technology.



WHAT IS INTELLI 5?

1. O'Pro Protection Technology

Exclusive technology that provides protection to the tank and heating element against corrosion.

2. Titanium Core Shield

This shield, baked at 850 degrees Celsius, provides protection against internal corrosion.

3. Optimised Inlet Diffuser

This technology enables gradual water distribution to keep its temperature balanced.

4. Reinforced Insulation

Injection of liquid foam for superior insulation and heat retention for a longer duration.

5. Superior Safety, Ingress Protection-IP24

This ensures complete protection against water splashes with an immersed thermostat to measure accurate temperature for cutoff and a safety valve for protection against pressure build-up.



MOONBOW EVINOS AND EVINOS PLUS UV WATER PURIFIERS

Moonbow by Hindware introduced two new UV water purifiers that are expected to be the most powerful in India. This UV range of water purifiers have been certified by world renowned German certification laboratory, TUV for removing up to 100 crore microbes per one litre of water as against one crore microbes by ordinary aluminium-based UV water purifiers. The products are designed for areas with TDS levels up to 200 ppm to ensure essential minerals are not depleted while water is being purified. These are also equipped with a single body stainless steel UV Steriliser which protects consumers from unhealthy leaching of heavy metals like aluminium and lead in water. These purifiers are equipped with a consumer-friendly touch screen interface with indicators for filter replacement, failure alert, purification, dispense ready and main faucet on/off.



HINDWARE CALISTO WATER PURIFIERS

Following a strategic alliance with e-commerce major Flipkart, Hindware launched their first e-commerce exclusive brand of home appliances - Hindware Calisto. As part of this exclusive tie-up, Hindware Calisto water purifier was the first product to debut under the new brand. These best in class Calisto RO+UV+UF and Calisto Arcas water purifiers are an amalgamation of latest technology and stylish design. They have a six-stage water purification technology capable of removing all types of impurities. The model is also equipped with features such as a seven litre storage capacity, TDS removal up to 1800 PPM, indicators for full tank, superior power of purification and world-class components, among others.

KEY AWARDS

Moonbow by Hindware was awarded the title of 'The Extraordinaire Brand, 2018' by Nexbrands Inc. in February 2019

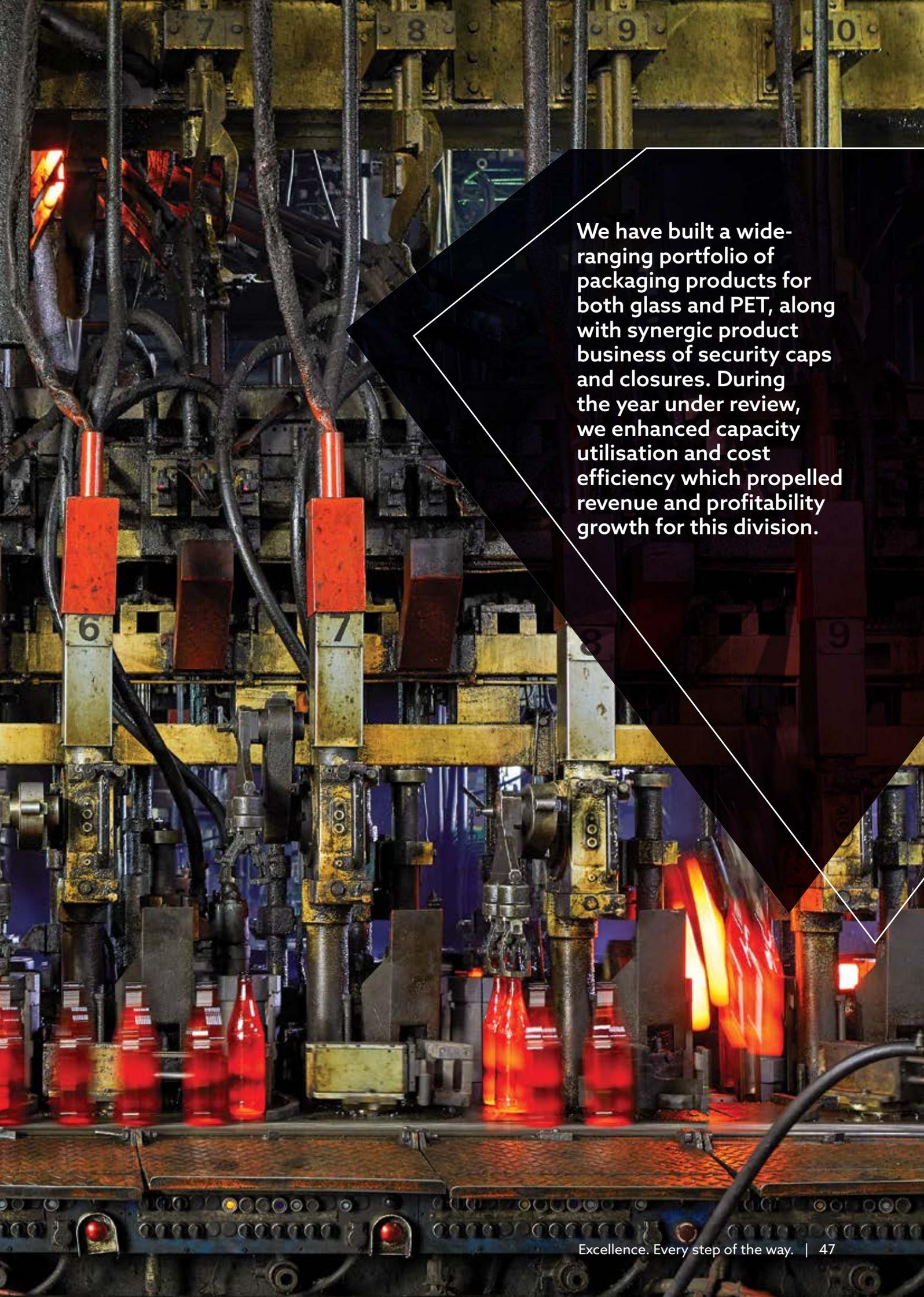
Moonbow was also awarded 'The Economic Times Best Lifestyle Brand, 2018' award in February 2019. This acknowledged Moonbow as a class-leading

lifestyle brand that represents all things modern, smart, aesthetically appealing and futuristic.

Business Segment Review

PACKAGING PRODUCTS DIVISION





We have built a wide-ranging portfolio of packaging products for both glass and PET, along with synergic product business of security caps and closures. During the year under review, we enhanced capacity utilisation and cost efficiency which propelled revenue and profitability growth for this division.

We continue to reinforce our position as one of the significant glass container manufacturers in the country, offering packaging solutions to multiple sectors. We have built a sound reputation by providing quality products that cater to a large and demanding customer base with a product range covering flint, amber and green containers.

Our products find use in many critical packaging applications.

Within the domain of our PET bottles and products business, we have introduced progressive technologies to enhance efficiency and launched new products to cater to applications such as pharmaceuticals and alco-beverages.

Following the commissioning of our state-of-the-art security caps and closures facility in FY 2017-18, we scaled our operations during the year under review. We are catering to alcoholic beverage companies in India and have started exporting to Europe, South East Asia and East African countries.

BRAND PORTFOLIO

Product	Facility	Capacity
Glass containers 	Sanathnagar (Telangana)	650 tonnes per day
	Bhongir (Telangana)	950 tonnes per day
PET bottles and plastic products 	Selaqui (Uttarakhand)	2,569 tonnes per annum
	Dharwad (Karnataka)	5,284 tonnes per annum
	Sangareddy (Telangana)	2,313 tonnes per annum
Security caps and Closures 	Sangareddy (Telangana)	700 million pieces per annum

NEW PRODUCTS INTRODUCED

PET BOTTLES

Drip free bottle and cap

Designed a bottle with a niche neck design to prevent dripping of the syrup along the neck at the time of use. Corresponding cap has been made with a special plug seal to eliminate leakage in transit and handling.

Short neck bottle and cap

Redesigned an existing bottle to incorporate a shorter neck that optimises weight and material use, leading to weight reduction upto 10-12%, and in addition, reduction in height and hence packaging size. The cap is specially designed to be fitted with a plug seal to prevent leakage in transit and handling.

PRODUCT ARRAY

Glass containers

PET bottles and plastic products

Security caps and closures

KEY INSTITUTIONAL CLIENTS



HSIL ADVANTAGE

DIVERSE PRODUCT RANGE

We are equipped to manufacture 5 ml to 4000 ml of glass bottles and 10 ml to 10 ltrs of PET bottles in various shapes, sizes and colours.

BROAD-BASED EXPERTISE

From mould making, quartz mining to printing-applied-colour labelling, we have a broad range of expertise. We also have in-depth technical knowledge of batch houses, furnaces, production processes, cold-end inspection and product packaging which enable us to manufacture technologically advanced and quality products.

ACCELERATED RESPONSE

We are capable of rapidly adapting to changing customer preferences, consistently offering customised products.

OPERATIONAL PROWESS

Our broad canvas of operations revolves around the principles of continuous improvement, robust batch planning, minimal wastage and quality control.

ROBUST R&D

Our research and development team is invested in improving our manufacturing process, using cost-effective alternative raw materials, developing new products and ensuring the highest quality standards.

LOCATIONAL ADVANTAGE

The presence of our packaging product units close to our customers' filling locations results in substantial savings in logistical and freight costs.

ENRICHING CLIENT RELATIONSHIPS

We have forged meaningful relationships with our institutional clients and many of them have been associated with us for decades.



ECO-FRIENDLY SECURITY CAPS AND CLOSURES FACILITY

In calendar year 2018, we commissioned our caps and closures plant in Telangana. It is certified with platinum rating by Indian Green Building Council (IGBC). This plant has been designed on green principles in a manner that allows day light across all spaces for most part of the day. The construction of the plant facilitates entry of natural light coupled with usage of sky tubes for reduction in lighting load in the shop floor. We have installed 100% energy-efficient LED lighting fixtures to reduce lighting load. We converted an empty rooftop space into the source of productive solar power with installed capacity of 370 KWH. These measures have allowed us to reduce energy consumption by 6%. There is a provision for rainwater harvesting inside collection ponds. During the year, we used water efficient plumbing fixtures at our caps and closures unit, resulting in 40% reduction in annual water usage by implementing water efficient fixtures.

ENERGY MANAGEMENT AT PET MANUFACTURING UNIT

We completed trial for the conversion of LP air cooled compressor to water cooled compressor in our PET manufacturing unit at Selaqui in Uttarakhand which saves 2.5 KWH/Hr. Empty rooftop spaces within our manufacturing facilities are being converted into source of productive solar power.



Business Segment Review

RETAIL DIVISION

Leveraging HSIL's core strengths of deep customer insight, strong brand equity, global sourcing and cost-effective supply chain, EVOK has emerged as one of the trusted home retail brand in India.

At EVOK, we offer close to 20,000 affordable products. Our modern format stores and digital platforms ensure that our customers have the best of experience. We have both owned and franchise large format retail stores along with an online presence at www.evok.in and on other leading e-commerce platforms. We have reworked our merchandising approach to be able to deliver products and services in line with changing consumer preferences, alongside remodelling our shop formats to enhance consumers' shopping experiences. We are opening more franchises in the rapidly evolving Tier II and Tier III cities and upgrading our product range to make it more attractive to customers.

EVOK offers a wide range of facilities such as free delivery and installation, 14-day easy return policy, along with online payment options through multiple channels such as Debit and Credit Card, EMI and Pay at Store. This has helped it grow its brand visibility online as well as strengthen sales. The project division also works in close association with architects, interior designers, builders and corporate community for retail, institutional and project business.



8,500 square feet

Average size of Evok stores

20,000+

Bouquet of products offered by EVOK stores

PRODUCT RANGE

Furniture

Home décor

Home furnishing

Wall fashion

Modular kitchen and wardrobes

HSIL ADVANTAGE

WIDE SOLUTION PECTRUM

We offer a broad range of products such as furniture, home décor and furnishings, wall fashion, modular kitchens and wardrobes and more through our range.

CONTEMPORARY APPROACH

Our products are unique and aligned with the evolving aspirations and preferences of customers in terms of design and aesthetics.

SERVICE EXCELLENCE AND AFFORDABILITY

Besides the varied price points of our products, facilities such as EMI, free installations and delivery along with prompt customer services have contributed in enhancing our service excellence.

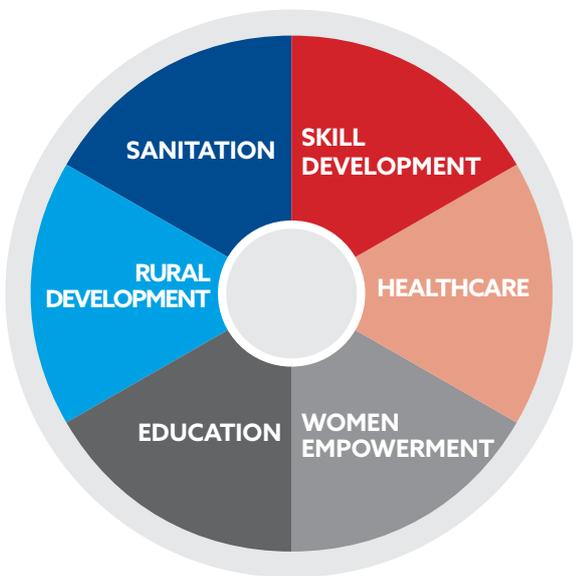
PRODUCT QUALITY

Premium quality products are delivered to ensure longevity, so consumers don't have to continually replace them.

Corporate Social Responsibility

Our Corporate Responsibility agenda forms the core of our greater purpose as a company. During FY 2018-19, we delivered on all aspects that we committed to and are extremely happy about the positive contributions we are making in the society.

WE HAVE MADE POSITIVE HEADWAY IN THE KEY STRATEGIC PILLARS ALIGNED TO OUR COMPANY POLICY.



FOCUS ON IMPROVED HEALTH AND SANITATION

“Equal access to essential health, clean water and sanitation services continue to be a priority for India, which houses one-sixth of the world’s population”, mentioned United Nations (UN) report on India’s Health, Water and Sanitation. “Inequality in access is acute, with more than 90% of urban residents accessing sanitation facilities compared to only 39% in rural India. Additionally, 44% of the population continues to defecate in the open”, continued the UN report.

We believe people should have access to basic sanitation. Therefore, we are committed to using our expertise to help make this possible. When Kerala witnessed the worst floods in nearly a century, leaving thousands homeless and large areas uninhabitable in August 2018, we contributed to ‘Build Kerala’ and donated 1,000 bathroom sets to flood-affected victims in

areas of Parur, Thrissur, Thiruvalla, Kozhikode and Kattapuram.

Through our focused project ‘Aap Ke Liye’, we continued to address the safe drinking water issue in village Kassar and Sarai Aurangabad located in Bahadurgarh in the state of Haryana. Under this project, we constructed Community Water Centres (CWCs), which are equipped with Reverse Osmosis (RO) technology with a capacity of 500-1,000 litres per hour (LPH) to ensure villagers have access to safe and clean drinking water.

In addition to our contribution to ‘Build Kerala’ and project ‘Aap Ke Liye’, we also constructed 50 individual household toilets in villages Brahmanpally and Gurraladandi in District Nalgonda in Telangana to improve sanitation, hygiene and better health for people living in these villages.

Additionally, we helped Cheshire Home India’s Delhi unit to build their sanitation infrastructure by providing them with necessary sanitaryware and faucets.

SKILL DEVELOPMENT PROGRAMMES

As India takes a leap to become a knowledge superpower, the gap between demand and supply of skilled manpower is still a bleak reality. “Skills required today as well as job markets are markedly different from those ten or even five years ago. The speed with which these changes are taking place is bound to accelerate. Therefore, the need of the hour is to build a skilling system to enable the workforce to adapt and match the new requirements, a system that responds well to business needs and provides new opportunities for all, states the Changing Employment Landscape in India: India Skills Report, 2018 published by Confederation of Indian Industry.



We are part of this need for change. We are contributing to making India a world-class skill infrastructure country, which, in turn, will help in creation of jobs. We focused our attention to those at the grassroots level and through our highly successful cyclical project '**Kaushal Vridhi**', a skill-enhancement programme, imparted sanitaryware and faucets industry skills to the villagers of Bahadurgarh in Jhajjar district of Haryana and Kaharani in Bhiwadi district of Rajasthan.

In addition to this, we continued to work on our computer learning centre project '**Kushal Vikas**' at Bahadurgarh in Haryana to help villagers gain basic computer knowledge.

We launched our 'Recognitions of Prior Learning (RPL)' project two years ago and through a third-party agency, helped over 1,500 plumbers to be trained, upskilled and certified. We understand the gaps that exist between the skilled demand and supply of manpower and therefore, our curriculum under this programme is designed to offer excellence in vocational proficiency, backed by holistic skill development for the plumbing community to help reduce the skill deficit.

To build a quality workforce, we helped ITI at Pattamundai in Odisha to setup plumbing training laboratory for upskilling of the plumbing sector community.

IMPROVING HEALTHCARE FACILITIES

We believe in taking care of communities where our plants are based. Thus, for years now, we have been making primary healthcare facilities available to the villagers and to those within the surrounding locations of Kaharani (Rajasthan), Bahadurgarh (Haryana), Bibinagar (Telangana) and Bhongir (Telangana) through our project '**Swastha Sampada**'.

EMPOWERING WOMEN

Women's empowerment in rural India is often overlooked and this is of particular concern since much of India still lives in rural areas, despite a high rate of urbanisation and expansion of cities. Our '**Project Samarth**', now operational for more than five years in Bahadurgarh, Haryana aims to essentially skill women in cutting and tailoring to aid them in earning a livelihood.

ENHANCING EDUCATION

To be at par with other nations across the world, India needs to have a high literacy rate. Despite a growing economy, a lot needs to be done to increase the literacy rates.

We contribute to the nation's literacy map through our literacy programme '**Prathamik Saksharata Kendra**'. Under this project, we provide basic education to the villagers in Bahadurgarh, Haryana.

DRIVING RURAL DEVELOPMENT PROGRAMMES

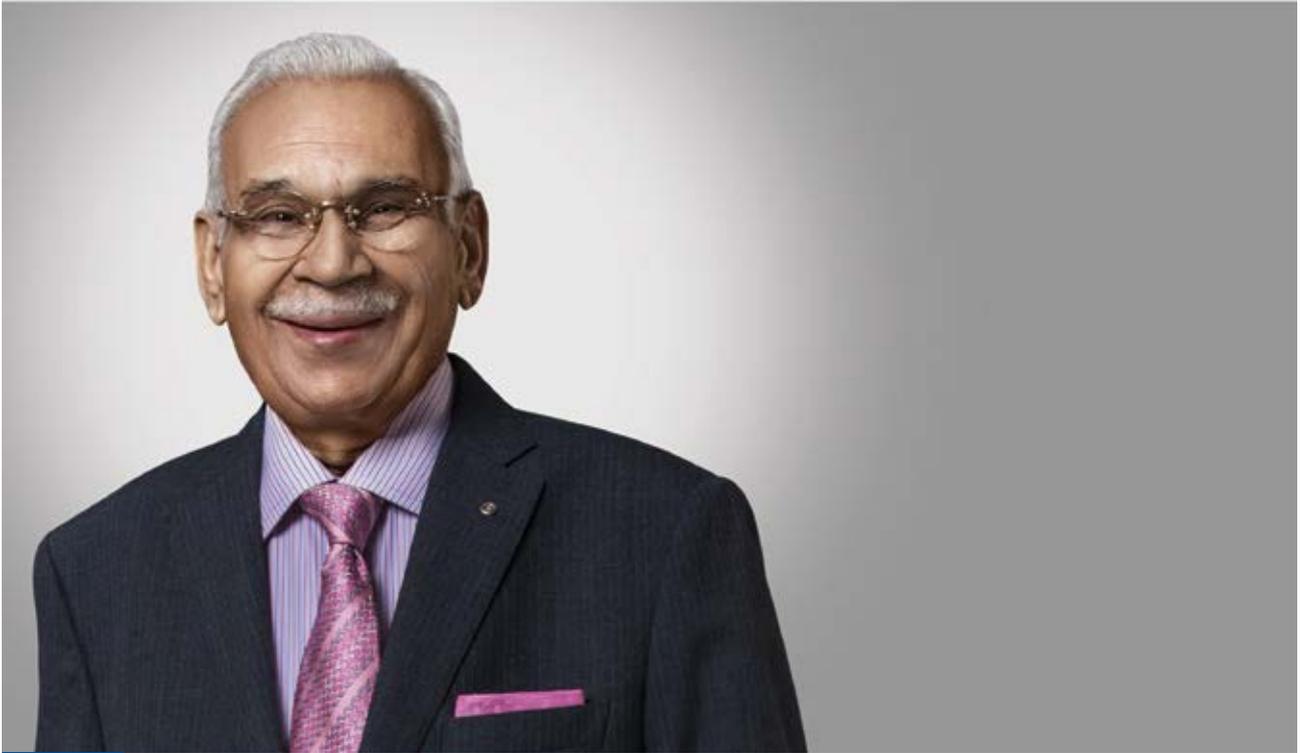
We have installed CCTV cameras around two villages Brahmanpalli and Chinnaravulapalli in Telangana to offer security to the villagers.



In August 2018, we contributed to '**Build Kerala**' and donated 1,000 bathroom sets to flood-affected victims in areas of Parur, Thrissur, Thiruvalla, Kozhikode and Kattapuram.



Board of Directors



DR. RAJENDRA KUMAR SOMANY

Chairman and Managing Director

Since: 09.01.1988

(Associated with the Company since 01.10.1965)

- › Commerce graduate from St. Xavier's College, Calcutta University
- › Provides strategic direction and vision to the Company
- › Extensive 64-year work experience
- › Active member of Rotary for past 57 years
- › Bestowed upon with degree of 'Doctor of Philosophy in Management' by KEISIE International University (KIU), South Korea
- › Presented with 'Lifetime Achievement Honour' by Washroom & Beyond, reputed trade magazine
- › Presented with 'Lifetime Achievement Award' and 'Vishwakarma Award' by Indian Plumbing Association (IPA)
- › Conferred with 'Lifetime Achievement Award' by ACETECH
- › Conferred with 'Lifetime Achievement Honour' by World Consulting and Research Corporation (WCRC)
- › Conferred with 'Lifetime Achievement Award' at India's Most Admired Brand's event hosted by White Page International
- › Presented with 'Trailbrazer of Sanitaryware Award' at World Business Conclave, Hongkong
- › 'World Leader Businessperson' recognition by the World Confederation of Business
- › Assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry and instrumental in aligning the Indian Standards with European counterparts
- › Executive Board member and Senior Fellow member of Indian Green Building Council (IGBC)
- › Chairman of Indian Plumbing Skills Council (IPSC)
- › Former Chairman of Council of Indian Employers
- › Former President of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India
- › Founder President of Bahadurgarh Chamber of Commerce and Industry
- › Fellow member of Chartered Management Institute
- › Fellow member of Institute of Directors
- › Fellow member of Institute of Materials, Minerals and Mining, UK (IOM³)
- › Life Fellow of the All India Management Association
- › Emeritus member of American Ceramic Society
- › Member of Corporate Affairs Committee and CSR Committee of the Company



SANDIP SOMANY

Vice Chairman and Managing Director

Since: 12.09.1995*

(Associated with the Company since 01.10.1985)

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

*Mr. Sandip Somany was appointed as Joint Managing Director w.e.f 12.09.1995 to 30.11.2016 and was re-designated as Vice Chairman and Managing Director w.e.f. 01.12.2016.



SUMITA SOMANY

Since: 29.05.2014

- › A Commerce graduate
- › Member of Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Company



G. L. SULTANIA

Since: 09.01.2006

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

Board of Directors (contd.)



ASHOK JAIPURIA

Since: 15.05.2004

- › Qualified in Business Administration and Marketing Sciences
- › Chairman & Managing Director of Cosmo Films Limited, an Indian MNC, which is into manufacture and export of Biaxially Oriented Polypropylene (BOPP) Films
- › Member of the Board of Governors of Public Health Foundation of India (PHFI), Gurugram
- › Former Member of the Board of Governors of the Indian Institute of Technology, Indore & Patna
- › Former Executive Committee Member of Federation of Indian Chambers of Commerce & Industry (FICCI), New Delhi
- › Former Member of the Board of Governors of the institute of Liver & Biliary Sciences
- › Former President of Golf Foundation, an organisation to help the underprivileged potential golfers in India
- › Founder Trustee of Cosmo Foundation, an Organisation to impart education to the underprivileged
- › Member of Audit Committee and Nomination and Remuneration Committee of the Company



V. K. BHANDARI

Since: 17.01.2004

- › Fellow Chartered Accountant with over 37 years of experience in the Banking Industry
- › Former General Manager of the Central Bank of India and had been the Head of Credit, Credit Monitoring, Treasury, Investment, Funds Management, Merchant Banking and International Banking Divisions
- › Chairman of the Company's Audit Committee
- › Member of Stakeholders Relationship (Shareholders'/ Investors' Grievance) Committee and Nomination and Remuneration Committee of the Company



DR. RAINER SIEGFRIED SIMON

Since: 18.05.2011

- › A German Citizen, professional with over 33 years of experience in international Building Products Businesses
- › A Doctorate and has a degree in Business Administration from St. Gallen University, Switzerland
- › Owner of Birch Court GmbH since 2005
- › Former President and CEO of Sanitec International AG (Europe's largest Sanitaryware manufacturer)
- › Held Senior Management positions at Friedrich Grohe AG (largest player in faucet business in the world), Continental AG and Keiper-Recaro and others
- › Member of the Board, Lecico Egypt S.A.E.



SALIL BHANDARI

Since: 29.05.2012

- › Fellow Chartered Accountant, Commerce graduate (Honours) from Shri Ram College of Commerce, Delhi University, and Diploma in Business Administration from the All India Council for Management Studies, Chennai
- › Founding Partner of BGJC & Associates LLP, a well-respected audit and management consulting firm based in New Delhi
- › Counselling top management in strategy implementation, scaling up of business, organisational development and management & family structures
- › Former President of the PHD Chamber of Commerce and Industry (PHDCCI)
- › Member of National Executive Committee of FICCI
- › Currently on the Board of the Indian Institute of Management (IIM), Indore
- › Former Chairperson of Society for Integrated Development of Himalayas (SIDH) and Child Fund India
- › Was the member of Task Force - Commission on Centre State Relations, Govt. of India
- › Was a Managing Committee member at ASSOCHAM
- › Was a member of the Advisory Committee, Dept. of Company Affairs, Govt. of India
- › Presented papers at national and international conferences on wide ranging issues relating to organisational management
- › Chairman of Nomination and Remuneration and Corporate Social Responsibility (CSR) Committee of the Company
- › Member of Audit Committee and Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee and Corporate Affairs Committee of the Company



N. G. KHAITAN

Since: 29.06.1996

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

MANAGEMENT DISCUSSION AND ANALYSIS

We live in interesting times when the pace of socio-economic change is faster than ever before. Economies across geographies are experiencing major shifts as geopolitical uncertainties, emerging technology waves, volatility in prices of key resources, currency fluctuations, regulatory policies, cross-border trade and commerce and climate concerns continue to pose new challenges. Add to that, lifestyle changes and evolving aspirations of consumers in an age in which information travels at the speed of light. The result is that businesses need to constantly rethink their priorities and refresh their offerings in sync with changing times. The constant pursuit of excellence and need for agile thinking are non-negotiable for businesses to survive and thrive in this era of change.



GLOBAL ECONOMIC REVIEW

The first half of the year 2018 saw the global economy gain momentum, driven by manufacturing growth and an improvement in trade conditions. However, the momentum slacked in the second half of the year owing to multiple factors including trade uncertainties between the US and China and disruptions in the German auto sector, among others. Overall, the global economy grew by 3.6% in 2018 as compared to 3.8% in 2017. [Source: IMF]

Despite slow global growth, the US economy outshone other advanced countries since it grew steadily from 2.2% in 2017 to 2.9% in 2018. A stronger currency, low unemployment rate, rise in consumer and investor confidence and minimised inflation have led to an upsurge in the US economy. Tax concessions have also added to the favourable macro environment of the country.

At the other end of the spectrum is the Eurozone economy. It slowed down to 1.8% in 2018 from 2.4% in 2017 due to challenges in the manufacturing sector. The Chinese economy grew 6.6% as compared to 6.9% in 2017 due to sluggish manufacturing output and the ongoing US-China trade disputes which affected the country's exports. [Source: IMF]



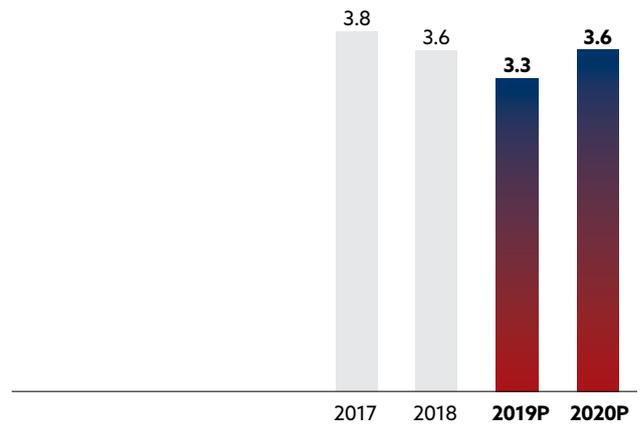
Outlook

Global growth for 2019 is projected to be 3.3% with the first half recording slow advancement. But the second half of 2019 is likely to exhibit greater potential as major economies are expected to accommodate their monetary policies significantly. Global growth is projected to return to 3.6% in 2020 owing to promising outlook projected for the second half of 2019.



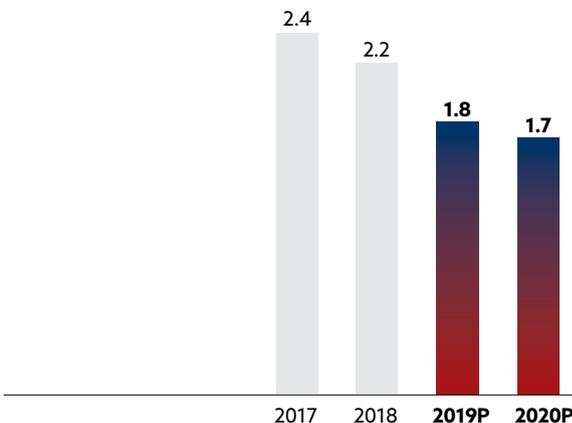
World economic output

(%)



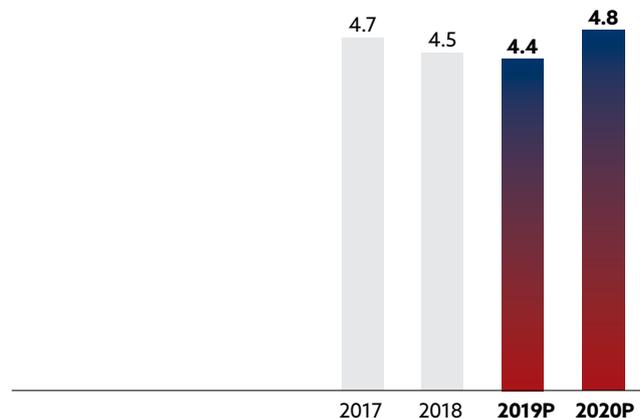
Advanced economies

(%)



Emerging market and developing economies

(%)



Source: IMF

INDIAN ECONOMIC REVIEW

Powered by favourable policy reforms and a credit rebound, India continues to be one of the fastest growing major economies. India grew at around 6.8% in FY 2018-19 as compared to 6.7% in FY 2017-18 primarily due to moderate inflation, gradual improvement in private investment cycle and stronger income and consumption trends.

Rural income and consumption should continue to enjoy policy boost such as enhanced income support to farmers and hikes in purchasing prices of food grains. Cuts in interest rates and soft food and fuel prices are likely to drive consumption in urban India.

India's growth is characterised by a strong macroeconomic policy framework, flexible exchange rates and manageable exposures to foreign-currency-denominated debt. Recent structural reforms are further catalysing domestic demand, strengthening investment and improving growth prospects.

The economy has several structural strengths and enablers that have helped it achieve robust growth and be resilient in the face of global economic volatility. Some of these structural strengths include:

DOMESTIC CONSUMPTION-DRIVEN ECONOMY

Almost 60% of the nation's gross domestic product (GDP) is driven by domestic private consumption and is immune to external shocks and intermittent cycles of high and low public investments to a great extent. [Source: World Economic Forum]

SAVING HABITS

Indian households have always maintained organised saving practices of around 22% of their net income compared to low personal saving rates of many developed nations. While this propensity to save could be due to the absence of social security nets, aspirations to access superior quality goods and essential services such as healthcare, these savings may well be channelised for further consumption or investment. [Source: World Economic Forum]

YOUNG POPULATION

India has a young working population with a median age of 28 years that is driving both income and consumption. The nation's population is expected to remain young at a median age of 31 years up to 2030, compared with 40 years in the US and 42 years in China. [Source: World Economic Forum]

POLICY REFORMS

Progressive reforms such as higher foreign direct investment (FDI) limit in retail and manufacturing sectors, the Reserve Bank of India's initiative to open up Indian government securities (G-Sec) market and implementation of easier investment norms for non-resident Indians are driving increased participation of foreign investors.

EASE OF DOING BUSINESS

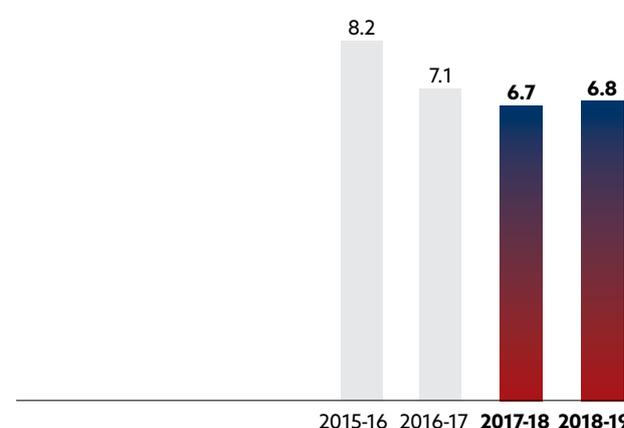
The government's structural reforms such as GST rollout and rationalisation and improved access to credit and electricity helped India jump 23 places to secure the 77th spot in the World Bank's Ease of Doing Business 2019 report.

INFRASTRUCTURE DEVELOPMENT

The nation's large-scale infrastructure development projects such as smart cities, industrial corridors, construction of road, rail, shipping hubs, power projects and affordable housing segments are fuelling economic growth.

Annual GDP growth rate

(%)



Source: Central Statistics Office (CSO)

DRIVERS OF CONSUMER DEMAND IN INDIA

Going forward, favourable demographics are expected to energise the Indian consumption story, supported by a stable and reform-centric policy framework. Domestic consumption that contributes to 60% of the GDP is expected to touch US\$ 6 trillion by 2030. India's future consumption trajectory is largely dependent on the growth of the upper-middle and high-income segments, shares of which are expected to moderate from one in four (25%) to one in two (50%) households by 2030. [Source: World Economic Forum]

SOME OF THE MAJOR DRIVERS OF FUTURE CONSUMPTION COMPRISE

Supplementary disposable income

Over the last decade, there has been a steady growth in disposable income. Young and aspirational consumers with access to attractive instalment options will ensure growth in spending from US\$1.5 trillion today to nearly US\$ 6 trillion by 2030. [Source: World Economic Forum]

Burgeoning middle class

It is estimated that by 2030, India will add approximately 140 million middle-income and 21 million high-income households, nearly doubling the total share of these segments to 51%. [Source: World Economic Forum]

Growing urbanisation

New urban clusters are propelling India's growth and more consumers with higher purchasing power are emerging beyond the metros, particularly in Tier II and III cities. Semi-urban and rural areas are getting connected to better roads and related infrastructure. Such rapid urbanisation is creating a huge consumer market.

Digital inclusion

By 2030 more than one billion Indians from rural and urban areas are expected to have access to the internet. Such digital inclusion is expected to contribute favourably



Outlook

According to estimates by CSO and the Reserve Bank of India (RBI), the Indian economy is expected to grow about 7%. Successive liquidity infusion by the RBI will strengthen the nation's economy, resulting in a gradual upswing in public and private investments. The various reform measures undertaken by the government are strengthening the economy's future growth potential.

The country's predominantly young population, fast-paced lifestyle and digital conveniences are driving the demand for premium brands with aesthetics and functionality which will augur well for the economy in the long run.

The future presents an opportunity for India to use home-grown innovation and entrepreneurship to strengthen employment, skills, health and sustainable living at the national level and undertake efforts to further reduce economic and human development disparities at a regional level. Businesses, government and social influencers have a truly unique opportunity to become custodians of India's long-term economic prosperity and inclusive society.



to India's consumption trajectory. [Source: World Economic Forum]

Policy initiatives shaping HSIL's strategy

HSIL's pan-India presence, robust manufacturing capabilities, varied and vast distribution channels, technological prowess, sourcing ability and compelling brand equity have strategically positioned the Company to gain from relevant policy initiatives implemented by the government. Some of these include:

Real Estate Regulatory Authority (RERA) implementation

In 2018, developers were primarily focused on clearing existing

inventories and adjusting to new policy requirements. The stringent measures implemented by the RERA consolidated the market and only credible developers with a proven track record survived. Affordable and mid-income housing took centre stage in 2018 and it will continue to drive residential housing both in metros and Tier II cities.

Smart Cities Mission

The government's ambitious 'Smart Cities Mission' aims to bring urban development, improve quality of life and stimulate economic growth in cities across India. In June 2018, three years following its launch, the mission welcomed its one-hundredth participating city, Shillong. This mission focuses on sustainable and inclusive development to create an ideal model for other cities to follow.

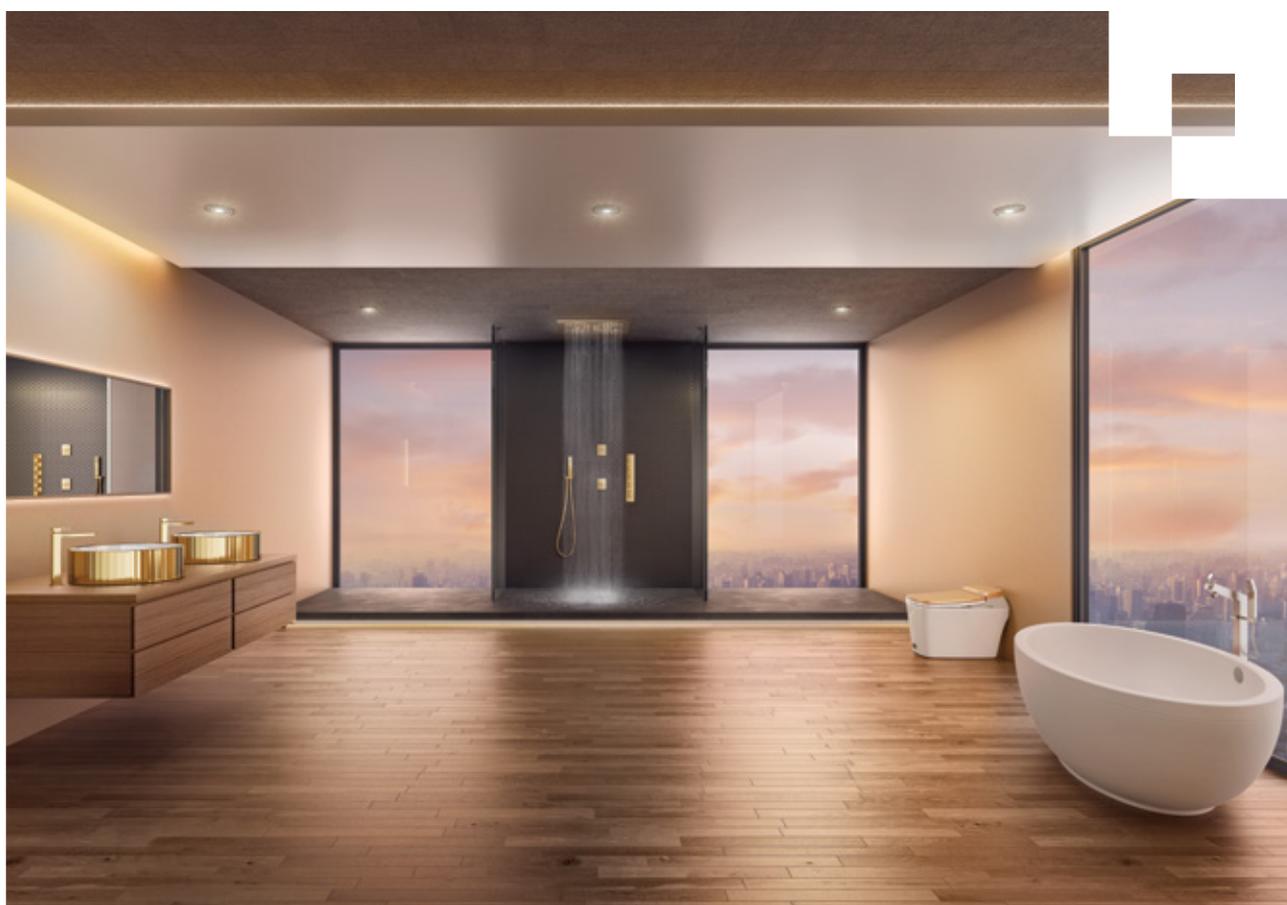
Swachh Bharat Mission

This initiative, the largest behavioural change campaign ever attempted in the field of sanitation in the world, entered its final year of implementation in October 2018. The mission aims at making India free from open defecation and achieving 100% scientific management of municipal solid waste. Under this mission's urban wing, more than 56.6 lakh individual household toilets have already been constructed till February 2019 and 6.33 lakh toilets are currently under construction. This initiative will further encourage demand for entry level sanitaryware products, expanding the market size of this segment.

Housing for All by 2022

To boost affordable housing, the Government of India launched the 'Housing for All by 2022' initiative. In addition, several other measures have been undertaken such as Pradhan Mantri Awas Yojana (PMAY), among others which aims to build one crore homes in urban and rural India by 2022. To spearhead this initiative, the Credit Linked Subsidy Scheme for the Middle-Income Group (CLSS for MIG) was announced, which has now been extended till March 2020 and is expected to enhance housing demand.

Building Products Division



INDUSTRY INSIGHT

Sanitaryware

Indian sanitaryware segment's current market size is estimated at ₹ 4,800 crore and it is growing at a steady pace of CAGR 8-10% over FY 2018-21, as per unconfirmed industry sources. This growth will be propelled by improved living standards, evolving consumer preferences, increasing disposable incomes and rising awareness surrounding sanitation. Around 60% of sanitaryware manufacturers are in the organised sector and these players leverage best-in-class technologies and differentiated designs to address the varied needs of the market.

Faucets

Faucets were considered functional products for years, but this perception is undergoing a change. Now, they serve as style statements leading to an increase in its industry

size. The domestic faucet industry is about ₹ 8,800-9,000 crore and is expected to grow at a CAGR of 10-12% over FY 2018-21, as per unconfirmed sources.

The share of organised players is gradually increasing and currently they constitute more than 50% of the market. The number of unorganised players is set to further decrease in the coming years, as these players manufacture faucets using conventional technologies and cater mainly to the mass market and low-income group. Additionally, increasing brand awareness and change in end consumers' preference will help increase the pie of organised players in the country.

Pipes

Plastic pipes and fittings market comprising polymerizing vinyl chloride (PVC), unplasticized polyvinyl chloride (UPVC) and

chlorinated polyvinyl chloride (CPVC) has reported double-digit growth in the past decade and a half. This is due to increased demand from the building and construction industry, along with the rising technological advancements in the irrigation sector. The market size of India's plastic pipes and fittings industry is around ₹ 30,000 crore and it is likely to grow at a CAGR of 14%. Within this, the market size of plastic pipes and fittings business catering to plumbing and sanitation in the building and construction industry is estimated at ₹ 9,500 crore, as per unconfirmed industry sources. The share of organised players is currently pegged at 65-70%. CPVC pipes and fittings are the fastest growing segment of India's plastic pipes and fittings industry owing to their unique selling points such as corrosion resistance, cost efficiency and flame resistance.

The replacement market is further fuelling the demand for pipes owing to the adverse water quality of the country.

GROWTH PROPELLERS

Rising per capita income

India's per capita income increased from ₹ 79,118 in FY 2013-14 to ₹ 1,25,397 in FY 2018-19. Growing income levels continue to bolster flexible consumption, benefitting lifestyle products such as sanitaryware and faucets.

Government initiatives

Large scale initiatives such as the 'Swachh Bharat Abhiyan', the 'Smart Cities Project', and the 'Housing for All' scheme are stimulating growth in construction activities, thereby augmenting demand for pipes, sanitaryware and faucets. Under the 'Housing for All' (PMAY) scheme, the government targets the provision of affordable housing for 20 million people by 2022 of which 1.9 million houses were completed at the end of March 2019.

Increase in ownership of aspirational brands

Bathrooms have come of age and now represent ones status quotient. Today, a bathroom is as important as any other room in the house and is seen more as a 'personal space'. This change in perception and enhanced consumer lifestyle are increasing

appetite for aesthetics and novel designs, which, in turn, is pushing the demand for quality sanitaryware products. Technologically advanced and innovative products such as water-saving European water closets (EWCs), electronic flushing systems, sensor, operated flushing systems and decorative ceramic accessories, among others, are helping to drive the shift towards premium bathrooms, encouraging companies to increase their average realisation per piece.

Expanding replacement market

With consumers increasingly becoming brand conscious, the home renovation market is expanding. The PVC, CPVC, UPVC and SWR pipes have acquired increasing significance due to better functional efficiency in comparison to metal pipes, which is why they have great potential to replace the latter.

Growing affluence

Aspiring and affluent households have helped spur domestic consumption in India. Consumers are spending on categories beyond essentials as the number of affluent households is growing. According to a report by the Boston Consulting Group, affluent households have more than doubled since 2008, from 10 million to 24 million in 2018.

BUSINESS REVIEW

We revolutionised the sanitaryware industry and since our inception, have been the leading player in this segment. We constantly listen to what customers want and then work closely with our research and development team to introduce products that we think are 'industry musts'. For over five decades, our bathroom business has been a brand driven by innovation. Within a short span of time, we have steadily grown our market share in the faucet industry and today are one of the leading players in the country. The Building Products Division offers a wide range of extraordinary products across sanitaryware, faucets, wellness, plastic pipes and fittings categories. Under our bathroom solutions, we cater to the mass, premium, super-premium and luxury segments with multiple brands across the entire value chain.

In order to enhance our relevance as a complete bathroom solutions provider, we tapped into the plastic pipes and fittings segment (comprising PVC, CPVC, UPVC and SWR). Under this segment, we offer solutions to the building construction domain for potable water transportation, water harvesting, underground drainage and sanitation applications. Our brand prominence, introduction to 59,000+ plumbers through formal meets, extensive product range, widespread distribution network, innovative concepts and designs and world-class quality standards are enabling us to grow sustainably.





357+

Hindware brand stores offering full-fledged shopping experiences.

45+

QUEO brand stores

5

Lacasa stores

ACHIEVEMENTS OF FY 2018-19

Sanitaryware and Faucets

- › Expanded product offering to include 90+ new sanitaryware and 270+ new faucet SKUs, including three new premium ranges namely single lever Avior, dual handle Dove and Contessa Neo, to meet consumers' individual design aesthetic and mood.
- › Launched the first Lacasa training centre in Kochi to impart best-in-class training to strengthen the internal talent pool and equip them with technical skillset.
- › Our Bahadurgarh plant received a silver medal in the 'National Award for Manufacturing Competitiveness' from the International Research Institute for Manufacturing, Mumbai making us the first company in the sanitaryware segment to have received this award.
- › Introduced automatic robotic glazing system to ensure an even coat of glaze and consistent quality at our Bahadurgarh plant.

Plastic Pipes and Fittings

- › Achieved sales of over ₹ 130 crore in a short span of eight months since its commercial launch and created widespread distribution and retail network.
- › Received National Sanitation Foundation (NSF) ANSI 14 certification which enables us to create product differentiation.
- › Introduced 1000+ SKUs to cater to diverse market requirements.



Outlook

Going forward, we believe that our product range across price points, marketing muscle, distribution network and established relationships with existing dealers and customers will enable us to grow sustainably. We plan to fully capitalise on the growing demand for building material products in the country and reinforce our leadership. Refreshing and realigning our strategies to enrich our portfolio in keeping with the evolving requirements of our customers will also remain at the forefront. We will continue to expand our online and offline reach in the market, work towards improving the productivity of our assets including plants, employees and distribution partners, alongside investing in contemporary technologies and maintaining our unwavering focus on customer service. We also plan to devote greater attention to resource efficiency and green operating practices.

Consumer Products Division



INDUSTRY INSIGHT

The consumer durables sector in India is expanding rapidly, fuelled by innovations and digital penetration. With an improvement in domestic consumption, the industry witnessed a growth of around 7-8% in FY 2018-19. The Indian appliance and consumer electronics (ACE) market is likely to expand at 9% CAGR to reach ₹ 3.15 trillion in 2022. By 2025, the country is set to become the world's fifth largest consumer durables market.

Technological advancements, such as connected devices and smart homes are changing the way consumers and the industry look at consumer durable products. Consumers are becoming more technology-savvy and manufacturers are responding to this need by attaching greater importance to technological innovation to offer sophisticated products.

The consumer durables sector is revisiting the overall channel mix and is invested in capitalising on growing e-commerce, optimising supply chain and consolidating traditional sales channels.

GROWTH PROPELLERS

Rising middle and high-income class income households

India is expected to add around 140 million high-income households to its population by 2030. This will double the total share of middle and high-income class segments to 50%, thereby increasing the average spending capacity of consumers.

Continued urbanisation

In India, the population of people living in Tier II cities is growing across the country. According to the United Nations World Urbanisation Prospects 2018 report, 34% of India's population now lives in urban areas. Such a rise in urbanisation is

expected to result in a larger number of modern households.

Rise in use of plastic money

The growing use of plastic money (credit and debit cards) is increasing consumer spending. The acceptance of plastic money by retailers mostly in the organised sector is helping Indian consumers experience the convenience of cashless shopping. Furthermore, adding to the demand of consumer durables are the attractive year-round discounts on e-commerce platforms and retail shops.

Financing schemes

Credit availability and quick loans by banks and non-banking financial companies (NBFCs) across India are driving consumption demand.

Dual income households

The rise of dual income households have significantly increased the

spending capacity of consumers in India, contributing towards consumer durable market expansion.

Rise in nuclear families

The number of nuclear families has risen rapidly in the last two decades and trends suggest that nuclear families are known to spend more on consumer durables as compared to joint families, adding to this segment's growth.

Discretionary spending

The rise in consumers' income levels has led to increased discretionary spending. With this economic transformation, consumer durable products such as water purifiers, air conditioners, hobs and chimneys now find more takers.

Innovative advertising and brand promotion

Attractive sales promotion measures such as discounts, free gifts and exchange offers have also enabled consumer durable companies to enhance sales.

BUSINESS REVIEW

We are among the fastest growing consumer appliance companies in India, that helps enhance modern

consumer lifestyles in the country. This business is made up of a variety of individual categories of products, each helping to make better homes a reality for everyone, everywhere in India. We offer a wide range of product categories, including water purifiers, air coolers, water heaters, air purifiers, kitchen appliances such as chimneys, cooktops, hobs, cooking range, induction cooktops, food waste disposers, built-in microwave ovens, dishwashers and extractor fans. We understand the importance of comfort, modern craftsmanship, style and optimal functionality in every aspect of the home. Therefore, all our products are designed with the purpose of making our consumers' lives easy.

Our competitive advantage has never been greater. We have expanded and strengthened our extensive network with significant online presence through key e-commerce portals.

15

Applied for patents across various categories within a two-year span.

ACHIEVEMENTS OF FY 2018-19

- › Applied for 15 patents across various categories within a two-year span which is a major achievement for the division.
- › Reported 61% volume growth in water purifiers with encouraging offtake in most variants.
- › Hindware Snowcrest air coolers carved out a value growth of 31%, despite the overall industry degrowth.
- › Launched brand Hindware Calisto, in alliance with e-commerce major, Flipkart. Under this new brand, the water purifier was the first product to be inaugurated and, allowing us to achieve 4% representation within the water purifier category on Flipkart.
- › Launched 18 new stylish water heater variants, thereby strengthening our offerings in this category.
- › Bolstered our air coolers category by launching two new air coolers - Snowcrest 24 HG and Snowcrest 23 HO to cater to modern, e-commerce and general trade. These launches took the total SKU's to 26.
- › Launched 18 SKUs of chimneys, 13 SKUs of hobs and seven SKUs of cooktops to make us stronger in the auto-clean chimney segment.

Outlook

We are very optimistic about our growth in the consumer appliance sector. Evolving consumer lifestyles and ever-growing per capita income in the economy is going to ensure that our road to growth continues exponentially. Our design-driven approach coupled with cutting-edge technology are helping us leverage market opportunities. We plan to capitalise on the growing demand for water heaters and air coolers and further increase our market share to become one of the top three players in these categories. The acceleration in consumer demand, changes in consumer attitudes and rising urbanisation will push the demand for kitchen appliances, thus presenting us with an opportunity to further grow in this segment.

With the advent of new age technologies, we have already embarked upon an ambitious programme to be the frontrunner in introducing internet-of-things (IoT) based products in the market. We plan to launch our first IoT-based water purifier in FY 2019-20. During the year under review, our R&D initiatives received considerable impetus and we expect to launch a wide basket of breakthrough projects in the impending financial year.

Over the next few years, Moonbow by Hindware will launch advanced water purifiers with hot water tank and IoT-enabled technology that can be controlled from anywhere and at any time by means of an application.

Our growth journey will continue unabated and we will consistently put in efforts towards building engaging and agile brands, offering quality and differentiated products, gaining competitive advantage in the market and expanding our retail and distribution network.

We are looking forward to the next chapter of growth and are channelling more energy in three directions; deepening the penetration in metros, creating our network in Tier II and III cities and propelling technological innovation and brand building.

Packaging Products Division



INDUSTRY INSIGHT

Glass packaging

The global production of glass containers in 2018 was 55.66 million metric tonnes and is expected to reach 70.15 million metric tonnes by 2025, growing at over 3% CAGR. (Source: Businesswire) The demand for glass bottles is also likely to steadily rise and reach a value of US\$ 72.57 billion by 2025, growing at 3.81% CAGR. The Asia Pacific region was the leader in the global glass industry with almost one-third market share in 2018, followed by Europe with a 30% share during the same period. As per unconfirmed industry sources, India's container glass market is expected to grow by 7% CAGR from FY 2019-20 to FY 2026-27.

The food and beverage product manufacturers are increasingly adopting glass bottles as their packaging solution owing to their

multiple favourable properties. Glass bottles can keep items intact and retain their true flavour over a long period of time, they can also be recycled and have minimal chemical interactions. Additionally, glass bottles are non-porous, impermeable, hygienic, eco-friendly and aesthetically pleasing. This is leading to its ever-increasing use in the packaging industry. In India, rising beer and liquor consumption and the growing pharmaceutical market are further expected to drive the demand for glass bottles and containers.

Polyethylene Terephthalate (PET) packaging

PET products are growing at a steady pace due to their unique selling propositions such as sustainability, long shelf-life, light weight and favourable technical performance and aesthetics. In addition to this, the rise in consumption of

ready-to-eat products and demand for packaged water and personal care products are few factors propelling this growth. The global consumption of polyethylene terephthalate (PET) packaging is likely to reach 21.1 million tonnes by 2021 and the world's PET packaging market is expected to grow at 4.03% CAGR over FY 2018-23. (Sources: Smitherspira and Businesswire) However, the unstable economic cycle and increasing ban on PET products in global economies are growth limiting factors.

Security caps and closures

Increasing demand for convenient packaging and growing concerns about product safety are acting as driving forces for the security caps and closures market. The plastic caps and closures market is expected to grow from US\$ 40.52 billion in 2018 to US\$ 51.67 billion by 2023,

at a 5% CAGR. Asia Pacific accounts for the largest market share and is projected to grow at the fastest CAGR during the forecast period. End-use industries such as liquor, pharmaceuticals, bottled water, food, home and personal care are boosting growth. These segments face a severe threat from counterfeiting due to which security caps and closures are becoming more relevant. (Sources: PR newswire). East African countries have also emerged as a fast-growing market for counterfeit-resistant security caps and closures, particularly in liquor and pharmaceutical segments due to increasing number of knockoffs.

GROWTH PROPELLERS

Expanding liquor industry

India is one of the fastest growing alcohol markets in the world. Indian Made Foreign Liquor (IMFL) that includes whisky, vodka, brandy and rum is highly preferred by consumers in India. The volume of IMFL rose by 10% to 359 million cases in 2018. (Source: Timesnow News)

Rising beer consumption

Rising disposable income, changing attitude among young consumers and an emerging beer culture have led to an increase in beer consumption in India. India's beer market is projected to grow at a CAGR of 7.6% between 2018 and 2024. (Source: Research and Markets)

Expanding pharmaceutical market

Glass and PET bottles are two of the key packaging materials used for pharmaceutical products. India is one of the largest providers of drugs globally and Indian pharmaceutical sector caters to over 50% of the global demand for various vaccines, 40% of generic demand in the US and 25% of all medicines in the UK. (Source: IBEF) Low manufacturing cost and increasing investment in research and development (R&D) is expected to spur the demand for pharmaceuticals in the nation.

Surging FMCG industry

The fast-moving consumer goods (FMCG) sector is the fourth largest in the economy and India's young population is stimulating this

growth. Glass and PET bottles are thus becoming a prevalent and economical solution for packaging soft drinks, fruit juices, bottled water and other fast-moving consumer goods (FMCG).

Increasing application of glass containers

Glass containers are finding more usages in the food packaging industry for factors such as environmental benefits, shape and size retention capabilities over a prolonged period and ability to preserve the taste and flavour of the packaged content. This is enhancing the appeal of packaged products and promoting glass as a premium packaging material.

Preventing counterfeit products

In India and other developing nations, millions of bottles of beverages, liquor, pharma, edible oil and lubricants are counterfeited leading to adverse consequences. These industries need to look for counterfeit-resistant security caps and closures with additional features like improved sealing, ease of opening and closing and multiple design possibilities at moderate rates.

BUSINESS REVIEW

Our Packaging Products Division (PPD) comprises three segments namely glass containers (including specially coloured glass), PET bottles and products and counterfeit-resistant security caps and closures. We are one of the leading container glass manufacturers in India with a growing market share. We currently possess two glass manufacturing facilities at Hyderabad and Bhongir in Telangana with combined daily production capacity of 1,600 tonnes. We manufacture lightweight glass bottles using narrow neck press and blow technology on several lines.

Currently, we offer customised products and solutions in PET through our three state-of-the-art facilities at Selaqui in Uttarakhand, Sangareddy in Telangana and Dharwad in Karnataka with an annual production capacity of 10,166 tonnes. To strengthen our

capacity utilisation and achieve backward integration, we forayed into manufacturing seat covers and PVC cisterns for our Building Products Division.

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

ACHIEVEMENTS OF FY 2018-19

AGI Glass:

Glass containers

- › Participated in CII-SR EHS Excellence Award for 2018 to make our operations environmentally compliant.
- › Received four-star rating for Bhongir plant for Environment, Health and Safety (EHS) practices.

104

New products developed to cater to the wide requirement of existing customers and address new customer needs

ACHIEVEMENTS OF FY 2018-19

Garden Polymers:

PET bottles and products

- › Manufactured and commercialised four cistern models and three seat cover models at Selaqui and Sangareddy plants.
- › Innovated a drip-free bottle for syrups with a unique neck design that eliminates dripping while pouring with a matching tamper evident cap to prevent leakage, insect ingress and to protect the neck in transit. The product is being patented.
- › Redesigned a bottle with a shorter neck to optimise weight and material use.
- › Started manufacturing high-density polyethylene (HDPE) bottles as part of the process to diversify the product mix from PET to other polymers/processes. These products will serve the requirement of pharma exports in regulated markets.

AGI Clozure:

Security caps and closures

- › Received platinum rating certification for the manufacturing plant by Indian Green Building Council (IGBC), thereby making it the first caps and closures manufacturing facility in India with IGBC Platinum rating certification.
- › Strengthened our engagement with existing customers and added more customers to our portfolio in the global market and in Europe, South East Asia and East African countries.
- › Offered innovative value-added solutions to clients by using security inks to protect our closures from being altered or duplicated.

Outlook

Going forward, India's packaging industry is expected to grow at a steady pace with stringent norms requiring clean and safe packaging solutions across downstream sectors. From food and beverages to pharmaceutical formulations and personal care products, packaging has become an important aspect across all sectors for protection and safe transfer of products besides enhancement of visual appeal. Moreover, we are focusing on new designs and efficient manufacturing processes and are also working towards offering customised and value-added products to cater to specific customer requirements. We will continue to invest in product innovation, optimise existing capacities and promote cost efficiency across our plants.



Retail Division



INDUSTRY INSIGHT

The furniture sector is still largely unorganised in the country, but the implementation of tax reforms is acting as a facilitator to transit this sector into becoming an organised business segment. India's woodworking industry is one of the fastest growing sectors of the economy. According to a study by the World Bank, India's organised luxury furniture industry is expected to be at US\$ 27.01 billion by 2020, registering a CAGR of 4.1% during the forecast period between 2015-2020. In this context, it is pertinent to mention that as the sector becomes largely organised, high brand salience will play a significant role influencing buying decisions.

The online home décor market is growing due to rapid urbanisation and rising disposable income. The availability of furniture in various

regions through e-commerce sales has increased in the last few years. Another trend that is prevalent is the increasing number of tie-ups between domestic players and foreign manufacturers to improve product design and quality.

GROWTH PROPELLERS

Rapid urbanisation

With rapid urbanisation, the number of people living in residential flats is increasing. This, in turn, is ramping up the demand for modular and compact furniture.

Evolving consumer lifestyles

In recent years, rising income levels and India's young working population have increased household spending. Upsurge in the number of nuclear families and ease of online shopping are acting as catalysts to the demand for home décor products and boosting the replacement market as well.

Growing start-up sector

The service sector is a key economic driver for India. Improved ease of doing business in the country is stimulating the growth of start-ups and small businesses. This has led to an expansion in office space, thus propelling the demand for office furniture.

Rising tourism and hospitality

India is becoming a popular destination for tourism. The launch of several brand and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' have also provided a focused growth impetus. This is expected to act as an agent to strengthen furniture demand.

Expanding e-commerce

India is one of the fastest growing markets for the e-commerce sector and with the growing infiltration of smartphones, online shopping is on a steep rise. More people are buying online furniture, due to the availability of a variety of designs and easy return and refund policies.

Growing aspiration

A significant population of consumers now want stylish and quality furniture and accessories to enhance their living spaces. Since the Indian consumer is now well-travelled and aware of international trends, this awareness has generated a new marketplace for stylish and bespoke furniture.

BUSINESS REVIEW

Our home interiors speciality business operates under the EVOK brand. From home furniture, soft furnishings, home décor and accessories to modular kitchens and wardrobes, we showcase close to 20,000 contemporary products. Alongside operating 25 retail stores nationally (both owned and franchise) we also sell on online portal at www.evok.in and through other e-commerce platforms such as Pepperfry and Urban Ladder. This business division gives us the opportunity to work closely with architects, interior designers, builders and corporate community for retail and institutional projects. We also offer durable and quality hardwood furniture that eliminates future replacement costs for our consumers.

Through EVOK, we have leveraged the core strengths of HSIL and have put in considerable efforts in understanding diverse consumer and trade behaviour, retail distribution network, brand equity, global sourcing and cost-effective supply chain management. We offer affordability with quality and accessibility with diversity (more stores and digital platforms and greater variety in designs) to ensure that our consumers have the best experience with us.

A trend that is encouraging the growth of this industry is online furniture buying. Several retailers

are actively offering discounts to their customers and fundamentally rethinking the very nature of their offerings for the online segment to leverage this growing opportunity. This has led to severe competition among companies operating in the digital segment.

5 million

Consumers reached through Evok's online and offline channels so far



ACHIEVEMENTS OF FY 2018-19

- › Registered a top line growth of 39% business on online Evok platform from last year, thereby strengthening our position in the furniture category in the overall online space.
- › Partnered with e-commerce stores to strengthen our distribution network. Various customer-friendly facilities such as free delivery and installation, 14-day easy returns with several online payment options, such as debit and credit card, equal monthly instalments (EMI) and 'pay at store' facility helped us increase our online sales considerably.
- › Reached five million consumers through Evok's online and offline channels so far.

Outlook

We plan on opening more franchises in the rapidly growing Tier II and III cities as well as increasing our range of products to make them more relevant for the local markets. Besides driving e-commerce growth, we are also working to consolidate our position in brick-and-mortar retail. Through our scientific range of planning and revamped store layouts, we are redefining our merchandising strategy in line with changing consumer preferences and to enhance consumer shopping experience. We also ventured into new sourcing locations such as Brazil, Turkey and Malaysia to improve the sourcing capability and credit terms.





Managing and Mitigating Risk

We, at HSIL, have developed a robust governance mechanism across the organisation. Our risk management framework identifies and assesses strategic, operational, financial and compliance risks and monitors the effectiveness and efficiency of risk mitigation and control measures. The major risks identified by businesses and functions are systematically addressed through mitigating actions continually.

The responsibility of tracking and monitoring the divisions' key risks periodically and implementing suitable mitigation plans proactively is with the senior executives of various functional units. These risk owners are expected to avoid any undue deviations or adverse events and ultimately facilitate value creation for the business.

During the year, we undertook multiple initiatives to strengthen, widen and deepen the scope and coverage of the risk framework across the Company.



STRATEGIC RISKS

WHAT IT MEANS:

As any organisation attempts to achieve its strategic objectives, internal and external exigencies can inhibit it from achieving the same purpose.

Risk factors	Effects	Mitigation measures
Economic uncertainties	Slowdown of the Indian economy can lead to a demand decline for our products	The Indian economy is on a consistent growth trajectory and continues to be among the fastest growing major economies. Factors, such as growing consumer affluence and urbanisation are expected to drive the demand for our products. Moreover, our business diversification into four varied verticals has ensured that there is no overdependence on any one sector, safeguarding us from any sudden industry downturns.
High volatility in real estate industry	Slowdown in the growth of real estate in the nation could affect sales and revenue	Stringent measures implemented by the Real Estate (Regulation and Development) Act has ensured the elimination of non-serious players and only credible developers with proven track records now remain in the market, leading to its consolidation. The demand for affordable and mid-income housing took centre stage in 2018, and will continue to drive residential housing both in metro and Tier II cities. Moreover, we are not completely dependent on any one sector for revenue.
Rising competition	Increase in competition can lead to lowering of sales and market share	We have been in the industry for over five decades and have developed significant brand equity and product recall. The availability of our products across a wide price range and dedicated after-sales service has enabled us to connect with a huge customer base.
Entry of multinational players	Entry of global players with a wide reach into the market can disrupt the sectoral equilibrium	Our trusted brands, innovative products, wide distribution network and a loyal consumer base give us an edge over competing multinational players.
Inability to gauge preferences	In a dynamic market environment, where preferences evolve fast, inability to judge customer's preferences can dent market share	To grow our wide range of products, we are constantly seeking breakthrough innovations in each product segment. This helps us in unveiling new products to cater to evolving customer aspirations.
Dependence on few customers	An excessive dependence on a few clients can affect sales	We have a widespread and loyal customer base across different industries. Our Company has always focused on building long-term and rewarding associations with clients across industries.

BUSINESS RISK

WHAT IT MEANS:

Anything that threatens an organisation's ability to meet its target or achieve its financial goals.

Risk factor	Effect	Mitigation measures
Unorganised sector	Low-priced products from players in the unorganised sector can erode our market share	Threat from unorganised sector is gradually expected to mitigate due to the implementation of the GST reform. Besides, our innovative products cater to a wide spectrum of discerning consumers with varied aspirations.
Lack of innovation	Inability to remain relevant in the market through the identification of current trends and roll out innovations	We conduct market research to remain updated about shifting market trends. Our expert R&D team is also constantly working towards being able to leverage advanced technologies and unveil innovative products into the market, in line with consumer requirements.
Lack of prominence	Poor marketing and distribution can hinder sales and growth	Strengthening distribution network is an ongoing exercise that we conduct. Beyond metro cities, we focus on growing our distribution network in Tier II, III and IV towns as well. To capitalise on existing market opportunities, we are constantly striving to improve our presence in various e-commerce platforms besides our own website as an additional channel of distribution.
Quality of team	Low employee competencies and inadequate experience could affect our growth	We have a stringent hiring process and have ensured there are qualified and competent personnel at key positions for hassle-free process execution. Also, we encourage our employees through various engagement programmes and organise industry specific trainings regularly. There is an attractive reward and remuneration programme in place for exemplary performance.

Risk factor	Effect	Mitigation measures
Working capital management	Inability to meet short-term liquidity requirements can affect growth and profitability	We always strive to improve our working capital requirements by optimising inventory and receivables cycle and extending our payables cycle.
Threat from PET packaging	Rising demand of PET packaging could hurt the sales of glass container business	Our glass business is seeing a steady rise in sales due to various eco-friendly measures being undertaken in the world. Besides, our presence in the PET segment ensures any loss of sales in the glass segment is met up by the PET segment.
Rapid product turnover	Fast product turnover burdens the inventory excessively	Our robust inventory management ensures there is proper mapping of Stock Keeping Units (SKUs) for gradual phasing-in and phasing-out. Exhaustive analytics is employed in planning timely replacement of SKUs so as not to impact revenue generation.

OPERATIONAL RISK

WHAT IT MEANS:

The prospect of incurring a loss resulting from inadequate or failed procedures, systems or policies

Risk factor	Effect	Mitigation measures
Inadequate raw material availability	Inability to be able to source a regular supply of raw materials at optimum price can adversely affect operations	We have established strong relationships with multiple vendors to procure our raw materials to avoid dependence on a few. Besides, we engage with our vendors daily to plan our raw material inventory pipeline.
Quality issues	Lowering or variation in product quality can affect sales and cause customer attrition	We don't compromise on product quality and thus have aligned quality checks across our manufacturing chain with global standards. External checks include maintaining strict control over suppliers of traded products and ensuring their quality is in line with our standards. Following manufacture, our products undergo a series of quality checks to ensure we have low rejection rates and minimal customer complaints.
Operational bottlenecks	Constant disruption in operations could hamper production	Our facilities are state-of-the-art with global manufacturing practices in place along with automation to improve processes and product quality. Our consistent endeavour to improve and streamline internal processes and Total Productive Maintenance (TPM) have helped enhance the input-output ratio.
Credit standing	Inadequate funds may impact the daily operations of the Company	Enduring lender relationships and a high credit profile have ensured that funds are readily available to the Company at competitive costs. Calculated steps are taken to contain the cost of long-term debt and increase the maturity of proposed debts.
Rising costs structure	Inability to achieve higher cost efficiency may affect profitability	We adopted best practices and standards across our manufacturing facilities and increased operating efficiency through product planning, increasing utilisation rates and reducing production cost across our manufacturing facilities. Also, we are conducting detailed reviews to identify areas where we can reduce our raw material and energy costs, without compromising output quality.

INTERNAL CONTROL SYSTEMS

INTERNAL CONTROLS

The internal control systems are commensurate with the size, scale and complexity of the operations of the Company.

The systems, standard operating procedures and controls are implemented by the executive leadership team and are reviewed by the internal audit team whose findings and recommendations are placed before the Audit Committee.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and,

thereby strengthening the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee.

The Audit Committee reviews the reports submitted by the Internal Auditors in each of its meeting.

INTERNAL FINANCIAL CONTROLS

The Company has an IFC Framework, commensurate with size, scale and complexity of its operations.

The framework has been designed to provide reasonable assurance with respect to reporting and reliable financial and operational information complying with applicable laws. This helps in safeguarding assets from unauthorised use, ensuring execution of each transaction with appropriate

authorisation and compliance with policies of the Company.

The Company has documented Risk and Control Matrices (RACM) covering all significant risks and all controls are tested for design and operating effectiveness as part of its Internal Financial Control reporting framework.

The Company uses Systems, Applications, Products (SAP) - a well-accepted enterprise resource planning (ERP) system to record data for accounting, consolidation, and management information purposes and connects to different locations for efficient exchange of information.

In our view, the Internal Financial Controls are adequate and in line with best practices applicable to organisations of a similar size, nature and complexity. The Company has continued its efforts to align all its processes and controls with best practices.

Human Resources

NURTURING OUR CAPABILITIES

We believe that our growth and future success is interlinked with the skillsets of our workforce and therefore, at HSIL, meticulous nurturing of a competent and engaged team that can shoulder the responsibilities of today and become future leaders, is undertaken. Our focus is to build excellence in every step, across all facets of the business, driven by people who are committed, creative and passionate. We are

keen on attracting the right talent, upskilling our people, recognising and rewarding team effort and encouraging them to embrace excellence in their professional and personal lives. We made significant progress in FY 2018-19 in articulating our employer brand promise and strengthening our recruiting efforts as talent continues to be a major cornerstone of our growth plan.

The men and women at HSIL are dedicated, passionate and

reliable. They are our partners in success. We seek out the brightest people—from a variety of backgrounds and experiences and provide them training, a diverse and inclusive environment and opportunities to enhance their potential and become experts in their field. Our people are problem-solvers who never say “never” and always strive for nothing short of excellence and together we are stronger. As on 31st March 2019 the work force was over 4,190.

CAPABILITY ENHANCEMENT

All our employee development initiative are based on the following competencies.

Goal-oriented discipline	Remains focused, enhances performance and speed, finds opportunities to drive growth, and deals with ambiguity
Communication	Facilitates the flow of information, manages conflict, and change and engages others
Customer orientation	Ensures customer product and service needs are met
Analytical and problem-solving	Ability to plan, analyse and provide solution
Business acumen/functional skills	Demonstrates requisite skills to successfully perform
Team development	Identifies development needs, employs coaching and motivates team
Emotional intelligence	Able to perceive, assess and positively influence one's own and other people's emotions
Personal development	Manages and develops self to achieve performance goals

At HSIL, our philosophy is that great results are dependent on people who are driven, skilled, engaged and happy. Our most recent development initiative is the Training Academy. We, at HSIL, curate training programmes keeping in mind the eight broad competencies common to all business units as well as the specific needs of each business vertical. We understand that all individuals have their own key strengths, therefore, our competence-mapping exercise aims to align employees' key strengths with the needs of the business. The Academy will set new standards, in training and education and give employees access to different levels of learning.

DEFINING CAREER PATHS

We launched the Consumer Business Emerging Leadership Program (CBELP) for our Consumer Products Division. The programme assesses employees who have showcased commendable performance at critical business junctures and delivered results. This is a succession planning practice, focused on career development initiatives, planned over a period to prepare these employees to take up leadership roles and responsibilities.

HUMAN RESOURCE (HR) POLICIES - REVISITING AND CREATING NEW ONES

We revisited our existing policies, made necessary changes and launched new policies in line with the evolving people practice landscape. These HR policies are aligned with our vision and enable us to achieve our strategic objectives. As a policy, we encourage our people to exchange ideas and expand their repertoire of skills.

SAKSHAM

As our businesses grow exponentially, we need to train more resources to expand our sales team. We selected 40+ management and engineering trainees from various campuses across India and guided them through a rigorous training programme. In addition to this, we collaborated with leading management institutes to offer management skills to our sales trainees by enrolling them in the institutes' distance learning MBA programmes. We are confident that such initiatives will help individuals in our sales team to become more effective managers and team members. This programme has been aptly named – **Saksham**, a term which literally means 'capable'.

DIGITALISATION

We made our HR processes transparent and employee-centric by adopting digital processes, which can be accessed online. Using artificial intelligence (AI), our employee-related decisions have been made data driven.

TOMORROW'S MINDSET

Going forward, we plan on launching more need-based HR initiatives that will help our people aspire and attain additional professional milestones. We are strengthening our talent management strategy to chart out a systematic career path for the top performing employees, using various business tools to define key performance indicators (KPIs) for employees. Our HR software will help assess our employees better and provide them with relevant development goals.

As we advance our businesses and capabilities, our long-standing business model—the very best products backed by the very best people—continues to be the foundation of our success.

Analysis of Financial Statements

FINANCIAL HIGHLIGHTS (STANDALONE)

(₹ in lakh)

BALANCE SHEET	2014-15	2015-16 [#]	2016-17 [#]	2017-18 [#]	2018-19 [#]
Equity Share Capital	1,445.97	1,445.97	1,445.97	1,445.97	1,445.97
Reserve and Surplus	54,358.03	61,376.91	68,451.04	72,585.11	75,331.03
Share Premium	45,497.87	45,497.87	45,497.87	45,497.87	45,497.87
Business Reconstruction Reserve	42,267.37	30,419.59	29,608.83	29,398.19	29,177.01
Loan Fund *	76,454.52	64,157.30	74,099.96	1,09,562.20	1,21,852.85
Deferred Tax Liability	10,449.86	20,759.32	20,768.33	21,154.21	21,601.08
Other Long Term Liabilities (excluding trade deposits and deferred government grant)	186.57	82.74	1,216.74	8,97.86	942.17
Long Term Provision	724.52	781.14	957.37	1,021.38	1,100.56
Total	2,31,384.71	2,24,520.84	2,42,046.11	2,81,562.79	2,96,948.54
Net Block (tangible and intangible including goodwill)	1,55,953.69	1,51,374.35	1,52,327.77	1,68,106.85	1,94,989.03
Capital Work-in-Progress (including capital advances)	4,542.08	8,197.36	20,726.86	23,781.09	12,083.69
Investments	14,448.58	3,261.91	3,503.53	3,455.34	2,249.75
Other Non-current Assets (including current tax)	1,734.92	7,839.60	11,624.82	9,343.11	11,637.86
Current Assets					
Inventories	43,571.43	49,005.54	49,249.68	56,429.93	56,977.14
Sundry Debtors	40,674.66	38,757.49	39,717.19	51,408.55	58,777.23
Cash and Bank	2,096.46	1,882.98	3,281.62	5,975.07	6,048.02
Other Current Assets	4,862.56	5,050.34	6,774.95	10,990.76	13,374.86
Current Liabilities					
Trade Payables	12,850.89	15,360.23	19,660.37	21,736.61	26,431.05
Other Current Liabilities (other than current maturities of long term borrowings)	19,592.92	25,168.69	25,201.61	25,865.74	32,375.58
Short-term provisions	4,055.86	319.81	298.33	325.56	382.41
Net Current Assets (working capital)	54,705.44	53,847.62	53,863.13	76,876.40	75,988.21
Total	2,31,384.71	2,24,520.84	2,42,046.11	2,81,562.79	2,96,948.54

* Loan Fund = Non-Current Term Borrowings + Current Borrowings + Trade Deposits + Deferred Government Grant + Current Maturities of Long-term Borrowings - Current investments in Mutual Fund - fixed Deposit Receipts.

Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Return on networth and average capital employed of these years are computed on the basis of figures as per Ind AS. Additionally, these figures include those of demerged undertaking of subsidiary Hindware Home Retail Private Limited. Hence these numbers are not comparable with previous years. Figures of the previous year have been regrouped, wherever necessary, to make them comparable with the year 2018-19.

(₹ in lakh)

STATEMENT OF PROFIT & LOSS	2014-15	2015-16 [#]	2016-17 [#]	2017-18 [#]	2018-19 [#]
Gross Sales	1,96,502.76	2,05,489.91	2,19,803.48	2,25,284.77	2,66,401.64
Less: Excise Duty	14,413.80	14,974.01	15,492.15	3,500.03	0.00
Net Sales	1,82,088.96	1,90,515.90	2,04,311.33	2,21,784.74	2,66,401.64
Other Income	3,974.36	6,853.58	3,641.40	4,137.82	7,552.54
Total Income	1,86,063.32	1,97,369.48	2,07,952.73	2,25,922.56	2,73,954.18
Purchase of Traded Goods	32,814.14	40,551.39	43,940.06	54,683.70	51,075.81
Power and Fuel	28,012.20	23,248.41	24,528.80	28,097.13	35,066.56
Raw Material Consumed, Manufacturing, Administrative and Other Expenses (including change in inventories)	71,026.89	75,082.21	81,466.12	84,044.39	1,17,166.97
Employee Cost	19,705.19	24,744.64	28,633.03	30,887.11	36,036.39
Total Expenses	1,51,558.42	1,63,626.65	1,78,568.01	1,97,712.33	2,39,345.73
EBIDTA	34,504.90	33,742.83	29,384.72	28,210.23	34,608.45
Depreciation and Amortisation	11,925.11	11,443.31	11,083.31	11,403.99	15,097.59
EBIT	22,579.79	22,299.52	18,301.41	16,806.24	19,510.86
Interest	7,355.15	4,104.72	3,335.86	5,575.92	8,748.18
PBT before Exceptional Items	15,224.64	18,194.80	14,965.55	11,230.32	10,762.68
Exceptional Items	-	-	-	(654.15)	-
Profit before Tax	15,224.64	18,194.80	14,965.55	10,576.17	10,762.68
Income Tax	5,676.15	3,351.62	4,889.31	2,788.64	857.40
Deferred Tax	(866.48)	3,215.06	(224.84)	311.45	2,858.57
Profit After Tax	10,414.97	11,628.12	10,301.08	7,476.08	7,046.71
Cash Profit	21,473.60	26,286.49	21,159.55	19,191.52	25,002.87

RATIO ANALYSIS

(₹ in lakh)

KEY PERFORMANCE INDICATORS	2014-15	2015-16 [#]	2016-17 [#]	2017-18 [#]	2018-19 [#]
Net Worth*	1,01,301.87	1,08,320.75	1,15,394.88	1,19,528.95	1,22,274.87
Capital Employed**	2,30,473.62	2,23,656.96	2,39,872.00	2,79,643.55	2,94,905.81
Average Capital Employed	2,31,123.62	2,27,065.29	2,31,764.48	2,59,757.78	2,87,274.68
Average Loan Funds	92,270.03	70,305.91	69,128.63	91,831.08	1,15,707.52
Cash Profit	21,473.60	26,286.49	21,159.55	19,191.52	25,002.87
Net Domestic Turnover	1,68,540.58	1,76,676.41	1,90,383.22	2,07,303.99	2,49,954.10
Export Turnover	13,548.38	13,839.49	13,928.11	14,480.75	16,447.54
Dividend (%) [@]	175.00	200.00	200.00	200.00	200.00
Market Price - (₹) (end of year at NSE)	450.60	278.30	349.85	371.20	250.50
Total Dividend Pay-out (including Dividend Distribution Tax)	3,036.30	3,480.57	3,480.57	3,486.29	3,486.29
Retained Earnings	7,378.67	8,147.55	6,820.51	3,989.79	3,560.42

* Net worth = Equity Share Capital + Reserve - Miscellaneous Expenses - Business Reconstruction Reserve

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

Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Return on networth and average capital employed of these years are computed on the basis of figures as per Ind AS. Additionally, these figures include those of demerged undertaking of subsidiary Hindware Home Retail Private Limited. Hence these numbers are not comparable with previous years. Figures of the previous year have been regrouped, wherever necessary, to make them comparable with the year 2018-19.

@ For the financial year ended 31st March 2019, the directors have proposed a dividend of ₹ 3/- per share (150%) to be paid on equity shares of ₹ 2/- per share, subject to approval by shareholders at the Annual General Meeting.

BALANCE SHEET RATIOS	2014-15	2015-16[#]	2016-17[#]	2017-18[#]	2018-19[#]
Return on Net Worth (%)	10.28	10.73	8.93	6.25	5.76
Return on Average Capital Employed (%)	9.77	9.82	7.90	6.47	6.79
Debt Equity Ratio (net)	0.75	0.59	0.64	0.92	1.00
Debtors Cycle (days)	76	69	66	83	81
Inventory Cycle (days)	87	94	88	93	78
Net Current Assets Turnover (days)	110	103	96	127	104
Turnover/Net Current Assets	3.33	3.54	3.79	2.88	3.51
Turnover/Inventory	4.18	3.89	4.15	3.93	4.68
Turnover/Capital Employed	0.79	0.85	0.85	0.79	0.90
Turnover/Net Block	1.17	1.26	1.34	1.32	1.37
Net Block/Capital Employed	0.68	0.68	0.64	0.60	0.66
Working Capital/Capital Employed	0.24	0.24	0.22	0.27	0.26
STATEMENT OF PROFIT & LOSS RATIOS	2014-15	2015-16[#]	2016-17[#]	2017-18[#]	2018-19[#]
Domestic Sales/Turnover	92.56	92.74	93.18	93.47	93.83
Export Sales/Turnover	7.44	7.26	6.82	6.53	6.17
MARGINS (%)					
EBIDTA Margin (net sales)	18.95	17.71	14.38	12.72	12.99
EBIT Margin (net sales)	12.40	11.70	8.96	7.58	7.32
Pre Tax Profit Margin [@]	8.36	9.55	7.32	5.06	4.04
PAT Margin	5.72	6.10	5.04	3.37	2.65
EXPENSES (%)					
Goods Purchase for Resale/Total Expenses	21.65	24.78	24.61	27.66	21.34
Power & Fuel/Total Expenses	18.48	14.21	13.74	14.21	14.65
Manufacturing, Administrative and Other Expenses/Total Expenses	46.86	45.89	45.62	42.51	48.95
Employee Cost/Total Expenses	13.00	15.12	16.03	15.62	15.06
Interest Cover (times)	4.69	8.22	8.81	5.06	3.96
Cost of Debt (%)	7.97	5.84	4.83	6.07	7.56
PER SHARE DATA (₹)					
EPS (Face Value ₹ 2)	15.70	16.08	14.25	10.34	9.75
CEPS (Face Value ₹ 2)	32.38	36.36	29.27	26.55	34.58
Book Value (₹)	140.12	149.83	159.61	165.33	169.13

[@] Before exceptional items

[#] Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Return on net worth and average capital employed of these years are computed on the basis of figures as per Ind AS. Additionally, these figures include those of demerged undertaking of subsidiary Hindware Home Retail Private Limited. Hence these numbers are not comparable with previous years. Figures of the previous year have been regrouped, wherever necessary, to make them comparable with the year 2018-19.

Change in Key Financial Ratios

Particulars	Standalone			Consolidated		
	2018-19	2017-18	Change over previous year %	2018-19	2017-18	Change over previous year %
(i) Debtors Turnover (days)	81	83	(3%)	80	83	(3%)
1. Trade Receivables (net of provisions) *365/Gross sales (including excise, if any).						
2. Trade Receivables (includes the amount of Goods & Service Tax.)						
(ii) Inventory Turnover (days)	78	93	(16%)	78	93	(16%)
Inventories*365/Net Sales (net of excise, if any)						
(iii) Interest Coverage Ratio (times)	3.96	5.06	(22%)	3.95	5.05	(22%)
EBIDTA/Finance Cost						
(iv) Current Ratio (times)	1.33	1.20	10%	1.33	1.20	11%
Total Current Assets/ Total Current Liabilities (including current borrowings and current maturities of long-term borrowings)						
(v) Total Debts to Equity Ratio (times)	1.00	0.92	9%	1.01	0.93	9%
Non-current Borrowings including Current Maturity of long-term Borrowings + Current Borrowings + Trade Deposits + Deferred Government Grant - Fixed Deposits Receipts and Mutual Fund Investment (FDR and MF from temporary unutilised LT Loans)/Net worth*						
* Net worth = Equity Share Capital + Reserve - Miscellaneous Expenses - Business Reconstruction Reserve						
(vi) Operating Profit Margin (%)	12.99	12.72	2%	12.97	12.67	2%
EBIDTA/Net Sales (net of excise, if any)						
(vii) Net Profit Margin (%)	2.65	3.37	(22%)	2.63	3.34	(22%)
Profit for the Year/Net Sales (net of excise, if any)						

Note: There is no significant change (i.e. 25% or more as compared to immediate previous financial year) in key financial ratios.

Details of change in Return on Net Worth						
Return on Net Worth (%)*	5.76	6.25	(8%)	5.82	6.31	(8%)
Profit for the Year/Net worth						
Reason for changes:						
Return on net worth is decreased mainly due to higher depreciation and finance cost resulting in decrease in profit after tax as compared to the previous year						
* Net worth = Equity Share Capital + Reserve - Miscellaneous Expenses - Business Reconstruction Reserve						

Cautionary Statement

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

Directors' Report

Dear Members,

Your Directors are pleased to present the Fifty Ninth Annual Report and the Company's audited financial statements for the financial year ended 31 March 2019.

FINANCIAL RESULTS

The Company's standalone financial performance, for the year ended 31 March 2019 is summarised below:

Particulars	(₹ in lakh)	
	2018-19	2017-18
Revenue from Operations	2,70,965	2,28,451
Add: Other Income	2,989	972
Total Income	2,73,954	2,29,423
Profit before tax	10,763	10,576
Less: Tax expenses	3,716	3,100
Profit after tax (i)	7,047	7,476
Other Comprehensive Income (net of tax)	(815)	139
Total Comprehensive Income	6,232	7,615
Add: balance brought forward (ii)	55,482	51,487
Amount available for appropriation [(i) + (ii)]	62,529	58,963
APPROPRIATIONS:		
Dividend paid on equity shares	2,892	2,892
Tax on Dividend paid	594	589
Balance carried forward	59,043	55,482

(Figures have been rounded off)

OPERATIONAL REVIEW

Your Company ended the year with net revenue (net of GST, Excise, Service Tax and other Indirect taxes) of ₹ 2,70,965 lakh over previous year corresponding figure of ₹ 2,24,951 lakh, representing a growth of around 20.5%. This was supported by excellent sales momentum, launch of robust product portfolio, extension of distribution channels across businesses. This has resulted in higher EBIDTA of ₹ 34,608 lakh in FY 2018-19, representing a growth of around 22.7%.

A. Building Products Division (BPD)

The BPD revenue (net of GST, Excise, Service Tax and other Indirect taxes) grew by 18.8% to ₹ 1,22,322 lakh in FY 2018-19 as against ₹ 1,02,945 lakh in FY 2017-18. The division delivered good results for FY 2018-19 on the back of below mentioned initiatives:

Sanitaryware and Faucets

- › Launched the first Lacasa Training Centre in Kochi during the year to offer best-in-class training to strengthen the internal talent pool and equip them with technical skill-sets.
 - › Introduced four new bathroom suites under the super premium brand ALCHYMI.

- › Integrated brand campaigns comprising, print, cinema, OOH and below-the-line (BTL) advertising for our brands Queo and Alchymi have been launched to create greater brand awareness and customer pull.
- › Accomplished 15 architect meets and 150+ dealer and sub-dealer meets to engage and strengthen relationships with key stakeholders.
- › Opened state-of-the-art concept store Lacasa in Kochi to help discerning customers envision their dream bathroom and explore Hindware's products.
- › Launched two new digital assets: The Hive and BizBuild.
- › Focused on reducing energy consumption across all plants by installing energy efficient equipment and constant monitoring such as the new energy-efficient dryer at the Bahadurgarh plant.

Plastic Pipes and Fittings

- › Achieved record sales of over ₹ 130 crore in a short span of eight months since its commercial launch in August 2018.
- › Increased the production capacity from 14,000 MT annually to 30,000 MT to enhance output and scale (as on 31 March 2019).

- › Strengthened reach to ensure Pan-India availability of the products, tapped 135+ distributor network and 14,000+ retail touch points.
- › Introduced 1000+ SKUs to cater to diverse market requirements.
- › Connected with 59,000+ plumbers across India.

B. Packaging Products Division (PPD)

The PPD revenue (net of GST, Excise, Service Tax and other Indirect taxes) increased by 19.2% to ₹ 1,09,715 lakh in FY 2018-19 as against ₹ 92,020 lakh in FY 2017-18. EBIT before unallocable expenditure increased by 35.8%. The division posted strong sales growth at the back of various initiatives, which are as under:

AGI Glass: Glass containers

- › Developed 104 new products to cater to the wide requirement of existing customers and address new customer needs.
- › Received four-star rating for Bhongir plant for Environment Health and Safety (EHS) practices.

Garden Polymers: PET bottles and products

- › Manufactured and commercialised four cisterns models and three seat cover models at Selaqui and Sangareddy plants.
- › Started manufacturing HDPE bottles as part of the process to diversify the product mix from PET to other polymers/processes. This segment will serve the requirement for pharma exports to regulated markets.

AGI Clozure: Security caps and closures

- › Strengthened engagement with existing customers and added more customers to the portfolio in domestic market, Europe, South East Asia and East African countries.
- › Launched continuous improvement scheme and 5S awards scheme to enhance employee involvement in product quality and process improvements activities.

C. Consumer Products Division (CPD)

The CPD revenue grew by 47.2% to ₹ 30,574 lakh in FY 2018-19 from ₹ 20,769 lakh in FY 2017-18. The division achieved EBIT of ₹ 79 lakh as compared to previous year EBIT Loss of ₹ 1,675 lakh. The division posted sizeable growth during the year under review. Key highlights of the division includes:

- › Launched the brand Hindware Calisto in an exclusive strategic alliance with an ecommerce company, wherein Hindware Calisto water purifier was the first product to debut under the new brand.
- › Introduced 18 stylish water heaters variants, 2 water purifiers and 2 air coolers to cater to encouraging consumer demand.
- › Expanded the performance segment of kitchen appliances by introducing highly functional

design-led products i.e. 18 SKUs of chimneys, 13 SKUs of hobs and 7 SKUs of cooktops.

- › Filed for 12 patents for the business backed by strong work in the Consumer Business Research and Development (five for water purifiers, four for kitchen and three for air coolers).
- › Extended distribution network to 750+ distribution points, 8,950+ retailers and 700+ large format stores such as Reliance Digital, Croma, Spencer, Walmart, Metro Cash and Carry.

D. Retail Division

The revenue of the Retail division for FY 2018-19 is ₹ 9,101 lakh as against last year of ₹ 9,618 lakh. The Retail furniture business continues to face stiff competition from various ecommerce platforms on account of aggressive pricing.

- › Connected brand Evok to five million consumers through its online and offline channels.
- › Explored new sourcing locations for broad basing the vendor base.

There is no change in the nature of the businesses during the year 2018-19.

SCHEME OF ARRANGEMENT

The Board of Directors of the Company, in its meeting held on 10 November 2017 had approved a Composite Scheme of Arrangement under sections 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 ("Act") and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company ("Resulting Company 1") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors ("Scheme"). The Scheme is subject to necessary regulations, approval and sanction by Hon'ble National Company Law Tribunal. The Company had received approvals from BSE Limited and the National Stock Exchange of India Limited respectively.

The Company filed an application under Section 230 of the Act regarding the Composite Scheme of Arrangement with National Company Law Tribunal, Kolkata Bench ("NCLT") for approval. Separate meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors of the Company were held pursuant to the order of Hon'ble NCLT. Thereafter, the Company filed necessary petition with Hon'ble NCLT and final order from Hon'ble NCLT is pending.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the end of financial year of the Company to which the financial statements relate and the date of this Report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no material subsidiary in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). No new subsidiary has been incorporated during the year under review. During the year under review, the status of Luxxis Heating Solutions Private Limited, one of wholly owned subsidiary of the Company has been changed to a subsidiary Company.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Act, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. (Please refer Consolidated Financial Statements Section of the Annual Report)

Further, a statement containing the salient features of the financial statements of our subsidiaries in the prescribed format AOC-1 forms part of the consolidated financial statements and hence not repeated here for the sake of brevity. The statements provide the details of performance, financial positions of each of the subsidiaries.

In accordance with Section 136 of the Act, the audited financial statement, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on Company's website www.hindwarehomes.com. These documents will also be available for inspection at our registered office in Kolkata, India, on any working day between 3:00 p.m. to 5:00 p.m. till the date of the ensuing Annual General Meeting (AGM) of the Company.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link: <https://www.hindwarehomes.com/pdf/Material-Subsidiary-Policy-Version-III.pdf>

DIVIDEND

Your Directors have recommended a dividend of ₹ 3/- (i.e. 150%) per equity share (last year ₹ 4/- (i.e. 200%) per equity share) on equity shares of ₹ 2/- each for the financial year ended 31 March 2019, amounting to ₹ 2,614.71 lakh (inclusive of Dividend Distribution Tax of ₹ 445.82 lakh). The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to members whose names appear in the Register of Members as on 21 August 2019 and in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on 20 August 2019.

TRANSFER TO RESERVES

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

DEPOSITS

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

AUDITORS AND AUDITORS' REPORTS

Statutory Auditors

At the 57th Annual General Meeting of the Company held on 3 August 2017, the shareholders approved appointment of M/s. Lodha & Co., Chartered Accountants, as statutory auditors of the Company having Firm's Registration No. 301051E to hold the office till the conclusion of the 62nd Annual General Meeting subject to ratification of the appointment by the shareholders, at every Annual General Meeting. As per the notification issued by Ministry of Corporate Affairs (MCA) dated 7 May 2018 for The Companies (Amendment) Act, 2017 and Companies (Audit and Auditors) Amendment Rules, 2018, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting, therefore no resolution for such ratification is taken in the Notice of the ensuing AGM.

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

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

Secretarial Auditor

The Board had appointed M/s. DMK Associates, Company Secretaries, New Delhi (Ms. Monika Kohli, Practising Company Secretary CP No.4936) to conduct Secretarial Audit for the financial year 2018-19, pursuant to the provisions of Section 204 of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form No. MR 3 for the financial year 2018-19 is enclosed as Annexure A to this Report. The Secretarial Audit Report does not contain any observation or adverse remark.

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

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

SHARE CAPITAL

During the year under review, the Company did not issue equity shares. The paid-up Equity Share Capital as on 31 March 2019 was ₹ 1,445.97 lakh.

EXTRACT OF ANNUAL RETURN

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts for the year ended 31 March 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, had been followed and there are no material departures from the same;
- b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2019 and of the profit of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a 'going concern' basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

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

of corporate governance is attached to the report on Corporate Governance.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The disclosure in Form No. AOC-2 is enclosed as Annexure D to this report. During the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <https://www.hindwarehomes.com/pdf/Related-Party-Transaction-Policy-Version-III.pdf>. Your Directors draw attention of the members to Note No. 50 to the financial statements which set out related party disclosures.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has a Corporate Social Responsibility Committee in place as per the provisions of Section 135 of the Act, comprising of Mr. Salil Bhandari, Chairman, Dr. Rajendra Kumar Somany, Mr. Sandip Somany and Mrs. Sumita Somany as other members of the Committee.

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

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

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

The CSR Policy may be accessed on the Company's website at the link: <https://www.hindwarehomes.com/pdf/CSR-Policy-Version-II.pdf>

The Annual Report on CSR Activities for the financial year 2018-19 is enclosed as Annexure E to this report.

DISCLOSURE UNDER SECRETARIAL STANDARDS

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

NUMBER OF BOARD MEETINGS

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

AUDIT COMMITTEE

The Audit Committee comprises of Independent Directors namely Mr. V.K. Bhandari (Chairman), Mr. Salil Bhandari, Mr. N.G. Khaitan and Mr. Ashok Jaipuria. For further details, please refer Report on Corporate Governance which is forming part of this Annual Report.

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

VIGIL MECHANISM (WHISTLE BLOWER)

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

The Vigil Mechanism (Whistle Blower) Policy is available on Company's website at the link: [https://www.hindwarehomes.com/pdf/Vigil-Mechanism-\(Whistle%20Blower\)-Version-III.pdf](https://www.hindwarehomes.com/pdf/Vigil-Mechanism-(Whistle%20Blower)-Version-III.pdf)

REMUNERATION POLICY

The Company has in place a Remuneration Policy for appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration as per the Act and Listing Regulations.

The Remuneration Policy is available on Company's website at the link: <https://www.hindwarehomes.com/pdf/Nomination-and-Remuneration-Policy-Version-III.pdf>

DIVIDEND DISTRIBUTION POLICY

The Company has in place a Dividend Distribution Policy as per Regulation 43A of Listing Regulations. The policy was adopted to set out the parameters that will be taken into account by the Board in determining the distribution of dividend to its shareholders and /or retaining profit earned by the Company. The Policy is available on Company's website at the link: <https://www.hindwarehomes.com/pdf/Dividend-Distribution-Policy.pdf>

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments covered under Section 186 of the Act forms part of the notes to the Financial Statements. (Please refer Note Nos. 7, 8, 16 and 57)

PARTICULARS OF EMPLOYEES

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

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in the Annual Report, which forms part of this Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company at Kolkata, on any working day between 3.00 p.m. to 5.00 p.m. till the date of the ensuing AGM and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

INTERNAL CONTROLS

The internal control systems are commensurate with the size, scale and complexity of the operations of the Company. The systems, standard operating procedures and controls are implemented by the executive leadership team and are reviewed by the internal audit team whose findings and recommendations are placed before the Audit Committee.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee.

The Audit Committee reviews the reports submitted by the Internal Auditors in each of its meeting.

INTERNAL FINANCIAL CONTROLS

The Company has an Internal Financial Controls Framework, commensurate with size, scale and complexity of its operations. The framework has been designed to provide reasonable assurance with respect to reporting and providing reliable financial and operational

information complying with applicable laws, safeguarding assets from unauthorised use, execution of transaction with appropriate authorisation and ensuring compliance with policies of the Company.

The Company has documented Risk and Control Matrices (RACM) covering all significant risks and all controls are tested for design and operating effectiveness as part of its Internal Financial Control reporting framework.

The Company uses SAP - a well-accepted enterprise resource planning (ERP) system to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information.

In our view, the Internal Financial Controls are adequate and are in line with best practices applicable to organisations of a similar size, nature and complexity. The Company has continued its efforts to align all its processes and controls with best practices.

RISK MANAGEMENT

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

The responsibility of tracking and monitoring the key risks of the division periodically and implementing suitable mitigation plans proactively is with the senior executives of various functional units. These risk owners are expected to avoid any undue deviations or adverse events and ultimately help in creating value for the business.

During the year, the Company undertook multiple initiatives to strengthen, widen and deepen the scope and coverage of the risk framework across the Company.

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

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

The Directors further state that during the year under review, there were no complaints filed pursuant to the

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and the Articles of Association of the Company, Dr. Rajendra Kumar Somany, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

Mr. N.G. Khaitan, Mr. V.K. Bhandari, Mr. Salil Bhandari and Mr. Ashok Jaipuria hold office upto the conclusion of ensuing AGM as Independent Directors of the Company. The Notice of the ensuing AGM proposes Special Resolutions for re-appointment of aforesaid Independent Directors for their second term of five consecutive years on the Board of the Company and forms part of the Annual Report.

The Notice of ensuing AGM also proposes Special Resolutions for seeking approval for continuation of payment of remuneration to (i) Dr. Rajendra Kumar Somany, and (ii) Mr. Sandip Somany, Promoter Executive Directors of the Company, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

DECLARATION BY INDEPENDENT DIRECTORS

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

BOARD EVALUATION

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

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-executive Directors. The evaluation process has been explained in the Corporate Governance Report section of the Annual Report.

TRAINING OF INDEPENDENT DIRECTORS

The details of programmes conducted for familiarisation of Independent Directors with the Company, nature of the industry in which the Company operates, business model

of the Company etc. has been uploaded on the Company's website at the web link : https://www.hindwarehomes.com/training_of_directors.aspx

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

GENERAL

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Issue of Employees Stock Option to employees of the Company under any scheme.

5. The Managing Directors/Whole-time Directors of the Company do not receive any remuneration or commission from any of its subsidiaries.

6. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Gurugram
Date: 03 May 2019

Dr. Rajendra Kumar Somany
Chairman and Managing Director

ANNEXURE A

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2019 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter along with **Annexure 1** attached to this report:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB); **(No FDI was taken by the Company during the Audit Period)**;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended till date;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended till date;
 - d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
 - f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**
 - g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
 - h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
 - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
 - j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- vi. **OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY AS IDENTIFIED BY THE MANAGEMENT**
 - i. The Factories Act, 1948 and rules made thereunder,

- ii. The Payment of Wages Act, 1936 and rules made thereunder,
 - iii. Minimum Wages Act, 1948 and the rules made thereunder,
 - iv. Employees' State Insurance Act, 1948 and rules made thereunder,
 - v. The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the rules made thereunder,
 - vi. Payment of Bonus Act, 1965 and rules made thereunder,
 - vii. The Payment of Gratuity Act, 1972 and rules made thereunder,
 - viii. The Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder,
 - ix. The Apprentices Act, 1961 and rules made thereunder,
 - x. The Industrial Disputes Act, 1947 and rules made thereunder,
 - xi. The Equal Remuneration Act, 1976 and rules made thereunder,
 - xii. Trade Unions Act, 1926 and rules made thereunder,
 - xiii. The Employees Compensation Act, 1923 and rules made thereunder,
 - xiv. Maternity Benefit Act, 1961 and rules made thereunder,
 - xv. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder,
 - xvi. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder,
 - xvii. Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016,
 - xviii. Legal Metrology Act, 2009 and rules made thereunder,
 - xix. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder,
 - xx. Personal Injuries (Compensation Insurance) Act, 1963,
 - xxi. Petroleum Act, 1934 & rules framed thereunder,
 - xxii. Industrial Employment (Standing Orders) Act, 1946,
 - xxiii. Environment Protection Act, 1986 and rules made thereunder,
 - xxiv. The Punjab Industrial Establishment (National and Festival holidays and Casual and Sick Leave) Rules, 1965 and rules made thereunder,
 - xxv. The Punjab Labour Welfare Fund, 1965,
 - xxvi. Andhra Pradesh Labour Welfare Fund Act, 1987,
 - xxvii. Income Tax Act, 1961 and Indirect Tax Laws,
 - xxviii. Child and Adolescent Labour (Prohibition and Regulation) Act, 1986 and rules made thereunder, and
 - xxix. The Noise Pollution (Regulation and Control) Rules, 2000
- We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.
 - (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
- During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines to the extent applicable, Standards, etc. as mentioned above.
- Based on the information received and records maintained, we further report that:
1. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive, Women and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.
 2. Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings along with agenda and detailed notes on agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 3. Majority decision is carried through and recorded in the minutes of the Meetings.

Further as informed, no dissent was given by any director in respect of resolutions passed in the Board and Committee meetings.

Based on the compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by Chief Executive Officer and Chief Financial Officer of the Company and taken on record by the Board of Directors at their meeting(s), we further report that:

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not incurred any specific event / action that can have major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines, standards etc. except as follows:

The Board of Directors of the Company, in its meeting held on 10 November 2017 had approved a Composite Scheme of Arrangement under sections 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company ("Resulting

Company 1") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors ("Scheme"). The Scheme is subject to necessary regulation, approval and sanction by Hon'ble NCLT, Kolkata. The Company had received approvals from BSE Limited and the National Stock Exchange of India Limited respectively.

The Company filed an application under Section 230 of the Companies Act, 2013 regarding the Composite Scheme of Arrangement with National Company Law Tribunal, Kolkata Bench for its approval. Separate meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors of the Company were held pursuant to the order of Hon'ble NCLT, Kolkata. Thereafter, the Company filed necessary petition with Hon'ble NCLT and final order from Hon'ble NCLT is pending.

For **DMK ASSOCIATES**
COMPANY SECRETARIES

(MONIKA KOHLI)

FCS, LL.B.

PARTNER

FCS No. 5480,

COP No. 4936

Date : 01 May 2019

Place : New Delhi

ANNEXURE 1

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

Sub.: Our Secretarial Audit for the Financial Year ended 31 March 2019 of even date is to be read with this letter

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices we followed, provide a reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. As per the information provided by the Company, there are certain disputes / cases filed by or against the Company, which are currently lying pending with the various Courts. However, as informed, these cases have no major impact on the Company.

For **DMK ASSOCIATES**
COMPANY SECRETARIES

(MONIKA KOHLI)
FCS, LL.B.
PARTNER
FCS No. 5480,
COP No. 4936

Date : 01 May 2019
Place : New Delhi

ANNEXURE B

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

(A) CONSERVATION OF ENERGY

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

The Company continued its efforts for energy conservation with main focus on optimising the energy consumption by improving the efficiency through adoption of new technologies and optimising the existing process. The Company always focuses on the area of potential energy saving. Close monitoring of power and fuel consumption is done to minimise the wastages for which energy consumption meters are installed in all the required areas of the plant.

a) Building Products Division

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

1. Sanitaryware and Faucets

- › Use of energy efficient motors and blowers;
- › Proper maintaining of power factor;
- › Use of LED lights in place of conventional ones;
- › Use of energy efficient ceiling fans in place of conventional fans;
- › Use of photo sensors for street light and offices;
- › Frequent monitoring of compressed air system and arresting of leakages;
- › Use of hot air from kilns cooling zones in dryers and for casting shop floor heating;
- › For water conservation, use of sensor taps and sensor/waterless urinals;
- › Reorganisation of cast shops for lower energy consumption;
- › In Sanitaryware plant, introduction of pressure casting system for space and energy saving;
- › For Bahadurgarh Sanitaryware plant, a detailed plant energy audit was conducted by independent third party to find further possibilities for reducing energy consumption;
- › For Bahadurgarh Sanitaryware plant, the Company has installed online monitoring software system for monitoring, data collection and analysis of the electricity consumption for the equipments used in the plant; and

- › For water conservation, the Company carried out product design improvement to use less water. Across the wide range of products for sanitaryware and faucets, the Company's 43 products are three stars rated by IAPMO for excellent water saving designs.

2. Pipes

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

b) Packaging Products Division (Glass and Plastic Products)

Some of the initiatives taken during the year towards energy conservation are as under:

- › Installation of energy efficient pumps with positive suction instead of negative suction in pump house;
- › Modification of some of the existing Lehrs for LPG savings;
- › Installation of VVFD's with auto temperature control for pump house cooling tower fans;
- › Installation of LED lights;
- › Installation of energy saver for plant lightings;
- › Reduction in idle running of equipments and arresting compressed air leakages;
- › Arresting of air leakages and optimisation of blowers;
- › Replacement of conventional light fittings with energy efficient LED light fittings;
- › Replacement of old air conditioners with star rated air conditioners; and
- › Arrangement of timer based on and off controls to avoid idle running.

(ii) The steps taken by the Company for utilising alternate sources of energy**a) Building Products Division****1. Sanitaryware and Faucets**

Installation of solar power plants at Bahadurgarh Sanitaryware Plant (Plant 1) – 900 kWp, Bibinagar Sanitaryware Plant (Plant 2) - 1500 kWp and at Kaharani Faucets Plant – 598 kWp.

2. Pipes

Installation of roof top solar panels of 640 KWH.

b) Packaging Products Division (Glass and Plastic Products)

As a part of utilisation of renewable energy, the Company has installed 8.61 MWp solar power plant both roof top and ground mounted system. The Company is further planning expansion of 3.5 MWp in next year.

(iii) The capital investment on energy conservation equipments:

(₹ in lakh)

S. No.	Capital Equipment	Capital investments on energy conservation equipments	Energy saving / annum (units in KWH)	Financial saving
(A) Building Products Division				
Sanitaryware: Bahadurgarh Plant (Plant 1)				
1	Modification in pulley size for k-compressor as per process pressure requirement	0.23	12264	0.92
2	Installation of new LED tube lights in place of conventional lights	1.32	53874	4.05
3	Replacement of existing old exhaust fans with energy efficient fans in cast shop	2.16	21900	1.64
4	Installation of energy efficient Blunger in Slip house	12.50	78110	5.86
Sanitaryware: Bibinagar Plant (Plant 2)				
1	Installation of new LED tube lights in place of conventional lights	3.52	60101	4.95
Faucets: Kahrani Plant (Plant 3)				
1	1122- Electrical Advancement (Power Factor Incentive and Voltage Rebate)	-	259694	19.47
2	NC Brain Software	5.75	46464	3.48
3	GA 90 Compressor with VFD	20.00	128000	9.60
Pipes Business				
Pipes division has not replaced any equipment for energy conservation. These all were built in to the factory design and equipment specifications. Investment on IE3 motors is very minimal.				
(B) Packaging Products Division				
Glass Plant : Bhongir				
1	Energy efficient pumping system	22.00	380707	21.50
2	Energy Saver	8.00	178835	10.10
3	Lehr's Modification	87.30	50768 Kg of LPG	22.84
4	Solar Power Plant	28.00	11010609	188.28
Glass Plant: Hyderabad				
1	LED lighting	10.00	100000	7.00

(B) TECHNOLOGY ABSORPTION**(i) The efforts made towards technology absorption**

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

a) Building Products Division**1. Sanitaryware and Faucets**

› Capability enhancement in the area of design, productivity with the expansion of R&D infrastructure and appropriate manpower training, arranging visits of the concerned personnel to the foreign plants

having advanced systems, equipments and skills to import the relevant technology and look into the possibilities of developing the same in India for ease of availability and cheaper cost; and

› Deputing concerned personnel to relevant seminars, training and workshops for upgrading their knowledge and skills.

2. Pipes Business

› Pipes business has sourced Belling / Socketing machine from Turkey. They have been installed and running successfully.

b) Packaging Products Division (Glass and Plastic Products)

- › Continuous in-house technical training;
- › Deputing concerned personnel to relevant seminars, symposiums and workshops to upgrade skills and knowledge;
- › All parts drawings and disassembled assembly for critical mechanisms provided in the training room; and
- › Relevant persons are being sent for technical training with OEM.

- › Cost saving due to better productivity, waste minimisation and energy saving; and
- › Improved product launch cycle.

2. Pipes Business

- › The belling machines consume less energy, almost 50% of the local machines and give almost double the output for some sizes and almost 1.5 times the output for other sizes. With these machines, the Company can even make belling / socketing of smaller size pipes. This process has resulted in adding small length socketed pipes into our product range and utilising rejected pipes to cut and make smaller socketed pipes.

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

a) Building Products Division

1. Sanitaryware and Faucets

- › By improving the designs, new products with rimless, aqua flush and vortex flushing systems are developed, which not only have a better improved flushing systems but also conserve water to save upon the precious natural resource;

b) Packaging Products Division (Glass and Plastic Products)

- › Import substitution of I/S machine spares and inspection machine spares;
- › Saving of LPG in feeders/forehearth and annealing lehrs; and
- › Saving of 3500 KWH/day in overall operations through controls.

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

Details of technology imported	Technology import from	Year of import	Status of implementation/absorption, in case fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
A. Building Products Division (Sanitaryware Plant 1 and 2)				
Incorporating one additional compressor with new screw type energy efficient technology with variable speed drive	Atlas Copco, Belgium	2016	Fully Absorbed	-
Installation of Hydro pneumatic system for water supply	Grundfos, Denmark	2016	Fully Absorbed	-
Installation of New Shuttle kiln	Keramischer Ofenbau, Germany	2017	Fully Absorbed	-
Replacement of Old reciprocating type compressors with new screw type energy efficient compressor with variable speed drive	Atlas Copco, Belgium	2018	Fully Absorbed	-
Installation of Robotic Glazing System	Kawasaki, Japan	2018	Fully Absorbed	-
Building Products Division (Faucets)				
Low Pressure Die Casting Machine	Italy	2018	Fully Absorbed	-
SPM (Machining)	China	2018	Fully Absorbed	-
Fibre Base Laser Marking Machine	China	2018	Fully Absorbed	-
Building Products Division (Pipes)				
Online Socketing / Belling machines	Turkey	2018	Fully Absorbed	-
High Output Pelletizing Line	Germany	2019	Fully Absorbed	-
CPVC Extruders	Austria	2018- 2019	Fully Absorbed	-
CPVC Extruder TTS-88 R26. Output 50-350 kg per hour for CPVC Pipes alongwith equipments	Theysohn Extrusion Technik Gmbh, Austria	2016	Fully Absorbed	-
CPVC Extrusion CON 63 for CPVC Pipes output 50-220 kg per hour alongwith equipments	Theysohn Extrusion Technik Gmbh, Austria	2016	Fully Absorbed	-
Air-Cooled Screw Chiller 55TR	Trane India Limited, USA	2017	Fully Absorbed	-
Water Cooled Screw Chiller 80TR	Trane India Limited, USA	2017	Fully Absorbed	-

Details of technology imported	Technology import from	Year of import	Status of implementation/absorption, in case fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
B. Packaging Products Division (Bhongir Plant)				
Forehearth Boosting System	SORG, Germany	2018-19	Fully Absorbed	-
Modification in Rebuild of Furnace	SORG, Germany	2018-19	Fully Absorbed	-
PPC for NNPB	Switzerland	2016-17	Fully Absorbed	-
Hot End Coating Hood	Italy	2016-17	Fully Absorbed	-
Cold End Coating Machine	Germany and China	2016-17	Fully Absorbed	-
LWN High Speed Blowers	Germany	2016 -17	Fully Absorbed	-
Packaging Products Division (Hyderabad Plant)				
Sheppe Transfer Wheel	UK	2017	Fully Absorbed	-
Section Boxes for 29 M/C	Italy	2016	Fully Absorbed	-
Section Boxes for 13 M/C	Italy	2017	Fully Absorbed	-
Timing System ADV 1000 for 13 M/C	Italy	2017	Fully Absorbed	-
Section Boxes for M/C 27	China	2018	Fully absorbed	-
Stacker and Ware Transfer for 26 M/C	China	2018	Fully absorbed	-
Timing System for M/C 26	China	2018	Fully absorbed	-
Timing System for 29 M/C	China	2019	Fully absorbed	-
3000 RPM Blower for 25 I/S Machine	Germany	2019	Fully absorbed	-

(iv) Expenditure incurred on Research and Development

Particulars	₹ in lakh	
	2018-19	2017-18
Capital Expenditure	-	-
Recurring Expenditure	112	135
Total	112	135
Total R&D expenditure as a % of total building product revenue	0.09%	0.13%

(v) Foreign Exchange Earnings and Outgo

Particulars	₹ in lakh	
	2018-19	2017-18
Earning in foreign currency	6,670	5,047
Outgo of foreign currency	48,609	22,874
- Raw material, spare part and others	38,195	19,600
- Capital Equipment	10,414	3,274

ANNEXURE C

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31 March 2019

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

I REGISTRATION & OTHER DETAILS

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and description of main products/services	NIC Code of the products /services	% to total turnover of the Company
1	Sanitaryware	23922	22.74%
2	Faucets	24320	12.76%
3	Glass Containers	23103	36.54%
4	Consumer Products (Trading)	47593, 47594 and 47599	10.96%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	HOLDING/SUBSIDIARY/ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Hindware Home Retail Private Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U51109WB2005PTC106307	Subsidiary	100	2(87)
2	Somany Home Innovation Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U74999WB2017PLC222970	Subsidiary	100	2(87)
3	Brilloca Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U74999WB2017PLC223307	Subsidiary of Somany Home Innovation Limited	100	2(87)
4	Luxxis Heating Solutions Private Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U74999WB2017PTC224015	Subsidiary	99.99	2(87)
5	Halis International Limited 4th floor, Hennessy Tower, Pope Hennessy Street, Port Louis, Mauritius	N.A	Subsidiary	100	2(87)
6	Alchemy International Cooperatief U.A (a Cooperative with exclusion of liability, incorporated and existing under the laws of Netherlands. The members of the Cooperative are : Halis International Limited with a membership right of 99.99 % and HSIL Limited with a membership right of 0.01%) Hoogoorddreef 15, 1101 BA Amsterdam, Netherlands	N.A	Subsidiary of Halis International Limited	100	2(87)

S. No.	Name and Address of the company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
7	Haas International B.V Hoogoorddreef 15, 1101 BA, Amsterdam, Netherlands	N.A	Subsidiary of Alchemy International Cooperatief U.A	100	2(87)
8	QUEO Bathroom Innovations Limited Rodney Chambers, 40 Rodney Street, Liverpool, England, L1 9AA, UK	N.A	Subsidiary of HAAS International B.V	100	2(87)

IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

(i) Category-wise Shareholding

Category of Shareholders	No of Shares held at the beginning of the year [As on 01.04.2018]				No of Shares held at the end of the year [As on 31.03.2019]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5747719	0	5747719	7.95	6077719	0	6077719	8.41	0.46
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	29265100	0	29265100	40.48	29295100	0	29295100	40.52	0.04
e) Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1)	35012819	0	35012819	48.43	35372819	0	35372819	48.93	0.50
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	35012819	0	35012819	48.43	35372819	0	35372819	48.93	0.50
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	17861536	0	17861536	24.71	13136514	0	13136514	18.17	-6.54
b) Banks/Financial Institutions	182884	14299	197183	0.27	244719	14299	259018	0.36	0.09
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	500	500	0.00	0	500	500	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)									
Alternate Investment Funds	385329	0	385329	0.53	1928001	0	1928001	2.67	2.13
Foreign Portfolio Investors	4626275	0	4626275	6.40	2881573	0	2881573	3.99	-2.41
Provident Funds / Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(B)(1)	23056024	14799	23070823	31.91	18190807	14799	18205606	25.18	-6.73
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	1843459	4709	1848168	2.56	2550262	3562	2553824	3.53	0.98
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									

Category of Shareholders	No of Shares held at the beginning of the year [As on 01.04.2018]				No of Shares held at the end of the year [As on 31.03.2019]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	8322666	790958	9113624	12.61	10019339	690939	10710278	14.81	2.21
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1448992	0	1448992	2.00	3175636	0	3175636	4.39	2.39
c) Others (Specify)									
Non Resident Indians	1267887	4127	1272014	1.76	1616740	3920	1620660	2.24	0.48
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Custodian of Enemy Property	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	207	0	207	0.00	207	0	207	0.00	0.00
Clearing Members	117125	0	117125	0.16	148984	0	148984	0.21	0.04
Trusts	1350	0	1350	0.00	100	0	100	0.00	0.00
Foreign Bodies-D R	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0.00	0.00
NBFCs registered with RBI	185238	0	185238	0.26	263234	0	263234	0.36	0.11
Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
Domestic Corporate Unclaimed Shares Account	0	0	0	0.00	0	0	0	0.00	0.00
Investor Education and Protection Fund Authority	226035	0	226035	0.31	245047	0	245047	0.34	0.03
Sub-total(B)(2)	13412959	799794	14212753	19.66	18019549	698421	18717970	25.89	6.23
Total Public Shareholding (B)=(B)(1)+ (B)(2)	36468983	814593	37283576	51.57	36210356	713220	36923576	51.07	-0.50
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	71481802	814593	72296395	100.00	71583175	713220	72296395	100.00	0.00

(ii) Shareholding of Promoters

S. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2018)			Shareholding at the end of the year (As on 31.03.2019)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Dr. Rajendra Kumar Somany	3080000	4.26	-	3410000	4.72	-	0.46
2	Mr. Sandip Somany	2283563	3.16	-	2283563	3.16	-	-
3	Ms. Divya Somany	146912	0.20	-	146912	0.20	-	-
4	Ms. Sumita Somany	161000	0.22	-	161000	0.22	-	-
5	Mr. Shashvat Somany	76244	0.11	-	76244	0.11	-	-
6	Paco Exports Ltd.	21280000	29.43	-	29295000	40.52	-	11.09
7	Soma Investments Ltd.*	4235000	5.86	-	0	-	-	(5.86)
8	New Delhi Industrial Promoters and Investors Ltd.*	3750000	5.19	-	0	-	-	(5.19)
9	Matterhorn Trust	100	0.00	-	100	0.00	-	-
	Total	35012819	48.43	-	35372819	48.93	-	0.50

* Stands merged with Paco Exports Ltd. in terms of scheme of amalgamation approved by the Hon'ble National Company Law Tribunal, Kolkata Bench.

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

S. No.	Particulars	Shareholding at the beginning of the Year (As on 01.04.2018)		Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	DR. RAJENDRA KUMAR SOMANY				
a)	At the beginning of the year	3080000	4.26	3080000	4.26
b)	Date wise increase/decrease in Promoters Share holding during the year				
	28/12/2018- 118811 Shares Purchase			3198811	4.42
	31/12/2018- 211189 Shares Purchase			3410000	4.72
c)	At the end of the year			3410000	4.72
2	MR. SANDIP SOMANY				
a)	At the beginning of the year	2283563	3.16	2283563	3.16
b)	Date wise increase/decrease in Promoters Share holding during the year				
c)	At the end of the year			2283563	3.16
3	MS. DIVYA SOMANY				
a)	At the beginning of the year	146912	0.20	146912	0.20
b)	Date wise increase/decrease in Promoters Share holding during the year				
c)	At the end of the year			146912	0.20
4	MS. SUMITA SOMANY				
a)	At the beginning of the year	161000	0.22	161000	0.22
b)	Date wise increase/decrease in Promoters Share holding during the year				
c)	At the end of the year			161000	0.22
5	MR. SHASHVAT SOMANY				
a)	At the beginning of the year	76244	0.11	76244	0.11
b)	Date wise increase/decrease in Promoters Share holding during the year				
c)	At the end of the year			76244	0.11
6	PACO EXPORTS LIMITED				
a)	At the beginning of the year	21280000	29.43	21280000	29.43
b)	Date wise increase/decrease in Promoters Share holding during the year				
	04/01/2019- 30000 Shares Purchase			21310000	29.48
	08/03/2019- 7985000 Shares*			29295000	40.52
c)	At the end of the year			29295000	40.52
7	SOMA INVESTMENTS LIMITED				
a)	At the beginning of the year	4235000	5.86	4235000	5.86
b)	Date wise increase/decrease in Promoters Share holding during the year				
	08/03/2019- 4235000 Transfer*			-	-
c)	At the end of the year			-	-
8	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LIMITED				
a)	At the beginning of the year	3750000	5.19	3750000	5.19
b)	Date wise increase/decrease in Promoters Share holding during the year				
	08/03/2019- 3750000 Transfer*			-	-
c)	At the end of the year			-	-
9	MATTERHORN TRUST				
a)	At the beginning of the year	100	0.00	100	0.00
b)	Date wise increase/decrease in Promoters Share holding during the year				
c)	At the end of the year			100	0.00

* These shares were transferred to Paco Exports Ltd. pursuant to an order of Hon'ble National Company Law Tribunal, Kolkata Bench, approving the scheme of amalgamation.

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

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01.04.2018)		Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MANUFACT				
a)	At the beginning of the year	1027078	1.42	1027078	1.42
b)	Date wise increase/decrease Shareholding during the year				
c)	At the end of the year			1027078	1.42
2	FAERING CAPITAL INDIA EVOLVING FUND				
a)	At the beginning of the year	750000	1.04	750000	1.04
b)	Date wise increase/decrease Shareholding during the year				
c)	At the end of the year			750000	1.04
3	HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES FUND-1140D NOVEMBER 2017 (1)				
a)	At the beginning of the year	4823510	6.67	4823510	6.67
b)	Date wise increase/decrease Shareholding during the year				
	06/04/2018 - 250 Shares Transfer			4823260	6.67
	27/04/2018 - 200000 Shares Purchase			5023260	6.95
	26/10/2018 - 9800 Shares Transfer			5013460	6.93
c)	At the end of the year			5013460	6.93
4	RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE CAPITAL BUILDER FUND 4 SR C				
a)	At the beginning of the year	6720572	9.30	6720572	9.30
b)	Date wise increase/decrease Shareholding during the year				
	01/06/2018 - 1716 Shares Transfer			6718856	9.29
	08/06/2018 - 83500 Shares Transfer			6635356	9.18
	13/07/2018 - 26979 Shares Transfer			6608377	9.14
	09/11/2018 - 50000 Shares Transfer			6558377	9.07
	16/11/2018 - 129171 Shares Transfer			6429206	8.89
	23/11/2018 - 477120 Shares Transfer			5952086	8.23
	30/11/2018 - 82292 Shares Transfer			5869794	8.12
	18/01/2019 - 200000 Shares Transfer			5669794	7.84
	25/01/2019 - 707090 Shares Transfer			4962704	6.86
	01/02/2019 - 750000 Shares Transfer			4212704	5.83
	08/02/2019 - 181762 Shares Transfer			4030942	5.58
	15/02/2019 - 30168 Shares Transfer			4000774	5.53
	22/02/2019 - 122539 Shares Transfer			3878235	5.36
	01/03/2019 - 169097 Shares Transfer			3709138	5.13
	08/03/2019 - 516169 Shares Transfer			3192969	4.42
	29/03/2019 - 151731 Shares Transfer			3041238	4.21
c)	At the end of the year			3041238	4.21
5	SUNDARAM MUTUAL FUND A/C SUNDARAM EMERGING SMALL CAP - SERIES I				
a)	At the beginning of the year	4114867	5.69	4114867	5.69
b)	Date wise increase/decrease Shareholding during the year				
	24/08/2018 - 65182 Shares Transfer			4049685	5.60
	31/08/2018 - 28818 Shares Transfer			4020867	5.56
	28/09/2018 - 9000 Shares Transfer			4011867	5.55
	07/12/2018 - 56084 Shares Transfer			3955783	5.47
	14/12/2018 - 3578 Shares Transfer			3952205	5.47
	21/12/2018 - 16364 Shares Transfer			3935841	5.44
	28/12/2018 - 15000 Shares Transfer			3920841	5.42
	04/01/2019 - 375 Shares Transfer			3920466	5.42
	11/01/2019 - 9000 Shares Transfer			3911466	5.41
	18/01/2019 - 5000 Shares Transfer			3906466	5.40
	25/01/2019 - 15000 Shares Transfer			3891466	5.38
	01/03/2019 - 11941 Shares Purchase			3903407	5.40
c)	At the end of the year			3903407	5.40

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01.04.2018)		Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
6	UTI - CAPITAL PROTECTION ORIENTED SCHEME - SERIES V - II (1135 DAYS) #				
a)	At the beginning of the year	1093797	1.51	1093797	1.51
b)	Date wise increase/decrease Shareholding during the year				
	06/04/2018 - 12682 Shares Transfer			1081115	1.50
	13/04/2018 - 33322 Shares Transfer			1047793	1.45
	20/04/2018 - 230975 Shares Transfer			816818	1.13
	04/05/2018 - 46309 Shares Transfer			770509	1.07
	11/05/2018 - 334663 Shares Transfer			435846	0.60
	18/05/2018 - 88523 Shares Transfer			347323	0.48
	27/07/2018 - 6000 Shares Transfer			341323	0.47
	03/08/2018 - 55574 Shares Transfer			285749	0.40
	10/08/2018 - 258425 Shares Transfer			27324	0.04
	14/09/2018 - 303 Shares Transfer			27021	0.04
	28/09/2018 - 27021 Shares Transfer			0	0.00
c)	At the end of the year			0	0.00
7	DIMENSIONAL EMERGING MARKETS VALUE FUND *				
a)	At the beginning of the year	404075	0.56	404075	0.56
b)	Date wise increase/decrease Shareholding during the year				
	13/04/2018 - 2250 Shares Purchase			406325	0.56
	27/04/2018 - 1737 Shares Purchase			408062	0.56
	11/05/2018 - 7444 Shares Purchase			415506	0.57
	18/05/2018 - 14197 Shares Purchase			429703	0.59
	15/02/2019 - 4715 Shares Purchase			434418	0.60
	22/02/2019 - 3246 Shares Purchase			437664	0.61
	15/03/2019 - 12198 Shares Purchase			449862	0.62
	22/03/2019 - 5487 Shares Purchase			455349	0.63
c)	At the end of the year			455349	0.63
8	LAKSHMI CAPITAL INVESTMENTS LIMITED #				
a)	At the beginning of the year	560103	0.77	560103	0.77
b)	Date wise increase/decrease Shareholding during the year				
	06/04/2018 - 10000 Shares Transfer			550103	0.76
	13/04/2018 - 10000 Shares Transfer			540103	0.75
	11/05/2018 - 10000 Shares Purchase			550103	0.76
	17/08/2018 - 40000 Shares Purchase			590103	0.82
	31/08/2018 - 64771 Shares Purchase			654874	0.91
	28/09/2018 - 10000 Shares Purchase			664874	0.92
	07/12/2018 - 10000 Shares Purchase			674874	0.93
	14/12/2018 - 30000 Shares Transfer			644874	0.89
	21/12/2018 - 20000 Shares Transfer			624874	0.86
	25/01/2019 - 55000 Shares Transfer			569874	0.79
	01/02/2019 - 20000 Shares Transfer			549874	0.76
	08/02/2019 - 60000 Shares Transfer			489874	0.68
	15/02/2019 - 49000 Shares Transfer			440874	0.61
	22/02/2019 - 140000 Shares Transfer			300874	0.42
	01/03/2019 - 141100 Shares Transfer			159774	0.22
	08/03/2019 - 60000 Shares Transfer			99774	0.14
	15/03/2019 - 20000 Shares Transfer			79774	0.11
	22/03/2019 - 20000 Shares Transfer			59774	0.08
c)	At the end of the year			59774	0.08
9	MAURYAN FIRST *				
a)	At the beginning of the year	246329	0.34	246329	0.34
b)	Date wise increase/decrease Shareholding during the year				
	06/04/2018 - 15000 Shares Purchase			261329	0.36
	13/04/2018 - 5700 Shares Purchase			267029	0.37
	04/05/2018 - 25000 Shares Purchase			292029	0.40
	18/05/2018 - 10000 Shares Purchase			302029	0.42

S. No	Shareholding at the beginning of the Year (As on 01.04.2018)		Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	25/05/2018 - 12500 Shares Purchase		314529	0.44
	01/06/2018 - 8561 Shares Purchase		323090	0.45
	08/06/2018 - 4528 Shares Purchase		327618	0.45
	06/07/2018 - 2383 Shares Purchase		330001	0.46
	27/07/2018 - 6000 Shares Purchase		336001	0.46
	17/08/2018 - 20000 Shares Purchase		356001	0.49
	21/09/2018 - 22000 Shares Purchase		378001	0.52
	28/09/2018 - 12500 Shares Purchase		390501	0.54
	14/12/2018 - 12500 Shares Purchase		403001	0.56
	11/01/2019 - 5500 Shares Purchase		408501	0.57
	29/03/2019 - 5500 Shares Transfer		403001	0.56
c)	At the end of the year		403001	0.56
10	COHESION INDIA BEST IDEAS (MASTER) FUND LIMITED #			
a)	At the beginning of the year		584341	0.81
b)	Date wise increase/decrease Shareholding during the year			
	04/05/2018 - 27200 Shares Transfer		557141	0.77
	13/07/2018 - 30000 Shares Transfer		527141	0.73
	17/08/2018 - 15763 Shares Transfer		511378	0.71
	24/08/2018 - 4969 Shares Transfer		506409	0.70
	31/08/2018 - 15000 Shares Transfer		491409	0.68
	14/09/2018 - 20000 Shares Transfer		471409	0.65
	02/11/2018 - 59000 Shares Transfer		412409	0.57
	21/12/2018 - 60000 Shares Transfer		352409	0.49
	28/12/2018 - 80000 Shares Transfer		272409	0.38
	04/01/2019 - 30000 Shares Transfer		242409	0.34
	11/01/2019 - 116000 Shares Transfer		126409	0.17
	18/01/2019 - 117426 Shares Transfer		8983	0.01
	25/01/2019 - 8983 Shares Transfer		0	0.00
c)	At the end of the year		0	0.00
11	ABAKKUS GROWTH FUND-1 *			
a)	At the beginning of the year		0	0.00
b)	Date wise increase/decrease Shareholding during the year			
	25/01/2019 - 700000 Shares Purchase		700000	0.97
	01/02/2019 - 742205 Shares Purchase		1442205	1.99
	08/02/2019 - 27795 Shares Purchase		1470000	2.03
	08/03/2019 - 15000 Shares Purchase		1485000	2.05
	29/03/2019 - 40000 Shares Purchase		1525000	2.11
c)	At the end of the year		1525000	2.11
12	RAMS EQUITIES PORTFOLIO FUND-INDIA EQUITIES PORTFOLIO FUND #			
a)	At the beginning of the year		974692	1.35
b)	Date wise increase/decrease Shareholding during the year			
	04/05/2018 - 40800 Shares Transfer		933892	1.29
	01/06/2018 - 97000 Shares Transfer		836892	1.16
	15/06/2018 - 33263 Shares Transfer		803629	1.11
	22/06/2018 - 10400 Shares Transfer		793229	1.10
	29/06/2018 - 46597 Shares Transfer		746632	1.03
	13/07/2018 - 50000 Shares Transfer		696632	0.96
	17/08/2018 - 31527 Shares Transfer		665105	0.92
	24/08/2018 - 10766 Shares Transfer		654339	0.91
	31/08/2018 - 25000 Shares Transfer		629339	0.87
	14/09/2018 - 30000 Shares Transfer		599339	0.83
	02/11/2018 - 59000 Shares Transfer		540339	0.75
	21/12/2018 - 85000 Shares Transfer		455339	0.63
	28/12/2018 - 80000 Shares Transfer		375339	0.52
	04/01/2019 - 30000 Shares Transfer		345339	0.48

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01.04.2018)		Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	11/01/2019 - 116000 Shares Transfer			229339	0.32
	18/01/2019 - 211842 Shares Transfer			17497	0.02
	25/01/2019 - 17497 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00
13	SUNDARAM INDIA MIDCAP FUND *				
a)	At the beginning of the year	383031	0.53	383031	0.53
b)	Date wise increase/decrease Shareholding during the year				
c)	At the end of the year			383031	0.53
14	ASHISH DHAWAN #				
a)	At the beginning of the year	447796	0.62	447796	0.62
b)	Date wise increase/decrease Shareholding during the year				
	06/04/2018 - 93115 Shares Transfer			354681	0.49
	13/04/2018 - 56885 Shares Transfer			297796	0.41
c)	At the end of the year			297796	0.41
15	MANAV GUPTA *				
a)	At the beginning of the year	0	0.00	0	0.00
b)	Date wise increase/decrease Shareholding during the year				
	23/11/2018 - 230854 Shares Purchase			230854	0.32
	28/12/2018 - 112901 Shares Purchase			343755	0.48
	31/12/2018 - 99025 Shares Purchase			442780	0.61
	04/01/2019 - 1123 Shares Purchase			443903	0.61
	11/01/2019 - 23251 Shares Purchase			467154	0.65
	18/01/2019 - 239636 Shares Purchase			706790	0.98
	25/01/2019 - 333991 Shares Purchase			1040781	1.44
	08/02/2019 - 48537 Shares Purchase			1089318	1.51
	15/03/2019 - 41176 Shares Purchase			1130494	1.56
c)	At the end of the year			1130494	1.56

Note:

* Not in the list of Top 10 shareholders as on 01/04/2018. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2019.

Ceased to be in the list of Top 10 shareholders as on 31/03/2019. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2018.

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

S. No	For Each of the Directors & KMP	Share holding at the beginning of the year (As on 01.04.2018)		Cumulative Share holding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Dr. Rajendra Kumar Somany - Chairman and Managing Director				
	At the beginning of the year	3080000	4.26	3080000	4.26
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	28/12/2018 - 118811 Shares Purchase			3198811	4.42
	31/12/2018 - 211189 Shares Purchase			3410000	4.72
	At the end of the year			3410000	4.72
2	Mr. Sandip Somany - Vice Chairman and Managing Director				
	At the beginning of the year	2283563	3.16	2283563	3.16
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			2283563	3.16

S. No	For Each of the Directors & KMP	Share holding at the beginning of the year (As on 01.04.2018)		Cumulative Share holding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
3	Ms. Sumita Somany - Director				
	At the beginning of the year	161000	0.22	161000	0.22
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			161000	0.22
4	Mr. G.L.Sultania - Director				
	At the beginning of the year	705	0.00	705	0.00
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			705	0.00
5	Mr. Ashok Jaipuria - Director				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	08/06/2018 - 11000 Shares Purchase			11000	0.02
	15/06/2018 - 14000 Shares Purchase			25000	0.03
	At the end of the year			25000	0.03
6	Mr. Salil Bhandari - Director				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year	-	-	-	-
7	Mr. V.K.Bhandari - Director				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year	-	-	-	-
8	Mr. N.G.Khaitan - Director				
	At the beginning of the year	132	0.00	132	0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year			132	0.00
9	Dr. Rainer S. Simon - Director				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year	-	-	-	-
10	Mr. Sandeep Sikka - Chief Financial Officer (KMP)				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year	-	-	-	-
11	Ms. Payal M Puri - Company Secretary (KMP)				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			-	-
	At the end of the year	-	-	-	-

V INDEBTEDNESS

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

(₹ In lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	82,629.34	41,914.08	-	124,543.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	446.97	-	-	446.97
Total (i+ii+iii)	83,076.31	41,914.08	-	124,990.39
Change in Indebtedness during the financial year				
Additions	291,677.96	75,000.00	-	366,677.96
Reduction	259,785.87	112,335.57	-	372,121.44
Net Change	31,892.09	-37,335.57	-	-5,443.48
Indebtedness at the end of the financial year				
i) Principal Amount	114,521.43	4,578.51	-	119,099.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	763.05	-	-	763.05
Total (i+ii+iii)	115,284.48	4,578.51	-	119,862.99

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In lakh)

S. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Dr. Rajendra Kumar Somany	Mr. Sandip Somany	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	385.68	310.80	696.48
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.87	7.23	8.10
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	160.28	228.80	389.08
	- others (specify)	-	-	-
5	Others, please specify	-	-	-
	Total (A)	546.83	546.83	1093.66
	Ceiling as per the Act (@ 10% of net profits as per section 197 computed in the manner laid down in section 198 of the Companies Act, 2013)			1093.66

B. Remuneration to other Directors *

(₹ In lakh)

S. No	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. Ashok Jaipuria	Mr. Salil K Bhandari	Mr. V. K. Bhandari	Mr. N. G. Khaitan	Dr. Rainer S. Simon	
1	Independent Directors						
	(a) Fee for attending board and committee meetings	-	1.25	0.95	0.85	-	3.05
	(b) Commission	15.62	15.62	15.63	15.62	15.62	78.11
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	15.62	16.87	16.58	16.47	15.62	81.16

(₹ In lakh)

S. No	Particulars of Remuneration	Name of the Directors				Total Amount
2	Other Non executive Directors	Ms. Sumita Somany	Mr. G. L. Sultania			
	(a) Fee for attending board and committee meetings	0.55	0.60			1.15
	(b) Commission	15.63	15.62			31.25
	(c) Others, please specify	-	-			-
	Total (2)	16.18	16.22			32.40
	Total (B)=(1+2)	31.80	33.09	16.58	16.47	15.62
	Total Managerial Remuneration (A+B) (excluding sitting fees)					1203.02
	Overall Ceiling as per the Act (@ 11% of net profits as per section 197 computed in the manner laid down in section 198 of the Companies Act, 2013)					1203.02

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

(₹ In lakh)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Payal M Puri (Company Secretary)	Mr. Sandeep Sikka (Chief Financial Officer)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	54.45	212.37	266.82
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	2.14	9.73	11.87
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	56.59	222.10	278.69

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

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

There were no penalties/punishments/compounding of offences during the financial year ended 31 March 2019.

ANNEXURE D

FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

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

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

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

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

(a)	(b)	(c)	(d)	(e)	(f)
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Hindware Home Retail Private Limited - Wholly owned subsidiary	Sale and Purchase of Goods	On-going	As per Purchase order and Invoices. During the year under review, the Company sold goods to HHRPL amounting to ₹ 5.30 crore.	-	Nil
Textool Merchantile Private Limited - Dr. Rajendra Kumar Somany, Mr. Sandip Somany and Mrs. Sumita Somany, Directors, holding more than 2% in the Share Capital of the said company	Payment of Rent and reimbursement of expenses of space in Mumbai Office.	Agreement for 36 months i.e. 1 February 2016 to 31 January 2019. Further renewed for 36 months i.e. 1 February 2019 to 31 January 2022	On monthly rental of ₹ 20,000/- and actual expenses reimbursement till 31 January 2019 and on monthly rental of ₹ 22,000/- and actual expenses reimbursement from February 2019 onwards.	31 January 2019	Nil
Mr. G.L.Sultania - Non-executive Non-Independent Director	G.L. Sultania & Co. towards professional services	Consultancy Agreement for a period of 3 years with effect from 1 April 2017 to 31 March 2020	Professional services from M/s. G.L.Sultania & Co., in respect of Income Tax Law, Corporate Law, SEBI Rules, Listing Provisions etc. from time to time at consideration of ₹ 12,50,000/- per annum plus taxes as applicable	18 May 2017	Nil
Khaitan & Co., LLP - Mr. N. G. Khaitan, Independent Director of the Company is a partner in Khaitan & Co., LLP	Availing the advisory/legal services	One year	Availing advisory/legal services for an amount not exceeding ₹ 2 lakh (not exceeding ₹ 75,000 per transaction) for the FY 2018-19	-	Nil

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany

Chairman and Managing Director

ANNEXURE E

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-2019

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs	Please refer Corporate Social Responsibility section in this report and also in Corporate Governance Report. For detailed CSR Policy, please refer Company's website at the link : https://www.hindwarehomes.com/pdf/CSR-Policy-Version-II.pdf
2. The Composition of the CSR Committee	Please refer Corporate Social Responsibility section in this report and also in Corporate Governance Report
3. Average net profit of the company for last three financial years	₹ 15,282.50 lakh
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 305.60 lakh
5. Details of CSR spent during the financial year	
(a) Total amount to be spent for the financial year;	₹ 305.60 lakh (The Company has spent ₹ 310.25 lakh during financial year 2018-19)
(b) Amount unspent, if any;	NIL

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

S. No.	CSR project or activity identified	Sector in which the projects are covered (clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹ In lakh)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In lakh)	Cumulative expenditure upto the reporting period (₹ In lakh)	Amount spent : Direct or through Implementing Agency
(i)	Basic Literacy Centre (Prathamik Saksharata Kendra)	Clause no. (ii) Promoting education and employment enhancing vocation skills especially among children, women.	Bahadurgarh (District- Jhajjar) Haryana	1.57	1.57	1.57	Through HSIL Corporate Social Responsibility Foundation
(ii)	Kushal Vikas (Skill Development- Computer Learning Centre)	Clause no. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women.	Bahadurgarh (District- Jhajjar) Haryana	3.64	3.64	3.64	Through HSIL Corporate Social Responsibility Foundation
(iii)	Skill Enhancing Vocational Training (Kaushal Vridhi)	Clause no. (ii) Promoting education, including special education and enhancing vocation skills.	Bahadurgarh (District- Jhajjar) Haryana	45.96	45.96	45.96	Through HSIL Corporate Social Responsibility Foundation
(iv)	Samarth (Cutting Tailoring for Women)	Clause no. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women.	Bahadurgarh (District- Jhajjar) Haryana	2.23	2.23	2.23	Through HSIL Corporate Social Responsibility Foundation
(v)	Swastha Sampada (Health Care- OPD Facility)	Clause no. (i) promoting health care including preventive health care.	Bahadurgarh (District- Jhajjar) Haryana	36.25	36.25	36.25	Through HSIL Corporate Social Responsibility Foundation
(vi)	Swastha Sampada (Health Care)	Clause no. (i) promoting health care including preventive health care.	Kaharani, Bhiwadi, Rajasthan	18.94	18.94	18.94	Through HSIL Corporate Social Responsibility Foundation
(vii)	Skill Enhancement (Kaushal Vridhi) leading to employment opportunity	Clause no. (ii) Promoting education, including special education and enhancing vocation skills.	Kaharani, Bhiwadi, Rajasthan	53.16	53.16	53.16	Through HSIL Corporate Social Responsibility Foundation
(viii)	Swastha Sampada (Health Care)	Clause no. (i) promoting health care including preventive health care.	Bibinagar, (District- Nalgonda) Telangana	22.67	22.69	22.69	Through HSIL Corporate Social Responsibility Foundation

S. No.	CSR project or activity identified	Sector in which the projects are covered (clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹ In lakh)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In lakh)	Cumulative expenditure upto the reporting period (₹ In lakh)	Amount spent : Direct or through Implementing Agency
(ix)	Swastha Sampada (Health Care)	Clause no. (i) promoting health care including preventive health care.	Bhongir, Telangana	11.33	11.33	11.33	Through HSIL Corporate Social Responsibility Foundation
(x)	Project Recognitions of Prior Learning (RPL)	Clause no. (ii) Promoting education, including special education and enhancing vocation skills.	PAN India	31.50	31.50	31.50	Through HSIL Corporate Social Responsibility Foundation
(xi)	Providing Sanitaryware and other items to Indian Plumbing Skills Council	Clause no. (i) promoting health care including preventive health care and sanitation.	New Delhi	0.16	0.16	0.16	Direct
(xii)	HSIL AAP KE Liye - Construction of Community Water Centre	Clause no. (i) promoting health care including preventive health care and making available safe drinking water.	Village Kassar (District -Jhajjar), Bahadurgarh, Haryana	12.97	12.97	12.97	Through HSIL Corporate Social Responsibility Foundation
(xiii)	HSIL AAP KE Liye - Construction of Community Water Centre	Clause no. (i) promoting health care including preventive health care and making available safe drinking water.	Village Sarai Aurangabad (District -Jhajjar), Bahadurgarh, Haryana	11.00	11.00	11.00	Through HSIL Corporate Social Responsibility Foundation
(xiv)	Providing Sanitaryware products to Cheshire Home	Clause no. (i) promoting health care including preventive health care and sanitation.	New Delhi	0.40	0.26	0.26	Direct
(xv)	Construction of 50 Individual Household Toilets	Clause no. (i) promoting health care including preventive health care and sanitation.	Village Brahmanpally and Village Gurraladandi (District-Nalgonda), Telangana	6.38	6.38	6.38	Through HSIL Corporate Social Responsibility Foundation
(xvi)	Providing 1000 Bathroom sets for Kerala Flood Victims under the project "Build Kerala"	Clause no. (i) promoting health care including preventive health care and sanitation.	Kerala	22.20	22.24	22.24	Direct
(xvii)	Setting up Plumbing Training Labs for Enhancing Vocational Skills	Clause no. (ii) Promoting education, including special education and enhancing vocation skills.	Pattamundai, Odisha	13.50	11.99	11.99	Direct/Through HSIL Corporate Social Responsibility Foundation
(xviii)	Installation of CCTV cameras	Clause no. (x) rural development projects	Village Brahamanpalli and Village Chinnaravulapalli (District- Nalgonda), Telangana	18.00	18.00	18.00	Through HSIL Corporate Social Responsibility Foundation
TOTAL				311.85	310.25	310.25	

- During the year, the Company has spent ₹ 310.25 lakh towards CSR activities, which is more than two per cent of the average net profit of the last three financial years.
- We hereby affirm that the CSR Policy, as approved by Board of Directors, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with CSR objectives and Policy of the Company.
- The Company formed a CSR Foundation i.e. "HSIL Corporate Social Responsibility Foundation" and commenced contributing to the said Foundation towards various CSR activities stated above with effect from May 2017.

Place : Gurugram
Date : 03 May 2019

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Salil Kumar Bhandari
Chairman of CSR Committee

ANNEXURE F

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

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

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

Name of the Directors	Ratio to median remuneration*
Executive Directors	
Dr. Rajendra Kumar Somany	195.27
Mr. Sandip Somany	214.72
Non-executive Directors	
Mrs. Sumita Somany	6.00
Mr. Vijay Kumar Bhandari	6.15
Mr. Ashok Jaipuria	5.80
Mr. Nand Gopal Khaitan	6.11
Mr. Girdhari Lal Sultania	6.02
Dr. Rainer Siegfried Simon	5.80
Mr. Salil Bhandari	6.26

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

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase/(decrease) in remuneration in the financial year*
Dr. Rajendra Kumar Somany, Chairman and Managing Director	(41.95)
Mr. Sandip Somany, Vice Chairman and Managing Director	(29.15)
Mrs. Sumita Somany, Non Executive Director	(29.74)
Mr. Vijay Kumar Bhandari, Non Executive Director	(29.39)
Mr. Ashok Jaipuria, Non Executive Director	(30.61)
Mr. Nand Gopal Khaitan, Non Executive Director	(29.51)
Mr. Girdhari Lal Sultania, Non Executive Director	(29.37)
Dr. Rainer Siegfried Simon, Non Executive Director	(30.61)
Mr. Salil Bhandari, Non Executive Director	(28.73)
Mr. Sandeep Sikka, Chief Financial Officer	10.45
Ms. Payal M Puri, Company Secretary	17.07

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

(iii) The percentage increase in remuneration in the median remuneration of employee in the financial year : 10.95 %

(iv) The number of permanent employees on the rolls of the Company as on 31 March 2019 : 4198

(v) Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year: 11.44%.

Percentile decrease in the managerial remuneration of Dr. Rajendra Kumar Somany, Chairman and Managing Director and Mr. Sandip Somany, Vice Chairman and Managing Director was 41.95 % and 29.15% respectively.

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

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

Report on Corporate Governance

COMPANY PHILOSOPHY

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. It is an ethically driven business process that is committed to values aimed at enhancing an organisation's brand and reputation. Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. Your Company firmly believes in being transparent in all the areas of its operations and also to all the stakeholders and which has been embodied in its culture. This is practiced through open working methods, emphasis on continuous communication, timely and complete disclosures and being transparent about its entire gamut of activities.

Your Company reviews its Corporate Governance practices periodically against the backdrop of the latest developments in the corporate arena, thereby endeavoring to confirm to the highest standards of Corporate Governance practices. Your Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Board of Directors is committed to upholding the highest standards of accountability through an integrated way of thinking. Your Company has always practiced Corporate Governance of the highest standards and follows a culture that is built on core values and professionalism which over almost six decades of the Company's existence has become its integral part.

A. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-executive professional Directors with considerable professional expertise and experience which provides leadership and guidance to the management thereby enhancing Stakeholders' value. As on 31 March 2019, the Board of Directors consisted of nine Directors out of which five (i.e. 56.00%) are Independent Directors, two (22.00%) are Non-Executive Non-Independent Directors and two (22.00%) are Executive Directors. The composition of the Company's Board is in conformity with the provisions of the Companies Act, 2013 ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

As on 31 March 2019, none of the Directors on the Company's Board was a Director in more than 10 Public Companies (including 7 Listed Companies), neither a Chairman of more than 5 Committees nor a member of more than 10 Committees in all the public companies in which they are Directors. Further, all the Directors have made necessary disclosures regarding their Directorship and Chairmanship/Committee Membership in other companies as per the requirement of Listing Regulations, Act and other applicable provisions, if any.

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

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

Four Board meetings were held during 2018-19 and the gap between two meetings did not exceed 120 days. The dates, on which the Board meetings were held, are as follows:

30 May 2018, 09 August 2018, 29 October 2018 and 31 January 2019.

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

The names and categories of the Directors on the Board, along with their attendance at the Board meetings held during the year ended 31 March 2019, and at the last Annual General Meeting, and the number of other Directorships and Chairmanship/Membership of Committees held by them, are given below:

Name of the Director	No. of Board meetings attended during tenure	Whether attended the last AGM	No. of other Directorships*	Committee position of Companies**		No. of Equity Shares held
				Chairman	Member	
Executive						
Dr. Rajendra Kumar Somany (Chairman and Managing Director) DIN: 00053557	3	Yes	2	Nil	Nil	34,10,000
Mr. Sandip Somany (Vice Chairman and Managing Director) DIN: 00053597	4	No	5	Nil	Nil	22,83,563
Non-executive and Non-Independent						
Ms. Sumita Somany DIN: 00133612	3	No	1	Nil	Nil	1,61,000
Mr. G. L. Sultania DIN: 00060931	4	Yes	8	1	Nil	705
Non-executive and Independent						
Mr. Ashok Jaipuria DIN: 00214707	1	No	1	Nil	Nil	25,000
Mr. N. G. Khaitan DIN: 00020588	4	Yes	6	2	4	132
Dr. Rainer Siegfried Simon DIN: 03543040	3	No	Nil	Nil	Nil	Nil
Mr. V. K. Bhandari DIN: 00052716	4	Yes	6	3	2	Nil
Mr. Salil Bhandari DIN: 00017566	4	Yes	3	Nil	2	Nil

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

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

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

S. No.	Name of Director	Name of the Listed Company	Category of Directorship
1.	Dr. Rajendra Kumar Somany	Nil	N.A.
2.	Mr. Sandip Somany	JK Paper Limited	Independent Director
3.	Ms. Sumita Somany	Nil	N.A.
4.	Mr. G. L. Sultania	The United Provinces Sugar Company Limited	Independent Director
5.	Mr. Ashok Jaipuria	Cosmo Films Limited	Managing Director
6.	Mr. N. G. Khaitan	Mangalam Timber Products Limited	Independent Director
		Mangalam Cement Limited	Independent Director
		Reliance Chemotex Industries Limited	Non-Executive Non-Independent Director
		India Power Corporation Limited (Formerly DPSC Limited)	Independent Director
		JK Lakshmi Cement Limited	Independent Director
7.	Dr. Rainer Siegfried Simon	Chase Bright Steel Limited	Independent Director
		Nil	N.A.
8.	Mr. V. K. Bhandari	Jayant Agro-Organics Limited	Independent Director
		Supershakti Metaliks Limited	Independent Director
9.	Mr. Salil Bhandari	Nil	N.A.

The Board of Directors of the Company has identified the appropriate skills/expertise/competencies in diversified domains such as Finance and Accounts, Engineering and Manufacturing, Strategy, Management, Business Administration, Sales and Marketing, Legal, Corporate Governance, Community Services, Personnel Management etc.

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

During the FY 2018-19, no Independent Director resigned from the Board of Directors of the Company.

B. COMMITTEES OF THE BOARD

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

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

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

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

The following table summarises attendance of Audit Committee members during the year under review:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. V. K. Bhandari	Chairman	4	4
Mr. N. G. Khaitan	Member	4	4
Mr. Salil Bhandari	Member	4	4
Mr. Ashok Jaipuria	Member	4	1

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

Scope of the Audit Committee

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

The scope of the Audit Committee is as follows:

Powers of Audit Committee

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

Terms of Reference

- › Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible;

Audit Committee Composition

The Committee comprises of four Non-executive Independent Directors. Mr. V. K. Bhandari, an ex-banker and financial expert, is the Chairman of the Committee. The quorum of the Committee is two members or one-third of the members, whichever is higher with at least two Independent Directors. The Chairman and Managing Director, Presidents of Divisions, Finance Head, Statutory Auditors and the Internal Auditors are invitees to the meetings of the Audit Committee. The business and operation heads are invited to the meetings, as and when required. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

During the year, four meetings of the Audit Committee were held on 30 May 2018, 09 August 2018, 29 October 2018 and 31 January 2019. The Chairman of the Audit Committee attended the Company's last Annual General Meeting.

- › Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
- › Approving payment to Statutory Auditors for any other services rendered by them;
- › Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to, (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, (b) Changes, if any, in accounting policies and practices and reasons for the same, (c) Major accounting entries involving estimates based on the exercise of judgment by management, (d) Significant adjustments made in the financial statements arising out of audit findings, (e) Compliance with listing and other legal requirements relating to financial statements, (f) Disclosure of any related party transactions, and (g) Qualifications in the draft audit report, if any;
- › Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval;
- › Reviewing, with the management, the statement of uses/application of funds raised through an issue

(public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, if any, and making appropriate recommendations to the Board to take up steps in this matter;

- › Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- › Approval or any subsequent modification of transactions of the Company with related parties;
- › Scrutiny of inter-corporate loans and investments;
- › Valuation of undertakings or assets of the Company, wherever it is necessary;
- › Reviewing, with the management, the performance of Statutory and Internal Auditors and adequacy of the internal control system;
- › Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- › Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- › Reviewing reports of internal audit and discussing with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management's response on matters and follow-up thereon;
- › Reviewing reports of Cost audit, if any, and discussion with Cost Auditors on any significant findings by them;
- › Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- › Reviewing the functioning of the Vigil Mechanism (Whistle Blower);
- › Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after

assessing the qualifications, experience and background etc. of the candidate;

- › Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors, if applicable;
- › Evaluating Internal Financial Controls and Risk Management Systems and reviewing the Company's financial and risk management policies;
- › Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- › Reviewing the Management Discussion and Analysis of financial condition and results of operation;
- › Reviewing the statement of significant related-party transactions;
- › Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- › Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor;
- › Reviewing the internal audit report relating to internal control weaknesses;
- › Reviewing compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and verify that the systems for internal controls are adequate and are operating effectively; and
- › Reviewing the utilisation of loans and/or advances from/investment by the Company in its subsidiary companies exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

Corporate Affairs Committee

Composition

The Company's Corporate Affairs Committee comprises of two Executive Directors and two Non-executive Directors. Dr. Rajendra Kumar Somany, Chairman and Managing Director of the Company, is Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

The Corporate Affairs Committee met on eleven occasions during FY 2018-19, on 09 April 2018, 07 May 2018, 04 July 2018, 16 August 2018, 17 September 2018, 12 October 2018, 19 November 2018, 11 December 2018, 03 January 2019, 24 January 2019 and 19 March 2019.

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

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Dr. Rajendra Kumar Somany	Chairman	11	11
Mr. Sandip Somany	Member	11	10
Mr. G. L. Sultania	Member	11	Nil
Mr. Salil Bhandari	Member	11	3

Scope of the Corporate Affairs Committee

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

Meetings and Attendance

During the year, the Corporate Social Responsibility Committee met five times on 07 May 2018, 30 May 2018, 9 August 2018, 29 October 2018 and 31 January 2019. The following table summarises the attendance details of the Corporate Social Responsibility Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. Salil Bhandari	Chairman	5	5
Dr. Rajendra Kumar Somany	Member	5	4
Mr. Sandip Somany	Member	5	5
Ms. Sumita Somany	Member	5	3

Scope of the Corporate Social Responsibility Committee

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

Meetings and Attendance

During the year, the Nomination and Remuneration Committee met three times on 30 May 2018, 11 October 2018 and 31 January 2019. The following table summarises the attendance details of the Nomination and Remuneration Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. Salil Bhandari	Chairman	3	3
Ms. Sumita Somany	Member	3	2
Mr. Ashok Jaipuria	Member	3	1
Mr. V.K. Bhandari	Member	3	2

Terms of reference

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

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

Corporate Social Responsibility (CSR) Committee Composition

The Committee comprises of two Executive Directors, one Non-executive Non-Independent Director and one Independent Director. Mr. Salil Bhandari, Independent Director of the Company is Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Nomination and Remuneration Committee Composition

The Committee comprises of four members, three of them being Non-executive Independent Directors and one is Non-executive Non-Independent Director. The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one Non-executive Independent Director in attendance. The Company Secretary acts as Secretary to the Committee.

familiarization programs for Independent Directors, as may be required;

- › formulating criteria for evaluation of Independent Directors and the Board;
- › specifying the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- › recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management, and while formulating such policy ensuring that (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality, required

- to run the Company successfully; (ii) the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks; and (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between the fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- › preparing a policy on diversity of the Board;
 - › recommending to the Board the re-appointment and removal of any individuals holding the office of a Director, Key Managerial Personnel or Senior Management, subject to the provision of the law and their service contract;
 - › determining whether the relevant Director has the requisite qualifications for practice of a profession in terms of section 197 of the Companies Act, 2013 in relation to payment of remuneration for services rendered by such Director;
 - › recommending to the Board, all remuneration, in whatever form, payable to Senior Management;
 - › undertaking such other functions as may be determined by the Board or required under the provisions of the Act or Listing Regulations; and
 - › undertaking such other actions as may be necessary or appropriate for performance of the aforementioned functions.

The Remuneration Policy of the Company is available on the Company's website www.hindwarehomes.com.

Details of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the FY 2018-19:

Amount (in ₹)						
Name of Directors	Basic	Perquisites	Commission (for the year 2017-18)	Contribution to PF	Sitting Fee	Total
Dr. Rajendra Kumar Somany	3,06,85,484	42,87,151	1,46,84,215	36,82,258	-	5,33,39,108
Mr. Sandip Somany	2,40,00,000	49,22,909	2,68,48,807	28,80,000	-	5,86,51,716
Ms. Sumita Somany	-	-	15,84,455	-	55,000	16,39,455
Mr. V. K. Bhandari	-	-	15,84,456	-	95,000	16,79,456
Mr. Ashok Jaipuria [#]	-	-	15,84,456	-	-	15,84,456
Mr. N. G. Khaitan	-	-	15,84,456	-	85,000	16,69,456
Mr. G. L. Sultania	-	-	15,84,456	-	60,000	16,44,456
Dr. Rainer S. Simon	-	-	15,84,456	-	-	15,84,456
Mr. Salil Bhandari	-	-	15,84,456	-	1,25,000	17,09,456
TOTAL	5,46,85,484	92,10,060	5,26,24,213	65,62,258	4,20,000	12,35,02,015

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

The Company has not issued any stock option to its directors/employees.

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

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

During the year, no pecuniary or business relationship existed between the Non-executive and Independent Directors and the Company. M/s. G. L. Sultania & Co., Proprietorship firm of Mr. G. L. Sultania, Non-executive Non-Independent Director of the Company, was paid consultancy fees for rendering professional services, which is approved by Audit Committee and Board of Directors and further by Shareholders in the Annual General Meeting of the Company held on 3 August 2017.

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

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

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

Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee

Composition

The Committee comprises of four members, three of them being Non-Executive Independent Directors and one is Non-executive Non-Independent Director. The Chairman of the Committee is Mr. N. G. Khaitan. The Company Secretary of the Company acts as the Secretary to the Committee and is also the Company's Compliance Officer.

Meetings and Attendance

During the year, four meetings of the Committee were held on 30 May 2018, 09 August 2018, 29 October 2018 and 31 January 2019. The following table summarises the attendance details of the Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. N. G. Khaitan	Chairman	4	4
Mr. V. K. Bhandari	Member	4	4
Mr. G. L. Sultania	Member	4	4
Mr. Salil Bhandari	Member	4	4

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

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

During the year, 15 complaints were received and duly resolved by the Company.

Share Transfer Committee

Composition

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

Meetings and Attendance

The Committee conducts monthly meetings for the approval of transfer of shares lodged with the Company. As on 31 March 2019, no request for transfer of shares

was pending. The Committee met 12 times during the year under review and all the members were present at the meetings.

Scope of the Share Transfer Committee

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

C. OTHER MEETING

Independent Directors Meeting

During the year under review, the Independent Directors met on 31 January 2019, inter alia, to discuss:

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

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

D. GENERAL BODY MEETINGS

Annual General Meeting

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2017-18	6 September 2018	11.00 a.m.	Sripati Singhanian Hall, Rotary Sadan,
2016-17	3 August 2017	11.00 a.m.	94/2, Chowringhee Road, Kolkata -
2015-16	7 September 2016	12.00 Noon	700 020

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

Date of Annual General Meeting	No. of Special Resolutions passed	Particulars
6 September 2018	3	<ol style="list-style-type: none"> 1. Remuneration by way of Commission to Non-Executive Directors 2. Increase in Borrowing Powers of the Board of Directors 3. Approval for continuation of Directorship of Mr. Vijay Kumar Bhandari as an Independent Director of the Company
3 August 2017	2	<ol style="list-style-type: none"> 1. Re-appointment of Dr. Rajendra Kumar Somany (DIN: 00053557) as Chairman and Managing Director 2. Authorisation to enter into Consultancy Contract with M/s. G. L. Sultania & Co., Proprietor Mr. Girdhari Lal Sultania, Non-Executive Director
7 September 2016	2	<ol style="list-style-type: none"> 1. Adoption of new set of Articles of Association of the Company in accordance with Companies Act, 2013 2. Re-appointment of Mr. Sandip Somany (DIN: 00053597) and re-designate as Vice Chairman and Managing Director

Extra Ordinary General Meeting

During the financial year 2018-19, no Extra Ordinary General Meeting was held.

Postal Ballot

During the financial year 2018-19, the Company did not pass any resolution through Postal Ballot. As on the date of this Report, no special resolution is proposed to be passed through postal ballot.

Management

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

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

E. DISCLOSURES**Disclosure of Accounting Treatment**

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

Risk Management

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

Disclosure of Commodity Price Risks and Hedging Activities

Please refer note no. 41 of the Financial Statements, which forms part of the Annual Report.

Strictures/Penalties

No strictures/penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, or any matter related to capital markets during the last three years.

Proceeds from public issue, rights issue, preferential issue

During the financial year 2018-19, the Company did not raise capital through public, rights and/or preferential issue.

Vigil Mechanism (Whistle Blower) Policy

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

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

Performance Evaluation

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

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement

and contribution, independence of judgment, safeguarding the interest of the Company and its shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman, Vice Chairman and the Non-Independent Directors was carried out by the Independent Directors and the Directors expressed their satisfaction with the evaluation process.

HSIL Code of Conduct for the Prevention of Insider Trading

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

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

HSIL - Code of Practices and Procedures for Fair Disclosures is available on the Company's website www.hindwarehomes.com.

Subsidiary Companies

HSIL does not have any material non-listed Indian subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are circulated with the agenda of the Board meeting to the Company's Board of Directors. The policy on Material Subsidiaries is available on the Company's website at the link <https://www.hindwarehomes.com/pdf/Material-Subsidiary-Policy-Version-III.pdf>

Particulars of Director seeking re-appointment

Pursuant to provisions of the Act, Dr. Rajendra Kumar Somany shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

For detailed particulars on the Director seeking re-appointment, please refer to Notice dated 03 May 2019 of the Annual General Meeting scheduled to be held on 02 September 2019.

Training of Independent Directors

As per Regulation 25(7) of Listing Regulations, the Company shall provide suitable training to the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates,

business model of the Company and any other relevant information, if any. The details of such training imparted are also required to be disclosed in the Annual Report.

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

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

Further, the Company issues a formal letter of appointment to Independent Directors outlining their roles, responsibilities, functions and duties as an Independent Director. The format of the letter of appointment is available on the Company's website at the link: <https://www.hindwarehomes.com/pdf/letter%20of%20appt%20ID.pdf>

Adoption of mandatory and non - mandatory requirements of Listing Regulations

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

Audit Qualification

The Company is in the regime of financial statements with unmodified audit opinion.

Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

Certificate from a Company Secretary in Practice

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

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

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

Details of total fees paid to Statutory Auditor

The details of total fees for all services paid by the Company and its subsidiaries for the FY 2018-19, on a consolidated basis, to the statutory auditor and all

entities in the network firm / network entity of which the statutory auditor is a part, are as follows:

		(₹ in lakhs)
S. No.	Nature of Service	Amount
1.	Audit Fees	20.20
2.	Other Services	19.17
3.	Reimbursement of Expenses	5.92
Total		45.29

Sexual Harassment of Women at Workplace

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

F. MEANS OF COMMUNICATION

Results

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

News Releases, Presentations, etc.

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

Presentation

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

Website

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

Annual Report

The Annual Report containing, inter alia, Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report, Business Responsibility Report, if applicable, and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms

part of the Annual Report and is displayed on the Company's website www.hindwarehomes.com.

NSE Electronic Application Processing System (NEAPS)

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

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

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

SEBI Complaints Redress System (SCORES)

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

Designated Exclusive email-id

The Company has designated the email-id "hsilinvestors@hindware.co.in" exclusively for investor servicing.

G. SHAREHOLDER INFORMATION

Company Registration Details

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

Contact Information

Registered Office
2, Red Cross Place
Kolkata - 700 001
Phone: +91 - 33 -2248 7407/5668
Email: hsilinvestors@hindware.co.in

Corporate Office

301-302, Park Centra
Sector-30, National Highway - 8
Gurugram, Haryana
Phone: +91- 124-477 9200
Fax: +91-124-429 2898-99
Email: payal@hindware.co.in

Plant locations

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

Company Secretary

Ms. Payal M. Puri

Annual General Meeting

The 59th Annual General Meeting is scheduled to be held on 02 September 2019.

Financial Calendar

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

Date of Book Closure

21 August 2019 to 2 September 2019 (both days inclusive).

Monthly Stock Market Data

Month	NSE High Price	NSE Low Price	BSE High Price	BSE Low Price
Apr-18	419.00	371.50	419.00	375.00
May-18	389.00	335.20	392.15	337.05
Jun-18	350.90	311.60	354.70	311.00
Jul-18	404.90	322.10	406.35	320.15
Aug-18	351.00	298.65	350.25	298.45
Sep-18	346.20	249.10	330.00	249.10
Oct-18	268.65	219.00	269.80	219.00
Nov-18	276.00	204.15	276.30	204.00
Dec-18	238.40	191.00	238.85	186.00
Jan-19	262.75	227.10	262.20	227.00
Feb-19	275.00	214.10	274.95	214.65
Mar-19	271.45	222.15	271.35	220.80

Dividend Payment Date

Latest by 07 September 2019.

Listing on Stock Exchanges

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

National Stock Exchange of India Ltd. (NSE): HSIL

BSE Ltd. (BSE): 500187

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

Listing fees for the financial year 2019-20 have been paid to the Stock Exchanges.

Registrar and Transfer Agent

M/s. Maheshwari Datamatics Private Limited is the Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are: Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001
Phone: +91-33- 2248 2248,2243 5029
Fax: +91-33- 2248 4787
Email: mdpldc@yahoo.com

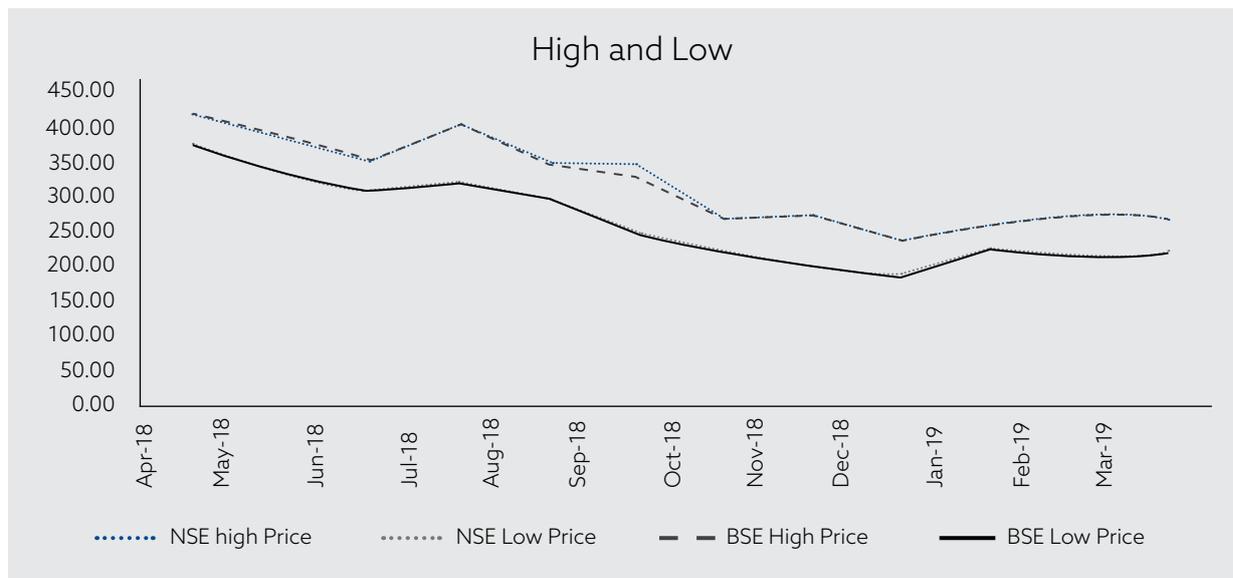
Share Transfer System

The Company has constituted a Share Transfer Committee to approve the transfer of securities. SEBI has decided that securities of Listed Companies can be transferred only in dematerialised form w.e.f. 01 April 2019. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. The dematerialised shares are transferred directly to the beneficiaries through the depositories.

Market Price Data

Monthly stock market data of the Company's high-and-low prices of equity shares during 2018-19 and their performance, in comparison with the broad-based index, comprise:

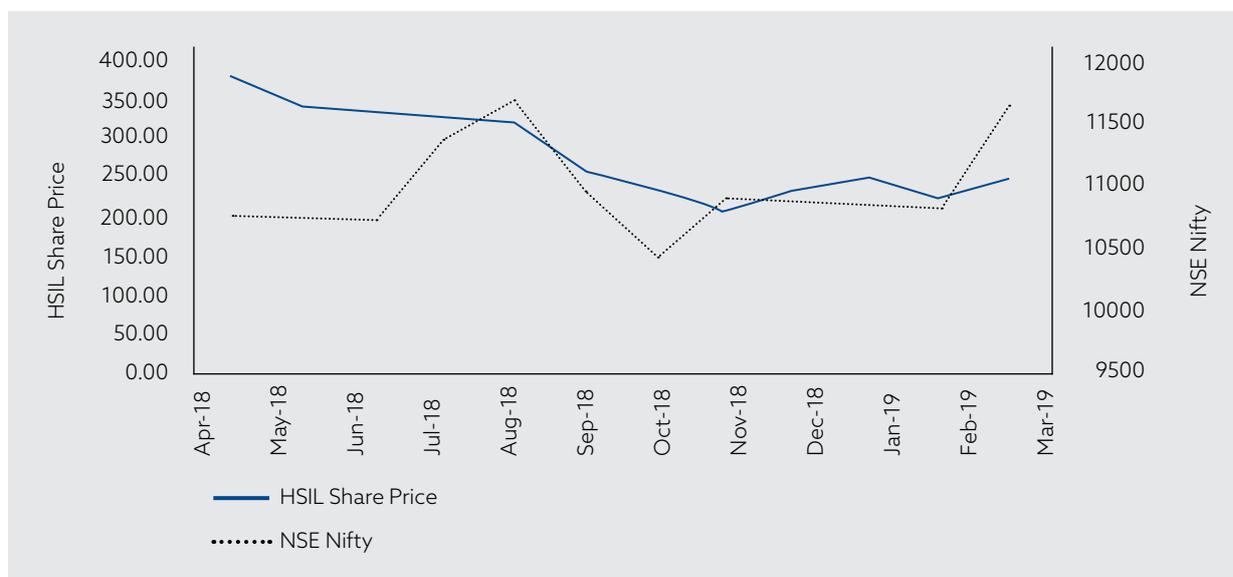
Monthly NSE and BSE prices of equity shares



Monthly closing price of HSIL shares on NSE and NSE Nifty

Month	NSE	NSE Nifty
Apr-18	377.50	10739.35
May-18	341.20	10736.15
Jun-18	335.45	10714.30
Jul-18	330.60	11356.50
Aug-18	318.75	11680.50
Sep-18	255.80	10930.45
Oct-18	237.70	10386.60
Nov-18	206.35	10876.75
Dec-18	234.80	10862.55
Jan-19	247.65	10830.95
Feb-19	223.20	10792.50
Mar-19	250.50	11623.90

Monthly closing prices of HSIL shares on NSE and NSE NIFTY



Distribution of Shareholding as on 31 March 2019

Number of Shares held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Up to 500	27325	82.53	2936208	4.06
501-1000	3088	9.33	2424447	3.35
1001-2000	1663	5.02	2378256	3.29
2001-3000	383	1.16	961648	1.33
3001-4000	179	0.54	625134	0.87
4001-5000	91	0.28	420320	0.58
5001-10000	200	0.60	1430676	1.98
10001 and above	179	0.54	61119706	84.54
Total	33108	100	72296395	100

Category of Shareholders as on 31 March 2019

Category	No. of Shares of ₹2 each	% of Total
Promoter	35372819	48.93
Mutual Fund/UTI	13136514	18.17
Alternative Investment Funds	1928001	2.67
Foreign Portfolio Investors	2881573	3.99
Financial Institutions/Banks	259018	0.36
Insurance Companies	500	0
Foreign Institutional Investors	0	0
Foreign National	207	0
Domestic Companies/Bodies Corporate	2553824	3.53
Non-Resident Individual	1620660	2.24
Others	14543279	20.11
Total	72296395	100

Dematerialisation of Shares

Particulars of Shares	Shares of ₹2 each	
	Number	% of Total
Dematerialised Form		
National Securities Depository Ltd. (NSDL)	66745486	92.32
Central Depository Services (India) Ltd. (CDSL)	4837689	6.70
Physical Form	713220	0.98
Total	72296395	100

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

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

Details	No. of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 01 April 2018	Nil	Nil
Shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	48	19012
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 March 2019	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on 31 March 2019 shall remain frozen till the rightful owner of such shares claims the shares.

Credit Ratings

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

S. No.	Name of Rating Agency	Instrument Type	Rating	Revision, if any
1.	CARE Ratings Limited	Long Term Bank Facilities	CARE A+; Stable (Single A Plus) Reaffirmed	Rating revised from CARE AA- (Double A Minus) to CARE A+; Stable (Single A Plus) on 20 November 2018
		Short Term Bank Facilities	CARE A1+ (A One Plus) Reaffirmed	Nil
		Commercial Paper	CARE A1+ (A One Plus) Reaffirmed	Nil
2.	ICRA Limited	Commercial Paper	ICRA A1+ (ICRA A one Plus)	Surrendered w.e.f. 28 December 2018

H. CODE OF CONDUCT

The Company's Board of Directors laid down and adopted a Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of your Company. The said Code of Conduct has also been posted on the Company's website. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for 2018-19.

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

I. CEO AND CFO CERTIFICATION

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

J. CERTIFICATION BY SECRETARIAL AUDITORS

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

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

In accordance with Listing Regulations, I hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective code of conduct, as applicable to them, for the year ended 31 March 2019.

Place: Gurugram
Date: 03 May 2019

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Certificate of Non-Disqualification of Directors

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial year ending on 31 March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of appointment
1	Dr. Rajendra Kumar Somany	00053557	09/01/1988
2	Mr. Sandip Somany	00053597	12/09/1995
3	Ms. Sumita Somany	00133612	29/05/2014
4	Mr. Girdhari Lal Sultania	00060931	09/09/2006
5	Mr. Salil Kumar Bhandari	00017566	29/05/2012
6	Mr. Nand Gopal Khaitan	00020588	27/09/1996
7	Mr. Vijay Kumar Bhandari	00052716	24/07/2004
8	Mr. Ashok Jaipuria	00214707	24/07/2004
9	Dr. Rainer Siegfried Simon	03543040	18/05/2011

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

For **DMK Associates**
Company Secretaries

CS MONIKA KOHLI

Partner

FCS No. 5480

COP No. 4936

Place: New Delhi
Date: 03 May 2019

CEO/CFO Certification

To
The Board of Directors

We hereby certify that:

- a) We have reviewed financial statements and cash flow statement of HSIL Limited ('the Company') for the year ended 31 March 2019 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the above said period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the above said period;
 - ii. significant changes in accounting policies during the above said period and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sandip Somany
Vice Chairman and Managing Director

Sandeep Sikka
Chief Financial Officer

Place: Gurugram
Date: 03 May 2019

Certificate on Corporate Governance

To
The Members of
HSIL Limited

1. We have examined the compliance of the conditions of corporate governance by HSIL Limited ("the Company") for the year ended 31 March 2019 as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

MANAGEMENT'S RESPONSIBILITY

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

OUR RESPONSIBILITY

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

OPINION

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the SEBI Listing Regulations during the year ended 31 March 2019.
6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DMK ASSOCIATES**
Company Secretaries

CS MONIKA KOHLI
Partner
FCS No. 5480
COP No. 4936

Place: New Delhi
Date: 03 May 2019

Independent Auditor's Report

To the Members of
HSIL Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of HSIL Limited ("the Company"), which comprise the Balance sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its Profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section

143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2019. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Description of Key Audit Matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment (as described in note no.5 of the standalone financial statements)</p> <p>The Company recognised goodwill on merger of Garden Polymers (P) Ltd (GPPL) in past year. Subsequent to adoption of Ind AS it was subject to impairment testing.</p> <p>In line with requirements of Ind AS-36 an impairment assessment being performed on yearly basis and the company has recognised impairment loss of ₹ 221.18 lakhs .</p> <p>(Refer note no. 5 to the financial statements)</p>	<p>Our response to the audit risk</p> <p>We evaluated the process by which management prepared its cash flow forecasts and compared them against the latest Board approved plans and management approved forecasts. We evaluated the historical accuracy of the plans and forecasts. These procedures enabled us to determine the accuracy of the forecasting process and apply appropriate sensitivities to the cash flows.</p> <p>We assessed the appropriateness of independent valuer's / management's discount rates, future cash flows and long-term growth rates, specifically focusing on the CGUs identified opposite. We benchmarked assumptions against industry.</p> <p>Based upon our assessments described above, we challenged management on the appropriateness of its sensitivity calculations by applying our own sensitivity analysis to the forecast cash flows, long-term growth rates and discount rates to ascertain the extent to which reasonable adverse changes would, either individually or in aggregate, require an impairment of either the goodwill or indefinite life assets.</p>

Description of Key Audit Matter	How our audit addressed the key audit matter
Accounting for Revenue recognition	<p>Reviewing the appropriateness of discount rate through the use of our valuations specialists; We determined that no impairment charges were required, based on the results of our work. Management has described the key sensitivities applied in the 'Goodwill and other intangible assets' note to the Financial Statements in note no.5</p> <p>Based on independent valuation report impairment loss of ₹ 221.18 lakhs has been provided during the current year.</p>
<p>Recognition of Revenue , measurement , presentation and disclosure thereof in view adoption of Ind AS-115 "Revenue from Contracts with Customers" in place of Ind As-18 -"Revenue".</p> <p>There is possibility for material misstatement within revenue, particularly in relation to revenue being recorded in the different period, due to cut off errors or management bias.</p> <p>Refer to Accounting policies and Note no.3.5 of the standalone Financial Statements</p>	<p>Our audit procedures includes:</p> <ul style="list-style-type: none"> › On a sample basis we performed testing to verify physical deliveries of product in the year to ascertain transfer of control. › We performed revenue cut-off testing, by reference to shipment / bill dates of sales recorded either side of the financial year end had legally completed. › Selected a sample of sales contracts and read, analysed and identified the distinct performance obligations in these contracts ; and › We performed walkthroughs to understand the key processes and identify key controls related Ind AS 115 "Revenue from Contracts with Customers"

OTHER MATTER

Attention is drawn to note no.53 to the standalone financial statements regarding the utilisation of the Business Reconstruction Reserve ('BRR') to the extent of ₹ 221.18 lacs during the year, which was created in accordance with a scheme of arrangement (the scheme) approved by Hon'ble High Court of Calcutta vide order dated 26th March, 2010. The same amount is shown as exceptional item to standalone Statement of Profit and Loss for the year, and withdrawn equivalent amount from BRR.

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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the 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 Companies Act, 2013 we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- › Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events

or conditions may cause the Company to cease to continue as a going concern.

- › Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the financial year ended 31st March 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company

so far as it appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the

best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note no.47 to the standalone financial statements;
- ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (h) With respect to the other matter to be included in the Auditors' report under Section 197(16), as amended :

In our opinion and according to the information and explanation given to us, the managerial remuneration paid/provided during the current year by the Company is in accordance with the provisions of Section 197 of the Act.

For **LODHA & CO.**

Chartered Accountants

ICAI Firm Registration Number: 301051E

N.K.Lodha

Partner

Membership Number: 085155

Place: Gurugram

Date: 3rd May 2019

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the HSIL Limited on the standalone financial statements for the year ended 31st March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As per the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification. (v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at Balance Sheet date. (read with Note No. 4(6) of standalone financial statements). (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (ii) As per the information and explanation given to us, the inventories of the Company (except stock lying with the third parties and goods in transit), have been physically verified by the management at reasonable intervals during the year. The discrepancies noticed on such physical verification of inventory as compared to book records were not material. (vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and services tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2019 except TDS of ₹ 1.19 lakhs, deposited subsequent to Balance Sheet date.
- (iii) According to the records and information and explanation made available to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable. (b) According to the records and information & explanations given to us, there are no dues in respect of income tax or sales tax or service tax or entry tax or duty of custom or goods and services tax or duty of excise or Central Sales Tax or value added tax that have not been deposited with the appropriate authorities on account of any dispute except as given below:
- (iv) In our opinion and according to the information and explanations given to us, the Company has

Name of Statute	Nature of Due	Period	Amount Involved (In Lakhs)	Forum Where Matter is pending
The Central Excise Act, 1944	Central excise	1987-89	27.81	Commissioner of Central Excise, Rohtak
		1999-2000	24.26	Customs , Excise and Service Tax Appellate Tribunal, Bangalore
		2004-05 to 2005-06	14.98	Customs , Excise and Service Tax Appellate Tribunal, Bangalore
		2005-06	93.24	Customs , Excise and Service Tax, Appellate Tribunal
		2006-07	3.33	Commissioner (Appeals)
		2007-08	11.09	Customs , Excise and Service Tax Appellate Tribunal, Bangalore
		2010-11	9.71	Customs , Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service Tax	2005-06 & 2006-07	1.61	Customs , Excise and Service Tax Appellate Tribunal, Bangalore
		2013-14	37.57	The Hon'ble Supreme court of India
		Assessment Year 2012-13	3.84	Commissioner Income Tax (Appeals), Hubli
Telangana Tax on Entry of Goods into Local areas Act, 2001	Entry Tax	2011-12 to 2016-17	1,926.66	High Court Judicature of Hyderabad
Telangana Tax on Entry of Goods into Local areas Act, 2001		2012-13 to 2016-17	1,043.35	The Appellate Dy. Comm. Rural Division , Hyd.
Entry Tax Act, 2001		2011-12 to 2016-17	52.59	High Court Judicature of Hyderabad
Andhra Pradesh Vat Act, 2005	Sales Tax	2011-12 & 12-13	3.75	The Appellate Dy. Comm. Rural Division , Hyd.
The Central Sales Tax Act, 1956		2010-11	90.91	Assistant Commissioner of Sales Tax
		2011-12	16.79	Assistant Commissioner of Sales Tax
		2012-13	2.03	Deputy Commissioner (State Tax)
		2012-13	12.59	Deputy Commissioner (State Tax) LTU, Panjagutta , Hyderabad
		2013-14	32.48	Delhi Sales Tax Tribunal
		2013-14	3.47	Deputy Commissioner (Sales Tax)
		2014-15	45.77	The Appellate Dy. Comm. Rural Division , Hyd.
		2016-17	34.91	Deputy Commissioner (State Tax) LTU, Panjagutta, Hyderabad
Delhi Sales Tax Act, 1975	2004-05 to 2010-11	66.13	In the Court Of ADL. COMM.III	
	2010 to 2011 to 2014-15	135.44	In the Court Of SPL. COMM.-III	
	2007-08	3.28	Assistant Commissioner of Sales Tax	
The Maharashtra Value Added Tax Act ,2002	2010-11	28.48	Assistant Commissioner of Sales Tax	
	2011-12	5.08	Assistant Commissioner of Sales Tax	
	2012-13	1.84	Deputy Commissioner (Sales Tax), Mumbai	
	2013-14	5.52	Deputy Commissioner (Sales Tax), Mumbai	

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). On the basis of information and explanation given to us, term loans have been applied for the purposes for which they were obtained.

(x) Based on the audit procedures performed and on the basis of information and explanations given to us,

no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) On the basis of records and information and explanations made available and based on our examinations of the records of the company, the company has paid / provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act.

- (xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.
- (xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related party transactions entered during the year, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no.50)
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**

Chartered Accountants

ICAI Firm Registration Number: 301051E

N.K.Lodha

Partner

Membership Number: 085155

Place: Gurugram

Date: 3rd May 2019

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of HSIL Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**

Chartered Accountants

ICAI Firm Registration Number: 301051E

N.K.Lodha

Partner

Membership Number: 085155

Place: Gurugram

Date: 3rd May 2019

Standalone Balance Sheet

as at 31 March 2019

(₹ in lakh)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	1,92,071.49	1,64,915.56
(b) Capital work-in-progress		12,077.34	20,937.50
(c) Goodwill	5	2,473.04	2,694.22
(d) Other intangible assets	6	444.50	497.07
(e) Other intangible assets under development		6.35	-
(f) Financial assets			
(i) Investments	7	2,249.75	3,455.34
(ii) Loans	8	1,819.67	2,072.72
(iii) Other financial assets	9	27.93	27.69
(g) Income-tax assets (net)	10	4,827.68	6,027.83
(h) Other non-current assets	11	4,962.58	4,058.46
Total non-current assets		2,20,960.33	2,04,686.39
2 Current assets			
(a) Inventories	12	56,977.14	56,429.93
(b) Financial assets			
(i) Investments		-	-
(ii) Trade receivables	13	58,777.23	51,408.55
(iii) Cash and cash equivalents	14	5,662.99	23,518.70
(iv) Bank balances other than (iii) above	15	385.03	456.37
(v) Loans	16	82.60	81.36
(vi) Other financial assets	17	1,328.68	1,100.60
(c) Other current assets	18	11,963.58	9,808.80
Total current assets		1,35,177.25	1,42,804.31
Total assets		3,56,137.58	3,47,490.70
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	19	1,445.97	1,445.97
(b) Other equity	20	1,50,005.91	1,47,481.17
Total equity		1,51,451.88	1,48,927.14
2 Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	75,323.13	52,302.06
(ii) Other financial liabilities	22	4,874.86	5,251.40
(b) Provisions	23	1,100.56	1,021.38
(c) Deferred tax liabilities (net)	24	21,601.08	21,154.21
(d) Other non-current liabilities	25	151.84	206.40
Total non-current liabilities		1,03,051.47	79,935.45
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	40,452.90	63,671.16
(ii) Trade payables	27		
- Due to micro and small enterprise		4,538.62	-
- Due to others		21,892.43	21,736.61
(iii) Other financial liabilities	28	26,106.96	28,565.04
(b) Other current liabilities	29	8,260.91	4,329.74
(c) Provisions	30	382.41	325.56
Total current liabilities		1,01,634.23	1,18,628.11
Total liabilities		2,04,685.70	1,98,563.56
Total equity and liabilities		3,56,137.58	3,47,490.70

Notes 1 to 61 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

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

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

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

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019

Payal M. Puri
Company Secretary
ACS No.: 16068

Sandeep Sikka
Chief Financial Officer

Standalone Statement of Profit and Loss

for the year ended 31 March 2019

(₹ in lakh)

Particulars	Note	Year ended 31 March 2019	Year ended 31 March 2018
I Revenue from operations	31	2,70,964.77	2,28,451.27
II Other income	32	2,989.41	971.32
III Total income		2,73,954.18	2,29,422.59
IV Expenses			
Cost of materials consumed	33	61,993.79	41,743.53
Purchases of stock-in-trade	34	51,075.81	54,683.70
Changes in inventories of finished goods, stock-in-trade and work-in-progress	35	169.35	(7,537.97)
Excise duty on sales		-	3,500.03
Employee benefits expense	36	36,036.39	30,887.11
Finance costs	37	8,748.18	5,575.92
Depreciation and amortisation expense	38	15,097.59	11,403.99
Other expenses	39	90,070.39	77,935.96
Total expenses		2,63,191.50	2,18,192.27
V Profit before exceptional items and tax		10,762.68	11,230.32
VI Exceptional items (refer note 53 and 59)		(221.18)	(864.79)
Less: transferred from business reconstruction reserve (refer note 53)		221.18	210.64
VII Profit before tax		10,762.68	10,576.17
VIII Tax expense	40		
(1) Current tax		2,458.78	2,787.21
MAT credit entitlement		(1,974.21)	-
Earlier year income tax		372.83	1.43
(2) Deferred tax		2,858.57	311.45
Total tax expense		3,715.97	3,100.09
IX Profit for the year		7,046.71	7,476.08
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plan		(11.25)	112.04
(b) Changes in fair value of equity instruments through other comprehensive income		(1,240.73)	100.95
(ii) Income-tax relating to these items		437.49	(74.43)
Other comprehensive income, net of tax		(814.49)	138.56
XI Total comprehensive income for the year		6,232.22	7,614.64
XII Earnings per equity share (of ₹ 2/- each):			
Basic and diluted (refer note 45)		9.74	10.34

Notes 1 to 61 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**Chartered Accountants
Firm Registration No.:301051E**Sandip Somany**Vice Chairman and Managing Director
DIN: 00053597**Dr. Rajendra Kumar Somany**Chairman and Managing Director
DIN: 00053557**N.K. Lodha**Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019**Payal M. Puri**Company Secretary
ACS No.: 16068**Sandeep Sikka**

Chief Financial Officer

Standalone Cash Flow Statement

for the year ended 31 March 2019

(₹ in lakh)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,762.68	10,576.17
Adjustments for:		
Finance costs	8,748.18	5,575.92
Transfer from business reconstruction reserve	(221.18)	(210.64)
Investment income	(3.36)	(11.41)
Interest income	(196.35)	(137.62)
Deferred government grant	(209.53)	(635.32)
Gain on disposal of property, plant and equipment	(513.35)	(22.87)
Loss on disposal of property, plant and equipment	36.30	25.52
Sundry balances and liabilities no longer required, written back	(1,797.08)	(573.50)
Provision for expected credit loss	609.20	569.94
Bad debts written off	40.95	3.88
Depreciation and amortisation expenses	15,097.59	11,403.99
Deffered tax		
Net foreign exchange (gain)	657.60	133.34
	33,011.65	26,697.40
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(7,988.10)	(13,321.10)
(Increase)/decrease in inventories	(547.21)	(7,180.25)
(Increase)/decrease in other assets	(3,867.72)	(339.74)
Increase/(decrease) in trade and other liabilities	13,862.94	3,206.53
Increase/(decrease) in provisions	124.78	91.24
	1,584.70	(17,543.32)
CASH GENERATED FROM OPERATIONS	34,596.35	9,154.08
Income taxes paid	(1,631.45)	(3,379.74)
Net cash generated by operating activities	32,964.90	5,774.34
Cash flows from investing activities:		
Payments to acquire financial assets	(4,835.15)	(5,433.03)
Proceeds on sale of financial assets	4,803.36	16,158.41
Interest received	207.11	161.06
Amounts advanced to related parties	(17.78)	32.29
Payments for property, plant and equipment	(33,903.46)	(29,678.78)
Proceeds from disposal of property, plant and equipment	1,372.40	184.02
Movement in other bank balances	71.11	(34.22)
Net cash used in investing activities	(32,302.41)	(18,610.25)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	24,211.70	26,900.00
Repayment of borrowings	(7,389.02)	(9,022.76)
Movement in short term borrowings (net)	(23,218.27)	13,230.46
Taxes on dividend paid	(599.00)	(588.71)
Dividends paid to owners of the Company	(2,882.74)	(2,882.72)
Interest paid	(8,640.87)	(5,238.07)
Net cash used in financing activities	(18,518.20)	22,398.20
Net increase in cash and cash equivalents:	(17,855.71)	9,562.29
Cash and cash equivalents at the beginning of the year	23,518.70	13,956.41
Cash and cash equivalents at the end of the year	5,662.99	23,518.70

Standalone Cash Flow Statement

for the year ended 31 March 2019

Disclosure made pursuant to amendment made in Ind AS-7:-

The movement in liability from financing activities:

	As at 31 March 2018	Cash flows	Non-cash flow changes		(₹ in lakh)
			Foreign exchange	Others	As at 31 March 2019
Long term borrowings	59,331.10	16,822.68	952.10	209.54	77,315.42
Short term borrowings	63671.16	(23,218.27)	-	-	40,452.89
Total liabilities from financing activities	1,23,002.26	(6,395.59)	952.10	209.54	1,17,768.31

Notes 1 to 61 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**

Chartered Accountants
Firm Registration No.:301051E

Sandip Somany

Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany

Chairman and Managing Director
DIN: 00053557

N.K. Lodha

Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019

Payal M. Puri

Company Secretary
ACS No.: 16068

Sandeep Sikka

Chief Financial Officer

Standalone Statement of Changes in Equity

for the year ended 31 March 2019

A. EQUITY SHARE CAPITAL

Particulars	(₹ in lakh)	
	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2017	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2019	7,22,96,395	1,445.97

B. OTHER EQUITY

Particulars	Reserves and surplus					Other comprehensive income			Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain/(loss)	FVOCI - equity instruments	
Balance as at 1 April 2017	80.92	45,497.87	24,903.64	15.00	19,608.83	51,487.15	(28.91)	1,993.24	1,43,557.74
Profit for the year	-	-	-	-	-	7,476.08	-	-	7,476.08
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	72.89	65.67	138.56
Total comprehensive income for the year	-	-	-	-	-	7,476.08	72.89	65.67	7,614.64
Less: transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-
Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year (also refer note 53)	-	-	-	-	210.64	-	-	-	210.64
Balance as at 31 March 2018	80.92	45,497.87	24,903.64	15.00	19,398.19	55,482.66	43.98	2,058.91	1,47,481.17
Profit for the year	-	-	-	-	-	7,046.71	-	-	7,046.71
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	(7.32)	(807.17)	(814.49)
Total comprehensive income for the year	-	-	-	-	-	7,046.71	(7.32)	(807.17)	6,232.22
Less:	-	-	-	-	-	-	-	-	-
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,486.30	-	-	3,486.30
Transfer to statement of profit and loss during the year (also refer note 53)	-	-	-	-	221.18	-	-	-	221.18
Balance as at 31 March 2019	80.92	45,497.87	24,903.64	15.00	19,177.01	59,043.07	36.66	1,251.74	1,50,005.91

Notes 1 to 61 form an integral part of these standalone financial statements. In terms of our report attached.

For Lodha & Co

Chartered Accountants

Firm Registration No.:301051E

N.K. Lodha

Partner

M. No. 85155

Place : Gurugram

Date : 03 March 2019

Sandip Somany

Vice Chairman and Managing Director

DIN: 00053597

Payal M. Puri

Company Secretary

ACS No.: 16068

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany

Chairman and Managing Director

DIN: 00053557

Sandeep Sikka

Chief Financial Officer

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

1. CORPORATE INFORMATION

HSIL Limited (the 'Company') is a public limited company incorporated in India. The registered office of the Company is situated in Kolkata and the corporate office is in Gurugram. The Company is into the business of manufacturing, selling and trading of Building products, Packaging products, Consumer products and Retail business. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

2. APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD ("IND AS")

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorised have been considered in preparing these standalone financial statements.

2.1 Recent accounting pronouncements

A. Application of New Accounting Pronouncements

The Company applied for the first-time amendments to the following standards from 1st April 2018.

i) Ind AS 115 'Revenue from Contracts with Customers'

The standard clarifies the accounting for bundled services and identifying each 'performance obligation' in contractual arrangements. It also provides more guidance on the measurement of revenue contracts which have variable consideration like discounts, rebates etc.

W.e.f. 1st April 2018 the Company adopted Ind AS 115 'Revenue from Contracts with Customers'. There was no impact of above on the opening balance sheet as at 1st April 2018 and on the Statement of Profit and Loss for the year ended 31st March, 2019.

- ii) The Company has adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration with effect from 1st April, 2018 prospectively to all assets, expenses and income initially recognised on or after 1st April, 2018 and there was immaterial impact on implementation of the Appendix.

B. Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules,

2019, notifying new standards and amendments to certain issued standards in the month of March 2019. These amendments are applicable w.e.f. 1st April, 2019.

i) Ind AS 116, Leases:

The standard changes the principles for the recognition, measurement, presentation and disclosure of leases. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise lease liabilities and 'right of use' assets on the Balance Sheet, with exemptions for low value and short term leases. The Company will adopt Ind AS 116 prospectively to each prior reporting period presented. The Company is presently in the process of evaluating the impact of adoption of 'Ind AS 116' and expect immaterial impact on the recognition and measurement of income and costs in the income statement or of the net assets in the balance sheet.

ii) Appendix C, Uncertainty over Income Tax Treatment to Ind AS 12, Income Taxes:

This Appendix clarifies how entities should apply the recognition and measurement principles while recognising current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12, the Company needs to assess probability of accepting certain tax treatment, in particular when assessing the outcome a tax authority might reach with full knowledge and information i.e. latest tax filings during completion of tax assessment. Based on management's evaluation, the impact is estimated to be immaterial.

iii) Amendment to Ind AS 12, Income Taxes:

The amendment clarifies that an entity shall recognise income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The Company will apply this amendment for annual reporting periods beginning on or after 1st April, 2019. The impact on its Financial Statements is being evaluated.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

iv) **Amendment to Ind AS 23, Borrowing Costs:**

The amendment clarifies that an entity shall consider specific borrowings as general borrowing while calculating capitalisation rate, once substantial activities necessary to prepare a qualifying asset for which specific borrowing was obtained is completed for its intended use or sale.

The Company will apply this amendment for annual reporting periods beginning on or after 1st April, 2019. Since the Company's current policy is in line with these amendments, the company does not expect any effect on its Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

3.1 Statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the standalone financial statements for the year ended 31 March 2019 are prepared complying applicable Ind AS.

The standalone financial statements of HSIL Limited as at and for the year ended 31 March 2019 (including comparatives) were approved and authorised for issue by the Board of Directors on 03 May 2019.

3.2 Historical cost convention

These standalone financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

3.3 Business combinations

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

3.4 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised.

Goodwill is carried at cost less accumulated impairment losses.

3.5 Revenue recognition

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is recognised net of sales reductions such as discounts and sales incentives granted. This variable consideration is estimated based on the expected value of outflow.

Sale of products:

Revenue from the sale of products is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Sales-related warranties associated with the goods are integral to sales price and cannot be purchased separately, hence they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Rendering of services:

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered.

Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Company as the lessor

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

Company as the lessee

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on straight-line basis unless the payments are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increases.

3.7 Foreign currency transactions and translations

Initial recognition

The Company's standalone financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

3.9 Government grants

The Company received refundable government loans at below market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments. The benefit of below- market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. It is recognised as income when there is reasonable assurance that the Company will comply with all necessary conditions attached to the loans. Income from such benefit is recognised on a systematic basis over the period of the loan during which the company recognises interest expense corresponding to such loans.

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

Income from subsidies is recognised on reasonable assurance and a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognised.

3.10 Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences

Defined contribution plans

The Company's contribution to provident fund and pension fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under Employees Provident

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Fund and Misc. Provisions Act, 1952 and short fall, if any, shall be made good by the company.

In respect of certain employees contributions are made to a trust administrated by the Company/employees.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using 'the Projected Unit Credit method', with actuarial valuations being carried out at each Balance Sheet date. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are allowed to carried forward over a period in excess of 12 months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date out of which the obligations are expected to be settled.

3.11 Taxation

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current

tax not recognised in other comprehensive income or directly in equity.

Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognises MAT Credit as an asset, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement".

The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. The MAT Credit Entitlement is disclosed under the head 'Deferred tax liabilities (net)'.

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.12 Operating cycle

Based on the nature of products/activities of the Company and the normal time between purchase of raw materials and their realisation in cash or cash equivalents, the Company has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.13 Operating expenses

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is usually when the related goods are sold.

3.14 (a) Property, plant and equipment

Freehold land is carried at historical cost except for certain class of land which had been revalued in financial year 2009-10 and 2011-12. All other items of Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation.

The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises the new part and is depreciated accordingly. Further, when major overhauling/ repair are performed, the cost associated with this is capitalised, if the recognition criteria are satisfied, and is then depreciated over the remaining useful life of asset or over the period of next overhauling due, whichever is earlier. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Intangible assets

Intangibles are stated at cost less accumulated amortisation and impairment losses (if any). Cost related to technical assistance for new projects are capitalised.

(c) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress includes capital inventory.

3.15 Depreciation and amortisation

Depreciation is charged on a pro-rata basis on the straight line method at rates prescribed in Schedule II to the Companies Act, 2013 and is charged to the statement of profit and loss. Freehold land is not depreciated.

The estimated useful life of the items of property, plant and equipment are as follows:

Asset class	Useful life
Property, plant and equipment	
Plant and machinery	7.5-25 years*
Buildings	10-60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer	3-6 years
Vehicles	8 years**
Intangible assets	
Technical know-how	10 years
Software	6 years

* Furnaces, part of the glass plant of the Company, includes in plant and machinery, are depreciated over a life of 6.5 years which is different from life prescribed in Schedule II of the Act, based on independent chartered engineer certificate.

** Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act.

3.16 Impairment of property, plant and equipment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.19 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.20 Provisions and contingencies

A provision is recognised in the standalone financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed

at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes unless the outflow of resources is considered to be remote. Contingent assets are neither recognised nor disclosed in the standalone financial statements.

3.21 Equity, reserves and dividend payments

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

3.22 Earnings per share

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings or loss per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.23 Fair value measurement

The Company measures financial instruments such as investments in mutual funds, investment in certain equity shares etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- › Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- › Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- › Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.24 Financial instruments

I. Financial assets

a. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

b. Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial

asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

c. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 41 details how the Company determines whether there has been a significant increase in credit risk.

d. Derecognition of financial assets

A financial asset is derecognised when:

- The Company has transferred the right to receive cash flows from the financial assets or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial assets. Where the Company retains

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

II. Financial liabilities

a. Initial recognition and subsequent measurement

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

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

IV. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.25 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 42.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of

profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.26 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Estimation of defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(ii) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income - taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in the standalone financial statements.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

(iii) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain property, plant and equipment.

(iv) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(v) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the

actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 42).

(vi) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Description of assets	(₹ in lakh)									
	Land - Freehold	Land - Leasehold	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Gross block										
Opening balance as at 1 April 2017	48,978.62	3,643.16	36,383.16	708.70	73,196.77	697.88	4,002.48	1,028.84	2,536.08	1,71,175.69
Additions	-	4,046.37	3,533.42	98.83	15,597.56	297.87	2,040.30	412.70	1,166.28	27,193.33
Disposals/adjustment	-	-	(5.16)	-	(64.67)	(4.65)	(30.85)	(16.78)	(298.98)	(421.09)
Balance as at 31 March 2018	48,978.62	7,689.53	39,911.42	807.53	88,729.66	991.10	6,011.93	1,424.76	3,403.38	1,97,947.93
Additions	71.97	10.22	6,241.46	4.58	33,017.44	199.95	1,732.41	347.05	1,577.04	43,202.12
Disposals/adjustment	(1.14)	-	(82.04)	-	(1,129.95)	(6.95)	(66.46)	(24.21)	(619.90)	(1,930.65)
Balance as at 31 March 2019	49,049.45	7,699.75	46,070.84	812.11	1,20,617.15	1,184.10	7,677.88	1,747.60	4,360.52	2,39,219.40
II. Accumulated depreciation and amortisation										
Opening balance as at 1 April 2017	-	-	2,704.35	208.28	16,640.69	355.66	993.85	408.70	621.40	21,932.93
Depreciation and amortisation charge for the year	-	18.48	1,451.65	82.27	7,912.97	143.79	721.32	269.16	683.12	11,282.76
Disposals/adjustment	-	36.36	-	(0.03)	(18.46)	(3.78)	(13.34)	(15.90)	(168.17)	(183.32)
Balance as at 31 March 2018	-	54.84	4,156.00	290.52	24,535.20	495.67	1,701.83	661.96	1,136.35	33,032.37
Depreciation and amortisation charge for the year	-	91.64	1,682.45	79.99	10,860.55	166.72	1,200.93	307.89	760.66	15,150.83
Disposals/adjustment	-	-	(21.89)	(0.08)	(528.34)	(6.12)	(34.56)	(20.65)	(423.65)	(1,035.29)
Balance as at 31 March 2019	-	146.48	5,816.56	370.43	34,867.41	656.27	2,868.20	949.20	1,473.36	47,147.91
Net block (I-II)										
Balance as at 31 March 2019	49,049.45	7,553.27	40,254.28	441.68	85,749.74	527.83	4,809.68	798.40	2,887.16	1,92,071.49
Balance as at 31 March 2018	48,978.62	7,634.69	35,755.42	517.01	64,194.46	495.43	4,310.10	762.80	2,267.03	1,64,915.56

Note :

- Refer note 21 and 26 for details of property, plant and equipment pledged as security by the Company.
- Capital work-in-progress mainly comprises of cost incurred on building, plant and equipments etc. which are currently under construction and borrowing cost capitalised ₹ 300.24 lakh (previous year ₹ 716.56 lakh)
- In the current year ₹ 252.80 lakh (previous year gain of ₹ 13.54 lakh) has been capitalised to the cost of property, plant and equipment on account of exchange differences arising from translation of long-term foreign currency monetary items.
- Building includes carrying amount of ₹ 6863.84 lakh (previous year ₹ 6620.65 lakh) constructed on leasehold land.
- Possession awaited of 2740 sq. mtr., part of land.
- Land having carrying value of ₹ 17191.01 lakh (previous year ₹ 17191.01 lakh), mutation is pending in the name of company.
- Borrowing cost capitalised ₹ 418.31 lakh (previous year ₹ 478.93 lakh).

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 5 - GOODWILL

(₹ in lakh)

Particulars	As at	
	31 March 2019	31 March 2018
Gross carrying value	2,473.04	2,694.22

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

(₹ in lakh)

Goodwill	Amount
Balance as at 1 April 2017	2,694.22
Accumulated impairment	-
Balance as at 31 March 2018	2,694.22
Accumulated impairment	221.18
Balance as at 31 March 2019	2,473.04

Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill is allocated to the unit Garden Polymers of Packaging Products Division which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating segments.

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units ("CGU") is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been determined in light of the economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. (A reduction in the availability of credit has led to an increase in the cost of capital and therefore, the discount rate applied to future cash flows has increased.) Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Company has conducted a sensitivity analysis on the impairment test of CGU carrying value. Change in the discount rate and growth rate by +/- 1% points would not impact in carrying value of goodwill (with other factors remains constant).

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use is based on the following key assumptions :

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	16.5%	15%
Terminal value of growth rate	5%	3%

The estimated recoverable amount of goodwill related to unit Garden Polymers of Packaging Products Division was lower than the carrying amount at year end, consequently the company provided for impairment loss of ₹ 221.18 lakhs.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 6 - OTHER INTANGIBLE ASSETS

(₹ in lakh)

Description of assets	Technical know-how	Trade mark	Computer software	Total
I. Gross block				
Opening balance as at 1 April 2017	103.47	-	645.86	749.33
Additions	-	94.62	144.06	238.68
Disposals	-	-	-	-
Balance as at 31 March 2018	103.47	94.62	789.92	988.01
Additions	-	44.25	81.43	125.68
Disposals	-	-	-	-
Balance as at 31 March 2019	103.47	138.87	871.35	1,113.69
II. Accumulated amortisation				
Opening balance as at 1 April 2017	42.63	-	315.91	358.54
Amortisation charge for the year	21.31	0.07	111.02	132.40
Disposals	-	-	-	-
Balance as at 31 March 2018	63.94	0.07	426.93	490.94
Amortisation charge for the year	21.19	18.76	138.29	178.25
Disposals	-	-	-	-
Balance as at 31 March 2019	85.13	18.83	565.22	669.19
Net block (I-II)				
Balance as on 31 March 2019	18.34	120.04	306.13	444.50
Balance as on 31 March 2018	39.53	94.55	362.99	497.07

NOTE 7 - NON CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
A. Fair value through other comprehensive income (FVOCI)				
I. Quoted investments (fully paid up)				
Investments in equity instruments				
Neycer India Limited (face value ₹ 10 each)	125	0.01	125	0.01
Quoted investments (I)		0.01		0.01
II. Unquoted investments (fully paid-up)				
Investments in equity instruments				
Andhra Pradesh Gas Power Corporation Limited (face value ₹ 10 each)	8,04,000	1,999.49	8,04,000	3,240.22
Indian Plumbing Skills Council (face value ₹ 10 each)	60,000	6.00	60,000	6.00
Swastik Sanitarywares Limited (face value ₹ 10 each)	50	0.01	50	0.01
Unquoted investments (II)		2,005.50		3,246.23
Investments carried at FVOCI (AI+All)		2,005.51		3,246.24
Total investments carried at fair value [A]		2,005.51		3,246.24
B. At cost				
Unquoted investments (fully paid-up)				
Investments in equity instruments of subsidiaries				
Hindware Home Retail Private Limited (face value ₹ 10 each)	6,40,000	8.72	6,40,000	8.72
Halis International Limited, Mauritius (face value USD 1 each)	17,05,000	782.50	17,05,000	782.50
Less : Provision for impairment of investments		(782.50)		(782.50)
Alchemy International Cooperatief U.A., Netherlands (Euro 180)	180	0.12	180	0.12
Halis International Limited, Mauritius (face value USD 1 each)	20,36,000	1,176.05	19,47,000	1,111.68

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 7 - NON CURRENT INVESTMENTS (CONTD.)

Particulars	(₹ in lakh)			
	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Less : Provision for impairment of investments	(1,100.83)	75.22	(1,071.60)	40.08
Somany Home Innovation Ltd -(Face value Rs. 2 each)	5,00,000	10.00	5,00,000	10.00
Luxxis Heating Solution Ltd -(face value ₹ 10 each)	2,00,000	20.00	2,00,000	20.00
Equity component in debt instruments of subsidiaries				
Hindware Home Retail Private Limited (refer note 8)		128.56		128.56
Unquoted investments		242.62		207.48
Total investments carried at cost [B]		242.62		207.48
C. Investments carried at amortised cost				
Unquoted				
Investments in Government Securities				
National Savings Certificates*		1.62		1.62
Total investments carried at amortised cost [C]		1.62	-	1.62
Total investments (A+B+C)		2,249.75		3,455.34
Other disclosures				
Aggregate book value of quoted investments		0.01		0.01
Aggregate amount of market value of quoted investments		0.01		0.01
Aggregate amount of unquoted investments		2,249.74		3,455.33
Aggregate amount of impairment in value of investments		3,124.06		1,854.10

* Deposited with government authorities

NOTE 8 - NON-CURRENT FINANCIAL ASSETS - LOANS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Security deposits	1,741.61	2,000.44
Loans to related parties (also refer note 50) *	78.06	72.28
	1,819.67	2,072.72

* Includes interest on unbundling of loan component ₹ 26.82 lakh (previous year ₹ 21.04 lakh)

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

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Other bank balances		
- Deposit account with other banks for more than 1 year	27.93	27.69
	27.93	27.69

NOTE 10 - INCOME-TAX ASSETS (NET)

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Advance income-tax (net)	4,827.68	6,027.83
	4,827.68	6,027.83

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 11 - OTHER NON-CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good by the management)		
Capital advances	2,034.76	2,843.59
Prepaid expenses	386.53	1,103.75
Balances with government authorities	2,541.29	111.12
	4,962.58	4,058.46

NOTE 12 - INVENTORIES

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
(As taken by the management, valued at cost or net realisable value)*		
Raw materials	6,539.51	5,466.58
Work-in-progress	2,417.98	2,375.44
Finished goods	19,877.90	18,887.67
Stock-in-trade of goods acquired for trading	24,420.61	25,477.00
Stores and spares	2,128.58	2,497.91
Loose tools	7.15	7.24
Packing material	1,097.71	1,240.78
Oils, fuels, lubricants and others	487.70	477.31
	56,977.14	56,429.93
Included above, goods-in-transit:		
Raw materials	-	0.41
Stock-in-trade	-	1.10
Stores and spares	-	51.52
	-	53.03

Notes

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

NOTE 13 - TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured, considered good	258.32	385.29
Unsecured, considered good	58,518.91	51,023.26
Credit impaired	3,281.99	2,672.79
	62,059.22	54,081.34
Less: Credit impaired	3,281.99	2,672.79
	58,777.23	51,408.55

Movement in the allowance for doubtful debts

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at beginning of the year	2,672.79	2,245.17
Expected credit losses provided for during the year (refer note 39)	609.20	569.94
Amounts written back during the year (net)	-	(142.32)
	3,281.99	2,672.79

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 14 - CASH AND CASH EQUIVALENTS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Balances with banks	4,523.64	3,724.64
Cheques, drafts on hand	1,003.29	1,686.77
Cash in hand	92.72	104.27
Remittance in transit	43.34	3.02
Fixed deposits with original maturity of less than three months	-	18,000.00
	5,662.99	23,518.70

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

NOTE 15 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Earmarked balances with banks		
Unpaid dividends accounts *	125.90	121.34
Other bank balances		
Held as margin money in fixed deposits	252.22	249.19
Fixed deposits with original maturity of more than three months but less than twelve months	6.91	85.84
	385.03	456.37

Note

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

NOTE 16 - CURRENT FINANCIAL ASSETS - LOANS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Advance to related parties (also refer note 50)	18.00	6.00
Interest receivable	64.60	75.36
	82.60	81.36

NOTE 17 - CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Derivatives designated hedges		
- Foreign exchange forward contracts	1,328.46	1,092.17
Other financial assets		
- Interest accrued on deposits, loans and advances	0.22	8.43
	1,328.68	1,100.60

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 18 - OTHER CURRENT ASSETS

(₹ in lakh)

Particulars	As at	
	31 March 2019	31 March 2018
(unsecured and considered good)		
Prepaid expenses	606.65	1,114.67
Balances with government authorities	7,499.68	6,185.08
Others		
- Advance to suppliers	1,827.97	1,930.05
- Employee advances	83.70	64.89
- Other current assets	2,064.20	595.41
Less : Provision for doubtful advances	(118.62)	(81.30)
	11,963.58	9,808.80

NOTE 19 - EQUITY SHARE CAPITAL

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Authorised:				
Equity shares of ₹ 2 each	11,12,50,000	2,225.00	11,12,50,000	2,225.00
Issued:				
Equity shares of ₹ 2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00
Subscribed and fully paid:				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Forfeited shares	-	0.04	-	0.04
	7,22,96,395	1,445.97	7,22,96,395	1,445.97

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Equity shares outstanding at the beginning of the year	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Add: Shares issued during the year	-	-	-	-
Equity shares outstanding at the end of the year	7,22,96,395	1,445.93	7,22,96,395	1,445.93

(b) Terms and rights attached to equity shares

The Company has issued only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	31 March 2019		31 March 2018	
	No. of shares	% of holding	No. of shares	% of holding
Paco Exports Limited	2,92,95,000	40.52	2,12,80,000	29.43
Reliance Capital Trustee Company Limited	30,41,238	4.21	67,20,572	9.30
HDFC Trustee Company Limited	50,13,460	6.93	48,23,510	6.67
Soma Investments Limited	-	-	42,35,000	5.86
Sundaram Mutual Fund	39,03,407	5.40	41,14,867	5.69
New Delhi Industrial Promotors and Investors Limited	-	-	37,50,000	5.19

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

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

- (d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and bought back during the last 5 years.
- (e) The above figure of subscribed and paid up capital includes application and allotment money received on forfeited shares amounting to ₹ 0.04 lakh (Previous year ₹ 0.04 lakh).

NOTE 20 - OTHER EQUITY

(₹ in lakh)

Particulars	Reserves and surplus					Other comprehensive income			Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2017	80.92	45,497.87	24,903.64	15.00	19,608.83	51,487.15	(28.91)	1,993.24	1,43,557.74
Profit for the year	-	-	-	-	-	7,476.08	-	-	7,476.08
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	72.89	65.67	138.56
Total comprehensive income for the year	-	-	-	-	-	7,476.08	72.89	65.67	7,614.64
Less: Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year (also refer note 53)	-	-	-	-	210.64	-	-	-	210.64
Balance as at 31 March 2018	80.92	45,497.87	24,903.64	15.00	19,398.19	55,482.66	43.98	2,058.91	1,47,481.17
Profit for the year	-	-	-	-	-	7,046.71	-	-	7,046.71
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	(7.32)	(807.17)	(814.49)
Total comprehensive income for the year	-	-	-	-	-	7,046.71	(7.32)	(807.17)	6,232.22
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,486.30	-	-	3,486.30
Less: Transfer to statement of profit and loss during the year (also refer note 53)	-	-	-	-	221.18	-	-	-	221.18
Balance as at 31 March 2019	80.92	45,497.87	24,903.64	15.00	19,177.01	59,043.07	36.66	1,251.74	1,50,005.91

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Nature and purpose of other reserves:

- Capital reserve was created on amalgamation of certain entities/undertaking into the Company.
- Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.
- Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paidup capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. It, inter alia, includes a sum of ₹ 10,000 lakh (previous year ₹ 10,000 lakh) transferred from Business Reconstruction Reserve which cannot be used for issuance of bonus shares and distribution of dividend.
- Capital redemption reserve is created against redemption of preference shares of the Company.
- Business reconstruction reserve was created in accordance with a scheme of arrangement approved by the Hon'ble High Court of Calcutta. This reserve can neither be utilised towards issuance of bonus shares nor towards distribution of dividend.
- FVOCI equity instruments: The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- Dividends paid (including dividend distribution tax) during the year ended 31 March 2019 of ₹ 3,486.29 lakh (₹ 4 per equity share of ₹ 2/- each) were approved for payment.

NOTE 21 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Measured at amortised cost		
Secured:		
Term loans from banks:		
Foreign currency loans	27,668.52	19,893.74
Rupee loans	46,400.00	30,000.00
Term loans from financial institution:		
Rupee loans	-	6,400.00
	74,068.52	56,293.74
Unsecured:		
Deferred payment liabilities* #	3,246.90	3,037.36
	3,246.90	3,037.36
	77,315.42	59,331.10
Less: Current maturities of long term borrowing (refer note 28)	1,992.29	7,029.04
	75,323.13	52,302.06

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

Interest free and subsidised loan from state government.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Terms and conditions of outstanding borrowings are as follows:

(₹ in lakh)

Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018	Remarks
Secured loan from bank - foreign currency loans	US Dollars	2018-19	-	3,434.33	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	2018-19	-	117.08	Refer note 2 below
Secured loan from bank - foreign currency loans	US Dollars	2018-19	-	3,333.51	Refer note 3 below
Secured loan from bank - foreign currency loans *	US Dollars	2024-25	13,834.26	13,008.82	Refer note 1 below
Secured loan from bank - foreign currency loans *	US Dollars	2026-27	13,834.26	-	Refer note 1 below
Secured loan from bank - rupee loans **	₹	2026-27	20,000.00	20,000.00	Refer note 4 below
Secured loan from bank - rupee loans **	₹	2026-27	10,000.00	10,000.00	Refer note 4 below
Secured loan from bank - rupee loans **	₹	2023-24	6,400.00	-	Refer note 5 below
Secured loan from financial institution - rupee loans	₹	2023-24	-	6,400.00	Refer note 7 below
Secured loan from bank - rupee loans **	₹	2027-28	10,000.00	-	Refer note 1 below
Unsecured Loan from others - Deferred payment liabilities ***	₹	2029-30	3,246.90	3,037.36	Refer note 6 below

* LIBOR - London Inter Bank Offer Rate : Interest rate ranging from 6 months LIBOR+122 bps to 4.5725% p.a.

** MCLR - Marginal Cost of funds based Lending Rate : Interest rate ranging from MCLR+08 bps to MCLR+60 bps

*** Interest rate ranging from 0 to 3%

Note:

1. Loans are secured by way of hypothecation of first pari-passu charge on movable fixed assets (both present and future) pertaining to the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Further, this is secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties (both present and future) of glass plants of the Company situated at Sanathnagar and Bhongir in Telangana.

Term Loans aggregating to ₹ 27,668.52 lakh are repayable in half yearly instalments from January 2020 to June 2026.

Term Loans aggregating to ₹ 10,000.00 lakh are repayable in total 32 quarterly instalments from June 2020 to March 2028.

2. Loan was secured by first pari-passu charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana. It has been repaid.

3. Loan was secured by first pari-passu charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana and movable fixed assets of faucet plant situated at Kaharani, Rajasthan. It has been repaid.

4. Loan is secured by first pari-passu charge on fixed assets of the Company located at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana.

Term Loans aggregating to ₹ 30,000.00 lakh are repayable in total 28 half yearly instalments from June 2020 to December 2026.

5. Loan is secured by first pari-passu charge by way of a mortgage over the immovable fixed assets (both present and future) of the sanitaryware plant of the Company situated at Bibinagar, Telangana.

Term Loans aggregating to ₹ 6,400.00 lakh are repayable in total 17 quarterly instalments from November 2019 to November 2023.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

6. Deferred payment liabilities from others (unsecured) is in respect of value added tax and central sales tax liabilities pertaining to the years 1999-2000 to 2012-2013 and are repayable by the end of financial year 31 March 2030. The outstanding amount of deferred sales tax credit is subject to assessment by sales tax authorities.
7. Loan was secured by first pari-passu charge over movable fixed assets (both present and future) of the faucet plant situated at Kaharani, Rajasthan. Further, this was secured by first pari-passu charge by way of a mortgage over the immovable fixed assets (both present and future) of the Company situated at Kaharani, Rajasthan and Bibinagar, Telangana. It has been refinanced.

Term Loans aggregating to ₹ 3,246.90 lakh are repayable in yearly instalments from June 2013 to March 2030.

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

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade deposits	2,752.92	3,018.78
Deferred government loan	1,331.61	1,541.16
Other deposits	790.33	691.46
	4,874.86	5,251.40

NOTE 23 - NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Long-term employee benefits (also refer note 44)		
Provision for compensated absences	1,011.47	829.08
Provision for warranty	89.09	192.30
	1,100.56	1,021.38

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

Particulars	(₹ in lakh)
Balance as at 1 April 2017	415.20
Additional provisions recognised (included in Other expenses)	108.54
Utilised during the year	(121.93)
	401.81
Less: Current liability (refer note 30)	209.51
Balance as at 31 March 2018	192.30
Balance as at 1 April 2018	401.81
Additional provisions recognised (included in Other expenses)	28.50
Utilised during the year	(111.71)
	318.60
Less: Current liability (refer note 30)	229.51
Balance as at 31 March 2019	89.09

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Company obligations for warranties under the local sale of goods. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on warranty period of certain products up to 12 years.

NOTE 24 - DEFERRED TAX LIABILITIES (NET)

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Deferred tax liability arising on account of		
Difference between book balance and tax balance of property, plant and equipment	15,339.12	12,981.82
Land	10,176.45	10,176.45
Investments at fair value through OCI	-	107.69
	25,515.57	23,265.96
Deferred tax asset arising on account of		
Investments at fair value through OCI	325.88	-
Provision for doubtful debts and loans and advances	1,119.51	961.04
Provision for employee benefits	410.81	291.11
MAT Credit entitles	1,974.21	-
Foreign exchange adjustments on external commercial borrowings	73.87	762.59
Others	10.21	97.01
	3,914.49	2,111.75
	21,601.08	21,154.21

Deferred tax liability (net) in relation to:

Particulars	(₹ in lakh)				
	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	As at 31 March 2019
Deferred tax liability arising on account of					
Difference between book balance and tax balance of property, plant and equipment	12,981.82	2,357.30	-	-	15,339.12
Land	10,176.45	-	-	-	10,176.45
Investments at fair value through OCI	107.69	-	(107.69)	-	-
Sub total	23,265.96	2,357.30	(107.69)	-	25,515.57
Deferred tax asset arising on account of					
Investments at fair value through OCI	-	-	325.88	-	325.88
Provision for doubtful debts and loans and advances	961.04	158.47	-	-	1,119.51
Provision for employee benefits	291.11	115.77	3.93	-	410.81
MAT Credit entitles	-	1,974.21	-	-	1,974.21
Foreign exchange adjustments on external commercial borrowings	762.59	(688.72)	-	-	73.87
Others	97.01	(86.80)	-	-	10.21
Sub total	2,111.75	1,472.93	329.81	-	3,914.49
Net deferred tax liability	21,154.21	884.37	(437.50)	-	21,601.08

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Deferred tax liability (net) in relation to:

(₹ in lakh)

Particulars	As at 1 April 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	As at 31 March 2018
Deferred tax liability arising on account of					
Difference between book balance and tax balance of property, plant and equipment	13,916.85	(935.03)	-	-	12,981.82
Land	10,176.45	-	-	-	10,176.45
Investments at fair value through OCI	72.41	-	35.28	-	107.69
Sub total	24,165.71	(935.03)	35.28	-	23,265.96
Deferred tax asset arising on account of					
Provision for doubtful debts and loans and advances	780.45	180.59	-	-	961.04
Provision for employee benefits	311.36	18.90	(39.15)	-	291.11
Foreign exchange adjustments on external commercial borrowings	2,248.89	(1,486.30)	-	-	762.59
Others	56.68	40.33	-	-	97.01
Sub total	3,397.38	(1,246.48)	(39.15)	-	2,111.75
Net deferred tax liability	20,768.33	311.45	74.43	-	21,154.21

NOTE 25 - OTHER NON-CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Employee related payables	146.38	200.99
Other liabilities	5.46	5.41
	151.84	206.40

NOTE 26 - CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured borrowings		
From banks		
Cash credit - loans repayable on demand	1,328.07	5,736.27
Buyers credit	224.83	6,299.34
Working capital demand loan	38,900.00	14,300.00
Packing credit loan	-	-
	40,452.90	26,335.61
Unsecured borrowings		
From banks		
Working capital demand loan	-	7,680.00
Commercial papers	-	29,655.55
	-	37,335.55
	40,452.90	63,671.16

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

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

Secured borrowings

Cash credit facilities :

- a) Cash credit facilities from banks is repayable on demand and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Buyer's credit facilities :

- b) Buyer's credit facilities from banks is repayable within 12 months from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Short term loan facilities :

- c) Working capital demand loan from banks repayable within 7 days to 180 days from disbursement and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

NOTE 27 - TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
-total outstanding dues of micro and small enterprises#	4,538.62	-
-total outstanding dues of creditors other than micro and small enterprises	21,892.43	21,736.61
Trade payable *	26,431.05	21,736.61

Includes payable against expenses ₹ 732.75 lakh

* Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details as certified by the management are mentioned below:

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Principal amount remaining unpaid to any supplier	4,538.62	-
Interest due thereon remaining unpaid to any supplier	189.98	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 28 - CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at	
	31 March 2019	31 March 2018
Current maturities of long-term borrowings (also refer note 21)	1,992.29	7,029.04
Interest accrued but not due on borrowings	763.05	446.97
Unpaid dividends *	125.90	121.34
Earnest money deposits	92.97	86.32
Security deposits/retention money payable	76.37	128.76
Others		
Towards capital creditors	1,450.57	2,559.85
Employee related payables	4,297.50	2,462.86
Towards expenses payable	7,859.31	6,630.25
Commission payable to directors	498.44	526.24
Gratuity payable (net of obligation)	177.77	125.09
Derivative payable	380.49	-
Other payables	8,392.30	8,448.32
	26,106.96	28,565.04

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

NOTE 29 - OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at	
	31 March 2019	31 March 2018
Advances received from customers	1,258.22	769.73
Employee related payables	130.45	18.53
Payable towards statutory dues	6,102.31	3,541.48
Other payables	769.93	-
	8,260.91	4,329.74

NOTE 30 - CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at	
	31 March 2019	31 March 2018
Provision for employee benefits		
Long-term employee benefits (also refer note 44)		
Provision for compensated absences	152.90	116.05
Provision for warranty (also refer note 23)	229.51	209.51
	382.41	325.56

NOTE 31 - i) Revenue from operations

(₹ in lakh)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Sale of goods (including excise duty)	2,66,401.64	2,25,284.77
Sale from rendering of services	45.34	40.24
Other operating revenue @	4,517.79	3,126.26
	2,70,964.77	2,28,451.27

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Segmentwise revenue information		
a) Building products	1,22,322.10	1,04,412.45
b) Packaging products	1,09,715.07	94,052.26
c) Consumer products	30,573.57	20,769.20
d) Retail business	9,100.74	9,617.65
e) Others	190.67	147.38
Total	2,71,902.15	2,28,998.94
Less : Inter segment revenue	(937.38)	(547.67)
Total income from operations	2,70,964.77	2,28,451.27

ii) Unsatisfied Performance Obligation

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Aggregated amount of Transaction Price allocated to the contracts that are fully or partially unsatisfied at the end of the reporting period		
i) Sale of Goods	1,258.22	769.73
ii) Sale of Services	-	-

iii) Reconciliation of contract price vis a vis revenue recognised in profit and loss statement is as follows:-

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Contract Price	3,47,064.56	2,64,550.46
a) Sale of goods & services	3,42,501.44	2,61,383.96
b) Sale of Service	45.33	40.25
c) Other operating revenue	4,517.79	3,126.25
Adjustment:-		
Discount/Rebate	76,099.79	36,099.19
Revenue recognised in the statement of profit and loss account	2,70,964.77	2,28,451.27
@ Other operating revenues comprise of:		
Export incentives	244.53	445.84
Sundry balances and liabilities no longer required, written back	1,797.08	573.50
Provision of doubtful debts written back, no longer required	-	142.32
Gain on foreign exchange fluctuations (net)	-	297.76
Insurance claims received	167.93	361.07
Scrap sales	965.54	621.75
Miscellaneous receipts#	1,342.71	684.02
	4,517.79	3,126.26

#Includes subsidy from state and central government of ₹ 8.23 lakh (previous year ₹ 8.40 lakh).

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 32 - OTHER INCOME

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets	196.35	137.62
Rental income	16.91	16.07
Profit on sale of current investments (net)	3.36	11.41
Profit on sale of property, plant and equipment	513.35	22.87
Government grant	209.53	635.32
Miscellaneous income*	2,049.91	148.03
	2,989.41	971.32

* Miscellaneous income includes incentive from Government of ₹ 1869.04 lakh (previous year ₹ Nil)

NOTE 33 - COST OF MATERIALS CONSUMED

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening stock	5,466.58	3,619.74
Add: Purchases	63,066.72	43,590.37
Less: Closing stock	6,539.51	5,466.58
	61,993.79	41,743.53

NOTE 34 - PURCHASES OF TRADED GOODS

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sanitaryware and other products	51,075.81	54,683.70
	51,075.81	54,683.70

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

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventories at the end of the year:		
Finished goods	19,877.90	18,887.67
Work-in-progress	2,417.97	2,375.44
Stock-in-trade	24,420.61	25,477.00
	46,716.48	46,740.11
Inventories at the beginning of the year:		
Finished goods	18,887.67	23,292.78
Work-in-progress	2,375.44	1,814.53
Stock-in-trade	25,477.00	17,177.16
	46,740.11	42,284.47
Change in stock	23.63	(4,455.64)
Stock transferred from capital work in progress to finished goods on account of capitalisation of furnace	145.72	-
Change in excise duty on closing stock	-	(3,082.33)
	169.35	(7,537.97)

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 36 - EMPLOYEE BENEFITS EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	33,038.02	28,090.73
Contribution to provident funds and other funds (refer note 44)*	1,493.11	1,483.67
Staff welfare expenses	1,505.26	1,312.71
	36,036.39	30,887.11

* Net of reimbursement received from the government under Pradhan Mantry Rojgar Protsahan Yojna scheme ₹ 62.66 lakh (previous year ₹ 18.93 lakh)

NOTE 37 - FINANCE COST

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities	7,716.76	4,620.21
Other borrowing cost	1,031.42	955.71
	8,748.18	5,575.92

NOTE 38 - DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation and amortisation of Property, plant and equipments (refer note 4)	15,150.83	11,282.76
Amortisation of other intangible assets (also refer note 6)	178.24	132.40
Impairment of goodwill (refer note 5)	221.18	-
Transfer from business construction reserve pursuant to the Scheme (refer note 53)	(221.18)	-
Depreciation/amortisation capitalised on assets involved in plant under construction	(231.48)	(11.17)
	15,097.59	11,403.99

NOTE 39 - OTHER EXPENSES

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Power and fuel	35,066.56	28,097.13
Consumption of stores and spares	5,918.93	5,464.94
Consumption of packing materials	10,604.79	9,809.24
Consumption of loose tools	54.79	58.11
Consumption of oil, fuel and lubricants	441.80	340.16
Repairs and maintenance:		
Buildings	403.98	359.16
Plant and machinery	1,706.06	1,427.98
Others	484.35	457.34
Rent (including hire charges)	2,754.71	2,817.89
Rates and taxes	222.82	384.35
Directors sitting fees	4.20	3.90
Expenditure on ceramic and applied research centre (also refer note 51)	112.45	134.92
Insurance	339.06	501.32
Travelling and conveyance	4,051.96	3,388.99
Commission on sales	450.66	616.36
Freight and forwarding charges	300.89	279.78

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 39 - OTHER EXPENSES (CONTD.)

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Advertisement and publicity	9,814.20	10,429.84
Transportation and forwarding	8,550.24	5,888.03
Sales promotion expenses ((including warranty expense ₹ 28.50 lakh (previous year ₹ 108.54 lakh))	1,438.45	1,303.27
Other selling expenses	1,700.12	1,331.33
Provision for expected credit loss (also refer note 13)	609.20	569.94
Provision for doubtful advances	37.32	3.86
Bad debts written off	40.95	3.88
Corporate social responsibility expenditure (also refer note 52)	310.25	345.63
Charity and donation	-	50.45
Investment impairment	29.22	-
Loss on foreign exchange fluctuation	657.60	-
Loss on sale of property, plant and equipment	36.30	25.52
Miscellaneous expenses	3,928.53	3,842.64
	90,070.39	77,935.96

NOTE 40-CURRENT TAX AND DEFERRED TAX

(a) Income tax expense through profit and loss

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax:		
Current income tax charge (including Minimum alternate tax)	484.57	2,787.21
Earlier year tax	372.83	1.43
	857.40	2,788.64
Deferred tax:		
In respect of current year origination and reversal of temporary differences	2,858.57	311.45
Total tax expense recognised in profit and loss account	3,715.97	3,100.09

(b) Income tax on other comprehensive income

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Deferred tax		
Re-measurement of defined benefit obligations	3.93	(39.15)
FVOCI financial assets	433.56	(35.28)
	437.49	(74.43)

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

(c) Numerical reconciliation between average effective tax rate and applicable tax rate :

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.944% (31 March 2018: 34.608%) and the reported tax expense in the statement of profit and loss are as follows:

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax	10,762.68	10,576.17
Domestic tax rate for the Company	34.944%	34.608%
Income tax of the Company at given tax rate	3,760.91	3,660.20
Tax effect of :		
- Net of non deductible expenses and income	371.43	128.35
- Tax - exempt income	(28.38)	(20.09)
- Tax incentives and concessions	(19.65)	(43.66)
- Notional interest income and notional rent expenses	(2.02)	-
- Earlier year income tax	372.83	1.43
Others	(739.14)	(626.14)
Income-tax recognised in statement of profit and loss	3,715.98	3,100.09

(d) There is no change in statutory enacted income-tax rate during the financial year. However rate of cess on income tax has been increased from 3% to 4%.

(e) There is no temporary differences associated with investment in subsidiaries.

NOTE - 41 FINANCIAL INSTRUMENTS AND RISK REVIEW

Capital management

The Company manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 21 and 26 net of cash and cash equivalents as disclosed in note 14 and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors.

The following table summarises the capital of the Company

	(₹ in lakh)	
	31 March 2019	31 March 2018
Equity *	1,51,451.88	1,48,927.14
Liquid assets (cash and cash equivalent and current investments) (a)	5,662.99	23,518.70
Current borrowings (note 26)	40,452.90	63,671.16
Non-current borrowings (note 21 and 22)	76,654.74	53,843.22
Current maturities of non current borrowings (note 28)	1,992.29	7,029.04
Total debt (b)	1,19,099.93	1,24,543.42
Net debt [c = (b) - (a)]	1,13,436.94	1,01,024.72
Total capital (equity+net debt)	2,64,888.82	2,49,951.86
Gearing ratio		
Debt to equity	79%	84%
Net debt to equity ratio	75%	68%
*Equity balances also includes the business reconstruction reserve (₹ in lakh)	29,177.01	29,398.19

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Categories of financial instruments Categories of financial assets/(liabilities)

(₹ in lakh)

Notes	31 March 2019			31 March 2018		
	Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
Financial assets measured at amortised costs						
Trade receivable	13	58,777.23	-	51,408.55	-	-
Loans	8,16	1,902.27	-	2,154.08	-	-
Other financial assets	9,17	28.15	-	36.12	-	-
Cash and bank balances	14, 15	6,048.02	-	23,975.07	-	-
Investments	7	244.24	-	209.10	-	-
Loans and other receivables		66,999.91	-	77,782.92	-	-
Financial assets measured at fair value						
Investments	7	2,005.51	(1,240.73)	3,246.24	-	100.95
Derivative contracts	17	1,328.46	236.29	1,092.17	(525.83)	-
Financial assets at fair value		3,333.97	236.29	4,338.41	(525.83)	100.95
Total financial assets		70,333.88	236.29	82,121.33	(525.83)	100.95
Financial liabilities						
Financial liabilities measured at amortised cost						
Current payables	26, 27, 28	92,990.91	-	1,13,972.81	-	-
Non-current payables	22	4,874.86	-	5,251.40	-	-
Non-current borrowings	21	75,323.13	-	52,302.06	-	-
Financial liabilities measured at amortised cost		1,73,188.90	-	1,71,526.27	-	-
Total financial assets/(liabilities)		(1,02,855.02)	236.29	(89,404.94)	(525.83)	100.95

Financial risk management objective

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments, financial guarantee and derivative financial instruments.

Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

Trade receivables

The Company extends credits to customer in normal course of the business. The Company considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Company monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at several jurisdiction and industries and operate in large

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

independent markets. The Company also takes advances and security deposits from customers which mitigate the credit risk to an extent.

The average credit period taken on sales of goods is 30 to 60 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Actual realisation period differs, from the credit period of sale terms and condition, based on the market and business conditions. Before accepting any new customer, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There are no customers who represent more than 10 per cent of total net revenue from operations. The Company does not hold any collateral or other credit enhancements over any of its trade receivables nor does

it have a legal right of offset against any amounts owed by the Company to the counterparty.

Expected credit loss :

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Up to 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10 to 100
More than 3 years	100

Ageing of past due trade receivables

Period	As at	
	31 March 2019	31 March 2018
Not due for payment	33,880.94	31,820.12
Up to 6 months	21,061.06	16,606.66
From 6 months to 1 year	2,068.13	2,073.89
From 1 year to 3 years	2,724.81	1,980.35
More than 3 years	2,324.28	1,600.32

(₹ in lakh)

Ageing of impaired trade receivables

Period	As at	
	31 March 2019	31 March 2018
Up to 6 months	68.01	-
From 6 months to 1 year *	118.78	473.84
From 1 year to 3 years	770.93	598.63
More than 3 years	2,324.27	1,600.32

(₹ in lakh)

* Based upon lifetime expected credit loss

Financial guarantee

The maximum credit exposure on financial guarantees given by the Company for various financial facilities is described in Note 57.

Liquidity risk:

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

(₹ in lakh)

Particulars	As at 31 March 2019				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
Financial liabilities					
Borrowings - bank loans	21,26,28	41,897.56	39,363.20	33,260.67	1,14,521.43
Borrowings - other loans	21,22,28	547.63	1,568.66	2,462.22	4,578.51
Current payables	27,28	50,545.72	-	-	50,545.72
Non-current payables	22	-	-	3,543.25	3,543.25
Total		92,990.91	40,931.86	39,266.14	1,73,188.91

(₹ in lakh)

Particulars	As at 31 March 2018				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
Financial liabilities					
Borrowings - bank loans	21,26,28	70,556.08	17,325.64	25,683.18	1,13,564.90
Borrowings - other loans	21,22,28	144.12	6,891.90	3,942.50	10,978.52
Current payables	27,28	43,272.61	-	-	43,272.61
Non-current payables	22	-	-	3,710.24	3,710.24
Total		1,13,972.81	24,217.54	33,335.92	1,71,526.27

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including :

Forward foreign exchange contract to hedge the exchange rate risk arising on the export of its products.

Forward foreign exchange contract to hedge the exchange rate risk arising on translation of the foreign currency loans.

Currency risk

The Company undertakes various transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company transacts business primarily in Indian Rupee, USD, Euro and GBP. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the Company adopted a policy of selective hedging based on risk perception of the management. Foreign exchange hedging contracts are carried at fair value.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(in lakh)			
Particulars	Currency	As at 31 March 2019	As at 31 March 2018
Trade receivables	USD	24.37	29.22
Trade payables	USD	37.62	29.14
	EUR	3.15	2.29
	GBP	0.19	0.30
Borrowings	USD	403.25	402.70
Accrued interest	USD	4.87	2.62

(in ₹)		
Currency rate	31 March 2019	31 March 2018
USD	69.1713	65.0441
EUR	77.7024	80.6222
GBP	90.4756	92.2846

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

(in lakh)			
Particulars	Currency	As at 31 March 2019	As at 31 March 2018
Trade receivables	USD	24.37	29.22
Trade payables	USD	34.90	29.14
	EUR	3.15	2.29
	GBP	0.19	0.30
Borrowings	USD	203.25	200.90
Accrued interest	USD	2.81	2.62

The following table demonstrates the sensitivity of profit and equity in USD, Euro and GBP to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

(₹ in lakh)			
Currency	Change in currency exchange rate	Effect on profit before tax 31 March 2019	Effect on profit before tax 31 March 2018
USD	5%	(1,457.33)	(1,317.94)
	-5%	1,457.33	1,317.94
EUR	5%	(12.22)	(9.21)
	-5%	12.22	9.21
GBP	5%	(0.86)	(1.39)
	-5%	0.86	1.39

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

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debts. Its objective in managing its interest rate risk is to ensure that it always maintain sufficient head room to cover interest payment from anticipated cash flows which is regularly reviewed by the board/nominated committee as well.

The following table demonstrates the sensitivity in the interest rate with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the interest rates is given below :

(₹ in lakh)

Particulars	Change in interest rate	Effect on profit before tax 31 March 2019	Effect on profit before tax 31 March 2018
Long term borrowings	0.50%	(370.34)	(281.47)
	-0.50%	370.34	281.47

Commodity risk

The Company is exposed to the movement in the price of key raw material and other traded goods in the domestic and international markets. The Company has in place policies to manage exposure to fluctuation the prices of key raw materials used in operations. The Company enter into contracts for procurement of raw material and traded goods, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

NOTE 42 - FAIR VALUE MEASUREMENT

Fair valuation techniques and inputs used

Financial assets/ financial liabilities	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique and key input
	31 March 2019	31 March 2018		
Foreign currency forward contracts	1,328.46	1,092.17	2	Market approach

Financial assets	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2019	31 March 2018				
Non current investments	2,005.51	3,246.24	3	Discounted cash flow	1. Growth rate 2. Discount rate	Refer below

Reconciliation of level 3 fair value measurements

(₹ in lakh)

Particulars	31 March 2019	31 March 2018
	Unlisted shares irrevocably designated as at FVTOCI	Unlisted shares irrevocably designated as at FVTOCI
Opening balance	3,246.24	3,145.29
Gains or losses		
- in other comprehensive income	(1,240.73)	100.95
Closing balance	2,005.51	3,246.24

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Sensitivity analysis of financial instruments having fair value hierarchy of level 3

(₹ in lakh)

Particulars	Movement unobservable input(s)	Effect on fair value taking movement of unobservable inputs isolation		
		31 March 2019	31 March 2018	
		Growth rate	5%	29.13
		-5%	(28.12)	(73.17)
Discount rate	5%	(120.69)	(234.29)	
		-5%	138.15	271.53

Other financial instruments

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

NOTE 43 - SEGMENT INFORMATION

Segment information, as required under Ind AS 108 "Operating Segment", has been provided in the consolidated financial statements of the Company and therefore, no separate disclosure on segment information is given in these standalone financial statements.

NOTE 44 - EMPLOYEE BENEFITS

A. Defined contribution plan

The Company operates defined contribution retirement benefit plans for all eligible employees. The assets of the plans are held separately from those of the Companies in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company's contribution to Provident Fund and Superannuation Fund aggregating to ₹ 972.16 lakh (net of amount capitalised and reimbursement received from government) (previous year ₹ 917.84 lakh) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

B. Defined benefit plans

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Birla Sun Life Insurance Company Limited.

Details of the Company's defined benefit plans are as follows:

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2019	31 March 2018
Current service cost	307.38	270.67
Net interest expense/(income)	(0.79)	(5.01)
Past service cost	-	127.46
Components of defined benefit costs recognised in profit or loss	306.59	393.12
Remeasurement on the net defined benefit liability		
Actuarial (gain)/loss arising from experience adjustments	11.25	(112.04)
Components of defined benefit costs recognised in other comprehensive income	11.25	(112.04)
I. Net asset/(liability) recognised in the balance sheet as at 31 March		
1. Present value of defined benefit obligation	2,389.16	2,157.84
2. Fair value of plan assets	2,211.39	2,032.75
3. Deficit	177.77	125.09
4. Current portion of the above	177.77	125.09

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2019	31 March 2018
II. Change in the obligation during the year ended 31 March		
1. Present value of defined benefit obligation at the beginning of the year	2,157.84	1,968.57
2. Demerger adjustment of subsidiary during year ended 31 March 2017	-	(42.24)
3. Expenses recognised in the statements of profit and loss		
- Current service cost	307.38	270.67
- Interest expense	154.72	140.87
- Past service cost	-	127.46
4. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
- Actuarial (gain)/loss arising from experience adjustments	40.15	(104.39)
5. Benefit payments	(270.93)	(203.10)
Present value of defined benefit obligation at the end of the year	2,389.16	2,157.84
III. Change in fair value of assets		
1. Fair value of plan assets at the beginning of the year	2,032.75	1,889.66
2. Recognised in the statement profit and loss		
- Expected return on plan assets	155.51	145.88
3. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
- Actual return on plan assets in excess of the expected return	28.90	7.65
4. Contributions by employer (including benefit payments recoverable)	265.16	192.66
5. Benefit payments	(270.93)	(203.10)
6. Fair value of plan assets at the end of the year	2,211.39	2,032.75

IV. The major categories of plan assets

The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was informed by BSL that the planned assets are held in growth/fixed interest bonds.

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2019	31 March 2018
V. Actuarial assumptions		
1. Discount rate	7.65%	7.72%
2. Expected rate of increase in compensation level	6.50%	6.50%
3. Expected rate of return on plan assets	7.65%	7.72%
4. Attrition rate	1.00%	1.00%
5. Mortality table	IALM 2006-08	IALM 2006-08
6. Superannuation age	58	58

VI. Sensitivity analysis

(₹ in lakh)

Particulars	31 March 2019		31 March 2018	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
	Discount rate	0.50%	(112.65)	0.50%
	-0.50%	122.37	-0.50%	108.33
Expected rate of increase in compensation level	0.50%	119.31	0.50%	105.69
	-0.50%	(110.90)	-0.50%	(98.48)

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

VII. Experience adjustments :

	2018-19	2017-18	2016-17	2015-16	2014-15
1. Defined benefit obligation	2,389.16	2,157.84	1,968.57	1,796.49	1,623.84
2. Fair value of plan assets	2,211.39	2,032.75	1,889.66	1,625.38	1,563.54
3. Surplus/(deficit)	(177.77)	(125.09)	(78.91)	(171.11)	(60.30)
4. Experience adjustment on plan liabilities gain/(loss)	(40.15)	104.39	(36.17)	(46.99)	(209.17)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Amounts recognised in the balance sheet		
Non current (refer note 23)	1,011.47	829.08
Current (refer note 30)	152.90	116.05
	1,164.37	945.13
Amounts recognised in the statement of profit and loss		
Current service cost	227.48	191.52
Interest cost	72.87	60.65
Actuarial loss	136.63	149.41
Total included in employee benefits expense	436.98	401.58
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	945.13	840.50
Demerger adjustment of subsidiary during year ended 31 March 2017	-	(6.35)
Interest cost	72.87	60.65
Current service cost	227.48	191.52
Benefits paid	(217.74)	(290.60)
Actuarial loss	136.63	149.41
Defined benefit obligation at the end of the year	1,164.37	945.13

The average duration of remaining working life at the end of the reporting period is 21.19 years (previous year 21.55 years).

NOTE 45 - EARNINGS PER SHARE

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit for the year attributable to owners of the Company (₹ in lakh)	7,046.71	7,476.08
Weighted average number of equity shares (nos.)	7,22,96,395	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	9.74	10.34

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

NOTE 46 - LEASES

As Lessee

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are both cancellable and non-cancellable and may be renewed for a further period based on mutual agreement of the parties.

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Expenses recognised in the statement of profit and loss		
Lease payments (including maintenance charges)	2,489.40	2,817.89

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Future non-cancellable minimum lease commitments		
not later than one year	233.60	268.52
later than one year and not later than five years	25.73	104.05

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

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Demands raised by the excise authorities against which appeals have been filed	203.35	203.35
b) Demands raised by the service-tax authorities against which appeals have been filed	83.37	83.37
c) Demands made by the sales tax authorities against which appeals have been filed	657.10	639.30
d) Demands raised by the income-tax authorities against which appeals have been filed	3.84	3.84
e) Demands raised by the sales tax authorities against which appeal filed (entry tax)	4,040.93	4,042.04
f) Claims against the Company not acknowledged as debts	2,639.09	2,137.35
g) Hon'ble Supreme Court has pronounced a judgement in February, 2019 as a clarification with respect to the definition of wages for the purpose of Employees Provident Fund Contribution. Further petitions have been filed with the Supreme Court seeking additional clarifications and there has been no clarity yet, either from Govt., or from other concerned authorities.	-	-

NOTE - 48 CAPITAL AND OTHER COMMITMENTS

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	4,518.36	11,339.99
b) Export obligation under Export Promotion Capital Goods license of Export Import Policy	7,286.71	5,498.33
c) Bank guarantees outstanding (other than financial guarantee)	665.21	909.39

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

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

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditors *	18.00	20.00
Other services	18.12	32.13
For reimbursement of expenses	5.92	4.28
	42.04	56.41

* including paid to auditors of demerged under taking and preceeding auditors.

NOTE 50 - RELATED PARTY TRANSACTIONS

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

List of related parties

Relationship	Name of related party
Key management personnel (KMP)	Executive directors
	Dr. Rajendra Kumar Somany (Chairman & Managing Director)
	Mr. Sandip Somany (Vice Chairman & Managing Director)
	Executives
	Mr. Sandeep Sikka (CFO)
	Ms Payal M Puri (CS)
	Non-executive directors
	Mrs. Sumita Somany
	Mr. G.L. Sultania
	Mr. Ashok Jaipuria
	Mr. V.K. Bhandari
	Mr. N.G. Khaitan
	Mr. Salil Bhandari
Subsidiaries	Dr. Rainer Siegfried Simon
	Hindware Home Retail Private Limited
	Somany Home Innovation Limited (incorporated on 28 September 2017)
	Brilloca Limited (incorporated on 2 November 2017) (Subsidiary of Somany Home Innovation Limited)
	Luxxis Heating Solutions Private Limited (incorporated on 26 December 2017)
	Halis International Limited, Mauritius
	Alchemy International Cooperatief U.A. (subsidiary of Halis International Limited)
	Haas International B.V. (subsidiary of Alchemy International Cooperatief U.A.)
	Queo Bathroom Innovations Limited, UK (subsidiary of Haas International B.V.)
	Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company
Paco Exports Limited	
Soma Investments Limited (merged with Paco Exports Limited w.e.f. 21 January 2019)	
New Delhi Industrial Promotors and Investors Limited (merged with Paco Exports Limited w.e.f. 21 January 2019)	
Khaitan & Co., LLP	
G.L. Sultania & Co.	
Post employment benefit plan	Somany Provident Fund Institution

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis.

(₹ in lakh)

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Transactions during the year						
Rent paid						
Dr. Rajendra Kumar Somany	-	-	-	4.00	-	-
Textool Mercantile Private Limited	-	-	-	-	2.44	2.40
Paco Exports Limited	-	-	-	-	-	29.06
Payment for professional services (net of GST)						
Khaitan & Co. LLP	-	-	-	-	0.51	0.02
G.L. Sultania & Co.	-	-	-	-	12.50	12.50
Interest received						
- From Somany Home Innovation Limited	0.89	0.04	-	-	-	-
Sales to subsidiary						
- To Hindware Home Retail Private Limited (net of GST)	530.61	449.25	-	-	-	-
Reimbursement of expenses						
- To Hindware Home Retail Private Limited	5.19	129.18	-	-	-	-
Investment made						
Halis International Limited						
- Equity component in redeemable preference shares of Halis International Limited	64.36	31.70	-	-	-	-
- Equity shares in Somany Home Innovation Limited	-	10.00	-	-	-	-
- Equity shares in Luxxis Heating Solutions Private Limited	-	20.00	-	-	-	-

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

Significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2019

(₹ in lakh)

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loans given						
-Somany Home Innovation Limited	12.00	6.00	-	-	-	-
-Salary advance	-	-	10.00	-	-	-
Contribution made						
- Somany Provident Fund Institution	-	-	-	-	397.44	323.45
Remuneration to key management personnel *						
Dr. Rajendra Kumar Somany	-	-	546.83	554.56	-	-
Mr. Sandip Somany	-	-	546.83	554.56	-	-
Mr. Sandeep Sikka	-	-	222.10	201.09	-	-
Ms Payal M Puri	-	-	56.59	48.34	-	-
Commission and other payments to non-executive directors						
			113.56	120.59	-	-

* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on Company as a whole.

Details of transaction between the Company and its related parties are disclosed below:

(₹ in lakh)

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Balances outstanding at the year end						
Hindware Home Retail Private Limited - loan component	78.06	72.28	-	-	-	-
Hindware Home Retail Private Limited - other receivables	96.77	188.42	-	-	-	-
Somany Home Innovation Limited - Loan	18.00	6.00	-	-	-	-
Salary advance	-	-	6.67	-	-	-
Remuneration payable						
Dr. Rajendra Kumar Somany	-	-	160.28	146.84	-	-
Mr. Sandip Somany	-	-	228.80	268.49	-	-
Non-executive directors@	-	-	109.36	110.91	-	-
Mr. Sandeep Sikka	-	-	6.78	5.77	-	-
Ms Payal M Puri	-	-	2.63	1.75	-	-

@ includes ₹ Nil (previous year ₹ 5.78 lakh) salary transfer under the scheme of arrangement.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

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

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Short-term employee benefits #	1,408.93	1,400.02
Post-employment benefits		
- Defined contribution plan \$	76.98	79.12
- Defined benefit plan *	-	-
- Other long-term benefits *	-	-
Rent paid	-	4.00
Total	1,485.91	1,483.14

Including bonus, sitting fee, commission on accrual basis and value of perquisites.

\$ including provident fund, leave encashment paid and any other benefit.

* As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

Disclosure pursuant to Regulation 34(3) read with Schedule V, part A, Clause 2(2A) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

Promoter/promoter group companies holding more than 10% of equity share capital of the Company:

-Paco Exports Limited

(₹ in lakh)

Particulars	Nature of Transaction	For the year ended 31 March 2019	For the year ended 31 March 2018
Transaction during the year	Rent paid	-	29.06
Outstanding balance as the end of the year		Nil	Nil

NOTE 51 - EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(As certified by the management)		
Salaries, wages and bonus	71.96	90.02
Contribution to provident and other funds	6.42	9.46
Others	34.07	35.44
	112.45	134.92

NOTE 52 - CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms, with the provisions of the said Act, the Company was to spend a sum of ₹ 305.60 lakh (previous year ₹ 337.78 lakh) towards CSR activities during the year ended 31 March 2019. The CSR Committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the committee expects finalization of such proposals in due course. During the year ended 31 March 2019, the Company has contributed the following sums towards CSR initiatives.

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
	Paid in cash	Paid in cash
(i) On construction/acquisition of any asset	42.34	135.49
(ii) On purposes other than (i) above	267.91	210.14
	310.25	345.63

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 53

The Board of Directors of the Company has approved utilisation of Business Reconstruction Reserve (BRR) by ₹221.18 lakh (Previous year ₹ 210.64 lakh towards impairment of Investments) towards impairment of Goodwill relating to Packaging Product division during the year ended 31 March 2019 shown under exceptional item. The aforesaid utilisation against BRR is as per the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta vide its order dated 26 March 2010.

NOTE 54

The Board of Directors of the Company, in its meeting held on 10 November 2017 had approved a composite Scheme of Arrangement ("Scheme") under section 230 to 232, read with section 66 and other applicable provisions of the Companies Act 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company ("Resulting Company 1") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors. The Scheme provides for the demerger of, (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of the Company into Resulting Company 2. The Appointed

Date for the Scheme is 1st April 2018 or such other date as directed by the Hon'ble Kolkata Bench of the National Company Law Tribunal ("NCLT"). The Scheme is subject to necessary regulation, approval and sanction by Hon'ble NCLT. The Company had received approval from BSE Limited and the National Stock Exchange of India Limited. The shareholders, secured creditors and unsecured creditors of the company have, in their respective NCLT convened meetings held on 29th September 2018 have given requisite consents and approval from NCLT, in this regard, is pending.

NOTE 55

A portion of the company's Kaharani unit engaged in manufacturing of faucets, a part of building products division, had fire on the night of 12th November 2017. The necessary surveys by the insurance company has been conducted and unit is duly covered by insurance including reinstatement value clause. The insurance company is in process of assessing the quantum of claims for settlement. The company has received an interim insurance claim of ₹ 609.37 lakh (including recovery of salvage value of ₹ 134.37 lakh) till date. All adjustments pertaining to loss, receipt of interim payments, final settlement due to fire would be accounted for upon its final assessment by the insurance company. In the opinion of management there will not be any material impact on this account on statement of affairs and financial performance of the company.

NOTE 56 - FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in lakh)

Particulars	31 March 2019			31 March 2018		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Non current financial assets						
Investments	2,005.51	-	244.25	3,246.24	-	209.10
Loans	-	-	1,819.67	-	-	2,072.72
Other financial assets	-	-	27.93	-	-	27.69
Current financial assets						
Trade receivable	-	-	58,777.23	-	-	51,408.55
Cash and cash equivalents	-	-	5,662.99	-	-	23,518.70
Bank balances other than cash and cash equivalents	-	-	385.03	-	-	456.37
Loans	-	-	82.60	-	-	81.36
Other financial assets	-	1,328.46	0.22	-	1,092.17	8.43
Total financial assets	2,005.51	1,328.46	66,999.92	3,246.24	1,092.17	77,782.92
Non current financial liabilities						
Non-current borrowings	-	-	75,323.13	-	-	52,302.06
Other financial liabilities	-	-	4,874.86	-	-	5,251.40
Current financial liabilities						
Current borrowings	-	-	40,452.90	-	-	63,671.16
Trade payables	-	-	26,431.04	-	-	21,736.61
Other financial liabilities	-	-	26,106.96	-	-	28,565.04
Total financial liabilities	-	-	1,73,188.89	-	-	1,71,526.27

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 57 - DISCLOSURE UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

(₹ in lakh)

Particulars	Somany Home Innovation Limited (Wholly owned subsidiary)	Luxxis Heating Solutions Private Limited (Wholly owned subsidiary)	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retail Private Limited (wholly owned subsidiary)	Somany Home Innovation Limited (Wholly owned subsidiary)	Luxxis Heating Solutions Private Limited (Wholly owned subsidiary)	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retail Private Limited (wholly owned subsidiary)
	As at 31 March 2019				As at 31 March 2018			
Guarantee								
Guarantees given as at the beginning of the financial year	-	-	-	-	-	-	-	8,856.00
Guarantees given during the financial year	-	-	-	-	-	-	-	-
Guarantee closed during the year	-	-	-	-	-	-	-	8,856.00
Guarantees given as at the end of the financial year	-	-	-	-	-	-	-	-
Investments								
Investments at the beginning of the financial year	10.00	20.00	40.08	188.52	-	-	219.02	188.52
Additions during the financial year	-	-	64.37	-	10.00	20.00	31.7	-
Provision for diminution in the value of during the year	-	-	29.23	-	-	-	210.64	-
Investment at the end of the financial year	10.00	20.00	75.22	188.52	10.00	20.00	40.08	188.52
Loans and advances								
Loans at the beginning of the financial year	6.00	-	-	-	6.00	-	-	-
Additions during the financial year	12.00	-	-	-	-	-	-	-
Loans at the end of the financial year	18.00	-	-	-	6.00	-	-	-

The Company had given the corporate guarantee in respect of the loans taken for business purposes.

NOTE 58 - DIVIDEND

In respect of the current year ended 31st March 2019, the directors propose that a dividend of ₹ 3/- per share to be paid on equity shares of ₹ 2 per share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members. The total estimated equity dividend to be paid is ₹ 2168.89 lakh. The payment of this dividend is estimated to result in payment of dividend tax of ₹ 445.82 lakh on the amount of dividends grossed up for the related dividend distribution tax.

Significant Accounting Policies and Other Explanatory Information to the Standalone Financial Statements

for the year ended 31 March 2019

NOTE 59 - EXCEPTIONAL ITEM

On 17 October 2017, one of the warehouses relating to the Retail Business division had fire which resulted in a loss of ₹ 654.15 lakh and has been duly provided in the books of accounts for the year ended 31st March 2018. Insurance claims relating to the loss has been filed and the settlement amounts of insurance claims as received will be accounted for on receipt.

NOTE 60 - GST

The annual return of GST for FY 2017-18 is under process of filing with statutory authorities. The management believes that there will not be any material impact over financial statements after final submission/filing.

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

In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**

Chartered Accountants
Firm Registration No.:301051E

Sandip Somany

Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany

Chairman and Managing Director
DIN: 00053557

N.K. Lodha

Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019

Payal M. Puri

Company Secretary
ACS No.: 16068

Sandeep Sikka

Chief Financial Officer

Independent Auditor’s Report

To the Members of
HSIL Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of HSIL Limited (“ the Parent “) (“the Company”) and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2019, 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 for the year ended on that date, and a summary of the 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 the other auditors on separate financial statements of subsidiaries referred to in the Other Matters section below , the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2019, the consolidated profit, consolidated total comprehensive income, consolidated

changes in equity and its consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards 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 in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the sub-paragraph (A) of the Other Matters section below , is sufficient and appropriate to provide a basis for our audit 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Description of Key Audit Matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment</p> <p>The parent Company recognised goodwill on merger of Garden Polymers (P) Ltd (GPPL) in past year. Subsequent to adoption of Ind AS it was subject to impairment testing.</p> <p>In line with requirements of Ind AS-36 an impairment assessment being performed on yearly basis and the company has recognised impairment loss of ₹ 221.18 lakhs .</p> <p>(Refer note no. 5 to the consolidated financial statements)</p>	<p>Our response to the audit risk</p> <p>We evaluated the process by which management prepared its cash flow forecasts and compared them against the latest Board approved plans and management approved forecasts. We evaluated the historical accuracy of the plans and forecasts. These procedures enabled us to determine the accuracy of the forecasting process and apply appropriate sensitivities to the cash flows.</p> <p>We assessed the appropriateness of independent valuer’s / management’s discount rates, future cash flows and long-term growth rates, specifically focusing on the CGUs identified opposite. We benchmarked assumptions against industry.</p>

Description of Key Audit Matter	How our audit addressed the key audit matter
<p>Accounting for Revenue recognition Recognition of Revenue , measurement , presentation and disclosure thereof in view adoption of Ind AS-115 "Revenue from Contracts with Customers" in place of Ind AS-18 –"Revenue".</p> <p>There is possibility for material misstatement within revenue, particularly in relation to revenue being recorded in the different period, due to cut off errors or management bias.</p> <p>Refer to Accounting policies and Note no.3.5 of the Standalone Financial Statements</p>	<p>Based upon our assessments described above, we challenged management on the appropriateness of its sensitivity calculations by applying our own sensitivity analysis to the forecast cash flows, long-term growth rates and discount rates to ascertain the extent to which reasonable adverse changes would, either individually or in aggregate, require an impairment of either the goodwill or indefinite life assets.</p> <p>Reviewing the appropriateness of discount rate through the use of our valuations specialists; We determined that no impairment charges were required, based on the results of our work.</p> <p>Management has described the key sensitivities applied in the 'Goodwill and other intangible assets' note to the consolidated Financial Statements in note no.5</p> <p>Based on independent valuation report impairment loss of ₹ 221.18 lakhs has been provided during the current year.</p>
<p>Our audit procedures includes:</p>	<p>Our audit procedures includes:</p> <ul style="list-style-type: none"> › On a sample basis we performed testing to verify physical deliveries of product in the year to ascertain transfer of control. › We performed revenue cut-off testing, by reference to shipment / bill dates of sales recorded either side of the financial year end had legally completed. › Selected a sample of sales contracts and read, analysed and identified the distinct performance obligations in these contracts ; and › We performed walkthroughs to understand the key processes and identify key controls related Ind AS 115 "Revenue from Contracts with Customers"

OTHER MATTERS

- A. We did not audit the financial statements of five subsidiaries whose financial statements reflect total assets of ₹ 483.57 lacs as at 31st March 2019, total revenues of ₹ 806.81 lacs and total profit /(Loss) after tax of ₹ (29.01) lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have 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 these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries based solely on the reports of the other auditors. Our opinion is not modified in respect of this matter.
- B. Attention is drawn to note no. 54 to the consolidated financial statements regarding the utilisation of the Business Reconstruction Reserve ('BRR') to the extent of ₹ 221.18 lacs during the year, which was created in accordance with a scheme of arrangement (the scheme) approved by Hon'ble High Court of Calcutta vide order dated 26th March, 2010. The same amount is shown as exceptional item to the Consolidated Statement of Profit and Loss for the year, and withdrawn equivalent amount from BRR. Our opinion is not modified in respect of this matter.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Parent's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's 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, compare with financial statements of the subsidiaries audited by other auditors to the extent it relates to these entities and , in doing so, place reliance on the work of other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Other information so far as it relates to the subsidiaries , is traced from their financial statements audited by other auditors. 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 RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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 scepticism 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 financial controls 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 parent Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- › Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 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 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements

of which we are the Independent Auditors. For the other entities or business activities included in the consolidated financial statements which have been audited by the 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the parent 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in Other Matters section above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary

for the purposes of our audit of the aforesaid consolidated financial statements.

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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.
- d) In our opinion, the aforesaid consolidated 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 of the parent Company as on 31st March 2019 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Parent Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - l. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.

- II. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
- h) With respect to the other matter to be included in the Auditors' report in accordance with the requirements of the Section 197(16) of the Act, (as amended :

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries which are incorporated in India is in accordance with the provisions of Section 197 of the Act.

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

N.K.Lodha
Partner

Place: Gurugram
Date: 3rd May 2019

Membership Number: 085155

Annexure – A to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2019, we have audited the internal financial controls over financial reporting of HSIL Limited ('the Parent') and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 ('the Act').

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial control with reference to 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the

assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of

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

OPINION

In our opinion to the best of our information and according to the explanation given to us and based on the consideration of other auditors referred to in the Other Matters paragraph below, the Parent and its Subsidiary, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the criteria for internal financial control over financial reporting 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.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

For **LODHA & CO.**

Chartered Accountants

ICAI Firm Registration Number: 301051E

N.K.Lodha

Partner

Membership Number: 085155

Place: Gurugram

Date: 3rd May 2019

Consolidated Balance Sheet

as at 31 March 2019

(₹ in lakh)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	1,92,071.49	1,64,915.56
(b) Capital work-in-progress		12,077.34	20,937.50
(c) Goodwill	5	2,473.04	2,694.22
(d) Other intangible assets	6	480.26	525.86
(e) Other intangible assets under development		6.35	-
(f) Financial assets			
(i) Investments	7	2,007.13	3,247.86
(ii) Loans	8	1,741.91	2,018.93
(iii) Other financial assets	9	27.93	27.69
(g) Income-tax assets (net)	10	4,827.88	6,027.83
(h) Other non-current assets	11	4,962.58	4,058.46
Total non-current assets		2,20,675.91	2,04,453.91
2 Current assets			
(a) Inventories	12	56,995.91	56,434.10
(b) Financial assets			
(i) Investments	13	26.99	26.72
(ii) Trade receivables	14	58,789.51	51,375.64
(iii) Cash and cash equivalents	15	5,726.31	23,562.37
(iv) Bank balances other than (iii) above	16	385.03	457.97
(v) Loans	17	64.60	75.72
(vi) Other financial assets	18	1,328.68	1,100.60
(c) Other current assets	19	12,051.41	9,881.31
Total current assets		1,35,368.44	1,42,914.43
Total assets		3,56,044.35	3,47,368.34
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	20	1,445.97	1,445.97
(b) Other equity	21	1,49,835.27	1,47,300.87
Total equity		1,51,281.24	1,48,746.84
2 Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	75,323.13	52,302.06
(ii) Other financial liabilities	23	4,874.86	5,251.40
(b) Provisions	24	1,101.27	1,022.01
(c) Deferred tax liabilities (net)	25	21,601.08	21,154.21
(d) Other non-current liabilities	26	151.84	201.04
Total non-current liabilities		1,03,052.18	79,930.72
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	27	40,452.90	63,671.16
(ii) Trade payables	28		
- Due to micro and small enterprise		4,538.62	-
- Due to others		21,910.20	21,736.62
(iii) Other financial liabilities	29	26,162.35	28,597.92
(b) Other current liabilities	30	8,264.42	4,359.49
(c) Provisions	31	382.44	325.59
Total current liabilities		1,01,710.93	1,18,690.78
Total liabilities		2,04,763.11	1,98,621.50
Total equity and liabilities		3,56,044.35	3,47,368.34

Notes 1 to 61 form an integral part of these consolidated financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

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

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

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

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019

Payal M. Puri
Company Secretary
ACS No.: 16068

Sandeep Sikka
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(₹ in lakh)

Particulars	Note	Year ended 31 March 2019	Year ended 31 March 2018
I Revenue from operations	32	2,71,237.40	2,28,778.03
II Other income	33	2,988.22	967.88
III Total income		2,74,225.62	2,29,745.91
IV Expenses			
Cost of materials consumed	34	61,993.79	41,743.53
Purchases of stock-in-trade	35	51,110.56	54,686.67
Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	155.21	(7,542.14)
Excise duty		-	3,500.03
Employee benefits expense	37	36,053.50	30,902.29
Finance costs	38	8,748.38	5,576.01
Depreciation and amortisation expense	39	15,099.88	11,407.09
Other expenses	40	90,328.44	78,305.68
Total expenses		2,63,489.76	2,18,579.16
V Profit before exceptional items and tax		10,735.86	11,166.75
VI Exceptional items (refer note 54 and 60)		(236.54)	(654.15)
Less: transferred from business reconstruction reserve (refer note 54)		221.18	-
VII Profit before tax		10,720.50	10,512.60
VIII Tax expense	41		
(1) Current tax		2,458.78	2,787.21
MAT credit entitlement		(1,974.21)	-
Earlier year income tax		372.83	3.92
(2) Deferred tax		2,858.57	311.45
Total tax expense		3,715.97	3,102.58
IX Profit for the year		7,004.53	7,410.02
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plan		(11.19)	115.68
(b) Changes in fair value of equity instruments through other comprehensive income		(1,240.73)	100.95
(ii) Income-tax relating to these items		437.49	(74.43)
Other comprehensive income, net of tax		(814.43)	142.20
XI Total comprehensive income for the year		6,190.10	7,552.22
XII Earnings per equity share (of ₹ 2/- each):			
Basic and diluted		9.69	10.25

Notes 1 to 61 form an integral part of these consolidated financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

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

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

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

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019

Payal M. Puri
Company Secretary
ACS No.: 16068

Sandeep Sikka
Chief Financial Officer

Consolidated Cash Flow Statement

for the year ended 31 March 2019

(₹ in lakh)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,735.86	10,512.60
Adjustments for:		
Finance costs	8,748.18	5,576.01
Transfer from business reconstruction reserve	(221.18)	-
Investment income	(5.20)	(11.41)
Interest income	(189.68)	(133.90)
Deferred government grant	(209.53)	(635.32)
Gain on disposal of property, plant and equipment	(513.35)	(22.87)
Loss on disposal of property, plant and equipment	36.30	25.52
Net (gain) arising on current investments	(0.08)	(0.22)
Sundry balances and liabilities no longer required, written back	(1,797.08)	(574.52)
Provision for expected credit loss	627.80	576.59
Bad debts written off	40.95	3.88
Impairment loss	15.36	-
Depreciation and amortisation expenses	15,099.87	11,407.09
Net foreign exchange (gain)	611.19	141.85
	32,979.41	26,865.30
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(7,836.74)	(13,625.54)
(Increase)/decrease in inventories	(561.35)	(7,184.42)
(Increase)/decrease in other assets	(3,889.64)	(360.68)
Increase/(decrease) in trade and other liabilities	13,713.71	3,077.55
Increase/(decrease) in provisions	124.85	89.59
	1,550.83	(18,003.50)
Cash generated from operations	34,530.24	8,861.80
Income taxes paid	(1,631.46)	(3,382.24)
Net cash generated by operating activities	32,898.78	5,479.56
Cash flows from investing activities:		
Payments to acquire financial assets	(4,770.78)	(5,045.48)
Proceeds on sale of financial assets	4,805.01	16,158.41
Interest received	207.47	157.23
Amounts advanced to related parties	-	(60.89)
Payments for property, plant and equipment	(33,903.45)	(29,678.78)
Proceeds from disposal of property, plant and equipment	1,372.40	183.55
Movement in other bank balances	72.71	(23.35)
Net cash used in investing activities	(32,216.64)	(18,309.31)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	24,211.70	26,900.00
Repayment of borrowings	(7,389.02)	(9,022.76)
Movement in short term borrowings (net)	(23,218.27)	13,230.46
Proceed from capital issue	-	-
Taxes on dividend paid	(599.00)	(588.71)
Dividends paid to owners of the Company	(2,882.74)	(2,882.72)
Interest paid	(8,640.87)	(5,238.16)
Net cash used in financing activities	(18,518.20)	22,398.11
Net increase in cash and cash equivalents:	(17,836.06)	9,568.36
Cash and cash equivalents at the beginning of the year	23,562.37	13,994.01
Cash and cash equivalents at the end of the year	5,726.31	23,562.37

Consolidated Cash Flow Statement (Continued)

for the year ended 31 March 2019

Disclosure made pursuant to amendment made in Ind AS-7 :-

The movement in liabilities from financing activities:

	(₹ in lakh)				
	As at 31 March 2018	Cash flows	Non-cash flow changes		As at 31 March 2019
			Foreign exchange	Others	
Long term borrowings	59,331.10	16,822.68	952.10	209.54	77,315.42
Short term borrowings	63,671.16	(23,218.27)	-	-	40,452.90
Total liabilities from financing activities	1,23,002.26	(6,395.59)	952.10	209.54	1,17,768.32

Notes 1 to 61 form an integral part of these consolidated financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**

Chartered Accountants
Firm Registration No.:301051E

Sandip Somany

Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany

Chairman and Managing Director
DIN: 00053557

N.K. Lodha

Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019

Payal M. Puri

Company Secretary
ACS No.: 16068

Sandeep Sikka

Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

A. EQUITY SHARE CAPITAL

Particulars	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2017	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2019	7,22,96,395	1,445.97

B. OTHER EQUITY

Particulars	Reserves and surplus					Other comprehensive income			Total	
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Foreign currency translation reserve	Actuarial gain / (loss)		FVOCI - equity instruments
Balance as at 1 April 2017	120.80	45,497.87	24,903.64	15.00	21,252.29	49,412.45	43.43	(32.05)	1,993.31	1,43,206.73
Profit for the year	-	-	-	-	-	7,410.02	22.49	-	-	7,432.51
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	76.53	65.67	142.20
Total comprehensive income for the year	-	-	-	-	-	7,410.02	22.49	76.53	65.67	7,574.71
Less: transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-
Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	-	3,480.57
Balance as at 31 March 2018	120.80	45,497.87	24,903.64	15.00	21,252.29	53,341.90	65.92	44.48	2,058.98	1,47,300.87
Profit for the year	-	-	-	-	-	7,004.53	51.78	-	-	7,056.31
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	(7.28)	(807.15)	(814.43)
Total comprehensive income for the year	-	-	-	-	-	7,004.53	51.78	(7.28)	(807.15)	6,241.88
Less: transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,486.30	-	-	-	3,486.30
Less: Transfer to statement of profit and loss during the year (also refer note 5.4)	-	-	-	-	-	-	-	-	-	221.18
Balance as at 31 March 2019	120.80	45,497.87	24,903.64	15.00	21,031.11	56,860.13	117.70	37.20	1,251.83	1,49,835.27

Notes 1 to 61 form an integral part of these consolidated financial statements. In terms of our report attached.

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

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019

For and on behalf of the Board of Directors

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 16068

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

Sandeep Sikka
Chief Financial Officer

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

1. CORPORATE INFORMATION

HSIL Limited (the 'Parent Company') is a public limited company incorporated in India. The registered office of the Parent Company is situated in Kolkata and the corporate office is in Gurugram. The Parent Company is into the business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. The Parent Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

The consolidated financial statements include the consolidated balance sheet, consolidated statement of profit and loss, consolidated cash flow statement and consolidated statement of changes in equity of the Parent Company and its undermentioned subsidiaries (hereinafter referred as the 'Group')-

Company	Date of shareholding/ membership	Country of incorporation	% of shareholding
Hindware Home Retail Private Limited	9 September 2006	India	100%
Somany Home Innovation Limited	3 October 2017	India	100%
Luxxis Heating Solutions Private Limited	9 January 2018	India	100%
Brilloca Limited(subsidiary of Somany Home Innovation Limited)	3 November 2017	India	100%
Halis International Limited	14 January 2009	Mauritius	100%
Alchemy International Cooperatief U.A. (subsidiary of Halis International Limited)	24 April 2009	Netherland	100%
Haas International B.V. (subsidiary of Alchemy International Cooperatief U.A.)	8 July 2009	Netherland	100%
KS 615 Limited (formerly known as Barwood Products Limited) (ceased to be subsidiary of Haas International B.V. as dissolved on 30 January 2018)	23 June 2010	United Kingdom (UK)	100%
Queo Bathroom Innovations Limited UK (subsidiary of Haas International B.V.)	7 November 2016	United Kingdom (UK)	100%

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent company and its subsidiaries. Control is gained when the Parent Company:

- › Has power over the investee
- › Is exposed or has rights to variable return from its involvement with the investee, and
- › Has the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- › The contractual arrangement with the other vote holders of the investee
- › Rights arising from other contractual arrangements
- › The Parent Company's voting rights and potential voting rights

- › The size of the Parent Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 Statement of compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the Group's financial statements for the year ended 31 March 2018 are prepared complying applicable Ind AS.

The consolidated financial statements of the Group as at and for the year ended 31 March 2018 (including comparatives) were approved and authorised for issue by the Board of Directors on 30 May 2018.

3. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Significant accounting policies of the financial statement of the company and its subsidiaries are set out in their respective standalone financial statement. The significant accounting policies to prepare consolidated financial statements are in uniformity with the standalone financial statements of the company. Following are the additional policies specifically considered for preparation of consolidated financial statement.

3.1 Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, 'Income Taxes' and Ind AS 19, 'Employee Benefits', respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

3.2 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

impairment losses. Refer Note 5 for a description of impairment testing procedures.

3.3 Foreign currency transactions and translations

Initial recognition

The Group's consolidated financial statements are presented in INR, which is also the Group's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

3.4 Taxation

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Parent Company's/its subsidiary's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has four operating/reportable segments: building products, packaging products, consumer products and retail business segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, unallocated assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Description of assets	Land -		Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
	Freehold	Leasehold								
I. Gross block										
Opening balance as at 1 April 2017	48,978.62	3,643.16	36,383.16	708.70	73,196.77	697.88	4,002.48	1,028.84	2,536.08	1,71,175.69
Additions	-	4,046.37	3,533.42	98.83	15,597.56	297.87	2,040.30	412.70	1,166.28	27,193.33
Disposals/adjustment	-	-	(5.16)	-	(64.67)	(4.65)	(30.85)	(16.78)	(298.98)	(421.09)
Balance as at 31 March 2018	48,978.62	7,689.53	39,911.42	807.53	88,729.66	991.10	6,011.93	1,424.76	3,403.38	1,97,947.93
Additions	71.97	10.22	6,241.46	4.58	33,017.44	199.95	1,732.41	347.05	1,577.04	43,202.12
Disposals/adjustment	(1.14)	-	(82.04)	-	(1,129.95)	(6.95)	(66.46)	(24.21)	(619.90)	(1,930.65)
Balance as at 31 March 2019	49,049.45	7,699.75	46,070.84	812.11	1,20,617.15	1,184.10	7,677.88	1,747.60	4,360.52	2,39,219.40
II. Accumulated depreciation and amortisation										
Opening balance as at 1 April 2017	-	-	2,704.35	208.28	16,640.69	355.66	993.85	408.70	621.40	21,932.93
Depreciation and amortisation charge for the year	-	18.48	1,451.65	82.27	7,912.97	143.79	721.32	269.16	683.12	11,282.76
Disposals/adjustment	-	36.36	-	(0.03)	(18.46)	(3.78)	(13.34)	(15.90)	(168.17)	(183.32)
Balance as at 31 March 2018	-	54.84	4,156.00	290.52	24,535.20	495.67	1,701.83	661.96	1,136.35	33,032.37
Depreciation and amortisation charge for the year	-	91.64	1,682.45	79.99	10,860.55	166.72	1,200.93	307.89	760.66	15,150.83
Disposals/adjustment	-	-	(21.89)	(0.08)	(528.34)	(6.12)	(34.56)	(20.65)	(423.65)	(1,035.29)
Balance as at 31 March 2019	-	146.48	5,816.56	370.43	34,867.41	656.27	2,868.20	949.20	1,473.36	47,147.91
Net block (I-II)										
Balance as at 31 March 2019	49,049.45	7,553.27	40,254.28	441.68	85,749.74	527.83	4,809.69	798.40	2,887.16	1,92,071.49
Balance as at 31 March 2018	48,978.62	7,634.69	35,755.42	517.01	64,194.46	495.43	4,310.10	762.80	2,267.03	1,64,915.56

Note :

- Refer note 22 and 27 for details of property, plant and equipment pledged as security by the Company.
- Capital work-in-progress mainly comprises of cost incurred on building, plant and equipments etc. which are currently under construction and borrowing cost capitalised ₹ 300.24 lakh (previous year ₹ 716.56 lakh)
- In the current year ₹ 252.80 lakh (previous year gain of ₹ 13.54 lakh) has been capitalised to the cost of property, plant and equipment on account of exchange differences arising from translation of long-term foreign currency monetary items.
- Building includes carrying amount of ₹ 6863.84 lakh (previous year ₹ 6620.65 lakh) constructed on leasehold land.
- Possession awaited of 2740 sq. mtr., part of land.
- Land having carrying value of ₹ 17191.01 lakh (previous year ₹ 17191.01 lakh), mutation is pending in the name of company.
- Borrowing cost capitalised ₹ 418.31 lakh (previous year ₹ 478.93 lakh).

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 5 - GOODWILL

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Gross carrying value	2,473.04	2,694.22

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

Goodwill	(₹ in lakh)	
	Amount	
Balance as at 1 April 2017	2,694.22	
Accumulated impairment	-	
Balance as at 31 March 2018	2,694.22	
Accumulated impairment	221.18	
Balance as at 31 March 2019	2,473.04	

Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill is allocated to the Garden Polymers division which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating segments.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units ("CGU") is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been determined in light of the economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. (A reduction in the availability of credit has led to an increase in the cost of capital and therefore, the discount rate applied to future cash flows has increased.) Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. It is anticipated that sales volumes will remain at a similar level to the current year taking into account the market conditions.

The Group has conducted a sensitivity analysis on the impairment test of CGU carrying value. Change in the discount rate and growth rate by +/- 1% points would not impact in carrying value of goodwill (with other factors remains constant).

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use is based on the following key assumptions :

Particulars	As at	
	31 March 2019	31 March 2018
Discount rate	16.5%	15%
Terminal value of growth rate	5%	3%

The estimated recoverable amount of goodwill related to Garden Polymers (Pet Division) was lower than the carrying amount at year end , consequently the company provided for impairment loss of ₹ 221.18 lakhs.

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 6 - OTHER INTANGIBLE ASSETS

(₹ in lakh)

Description of assets	Technical know-how	Trade mark	Computer software	Total
I. Gross block				
Opening balance as at 1 April 2017	103.47	41.16	645.86	790.49
Additions	-	94.62	144.06	238.68
Disposals	-	-	-	-
Balance as at 31 March 2018	103.47	135.78	789.92	1,029.17
Additions	-	39.23	81.43	120.66
Disposals	-	-	-	-
Balance as at 31 March 2019	103.47	175.01	871.35	1,149.83
II. Accumulated amortisation				
Opening balance as at 1 April 2017	42.63	9.72	315.91	368.26
Amortisation charge for the year	21.31	2.72	111.02	135.05
Disposals	-	-	-	-
Balance as at 31 March 2018	63.94	12.44	426.93	503.31
Amortisation charge for the year	21.19	6.78	138.29	166.26
Disposals	-	-	-	-
Balance as at 31 March 2019	85.13	19.22	565.22	669.57
Net block (I-II)				
Balance as on 31 March 2019	18.34	155.79	306.13	480.26
Balance as on 31 March 2018	39.53	123.34	362.99	525.86

NOTE 7 - NON CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
A. Fair value through other comprehensive income (FVOCI)				
I. Quoted investments (fully paid up)				
Investments in equity instruments				
Neycer India Limited (face value ₹ 10 each)	125	0.01	125	0.01
Quoted investments (I)		0.01		0.01
II. Unquoted investments (fully paid-up)				
Investments in equity instruments				
Andhra Pradesh Gas Power Corporation Limited (face value ₹ 10 each)	8,04,000	1,999.49	8,04,000	3,240.22
Indian Plumbing Skills Council (face value ₹ 10 each)	60,000	6.00	60,000	6.00
Swastik Sanitarywares Limited (face value ₹ 10 each)	50	0.01	50	0.01
Unquoted investments (II)		2,005.50		3,246.23
Investments carried at FVOCI (AI+All)		2,005.51		3,246.24
Total investments carried at fair value [A]		2,005.51		3,246.24
B. Investments carried at amortised cost				
Unquoted				
Investments in Government Securities				
National Savings Certificates*		1.62		1.62
Total investments carried at amortised cost [B]		1.62		1.62
Total investments (A+B)		2,007.13		3,247.86
Other disclosures				
Aggregate book value of quoted investments		0.01		0.01
Aggregate amount of market value of quoted investments		0.01		0.01
Aggregate amount of unquoted investments		2,007.12		3,247.85

* Deposited with government authorities

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 8 - NON-CURRENT FINANCIAL ASSETS - LOANS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Security deposits	1,741.91	2,018.93
Unsecured, considered Doubtful	2.82	-
less : Provision against Advance	(2.82)	-
	1,741.91	2,018.93

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

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Other financial assets		
Other bank balances		
- Deposit account with other banks for more than 1 year	27.93	27.69
	27.93	27.69

NOTE 10 - INCOME-TAX ASSETS (NET)

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Advance income-tax (net)	4,827.88	6,027.83
	4,827.88	6,027.83

NOTE 11 - OTHER NON-CURRENT ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Capital advances	2,034.76	2,843.59
Prepaid expenses	386.53	1,103.75
Balances with government authorities	2,541.29	111.12
	4,962.58	4,058.46

NOTE 12 - INVENTORIES

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(valued at cost or net realisable value)		
Raw materials	6,539.51	5,466.58
Work-in-progress	2,417.98	2,375.44
Finished goods	19,877.90	18,887.67
Stock-in-trade of goods acquired for trading	24,439.38	25,481.17
Stores and spares	2,128.58	2,497.91
Loose tools	7.15	7.24
Packing material	1,097.71	1,240.78
Oils, fuels, lubricants and others	487.70	477.31
	56,995.91	56,434.10

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 12 - INVENTORIES (CONTD.)

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Included above, goods-in-transit:		
Raw materials	-	0.41
Stock-in-trade	-	1.10
Stores and spares	-	51.52
	-	53.03

Note:

Refer note 27 for information on inventory pledged as security by the Group.

NOTE 13 - CURRENT INVESTMENTS

Particulars	(₹ in lakh)			
	As at 31 March 2019		As at 31 March 2018	
	Units	Amount	Units	Amount
Fair value through profit and loss (FVTPL)				
Quoted investments				
Investments in mutual fund				
HDFC Liquid Fund-Regular Plan-Growth (face value ₹ 10/-)	737.285	26.99	783.275	26.71
	737.285	26.99	783.275	26.72
Other disclosures				
Aggregate book value of quoted investments		24.94		26.50
Aggregate amount of market value of quoted investments		26.99		26.72

NOTE 14 - TRADE RECEIVABLES

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Secured, considered good	258.32	385.29
Unsecured, considered good	58,531.19	50,990.35
Doubtful	3,324.33	2,723.10
	62,113.84	54,098.74
Less: Allowance for expected credit losses	3,324.33	2,723.10
	58,789.51	51,375.64

Movement in the allowance for doubtful debts

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Balance at beginning of the year	2,723.10	2,292.96
Expected credit losses provided for during the year (refer note 40)	609.20	576.59
Amounts written back during the year (net)	(7.97)	(146.45)
	3,324.33	2,723.10

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 15 - CASH AND CASH EQUIVALENTS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Balances with banks	4,586.96	3,769.44
Cheques, drafts on hand	1,003.29	1,686.77
Cash in hand	92.72	103.14
Remittance in transit	43.34	3.02
Fixed deposits with original maturity of less than three months	-	18,000.00
	5,726.31	23,562.37

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

NOTE 16 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Earmarked balances with banks		
Unpaid dividends accounts *	125.90	121.34
Other bank balances		
Held as margin money in fixed deposits	252.22	249.19
Fixed deposits with original maturity of more than three months but less than twelve months	6.91	87.44
	385.03	457.97

Note

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

NOTE 17 - CURRENT FINANCIAL ASSETS - LOANS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Interest receivable	64.60	75.72
	64.60	75.72

NOTE 18 - CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Derivatives designated hedges		
- Foreign exchange forward contracts	1,328.46	1,092.17
Other financial assets		
- Interest accrued on deposits, loans and advances	0.22	8.43
	1,328.68	1,100.60

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 19 - OTHER CURRENT ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Prepaid expenses	609.81	1,119.85
Balances with government authorities	7,528.29	6,218.24
Others		
- Advance to suppliers	1,881.38	1,983.09
Considered doubtful	53.04	-
less : Provision against Advance to Vendors	(53.04)	-
- Employee advances	83.70	64.89
- Other current assets	2,088.18	627.16
Less : Provision for doubtful advances	(139.96)	(131.92)
	12,051.41	9,881.31

NOTE 20 - EQUITY SHARE CAPITAL

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Authorised:				
Equity shares of ₹ 2 each	11,12,50,000	2,225.00	11,12,50,000	2,225.00
Issued:				
Equity shares of ₹ 2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00
Subscribed and fully paid:				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Forfeited shares		0.04		0.04
	7,22,96,395	1,445.97	7,22,96,395	1,445.97

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Equity shares outstanding at the beginning of the year	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Add: Shares issued during the year	-	-	-	-
Equity shares outstanding at the end of the year	7,22,96,395	1,445.93	7,22,96,395	1,445.93

(b) Terms and rights attached to equity shares

The Parent Company has issued only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Parent Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent Company, the holder of equity shares will be entitled to receive remaining assets of the Parent Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	31 March 2019		31 March 2018	
	No. of shares	% of holding	No. of shares	% of holding
Paco Exports Limited	2,92,95,000	40.52	2,12,80,000	29.43
Reliance Capital Trustee Company Limited	30,41,238	4.21	67,20,572	9.30
HDFC Trustee Company Limited	50,13,460	6.93	48,23,510	6.67
Soma Investments Limited	-	-	42,35,000	5.86
Sundaram Mutual Fund	39,03,407	5.40	41,14,867	5.69
New Delhi Industrial Promotors and Investors Limited	-	-	37,50,000	5.19

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

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

- (d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and bought back during the last 5 years.
- (e) The above figure of subscribed and paid up capital includes application and allotment money received on forfeited shares amounting to ₹ 0.04 lakh (Previous year ₹ 0.04 lakh).

NOTE 21 - OTHER EQUITY

(₹ in lakh)

Particulars	Reserves and surplus					Other comprehensive income				Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Foreign currency translation gain / (loss) reserve	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2017	120.80	45,497.87	24,903.64	15.00	21,252.29	49,412.45	43.43	(32.05)	1,993.31	1,43,206.73
Profit for the year	-	-	-	-	-	7,410.02	22.49	-	-	7,432.51
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	76.53	65.67	142.20
Total comprehensive income for the year	-	-	-	-	-	7,410.02	22.49	76.53	65.67	7,574.71
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	-	3,480.57
Balance as at 31 March 2018	120.80	45,497.87	24,903.64	15.00	21,252.29	53,341.90	65.92	44.48	2,058.98	1,47,300.87
Profit for the year	-	-	-	-	-	7,004.53	51.78	-	-	7,056.31
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	(7.28)	(807.15)	(814.43)
Total comprehensive income for the year	-	-	-	-	-	7,004.53	51.78	(7.28)	(807.15)	6,241.88
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,486.30	-	-	-	3,486.30
Less: Transfer to statement of profit and loss during the year (also refer note 54)	-	-	-	-	-	221.18	-	-	-	221.18
Balance as at 31 March 2019	120.80	45,497.87	24,903.64	15.00	21,031.11	56,860.13	117.70	37.20	1,251.83	1,49,835.27

Nature and purpose of other reserves:

- Capital reserve was created on amalgamation of certain entities/undertaking into the Company.
- Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.
- Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. It, inter alia, includes a sum of ₹ 10,000 lakh (previous year ₹ 10,000 lakh) transferred from Business Reconstruction Reserve which cannot be used for issuance of bonus shares and distribution of dividend.
- Capital redemption reserve is created against redemption of preference shares of the Company.
- Business reconstruction reserve was created in accordance with a scheme of arrangement approved by the Hon'ble High Court of Calcutta. This reserve can neither be utilised towards issuance of bonus shares nor towards distribution of dividend.

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 21 - OTHER EQUITY (CONTD.)

6. FVOCI equity instruments: The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
7. Dividends paid (including dividend distribution tax) during the year ended 31 March 2019 of ₹ 3,486.30 lakh (₹ 4 per equity share of ₹ 2/- each) were approved for payment.

NOTE 22 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Measured at amortised cost		
Secured:		
Term loans from banks:		
foreign currency loans	27,668.52	19,893.74
rupee loans	46,400.00	30,000.00
Term loans from financial institution:		
rupee loans	-	6,400.00
	74,068.52	56,293.74
Unsecured:		
Deferred payment liabilities* #	3,246.90	3,037.36
	3,246.90	3,037.36
	77,315.42	59,331.10
Less: Current maturities of long term borrowing (Note 29)	1,992.29	7,029.04
	75,323.13	52,302.06

* Net of deferred government grant (refer note 23).

Interest free and subsidised loan from state government.

Terms and conditions of outstanding borrowings are as follows:

(₹ in lakh)

Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018	Remarks
Secured loan from bank - foreign currency loans	US Dollars	2018-19	-	3,434.33	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	2018-19	-	117.08	Refer note 2 below
Secured loan from bank - foreign currency loans	US Dollars	2018-19	-	3,333.51	Refer note 3 below
Secured loan from bank - foreign currency loans	US Dollars	2024-25	13,834.26	13,008.82	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	2026-27	13,834.26	-	Refer note 1 below
Secured loan from bank - rupee loans	₹	2026-27	20,000.00	20,000.00	Refer note 4 below
Secured loan from bank - rupee loans	₹	2026-27	10,000.00	10,000.00	Refer note 4 below
Secured loan from bank - rupee loans	₹	2023-24	6,400.00	-	Refer note 5 below
Secured loan from financial institution - rupee loans	₹	2023-24	-	6,400.00	Refer note 5 below

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 22 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS (CONTD.)

(₹ in lakh)

Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018	Remarks
Secured loan from bank - rupee loans	₹	2027-28	10,000.00	-	Refer note 1 below
Unsecured Loan from others - Deferred payment liabilities	₹	2029-30	3,246.90	3,037.36	Refer note 6 below

* LIBOR - London Inter Bank Offer Rate : Interest rate ranging from LIBOR+122bps to 4.5725% p.a.

** MCLR - Marginal Cost of funds based Lending Rate : Interest rate ranging from 1 year MCLR+08bps to 1 year MCLR+60 bps

*** Interest rate ranging from 0 to 3%

Note:

1. Loans are secured by way of hypothecation of first pari-passu charge on movable fixed assets (both present and future) pertaining to the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Further, this is secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties (both present and future) of glass plants of the Company situated at Sanathnagar and Bhongir in Telangana.

Term Loans aggregating to ₹ 27,668.52 lakh are repayable in half yearly instalments from January 2020 to June 2026.

Term Loans aggregating to ₹ 10,000.00 lakh are repayable in total 32 quarterly instalments from June 2020 to March 2028.

2. Loan was secured by first pari-passu charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana. It has been repaid.

3. Loan was secured by first pari-passu charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana and movable fixed assets of faucet plant situated at Kaharani, Rajasthan. It has been repaid.

4. Loan is secured by first pari-passu charge on fixed assets of the Company located at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana.

Term Loans aggregating to ₹ 30,000.00 lakh are repayable in total 28 half yearly instalments from June 2020 to December 2026.

5. Loan is secured by first pari-passu charge by way of a mortgage over the immovable fixed assets (both present and future) of the Company situated at Bibinagar, Telangana.

Term Loans aggregating to ₹ 6,400.00 lakh are repayable in total 17 quarterly instalments from November 2019 to November 2023.

6. Deferred payment liabilities from others (unsecured) is in respect of value added tax and central sales tax liabilities pertaining to the years 1999-2000 to 2012-2013 and are repayable by the end of financial year 31 March 2030. The outstanding amount of deferred sales tax credit is subject to assessment by sales tax authorities.

Term Loans aggregating to ₹ 3,246.90 lakh are repayable in yearly instalments from June 2013 to March 2030.

7. Loan is secured by first pari-passu charge over movable fixed assets (both present and future) of the faucet plant situated at Kaharani, Rajasthan. Further, this is secured by first pari-passu charge by way of a mortgage over the immovable fixed assets (both present and future) of the Company situated at Kaharani, Rajasthan and Bibinagar, Telangana. It has been refinanced.

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 23 - NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade deposits	2,752.92	3,018.78
Deferred government grant	1,331.61	1,541.16
Other deposits	790.33	691.46
	4,874.86	5,251.40

NOTE 24 - NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Long-term employee benefits (also refer note 44)		
Provision for compensated absences	1,011.75	829.33
Provision for gratuity	0.43	0.38
Provision for warranty	89.09	192.30
	1,101.27	1,022.01

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

Particulars	(₹ in lakh)
Balance as at 1 April 2017	415.20
Additional provisions recognised (included in Other expenses)	108.54
Utilised during the year	(121.93)
	401.81
Less: Current liability (refer note 31)	209.51
Balance as at 31 March 2018	192.30
Balance as at 1 April 2018	401.81
Additional provisions recognised (included in Other expenses)	28.50
Utilised during the year	(111.71)
	318.60
Less: Current liability (refer note 31)	229.51
Balance as at 31 March 2019	89.09

Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Company obligations for warranties under the local sale of goods. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on warranty period of certain products up to 12 years.

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 25 - DEFERRED TAX LIABILITIES (NET)

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liability arising on account of		
Difference between book balance and tax balance of property, plant and equipment	15,339.12	12,981.82
Land	10,176.45	10,176.45
Investments at fair value through OCI	-	107.69
	25,515.57	23,265.96
Deferred tax asset arising on account of		
Investments at fair value through OCI	325.88	-
Provision for doubtful debts and loans and advances	1,119.51	961.04
Provision for employee benefits	410.81	291.11
MAT Credit entitles	1,974.21	-
Foreign exchange adjustments on external commercial borrowings	73.87	762.59
Others	10.21	97.01
	3,914.49	2,111.76
	21,601.08	21,154.21

Deferred tax liability (net) in relation to:

(₹ in lakh)

Particulars	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	As at 31 March 2019
Deferred tax liability arising on account of					
Difference between book balance and tax balance of property, plant and equipment	12,981.82	2,357.30	-	-	15,339.12
Land	10,176.45	-	-	-	10,176.45
Investments at fair value through OCI	107.69	-	(107.69)	-	-
Sub total	23,265.96	2,357.30	(107.69)	-	25,515.57
Deferred tax asset arising on account of					
Investments at fair value through OCI	-	-	325.88	-	325.88
Provision for doubtful debts and loans and advances	961.04	158.47	-	-	1,119.51
Provision for employee benefits	291.11	115.77	3.93	-	410.81
MAT Credit entitles	-	1,974.21	-	-	1,974.21
Foreign exchange adjustments on external commercial borrowings	762.59	(688.72)	-	-	73.87
Others	97.01	(86.80)	-	-	10.21
Sub total	2,111.75	1,472.93	329.81	-	3,914.49
Net deferred tax liability	21,154.21	884.37	(437.50)	-	21,601.08

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 25 - DEFERRED TAX LIABILITIES (NET) (CONTD.)

Deferred tax liability (net) in relation to:

(₹ in lakh)

Particulars	As at 1 April 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	As at 31 March 2018
Deferred tax liability arising on account of					
Difference between book balance and tax balance of property, plant and equipment	13,916.85	(935.03)	-	-	12,981.82
Land	10,176.45	-	-	-	10,176.45
Investments at fair value through OCI	72.41	-	35.28	-	107.69
Sub total	24,165.71	(935.03)	35.28	-	23,265.96
Deferred tax asset arising on account of					
Provision for doubtful debts and loans and advances	780.45	180.59	-	-	961.04
Provision for employee benefits	311.36	18.90	(39.15)	-	291.11
Foreign exchange adjustments on external commercial borrowings	2,248.89	(1,486.30)	-	-	762.59
Tax losses carried forward	56.68	40.33	-	-	97.01
Sub total	3,397.38	(1,246.48)	(39.15)	-	2,111.75
Net deferred tax liability	20,768.33	311.45	74.43	-	21,154.21

NOTE 26 - OTHER NON-CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Employee related payables	146.38	200.99
Other liabilities	5.46	0.05
	151.84	201.04

NOTE 27 - CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured borrowings		
From banks		
Cash credit - loans repayable on demand	1,328.07	5,736.27
Buyers credit	224.83	6,299.34
Working capital demand loan	38,900.00	14,300.00
	40,452.90	26,335.61
Unsecured borrowings		
From banks		
Working capital demand loan	-	7,680.00
Commercial papers	-	29,655.55
	-	37,335.55
	40,452.90	63,671.16

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 27 - CURRENT FINANCIAL LIABILITIES - BORROWINGS (CONTD.)

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

Secured borrowings

Cash credit facilities :

- a) Cash credit facilities from banks is repayable on demand and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Buyer's credit facilities :

- b) Buyer's credit facilities from banks is repayable within 12 months from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Short term loan facilities :

- c) Working capital demand loan from banks repayable within 7 days to 180 days from disbursement and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

NOTE 28 - TRADE PAYABLES

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
-total outstanding dues of micro and small enterprises	4,538.62	-
-total outstanding dues of creditors other than micro and small enterprises	21,910.20	21,736.62
Trade payable *	26,448.82	21,736.62

*Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details as certified by the management are mentioned below:

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Principal amount remaining unpaid to any supplier	4538.62	-
Interest due thereon remaining unpaid to any supplier	189.98	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 29 - CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings (also refer note 23)	1,992.29	7,029.04
Interest accrued but not due on borrowings	763.05	446.97
Unpaid dividends *	125.90	121.34
Earnest money deposits	92.97	86.32
Security deposits/retention money payable	76.37	128.76
Others		
Towards capital creditors	1,450.57	2,559.85
Employee related payables	4,300.82	2,464.52
Towards expenses payable	7,911.37	6,661.38
Commission payable to directors	498.44	526.24
Gratuity payable (net of obligation)	177.77	125.09
Derivative (IRS) payable	380.49	-
Other payables	8,392.30	8,448.42
	26,162.35	28,597.92

* Not due for deposit in investors protection fund.

NOTE 30 - OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Advances received from customers	1,260.39	776.58
Employee related payables	130.45	18.53
Payable towards statutory dues	6,103.65	3,564.38
Other payables	769.93	-
	8,264.42	4,359.49

NOTE 31 - CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Long-term employee benefits (also refer note 44)		
Provision for compensated absences	152.92	116.07
Provision for gratuity	0.01	0.01
Provision for warranty (also refer note 24)	229.51	209.51
	382.44	325.59

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 32 - i) Revenue from operations

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of goods (including excise duty)	2,66,674.27	2,25,610.29
Sale from rendering of services	45.34	40.24
Other operating revenue @	4,517.79	3,127.50
	2,71,237.40	2,28,778.03
Segmentwise revenue information		
a) Building products	1,22,322.10	1,04,412.45
b) Packaging products	1,09,715.07	94,052.26
c) Consumer products	30,573.57	20,769.20
d) Retail business	9,373.37	9,944.41
e) Others	190.67	147.38
Total	2,72,174.78	2,29,325.70
Less : Inter segment revenue	(937.38)	(547.67)
Total income from operations	2,71,237.40	2,28,778.03

ii) Unsatisfied Performance Obligation

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Aggregated amount of Transaction Price allocated to the contracts that are fully or partially unsatisfied at the end of the reporting period		
i) Sale of Goods	1,260.39	776.58
ii) Sale of Services	-	-

iii) Reconciliation of contract price vis a vis revenue recognised in profit and loss statement is as follows:-

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Contract Price	3,47,404.70	2,64,883.59
a) Sale of goods & services	3,42,841.57	2,61,715.85
b) Sale of Service	45.34	40.24
c) Other operating revenue	4,517.79	3,127.50
Adjustment:-		
Discount/Rebate	76,167.30	36,105.56
Revenue recognised in the statement of profit and loss account	2,71,237.40	2,28,778.03
@ Other operating revenues comprise of:		
Export incentives	244.53	445.84
Sundry balances and liabilities no longer required, written back	1,797.08	574.52
Excess provision of doubtful debts written back	-	142.32
Gain on foreign exchange fluctuations	-	297.76
Insurance claims received	167.93	361.07
Scrap sales	965.54	621.75
Miscellaneous receipts #	1,342.71	684.24
	4,517.79	3,127.50

#Includes subsidy from state and central government of ₹ 8.23 lakh (previous year ₹ 8.40 lakh).

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 33 - OTHER INCOME

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets	189.68	133.90
Excess balances and liabilities written back	2.43	-
Rental income	16.91	16.07
Profit on sale of current investments (net)	3.44	11.41
Profit on sale of property, plant and equipment	513.35	22.87
Gain arising on financial instruments designated as at FVTPL (net)	1.87	0.22
Government grant *	209.53	635.32
Miscellaneous income	2,051.01	148.09
	2,988.22	967.88

* Miscellaneous income includes incentive from Government of ₹ 1869.04 lakh (previous year ₹ Nil)

NOTE 34 - COST OF MATERIALS CONSUMED

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening stock	5,466.58	3,619.74
Add: Purchases	63,066.72	43,590.37
Less: Closing stock	6,539.51	5,466.58
	61,993.79	41,743.53

NOTE 35 - PURCHASES OF TRADED GOODS

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sanitaryware and other products	51,110.56	54,686.67
	51,110.56	54,686.67

NOTE 36 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventories at the end of the year:		
Finished goods	19,877.90	18,887.67
Work-in-progress	2,417.97	2,375.44
Stock-in-trade	24,438.92	25,481.17
	46,734.79	46,744.28
Inventories at the beginning of the year:		
Finished goods	18,887.67	23,292.78
Work-in-progress	2,375.44	1,814.53
Stock-in-trade	25,481.17	17,177.16
	46,744.28	42,284.47
Change in stock	9.49	(4,459.81)
Stock transferred from capital work in progress to finished goods on account of capitalisation of furnace	145.72	-
Change in excise duty on closing stock	-	(3,082.33)
	155.21	(7,542.14)

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 37 - EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	33,051.67	28,105.34
Contribution to provident funds and other funds (also refer note 44) *	1,493.58	1,484.24
Staff welfare expenses	1,508.25	1,312.71
	36,053.50	30,902.29

* Net of reimbursement received from the government under Pradhan Mantri Rojgar Protsahan Yojna scheme ₹ 62.66 lakh (previous year ₹ 18.93 lakh)

NOTE 38 - FINANCE COST

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities	7,716.76	4,620.30
Other borrowing cost	1,031.62	955.71
	8,748.38	5,576.01

NOTE 39 - DEPRECIATION AND AMORTISATION

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation and amortisation of Property, plant and equipments (also refer note 4)	15,150.83	11,283.21
Amortisation of other intangible assets (also refer note 6)	180.52	135.05
Impairment of goodwill	221.18	-
Transfer from business construction reserve pursuant to the Scheme (refer note 54)	(221.18)	-
Depreciation/amortisation capitalised on assets involved in plant under construction	(231.48)	(11.17)
	15,099.88	11,407.09

NOTE 40 - OTHER EXPENSES

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Power and fuel	35,066.56	28,097.13
Consumption of stores and spares	5,918.93	5,464.94
Consumption of packing material	10,604.79	9,809.24
Consumption of loose tools	54.79	58.11
Consumption of oil, fuel and lubricants	441.80	340.16
Repairs and maintenance:		
Buildings	403.98	359.16
Plant and machinery	1,706.06	1,427.98
Others	484.35	457.34
Rent (including hire charges)	2,756.92	2,817.89
Rates and taxes	223.17	384.41
Directors sitting fees	4.20	3.90
Expenditure on ceramic and applied research centre (also refer note 52)	112.45	134.92
Insurance	339.47	501.32
Travelling and conveyance	4,052.14	3,389.23
Commission on sales	450.66	616.36
Freight and forwarding charges	300.89	279.78
Advertisement and publicity	9,969.83	10,738.09
Transportation and forwarding	8,550.24	5,888.03
Sales promotion expenses ((including warranty expense ₹ 28.50 lakh (previous year ₹ 108.54 lakh))	1,438.45	1,303.27

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 40 - OTHER EXPENSES (CONTD.)

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Other selling expenses	1,700.11	1,331.33
Provision for expected credit loss (also refer note 14)	609.20	576.59
Provision for doubtful advances/debts	55.93	3.86
Bad debts written off	40.95	3.88
Corporate social responsibility expenditure (also refer note 53)	310.25	345.63
Charity and donation	-	50.45
Loss on foreign exchange fluctuation	657.60	-
Loss on sale of property, plant and equipment	36.30	25.52
Miscellaneous expenses	4,038.42	3,897.16
	90,328.44	78,305.68

NOTE 41 CURRENT TAX AND DEFERRED TAX

(a) Income tax expense through profit and loss

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax:		
Current income tax charge (including Minimum alternate tax)	484.57	2,787.21
Earlier year tax	372.83	3.92
	857.40	2,791.13
Deferred tax:		
In respect of current year origination and reversal of temporary differences	2,858.57	311.45
Total tax expense recognised in profit and loss account	3,715.97	3,102.58

(b) Income tax on other comprehensive income

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax		
Re-measurement of defined benefit obligations	3.93	(39.15)
FVOCI financial assets	433.56	(35.28)
	437.49	(74.43)

(c) Numerical reconciliation between average effective tax rate and applicable tax rate :

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.944% (31 March 2018: 34.608%) and the reported tax expense in the statement of profit and loss are as follows:

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax	10,720.50	10,512.60
Domestic tax rate for the Company	34.944%	34.608%
Latest statutory enacted income tax for the Company	3,746.17	3,638.20
Tax effect of :		
- Non deductible expenses	361.44	128.35
- Tax - exempt income	(28.38)	(20.09)
- Tax incentives and concessions	(19.65)	(43.66)
- Notional interest income and notional rent expenses	(2.02)	-
- Earlier year income tax	372.83	3.92
- Deferred tax not recognised on subsidiary companies loss	24.73	22.00
Others	(739.14)	(626.14)
Income-tax recognised in statement of profit and loss	3,715.97	3,102.58

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 41 CURRENT TAX AND DEFERRED TAX (CONTD.)

- (d) There is no change in statutory enacted income-tax rate during the financial year. However rate of cess on income tax has been increased from 3% to 4%.
- (e) There is no temporary differences associated with investment in subsidiaries.

NOTE - 42 FINANCIAL INSTRUMENTS AND RISK REVIEW

Capital management

The Company manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 22 and 27; cash and cash equivalents as disclosed in note 15 and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors.

The following table summarises the capital of the Company

	(₹ in lakh)	
	31 March 2019	31 March 2018
Equity *	1,51,281.24	1,48,746.84
Liquid assets (cash and cash equivalent and current investments) (a)	5,753.30	23,589.09
Current borrowings (note 27)	40,452.90	63,671.16
Non-current borrowings (note 22 and 23)	76,654.74	53,843.22
Current maturities of non current borrowings (refer note 29)	1,992.29	7,029.04
Total debt (b)	1,19,099.93	1,24,543.42
Net debt [c = (b) - (a)]	1,13,346.63	1,00,954.33
Total capital (equity+net debt)	2,64,627.87	2,49,701.17
Gearing ratio		
Debt to equity	79%	84%
Net debt to equity ratio	75%	68%
*Equity balances also includes the business reconstruction reserve of ₹ lakh	31,031.11	31,252.29

Categories of financial instruments

Categories of financial assets/(liabilities)

		31 March 2019			31 March 2018		
Notes		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
Financial assets measured at amortised costs							
Trade receivable	14	58,789.51	-	-	51,375.64	-	-
Loans	8,17	1,806.51	-	-	2,094.65	-	-
Other financial assets	9, 18	28.15	-	-	36.12	-	-
Cash and bank balances	15, 16	6,111.34	-	-	24,020.34	-	-
Investments	7	1.62	-	-	1.62	-	-
Loans and other receivables		66,737.13	-	-	77,528.37	-	-
Financial assets measured at fair value							
Investments	7, 13	2,032.50	1.87	(1,240.73)	3,272.96	0.22	101.17
Derivative contracts	18	1,328.46	236.28	-	1,092.17	(525.83)	-
Financial assets at fair value		3,360.96	238.15	(1,240.73)	4,365.13	(525.61)	101.17
Total financial assets		70,098.09	238.15	(1,240.73)	81,893.49	(525.61)	101.17

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE - 42 FINANCIAL INSTRUMENTS AND RISK REVIEW (CONTD.)

(₹ in lakh)

Notes	31 March 2019			31 March 2018		
	Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
Financial liabilities measured at amortised cost						
Current payables	27, 28, 29	93,064.07	-	1,14,005.71	-	-
Non-current payables	23	4,874.86	-	5,251.40	-	-
Non-current borrowings	22	75,323.13	-	52,302.06	-	-
Financial liabilities measured at amortised cost		1,73,262.06	-	1,71,559.17	-	-
Total financial assets/(liabilities)		(1,03,163.97)	238.15	(89,665.68)	(525.61)	101.17

Financial risk management objective

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments, financial guarantee and derivative financial instruments.

Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

Trade receivables

The Company extends credits to customer in normal course of the business. The Company considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Company monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at

several jurisdiction and industries and operate in large independent markets. The Company also takes advances and security deposits from customers which mitigate the credit risk to an extent.

The average credit period taken on sales of goods is 30 to 60 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Before accepting any new customer, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There are no customers who represent more than 10 per cent of total net revenue from operations. The Company does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Expected credit loss :

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Up to 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10 to 100
More than 3 years	100

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE - 42 FINANCIAL INSTRUMENTS AND RISK REVIEW (CONTD.)

Ageing of past due trade receivables

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Not due for payment	33,880.94	31,631.70
Up to 6 months	21,059.36	16,760.46
From 6 months to 1 year	2,082.11	2,075.60
From 1 year to 3 years	2,767.15	2,030.66
More than 3 years	2,324.28	1,600.32

Ageing of impaired trade receivables

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Up to 6 months	68.01	-
From 6 months to 1 year *	118.78	473.84
From 1 year to 3 years	813.27	648.94
More than 3 years	2,324.27	1,600.32

* Based upon lifetime expected credit loss

Liquidity risk:

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due.

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

Particulars	(₹ in lakh)				
	As at 31 March 2019				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial liabilities					
Borrowings - bank loans	22,27,29	41,897.56	39,363.20	33,260.67	1,14,521.43
Borrowings - other loans	22,29	547.63	1,568.66	2,462.22	4,578.51
Current payables	28,29	50,618.88	-	-	50,618.88
Non-current payables	22,23	-	-	3,543.24	3,543.24
Total		93,064.07	40,931.86	39,266.13	1,73,262.06

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE - 42 FINANCIAL INSTRUMENTS AND RISK REVIEW (CONTD.)

(₹ in lakh)

Particulars	Notes	As at 31 March 2018			Total
		not later than one year	later than one year and not later than five years	later than five years	
Financial liabilities					
Borrowings - bank loans	22,27,29	70,556.08	17,325.64	25,683.18	1,13,564.90
Borrowings - other loans	22,29	144.12	6,891.90	3,942.50	10,978.52
Current payables	28,29	43,305.50	-	-	43,305.50
Non-current payables	22,23	-	-	3,710.24	3,710.24
Total		1,14,005.70	24,217.54	33,335.92	1,71,559.16

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including :

Forward foreign exchange contract to hedge the exchange rate risk arising on the export of its products.

Forward foreign exchange contract to hedge the exchange rate risk arising on translation of the foreign currency loans.

Currency risk

The Company undertakes various transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company transacts business primarily in Indian Rupee, USD, Euro and GBP. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the Company adopted a policy of selective hedging based on risk perception of the management. Foreign exchange hedging contracts are carried at fair value.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(in lakh)

Particulars	Currency	As at	
		31 March 2019	31 March 2018
Trade receivables	USD	24.37	29.22
Trade payables	USD	37.62	29.14
	EUR	3.15	2.29
	GBP	0.19	0.30
Borrowings	USD	403.25	402.70
Accrued interest	USD	4.87	2.62

Currency rate	31 March 2019	31 March 2018
USD	69.1713	65.0441
EUR	77.7024	80.6222
GBP	90.4756	92.2846

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE - 42 FINANCIAL INSTRUMENTS AND RISK REVIEW (CONTD.)

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

(in lakh)

Particulars	Currency	As at 31 March 2019	As at 31 March 2018
Trade receivables	USD	24.37	29.22
Trade payables	USD	34.90	29.14
	EUR	3.15	2.29
	GBP	0.19	0.30
Borrowings	USD	203.25	200.90
Accrued interest	USD	2.81	2.62

Sensitivity analysis

The following table demonstrates the sensitivity of profit and equity in USD, Euro and GBP to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

(₹ in lakh)

Currency	Change in currency exchange rate	Effect on profit before tax 31 March 2019	Effect on profit before tax 31 March 2018
USD	5%	(1,457.33)	(1,317.94)
	-5%	1,457.33	1,317.94
EUR	5%	(12.22)	(9.21)
	-5%	12.22	9.21
GBP	5%	(0.86)	(1.39)
	-5%	0.86	1.39

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

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debts. Its objective in managing its interest rate risk is to ensure that it always maintain sufficient head room to cover interest payment from anticipated cash flows which is regularly reviewed by the board/nominated committee as well.

The following table demonstrates the sensitivity in the interest rate with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the interest rates is given below :

(₹ in lakh)

Particulars	Change in interest rate	Effect on profit before tax 31 March 2019	Effect on profit before tax 31 March 2018
Non-current borrowings	0.50%	(370.34)	(281.47)
	-0.50%	370.34	281.47

Commodity risk

The Company is exposed to the movement in the price of key raw material and other traded goods in the domestic and international markets. The Company has in place policies to manage exposure to fluctuation the prices of key raw materials used in operations. The Company enter into contracts for procurement of raw material and traded goods, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 43 - FAIR VALUE MEASUREMENT

Fair valuation techniques and inputs used

Financial assets/ financial liabilities	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique and key input
	31 March 2019	31 March 2018		
Foreign currency forward contracts	1,328.46	1,092.17	2	Market approach

Financial assets	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2019	31 March 2018				
Current investments	26.99	26.72	1	-	-	-
Non current investments	2,005.51	3,246.24	3	Discounted cash flow	1. Growth rate 2. Discount rate	Refer below

Reconciliation of level 3 fair value measurements

Particulars	(₹ in lakh)	
	31 March 2019	31 March 2018
	Unlisted shares irrevocably designated as at FVTOCI	Unlisted shares irrevocably designated as at FVTOCI
Opening balance	3,246.24	3,145.29
Gains or losses		
- in other comprehensive income	(1,240.73)	100.95
Closing balance	2,005.51	3,246.24

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Sensitivity analysis of financial instruments having fair value hierarchy of level 3

Particulars	Movement unobservable input(s)	Effect on fair value taking movement of unobservable inputs isolation	
		31 March 2019	31 March 2018
Growth rate	5%	29.13	76.71
	-5%	(28.12)	(73.17)
Discount rate	5%	(120.69)	(234.29)
	-5%	138.15	271.53

Other financial instruments

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

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 44 - EMPLOYEE BENEFITS

A. Defined contribution plan

The Company operates defined contribution retirement benefit plans for all employees. The assets of the plans are held separately from those of the Companies in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company's contribution to Provident Fund and Superannuation Fund aggregating to ₹ 972.63 lakh (net of amount capitalised and reimbursement received from government) (previous year ₹ 918.34 lakh) has been recognised in the Statement of

Profit and Loss under the head Employee Benefits Expense.

B. Defined benefit plans

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Birla Sun Life Insurance Company Limited.

Details of the Company's defined benefit plans are as follows:

(₹ in lakh)

Particulars	Funded plan		Unfunded plan	
	Gratuity		Gratuity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Current service cost	307.38	270.67	0.08	0.10
Net interest expense/(income)	(0.79)	(5.01)	0.03	3.21
Past service cost	-	127.46	-	-
Components of defined benefit costs recognised in profit or loss	306.59	393.12	0.11	3.31
Remeasurement on the net defined benefit liability				
Actuarial (gain)/loss arising from experience adjustments	11.25	(112.04)	(0.06)	(3.64)
Components of defined benefit costs recognised in other comprehensive income	11.25	(112.04)	(0.06)	(3.64)
I. Net asset/(liability) recognised in the balance sheet as at 31 March				
1. Present value of defined benefit obligation	2,389.16	2,157.84	0.44	0.39
2. Fair value of plan assets	2,211.39	2,032.75	-	-
3. Deficit	177.78	125.09	0.44	0.39
4. Current portion of the above	177.78	125.09	0.01	0.01
5. Non current portion of the above	-	-	0.43	0.38
II. Change in the obligation during the year ended 31 March				
1. Present value of defined benefit obligation at the beginning of the year	2,157.84	1,968.57	0.39	0.72
2. Demerger adjustment of subsidiary during year ended 31 March 2017	-	(42.24)	-	-
3. Expenses recognised in the statements of profit and loss				
- Current service cost	307.38	270.67	0.08	0.10
- Interest expense	154.72	140.87	0.03	3.21
- Past service cost	-	127.46	-	-
4. Recognised in other comprehensive income				
Remeasurement gains / (losses)				
- Actuarial (gain)/loss arising from experience adjustments	40.15	(104.39)	(0.06)	(3.64)
5. Benefit payments	(270.93)	(203.10)	-	-
6. Present value of defined benefit obligation at the end of the year	2,389.16	2,157.84	0.44	0.39

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 44 - EMPLOYEE BENEFITS (CONTD.)

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2019	31 March 2018
III. Change in fair value of assets		
1. Fair value of plan assets at the beginning of the year	2,032.75	1,889.66
2. Recognised in the statement profit and loss		
- Expected return on plan assets	155.51	145.88
3. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
- Actual return on plan assets in excess of the expected return	28.90	7.65
4. Contributions by employer (including benefit payments recoverable)	265.16	192.66
5. Benefit payments	(270.93)	(203.10)
6. Fair value of plan assets at the end of the year	2,211.39	2,032.75

IV. The major categories of plan assets

The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was informed by BSL that the planned assets are held in growth/fixed interest bonds.

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2019	31 March 2018
V. Actuarial assumptions		
1. Discount rate	7.65%	7.71% - 7.72%
2. Expected rate of increase in compensation level	6.50%	5.50% - 6.50%
3. Expected rate of return on plan assets	7.65%	7.72%
4. Mortality table	IALM 2006-08	IALM 2006-08
5. Superannuation age	58	58

VI. Sensitivity analysis

(₹ in lakh)

Particulars	31 March 2019		31 March 2018	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
	Discount rate	0.50%	(112.65)	0.50%
	-0.50%	122.37	-0.50%	108.33
Expected rate of increase in compensation level	0.50%	119.31	0.50%	105.69
	-0.50%	(110.90)	-0.50%	(98.48)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

VII. Experience adjustments :

Particulars	Year ended				
	2018-19	2017-18	2016-17	2015-16	2014-15
1. Defined benefit obligation	2,389.16	2,158.22	1,968.57	1,796.49	1,623.84
2. Fair value of plan assets	2,211.39	2,032.75	1,889.66	1,625.38	1,563.54
3. Surplus/(deficit)	(177.78)	(125.47)	(78.91)	(171.11)	(60.30)
4. Experience adjustment on plan liabilities gain/(loss)	(40.15)	108.03	(36.11)	(50.13)	(209.17)

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 44 - EMPLOYEE BENEFITS (CONTD.)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Amounts recognised in the balance sheet		
Non current (refer note 24)	1,011.75	829.33
Current (refer note 31)	152.92	116.07
	1,164.67	945.40
Amounts recognised in the statement of profit and loss		
Current service cost	227.54	191.64
Interest cost	72.89	63.02
Actuarial loss	136.62	145.59
Total included in employee benefits expense	437.06	400.25
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	945.40	842.10
Demerger adjustment of subsidiary during year ended 31 March 2018	-	(6.35)
Interest cost	72.89	63.02
Current service cost	227.54	191.64
Benefits paid	(217.78)	(290.60)
Actuarial loss	136.62	145.59
Defined benefit obligation at the end of the year	1,164.67	945.40

NOTE 45 - SEGMENT REPORTING

Identification of segment:

The group's operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The group has accordingly identified to primary business segments i.e. building products, consumer products, packaging products and retail business.

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

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 45 - SEGMENT REPORTING (CONTD.)

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

(₹ in lakh)

Particulars	Building products	Consumer products	Packaging product	Retail business	Others	Inter segment elimination	Unallocated	Total
Segment revenue								
For the year ended 31 March 2019	1,22,322.10	30,573.57	1,09,715.07	9,373.37	190.67	(937.38)	-	2,71,237.40
For the year ended 31 March 2018	1,04,412.77	20,768.88	94,052.26	9,944.49	151.08	(551.45)	-	2,28,778.03
Other income								
For the year ended 31 March 2018	322.56	35.82	2,535.88	7.91	7.71	(6.67)	85.01	2,988.22
For the year ended 31 March 2018	360.03	31.45	541.50	18.47	2.34	(5.59)	19.68	967.88
Segment results								
For the year ended 31 March 2019	15,972.86	78.80	9,049.63	(1,401.51)	12.96	530.61	(4,774.46)	19,468.89
For the year ended 31 March 2018	16,793.97	(1,674.71)	6,661.05	(1,180.19)	(382.05)	389.20	(3,864.52)	16,742.75
Interest expenses								
For the year ended 31 March 2019								8,748.38
For the year ended 31 March 2018								5,576.01
Exceptional item								
For the year ended 31 March 2019								-
For the year ended 31 March 2018				654.15				654.15
Income tax (including deferred tax)								
For the year ended 31 March 2019								3,715.97
For the year ended 31 March 2018								3,102.58
Profit after tax								
For the year ended 31 March 2019								7,004.54
For the year ended 31 March 2018								7,410.02
Other information								
Segment assets								
31 March 2019	1,63,435.62	21,954.09	1,54,183.85	4,697.01	827.94	-	10,945.84	3,56,044.35
31 March 2018	1,55,296.17	21,783.13	1,52,326.62	4,425.03	948.04	-	12,589.34	3,47,368.33
Segment liabilities								
31 March 2019	85,262.91	17,474.48	95,830.84	6,609.69	(33.89)	-	(380.91)	2,04,763.11
31 March 2018	84,493.61	14,356.79	98,322.00	2,964.52	57.52	-	(1,572.94)	1,98,621.50
Capital expenditure								
For the year ended 31 March 2019	23,055.02	370.02	18,406.85	67.01	-	-	1,185.93	43,084.83
For the year ended 31 March 2018	10,338.18	1,685.97	14,394.14	138.79	-	-	861.40	27,418.48
Depreciation and amortisation								
For the year ended 31 March 2019	4,987.73	305.14	8,879.72	263.85	54.17	-	609.27	15,099.88
For the year ended 31 March 2018	3,113.37	202.13	7,123.22	304.64	53.54	-	610.19	11,407.09
Other non-cash expenses								
Provision for doubtful debts and advances								
For the year ended 31 March 2019	498.23	66.41	86.28	14.21	-	-	-	665.13
For the year ended 31 March 2018	276.01	22.11	256.82	25.51	-	-	-	580.45

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 46 - EARNINGS PER SHARE

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit for the year attributable to owners of the Company (₹ in lakh)	7,004.53	7,410.02
Weighted average number of equity shares (nos.)	7,22,96,395	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	9.69	10.25

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

NOTE 47 - LEASES

As Lessee

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are both cancellable and non-cancellable and may be renewed for a further period based on mutual agreement of the parties.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(₹ in lakh)		
Expenses recognised in the statement of profit and loss		
Lease payments (including maintenance charges)	2,489.40	2,817.89

Particulars	As at 31 March 2019	As at 31 March 2018
(₹ in lakh)		
Future non-cancellable minimum lease commitments		
not later than one year	233.60	268.52
later than one year and not later than five years	25.73	104.05

NOTE 48 - CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(₹ in lakh)		
a) Demands raised by the excise authorities against which appeals have been filed	203.35	203.35
b) Demands raised by the service-tax authorities against which appeals have been filed	83.37	83.37
c) Demands made by the sales tax authorities against which appeals have been filed	920.61	639.30
d) Demands raised by the income-tax authorities against which appeals have been filed	3.84	3.84
e) Demands raised by the sales tax authorities against which appeal files (entry tax)	4,040.93	4,042.04
f) Claims against the Company not acknowledged as debts	2,639.09	2,137.35

NOTE 49 - CAPITAL AND OTHER COMMITMENTS

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(₹ in lakh)		
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	4,518.36	11,339.99
b) Export obligation under Export Promotion Capital Goods license of Export Import Policy	7,286.71	5,498.33
c) Bank guarantees outstanding (other than financial guarantee)	665.21	909.39

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 50 - PAYMENT TO STATUTORY AUDITORS (EXCLUDING GOODS AND SERVICE TAX)

(₹ in lakh)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
As auditors	20.20	22.50
Other services	19.17	32.88
For reimbursement of expenses	5.92	4.28
	45.29	59.66

NOTE 51 - RELATED PARTY TRANSACTIONS

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

List of related parties

Relationship	Name of related party
Key management personnel (KMP)	Executive directors
	Dr. Rajendra Kumar Somany (Chairman & Managing Director)
	Mr. Sandip Somany (Vice Chairman & Managing Director)
	Executives
	Mr. Sandeep Sikka (CFO)
	Ms Payal M Puri (CS)
	Non-executive directors
	Mrs. Sumita Somany
	Mr. G.L. Sultania
	Mr. Ashok Jaipuria
	Mr. V.K. Bhandari
	Mr. N.G. Khaitan
	Mr. Salil Bhandari
Dr. Rainer Siegfried Simon	
Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	Textool Mercantile Private Limited
	Paco Exports Limited
	Soma Investments Limited (merged with Paco Exports Limited w.e.f. 21 January 2019)
	New Delhi Industrial Promotors and Investors Limited (merged with Paco Exports Limited w.e.f. 21 January 2019)
	Khaitan & Co., LLP
G.L. Sultania & Co.	
Post employment benefit plan	Somany Provident Fund Institution

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 51 - RELATED PARTY TRANSACTIONS (CONTD.)

The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis.

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Transactions during the year			
Rent paid				
Dr. Rajendra Kumar Somany	-	4.00	-	-
Textool Mercantile Private Limited	-	-	2.44	2.40
Paco Exports Limited	-	-	-	29.06
Payment for professional services (net of GST)				
Khaitan & Co. LLP	-	-	0.51	0.02
G.L. Sultania & Co.	-	-	12.50	12.50
Loans given				
-Salary advance	10.00	-	-	-
Contribution made				
- Somany Provident Fund Institution	-	-	397.44	323.45
Remuneration to key management personnel *				
Dr. Rajendra Kumar Somany	546.83	554.56	-	-
Mr. Sandip Somany	546.83	554.56	-	-
Mr. Sandeep Sikka	222.10	201.09	-	-
Ms Payal M Puri	56.59	48.34	-	-
Commission and other payments to non-executive directors	113.56	120.59	-	-

* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on Company as a whole.

Details of transaction between the Company and its related parties are disclosed below:

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Remuneration to relative of key management personnel			
Mrs. Sumita Somany	-	21.62	-	-
Balance outstanding at the year end				
Salary advance	6.67	-	-	-
Remuneration payable				
Dr. Rajendra Kumar Somany	160.28	146.84	-	-
Mr. Sandip Somany	228.80	268.49	-	-
Non-executive directors@	109.36	110.91	-	-
Mr. Sandeep Sikka	6.78	5.77	-	-
Ms Payal M Puri	2.63	1.75	-	-

@ includes ₹ Nil (previous year ₹ 5.78 lakh) salary transfer under the scheme of arrangement.

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 51 - RELATED PARTY TRANSACTIONS (CONTD.)

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

(₹ in lakh)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Short-term employee benefits #	1,408.93	1,400.02
Post-employment benefits		
- Defined contribution plan \$	76.98	79.12
- Defined benefit plan *	-	-
- Other long-term benefits *	-	-
Rent paid	-	4.00
Total	1,485.91	1,483.14

Including bonus, sitting fee, commission on accrual basis and value of perquisites.

\$ including provident fund, leave encashment paid and any other benefit.

* As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

NOTE 52 - EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE

(₹ in lakh)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	71.96	90.02
Contribution to provident and other funds	6.42	9.46
Others	34.07	35.45
	112.45	134.92

NOTE 53 - CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms, with the provisions of the said Act, the Company was to spend a sum of ₹ 305.60 lakh (previous year ₹ 337.78 lakh) towards CSR activities during the year ended 31 March 2019. The CSR Committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the committee expects finalization of such proposals in due course. During the year ended 31 March 2019, the Company has contributed the following sums towards CSR initiatives.

(₹ in lakh)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(i) On construction/acquisition of any asset	42.34	135.49
(ii) On purposes other than (i) above	267.91	210.14
	310.25	345.63

NOTE 54

The Board of Directors of the Company (HSIL) has approved utilisation of Business Reconstruction Reserve (BRR) by ₹ 221.18 lakh (Previous year ₹ 210.64 lakh towards impairment of Investment) towards impairment of Goodwill relating to Packaging Product division during the year ended 31 March 2019 shown under exceptional item. The aforesaid utilisation against BRR is as per the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta vide its order dated 26 March 2010.

NOTE 55

The Board of Directors of the Company (HSIL), in its meeting held on 10 November 2017 had approved a

composite Scheme of Arrangement ("Scheme") under section 230 to 232, read with section 66 and other applicable provisions of the Companies Act 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company ("Resulting Company 1") and Brillco Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors. The Scheme provides for the demerger of, (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of the Company into Resulting Company 2. The Appointed

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

Date for the Scheme is 1st April 2018 or such other date as directed by the Hon'ble Kolkata Bench of the National Company Law Tribunal ("NCLT"). The Scheme is subject to necessary regulation, approval and sanction by Hon'ble NCLT. The Company had received approval from BSE Limited and the National Stock Exchange of India Limited. The shareholders, secured creditors and unsecured creditors of the company (HSIL) have, in their respective NCLT convened meetings held on 29th September 2018 have given requisite consents and approval from NCLT, in this regard, is pending.

NOTE 56

A portion of the company's (HSIL's) Kaharani unit engaged in manufacturing of faucets, a part of building products

division, had fire on the night of 12th November 2017. The necessary surveys by the insurance company has been conducted and unit is duly covered by insurance including reinstatement value clause. The insurance company is in process of assessing the quantum of claims for settlement. The company has received an interim insurance claim of ₹ 6.09 crore (including recovery of salvage value of ₹ 1.34 crore) till date. All adjustments pertaining to loss, receipt of interim payments, final settlement due to fire would be accounted for upon its final assessment by the insurance company. In the opinion of management there will not be any material impact on this account on statement of affairs and financial performance of the company.

NOTE 57 - FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in lakh)

Particulars	31 March 2019			31 March 2018		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Non current financial assets						
Investments	2,005.51	-	1.61	3,246.24	-	1.62
Loans	-	-	1,741.91	-	-	2,018.93
Other financial assets	-	-	27.93	-	-	27.69
Current financial assets						
Investments	-	26.99	-	-	26.72	-
Trade receivable	-	-	58,789.51	-	-	51,375.64
Cash and cash equivalents	-	-	5,726.31	-	-	23,562.37
Bank balances other than cash and cash equivalents	-	-	385.03	-	-	457.97
Loans	-	-	64.60	-	-	75.72
Other financial assets	-	1,328.46	0.22	-	1,092.17	8.43
Total financial assets	2,005.51	1,355.45	66,737.12	3,246.24	1,118.90	77,528.37
Non current financial liabilities						
Non-current borrowings	-	-	75,323.13	-	-	52,302.06
Other financial liabilities	-	-	4,874.86	-	-	5,251.40
Current financial liabilities						
Current borrowings	-	-	40,452.90	-	-	63,671.16
Trade payables	-	-	26,448.82	-	-	21,736.62
Other financial liabilities	-	-	26,162.35	-	-	28,597.92
Total financial liabilities	-	-	1,73,262.06	-	-	1,71,559.17

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 58

Additional information to consolidated financial statements as at 31 March 2019 (Pursuant to Schedule III to the Companies Act, 2013)

(₹ in lakh)

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
Parent Company								
HSIL Limited	1,51,451.88	100.11	7,046.71	100.60	(814.49)	100.01	6,232.22	100.68
Subsidiaries:								
Hindware Home Retail Private Limited	(17.65)	(0.01)	27.23	0.39	0.06	(0.01)	27.29	0.44
Somany Home Innovation Limited	(8.00)	(0.01)	(12.97)	(0.19)	-	-	(12.97)	(0.21)
Brilloca Limited	8.32	0.01	(0.46)	(0.01)	-	-	(0.46)	(0.01)
Luxxis Heating Solutions Private Limited	18.49	0.01	0.28	0.00	-	-	0.28	0.00
Halis International Limited	100.66	0.07	(5.17)	(0.07)	-	-	(5.17)	(0.08)
Alchemy International Cooperatief U.A.	32.43	0.02	(31.91)	(0.46)	-	-	(31.91)	(0.52)
Haas International B.V.	53.99	0.04	(19.15)	(0.27)	-	-	(19.15)	(0.31)
Queo Bathroom Innovations Limited	33.93	0.02	(0.02)	(0.00)	-	-	(0.02)	(0.00)
Less: Assets eliminated on consolidation	(392.81)	(0.26)	-	-	-	-	-	-
Total	1,51,281.24	100.00	7,004.54	100.00	(814.43)	100.00	6,190.11	100.00

Additional information to consolidated financial statements as at 31 March 2018 (Pursuant to Schedule III to the Companies Act, 2013):

(₹ in lakh)

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
Parent Company								
HSIL Limited	1,48,927.14	100.12	7,476.08	100.89	138.56	97.44	7,614.64	100.83
Subsidiaries:								
Hindware Home Retail Private Limited	(44.95)	(0.03)	(20.16)	(0.27)	3.64	2.56	(16.52)	(0.22)
Somany Home Innovation Limited	4.97	0.00	(5.03)	(0.07)	-	-	(5.03)	(0.07)
Brilloca Limited	8.78	0.01	(1.22)	(0.02)	-	-	(1.22)	(0.02)
Luxxis Heating Solutions Private Limited	18.21	0.01	(1.79)	(0.02)	-	-	(1.79)	(0.02)
Halis International Limited	42.63	0.03	(148.64)	(2.01)	-	-	(148.64)	(1.97)
Alchemy International Cooperatief U.A.	27.03	0.02	(142.95)	(1.93)	-	-	(142.95)	(1.89)
Haas International B.V.	62.12	0.04	(131.91)	(1.78)	-	-	(131.91)	(1.75)
Queo Bathroom Innovations Limited	(2.21)	(0.00)	(8.69)	(0.12)	-	-	(8.69)	(0.12)
Less: Assets eliminated on consolidation	(296.89)	(0.20)	394.32	5.32	-	-	394.32	5.22
Total	1,48,746.83	100.00	7,410.01	100.00	142.20	100.00	7,552.22	100.00

Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements

for the year ended 31 March 2019

NOTE 59 - DIVIDEND

In respect of the current year ended 31st March 2019, the directors propose that a dividend of ₹ 3/- per share to be paid on equity shares of ₹ 2 per share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members. The total estimated equity dividend to be paid is ₹ 2168.89 lakh. The payment of this dividend is estimated to result in payment of dividend tax of ₹ 445.82 lakh on the amount of dividends grossed up for the related dividend distribution tax.

NOTE 60 - EXCEPTIONAL ITEM

On 17 October 2017, one of the warehouses relating to the Retail Business division of the company (HSIL) had fire which resulted in a loss of ₹ 654.15 lakh and has been duly provided in the books of accounts for the year ended 31st March 2018. Insurance claims relating to the loss has been filed and the settlement amounts of insurance claims as received will be accounted for on receipt.

NOTE 61

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

In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**

Chartered Accountants
Firm Registration No.:301051E

Sandip Somany

Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany

Chairman and Managing Director
DIN: 00053557

N.K. Lodha

Partner
M. No. 85155
Place : Gurugram
Date : 03 May 2019

Payal M. Puri

Company Secretary
ACS No.: 16068

Sandeep Sikka

Chief Financial Officer

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014) Statement containing salient features of the financial statement of subsidiary/associate companies/joint ventures

Part 'A' : Subsidiaries

Sr. No.	Name of Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (Other than subsidiary)	Turnover (including other operating income)	Profit before taxation	Provision for taxation	Profit after comprehensive income	Other comprehensive income	Total comprehensive income for the year	Proposed dividend	% of shareholding (including stepdown subsidiary holding)
1	Hindware Home Retail Pvt. Ltd. (Subsidiary of HSIL Limited)		INR	64.00	(81.65)	212.45	212.45		803.25	27.23	-	27.23	0.06	27.29	-	100%
2	Somya Home Innovation Limited (Subsidiary of HSIL Limited)		INR	10.00	(18.00)	10.56	10.56		-	(12.97)	-	(12.97)	-	(12.97)	-	100%
3	Brilloca Limited (Subsidiary of Somya Home Innovation Limited)		INR	10.00	(1.68)	8.80	8.80	8.23	-	(0.46)	-	(0.46)	-	(0.46)	-	100%
4	Luxis Heating Solutions Private Limited (Subsidiary of HSIL Limited)		INR	20.00	(1.51)	18.97	18.97	18.76	-	0.28	-	0.28	-	0.28	-	100%
5	Halıs International Ltd. (Subsidiary of HSIL Ltd.)		USD 1 = INR 69.1713	1,958.55	(1,857.89)	100.66	100.66	-	-	(5.17)	-	(5.17)	-	(5.17)	-	100%
6	Alchemy International Cooperatief U.A.* (Subsidiary of Halıs International Ltd.)		EURO 1 = INR 77.7024	1,855.53	(1,823.10)	66.83	66.83	-	-	(31.91)	-	(31.91)	-	(31.91)	-	100%
7	Haas International B.V. (Subsidiary of Alchemy International Cooperatief U.A.)		EURO 1 = INR 77.7024	10.88	43.11	67.63	67.63	-	-	(19.15)	-	(19.15)	-	(19.15)	-	100%
8	Queo Bathroom Innovations Ltd (Subsidiary of Haas International B.V.)		GBP 1 = INR 90.4756	0.80	33.13	35.99	35.99	-	-	(0.02)	-	(0.02)	-	(0.02)	-	100%

Reporting period is same as holding company

* Alchemy International Cooperatief U.A. is a cooperative with exclusion of liability, incorporated and existing under the law of The Netherlands. The Members of Alchemy International Cooperatief U.A. are: Halıs International Limited with a membership right of 99.99% and HSIL Limited with a membership right of 0.01%.

Note 1 : Name of subsidiaries which are yet to commence operations : Nil

Note 2 : Name of subsidiaries which have been liquidated or sold during the year : Nil

Part "B" : Associates and Joint Ventures

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to associate companies/joint ventures

Sr. No.	Name of Associates/Joint Ventures	1. Latest audited Balance Sheet Date	2. Share of Associate/Joint Venture held by the company on the year end	Amount of investment in Associates/Joint Venture %	Extend of Holding %	3. Description of how there is significant influence	4. Reason why the associate/joint venture is not consolidated	5. Network attributable to Shareholding as per latest audited Balance Sheet		6. Profit/Loss for the year	
								i. Considered in Consolidation	i. Not considered in Consolidation	i. Considered in Consolidation	i. Not considered in Consolidation

Nil

Note 1 : Name of associates or joint ventures which are yet to commence operations : Nil

Note 2 : Name of associates or joint ventures which have been liquidated or sold during the year : Nil

Sandip SomanyVice Chairman and Managing Director
DIN: 00053597**Dr. Rajendra Kumar Somany**Chairman and Managing Director
DIN: 00053557**Payal M. Puri**Company Secretary
ACS No.: 16068**Sandeep Sikka**

Chief Financial Officer

Place : Gurugram

Date : 03 May 2019

HSIL

HSIL Limited

CIN: L51433WB1960PLC024539

Registered Office: 2, Red Cross Place, Kolkata – 700 001, West Bengal, India

Phone: +91-33-2248 7407/5668,

E-mail: hsilinvestors@hindware.co.in; **Website:** www.hindwarehomes.com

Notice

Notice is hereby given that the 59th Annual General Meeting of the members of HSIL Limited will be held at Sripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Monday, the 2 September 2019 at 11:30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt:

The audited financial statements of the Company for the financial year ended 31 March 2019, the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31 March 2019 and Auditors Report thereon.

2. To declare Dividend on Equity Shares for the year ended 31 March 2019.

3. To appoint a Director in place of Dr. Rajendra Kumar Somany (DIN 00053557) who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. Re-appointment of Mr. Nand Gopal Khaitan as Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013 ("Act") and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee, Mr. Nand Gopal Khaitan (DIN 00020588), Independent Director of the Company, who holds office upto the conclusion of this Annual General Meeting ("AGM") and who is eligible for re-appointment as an Independent Director and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second

term of five consecutive years commencing from the conclusion of this AGM till the conclusion of 64th AGM.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform and sign all such acts, deeds and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

5. Re-appointment of Mr. Vijay Kumar Bhandari as Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013 ("Act") and Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and any other applicable provisions of the Act and Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee, Mr. Vijay Kumar Bhandari (DIN 00052716), Independent Director of the Company, who holds office upto the conclusion of this Annual General Meeting ("AGM") and who is eligible for re-appointment as an Independent Director and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years commencing from the conclusion of this AGM till the conclusion of 64th AGM.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform and sign all such acts, deeds and things, as may be considered

necessary, desirable or expedient to give effect to this resolution."

6. Re-appointment of Mr. Ashok Jaipuria as Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013 ("Act") and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee, Mr. Ashok Jaipuria (DIN 00214707), Independent Director of the Company, who holds office upto the conclusion of this Annual General Meeting ("AGM") and who is eligible for re-appointment as an Independent Director and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years commencing from the conclusion of this AGM till the conclusion of 64th AGM.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform and sign all such acts, deeds and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

7. Re-appointment of Mr. Salil Bhandari as Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013 ("Act") and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee, Mr. Salil Bhandari (DIN 00017566), Independent Director of the Company, who holds office upto the conclusion of this Annual General Meeting ("AGM") and who is eligible for re-appointment as an Independent Director and who has submitted a declaration that he meets the criteria of

independence under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years commencing from the conclusion of this AGM till the conclusion of 64th AGM.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform and sign all such acts, deeds and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

8. To approve continuation of payment of remuneration to Dr. Rajendra Kumar Somany, Chairman and Managing Director, who is a Promoter, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018

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

"RESOLVED THAT pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 inserted vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions of the Companies Act, 2013, read with Schedule V thereof and applicable rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other laws, rules, regulations etc. as may be applicable in this regard and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded for the continuation of payment of remuneration to Dr. Rajendra Kumar Somany (DIN: 00053557), Chairman and Managing Director of the Company, on existing terms and conditions of his appointment including remuneration, approved by the members by way of special resolution in the annual general meeting held on 3 August 2017 and who is a promoter of the Company, till his current tenure expiring on 8 January 2021, notwithstanding:

- (a) the annual remuneration payable to one Executive Director exceeding ₹ 5 Crore or 2.5% of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher; or
- (b) the aggregate annual remuneration of all the Executive Directors exceeding 5% of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform and sign all such acts, deeds and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

9. To approve continuation of payment of remuneration to Mr. Sandip Somany, Vice Chairman and Managing Director, who is a Promoter, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018

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

"RESOLVED THAT pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 inserted vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions of the Companies Act, 2013, read with Schedule V thereof and applicable rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other laws, rules, regulations etc. as may be applicable in this regard and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded for the continuation of payment of remuneration to Mr. Sandip Somany (DIN: 00053597), Vice Chairman

and Managing Director of the Company, on existing terms and conditions of his appointment including remuneration, approved by the members by way of special resolution in the annual general meeting held on 7 September 2016 and who is a promoter of the Company, till his current tenure expiring on 30 November 2021, notwithstanding:

- (a) the annual remuneration payable to one Executive Director exceeding Rs. 5 Crore or 2.5% of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher; or
- (b) the aggregate annual remuneration of all the Executive Directors exceeding 5% of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform and sign all such acts, deeds and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

By order of the Board
For HSIL Limited

(Payal M. Puri)

Company Secretary

Place : Gurugram
Date : 03 May 2019

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS / HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A proxy should be sent in the form enclosed and in order to be effective must reach the registered office of the Company at least **FORTY EIGHT HOURS** before the scheduled time of the meeting. Proxies submitted on behalf of companies, societies etc. must be supported by appropriate resolution / authority as applicable.
2. **M/s. Lodha & Co., Chartered Accountants, Firm Registration No. 301051E, were appointed as Statutory Auditors of the Company from conclusion of 57th Annual General Meeting till conclusion of 62nd Annual General Meeting of the Company, subject to ratification at every Annual General Meeting of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors. The Ministry of Corporate Affairs (MCA) vide its circular dated 7 May 2018 notified various sections of The Companies (Amendment) Act, 2017, thereby modifying Section 139 of Companies Act, 2013. Accordingly the requirement for ratification**

of appointment of Statutory Auditors by the shareholders at every Annual General Meeting has been omitted, hence no such resolution is proposed at this Annual General Meeting.

3. A person can act as proxy on behalf of members not exceeding Fifty in number and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. Members who hold shares in dematerialised form are requested to bring their Depository ID Number and Client ID Number for easy identification of attendance at the meeting.
5. A copy of the financial statements of the Company for the financial year ended 31 March 2019 together with the Auditors' and Directors' Reports thereon are enclosed. Members and Proxy-holders are requested to bring their copies of Annual Report to the meeting.

6. Members are requested to write to the Company their query(ies), if any, on the accounts and operations of the Company at least 10 days before the meeting to keep the information ready at the meeting.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 21 August 2019 to 2 September 2019 (both days inclusive). Dividend on Equity Shares, if declared at the meeting, will be paid to those shareholders whose names appear on the Company's Register of Members on 21 August 2019 and in respect of shares held in the dematerialised form, dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose as on close of business hours of 20 August 2019. The dividend, if declared, shall be paid by 7 September 2019.
8. Dividend, if declared, at the Annual General Meeting will be credited to the Bank account of respective Shareholders through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) where such facility is available. Members holding shares in electronic mode are therefore requested to furnish their Bank particulars in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing the NECS / ECS facility, are requested to update their Bank particulars by sending it to the Company's Registrar and Share Transfer Agent, M/s. Maheshwari Datamatics Private Limited, directly for instant credit of dividend and other cash entitlements. Shareholders of the Company are informed that pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the amount of dividend which remains unpaid/ unclaimed for a period of 7 consecutive years is required to be transferred to the 'Investor Education & Protection Fund' (IEPF) constituted by the Central Government.

Accordingly, unpaid/unclaimed dividend upto the year 2010-2011 has been transferred to IEPF.

Shareholders who have not encashed their dividend warrant(s) for the year from 2011-2012 to 2017-2018 are requested to make claim with the Company immediately. Dividend declared by the Company for the financial year 2011-2012, remain unpaid/unclaimed is due for transfer on or after 20 October 2019 to IEPF. A statement containing names, last known addresses and unpaid dividend of such shareholders is available on the website of the Company i.e. www.hindwarehomes.com.

Shareholders whose amount has been transferred to IEPF as above may claim refund from IEPF in accordance with provisions of Companies Act, 2013 and rules made thereunder.

Further, pursuant to the provisions of Section 124 of the Companies Act, 2013, and of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed by the Shareholders for seven consecutive years, the Company is required to transfer such Equity Shares of the members to the Demat Account of the IEPF. Accordingly, the Company has transferred 19012 equity shares of Rs. 2/- each to IEPF whose dividend was not encashed for consecutive seven years from 2010-2011, data of which are available on website of the Company. Similarly, the Company will transfer such shares to demat account of IEPF Authority on which dividend for 2011-2012 will remain unencashed for seven consecutive years, as per the guidelines issued by the concerned authority(ies) from time to time. The Company has sent a communication to all shareholders concerned and had also published a Notice in the leading Newspaper both in English and Vernacular paper, with respect to the formalities and process of such transfers.
9. Members holding shares in physical form and desirous of making a nomination or cancellation/ variation in nomination already made in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form No. SH.13 to the Registrar and Transfer Agent of the Company for nomination and Form No. SH.14 for cancellation/ variation as the case may be. Shareholders holding shares in demat form are also advised to avail nomination facility by submitting the prescribed form to their respective Depository Participants (DPs).
10. Members of the Company who have multiple folios in identical name(s) are requested to apply for consolidation of such folio(s) and send the relevant Share Certificates to the Company's Registrar and Transfer Agent ("RTA") viz. M/s. Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001, for necessary endorsement thereon.
11. In accordance with section 20 of the Companies Act, 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, service of documents on members by a Company is allowed through electronic mode. Accordingly, as a part of Green Initiative, soft copy of the Annual Report for the year ended 31 March 2019 has been sent to all the Members whose email address(es) are registered with the Company/Depository Participant(s) unless any Member has requested for a physical copy of the same. Such Annual Report along with Notice is also available on the Company's website www.hindwarehomes.com and on the website of CDSL i.e. www.cdslindia.com.

In order to enable the Company to continue to send the documents in the electronic form, the Members are requested to register their e-mail ID with us and those holding shares in electronic mode are requested to register/update their e-mail ID with

their Depository Participant (DP), with whom they are maintaining their demat account.

12. SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through ECS/NECS/Real Time Gross Settlement (RTGS)/Direct Credit etc.

As directed by SEBI, the Members holding shares in physical form are requested to submit particulars of their bank account alongwith the original cancelled cheque bearing the name of the Member to RTA/Company to update their Bank Account details.

Members holding shares in demat form are requested to update their Bank Account details with their respective Depository Participant. The Company or RTA cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode.

13. No request for effecting transfer of shares in physical form is being processed with effect from 1 April 2019, in terms of Press Release No- 49/2018 dated 3 December 2018 of SEBI exception case of transmission, transposition of shares, subject to necessary compliances.
14. As required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant information in respect of Director seeking re-appointment at the Annual General Meeting is provided herein below and forms a part of this Notice.
15. Please send all correspondence including requests for change of address etc. to Registrar and Transfer Agent of the Company.
16. The Company has designated an exclusive e-mail ID "hsilinvestors@hindware.co.in" for redressal of shareholders' complaints/grievances. If you have any query please write to us at hsilinvestors@hindware.co.in

17. **The Company is providing facility for voting by electronic means (remote e-voting) to vote on the resolutions set out in the Notice. The facility for voting through ballot paper will also be made available at the Annual General Meeting (AGM) and the Members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM**

through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM, may attend the AGM, but shall not be entitled to cast their votes again.

18. Voting through electronic means:

- i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2015, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members, facility to exercise their right to vote on resolutions proposed to be passed at the meeting by electronic means. The Members may cast their votes using electronic voting system from a place other than the venue of the meeting ('remote e-voting').
- ii) The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") as the Authorised Agency to provide e-voting facilities.
- iii) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the members/beneficial owners as on the cut-off date i.e. on close of business hours of 26 August 2019.
- iv) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. on close of business hours of 26 August 2019 only shall be entitled to avail the facility of remote e-voting/ballot.
- v) Any person who becomes a Member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. on close of business hours of 26 August 2019, may contact RTA or CDSL to obtain User ID and password to vote on the resolution set out in the Notice through remote e-voting procedure.
- vi) Members are requested to carefully read the instructions for remote e-voting before casting their vote.
- vii) The remote e-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for e-voting:

Commencement of e-voting	From 9:00 a.m. (IST) on Friday, 30 August 2019
End of e-voting	Upto 5:00 p.m. (IST) on Sunday, 1 September 2019

viii) The procedure and instructions for remote e-voting are as under:

- (a) Shareholders should log on to the e-voting website www.evotingindia.com
- (b) Click on "Shareholders" tab.
- (c) Now, select the "HSIL Limited" from the drop down menu and click on "SUBMIT".
- (d) Now Enter your User ID.
 - (i) For CDSL: 16 digits beneficiary ID,
 - (ii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - (iii) For Physical Form: Member should enter Folio Number registered with the Company.
- (e) Next enter the Image Verification as displayed and Click on Login.
- (f) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (g) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. The sequence number is printed on the separate letter addressed to the shareholders individually, containing particulars of remote e-voting sent along with 59th Annual Report of the Company.
- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

DOB Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id/ folio number in the Dividend Bank details field.

- (h) After entering these details appropriately, click on "SUBMIT" tab.
- (i) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (k) Click on the EVSN for the relevant "HSIL Limited" on which you choose to vote.
- (l) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (n) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (p) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

- (q) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (r) Note for Institutional Shareholders
- › Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - › A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - › After receiving the login details they have to create a user id who would be able to link the account(s) which they wish to vote on.
 - › The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - › A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (s) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (t) The voting rights of shareholders shall be in proportion to their share in the paid up equity share capital of the Company.

GENERAL:

- a. In case, Members cast their vote exercising both the options i.e. voting through Electronic means (remote e-voting) and by means of ballot paper at the meeting, then votes cast through remote e-voting shall only be taken into consideration and treated valid whereas votes cast by means of ballot paper at the meeting, shall be treated as invalid.
- b. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- c. The Board of Directors have appointed Mr. Pravin Kumar Drolia, Company Secretary in Practice, Kolkata (FCS No. 2366, CP No. 1362) as the Scrutinizer to scrutinize remote e-voting process and voting by ballot at the meeting in a fair and transparent manner.
- d. The Scrutiniser, after scrutinizing the votes cast at the meeting by ballot and through remote e-voting, will not later than forty eight hours of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman or a person authorised by him. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.hindwarehomes.com and on the website of CDSL i.e. www.cdslindia.com. The result shall simultaneously be communicated to the Stock Exchanges, where the equity shares of the Company are listed.
- e. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e. 2 September 2019.

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

Item No. 4

Mr. Nand Gopal Khaitan ("Mr. Khaitan") was appointed as Non-Executive Independent Director on the Board of Directors of the Company vide resolution passed by the members at the 54th Annual General Meeting ("AGM") of the Company for a term of 5 (Five) consecutive years pursuant to the provisions of Section 149 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014. Accordingly, the tenure of Mr. Khaitan will expire by efflux of time at this forthcoming AGM of the Company.

Pursuant to the provisions of Section 149 and other applicable provisions of the Act read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's report.

Pursuant to the recommendation of Nomination and Remuneration Committee on the basis of performance evaluation of Independent Directors and taking into account the external business environment, his business knowledge, core skills and experience, it is proposed to re-appoint Mr. Khaitan as an Independent Director, not liable to retire by rotation, for the second term of five consecutive years on the Board of the Company commencing from conclusion of this AGM till the conclusion of 64th AGM by way of a special resolution.

The Company has received a declaration from Mr. Khaitan confirming that he meets the criteria of independence under the Act and Listing Regulations. Further, the Company has also received his consent to act as a Director in terms of section 152 of the Act and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Mr. Khaitan for the office of Independent Director.

In the opinion of the Board of Directors, Mr. Khaitan fulfills the conditions specified in the Act and Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the Management.

A copy of the draft letter for the appointment of Mr. Khaitan as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable

to continue to avail the services of Mr. Khaitan as an Independent Director. Therefore, the Board recommends the resolution set forth in Item no. 4 of the accompanying Notice for approval of the members.

Except Mr. Khaitan, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at item No. 4 of the accompanying Notice.

Brief Profile of Mr. Khaitan forms part of this Notice. This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

Item No. 5

Mr. Vijay Kumar Bhandari ("Mr. Bhandari") was appointed as Non-Executive Independent Director on the Board of Directors of the Company vide resolution passed by the members at the 54th AGM of the Company for a term of 5 (Five) consecutive years pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. Accordingly, the tenure of Mr. Bhandari will expire by efflux of time at this forthcoming AGM of the Company. Further, members at their AGM held on 6 September 2018 approved the continuation of association of Mr. Bhandari as a Non-Executive and Independent Director on the Board of the Company in accordance with the provisions of Regulation 17(1A) of the Listing Regulations since he attained the age of 75 years in the month of October 2018.

Pursuant to the provisions of Section 149 and other applicable provisions of the Act read with Listing Regulations, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's report.

Pursuant to the recommendation of Nomination and Remuneration Committee on the basis of performance evaluation of Independent Directors and taking into account the external business environment, his business knowledge, core skills and experience, it is proposed to re-appoint Mr. Bhandari as an Independent Director, not liable to retire by rotation, for the second term of five consecutive years on the Board of the Company commencing from conclusion of this AGM till the conclusion of 64th AGM by way of a special resolution.

The Company has received a declaration from Mr. Bhandari confirming that he meets the criteria of independence under the Act and Listing Regulations. Further, the Company has also received his consent to act as a Director in terms of section 152 of the Act and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company has received notice in writing under the provisions of Section 160 of the Companies Act,

2013, from a member proposing the candidature of Mr. Bhandari for the office of Independent Director.

In the opinion of the Board of Directors, Mr. Bhandari fulfills the conditions specified in the Act and Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the Management.

A copy of the draft letter for the appointment of Mr. Bhandari as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Bhandari as an Independent Director. Therefore, the Board recommends the resolution set forth in Item no. 5 of the accompanying Notice for the approval of the members.

Except Mr. Bhandari, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolutions set out at item No. 5 of the accompanying Notice.

Brief Profile of Mr. Bhandari forms part of this Notice. This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

Item No. 6

Mr. Ashok Jaipuria ("Mr. Jaipuria") was appointed as Non-Executive Independent Director on the Board of Directors of the Company vide resolution passed by the members at the 54th AGM of the Company for a term of 5 (Five) consecutive years pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. Accordingly, the tenure of Mr. Jaipuria will expire by efflux of time at this forthcoming AGM of the Company.

Pursuant to the provisions of Section 149 and other applicable provisions of the Act read with Listing Regulations, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's report.

Pursuant to the recommendation of Nomination and Remuneration Committee on the basis of performance evaluation of Independent Directors and taking into account the external business environment, his business knowledge, core skills and experience, it is proposed to re-appoint Mr. Jaipuria as an Independent Director, not liable to retire by rotation, for the second term of five consecutive years on the Board of the Company

commencing from conclusion of this AGM till the conclusion of 64th AGM by way of a special resolution.

The Company has received a declaration from Mr. Jaipuria confirming that he meets the criteria of independence under the Act and Listing Regulations. Further, the Company has also received his consent to act as a Director in terms of section 152 of the Act and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Mr. Jaipuria for the office of Independent Director.

In the opinion of the Board of Directors, Mr. Jaipuria fulfills the conditions specified in the Act and Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the Management.

A copy of the draft letter for the appointment of Mr. Jaipuria as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Jaipuria as an Independent Director. Therefore, the Board recommends the resolution set forth in Item no. 6 of the accompanying Notice for approval of the members.

Except Mr. Jaipuria, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolutions set out at item No. 6 of the accompanying Notice.

Brief Profile of Mr. Jaipuria forms part of this Notice. This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

Item No. 7

Mr. Salil Bhandari was appointed as Non-Executive Independent Director on the Board of Directors of the Company vide resolution passed by the members at the 54th AGM of the Company for a term of 5 (Five) consecutive years pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. Accordingly, the tenure of Mr. Salil Bhandari will expire by efflux of time at this forthcoming AGM of the Company.

Pursuant to the provisions of Section 149 and other applicable provisions of the Act read with Listing Regulations, an Independent Director shall hold office for a term up to five consecutive years on the Board of

a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's report.

Pursuant to the recommendation of Nomination and Remuneration Committee on the basis of performance evaluation of Independent Directors and taking into account the external business environment, his business knowledge, core skills and experience, it is proposed to re-appoint Mr. Salil Bhandari as an Independent Director, not liable to retire by rotation, for the second term of five consecutive years on the Board of the Company commencing from conclusion of this AGM till the conclusion of 64th AGM by way of a special resolution.

The Company has received a declaration from Mr. Salil Bhandari confirming that he meets the criteria of independence under the Act and Listing Regulations. Further, the Company has also received his consent to act as a Director in terms of section 152 of the Act and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Mr. Salil Bhandari for the office of Independent Director.

In the opinion of the Board of Directors, Mr. Salil Bhandari fulfills the conditions specified in the Act and Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the Management.

A copy of the draft letter for the appointment of Mr. Salil Bhandari as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Salil Bhandari as an Independent Director. Therefore, the Board recommends the resolution set forth in Item no. 7 of the accompanying Notice for approval of the members.

Except Mr. Salil Bhandari, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolutions set out at item No. 7 of the accompanying Notice.

Brief Profile of Mr. Salil Bhandari forms part of this Notice. This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

Item Nos. 8 and 9

The Securities and Exchange Board of India (SEBI) on 9 May 2018 notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Pursuant to newly inserted Regulation 17(6)(e) of the Listing Regulations, effective from 1 April 2019, the fees or compensation payable to Executive Directors who are Promoters or members of the Promoters Group, shall be subject to the approval of the Shareholders by special resolution in the general meeting if (i) the annual remuneration payable to such Executive Director exceeds ₹ 5 Crore or 2.5% of the net profit of the Company, whichever is higher; or (ii) where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5% of the net profits of the Company.

At present, there are two Executive Directors who are also Promoters of the Company, i.e. Dr. Rajendra Kumar Somany, Chairman and Managing Director and Mr. Sandip Somany, Vice Chairman and Managing Director of the Company and are thus falling under the above newly amended provisions of the Listing Regulations. The Members have approved their remuneration payable to them within the limits as prescribed at that time as per Companies Act, 2013, while approving their re-appointment by way of special resolution in the annual general meetings dated 3 August 2017 and 7 September 2016 respectively, which is in excess of the newly prescribed threshold limits of the Listing Regulations. This necessitates seeking fresh approval of the members by way of special resolution for retaining all existing terms and conditions of appointment of aforesaid Executive Directors including remuneration payable to them till the expiry of their respective terms i.e. upto 8 January 2021 and 30 November 2021 respectively, in order to comply with the above mentioned newly introduced Regulation 17(6)(e) of Listing Regulations.

Dr. Rajendra Kumar Somany and Mr. Sandip Somany have been spending considerable time and efforts in discharging their responsibilities and also contributing to the overall performance and progress made by the Company. In recognition of their contribution, Nomination and Remuneration Committee and Board of Directors of the Company recommend to continue to pay such remuneration to them in the best interest of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives, are concerned or interested in the resolutions set out in the Item nos. 8 and 9 of the accompanying notice except Dr. Rajendra Kumar Somany, Mr. Sandip Somany and Ms. Sumita Somany being relatives of each other.

The Board recommends the resolutions set forth in Item nos. 8 and 9 of the accompanying notice for approval of the members by way of special resolution.

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 of ICSI regarding Directors seeking appointment / re-appointment

Dr. Rajendra Kumar Somany

Age	81 years
No. of Shares held	3410000
Qualification	Commerce Graduate from St. Xavier's College, Calcutta University
Brief Resume and Nature of his Expertise in specific functional areas	<p>Dr. Rajendra Kumar Somany possesses an extensive 64-year working experience and provides the strategic direction and vision to the Company.</p> <p>He is an active member of Rotary for past 57 years. He is an executive Board member and Senior Fellow member of Indian Green Building Council (IGBC), Chairman of Indian Plumbing Skills Council (IPSC). He assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry and instrumental in aligning the Indian Standards with European counterparts. He was the Chairman of Council of Indian Employers, President of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India.</p> <p>He is a founder President of Bahadurgarh Chamber of Commerce and Industry. He is a fellow member of Chartered Management Institute, Institute of Directors, Institute of Materials, Minerals and Mining, UK (IOM³) and Life Fellow of the All India Management Association. He is an emeritus member of American Ceramic Society. He is also a member of Corporate Affairs Committee and CSR Committee of the Company.</p>
Name of listed entities in which the Directorship is held	-
Chairman/Member of the Committees of Board of other listed companies	-
Relationships between directors inter se	He is related to Mr. Sandip Somany, Vice Chairman and Managing Director and Ms. Sumita Somany, Director of the Company.

Mr. Nand Gopal Khaitan

Age	67 years
No. of Shares held	132
Qualification	B.com., LL.B.
Brief Resume and Nature of his Expertise in specific functional areas	<p>He is an Attorney-At-Law, Advocate and Notary, practicing in the Hon'ble High Court Calcutta and the Hon'ble Supreme Court of India. He is a Senior Partner of Khaitan & Co., one of the leading firms in India having experience in legal profession. He holds the reputation of being a committee member of the Federation of Indian Chambers of Commerce and Industry (FICCI), President of Indian Council of Arbitration, New Delhi and Vice President of the Bharat Chamber of Commerce, Calcutta and executive committee member of two leading schools in Kolkata. He was awarded Bell Chamber's Gold Medal by the Incorporated Law Society, Calcutta High Court, for standing first in all the Law examinations. He is chairman of the Company's Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee and member of Audit Committee of the Company.</p>
Name of Listed entities in which the Directorship is held	<ol style="list-style-type: none"> 1. Chase Bright Steel Limited 2. JK Lakshmi Cement Limited 3. Mangalam Timber Products Limited 4. Mangalam Cement Limited 5. Reliance Chemotex Industries Limited 6. India Power Corporation Limited (formerly DPSC Limited)

Chairman/ Member of the Committees of Boards of other listed companies	<p>Chairman Audit Committee</p> <ol style="list-style-type: none"> 1. Mangalam Cement Limited 2. JK Lakshmi Cement Limited <p>Investment Committee</p> <ol style="list-style-type: none"> 1. Mangalam Cement Limited <p>Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> 1. India Power Corporation Limited (formerly DPSC Limited) 2. JK Lakshmi Cement Limited 3. Mangalam Cement Limited <p>Member Audit Committee</p> <ol style="list-style-type: none"> 1. Reliance Chemotex Industries Limited 2. India Power Corporation Limited (formerly DPSC Limited) 3. Mangalam Timber Products Limited <p>Shareholders'/Investors' Grievance Committee</p> <ol style="list-style-type: none"> 1. JK Lakshmi Cement Limited <p>Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> 1. Mangalam Timber Products Limited <p>Committee of Directors</p> <ol style="list-style-type: none"> 1. JK Lakshmi Cement limited <p>Internal Complaint Committee</p> <ol style="list-style-type: none"> 1. Mangalam Cement Limited
Relationships between directors inter-se	Nil
Mr. Vijay Kumar Bhandari	
Age	75 Years
No. of shares held	Nil
Qualification	Fellow member of Institute of Chartered Accountants of India
Brief Resume and Nature of his Expertise in specific functional areas	He is a Chartered Accountant by qualification, ex-banker by profession and former General Manager of Central Bank of India. He has over 36 years of experience in Banking Industry and had been the Head of Credit, Credit Monitoring, Treasury, Investments, Funds Management, Merchant Banking, International Banking Divisions. He is chairman of the Company's Audit Committee. He is member of Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee and Nomination and Remuneration Committee of the Company.
Name of Listed entities in which the Directorship is held	<ol style="list-style-type: none"> 1. Jayant Agro-Organics Limited 2. Supershakti Metaliks Limited
Chairman / Member of the Committees of Boards of other listed companies	<p>Chairman Audit Committee</p> <ol style="list-style-type: none"> 1. Supershakti Metaliks Limited <p>Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> 1. Supershakti Metaliks Limited <p>Member Audit Committee</p> <ol style="list-style-type: none"> 1. Jayant Agro-Organics Limited
Relationships between directors inter-se	Nil

Mr. Ashok Jaipuria

Age	65 Years
No. of shares held	25000
Qualification	Degree in Associate of Arts in Business Administration and Diploma in Marketing Science
Brief Resume and Nature of his Expertise in specific functional areas	He is Chairman and Managing Director of Cosmo Films Ltd., a businessman with strong vision who made Cosmo Films Ltd., the largest Biaxially Oriented Polypropylene (BOPP) film manufacturer and exporter. He is a Member of the Board of Governors of Public Health Foundation of India (PHFI), Gurugram. He was a member of the Board of Governors of the Indian Institute of Technology, Indore & Patna. He was a member of the Executive Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI) as well as institute of Liver & Biliary Sciences and The Golf Foundation, a charitable society formed with an objective of helping the under privileged potential golfers in India. He is founder trustee of Cosmo Foundation, an Organisation to impart education to the underprivileged. He is member of Audit Committee and Nomination and Remuneration Committee of the Company.
Name of Listed entities in which the Directorship is held	Cosmo Films Limited
Chairman / Member of the Committees of Boards of other listed companies	Chairman Corporate Social Responsibility (CSR) Committee 1. Cosmo Films Limited Member HR, Nomination & Remuneration Committee 1. Cosmo Films Limited
Relationships between directors inter-se	Nil

Mr. Salil Bhandari

Age	61 years
No. of shares held	Nil
Qualification	Fellow member of Institute of Chartered Accountants of India, B. Com. (Hons.) and Diploma in Business Administration
Brief Resume and Nature of his Expertise in specific functional areas	Mr. Salil Bhandari is the founder and Managing Partner of BGJC & Associates LLP, which is a well- audit and management consulting firm based in New Delhi. He has been counselling top management in several areas of strategy implementation, scaling up of business, organisational development and management & family structures. He brings with him valuable experience and tactical know-how in the areas of devising acquisition strategies, international alliances and JVs and organisational restructuring. Mr. Bhandari has been associated with several associations prior to this position. He has been the President of PHD Chamber of Commerce and Industry, served as the head for Society for Integrated Development of Himalayas (SIDH), member of Task Force - Commission on Centre State Relations, Govt. of India, Managing Committee member at ASSOCHAM, Former Member - Advisory Committee, Dept. of Company Affairs, Govt. of India. He is currently on the Board of the Indian Institute of Management (IIM), Indore. He is a member of the National Executive Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI). He is the Chairman of Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company and member of Audit Committee and Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee and Corporate Affairs Committee of the Company.
Name of Listed entities in which the Directorship is held	-
Chairman / Member of the Committees of Boards of other listed companies	-
Relationships between directors inter-se	Nil

HSIL

HSIL Limited

CIN: L51433WB1960PLC024539

Registered Office: 2, Red Cross Place, Kolkata - 700 001, West Bengal, India

Phone: +91-33-2248 7407/5668,

E-mail: hsilinvestors@hindware.co.in; **Website:** www.hindwarehomes.com

ATTENDANCE SLIP

The Folio No. and Name(s) of the Member(s) is / are to be furnished below in block letters:

Folio No..... No. of Shares held

Client ID DP ID

Full Name(s) of Member / Joint Members

1..... 2.....

3..... 4.....

Full Name of the Proxy if attending the meeting

I hereby record my presence at the 59th Annual General Meeting of the Company held at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Monday, the 2 September 2019 at 11:30 a.m.

.....

Signature of the Member / Joint Members / Proxy attending the meeting

Please complete this attendance slip and hand it over at the entrance of the meeting hall.



HSIL HSIL Limited

CIN: L51433WB1960PLC024539

Registered Office: 2, Red Cross Place, Kolkata - 700 001, West Bengal, India

Phone: +91-33-2248 7407/5668,

E-mail: hsilinvestors@hindware.co.in; **Website:** www.hindwarehomes.com

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	
Registered Address	
E-Mail ID	
Folio No./Client ID & DP ID	

I/We, being the member(s) of shares of the above named Company, hereby appoint:

1. Name:.....Address:.....
E-mail Id:Signature:....., or failing him/her
2. Name:.....Address:.....
E-mail Id:Signature:....., or failing him/her
3. Name:.....Address:.....
E-mail Id:Signature:....., as my/our

proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 59th Annual General Meeting of the Company, to be held at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Monday, the 2 September 2019 at 11:30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Number of shares held	For	Against
1	To consider and adopt: The audited financial statements of the Company for the financial year ended 31 March 2019, the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31 March 2019 and Auditor's Report thereon			
2	To declare Dividend on Equity Shares for the year ended 31 March 2019			
3	To appoint a Director in place of Dr. Rajendra Kumar Somany (DIN 00053557) who retires by rotation and, being eligible, offers himself for re-appointment			
4	To re-appoint Mr. Nand Gopal Khaitan as Independent Director			
5	To re-appoint Mr. Vijay Kumar Bhandari as Independent Director			
6	To re-appoint Mr. Ashok Jaipuria as Independent Director			
7	To re-appoint Mr. Salil Bhandari as Independent Director			
8	To approve continuation of payment of remuneration to Dr. Rajendra Kumar Somany, Chairman and Managing Director, who is a Promoter, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018			
9	To approve continuation of payment of remuneration to Mr. Sandip Somany, Vice Chairman and Managing Director, who is a Promoter, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018			

Signed this..... day of..... 2019

Signature of shareholder

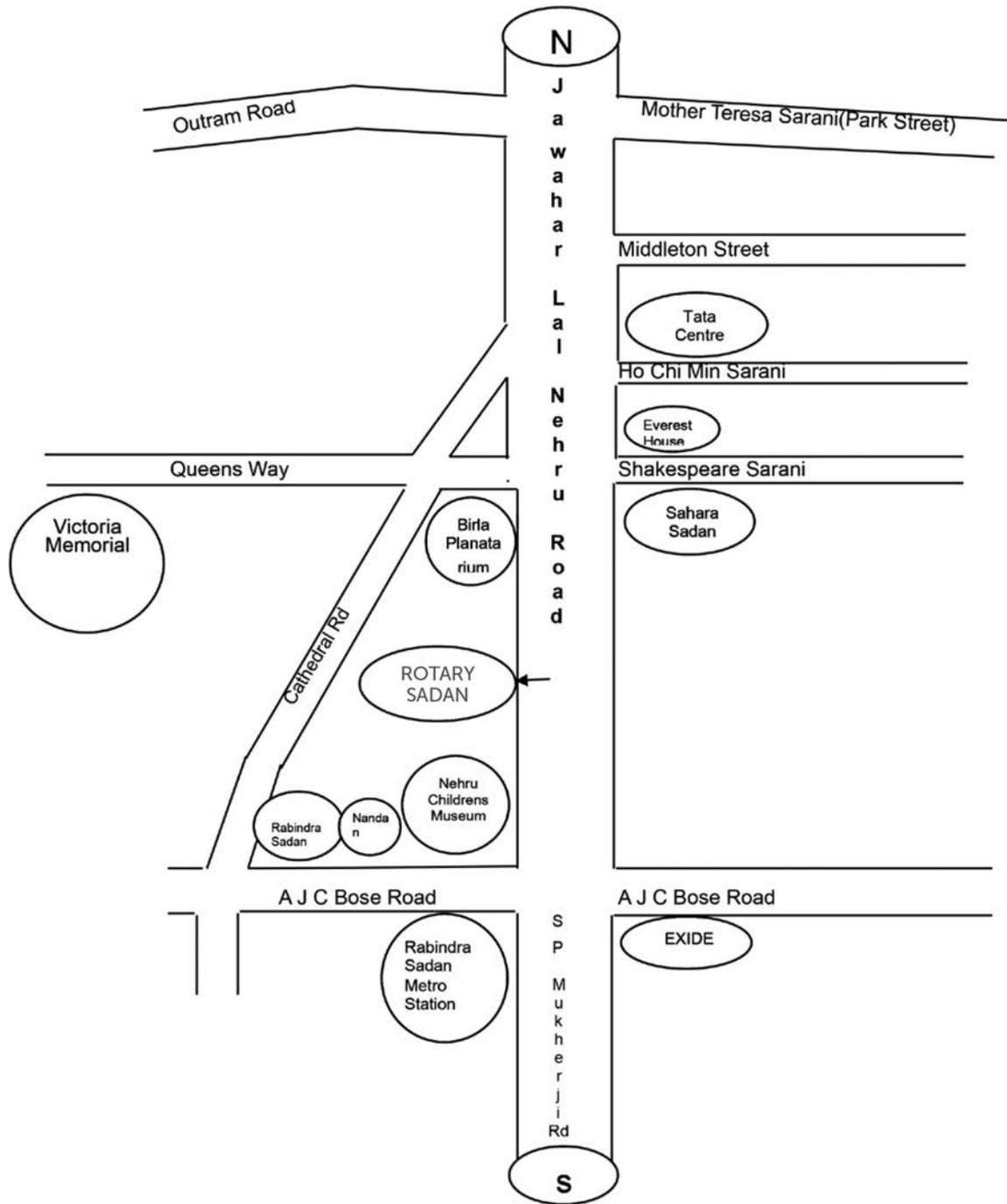
Signature of Proxy holder(s):.....



Note:

1. The Proxy to be effective should be deposited at the Registered office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
5. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.

ROUTE MAP



Corporate Information

BOARD OF DIRECTORS

Dr. Rajendra Kumar Somany
Chairman and Managing Director
Mr. Sandip Somany
Vice Chairman and
Managing Director
Mrs. Sumita Somany
Mr. Ashok Jaipuria
Mr. G. L. Sultania
Mr. N. G. Khaitan
Mr. V. K. Bhandari
Dr. Rainer Siegfried Simon
Mr. Salil Kumar Bhandari

COMPANY SECRETARY

Ms. Payal M. Puri

STATUTORY AUDITORS

M/s Lodha & Co.,
Chartered Accountants

INTERNAL AUDITORS

M/s DH Consultants Pvt. Ltd.

REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001
Tel: +91 33 22487407/5668
E-mail: hsilinvestors@hindware.co.in

CORPORATE OFFICE

301-302, Park Centra, Sector 30,
National Highway 8,
Gurugram - 122001
Tel: +91 1244 779200/201
Fax: +91 1244 292898/99

CONSUMER PRODUCTS BUSINESS OFFICE

Echelon Institutional, Plot No. 37 B,
Sector-32, Near Jharsa Chowk,
Gurugram, Haryana - 122 001
Tel: +91 1244 2889300

PLANT LOCATIONS BUILDING PRODUCTS DIVISION

Sanitaryware

Bahadurgarh - 124 507,
Dist. Jhajjar, Haryana
Tel: +91 1276-230485/6/7 & 232226/7/8

Somanypuram
Brahmanapally Village,
Bibinagar, Dist. Nalgonda - 508 126,
Telangana
Tel: +91 8685-279700, 279800

Faucets

G 470-471, Phase I,
RIICO Industrial Area,
Bhiwadi - 301 019, Rajasthan

Plot No. SP1 - 254,
RIICO Industrial Area,
Kaharani, Bhiwadi -
301 019, Rajasthan
Tel: +91 9116002242/43

Pipes

Survey No. 218/P, Sitarampur,
Isnapur Village,
Patancheru Mandal, Sangareddy
Dist., Telangana - 502307
Tel: +91 8455-225500

PACKAGING PRODUCTS DIVISION

AGI Glaspac

Glass Factory Road, Off Motinagar,
P.B. No. 1930, Sanathnagar P.O.,
Hyderabad - 500 018, Telangana
Tel: +91 4023 831771
Fax: +91 4023 831787

Glass Factory Road,
Bhongir - 508 116,
Nalgonda District, Telangana
Tel: +91 8685 246600

Garden Polymers

KIADB Industrial Area,
Lakamanhalli,
Dharwad - 580 004, Karnataka
Tel: +91 0836 2461390

Khasra No. 122,
Pachwadoon, Mauja Central
Hope Town, Pargana
(Selaqui)Dehradun - 248
197, Uttarakhand
Tel: +91 0135 2699150

Survey No.208 to 218, Sitarampur,
Isnapur - 502 307,
Patancheru (Mandal),
Sangareddy Dist., Telangana
Tel: +91 8455 225868

AGI Clozures

Survey No. 208 to 218, Sitarampur,
Isnapur - 502 307,
Patancheru (Mandal),
Sangareddy Dist., Telangana
Tel: +91 8455 225511

BANKERS

Andhra Bank
Axis Bank
Canara Bank
Central Bank of India
Citibank N.A.
Citicorp Finance (India) Limited
DBS Bank Ltd.
HDFC Bank Ltd.
Standard Chartered Bank
State Bank of India
The Hongkong and Shanghai Banking
Corporation Limited

REGIONAL OFFICES

Bengaluru

Tel: +91 080 23361133
E-Mail: bangalore@hindware.co.in

Chandigarh

Tel: +91 8130724555
E-Mail: chandigarh.depot@hindware.co.in

Chennai

Tel: +91 044 26320107
E-Mail: chennai.depot@hindware.co.in

Ernakulam

Tel: +91 4842421030
E-Mail: cochindepot@hindware.co.in

Hyderabad

Tel: +91 40 66288000
E-Mail: mktg@hindware.co.in

Mumbai

Tel: +91 22 49559999
E-Mail: mumbai.depot@hindware.co.in

Patna

Tel: +91 9771477387
E-Mail: patna.depot@hindware.co.in

Pune

Tel: +91 20 24269582
E-Mail: pune@hindware.co.in

EVOK Stores

Delhi - Kirtinagar

Gujarat - S.G. Highway, Ahmedabad
Vimram Sarabhai Marg, Baroda

Haryana - Crown Interioz Mall,

Faridabad; JMD Mall, Gurugram

Karnataka - Marathahalli, Bengaluru

J.P. Nagar, Bengaluru

Kalyan Nagar, Bengaluru

Madhya Pradesh - Malhar

Mega Mall, Indore

Punjab - Ferozpur Road, Ludhiana

Rajasthan - Tonk Road, Jaipur

Telangana - Jubilee Hills, Hyderabad

Uttar Pradesh - Shipra Mall, Ghaziabad;
Shalimar Bulding Hazratganj, Lucknow

HSIL Limited

Registered Office

2, Red Cross Place, Kolkata - 700 001

Tel: +91 33 22487407/5668

E-mail: hsilinvestors@hindware.co.in

Corporate Office

301- 302, III Floor, Park Centra, Sector 30,

N.H. 8, Gurugram, Haryana 122001

Tel: +91 124 4779200,

Fax : +91 124 4292898, +91 124 4292899